ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 189 Number 5856 New York 7, N. Y., Thursday, June 18, 1959 Price 50 Cents a Copy

EDITORIAL

As We See It

As was to be feared, the President's proposal for relief from the 4¼% interest ceiling on longer term Treasury securities has become a political, even a partisan issue. It is being said (by those who are always looking for an issue with which to gain an advantage over the President and his party) that the people will wish to know how it happens that after having financed two world wars with this restriction on the statute books we must now be freed of it. Such an attitude is, of course, a political tactic of which real statesmen should be ashamed—even though it probably is true that many among the rank and file, intuitively opposed as they are to more than a bare minimum rate of interest, are in need of enlightenment on this subject. Statesmen with the good of their country really at heart should be explaining to the voters why it is now the part of wisdom to remove this limit rather than reminding them that we managed to win two major wars with it on the books.

The fact of the matter is that the very circumstance that we did finance two world wars (and carried over the same monetary policy into a postwar period of nearly three-quarters of a decade) is one of the major reasons why we can not afford to fail to take the necessary steps now to get the government, and the economy back on more solid financial ground. The thoroughly unsound procedures during those years gave rise to a very serious threat of disastrous inflation which the none too vigorous policies of the Eisenhower administrations have done nothing more at most than to hold in check on a sort of 24 hour basis. The facts are plain for all who have eyes

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An Unrealistic Interest Rate Policy Is Dangerous

By WILLIAM McCHESNEY MARTIN, JR.*
Chairman, Board of Governors of the Federal Reserve System

In a plea for realism, Mr. Martin states the important thing is whether savings and negotiable government bonds can be used effectively in debt management. To lower the interest rate, he adds, we must increase savings or decrease borrowing, and not peg the par value of Treasuries and/or substitute artificially created money. Claims the latter would have a reverse effect and make the Fed an engine of inflation. Mr. Martin doubts under today's conditions we could peg the interest rate on governments; criticizes proposals to offset inflationary impact of pegging by other central bank moves and lists pegging's deleterious after affects, and notes recent money supply's growth was 5%.

We are living today in a country of unprecedented wealth. It is wealthy, in part, because of abundant natural resources; and, in part, because of the energy and initiative of our people. An even more important distinction between the United States and most other countries is the size and quality of the accumulated stock of capital goods in the hands of producers and consumers. Due to past saving, we enjoy the benefits which flow from a reservoir of housing and durable goods in the hands of consumers, of public facilities, such as highways, school buildings, and waterways, and of industrial plant and equipment. The society in which we live has been popularly characterized as affluent, and, despite our proper concern for certain depressed areas, both economic and geographic, I am sure that we can all agree with this characterization. One conse-


W. McC. Martin, Jr.

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*Statement by Mr. Martin before the Ways and Means Committee, House of Representatives, Washington, D. C., June 10, 1959, in connection with the Administration's Debt Management Proposals.

The Prospective Volume and Market for Municipal Bonds

By ALAN K. BROWNE*
Vice-President, Bank of America N. T. & S. A.
San Francisco, Calif.

Mr. Browne anticipates: (1) somewhat higher long-term interest rates for 1959, leveling off at year's end with some decline in early 1960 and short-term rates rising and receding faster; (2) $600 million increase in long-term 1959 municipal financing compared to 1958's $7.4 billion with 1960 pushing $9 billion; and (3) corporates will not be as competitive as mortgages or, in the short end, as Treasuries—assuming no change in conditions. The banker also analyzes factors affecting the municipal market; explains dealer's plight and how to obtain lowest borrowing costs; and describes proposed IBA attempt to popularize municipals.

I

Those of us who are concerned with the daily problems of public finance must on occasion take stock of what has happened, where we stand today and what the future holds. Finance Officers with varying degrees of responsibility are more than familiar with some of the problems of marketing municipal securities. From my viewpoint as an investment banker as well as investor, it is my hope that we can explore some of the areas of mutual interest and concern, seeking ways to insure a continuing satisfactory market for municipal bonds at reasonable rates to the borrower and commensurate with conditions affecting their issuance and sale.


Alan K. Browne

II

The Municipal Bond Market, Its Nature and Size

A. United States

I have found it helpful to periodically discuss with our local officials some of the characteristics of the

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*An address by Mr. Browne before the 53rd Annual Conference of the Municipal Finance Officers Association of the United States and Canada, Montreal, Quebec, June 8, 1959.

PICTURES IN THIS ISSUE—Candid photos taken at the Summer Outing of the Municipal Bond Club of New York appear in today's PICTORIAL SECTION.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Max Factor & Co. — A. B. Fox, Partner, Stern, Frank, Meyer & Fox, Los Angeles, Calif. (Page 2)

U. S. Treasury 1½% Notes due April 1962 — Robert J. Levy, Partner, Robert J. Levy & Co., New York City. (Page 2)

A. B. FOX

Partner, Stern, Frank, Meyer & Fox
Los Angeles, Calif.

Members: New York Stock Exchange, American Stock Exchange (Associate) and Pacific Coast Stock Exchange

Max Factor & Co.

In a market in which some of the more popular stocks are selling at precariously high levels, the natural tendency of many investors is to search longingly for securities which show more evidence of current value, but also hold promise of substantial future growth.

The cosmetics and toiletry industry provides just such a vehicle, with my favorite being the 50-year-old Max Factor & Co.

Almost all of the basic forces at war in today's economy will benefit this industry—for example, the rapid rise in population with a larger percentage representing young persons, the trend towards teenagers beginning the use of cosmetics at a younger age, the tremendous expansion in optional buying power, greater leisure time and the growing emphasis on personal care. These buoyant factors possibly apply to a larger extent percentagewise in foreign lands.

Past growth offers some indication of what may come in the future. On an industry basis, sales have been higher in every year since 1914 with only five exceptions. It has consistently outpaced the gross national product, even during recession years which should put to rest the old bugbear that the industry is exceptionally vulnerable to downturns. The desire for personal care and cleanliness has become so strong that cosmetics and toiletries now approach basic human needs.

Which companies will gain most from this advantageous climate? The distinct business trends which favor large organizations now apply to the cosmetic industry, which traditionally has been composed principally of small units. This will become increasingly true in the future as it takes capital resources to afford the continual creation of new products, the high cost of mass advertising, automated production equipment, and thorough national distribution.

Max Factor has made giant strides in each of these areas. Max Factor, Jr., President is a noted creator of cosmetic firsts and personally heads a staff of very fine scientists in chemistry and related fields. Their success is pointed up by the fact that a sizable proportion of current sales comes from products developed in recent years. In the research efforts, primary attention is given to developing items which will become staples rather than mere fads. Thus in Factor's present product mix, there also are a number of items introduced quite some time ago which still contribute substantially to volume. The company manufactures a full line consisting of make-up, face powder, lipstick, rouge, hair preparations, hair pieces, skin treatment item's and men's toiletries. These products, with the exception of hair pieces, are sold primarily in the popular-price range through department stores, drug stores and the rapidly-growing supermarket outlet.

The firm invests heavily in mass advertising, both television and print, with principal emphasis on spot announcements.

Since a complete reorganization of the marketing structure in 1957, the company has strengthened its competitive position. It has set up four marketing regions, doubled its direct sales force, established training schools for store demonstrators, employed traveling demonstrators, and set up a system of branch managers.

Production facilities have been modernized with a 215,000 square foot building in Hawthorne, Calif., and new plants in several of the 13 foreign nations in which the firm manufactures, making operations highly efficient.

With the assistance of distributors, the company's products are now sold in 106 countries around the world. This major interest in foreign sales, once thought to make the company more vulnerable, is now seen as a distinct plus. As the desire for good grooming is reaching into even the remotest areas of civilization, sales of cosmetics and toiletries in these lands may come on with a rush even faster than in the U. S. In Europe, the creation of the Common Market will also be a boon to Factor which has had an established organization there for many years.

Let's take a look at some of the statistical facts about Factor. In 1954, sales were about $23 million with an after tax profit margin of 8.3%. In 1955, the margin reached 8.8% on sales of $28 million. Sales moved up rapidly in the next two years, going over $44 million in 1957, but the intensive sales and reorganization efforts chipped away at the margins which dropped to 6.2% and then to 5.3%. A highly successful fourth quarter in 1958 carried annual sales above $45 million and earnings to $1.32 a share on the 2,115,500 shares of Class A and Common stock outstanding, which represented a 6.2% profit ratio.

First quarter 1959 results again were very noteworthy, with earnings up 63% to 39c a share from 23c in the initial quarter of last year with sales rising 11% to $11,700,000. The margin was 7.0%, thus indicating the company is regaining its ratio of profitability as earnings catch up with the sales increase.

Management has forecast the rate of sales increase will continue throughout the year, pushing sales over the $50 million mark. If the profit margin does no better than remain steady, earnings per share will come to $1.60.

Based on a recent price of 19, the stock is selling for about 12 times earnings—lower than its major competitors, and certainly reasonable in relation to its potential. Based on a comparison of first quarter figures, Factor's 63% increase in earnings was the best reported in the industry.

Consideration of dividends has become rather old hat in some circles, but at an 80 cent annual rate, the Class A stock at 20 is yielding 4.0%. Of the 2,115,500 shares outstanding, the Class A listed on the American and Pacific Coast Stock Exchanges account for 909,837 shares and the Common (held by the Factor family) represents 1,205,663 shares. The two classes of stock are equal in all respects except that the existence of the Common provides method by which the Factor family can accept lower dividends than are paid on the Class A, permitting a larger reinvestment in the firm. In 1958, for example, when the Class A received 80c a share, only 25c a share was declared on the Common, holding the actual payout to the conservative 36%. This would seem to place a dividend increase within the realm of possibility in view of the rising earnings and somewhat lessening demands for capital expenditures.

Adding to its attractiveness, the firm is studying some medium-sized companies with related lines, especially in the proprietary drug field, which have characteristics that can be integrated with Factor's current activities. Of particular interest are those that could benefit from Factor's marketing, advertising, sales promotional and merchandising know-how. Any such acquisitions would most probably be financed from working capital.

Thus if you are looking for a stock which still makes sense statistically and yet is operating in an exciting climate for long term growth, I highly recommend Max Factor & Co. Our firm and/or its partners from time to time have a position in the stock.

ROBERT J. LEVY

Partner, Robert J. Levy & Co., New York City

Members: New York Stock Exchange and American Stock Exchange (Associate)

U. S. Treasury 1½% Notes Due April, 1962

The Security I Like Best at the present time — and I repeat, at the present time — is a U. S. Treasury Note of short-term maturity. Any of the Treasury Notes maturing within two or three years would be suitable, but I have chosen this particular Note because it offers all of the advantages of short-term Government Notes with certain additional tax advantages.

Robert J. Levy

From an affirmative point of view, short-term Treasury Notes are desirable for the following reasons:

(1) If held to maturity, there is not only no risk of loss, but an assured capital profit. The 1½% Notes due in April, 1962 are selling at approximately 92 24/32 to yield over 4.15% to maturity. Only slightly more than 1½% of this return is taxable as ordinary income. The balance of the return, approximately 2½%, will become taxable in 1962 as a capital profit at the Capital Gains tax rate of 25%.

(2) An investment in a Treasury Note of short maturity assures the availability of cash at any time on short notice with minimum risk of only fractional capital depreciation, should the investor wish to sell these notes before maturity.

(3) There is a large market for these Notes, the bid and ask price being within a few 32nds of each other and for quantities many times the maximum amount that even a large investor would commit to this security.

(4) In the event of lower money rates, which could ensue during the next three years, the investor could obtain a larger return than the indicated 4.15%, while an increase in short-term money rates

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The 1970 Investment Environment —And What Must Be Done

By HOLDEN K. FARRAR*
Partner, Smith, Barney & Co.
New York City

New York investment banker states that next decade's capital requirement, so as to effectuate a conservatively anticipated $690 billion 1970 economy for a 215 million population, may average about $45 billion a year in the 1960's and entail a rise in new offerings from $9.5 billion in 1958 to $15 billion by 1970. The underlying importance of a favorable investment climate is stressed and is shown to require: tax reform, cessation of managed economy trend and of inflation, improved corporate relationship with stockholders, labor and the financial community, and investment banking adherence to its obligation of creatively and intelligently raising necessary funds at the lowest possible cost. Maintenance of a sound investment climate, Mr. Farran concludes, is fundamental if we are to reach greatest prosperity this country has ever known.

I hope my subject, "The 1970 Investment Environment — What Must Be Done to Make it Right" does not mislead and create the impression that I have an efficient crystal ball. To be frank, I am in no sense a soothsayer, having difficulty in remembering with whom I am supposed to have lunch tomorrow. With this confession on the record, upon further thought I was intrigued with the caption, for in our profession one of our primary functions is the raising of capital for business and state and local governments. It is not unusual to put the time of payment of these funded obligations as far away as 30, 40, or even 50 years. Therefore, in a very real sense we attempt to use every device at our command to be sure that the particular industry or government financed will be doing business for a long time in the future.

Holden K. Farrar

Many clues about the future are to be found by a look at what our economy has done in the past. We know, for example, that the record has been one of dynamic growth. Overall, the amount of goods we have produced in this country has doubled every 25 years. It has been said that the American economy abolishes its current definition of poverty every 50 years.

We also know that we are and have been in the midst of a technological revolution. Never before have industry and government spent as much on research and brought into being more new products and improved methods. McGraw-Hill has estimated that in the next year $15 billion will be allocated for this purpose, a more than ten-fold increase since 1941. Research on this scale is a new factor in our economy and many companies are only beginning to explore its possibilities.

Therefore, with some knowledge of what the trends are, we can see perhaps just a bit of the **potential** of our 1970 economy. This does not mean we will be constantly at these high levels because there will obviously be fluctuations in the level of business activity.

It does mean that if we make the right business and investment decisions and the economic climate is favorable, we do have the **potential** of equalling or excelling previous economic trends.

Population Surge

Let's take a very brief look at these possibilities. First, what about people? One thing is certain —there will always be more and more. This country is currently experiencing a great surge of population growth. I am sure that many recognize this in the size of not only their own families, but particularly those of their children, if they happen to be in the grandfather class. Falling in love, and marriage with its usual end results, is one of man's earliest and most consistent activities and the base is being broadened throughout the world. Those of us living in surburban communities find the impact of this population surge by such clues as increased taxes for new schools, the tremendous increase in the need for obstetrical and pediatric facilities in our hospitals as well as the drives for contributions for additional church facilities.

Chart I shows the explosive population growth lying ahead. The chart shows our population at the end of 1958 at 174 million. By 1970 this figure is conservatively expected to increase to a minimum of 215 million, an increase of 23½%. Some sources

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*An address by Mr. Farrar before the Professional Investor Relations Seminar, American Management Association, Chicago, May 20-22, 1959.

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Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
GEORGE J. MORRISSEY, Editor
WILLIAM DANA SEIBERT, President
Thursday, June 18, 1959

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

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

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

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

Other Publications
Bank and Quotation Record—Monthly, $45.00 per year. (Foreign Postage extra).
Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

An Investment and a Speculation in Asbestos

By DR. IRA U. COBLEIGH

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

Containing some news and views about two interesting companies specializing in the production of one of our less heralded minerals—asbestos.

We hear a great deal about major minerals such as bauxite, nickel, copper and iron, but very little about asbestos. Yet this heat and acid resistant mineral plays a vital part in our industrial society. In the construction industry, it's extensively used in asbestos-cement siding, shingles, roofing shingles, clapboard, corrugated sheets and wall board and floor tiles; in transportation, asbestos is a vital ingredient in brake linings, clutch facings, gaskets and automobile undercoatings. Packing and friction materials of asbestos are widely used in machinery; and asbestos is uniquely useful in insulating electrical equipment, boilers, furnaces, pipes, and marine machinery. Increasingly asbestos is being used in vinyl and laminated plastics. And we all remember the old-fashioned stage curtain that displayed the word **"Asbestos"** in big bold letters. Asbestos textiles are still a "must" in theater curtains and fire fighting units.

Ira U. Cobleigh

After this brisk salute to asbestos its appropriate to inquire "Where do you find the stuff, and is there any money to be made producing it?" Well asbestos is usually found in veins in other rock. The most common commercial type is chrysotile asbestos, occurring in serpentine. Canada is the major source of asbestos, accounting for about 65% of the world's production; and the headquarters of the Canadian industry is centered in Eastern Quebec Townships, South of the St. Lawrence River, and 60 to 80 miles below the City of Quebec. In this region. Canadian asbestos got its start 85 years ago and, in total, over a hundred separate companies have since engaged in asbestos mining there, both open pit and underground. One of the earliest and largest is the Canadian-Johns Manville property at Asbestos. After extraction, the ore is crushed, dried and screened, and the fibers which remain are graded as to length and quality, packaged, and sold to fabricators —(in the case of Johns-Manville and Flintcote Mills, to themselves).

About profitability there have been fortunes made in asbestos (as the wives of Tommy Manville could testify!) and there are interesting vistas of profitability in some of the companies now busily at work extracting and milling the ore and exploring for more. There are two Canadian companies which we wanted particularly to touch upon today.

Asbestos Corporation, Ltd.

The first is Asbestos Corporation, Ltd., the largest independent producer of asbestos in the world. This dynamic enterprise, with a long history of growth and profitability, operates three properties in the Quebec area, aforementioned. It either owns in fee, or has mining rights on, 33,000 acres of serpentine-laden lands, and has ore reserves estimated at 111,345,000 tons as of Dec. 31, 1958. The company is continuously on the prowl for new reserves and has recently been prospecting in Northern Ontario, Yukon Territory, Newfoundland and Mexico.

The growth of Asbestos Corporation, Ltd. has been quite remarkable with assets, excluding land and mineralized areas, increasing from $9½ million in 1945 to $32 million in 1958, after depreciation charges in the period of about $16 million. Working capital has been well maintained amounting to $6,845,637 at the 1958 year end.

Capitalization couldn't be simpler, consisting solely of 1,800,000 shares of common listed in Montreal and now selling at 28. These shares are the result of a 3-for-1 split in 1951; and since 1951 per share earnings have never been less than the $2.30 reported for 1958, a depressed year. Cash dividends have been generous, ranging between 60% and 70% of net. Last year the distribution per share was $1.75 and, assuming the same payout this year, the yield on Asbestos common at 28 is over 6%.

The increasing use of asbestos throughout the world, the efficiency of its quite new Normandy mine, and the capacity of Asbestos Corporation, Ltd. to pay cash dividends steadily for 21 years while financing major expansions, entirely from internal sources — all these suggest that Asbestos common is a well insulated investment and a not unattractive purchase at 8½ points below its 1959 high.

United Asbestos Corp., Ltd.

For those of a more sporting turn of mind, a look at another Canadian asbestos share might not be amiss. It sells at around $5 a share, and is listed on the American, Toronto and Canadian Stock Exchanges. Its name is United Asbestos Corporation Ltd.

In September, 1952, United Asbestos entered into an agreement with American Smelting and Refining Company, and its 100% owned subsidiary, Lake Asbestos of Quebec, Ltd., for the bringing into production of asbestos deposits located at Black Lake, believed to be among the largest and richest in the world. Totally United Asbestos spent $2 million and ASARCO, $35 million in dredging the lake, development of the mine, and the building of a super-modern mill as tall as a 14-story building, with 11 floors for crushing and drying rock, separating and packaging the fiber. The mill started operations June 29, 1958 with a capacity of 5,000 tons of ore per day, and an expected production capacity of 100,000 tons of asbestos per year. Proven reserves for open pit mining are placed at 42½ million tons. Estimating these reserves at $10 a ton (based on present prices for raw asbestos fiber) indicates a total ultimate recoverable value of $425,000,000.

United Asbestos and Lake Asbestos, under the original development agreement, will divide the net proceeds from production in such a way that United will receive not less than 50% nor more than 60%. Pre-production expenses ($37 million) are to be repaid out of 75% of first net proceeds pro rata to both United and Lake Asbestos.

Brightening the picture here is the fact that Lake Asbestos will be exempt from Dominion income taxes for three years after commencement of regular production; and thereafter a depletion rate of 33⅓% will be allowed in determining profits subject to tax.

Here then is a quite romantic new entry into asbestos production enjoying the benefits of (1) strong sponsorship and fine management by American Smelting and Refining; (2) a proven ore supply sufficient for 28 years of operation at present mill capacity; (3) a favorable tax angle; (4) a low cost highly efficient mining and milling operation; (5) a rising world-wide demand for asbestos; (6) $3 million in new cash resources from financing last January.

United Asbestos shares have sold this year as high as $7 3/16. At current quotations of about $5 a share (4,356,900 shares outstanding), United Asbestos presents some interesting potentials for gain through low cost production of a mineral fiber with over 3,600 uses.

The long range demand for asbestos appears steadily upward and the price structure has been favorable to producers in recent years. In January of 1956 the price of asbestos was raised 5% to 10% depending on grade; and there was another 5% increase in October 1957.

In these days when so many common stocks have taken on phantom market valuations, it is refreshing to find issues of demonstrable merit selling at not absurd prices. If your mineral tastes run to investment grade dividend-bearing equities then pondering the merits of Asbestos Corporation at this time may be rewarding; but if your tastes run more to low-priced speculations then you may find considerable market zest in the future prospects of United Asbestos.

The State of Trade and Industry

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

Expansion in industrial activity continued in May, employment increased further, and the decrease in unemployment was again considerably larger than seasonal, the Federal Reserve Board announced June 15. Consumer incomes and buying attained new highs, and business plans for plant and equipment outlays in 1959 were revised upward. Commercial bank loans and the seasonally adjusted money supply continued to increase. Security yields tended upward in May and early June. Wholesale prices of industrial commodities generally changed little. The Boards summary of national business conditions contained the following:

INDUSTRIAL PRODUCTION — The Board's seasonally adjusted index of industrial production rose in May to 152% of the 1947-49 average, 2 points above the revised April figure and 6 points or 4% above the prerecession peak in early 1957. Activity in the durable goods industries advanced to a new high. Production of nondurable goods, which had surpassed earlier highs by mid-1958, continued to expand and output of minerals increased.

The gain in output of durable goods industries was broadly based as output of finished products and materials expanded. Production of farm machinery, motor trulks, and industrial and commercial equipment showed further gains. Output of household durable goods and autos also rose. Production of building materials and most nonferrous metals continued to increase. Steel mill operations, maintained at 93% of capacity in May, rose one additional percentage point in early June.

Activity in the nondurable goods industries in May was about one-tenth above the highs of 1957. Output of apparel and leather products, and of such industrial materials and supplies as textiles, chemicals, and paper rose further. Activity in the rubber industry remained at reduced levels, however, as work stoppages continued. Output of mineral fuels and metal ores increased.

CONSTRUCTION—Private nonfarm housing starts in May, while somewhat below the March-April level, were at a high seasonally adjusted annual rate of 1,340,000 units. Total new construction put in place changed little in May at a level slightly below the record high of March. Commercial building activity rose sharply further, to a new high, but private residential, utility, and total public construction continued to decline. Private industrial building remained at a reduced level.

EMPLOYMENT — Seasonally adjusted nonfarm employment increased 230,000 further in May and, at 51.1 million, was 2 million above a year earlier. Gains were widespread among durable goods manufacturing indústries, which accounted for one-half of the total increase. With the average workweek at factories up about seasonally, average weekly earnings increased to $90.32, 10% above May 1958. Unemployment again declined substantially; the seasonally adjusted rate was 4.9% of the civilian labor force compared with 5.3% in April and 5.8% in March.

DISTRIBUTION—Seasonally adjusted retail sales have increased continuously this year, and in May were 2% higher than in April and 10% above a year earlier. Sales at durable goods outlets remained at advanced levels in May while sales at department stores and a number of other groups rose substantially. The number of new autos sold was at the highest rate for this time of year since 1955.

COMMODITY PRICES—Average wholesale prices of industrial commodities were unchanged in May and early June at a level 2½% higher than a year earlier. Prices of textiles rose further, steel scrap turned up, and nonferrous metals changed little, while prices of hides, rubber, lumber, and some other sensitive materials declined somewhat following substantial increases.

Wholesale prices of farm proucts and foods declined slightly. Supplies of foods have been larger than a year ago and, although consumer demands have increased, food prices average about 5% lower than in the spring of 1958.

BANK CREDIT AND RESERVES—Total commercial bank credit changed little in May. Sharp expansion in loans continued but banks reduced their holdings of U. S. Government securities. The seasonally adjusted money supply—demand deposit and currency holdings of businesses and individuals — increased $300 million further.

Member bank borrowings from the Federal Reserve averaged

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Observations . . .

By A. WILFRED MAY

PHONY ISSUES

The more discussion about our economic "growth" we hear, the more do we recognize it as a completely phony issue. The soft-money spending boys, with a holier-than-thou attitude, are engaged in creating the impression that they are being opposed by the "economic royalist" sound money budget balancers in their desire for a growing economy—that they have a monopoly in advocating expansion and full employment. Actually, the issue of the desirability of expansion is, and should be recognized as, entirely spurious. The contentions of both groups, the free spenders and the anti-inflationists, are premised on the underlying aim of growth — the schism between them arising merely from the alternative methods of achieving it. The Keyserling-ites want to get there via government spending-and-taxing-and-planning-and-spending; while the Anderson-ites are certain that sound and lasting growth can only be attained by leaving spending and investing decisions to the private individual and not the government. The latter are convinced that planning cannot be stopped half-way; that a policy of planned spending confronts us with a basic choice between a socialist and a free society.

A Wilfred May

That Inflation Element

Likewise is the increasing inclusion of inflation in the growth discussion confused and confusing. Is inflation a prerequisite for growth? Or does inflation prevent growth? These are two popular questions eliciting much fuzzy thinking.

It is true that our postwar 4% rate of expansion has been accompanied by inflation as manifested in the much advertised wage-price spiral. But far from assuming cause and effect between the two elements, the fact is that expansion has occurred *in spite of* the inflation (as demonstrated by the course of the steel industry). We have been able to survive the spiraling inflation chiefly because it has been something new and seemingly temporary. Once the majority of the population manages to get on the available inflation escalators, its stimulating effect will be dissipated.

On the other hand, while inflation is not a prerequisite for growth, it cannot be assumed that economic growth is *prevented* by inflation. The record clearly shows that expansion has occurred during intervals of inflation as well as deflation.

Inflation and Exports

Superficial conclusions are also being voiced regarding the effect of inflation on our export business, that is, that it is pricing us out of the market. It is true that our export surplus has been declining drastically. But there are five major factors that should limit our expectations of the worst. (1) Most other countries are as inflation-geared as are we (our own price manifestations of inflation have lately been extremely spotty). (2) Imports from us have been importantly cut through the impairment of the purchasing power of some countries (as in Latin America) arising from declines in their raw materials prices — which are to some extent cyclical. (3) Imports from us also have been cut by others' business recession, which course will presumably be shortly altered with their business recovery. (4) Much of the decline in our exports has been due to "structural" changes in the output of our customers; that is, since the end of World War II they have developed products newly competing with us. This obstacle can and will be overcome by the development of different exportable products at this end. (5) In any event, the size of our export surpluses have consistently shown cyclical changes, partly for the above-cited reasons; and will no doubt so continue—all without regard to our domestic inflation factor.

While the impact coming from the Common Market is uncertain, it may well turn out beneficial to U. S. foreign trade. Walter Hallstein, President of the Commission of the European Economic Community (Common Market), who is visiting this country, is strongly of this opinion. He insists that it will be practicable for us to effectuate the Market's lowering of present tariffs, by negotiation in accordance with the GATT rules.

The Russian Threat

It is, of course, true that a growing threat to our export trade exists in the form of Soviets' competitive politico-trade maneuvers, in the form of dumping and excessively easy and long-term credit accommodations. But this does not warrant the alarming statements that are in circulation regarding comparative Soviet-American accomplishments, as to both quality and quantity in domestic output.

The National Bureau of Economic Research is completing a major study of comparative economic growth in the U. S. and the Soviet Union, which was discussed the other day by Solomon Fabricant, the Bureau's Director of Research. In at least one key economic dimension, the rate of increase in industrial output per manhour, the Soviet "draft" economy has not been able to do better than our free enterprise system. He points out that the Soviet's gains in industrial output have been the result of the diversion of manpower to industry; namely, through the shift of manpower into this sector, to the long-term detriment of the other economic sectors, as agriculture. Moreover, independent studies of Soviet industrial output are at great variance with the Kremlin's official figures, even the highest independently calculated index being far below the Russian claims.

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FINANCE COMPANIES IN A NEW ERA

Endless has been the public discussion about consumer credit. But the reactions to this American way of life, ranging from enthusiastic approval as the mainspring of the economy to its damnation as the harbinger of national bankruptcy, has left a void in the form of information about the industry's source of funds. This gap, made particularly important by our current money-rate tightening midst the consumer credit boom, is now admirably filled by a new study "FINANCE COMPANIES: HOW AND WHERE THEY OBTAIN THEIR FUNDS" by John M. Chapman and Frederick W. Jones. The findings of these experts are contained in an 84-page booklet published under the aegis of the Graduate School of Business of Columbia University.

Few people realize to what a huge extent the finance companies have used funds in recent years. Non-financial corporations, insurance companies, managers of pension funds, as well as commercial banks (who are frequently on both side of the fence) have vastly enlarged their holdings of the obligations of the finance companies. As the authors observe, although it is extremely difficult to estimate how much further expansion can go, it must be taken for granted that the finance companies will need greater financial resources with the passage of time.

Changes in Credit Use

The study points out that consumer credit's present position in the national economy is drastically different from what it was in prewar as well as early postwar years. Of course, there was a drastic decline in consumer financing in wartime, hitting loans for consumer durable purchases to a greater extent than in the personal use sector. While there was little change in the purposes for which consumers borrowed from 1941 to 1950, since then important changes have taken place in the purposes for which consumers borrowed, and in the extent to which they have been going into debt.

From 1950 to 1956 the proportion of consumer credit devoted to automobile paper grew from 28% to 35%; while the proportion going into personal loans rose from 13% to 17%. On the other hand, during that interval there were declines in the proportions of total outstandings devoted to single payment loans, and to durable consumer goods other than automobiles.

This little volume is replete with a veritable wealth of information, with tables and charts, which will be of value and interest to all, lay or professional, who are concerned with our economy's still growing giant.

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ITEM OF THE WEEK

In reporting the recent great growth in American shareownership, Stock Exchange President Keith Funston characterizes it as "a quiet economic revolution that is reshaping America."

Which prompts the query whether a personal "case-ing" of Seventh Avenue or beach-front customers' board rooms might not prompt the fervent hope that our country is *not* being thus "quietly reshaped."

J. R. Williston, Beane To Admit J. H. Welch

J. R. Williston & Beane, 115 Broadway, New York City, members of the New York Stock Exchange, on July 1 will admit John H. Welch, member of the Exchange, to partnership.

Huhn Elected V.-P. of Albert Frank Agency

Tevis Huhn has joined Albert Frank-Guenther Law, Inc. in its New York headquarters, 131 Cedar Street, and has been elected a Vice-President of the national advertising agency, it has been announced by Howard W. Calkins, Chairman of the Board and President.

Tevis Huhn

Mr. Huhn, long identified with the advertising field, will concentrate on business development in his new position. Previously Mr. Huhn was a Vice-President of Bryan Houston, Inc. for two years and prior to that had served as Vice-President and Director of radio and television for Warwick & Legler, Inc. for 18 years. He also served as career officer, U. S. Foreign Service for eight years.

Dorsey & Co. Formed In New Orleans

NEW ORLEANS, La. — Dorsey & Company, Incorporated, Richards Building, has been formed to engage in the securities business as successors to T. J. Feibleman & Company.

George Dorsey will be President, and T. J. Feibleman, Vice-President.

Asiel & Co. to Admit New Partner

On July 1 Aisel & Co., 20 Broad St., New York City, members of the New York Stock Exchange, will admit Joshua Kohn to partnership. Mr. Kohn will become a member of the New York Stock Exchange.

McCormick & Co. to Admit Two Partners

CHICAGO, Ill. — On July 1 Howard R. Gross and Robert A. Schourek will be admitted to partnership in McCormick & Co., 231 South La Salle St., members of the New York and Midwest Stock Exchanges.

The European Common Market And American Business

By DAVID ROCKEFELLER*
Vice Chairman, Board of Directors,
The Chase Manhattan Bank, New York City

After describing and analyzing the European Common Market, Mr. Rockfeller finds most encouraging its growth. He finds that Europe is well on her way to becoming a major economic force comparable to U. S. A. and U. S. S. R. Noting we have much to gain and very little to lose, providing our trade with ECM expands, the banker states the right answer to the Common Market's challenge is to buckle down to the job of cutting costs to remain competitive to keep our still great lead in productivity, know-how and man production, and to take a lead in reducing trade barriers.

Just eleven years ago this month the Free World confronted the first major challenge of the cold war. As in today's crisis, the problem centered on Berlin and had its roots in the unsettled question of Germany's future. The challenge amounted to a test of the unity and firmness of purpose of the West.

David Rockefeller

Now we confront another crisis over Berlin and the German question. In most essentials the challenge of 1948 is being laid down again. But the situation of the West has altered dramatically in the meantime. The really significant change is in Western Europe's political and economic posture.

A decade ago there were many people in the United States and around the world who had written off Europe as an old, worn-out civilization. Her economy had been wrecked by two wars. She was beset by outmoded national divisions and animosities. It would take at least a generation for Europe to get back on her feet, and she would never play the dominant role she had in the past —or, at least, so the predictions ran.

A Coming Major Economic Force

Today, thanks to no small measure to Marshall Plan aid, but due importantly also to European energy, resourcefulness and, above all, her willingness to waive some of the traditional sovereignty of individual nations, Europe is well on her way to becoming a major economic force in the world comparable to the United States and the Soviet Union. Whereas ten years ago European currencies were critically weak, today they are strong, backed by rising gold reserves and only a short distance from full convertibility. Economic austerity has given way to vigorous economic growth. Even the old slogan—"When the American economy sneezes, Europe catches cold"—did not hold true during the past two American recessions.

*An address by Mr. Rockfeller before the Graduate School of Business of the University of Chicago, Chicago, Ill., June 9, 1959.

Ten years ago, only a few farsighted statesmen, such as Winston Churchill, Jean Monnet and Robert Schuman, were talking about a United States of Europe. Today, you can (if you wish) ask the Chicago operator for Brussels 350040 and get the European Economic Community on the telephone. This is a measure of how much things have changed in Western Europe. And it is this new community, more familiarly known as the Common Market, about which I should like to talk today. I have in mind three basic questions which I should like to discuss.

First, what is the European Common Market?

Secondly, will it work and what are some of the problems?

Lastly, what does this new community mean to the United States —both economically and politically?

The Rome Treaty

To begin with, it must be noted that the Common Market has both political and economic aspects. These two sets of goals go hand in hand. The six nations in the Common Market would not have given up any part of their national political sovereignty unless they had been convinced that, in so doing, they would bring about a higher level of prosperity by reaping the benefits of freer trade. Conversely, the Common Market probably wouldn't work without the new political institutions of the community which have been set up to enforce the treaty and see that, so far as possible supranational European interests prevail over strictly national interests.

The founders of the Common Market had the firm belief that it could not be achieved without unity in Western Europe which, in turn, could only be achieved by this dual approach. Political union was not feasible as an isolated matter, and economic union would be impractical without political arrangements to bind it together. The framers of the Common Market decided to start from the economic side with the understanding that the cooperation necessary to reach economic objectives would produce political results which were regarded as ultimately of great importance. Thus, the Common Market is essentially an economic movement with broad political implications. This, it seems to me, is the real meaning of the Rome Treaty of 1957 which set up the European Economic Community.

Let's turn briefly to the economic side of the structure of European integration. I won't dwell on the details of the Rome Treaty—there are some 248 highly technical articles for the lawyers to argue about. I merely wish to point out what I take to be three important common denominators of the Common Market provisions.

Describes ECM Principal Provisions

First of all, the Common Market sets up a customs union—(an area free of all trade barriers)—between the six member countries: Germany, France, Italy and the three Benelux nations, Belgium, Luxembourg and the Netherlands. These six countries have agreed to do away with all tariffs, import quotas and other impediments to trade among themselves. At the same time, these countries will have a common external tariff and trading policy towards the rest of the world. Both these adjustments are gradual and, as now scheduled, are to be implemented over a 12-15 year transition period.

The Common Market, however, goes much further than this. In addition to freer trade, it is also a plan to merge all six economies into one integrated unit. It is contemplated that not only goods, but all services, labor and investment capital, will eventually circulate freely. The social and economic policies of the six countries are to be harmonized. There are to be common transportation and farm policies, common goals of full employment and growth, and a common pooling of efforts in the development of nuclear energy. In short, the Common Market is an attempt to set up shop very much along the lines of the 50 federated states in our own nation.

Moreover, the Common Market Treaty puts great emphasis on free and fair competition. The treaty sets up a fair trade code. It outlaws governmental subsidies now prevailing in some of the countries. It makes dumping illegal. It abolishes discriminatory transport rates. And it calls for measures to deal with cartel agreements that fix prices, limit production and divide up markets among a few big companies. If they are truly enforced, these measures can be very important. They would mean, for example, that the Italians would no longer be able to subsidize their shipbuilders, that the Germans would be prohibited from dumping textiles on the Belgian market, that the Dutch would get a fairer break on shipping costs and that competition would become a much more potent force in insuring economic efficiency than it is at present. The ultimate success of the Common Market, in promoting economic advance, may well turn on the ability of the cooperating nations to secure acceptance of the rules of free and fair competition to which they have committed themselves by treaty.

How is the system of economic fair play to be enforced? This brings me to the third interesting aspect of the Common Market—its political structure. Under the Rome Treaty, the six countries have delegated a number of key decisions and responsibilities to certain newly created institutions of the community. For example, there is the Common Market Commission, which will speak and act for the European community as a whole. There is a Council of Ministers representing the national interests of the six member governments. There is a General Assembly drawn from the parliaments of each country. And there is a Court of Justices — a sort of a Supreme Court which will be final arbiter of the Rome Treaty and its application. Within this framework, there is a balance between national and supra-national interests which, in effect, is the first, though very cautious step, towards a federal system of government in Western Europe.

With these new institutions emerge new responsibilities which are European rather than national in scope. For instance, there is a social fund to help labor adjust to changing market conditions, resulting from the elimination of tariff barriers. There is an investment bank to provide capital for underdeveloped areas within the six-nation community. There is a development fund for use in the overseas territories of the member states. Within the context of our own nation, we would call these three steps unemployment insurance, federal aid to states, and foreign aid respectively. They are all addressed to newly created problems, needs and responsibilities which follow automatically from the establishment of the Common Market.

The three broad aspects of the Common Market, which I have outlined, should sound familiar to any American. For they are what we already have, and tend to take for granted, in the United States. First—a large mass market in which there is free exchange of goods, labor and capital. Second—prosperity based on free enterprise and fair competition in which the best man not only wins, but is well rewarded for so doing. Third — a federal structure of government that attempts to balance the rights of separate states against the larger interests of the community as a whole. If imitation is the sincerest form of flattery, then, in forming the Common Market, the Europeans have paid us a most impressive compliment.

Will It Work?

What are the prospects for success of this new European experiment? It is one thing to negotiate a complicated treaty, get it ratified, set up new institutions and put the treaty into operation. And, despite the skeptics, the Common Market nations have accomplished all this. But there still is the question: Will it work?

I think the answer is "yes"—for several reasons.

One reason is the success of earlier experiments in economic cooperation, of which there have been several on the Continent since World War II. The first concrete move came in 1947 with OEEC — the Organization for European Economic Cooperation. This group administered Marshall Aid, later took a lead in balance of payments cooperation, and has since been the larger framework for liberalizing trade in all 17 nations of Western Europe. Another step was Benelux—the joint customs union between Belgium, Luxembourg and the Netherlands. These countries are now in the Common Market, but they had showed in the early postwar years that three highly developed, but different economies could be merged successfully. By far the best example, however, has been the European Coal and Steel Community, Set up by the so-called "Schuman Plan" in 1952, this was, in effect, a "pilot project" in European integration. It created a common market in coal and steel among the same six members as the more comprehensive Common Market. Generally speaking, it has been highly successful.

Moreover, in considering the background of the Common Market, it's important to remember that, historically, the "six" are, as one European noted, a club of defeated nations. Benelux and France were quickly defeated in 1940, Germany and Italy in 1945. This common experience in defeat helps explain why these countries have been willing (after centuries of unwillingess) to give up their sovereignty, set up new institutions, and turn their backs on a system of barter trade, economic barriers and beggar-thy-neighbor policies. Through their harrowing experiences, they have become convinced that economic and political unification is the only hope for Europe in the future.

Sees Favorable French Response

Another favorable omen is the immediate success of the first tariff and quota cuts put into effect in early 1959. In January, tariffs were cut by 10%, while quotas were enlarged by 20%, and made equal to at least 3% of each country's market for each product. Before these initial moves had been made, it was widely feared that, France, for example, would use the "escape" clauses in the Rome Treaty. Instead, the French — thanks to President deGaulle — drastically overhauled their economy, put through a much-needed devaluation of the franc and were able to meet their Common Market obligations in full. The reforms are working, the franc is strong, and France—instead of being the weak sister of the Common Market—now shows signs of becoming one of its strongest members. I understand that two years ago the French were wondering what would be the fate of the Common Market if President de Gaulle came to power. Today they are asking what would happen to the Common Market if the General weren't around.

What has happened in France—in fact, in all the Common Market countries—is that a good deal of momentum has built up behind the idea of integration. Businessmen no longer debate the pro's and con's, but instead are planning, investing and merging so as to prepare themselves for the new markets. Labor sees the Common Market as an opportunity to achieve higher wages. Investors see in it new profit possibilities. And it is interesting to note that there is no political party in the six countries — with the understandable exception of the Communists—which is not also for it. All this broad support for the Common Market has snow-balled much more quickly than the founders of the Rome Treaty dared hope. Indeed the big question in Europe today seems to be not whether the Common Market is going to work—for it has already begun to work—but how much and how soon the 12-15 year timetable should be shortened. It now seems possible that it actually will be cut down.

The significant point is that the Common Market creates a framework in which the natural forces for expansion—a high rate of investment, a high level of employment, rising consumer incomes and expectations—can find their fullest expression. Thus, the experience of rapid economic growth in Western Europe in the past decade has created an atmosphere in which the Common Market could win support and succeed. As it becomes more fully operative, the Common Market should prove to be an increasingly powerful factor in supporting continued economic advance in Europe, and thus in cushioning the readjustments which are generally associated with growth and change.

Possible Problems

All this doesn't mean that the Common Market does not face problems. Over the long run, there certainly will be friction between the governments and the new institutions of the community —just as we still have our "states rights" difficulties from time to time. Certainly there will be problems in enforcing the anti-trust provisions of the Rome Treaty. We have them, too. And I suspect the Europeans will find it difficult to introduce freer trade in agriculture. But, I won't even comment on our own farm problem. The point is that, although there are many problems, there is no reason to think that, with good

Continued on page 22

The Truth About Consumer Credit

By WILLIAM J. CHEYNEY*
Executive Vice-President
National Foundation for Consumer Credit, Washington, D. C.

Defending consumer credit usage, Mr. Cheyney submits that the recent recession provides absolute proof that consumer credit was not a causal factor in either the upward or downward spiral of the business cycle. Moreover, he points out, nor were consumers over-indebted. Turning to other matters, he execrates the growth of the "big state" and recent cries urging consumer credit regulation, and fears administered wage-cost "price strait jacket" provides the setting wherein "consumer demand can push the market only one way—up."

The preservation of Private Enterprise as a system has been our most important objective ever since 1900. In that era, thousands—millions began to realize their power to take and possess what their hands made.


William J. Cheyney

The big product, big ticket era of consumer goods production had begun 10 years or so earlier, and in the first 20 years of the Century bathtubs, carriages, factory-made furniture, better bedding—later mechanical refrigeration, radio, television were considered the exclusive property of the rich and well to do.

Had this situation continued, Private Enterprise in this country would have gone the way it has in many parts of the world.

The system of consumer credit invented by private capitalism in considerable degree was responsible for maintaining the status quo here for it was by this system, more than any other, that the smaller and average homes were equipped with modern and comfortable devices and furnishings.

Aided Private Enterprise

The discovery that major long lasting durables actually are packages of services, and that a man could purchase the package and pay for the services more or less as he extracted them—the discovery that this, in fact, constitutes living within one's means—satisfied the "pay as you go" axiom; made possible not only the growth of our great durables industries, the hiring of more and more skilled labor at higher and higher wages, the furnishing of more and better homes. This was only, in fact, a secondary effect.

The primary result was the preservation of the Private Enterprise system in this country.

But the fact that for the wealthy, the clipping of coupons and investment in securities constitutes the accumulation of wealth, luckily became co-existent with the theory that the ownership of a little piece of ground, the furnishing of a home, the placard "Private Property, Keep Off,"—that these likewise constitute wealth—that wealth in a nation is what the people of that nation consider it to be—the growth and acceptance of these co-mingling theories preserved our system.

The mechanics of consumer credit has weathered 50 years of experiment and is still being perfected, but its result upon our ongoing capitalistic system has been vivid, positive and of value to this nation beyond measure.

Made the "Scape-Goat"

The growth of "little capsule" wealth in the hands of little families has been so fast and has so upset accepted economic theory of the past, that consumer credit, the vehicle that made it possible, has been seized upon as the possible cause of everything that goes wrong with the economy, the turns and dips of the business cycle.

Strangely, concurrently with the growth of statism, socialistic trends, the big government idea, there has developed this almost universally accepted theory of the right of little people to accumulate wealth in their own way—in great measure on the instalment plan.

Lately these two theories have begun to clash.

For the growth of the big state which seemed easy to swallow since apparently it meant only the rigid regulation and management of big business, industry and banking—not the little people—suddenly looms up as a system which if allowed to grow apace, will stifle the very rights of the people it claims as its beneficiaries.

Drive to Regulate Consumer Credit

In strange places, the cry to "regulate the use of consumer credit by the people" is advanced, and if such regulation should ensue, the basic right of Americans to acquire what they consider family wealth will have been tampered with to the point where the big state makes these people not beneficiaries, but slaves.

That consumer credit broadens the demand markets, exerts pressure on prices, forces industry to extremes in expansion, investment of capital—beyond the needs of the current year or era, is advanced to prove that the people should be restrained in their purchasing in order to save the economy from the turns of the business cycle.

In 1955, the public is charged with excessive buying on credit, which is said to have caused the overexpansion of industry, transportation and business, 1956-'57, and hence, to have caused the recession of 1957-'58.

The truth of the matter is far different.

In 1954, '55 and '56, economists almost universally were warning industry and the government of a great boom ahead in the 60's; forecasting population increases, family formation growth, shortages of all lines of production, shortages of labor.

Sneaking their theories into the Presidents' Annual Economic Messages, and worming their way into the private counciling of the Directors of big industry, the great plant expansion program of 1955-57 was brought about—based purely upon the needs of the economy to satisfy the demand of the early 60's.

The expansion program was ill-timed in that practically all big companies in production and distribution and transportation expanded simultaneously, causing the capital goods industries to break at the seams, causing a shortage of labor, causing a building up of prices for construction, machine tools and equipment.

Then in 1957, a large percentage of this expansion program was suddenly completed.

Absolves Consumer Credit

The recession of 1957 was a capital goods recession reflecting the sudden withdrawal of the expansionists from the demand market.

Strangely, consumers throughout the whole period, 1957 and 1958, continued buying without much of any setback except a slight one for a 4½ month period—then continued their upward spiral of purchasing to newer heights in every succeeding quarter until today.

This was no consumer engendered, no consumer continued recession.

If the people were overburdened by the indebtedness they incurred in 1955, this would have shown up in clearly decreasing purchasing in the later period—and it did not show up.

The consumers cut back heavily in purchasing automobiles — did this reflect overindebtedness as so many economists have alleged?

An over indebted public does not merely shift its purchases out of automobiles and into services, savings and soft goods—which is exactly what the consumer did in 1957-1958.

The figures of the government are published and clear.

The automobile market lost its business not by inability of the people to buy, but by their decision not to buy—they spent their money elsewhere.

Furthermore, they continued to save at approximately the same rate as they had through 1954 to 1956.

A man is not chargeable with the weakness of heavy debt when he refuses to buy a new car in 1958—the same model and make as the car he purchased in 1954—but costing him $1,200 more.

The automobile industry has cleverly attempted to cover up its price increases by speaking only of consumers' failure to purchase as many car units in 1958 as they did in 1955.

Rebellion Against Price Hike

The fact is that to do so would have cost them 15 to 25% more for these units than they had invested for the same equipment in the past.

While consumers willingly spent the same percentage of their income as in earlier years, they can not be blamed for refusing to swallow price increases levied upon them in a period when demand was dropping.

The supply and demand theory seems to have been completely shelved as far as the durables industries are concerned. Practically all price increases, and we have cataloged them from the press for several years) in the durables industries have been caused by new wage contracts all along the line which affect cost, either directly or indirectly.

Demand has had no effect whatever upon price apparently in these fields.

When consumers withdrew $3.8 billion from the automobile markets in 1958, the price of new model automobiles went up—not down.

When great industries finished their expansion programs and the backlog of the capital goods industries dropped severely, prices either stayed steady, or went up—not down.

I am afraid we are in a price strait jacket in which the costs, backed by powerful organized labor, can not come down; hence a period in which consumer demand can push the market only one way-up.

Nothing but an economic debacle seems powerful enough to upset this rigged market situation.

But the facts are plain. Consumers had nothing to do with the recent recession. There was no overburden of debt resultant from the heavy buying of durables in 1955. Purchasing continued with scarcely a breather right on to the new highs of today—but they continued in lines of purchasing other than those bellwethers of the past decade—automobiles and heavy electrical and mechanical consumer equipment.

Absolute Proof

This is the first time in which absolute proof shows up in carefully gathered statistics—that the use of credit by consumers has not been a casual factor in either the upward or downward spiral of the business cycle.

Credit has proved to follow the course of consumer demand, rising when the demand results in purchases of heavy durables, dropping when consumers turn their attention to smaller ticket items, services and non-durables—a result rather than a cause.

This time the causes were clear, clean cut—and they were not in the consumer credit area of the economy.

*An address by Mr. Cheyney before the New York State Consumer Finance Association, New York City.

War Brooks Joins Fourth National Bank

WICHITA, Kan.—War O. Brooks has become associated with The Fourth National Bank as Vice-President in the investment division of their trust department. Mr. Brooks was formerly head of Brooks & Company, which has discontinued business.

Mason Bros. Adds

SACRAMENTO, Calif. — Emil Schneider has been added to the staff of Mason Brothers, 1000 Tenth St.

Dealer-Broker Investment Recommendations & Literature

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

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

Chemical Industry—Re-appraisal—Bache & Co., 36 Wall Street, New York 5, N. Y.

Construction Activity—Review with particular reference to **American Marietta Company** and the **Arundel Corporation**—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a memorandum on **Cuneo Press, Inc.**

"Eligible Book"—On preferred and common shares listed on Toronto and Montreal Stock Exchanges considered eligible for investment by Canadian insurance companies—Cochran, Murray & Hay, Ltd., Dominion Bank Building, Toronto, Ont., Canada.

Fire and Casualty Insurance Company Stocks—Study of 44 companies—First Boston Corporation, 15 Broad Street, New York 5, 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.

Meat Packing Industry — Data in June "Business Comment" — Northern Trust Company, Commercial Banking Department, La Salle and Monroe Streets, Chicago 90, Ill. Also in the same issue are discussions of the general business picture, and of **Residential Building.**

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

New England Business Conditions — Review — First National Bank of Boston, Boston, Mass.

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

Pacific Northwest Industries — Annual review — Seattle-First National Bank, Seattle, Wash.

Petroleum Situation — Review — Petroleum Department, The Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y.

Pre-Engineered Buildings in Factory Applied Colors—Literature—Stran Steel Corporation, Detroit 29, Mich.

Salt Lake Stock Exchange—Summary of all 1958 transactions—Cromer Brokerage Company, Inc., 39 Exchange Place, Salt Lake City 11, Utah.

Share Ownership in America: 1959—Study—New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

Steels—Bulletin—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a circular on **Insurance Stocks.**

Tax Exempts vs. Taxable Yields—Review—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

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Arden Farms Co. — Memorandum — Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a memorandum on **Coca-Cola.**

Beatrice Foods—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are surveys of **Federal Paper Board Company** and **General American Transportation Corp.**

Bell and Gossett Company—Report—Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **G. D. Searle and Company.**

Bendix Aviation Corp.—Memorandum—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **Chicago, Milwaukee, St. Paul & Pacific.**

Bestwall Gypsum—Data—Shearson, Hammill & Co., 14 Wall Street, New York 4, N. Y. Also available are data on **Electric Auto Lite, Martin Company, Cooper Bessemer, Eagle Picher** and **Pullman, Inc.**

Borden Company—Analysis in current issue of "Management Audit" — American Institute of Management Incorporated, 125 East 38th Street, New York 16, N. Y.

Canadian Oil Companies, Ltd.—Analysis—Doherty Roadhouse & Co., 335 Bay Street, Toronto 1, Ont., Canada.

Celanese Corporation of America—Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y.

Celanese Corporation of America — Analysis — Sprayregen & Co., 26 Broadway, New York 4, N. Y.

Corn Products Company—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available are reports on **American Zinc, Greyhound Corporation, United Merchants and Manufacturers, Veeder-Root Inc.** and **Copperweld Steel.**

Curtiss Wright Corp.—Memorandum— Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Dixilyn Drilling Corp.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Eaton Manufacturing—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Evans Products—Data—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are data on **Ex-Cell-O Corporation,** and a discussion of the **Dow Jones Industrial Average Earnings.**

Ford Motor Company—Analysis—Gruntal & Co., 25 Broad Street, New York 4, N. Y.

General Gas Corp. — Memorandum — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Gimbel Brothers Inc.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **Consolidation Coal Co.**

Helene Curtis Industries, Inc. — Bulletin — Weil & Co., 734 Fifteenth Street, N. W., Washington 5, D. C.

Insurance Corporation of America — Bulletin — Francis X. Martinez, 1500 Walnut Street Building, Philadelphia 2, Pa.

Iowa Illinois Gas & Electric Co.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Livingston Oil Co.—Report—First Investment Savings Corp., 404 North 21st Street, Birmingham 3, Ala.

Lynch Carrier Systems Inc.—Analysis—P. W. Brooks & Co. Incorporated, 115 Broadway, New York 6, N. Y.

National Union Life Insurance Co.—Study—Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y.

New Idria Mining and Chemical Company—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Norfolk & Western Railway—Data—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Raytheon Manufacturing Company** and **Wheeling Steel Corp.**

Puerto Rico Aqueduct and Sewer Authority — Annual report 1958—Puerto Rico Aqueduct and Sewer Authority, San Juan, Puerto Rico.

Quaker City Life Insurance Co. — Analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

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

St. Regis Paper Co.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Underwood Corp., Allegheny Ludlum Steel Corp., American Viscose Corp., National Cash Register Co., Martin Co.** and **Draper Corporation.**

Sonoma Quicksilver Mines, Inc.—Study—Lon Hughes Organization, 256 Sutter Street, San Francisco 8, Calif.

Southern Nevada Power Company—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Southland Racing Corp. — Memorandum — General Investing Corporation, 55 Broadway, New York 6, N. Y.

Standard Railway Equipment — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **National Distillers and Chemical Corporation, Sealright Oswego Falls Corporation, Lerner Stores** and **American Metal Climax Inc.**

Union Oil Company of California—Report—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available is a report on **Signal Oil & Gas Company.**

United Engineering & Foundry Co.—Review—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

United Keno Hill Mines Ltd. — Analysis — Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Wheeling Steel Corporation—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

COMING EVENTS

In Investment Field

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 (Detroit, Mich.)
Bond Club of Detroit annual summer outing at the Essex Country Club, Essex, Ont., Can.

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.

The Long-Term Textile Outlook

By WILLIAM H. MIERNYK*

Professor of Economics and Director, Bureau of Business and Economic Research, Northeastern University, Boston, Mass.

Examination and diagnosis of textile industry leads to short-run prognosis of current cyclical expansion continuing through first half of 1960, and to projection of reversal in long-run downward trend and greater production stability. After setting the basis for this hopeful view, Boston economist briefly examines outlook for individual fabric groups; expects productivity pace to reduce number employed; and foresees fewer but relatively larger firms which will lessen excess price competition, foster greater research and dampen the textile cycle. The author attributes postwar decline to changing consumer preferences and broad technological changes in our economy, and to governmental trade liberalization, two-price cotton system and fostering of increased foreign textile capacity. He credits Senate Subcommittee's textile recommendations of last February as an overdue forward step.

I

One of the significant economic phenomena of the past decade has been the long-term decline in textiles during a period of rapid economic growth. From 1947 through 1957, for example, the population of the United States increased by 18%. Gross national product went up 88%. Personal income payments increased 82%, and personal consumption expenditures went up 72%. But at the same time the total sales of textile mill products rose only 44%, and there was a net drop in domestic textile production.

William H. Miernyk

The decline of textile production has not been uniform, but with one exception—fabrics made of the newer non-cellulosic fibers—it has been general. The decline in cotton production was relatively modest (2.9%). But the production of woolen and worsted broadwoven goods dropped 44% over this period. In synthetics, there was a decline of 26% in the production of rayon and acetate fabrics. The only segment of the industry to register growth—and this was substantial—is that producing the newer synthetic fabrics where there was a 15-fold increase in production from 1947 to 1957.

The decline in total textile production led to the scrapping of much textile machinery. For example, the number of cotton system spinning spindles in place declined 11%, and there was a reduction of 16% in cotton system looms. Woolen and worsted looms declined by 50%, and there was an even larger drop in the number of woolen and worsted spindles.

One of the direct effects of the decline of textile production was a 25% drop in total textile employment. And in the broadwoven segment of the industry there was a decline of 30%. Well over 300,000 textile mill workers permanently lost their jobs during the 10-year period of contraction in the industry. Since this reduction in textile employment occurred during a period of general economic growth, it was often assumed that the displaced textile workers found jobs in expanding industries. To some extent they did. But a substantial proportion of these workers have remained steadily unemployed since they lost their textile jobs. This is one of the important factors contributing to the high level of localized unemployment which has persisted for years in many textile communities.

There have been other effects of the decline in textiles which are not so readily discernible. The sharp cutback in production of textile machinery is one of the more obvious effects. But many other industries which are suppliers to the textile industry have seen their sales to textile mills dwindle. The total impact upon our economy is greater than the figures relating to the textile industry alone would suggest.

II

What are the major causes of the postwar decline in textiles? These will be discussed under two major headings which I will call internal and external causes. But first it must be pointed out that some decline was to be expected. Comparisons with the 1947 are related to an inflated base. During World War II, textile imports to the United States declined. At the same time there was a sharp increase in our shipments abroad. Also, the civilian demand for textile mill products could not be satisfied under wartime conditions. And it was not until 1947 that the high level of postwar demand was satisfied. Thus, in retrospect, it is not surprising that textile production and employment fell sharply during the recession of 1947-49. The downward trend continued after the recession, however. And it is the causes of this long-term decline which we should examine.

Internal Causes: In recent years the demand for textile products has been income inelastic. That is, as personal incomes in this country have gone up, total spending on apparel and other products made from textiles has increased, but it has increased at a slower rate than the rise in income. As a consequence, consumers have spent a declining proportion of their income on goods made of cloth. Many household items formerly made of cloth — such as napkins, drapes, tablecloths and other similar items — are now made of paper or plastics. This has cut sharply into the fabric market. In addition, changes in clothing styles have affected the demand for textile mill products. The elimination of vests in men's suits, for example, meant a sudden, sharp reduction in demand amounting to thousands of linear yards of woolen, worsted and rayon cloth.

There has been an even sharper decline in the industrial demand for textile mill products. Plastics, paper products, and various light metals have displaced many types of fabrics in industrial uses. Thus, if all other conditions had remained unchanged, textile production would have increased but little over the past decade. There were other factors, however, which contributed to the decline in total domestic textile production.

External Causes: At the same time that the per capita consumption of textile mill products in the United States was declining, there were sharp shifts in the pattern of international trade in textile mill products. Between 1947 and 1957, for example, shipments of cotton cloth to the United States rose 289%, while exports from this country declined 48%. The impact was much greater on the wool segment of the industry. Here imports of fabrics made primarily of wool rose 437%, while exports of wool fabrics virtually disappeared—down 95%.

The internal causes of the decline which led to a drop in per capita consumption result from changing consumer preferences and broad technological changes which occurred in our economy. Some of these changes were probably inevitable. But to some extent at least the external causes are the result of various government policies. Three principal government policies have affected the decline of the domestic textile industry. These are: (1) liberalization of our foreign trade policy, (2) stimulation of the growth of textile industries in other countries through our foreign aid program, and (3) the two-price cotton system which is a result of our agricultural price support program.

As the textile industries of other countries were rebuilt, following the end of World War II, they found a ready market for their products in the United States. At the same time, restrictions on the entry of textile imports were lessened as part of our long-term commitment to a more liberal trade policy. The trickle of textile mill products, particularly from Japan, grew to a flood. This led to the negotiation of the so-called "voluntary quotas" with Japan, in 1956, which temporarily stemmed the increase in imports. As woolen imports reached new high levels it was also necessary to invoke the Geneva Reservation of the import of woolen fabrics—under the terms of the General Agreement on Tariffs and Trade negotiated in 1947.

At the same time, through our foreign aid program, we were encouraging the expansion of textile production in countries which had been formerly dependent either on the United States or other major producers of textile mill products. The loss of these export markets has contributed to the over-all reduction in the demand for domestically-produced textiles. Despite rapid modernization, American textile producers cannot compete—on a price basis—with lower cost mills abroad.

The third major government policy which contributed to the textile decline in this country was that which maintained a two-price system for cotton. Under our agricultural price-support program American buyers of domestically produced cotton were required to pay about 20% more than the world price for the same cotton. This increased the competitive disadvantage of American mills and contributed, at least indirectly, to the rising tide of imports.

By the end of 1957, conditions in the American textile industry had become critical. During the preceding decade at least 700 textile mills had been liquidated in this country. Thousands of unemployed textile workers — who should have been reabsorbed into new jobs according to traditional economic theory—were unable to find employment. Mill margins were narrowing rapidly as costs rose and revenues declined. Profits fell, and the textile industry cut back on capital investments. There was also a drop in spending for research and development activities though it was recognized that such expenditures are badly needed if the textile industry is to remain viable.

III

Early in 1948, in a speech to the Senate, former Senator Frederick G. Payne, of Maine, outlined the nature of the textile problem, and pointed out the effects of various government policies upon this industry. Shortly afterward, Senator Norris Cotton, of New Hampshire, introduced a resolution (S. Res. 287) calling for the establishment of a Senate Subcommittee to conduct a full and complete study of all factors affecting commerce and production in the textile industry of the United States. Senator John O. Pastore, of Rhode Island, was appointed Chairman of a Subcommittee of the Committee on Interstate and Foreign Commerce, to conduct an intensive study of the textile problem. Senator Thurmond, of South Carolina, joined Senators Pastore and Cotton as the third member of the Subcommittee to serve throughout the investigation.

During the latter half of 1958 the Subcommittee held hearings in Washington and in the field. Its report was issued on Feb. 4 of this year. The five volumes of hearings published as a result of this investigation contain a wealth of information about the industry and its problems. What did the Subcommittee recommend as a result of the investigation? I will discuss five of the major recommendations briefly:

A Permanent Inter-Agency Textile Committee — Because of the complexity of the textile problem, and the impact of various government policies upon this industry, the major recommendation of the Subcommittee was that a permanent inter-agency committee be established to continuously review the textile situation. This Committee is to be headed by a high-ranking officer of the Department of Commerce, and will include representatives of a number of other departments. In addition, an advisory committee will be appointed, made up of representatives of the textile industry, labor and the public, to provide liaison between the industry and the government agencies represented on the inter-agency committee. The Subcommittee also recommended that in each Session of Congress a Textile Subcommittee be appointed in the Committee on Interstate and Foreign Commerce.

For a time it appeared that this recommendation would find little support within the Administration. But on May 18, President Eisenhower indicated his support both for an *ad hoc* inter-agency committee, and the proposed advisory committee. Meanwhile, the Committee on Interstate and Foreign Commerce had voted to continue the Textile Subcommittee—with Senator Pastore as Chairman.

Continued on page 23

*An address by Mr. Miernyk before the South Carolina Textile Manufacturers Association, Sea Island, Ga., May 29, 1959.

The Investor's Expectations From Industry

By SHELBY CULLOM DAVIS*

Managing Partner, Shelby Cullom Davis & Co.
Members, New York Stock Exchange

Mr. Davis avers security holders must compromise between yield and growth. Maintains investors are primarily looking for growth from industry. Lists following other items which financial community wants from industrial leaders: (1) adequate and frequent reporting; (2) corporate good manners; (3) willingness to tell the company's story before groups; (4) a broad gauge view of national and international problems, and (5) proper dividend policy.

What is the financial community? It's not Main Street in the old sense because the financial community means largely the "professionals" today. But it's not only Wall Street, but Milk Street in Boston, Broad Street in Philadelphia, Euclid Avenue in Cleveland, LaSalle Street in Chicago, Spring Street in Los Angeles, and Montgomery Street in San Francisco. There are financial communities all over the nation, to a lesser or greater degree dominated by Wall Street, it is true — but nevertheless doing a great deal of independent thinking on their own.

Shelby Cullom Davis

The financial communities in these various centers are in turn made up of different individuals—or sometimes the same individuals but wearing different "hats." Take the trust officer in a bank, for example, or an investment counsellor for that matter. Essentially the trust officer serves two masters: the current beneficiaries of the trusts he manages and that gossamer-like person called the "remainderman." Sounds a bit like the "remittance" man of Kipling's stories, doesn't it? The current beneficiary, and like as not the current beneficiary is probably a widow whose husband has worked hard and saved all his life and left his money in trust, constantly needs income. Therefore any securities which have a large yield sound good to her. On the other hand, the remainderman, he or she who receives the body or corpus of the trust after the current beneficiary dies, is interested largely in growth. He or she would like the trust to be as large as possible when it comes into his or her hands. Therefore, he or she is interested primarily in low yield, growth securities. Of course, when they become current beneficiaries, it is quite possible that their viewpoint may change a great deal!

The Basic Conflict

And there you have it, gentlemen, the basic conflict in the financial community. Yield or growth? Those are the two masters which you in the paperboard industry are in effect serving. You are really serving capital, it is true. But this capital is owned by someone and the wishes of these somebodies are really twofold—either yield or growth.

Naturally there are some greedy persons, and probably a great many more than you think, who want not only a 10% yield but a growth of 100% in a year or less. But the "professionals" into whose hands most of the money management has passed during recent years are more sophisticated and know otherwise. In 999 cases out of 1,000 that sort of thing simply "can't happen here." It is one or the other, yield or growth. These are the masters you gentlemen are serving.

Now you cannot have come to your present position without knowing that life is one compromise after another. I have said yield or growth were the inexorable choices. But compromise does rear its ugly head, of course, and the vast body of securities today probably are halfway between—neither the fastest growing nor yielding the most. It is probably among this category of securities that the paperboard stocks find themselves. In a sense, therefore, they are "all things to all men" which is not too unhappy a situation after all.

How much yield is necessary to become a yield stock and how much growth for a growth stock? These standards change, gentlemen. I am a member of a finance committee of a fund with around $100 million invested. The yield scale is from less than ½ of 1% for Rohm and Haas, a chemical stock (actually 0.32%) and 0.44% for I.B.M. and 0.85% for Minnesota Mining to a high of 4.6% for Bethlehem Steel. As a matter of fact on our most recent list of about 75 holdings, there were only seven stocks yielding more than 4%: two oils, Socony Mobil and Standard Oil of New Jersey yielding 4.3% and 4.2%, respectively, probably because of the fear of expropriation in the Middle East, one public utility, Consumers Power centering around Detroit where Walter Reuther's voice is heard all too frequently, General Motors yielding 4.0% "ditto," Kennecott Copper yielding 4.4% and the coppers have traditionally been "prince or pauper stocks," and Armco Steel and Bethlehem Steel yielding 4.3% and 4.6%, respectively—"ditto" also, prince and pauper stocks.

So to get yield it appears that your property must be in danger of being expropriated either by the Arabs or Walter Reuther or you must belong to a highly cyclical industry like the coppers or steels. And to get growth it appears that you must either be a drug stock, an office equipment stock or whatever it is that Minnesota Mining does. Apparently the public seems to like it.

Growth Company Defined

A growth company is one whose sales are growing faster than the annual rate of population growth (about 2½% annually) or growth in national income (about 3% annually). Indeed, its rate of growth should be at least double these two indices and probably somewhere between double and triple. A rate of growth around 10% annually would well qualify in the growth stock class — or a growth rate of around 50% every five years.

Its rate of profit margin should be both high and stable—so that the level of profits moves up at least as fast as the growth rate of sales if not faster. A high profit margin can be sustained only by the constant introduction of new products with little competition and consequently high profit margins. Thus the typical growth company will have a number of products, some introduced in the past whose profit margin tends to go downward with increasing competition — and others introduced recently whose high profit margin will keep the aggregate profit margin up and stable.

Necessarily a growth company will have a large research organization which constantly is finding new products. It has been brought to my attention, for example, that one of the newly offered companies to the public, Upjohn, in the drug field, had 58% of last year's sales represented by products introduced in only the last five years. Between 8 and 10% of its sales dollars were spent on research. This would be more or less a typical example of today's growth company.

Because the growth companies' sales are expanding so rapidly due to the introduction of new products which in turn need new factories and plants, the growth company pays small dividends and plows back much, from 80-90%, of its earnings. This substantial plow-back has the effect of keeping the money at work in the business instead of paying it out and Uncle Sam taking his share from the various stockholders. The compounding process, in other words, is at work longer.

The growth company furthermore will be in an industry where business statesmanship is manifest and where there is emotional stability among its top executives. There is no "dog eat dog" philosophy nor are there trade jealousies which represent personal quarrels which are clearly not in the stockholders' interest. The executives of this industry are inclined to take the long view and not get excited about short-term swings. They do not overbuild—then cut prices unreasonably to keep going at full capacity. Emotional thinking is apt to aggravate any situation and lead to a "prince or pauper" psychology. And you know what happens to the price-time earnings ratio when a "prince or pauper" psychology prevails among investors, such as in the steel and copper stocks— and more notably still in textiles and coal.

Since professional investors nowadays buy common stocks largely for growth, bond yields being what they are and exceeding common stock yield in most cases, I think it is fair to say that the financial community expects primarily growth from industry. Investors looking primarily for yield can buy bonds today with yields greater than at any time in 25 years. Even public utility stocks, traditionally havens for yield, return less than 4% for the most part.

Growth Must Be Profitable

The greater the rate of growth, the better, however — and the higher the price-time-earnings ratio. And growth spells research into new products, constant development, stimulation of sales areas. But growth must be profitable—I want to emphasize again —and above all there must be an aura of business statesmanship and an emotional stability about the whole industry. Nothing chills the professional investor more than a "prince or pauper" aspect. Professional investors cannot afford to make mistakes and too frequently a "prince" can sink into a "pauper." It is better to bet on a rising rate of growth, stable profit margin, and rising profit. Even though the price may be higher, the insurance against "pauperism" is worth it.

Between these two extremes, growth and yield, lies the great body of stocks.

If you are not an industry which is exceeding the population or national income growth by 150 or 200% per annum, you need not be concerned. You will not be placed strictly in the growth stock category, that is true. But your industry can approach it and at the same time perhaps return a greater yield. If you are starting with a yield to investors of 4% as some paperboard stocks are yielding today, it will be just that shorter time when the return on cost to investors is 6 or 8%. Think on the other hand how long it will take the investors in Rohm and Haas yielding 0.32% today to have a return of 6 or 8%! Or the stockholders of I.B.M. which yields only 0.44% today. So a return to investors in the 3-4% area is most welcome, with an annual rate of growth more than of population or national income.

Fortunately, these stocks probably appeal to the largest body of investors—for investors in general have difficulty in making up their minds what they want. But it is not the individual investor which companies must cater to for the most part today. It is the "professional" investor, in the banks or trust companies, pension funds, mutual funds, insurance companies, etc. That is probably the biggest single change in the financial community since the war—the professionalization, let us say, of the investor class. Moneymaking, you see, has also been taken over as a management function!

We have discussed the trust investor and his general preoccupation with the current beneficiary. The pension fund officer is on the opposite side of the fence. These days, while the pension funds are just building up and starting to grow, he in concerned chiefly with the future beneficiaries — the remaindermen — since there are very few current beneficiaries receiving pensions from the fund now. Consequently, the typical pension fund, and they are among the fastest growing segments of the investment business today, is preoccupied with long-term growth and small yield. Long-term growth generally brings greater yield in its wake as rising sales and rising profits are gradually translated into rising dividends. The pension fund officer is perfectly content to wait for growth.

Growth of the Mutual Funds

Since the war the mutual funds have grown from less than $1 billion to nearly $15 billion of assets. This has been one of the most spectacular growths the financial community has ever seen. In effect the small investors of the country, and some not so small, too, have been handing over their savings for professional investors to invest. And since the mutual funds are catering to the general public—that wants both growth and yield—their problems are even more complex. If mutual funds are among your stockholders, chances are that you will find them among the most restive and on the phone every other quarter or so asking how "things" are. Why should this be so?

Mutual funds are interested in growth, yes. They are strictly in competition—not only with each other but with that nebulous opponent called the Dow Jones Averages. The mutual funds must beat the averages or individual investors will say, "Why hand over our money to these professional investors and pay them a fee in the meantime?" So the mutual fund managers must necessarily take also a short-term viewpoint as well as a long. They must "beat the averages" on the short-term swings as well. Admittedly this is a most difficult problem—and that is why they want to get your quarterly figures, in advance of everyone else if at all possible.

Yield an Objective

In addition to capital gain and growth, the mutual funds are also interested in yield. They are serving, let me repeat, the average investor— and the average investor wants yield too. He wants his cake and he wants to eat it too, as we have seen. The average investor is a most difficult person to deal with and the mutual funds, as his champions, inherit some of these attributes. Nevertheless, the mutual funds can buy a great deal of your stock on any new offerings and it certainly pays to be nice to them. Most of the mutual fund people happen to be fine fellows, too!

Insurance Companies Have Long-Term View

Insurance companies are also large scale investors but they are generally strictly long-term. There is very little trading in stocks among the insurance companies. There is no endeavor to "beat the averages." Insurance companies are very desirable stockholders; they are not worrisome; they look at the long term and are content to be patient. And let me say that this a a most desirable quality because patience, I believe, is one of the hallmarks of successful investing. It does not do to try to get too rich too fast.

And there you have the most important segments of the financial community, gentlemen—professional managers all and each with his own particular sets of bosses (and I learned only a few days ago a new definition of boss: double S O B spelled backwards) —the Big Four: the trust companies, the pension funds, the mutual funds, and the insurance companies. And where is the individual investor? Most of them are included in one of these four categories but there are other individual investors, of course. But they have become less important since the war. Furthermore, individual investors frequently are interested strictly in the "get rich" type of stocks, whether it be uraniums, electronics or space missiles. The individual investor wants a run for his money and he usually gets it—one way or the other.

What the Community Expects

What else does the financial community expect from industry? I suggest five actions or viewpoints:

(1) Intelligent and comprehensive disclosure of pertinent information in the annual report with adequate quarterly figures on current operations;

(2) Corporate good manners—courteous treatment of legitimate investors' inquiries, whether by mail or personal call;

(3) A willingness to appear before investor groups to tell the story of your company or of the industry;

(4) A broad gauge view of our national and international problems rather than a narrow company or industry view in confronting the big issues of the day;

(5) A reasonable passing along of higher earnings in the form of higher dividends, including stock dividends, so that the investors' interest seems well safeguarded.

But in the last analysis, in today's market, the financial community expects from industry growth, more growth, and still more growth. Otherwise why take the risk of common stock investment when bonds return greater yield today? So industry must ever strive for greater than average profitable growth to win the confidence—and the hard cash—of the financial community.

*An address by Mr. Davis before the National Paperboard Association, White Sulphur Springs, West Virginia.

Tegtmeyer Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Paul J. Primms has been added to the staff of Wm. H. Tegtmeyer & Co., 39 South La Salle Street.

Joins Union Security

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Harry Lucas has joined the staff of Union Security Co., 29 South La Salle Street.

Is a Stable Currency Possible in a Growing, Fully Employed Economy

By J. W. POPKIN*

Economist, The Sun Life Assurance Company of Canada

Prominent Canadian economist asserts that his country, along with the United States, is recurrently faced with the problem of "seeping" inflation. Maintains inflation threatens capital spending, through inflating its cost and destroying confidence in fixed income securities. Concludes our success in attaining the objective of stable money in a growing economy with full employment, will depend mainly on our success in reorganizing the structural, institutional and taxing arrangements to engage the self-interest of the powerful pressure groups toward the goal of stable prices.

I would like to explore with you some aspects of the inflation problem as it bears particularly on Canadian growth and the accumulation of funds necessary to finance that growth.

At the outset, one fact of Canadian economic life that is revealed on even the most cursory examination of this as other problems is the sensitivity of the Canadian economy to broad economic trends in the United States. There is recent evidence to suggest that this sensitivity is tending to decrease somewhat. Nevertheless the multiplicity of trade and financial dealings between our two countries has the effect of transmitting major trends in the United States rather quickly to Canada. The inflationary period associated with the Korean War was a good example of inflationary pressues in the United States influencing the Canadian economy. Thus at times we are faced, not only with the problem of creeping, but also with that of seeping inflation. Consequently, we have a vital interest in how well our United States friends handle this problem. Recently they have been setting us a pretty good example.

Dr. O'Leary has stressed the interdependence of the three goals of full employment, vigorous economic growth and general price stability and has suggested that price stability deserves equal emphasis as a major objective with the other two. I am going to accept his conclusions on this point and go on to examine some features of our Canadian economy which seem to me to make us particularly vulnerable to the problems associated with inflation.

Postwar Canadian Characteristics

One of the characteristics of the postwar Canadian economy has been the continuously high proportion of our gross national product that has been devoted to capital development. Over the past five years capital expenditures including housing have averaged 23% of our gross national product. This compares with about 16 to 17% in the United States and the United Kingdom over the same period. Looking into the future, if we can believe the forecasts of the Royal Commission on Canada's economic progress, capital spending will continue to absorb a large percentage of our resources. The median forecast for the years 1979-1981 suggests a rate of capital spending equal to 24% of the Gross National Production. If this proves to be at all accurate, it becomes important to assess the effect of inflationary trends on this type of activity. Postwar experience indicates that under inflationary conditions prices and costs have risen fastest in the capital goods industries. Between 1945 and 1958 price increases for various categories of capital spending have increased on a yearly compound basis as follows:

	%
Residential housing	6
Non-residential construction	5¾
Machinery	5¼

These rates of price increase compare with an increase in the consumer price level of around 2½% over the same period. Assuming a continued high level of capital spending in the years ahead, it seems reasonable to assume that a similar price differential will continue to operate. Alternatively if inflation quickens its pace the differential could conceivably widen. The point I would like to stress about this trend is the growing problem of financing a continuing large capital program the cost of which is so sensitive to inflationary trends. It might be supposed that as far as business spending for capital items is concerned, the internal generation of funds would tend to keep pace with the growth in expenditures. The postwar record does not bear this out. During the past three years capital spending by business outran the internal generation of funds by over 17%. This compares with a reverse situation in the three years following the war when internally generated funds exceeded capital spending by some 40%. It seems clear, therefore, that business demands for outside funds to finance capital spending will continue to grow and increase the competition for available savings.

Financing Complexities

The problem of financing the capital program is further complicated by the growing proportion consisting of social capital. By social capital is meant expenditures for housing, municipal services, educational facilities, hospital and the like. This category of investment is expected to constitute about 45% of the 1959 program compared with a figure of 35% in 1957. This trend can be expected to continue as we modernize and expand long neglected service areas in our economy. The significance of the trend from the financial point of view is the very heavy reliance of social capital borrowers on the bond and mortgage markets. In this area of the program, inflation cuts with a two-edge sword—by greatly inflating the cost of the program on one hand and by shrinking the supply of funds willing to be committed for investment in fixed income securities on the other. Without wishing to exaggerate the effect, there is no doubt that fears of inflation have already directed some saving from fixed income securities to equity or real estate forms of investment. With different motivation this trend might be regarded as a constructive one.

However, those who argue that inflation is not to be feared providing we all invest in hedge-type securities such as equities or real estate, overlook an important point — the effect on Canadian growth and industrial profits (which, after all constitute the basis of stock value) if capital spending declines because of a reluctance of savers to commit funds into fixed income securities. In the light of recent stability in prices and excess capacity in many major industries, it may be correct to state as did the Governor of the Bank of Canada in his annual report that fear of inflation has reached an exaggerated and even psychotic stage. Nevertheless, this problem will not solve itself. Unless new policies are adopted that allay investor's fears the result can only be a further marked loss of confidence in bonds as a store of value.

Importance of Capital Spending

To summarize thus far, Canada's future growth at a satisfactory rate continues to depend in large measure on a continued high level of capital spending. Inflationary trends pose a threat to the realization of such a program in two main ways: first by inflating the cost of such expenditures well beyond the capacity of domestic saving to finance; second by destroying confidence in fixed income securities.

The financial problem has been masked to some extent by the large capital inflow, mainly from the United States and the United Kingdom, that has occurred in recent years. To an important degree resource development has been undertaken to provide material supplies for American industry and capital from the United States has played a large part in financing such expenditures. The inflation potential of this inflow of funds was offset in large part by a corresponding increase in imports—mainly machinery — for use in the new projects. In the future this type of offsetting action will constitute a declining proportion of our capital expenditure program. Social capital expenditures make greater demands not only on domestic savings but also domestic resources of men and materials. The import content of materials and equipment used is much less and recourse to foreign financing is not only likely to be smaller but is to some extent undesirable.

The casual way in which many Canadian borrowers, with no United States dollar earnings, assume an exchange risk of unknown cost in order to tap the United States capital market at only a small saving in yield gives many observers the jitters. Increasing foreign investor concern with fiscal trends in Canada (allayed in part only by the recent budget) and concern with general government criticism of the role of the foreign investor in the Canadian economy, may well slow the movement of capital into Canada particularly for investment in bonds, and thus increase the pressure on domestic savings.

Price Volatility

A second characteristic of the Canadian economy that increases our vulnerability to inflationary trends is the relatively large percentages of Canadian production that is priced at the volatile industrial materials level. In very rough terms the percentage is about 25% and is forecast in the Gordon Commission to rise to 28% in the period 1979-1981. The significance of this relationship is found in the following sequence of effects. Industrial prices are more volatile than general prices and rise further and faster than general prices in an inflationary period. For example, from mid-1949 to mid-1951—the inflationary period associated with the Korean War — industrial material prices rose 48% compared to a rise of 24% in general wholesale prices. Similarly, from late 1954 to the end of 1956, industrial prices rose 12%, approximately double the increase in general prices.

Profits in the resource industries correlate closely with price trends in these industries and wage rates rise more rapidly when profits are expanding. Thus, in an inflationary period, wage rates tend to rise further in such industries and tend to set the pattern for a large segment of Canadian industry. The joker lies in the fact that wage rates do not decline with a downtrend in profits or in a period when prices are stable or declining. The net effect is to write into the Canadian cost structure not only the full effect of a general price inflation but an additional increment as well. Concern with this particular aspect of our inflation problem may seem ill-timed in a period when we are, in fact, suffering from sluggishness in the demand for our raw materials associated with stable to declining prices. However, the current pace of business improvement in Canada and the United States, coupled with signs of business stability and slow improvement in the United Kingdom and Europe is likely soon to be reflected in a resumption of strength in industrial prices. In my view we cannot be complacent about the prospects of price stability much beyond this year.

Canada's Trading Role

Canada is vulnerable to inflationary trends also because of her position as a large trading nation. It is in this role that we begin to ask the basic question stripped of all financial complexities, "Are we in danger of inflating our cost structure to the extent of losing our competitive position in world markets?" It seems to me that the answer is "Yes" if we accept the inevitability of inflationary trends and allow them to develop unchallenged. The classical argument that inflation stimulates growth in undeveloped or young industrial countries by raising prices faster than costs is weakened by the shortening of the time-lag between a given rise in prices and wages. It is weakened also by the fact that in at least two respects Canadians appear unwilling to accept the risks and self-discipline that are necessary if the classical argument is to hold.

Our proximity to the United States and the almost daily opportunities for a comparison of living standards make us subject to almost irresistible pressures to upgrade our standards to the United States level. No one can quarrel with the objective but from a timing point of view perhaps we can question whether we are not trying to anticipate the fruits of a highly developed, broadly based and rich industrial society which the United States clearly is but toward which we are still moving. We see this type of pressure in marked form in our trade unions, which show impatience with the thought that there is any justification for wage diffferentials as between Canada and the United States. Canadians also seem unwilling to accept the risks that are normally associated with the opportunity to reap the rewards of living and working in a young, rapidly developing country.

This is illustrated most clearly, I think, by our tremendous preoccupation with social security,

Continued on page 30

*An address by Dr. Popkin before the Dominion Mortgage and Investments Association, Montreal, Canada.

The Cloud With a Silver Lining

By HOWARD FREAS*
Chairman, Interstate Commerce Commission
Washington, D. C.

Impressed by the general outlook for both railroad and motor-carrier industries, I. C. C. Commissioner stresses the former's greatly improved capital structure and developments indicative of substantial growth and greater prosperity for the future. Regarding the latter, he notes that it is the regulated minority of trucking firms that have had the phenomenal growth and who are increasingly obtaining equity and bank commercial loan financing. Mr. Freas notes: recession inspired economies and public sympathy; increased interest by rails to consolidate or merge which, he is confident will occur; and prospect for technological improvements — aided by guaranty-loan provisions of 1958 Transportation Act. All in all, he is hopeful investors may find it worthwhile to supplement rail's significant use of retained earnings.

The Interstate Commerce Commission is enjoined to administer the Interstate Commerce Act so as, among other things, to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers. The ultimate objective is to develop, coordinate and preserve a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of commerce of the United States, of the Postal Service, and of the national defense.

Howard Freas

In order properly to meet the expanding needs of commerce and the national defense, the transportation industry, like all other industries, is dependent upon the proper application of labor, management, and capital. Of course, new capital in sufficient amounts can be attracted only if investors have confidence in the industry, and such confidence can exist only where there is an awareness by investors of facts which justify optimism. It is to such facts and to the future outlook of the industry particularly the railroad industry, that my remarks are mainly directed.

Today securities of railroads generally receive considerably less favorable public acceptance than formerly. This is due partly to the additional competition afforded by securities of many new expanding industries and partly to the relatively low rate of return, overall, which with exceptions the railroads have been able to earn since the 1920s. Other factors have contributed, but no good purpose would be served by reviewing in detail the history of the railroads and the experience of investors in their securities. Nor do I propose to cite a lot of statistics. While any sound appraisal by an investor must take into consideration unfavorable factors affecting an industry which may have existed in the past, presently there exist elements of strength in the railroad industry which, in my opinion, are entitled to equal, if not greater, consideration.

Sounder Capital Structures

The capital structures of the railroads today are on a much sounder basis than they were during the '20s. At the end of 1920, during which year the Commission was first given jurisdiction over the issuance of securities by railroads, the investment in road and equipment of class I line-haul railroads less accrued depreciation, was approximately $14.7 billion. It was exceeded by their capitalization which totaled about $17 billion. At the end of 1957, the depreciated investment in road and equipment had risen to $23.4 billion whereas total capitalization had been reduced to $16.6 billion. And during that period the ratio of long-term debt to equity of these railroads decreased from 95 to 56%. This improvement is due in part to reductions of debt effected through reorganizations under the Bankruptcy Act, but results mainly from the railroads' plowing back their earnings to make additions and betterments to their properties.

The railroad industry as a whole, and of course many important individual railroads, suffered drastic reductions in their earnings during the recent nationwide economic recession. But in this respect the railroads' experience was not greatly different from the experience of many other industries, some of which have been considered at least bordering upon the blue-chip variety. The curtailment of industrial production naturally resulted in less goods to transport. During the year ended June 30, 1958, compared to the previous 12-month period, there was a reduction of nearly $1 billion in the revenues of carriers subject to the Commission's jurisdiction.

The railroads' troubles were, of course, compounded by the perennial passenger deficit. However, in the face of declining revenues, many railroads showed unexpected strength in their ability to control expenses to a greater extent than was anticipated.

Although some of the roads are not yet out of the woods, considerable improvement in earnings has been shown in the last half of 1958 and the first quarter of 1959. So as far as the industry as a whole is concerned, there is no reason to doubt that it will share with other industries in increased prosperity with the anticipated increase in the gross national product. Because the railroads' existing plant is capable of handling much more traffic, substantial increases in their operating revenues will be quickly reflected, in much greater proportion, in their net income.

Blessing in Disguise

Notwithstanding its ill effects, the recent recession may prove to have been a blessing in disguise for the railroads. As Shakespeare so aptly said:

> Sweet are the uses of adversity,
> Which, like the toad, ugly and venomous,
> Wears yet a precious jewel in his head.

The recession gave strong, new emphasis to problems which the railroads and other carriers have faced for some years. One contribution of the recession to the welfare of the railroads will no doubt flow from the resulting greater awareness of their problems by the public generally, including officials of the Federal and State governments and of municipalities. Probably, the most tangible evidence of this was the enactment by the Congress of the Transportation Act of 1958 and its repeal of the excise taxes on the transportation of freight.

The Transportation Act of 1958 represents the most extensive single revision of transportation law since 1940. Congress provided for the granting of temporary financial assistance to railroads, through the guaranty of loans for specified purposes; repealed the freight excise taxes and amended the Interstate Commerce Act narrowing the list of agricultural commodities exempt from economic regulation. By this latter amendment the Congress endeavored to halt the further erosion of the traffic of regulated carriers. The 1958 act also added a new section to the Interstate Commerce Act designed to afford an expeditious means by which railroads may discontinue uneconomical and wasteful passenger-train service which is not required by the public convenience and necessity or which results in unduly burdening interstate commerce. Previously, such train service had been left entirely to regulation by the States. Another amendment to the rate provisions of the Act was designed to give carriers greater freedom in fixing their rates to attract traffic from competing modes of transportation.

The benefits that may be expected to come from the 1958 amendments probably will not be fully apparent for many months, or perhaps years. Some transportation observers consider the legislation to be an excellent start toward solving some of the problems besetting the railroads and other public carriers, but contend that more must be done. The Subcommittee on Surface Transportation of the Senate Interstate and Foreign Commerce Committee laid the groundwork for future action by obtaining authorization to make an extensive study of a variety of questions long troublesome in the field of transportation, including the extent and effect of public aids to transportation and the deficit operation of railroad passenger trains.

About the Passenger-Train Deficit

In connection with this latter problem the Commission has just completed an investigation of the causes of the passenger - train deficit and of possible ways and means of eliminating them. This deficit as measured by the ICC formula amounted to $610 million in 1958. This figure is not a figment of the imagination, nor is it a bookkeeping manipulation which can be explained away. The amount may be somewhat different depending on the measuring stick used; that is, whether you are referring to "out-of-pocket" costs, "avoidable costs" or the ICC formula. Irrespective of the yardstick used, there is no escaping the fact that the passenger-train deficit is alarmingly high. It is also absorbing an increasingly greater amount of the earnings of the railroads from other sources. Preliminary figures for 1958 indicate that the deficit absorbed 44.5% of the freight net railway operating income.

There are reasons to believe that this trend can be stopped and reversed. The indications are that public officials, railroad management and labor, are becoming increasingly concerned about the plight of the passenger-train business. What's more important something is being done. Recent enactments of the legislatures of New York and Massachusetts, as well as action taken by the City of Philadelphia, are evidence of this.

As already mentioned, Congress in its last session provided for resort to the ICC in connection with passenger - train discontinuances. Bills have been introduced in this session designed to prevent a substantial part of the savings afforded railroads through State and municipal tax relief from being siphoned off in Federal income taxes.

Press reports indicate that there are railroad labor leaders on record as believing that some revision of some of the working rules for railroad employees may be in order. It is these working rules which railroad management claims are costing them vast sums of money. There is hope that this controversy will be approached realistically and resolved objectively. Railroad management is also taking more aggressive steps in some areas to recapture passenger traffic. While the problem is complex and there is no single solution—I am optimistic enough to believe that the passenger-train situation can and will be improved.

The recession also has given impetus to efforts by railroad managements to better their earnings through improvements in service and through reductions in operating expenses. While the need to improve service and achieve greater economies is not confined to any one form of transportation, the railroads generally have the most pressing need for such improvement.

Interest in Consolidations

Probably the thing which gives the greatest promise for the effectuation of economies is the increased interest in the consolidation or merger of railroads. There are many situations where consolidation or merger would enable railroads to reduce excessive plant, eliminate duplicative facilities, and otherwise eliminate waste, thus enabling them to realize substantially more net profit on the same gross revenues. In many instances, not only would great economies be realized, but there would be substantial improvements in service to the public, and the carriers involved would be able to attract more traffic to their lines.

Presently, studies are underway in various parts of the country looking toward possible merger of certain railroads. Before any such mergers can be effected it will be necessary that they be approved by the Interstate Commerce Commission. For this reason it would not be proper for me to indicate at this time, in advance of an application, how I feel about any particular proposal. However, it may be pointed out that section 5 of the Interstate Commerce Act was intended to encourage the accomplishment of mergers which are found to be consistent with the public interests. Consolidations and mergers approved by the Commission are exempted from the anti-trust laws. In a communication to Congress last year the Commission took the position that where consolidations of railroads would produce substantial economies without sacrificing service to shippers or otherwise affecting the public interest adversely, such consolidations should be encouraged. We expressed the view, however, that such proposals should be initiated by the railroads voluntarily.

Hopeful Rails Will Act

Since World War II, there have been few significant proposals for the consolidation or merger of independently controlled railroads. Only one—and that is a very recent application—has been presented to the Commission for its approval. In view of the serious problems which must be surmounted to effectuate the consolidation of large railroads, and the alleged resistance of some managements to taking a subordinate position, some observers doubt that important results can be obtained from voluntary efforts of the carriers. I do not agree. I am convinced that the possibilities of economies are such and the probable benefits to the shipping public and the security holders of the carriers so great that the pressure for meritorious consolidations and mergers will be irresistible.

Consolidations by no means offer the only source for the effectuation of substantial economies by the railroads. Much progress has been and is being made by various railroads through technological improvements. Many of these improvements will require relatively heavy capital expenditures, and many railroads find it impracticable to obtain the necessary financing upon reasonable terms. Possibly some railroads will be able to make advantageous use of the guaranty-loan provisions of the Transportation Act of 1958 to effect some of these needed improvements.

One of the most important capital improvements made under today's conditions is the installation of automatic classification yards. Such yards are reputed to save 24% to 33% of switching costs, and several have been built within the last few years at a cost of $4 to $15 million each. While the installation of such yards is extremely costly, the savings realized are sufficient to amortize the capital costs within a relatively short period of time. Where there is a heavy volume of traffic to be handled, the capital expenditure is well justified. The situation in this respect provides another example of the advantages of consolidation. Of two railroads maintaining separate yards at a particular location, neither may have sufficient traffic to make worthwhile the heavy expenditure necessary for a modern automatic classification yard. But such expenditure might be warranted and substantial savings might be effected if the traffic of both were handled in a single yard.

The use of new machines and methods is reducing substantially labor costs incident to track maintenance. New signal and communications improvements also have reduced operating costs. Centralized traffic control, or CTC as it is generally called, offers opportunity for substantial reductions in maintenance costs. It contributes also to more expeditious service, yet so far CTC has been installed on only about 15% of the railroads. I could mention other examples of operating improvements which have been and no doubt will be used to a greater extent in the future to raise efficiency and improve the earnings of the railroads. The efforts of railroad managements and technicians to effectuate further improvements have been spurred by the recession and the necessities of a competitive economy. I am confident that they will produce other innovations equally as important as those which have been mentioned.

Praises Plowback of Earnings

As indicated, however, most of these things cost money — and money in substantial amounts. The railroads have been plowing back into their plants a large proportion of their net earnings — approximately 50% in the 11 years ended Dec. 31, 1957. During this period their net investment has increased by approximately $5 billion, whereas their funded debt has increased by only a small fraction of that amount.

In order that the railroads may meet the needs of the nation's expanding economy and the needs of the national defense, and be enabled to effectuate the indicated economies in their operations, it is, of course, important that they obtain additional capital to supplement their retained earnings. As previously indicated, such capital in sufficient amounts will come from private sources only if there is generated greater confidence by the investing public in the future of the industry. Railroad managements themselves

*An address by Mr. Freas before the New York Society of Security Analysts, New York City, May 29, 1959.

may do much along this line. The conclusions of members of your profession will play a great, if not leading, part in determining the attitude of the investing public. This in turn will materially influence the future welfare of the railroad industry, and indirectly that of the nation's overall economy. The verdict, of course, must be based upon hard facts, and I make no plea for favored treatment of one industry over another. I urge, however, that you carefully consider the many factors mentioned, and others which are working in favor of the railroad industry and which, in my opinion, give indication of substantial growth and greater prosperity for the future.

Reviews Truck Carriers' Financing

My remarks have been devoted almost entirely to railroads since their securities constitute such a large proportion in amount of the transportation securities which are traded upon the national securities exchanges and are of interest to the public generally. However, I do not wish to omit mention of the securities of freight and passenger carriers by motor vehicle, which also are subject to regulation by the Interstate Commerce Commission. The securities of a few of these are listed on national exchanges and some others are traded frequently over the counter. Truck lines particularly have shown a phenomenal growth since World War II, and to an increasing extent they are finding it necessary and desirable to establish a public market for their securities.

Securities of motor carriers placed on the public market have consisted almost entirely of equity issues. The fixed plant of carriers of this class generally is comprised mainly of motor vehicles with relatively short life as compared to the properties of railroads, and the financing of the acquisition of such equipment usually is made through arrangements with the builders or by private placement with financing institutions of conditional-sales agreements or chattel mortgages. It is problematical whether there is likelihood in the near future of any wide public marketing of debt securities of motor carriers, but it is likely that you will be concerned to an increasing extent with public offerings of their common and preferred stocks. Also, an increasing number of banks have shown interest in the financing of equipment acquisitions by truck lines. It was recently predicted by a competent financial observer that within five years the trucking industry and banking world will be living with a form of commercial paper in the field of truck financing, and that at least a variation of the equipment-trust method will be in extensive use.

The types of businesses in which the motor carriers of property engage vary greatly. Some haul commodities generally, both small and large shipments; while others specialize in the handling of one or more specific commodities, being restricted in certain instances, for example to commodities in bulk, or tank trucks, or heavy articles requiring special equipment. The operations of some are confined to a small area while others, such as movers of household goods, may operate throughout the United States. Their vulnerability to competition or, perhaps, the vicissitudes of a particular industry, depends upon the nature and scope of the particular operations conducted. Any appraisal of motor-carrier securities thus requires a careful analysis of the operations in which the carrier involved engages. It is difficult to make any general characterizations; but it is safe to say that, based on the past and on present indications, the motor-carrier industry as a whole possesses great potential for further growth.

Extent Regulated

I do not wish to leave the impression that all for-hire motor carriers are regulated by the ICC. Of an estimated 67,000 for-hire motor carriers engaged in interstate transportation only about 20,000 are subject to the Commission's economic regulations. A substantial portion of for-hire motor carriage — principally that of carriers engaged in the transportation of agricultural commodities—is unregulated.

There appears to be a substantial difference in the financial health and well-being of those carriers which are regulated and those which are not. As mentioned, a number of the regulated carriers have had phenomenal growth — many starting as one-man, one-truck operations. Today over 1,000 of these have gross revenues exceeding $1 million annually and a number have annual gross revenues exceeding $20 million. On the other hand, while we have no statistics with respect to the individual incomes of the exempt carriers, there is testimony that conditions among these carriers are not good. This is what one spokesman for these carriers said in testifying before Congress.

We have found in our area about one-third of the small exempt truckers go out of business a year. Of course, there is always someone to take their place but the turnover has reached a frightening proportion. Two associations of these carriers then asked Congress to be placed under regulation.

Dispels Scapegoat Notion

At times the ill fortunes of particular securities are blamed on the fact that the issuing companies are "regulated." It is not my purpose to disprove such inference, but I believe that an analysis of the fortunes of the motor-carrier industry would do much to dispel such notions.

In conclusion, I should state that my objective today has been to throw some light on the general outlook of the railroad and motor-carrier industries. Naturally, I have refrained from commenting with respect to any particular carrier. The prospects of individual members of these industries and the investment characteristics of their securities vary widely. Analyses of these differences and appraisal of particular securities is a job for which security analysts are eminently qualified. If my remarks aid them in arriving at a sound appraisal, just and reasonable to the investors and carrier alike, I shall feel amply rewarded for my remarks.

Bache Announces Organization Changes

A major realignment of administrative and operational procedures in the home office of Bache & Co., 36 Wall Street, New York, and the establishment of a new Administrative Services Division under the direction of Charles D. Halsey, a general partner, have been announced by Harold L. Bache, senior managing partner.

At the same time, it was announced that William Kann, the partner in charge of the Communications Department, and Elmer Comer, the Operations Manager, will report directly to Adolph Woolner, the partner-in-charge of the Fiduciary and Control Division. Messrs. Kann and Comer will continue with their present responsibilities.

Cady, Roberts Partners

Cady, Roberts & Co., 488 Madison Ave., New York City, members of the New York Stock Exchange, on July 1 will admit Robert M. Gintel and Herbert Hart to partnership.

From Washington Ahead of the News

By CARLISLE BARGERON

For sometime there has been propaganda in this country that we must double or greatly increase the rate of our present economic growth in order to meet the threat from Russia. There is a threat all right, but the way that is advocated for us to increase our growth is to have inflation. This would give us a statistical improvement but not a real improvement. Recently Senator Bennett of Utah, who has made a thorough study of the comparative growth records of this country and Russia, put some figures in the Congressional Record which show that the situation is not half as alarming as some economists are contending and certainly should not throw us off the even tenor of our ways.

Carlisle Bargeron

Essentially the concern about Russia is a healthy one, Senator Bennett says, "and will be of priceless value if it spurs us to correct those of our policies which weaken or inhibit our growth."

The fact is, he continues, that we are the richest nation today and in the world's history, although we have about six percent of the world's population. We produce and consume one-third of the world's goods and services. One-half of the world's manufactured goods comes from our factories, two-thirds of its automobiles are registered in the United States, one for every 2½ persons which is ten times the world average and 24 times the Russian average. We produce half the world's oil, 40% of its electricity and one-fourth of the world's railroad mileage.

During the past century our rate of output has risen so rapidly that the average American worker today produces nearly 8½ times as much in an hour of work as his great grandfather did in 1850. Measured in 1958 purchasing power, an average hour's work in 1850 yielded 41c worth of goods and services, while an average hour's work in 1958 produced an estimated $3.45 in goods and services.

And even today, according to Senator Bennett, American productivity, meaning the average output per hour of work, is continuing to increase at such a pace that in another century, if the present rates continue, we shall be able to produce as much in one seven hour day as we now produce in a seven hour week.

We could even step up this rate if we wished, but significantly, we have chosen to grow more slowly than we might have done in order that our people might have more time for other and equally important satisfactions. While American productivity has steadily gone up, working hours have steadily gone down, from an average of about 70 hours a week in 1850 to the 40 hour week of today.

Although many Soviet data are unreliable and in need of reinterpretation by our own statisticians, we must recognize that Russia has had a more rapid rate of growth in recent years than we have. Allen W. Dulles, head of the CIA, in a speech on April 8, 1959, recognized the Soviet Union as the second largest industrial economy in the world, and placed its 1951-58 industrial growth—not gross national product but industrial growth rate at 9½% per year as compared with our own average industrial growth rate over the period 1950-57 of 3.6%.

Though industrial output figures have important implications, gross national product figures provide a more complete economic comparison of the two countries. Soviet gross national product has grown at an annual rate of roughly 6¼% over the seven years 1950-57. Per capita gross national product over the same period in Russia grew at an annual rate of 4½%.

In comparison the U. S. gross national product grew at an annual rate of 3¾% over the seven years 1950-57, and per capita gross national product increased at an annual rate of 1⅞%.

But before we become alarmed by these comparisons, let us take them apart and understand them better.

A careful analysis of United States of America and Soviet gross national product figures places the United States of America still far ahead of the U.S.S.R. now and for many decades to come.

Between 1950 and 1957 the Soviet real gross national product increased by a value of 60 billion American dollars, in terms of 1957 prices. Ours increased $97 billion, two-thirds again as much as theirs. Looking at ratios of Russian gross national product to U. S. gross national product, the Soviets increased their size relative to ours from 40 to 44% during the recession year 1958. But, based on anticipated growth rates over the next decade, Russia's gross national product will still likely be less than half of ours by 1970. The absolute gap was $241 billion in 1958, but it will grow to $395 billion in 1970. On a per capita basis, Russia's gross national product will still be 40% only of ours by 1970.

If the U.S.S.R. should continue to expand by, say, 6% per year and the United States by 4%, Soviet gross national product would catch up with U. S. gross national product sometime in the next century. But such mechanical extrapolation into a distant future with unknown technological, social, and political circumstances is meaningless.

Turning to industrial production, Mr. Khrushchev has boasted that Russia will advance to first place in the world in absolute volume and per capita industrial production by 1970. However, this boast assumes that U. S. industrial production will grow at about 2% a year, and it assumes a Russian growth of approximately 9% per year. Both of these assumptions are absurd.

A 2% rate of industrial output is well below the U. S. experience over the decade 1948-57 of 3.6% per year. It is expected to exceed 4% during the decade of the 1960s. On the other hand there is already evidence that the Russian growth rates are declining.

We Must Run Hard to Win The "Race Into Space"

By DR. WERNHER VON BRAUN*
Director, Development Operations
Army Ballistic Missile Agency
U. S. Army Ordnance Missile Command
Redstone Arsenal, Alabama

Dr. von Braun pinpoints for iron and steel industry the contributions ferrous metals can make to space exploration; reviews some of the accomplishments thus far achieved in the national space program; and invites mutually rewarding developments. Warning that the Russians are still ahead of us in larger missile-propulsion devices, he urges us to "run hard" if we are to achieve undisputed technological leadership. One of our limiting factors, he reveals, is the non-availability of suitable structural materials which compels the designer to guess at what materials to use and which, obviously, jeopardizes the outer space program.

As a beginning, a point of departure, let me call attention to the intimate relationship between our present space capabilities and those missile systems which have been developed, or are under development, to meet the military needs associated with national defense. Practically all the work so far conducted in space has been based upon military rockets, like the Army's REDSTONE and JUPITER —with which I am most familiar — and the Air Force's THOR and ATLAS. Since these were the systems available for space applications at the time when it was decided we should proceed "at all deliberate speed" to implement a national effort, our achievements have been limited to the basic capabilities of these systems.

That is the reason why the EXPLORER earth satellites launched by the Army in connection with the International Geophysical Year were relatively light payloads when compared with the heavier satellites orbited by our competitors behind the Iron Curtain. That is also why our Pioneer space probes, one of which escaped Earth's gravity to become a satellite of the solar system, were so much smaller in weight than the Soviet Lunik. It comes down to a question of thrust; that is, how much energy can you release at Earth's surface to propel a rocket system through the gravitational field and the atmosphere into the vacuum of space. In the case of Redstone, which we modified for spatial missions, the thrust developed by exotic fuel was in the order of 85,000 pounds. In the case of Jupiter, converted into the Juno II system for space assignments, the thrust runs to about 150,000 pounds. Using two engines of like design, the booster portion of the Atlas intercontinental ballistic missile has a thrust of about 300,000 pounds.

Until we develop something of a larger order of magnitude, therefore, our operations must necessarily be limited to these energies. More thrust can be obtained by increasing the specific impulse of fuels used; scaling up the size of the engine; or assembling a cluster of reliable proven engines already in hand. The first two are evolutionary approaches which will eventually furnish greater weight-lifting capacity for America's launching vehicles. But to fill the void for a quick, reliable high-thrust booster, we are currently attacking the problem from the cluster approach for the Advanced Research Projects Agency of the Defense Department and the National Aeronautics and Space Administration. Employing a cluster of eight Jupiter-type, liquid propellant engines, we expect to obtain a booster unit capable of about 1,500,000 pounds thrust.

*An address by Dr. von Braun before the 67th general meeting of the American Iron and Steel Institute, New York City, May 27, 1959.

The booster, named Saturn, is being designed and fabricated at the Army Ballistic Missile Agency. Our 140-foot static test tower is being modified for static firing the Saturn at Redstone Arsenal. The first flight test is scheduled from Cape Canaveral, Fla., in 1960.

ARPA has said the cluster concept was chosen because of the proven extreme reliability of the existing engine. The Saturn system, we feel, will answer the nation's immediate need for a relatively inexpensive, reliable booster capable of lifting into satellite orbit or outward to space journeys, a multi-ton load of scientific instrumentation.

This would be considerably larger than anything the competition has yet demonstrated. Note I did not say larger than anything the competition has—we simply do not know what our Soviet rivals are up to next on their space conquest schedule. On the basis of the evidence of late 1957 and 1958, however, I suggest we must conclude they are hard at work and that they still enjoy something of an advantage in larger propulsion systems.

Must Run Hard to Win

If we are going to catch up in this all-important "race into space," if we are to forge ahead and establish undisputed technological leadership, it behooves us to run hard! I am not going to attempt to handicap this race. I can only say, at this juncture, that we have not heard the last word from Mr. Khrushchev's rocket teams. It is altogether likely they are pushing as rapidly as they can to put man in space. They appreciate the propaganda edge they achieved with the first Sputnik and, to lesser extent, with the Lunik. If we regain the initiative, it will not be because our competition took a holiday or elected to work a shorter week!

Having thus briefly introduced the competitive aspect of our position in the area of conventional propellants and the engines to burn them, let me turn now to a discussion of the field directly in the area of interest to steel—metal applications in missile systems.

The Matter of Metals

Engineers are accustomed to being handed a set of seemingly impossible requirements with instructions to find the solution. Building more powerful rocket engines poses many problems. For example, physical and organic chemists can determine theoretically a combination of fuel and oxidizer which will yield the desired thrust. Among the proven fuels in rocketry are hydrocarbons, hydrazine and ammonia. Some of the common liquid oxidizers are liquid oxygen, fuming nitric acid, and hydrogen peroxide. But one cannot always employ the optimum combination due to the problems inherent in the containing and transfer of the liquids. This becomes a solution inacceptable for employment when we are concerned with weapons systems which must be handled by troops under battlefield conditions. For the Redstone Missile liquid oxygen, alcohol and hydrogen peroxide are used.

Consider some of the materials problems introduced by these propellants. It is difficult to find a more concentrated oxidizer than liquid oxygen, or LOX as it is known to missile men. Its physical condition, however, causes a lot of difficulty since the liquid boils at minus 183 degrees Centigrade, resulting in quite a loss of material in the case of insufficient insulation. Insulation, on the other hand, imposes a weight penalty which is undesirable. At LOX temperature only three or four metallic materials exist which are suitable for application: aluminum, austenitic stainless steel, copper and perhaps magnesium. Titanium reacts explosively with LOX under low impact force. Traces of organic materials on metallic surfaces or as components of valves or gaskets can react explosively with LOX.

A limit of insensitivity, therefore, has been established to qualify materials as reasonable risks. An instrument was developed to determine the LOX impact sensitivity of materials in the Army Ballistic Missile Agency. This device is now utilized in other laboratories throughout the country. While relying upon the results obtained from it, we have never had an accident with liquid oxygen.

Corrosive Effect

The fuel selected for the Redstone, alcohol, is easily handled but it is very corrosive to steel and light metals. As you well know, alcohol even corrodes people. The alcohol-water mixture we are using in the Redstone is more corrosive than either of the components alone and this corrosion problem is more evident in field handling.

The propellants must be fed into the Redstone's combustion chamber against the chamber pressure, requiring fuel and LOX pumps of considerable horsepower. A steam generation unit was installed to drive the turbine which in turn drives the centrifugal pumps. In order to obtain for a short time a large amount of high pressure steam sufficient to drive that turbine, high concentration hydrogen peroxide is employed. Everyone is familiar with the 3% aqueous solution of hydrogen peroxide used for bleaching and how it decomposes spontaneously in contact with organic material, liberating oxygen, water and a little heat. In the decomposition of high concentration hydrogen peroxide, the heat produced is sufficient to generate steam. It is relatively stable and can be stored in commercially pure aluminum containers with practically no decomposition and in stainless steel with only slight decomposition. However, a small amount of foreign substance will initiate the the decomposition of H_2O_2 into water and oxygen. The exothermic reaction will vaporize the water and a steam containing oxygen results. Steam generated in a controlled manner is used to drive the propellant feeding pumps.

A great deal of investigation has been carried on of all possible variables to find the optimum condition and composition of a catalyst for decomposition of H_2O_2. In addition methods of stabilization during storage and handling were investigated. Because aluminum lacks sufficient strength for pressurized missile containers, stainless steel is used which has received a special passivation treatment. Where welding is involved only the stabilized steels, 347 and 321, are satisfactory. Unless stabilized welding rod is used the chromium deficient areas will rust and the rust, in turn, will catalyze decomposition of the hydrogen peroxide. Recently, the precipitation hardening stainless steels have been employed. In order to conserve weight it is desirable to use a material of higher strength than stainless steel. This would be possible if a coating material resistant to H_2O_2 could be developed. Development work is now in progress.

Corrosion, a problem in any stationary installation, is of still more importance in the missile field. In addition to the common environment of humid atmosphere or sea climate conditions, we have to fight the corrosive attack of propellants used in the missile and its attendant ground support system. As I said, the apparently innocent alcohol is actually very corrosive and corrosion is particularly severe where bimetallic contacts in corrosive fuels or oxidizers are involved. We once used a flow meter which had an aluminum barrel with stainless steel flow straighteners. The designer thought that since both aluminum and stainless steel are resistant to corrosion under atmospheric conditions, the combination would be equally satisfactory. We were able to demonstrate that this bimetallic connection imbedded in the electrolyte formed by the fuel produced an electromotive force of 0.7 volt—a pretty good battery!

90% Use of Aluminum

Aluminum constitutes approximately 90% of the total airframe weight of our larger military missiles. The Redstone and the Jupiter are examples. However, this does not mean necessarily that aluminum will continue to dominate the missile airframe materials field. It cannot, I should add, if we expect to push ahead at accelerated pace.

Aluminum begins to suffer measurable loss of strength above 400 degrees Fahrenheit. This becomes a limiting factor in the case of missiles operating for longer periods of time and at high velocity in the denser atmosphere. Trajectory parameters sometimes dictate just such conditions and there may be other valid reasons why the rocket system must be operating within the atmospheric environment where the drag coefficient and the aerodynamic heating combine to create a potential trouble area. In these situations the surface temperature of the aluminum skin could exceed the melting point of the metal as well as the working temperature of most other commercially available metals. This is at least one of the reasons why the designers of our first intercontinental ballistic missiles, the Air Force's ATLAS, have selected a steel alloy for their airframe.

The sad fact is that designs of advanced missile and supersonic aircraft are already being limited by the non-availability of suitable materials. The designer must solve his problem by the use of composite materials, unorthodox designs, unusual fabrication techniques and materials applications and, on occasion, also by disregarding commonly accepted margins of safety. Obviously this situation cannot long continue else the success of our entire advancing space program may be jeopardized! The materials required in tomorrow's missile design are dependent upon the ingenuity of the materials researcher working with ferrous as well as nonferrous materials.

The structural requirements demanded by current missile systems may be listed as follows:

(1) Ultimate strength-to-weight ratio
(2) Relative ease and reliability of fabricatiton
(3) Availability of sheets and shapes
(4) Strength at elevated temperatures
(5) Strength and ductility at sub-zero temperature
(6) Erosion resistance
(7) Corrosion resistance
(8) Aging characteristics
(9) Nominal cost

Designer's Preferences

Usually, as you might expect, the designer looks first to the strength-to-weight ratio. For lightweight booster components which are required to operate under ambient or low temperatures, high-strength, non-ferrous materials generally are used in view of their excellent strength-weight ratios. Thus, booster airframes made essentially from non-ferrous materials are employed in the Redstone and Jupiter missiles. One of the overriding concerns is the military requirement to move these giant rockets about—to airlift them—with relative ease. This, in turn, establishes size and weight parameters within which the designer must operate. So far as moveability goes, the liquid propellant rockets have a distinct advantage with respect to weight. They can be shipped empty and fueled on the launching pad—the propellant, of course, is by far the heaviest element in the entire system.

Ferrous metals have a major advantage where elevated temperatures and high internal pressure are involved. For example, solid propellant motor cases are manufactured from steel in almost all instances. One reason is that with small rockets the weight of the case is not quite as critical as in the bigger missiles such as the Redstone, Jupiter or Thor. Another reason is the high pressures and elevated temperatures characteristic of the solid fuel rocket which gives a definite edge to high strength steel for the casings. Industry and Government research laboratories are now engaged in extensive research and development programs to find even stronger steels for solid propellant rocket cases. Some materials presently used, or being considered, for motor case applications and their maximum yield strength are as follows:

Material	Max. Yield Strength, PSI
Vasco jet 1,000	250,000
Peerless 56	250,000
Tricent	240,000
17-7 PH	220,000
4,130	180,000
4,340	220,000
PH 15-7 MO.	235,000
USS-X-200	240,000

Even the strengths-weight ratios of these materials are not adequate for current propellants. It is expected that higher energy propellants will be developed and these will require still more advanced strength-weight ratios.

For the REDSTONE Missile system, the first of the truly big ballistic missiles developed in this country to reach the field, a low alloy, high strength steel, MIL-S-7,809 (Corten), was employed for the skin of the nose cone and the attached instrument compartment due to the elevated skin temperatures encountered during reentry and dive through the atmosphere. The nose cone protects the warhead from aerodynamic heating as it plunges back from airless space into the dense atmosphere not far from the impact area. In the instrument compartment are the guidance and control systems which constrain the missile to its pre-determined ballistic trajectory and provide terminal guidance all the way to the target. These too, require protection against the high stagnation temperatures.

Steel Components

Other missile components usually made of steel, further reflecting the common interest of the missile designer and the steel engineer, include the following:

(1) Parts of valves.
(2) Plumbing and ducting.
(3) High - pressure air bottles, where SAE 4,130 is most commonly used.
(4) Thrust chamber and nozzles.
(5) Heat radiation shields to protect the missile tail.
(6) Fire walls.
(7) Missile ground support equipment including the fuel and oxidizer trucks, instrument vans, personnel carriers and flame deflectors.
(8) Finally, the manufacturing tools required to form, and shape and assemble components and the complete system.

What I have been discussing in the metals field up to this point concerned the military missile systems, mid-range, intermediate-range or up to 1,500 nautical miles, and the 5,000-mile intercontinental missiles. I would emphasize that stringent as the demands may seem for these systems, they do not by any stretch of the imagination pose the final requirements we are placing upon your industries. Turning to vehicles designed especially for outer space penetrations, additional demands confront us and the system designer.

Outer Space Demands

For example, we will be looking for materials which will be resistant to the adverse conditions of the space environment. They include extremes of temperature, high vacuum, solar radiation, cosmic radiation, residual gases and meteoric bombardment. I think it is entirely likely that new concepts will be required in the development of alloys to cope with these problem areas. As a specific instance, let me cite the first of the Free World scientific earth satellites, EXPLORER I, launched by the Army's missile-space team Jan. 31, 1958. This was the trail blazer, so to speak, and gave us quite exact information on some of the physical conditions we had to meet.

The outer shell of the satellite, based upon original design work by Josef Boehm of the Army Ballistic Missile Agency, consisted of a 12-inch long stainless steel cone and a 21-inch long stainless steel cylinder 6,25 inches in diameter. In orbit, and I might note the first EXPLORER is still up there and will be for some years to come, the temperature excursions of the outer shell are severe when the satellite goes from full sunlight to full Earth shade. A satisfactory range of instrument operating temperatures, from 43 to 104 degrees Fahrenheit, was achieved by mounting all electrical devices on rigid plastics for insulation from the exterior metal and also by selective absorption of sunlight. For this purpose eight equally placed aluminum oxide stripes of 0.625-inch width, were flame-sprayed lengthwise along the outside of the instrument housing and the nose cone. These white ceramic stripes reflected a higher percentage of the sun's infrared radiation than did bare steel under the same exposure. A balanced reflectivity helped to prevent alternate overheating and freezing of electrical elements when the Explorer satellites were in exposed and shaded sections of their orbits.

The instant concern was to provide a protective shield in which to install and house the sensors and their power supplies as well as the radio instrumentation for space - to - Earth communications. While our success in the Explorer program and the later Pioneer program—the deep penetration of planetary spaces—augured well for the future, I would point out these were not very large vehicles, the weight and size of instrumentation was sharply restricted, and that the problem takes on a different aspect when we consider much bigger orbiters and those which will carry man into space.

For the National Aeronatics and Space Administration the Army is preparing several Redstone and Jupiter missiles in the Project Mercury flight series. Utilizing these existing systems enables us to test the capsule being developed for eventual manned orbital flight. We shall, in the course of the tests, give one or more of the Mercury Astronauts a ride in a missile. During the comparatively brief journey in space he will experience weightlessness for a period of about five minutes. Only by a logical, sequential approach can we establish parameters of vital importance to more pretentious space flight operations. The question of suitable materials will not be resolved overnight, but it is of utmost significance in the national program.

New Materials' Problems

The conditions which will be encountered in outer space present the materials engineer with a new set of problems. One major source of difficulty heretofore has been the lack of information on exactly how serious the environmental conditions may be. We are filling in the gaps by means of data obtained from satellites, space probes and high sounding rockets but a great deal more accurate information will be needed. How this affects the materials picture may be indicated by the cosmic radiation phenomenon. In this case the integrated effects of radiation on pure metals should approach a saturation state and be comparable to the cold working metal. In alloys, disordering of the desired structure and precipitation hardening can occur if radiation takes place below the annealing temperature. None of these effects should affect the usefulness of metals as structural members. However, it is possible that metals under stress might undergo creep from the effects of radiation agitated atoms. Further, the corrosion rate might be affected. Laboratory experiments along these lines are limited largely to radiation of very low particle weight, although we are aware that the more damaging cosmic radiation will occur from high speed heavy particles.

Another area of great interest is in the thermal properties of materials under influence of the extreme cold to which all shaded areas are exposed in outer space and the high heat flux encountered during re-entry conditions. Here is another aspect of material technology where the literature is of little aid. An example in point is the fact that although tungsten is very widely used for high temperature applications, very little is known concerning its thermal properties at high temperatures.

It is well to keep in mind that we must have useful materials, useful not only from the standpoint of meeting the physical demands in terms of stress, weight, fatigue resistance and so on, but also in the fabrication of rocket systems and their payloads. The requirement is for materials susceptible to working — that is, which can be formed into various shapes and welded or otherwise joined to provide pressure type vehicles. We cannot design functional missiles, satellites and space vehicles on the basis of properties of laboratory curiosities. They are simply not applicable in the major projects which will engage our attention as we move ahead.

Overall Reliability

The materials problem has a bearing, of course, on the overall reliability of both military and scientific missile systems. The guided missile is unique among transportation systems because the most expensive part of the system is expended in the delivery of the payload—whether it is a nuclear warhead fired towards a target on Earth's surface or a space probe launched towards the planets. Because it will be fired only once, the missile must function perfectly the first time. Because we are concerned with vehicles moving at incredible velocities, 24,800 miles per hour in the case of Pioneer IV, human intervention cannot be depended upon for corrections in course, or in the level of propulsion thrust, or other similar factors. That is why the modern long-range rocket is a triumph of automation, and it is also why we must find materials which can be depended upon to meet requirements unheard-of previously.

The advent of space travel offers limitless challenge to the engineer. Building missiles and outerspace vehicles is a team effort. A very important position on that team must be occupied by materials specialists in Government and industry, by raw material suppliers, processors and fabricators. One might say the challenge is almost as big as space itself — and space, you know, is pretty big — bigger even than Alaska!

Blot Controller of Delaware Funds

PHILADELPHIA, Pa.—The appointment of Donald R. Blot to the newly-created post of controller of Delaware Fund and Delaware Income Fund was announced by W. Linton Nelson, President of both mutual investment companies.


Donald R. Blot

Mr. Blot, a Certified Public Accountant, was formerly Assistant Treasurer of the Funds.

Joins Barret, Fitch

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Dennis Hudson has become associated with Barret, Fitch, North & Co. Incorporated, 1006 Baltimore Avenue.

Smith, Moore Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Robert E. Smith has been added to the staff of Smith, Moore & Co., 509 Olive Street, members of the New York and Midwest Stock Exchanges.

With J. C. Rahel

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Jack C. Bristowe is now affiliated with J. Cliff Rahel and Company, Inc., First National Bank Building.

R. S. Dickson Adds

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C. — Edwin L. Reaves has joined the staff of R. S. Dickson & Co. Inc., Hood System Bank Building.

With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George D. Ladas is now with Mitchum, Jones & Templeton, Russ Building. He was formerly with Dean Witter & Co.

Connecticut Brevities

Perkin-Elmer Corporation, Norwalk, has been awarded contracts totaling $940,000 by Princeton University for the design and construction of a 36 inch aperature telescope, which will be carried aloft by an unmanned balloon for photography of planets. The instrument has been called the "technical forerunner" of satellite telescopes.

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United Aircraft Corporation, East Hartford, has agreed to acquire about a 10% stock interest in a leading French jet engine maker, marking the second time in eight months UAC has invested in the European aircraft industry. The new agreement is with the Societe Nationale d'Etude and de Construction de Monteurs d'Aviation (SNECMA), headquartered in Paris. Last October UAC acquired a 43% stock interest in Weser Flugzeugban of Bremen, Germany. SNECMA will receive a license for quantity production of United's Pratt and Whitney J-75 jet engine for the French-built Mirage IV tactical bomber. This is the first time a P & W jet engine license has been given to a foreign country.

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The Lycoming Division of the **Avco Manufacturing Corporation** of Stratford has been awarded Air Force Air Material Command contracts totaling $8,245,000 for the production of the T53 gas turbine engine. The contracts, which cover production of turboprop and helicopter engines, follow some $11,000,000 in contracts received earlier by Lycoming.

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Stockholders of **Connecticut Water Company** have been offered the right to subscribe to 38,004 shares of common stock at $16 per share in the ratio of one additional share for each 4 and a fraction held. The rights expire June 23. Proceeds will be used to repay in part outstanding bank loans, to finance part of the company's $800,000 1959 construction program and for general corporate purposes.

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It has been reported that **Veeder-Root, Inc.** of Hartford will soon start production of a new "preset" device for pumping gasoline in even dollar amounts such as $1 or $4. The device was prefected after a market study revealed that 96% of all gasoline purchases are for full tanks or dollar amounts. The preset computer is designed so that the station attendant can push any of the unit's five pump keys and be assured the nozzle will shut of automatically.

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One of Connecticut's newest plants, in operation less than one year, plans to add 53,000 square feet of warehouse space which will double warehouse capacity. Officials of **Knox Glass Inc.** have indicated that the accelerated program at their Danielson plant requires the addition and that construction will get under way in the near future. The Connecticut plant is one of eight operated by the Knox organization, manufacturers of all types of glass containers. Knox dedicated the $4,000,000 eastern Connecticut plant last September.

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Plastic Wire & Cable Corporation of Jewett City has filed a registration statement with the SEC covering approximately 40,000 shares of common stock which will be offered to stockholders at the rate of one share for each unit of five shares or fraction thereof. The subscription price has not yet been determined. Plastic Wire, producer of thermoplastic-covered wires, cables and cord sets, plans to use the proceeds from the sale of the additional shares, together with funds from internal sources, to repay short-term bank loans, to finance the company's current construction program and for inventories.

James B. Patke With Stifel, Nicolaus

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — James B. Patke has become associated with Stifel, Nicolaus & Company, Incorporated, 314 North Broadway,


James B. Patke

members of the New York and Midwest Stock Exchanges. Mr. Patke was formerly with Smith, Moore & Co. and G. H. Walker & Co.

Curtiss, House Co. Will Admit Three

CLEVELAND, Ohio — Curtiss, House & Co., Union Commerce Building, members of the New York and Midwest Stock Exchanges, on July 1 will admit Edward B. Geggus, Franklin H. Floyd and Richard L. Henn to partnership in the firm.

Kenneth Ellis to Be Staats Partner

PHOENIX, Ariz.—On July 1 Kenneth A. Ellis will become a partner in William R. Staats & Co., members of the New York and Pacific Coast Stock Exchanges.

Now With Walston

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif. — Edward A. Harris is now affiliated with Walston & Co., Inc., 329 South Ellsworth Avenue. He was formerly with Merrill Lynch, Pierce, Fenner & Smith, Incorporated.

Railroad Securities

Atchison, Topeka & Santa Fe

Atchison, Topeka & Santa Fe has made a strong earnings start this year, particularly as compared with 1958. For the first four months, net income amounted to $18,473,875 equal to 68c a common share as compared with $12,632,135 or 44c a common share in the like 1958 period. For the month of April alone net income totaled $6,053,587 against $5,362,850 in April of last year.

One of the reasons Atchison has been able to maintain earnings even during the current recession is good and flexible control over expenses. The road has followed a policy of cutting expenditures as gross revenues decline and increasing them when revenues rise. In this respect, it might be noted that on April 1 bad order freight cars amounted to 4.6% of total ownership, which is considered high for the Santa Fe but still lower than the industry as a whole. Consequently, with revenues and earnings increasing, it is anticipated that over the balance of the year more will be expended on maintenance of equipment to bring the total down.

The road is serving a growing territory as evidenced by the rapid recovery in gross revenues so far this year. While it is not directly tied up to the steel industry to the same extent as the industrial roads, still a prolonged steel strike probably would affect earnings to some extent. However, the carrier has a well diversified traffic pattern and population continues to grow in its territory.

Crops this year probably will not reach the totals in the Southwest attained in 1958. However, there is a large amount of grain in storage which probably will be moved to market. Revenues from the movement of grain last year increased to $58 million from $32 million in 1957. This was a large factor in the strong revenue showing made during the year. Despite smaller crops this year, estimates are that because of the carryover from last year that revenues again should match 1958 results from this source.

In addition to good control over expenses, passenger losses have been reduced. The passenger burden which has been increasing in recent years was substantially reduced in 1958. This loss was drastically reduced last year to $2,400,000 from the 1957 figure of $10,300,000, which aided earnings substantially during the period. This was accomplished by a sharp cut in non-productive train-miles by some 15%. Atchison is following a policy of not trying to discourage passenger business but rather to increase it on its more profitable runs. However, the elimination of additional unprofitable runs and branches is anticipated.

The road continues in a strong financial position. On February 28, 1959, cash and cash equivalents amounted to $162,700,000 while current liabilities were $90,700,000. Net working capital on that date totaled $139,400,000 as compared with $93,100,000 on the corresponding date in 1958.

Last year, Santa Fe reported earnings of $2.51 a common share as compared with $2.30 a share in 1957. This year, with the start the road has had, it is estimated earnings could approach $2.75 a share. Santa Fe has been paying 30c quarterly and last year paid a year-end extra of 25c. If earnings continue their present pace, it is believed there is a possibility of the extra dividend being increased at the end of this year. There are outstanding 24,270,600 shares of common stock.

Dick Adams Celebrates 31 Years of Wedlock

Richard H. Adams of E. I. Hagen & Co., American Bank Building, Portland, Oregon, on June 17th, celebrated his 31st wedding anniversary.

Richard H. Adams

Dick Adams is one of the pioneer traders of the Northwest and prides himself on being the one who gets down to the office every morning to make the opening—which is 6 a.m. New York time at present. His lovely wife, Grace, deserved a great deal of credit for getting him off on time. Since his college days, Dick has never lost interest in the sports world, his particular interests being baseball, football and boxing. If you want to know ing about the averages or what the score is, Dick can tell you.

Joins J. Barth Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Kurt Guen has joined the staff of J. Barth & Co., 404 Montgomery St., members of the New York and Pacific Coast Stock Exchanges.

With McDonnell & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert S. Viele has become affiliated with McDonnell & Co. Inc., Russ Building. He was formerly with William R. Staats & Co.

Amos Sudler Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Lumir E. Beran has been added to the staff of Amos C. Sudler & Co., 818 Seventeenth Street. Mr. Beran was formerly with L. A. Huey Co.

Joins J. H. Ayres

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—Winston A. Young has joined the staff of J. H. Ayres & Co., 920 East Williamette.

With La Hue Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Robert D. Grashuis is now affiliated with La Hue Investment Co., Pioneer Building.

L. W. Chamberlain Adds

(Special to THE FINANCIAL CHRONICLE)

RED WING, Minn.—O. Walter Johnson has been added to the staff of L. W. Chamberlain & Co., Inc., 315 East Avenue.

With Herzfeld & Stern

Herzfeld & Stern, members of the New York Stock Exchange, announced that Bernard Krieger has joined the firm as a registered representative in its new midtown New York City office at 405 Park Avenue.

CPR Head Receives Award

N. R. Crump (left), President of the Canadian Pacific Railway Company, receives the Julian C. Smith medal "for achievement in the development of Canada" from Dr. K. F. Tupper, retiring President of the Engineering Institute of Canada. The medal, awarded by the Institute since 1939 to Canadians judged to have done the most in the past year for the nation's progress, was presented to Mr. Crump at the opening dinner of the Institute's 73rd annual meeting at Toronto.

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market calmed down considerably this week after the wide swings both ways last week, but the weight was on the selling side more times than not with little in the way of buying around to bolster the list.

* * *

Pressure wasn't unduly heavy except in a few random cases such as American Telephone which was given to sliding rather steadily and the shares sold at their poorest price since the stock split of last month. The easiness carried the stock more than a dozen points below the high posted when it was first admitted to trading.

* * *

Steels ran out of strength after their flurry last week but beyond an occasional show of strength in Youngstown Sheet and Lukens, it was a quiet affair with the general run of steel issues giving ground moderately as the labor-management discussions remained stalemated.

Coppers Easy

Coppers had to contend with new price easiness for the metal and reflected it with dreary price action. Aircrafts were prominent on the new lows list on occasion with new contract awards helping individual issues momentarily but doing little to inspire any better feeling toward the group generally. For the oils it was a continuing case of uncertain price action with liquidation of large blocks troubling some of the individual issues.

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Some of the items associated with home building were on the easy side as housing starts dipped and for plywoods it was complicated further by price easiness in the grades used for home building which gave them an even rougher time of it, Georgia Pacific particularly showing on the new lows list as a result.

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The blue chips were also under moderate selling pressure which, without any important buying help, became something of a steady downdrift although daily losses weren't excessive.

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Electronics were uncertain and at times were well scrambled but on the whole showed little disposition either to tangle with their year's peaks or the 1959 lows, apart from Raytheon which guaranteed an appearance on the week's list of lows by one day's dip. The near-frenzied buying of this group was pretty much over at least temporarily.

Technical Indications Favorable

The technical indications weren't bleak by any means, however. From a volume of above three million shares seen on last week's wide gyrations, the new downhill slide saw turnover dropping sharply to below 2½ million. The breadth of the market narrowed a bit persistently in addition to add to the conclusion that it was lack of buying rather than aggressive selling that was hobbling the list generally.

* * *

As has happened before, the industrial average found support around the 615 area which could be a good floor if it holds on any future testing. The business picture was a good one — industrial production at a peak and most of the business students projecting the continuing recovery ahead for a year or more. Some of the market students were even hailing a continued period of consolidation as a constructive development to lay a solid base for the traditional summer rally.

* * *

Since the selling has been rather selective, like the buying that carried the industrial average to a peak in May even while more issues were declining than advancing, the hunt for undervalued situations continued to be an active one and to many the railroads have yet to live up to their potential from higher revenues and aggressive cost control.

Santa Fe Favored

In the quality section, Santa Fe was something of a favorite and, in some quarters, a candidate for a higher yearend dividend this year since earnings projections indicate that the regular dividend will be covered more than twice over. Even on the basis of last year's payout, it offers an above-average return of 5%. A measure of the neglect for this well-known rail leader is the fact that its 1959 range has yet to reach four full points.

* * *

To some of the traditionalists, the progress of the entire market depends on the rails getting into gear with the industrials, but so far such hopes have been short-lived. It hasn't diminished the ardor of the rail followers and the conservative times-earnings ratios and high yields, plus the fact that some are heading for record earnings, merely indicates that the investor attention hasn't yet discovered the carriers.

* * *

Similarly the issues that benefit from expanded capital expenditures by industry have yet to emerge completely from the doldrums of last year's recession. Only one is hovering around its peak, that being Mesta Machine which has shown a superior ability to hold up profits even through troubled times. Despite its high standing the issue yields 5% at recent levels and it has been selling only around 10-times anticipated 1959 earnings.

"A Good Group"

At least statistically, department stores are another group that seems to have turned something of a corner. As some of the store analysts put it, investors are overlooking the fact that the department store chains have completed their adjustment to the new pattern of suburban retailing. May Department Stores, in addition to a yield approaching 4¾%, is one where the major costs of expansion seem to be over so that earnings could begin to reflect the additional stores in areas where population growth has been pronounced.

* * *

Ferro Corp., important supplier to the appliance and building fields, shows a yield about average at 3-plus percent, but its payout has been conservative and the market appraisal is still a moderate 10-times earnings. Contributing weight to its profit statements recently have been the high start-up costs of its diversification into the plastics field and here most of these costs are now history. For the first quarter the company reported earnings more than doubled on a 15% increase in sales which makes the company a candidate for dividend liberalization since indicated earnings for the year should cover the payout some three-times over.

* * *

Like the rails themselves, the railroad supply companies have had little investment following even where, as in American Brake Shoe, the profit recovery this year has been sharp. On a gain of 8% in sales, the company was able to report net income up 77%. Its yield is well into the 4% bracket. The company has diversified diligently to where the railroad business is down almost to a third of total sales. The only question in the way of a full year's results equal to or better the 1956-57 peaks is whether or not a steel strike would be an extended one.

[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.]

W. H. Claflin Named To Mass. Funds Bds.

BOSTON, Mass. — William H. Claflin, former Trustee and member of the finance committee of the Rockefeller Foundation and a former Treasurer (1938-48) of Harvard College, has been appointed a member of the advisory boards of Massachusetts Investors Trust and Massachusetts Investors Growth Stock Fund, it has been announced.

Mr. Claflin is a Director of Second Bank-State Street Trust Company, United-Carr Fastener Corp., United Fruit Company and Soledad Sugar Company. He is also a Trustee of the Boston Museum of Fine Arts.

To Increase Space

Kidder, Peabody & Co., members of the New York Stock Exchange, will open offices at 2 Broadway for the use of general office staff. The executive and sales offices will remain at 17 Wall Street, New York City.

With McCarley & Co.

(Special to THE FINANCIAL CHRONICLE)

ASHEVILLE, N. C. — Gene P. Wait has become connected with McCarley & Company, Inc., 35 Page Avenue, members of the New York Stock Exchange.

With Goldman, Sachs

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Paul L. Briscoe is now affiliated with Goldman, Sachs & Co., 135 South La Salle Street. He was formerly with David A. Noyes & Co.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Dominic F. Ameche, Jr. is now with Shearson, Hammill & Co., 208 South La Salle Street. He was previously with Daniel F. Rice & Co.

With Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Spero S. Furla has become connected with Westheimer & Co., 134 South La Salle Street. He was formerly with Irving Weis & Co.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The promotions of Harry E. Ekblom and Malcolm McNair to Assistant Vice-Presidents of **The Chase Manhattan Bank, New York** were announced by George Champion, President. Both are former Assistant Treasurers in the United States department, the Bank's national territorial organization.

Other official appointments in the same department were those of James H. Carey, John W. Field and Edward C. Haynes, who were named Assistant Treasurers.

* * *

Frank Mullen, President and trustee of the **Greater New York Savings Bank**, has been elected a member of the Real Estate and Mortgage Department Advisory Board of **Manufacturers Trust Company, New York** it was announced by Horace C. Flanigan, Chairman of the Board of the Bank.

* * *

George W. Cox, Jr., former Assistant Vice-President, has been elected a Vice-President of **Chemical Corn Exchange Bank, New York** it was announced by Harold H. Helm, Chairman. Mr. Cox joined Chemical in 1941. He is with the Bank's International Division at 165 Broadway and specializes in import-export and commodity financing.

* * *

Directors of **Chemical Corn Exchange Bank, New York** and **The New York Trust Company,** set July 8 for special meetings of shareholders to vote upon the proposed merger of those institutions.

Shareholders of record at the close of business June 17 will be entitled to vote at these meetings. The proposal is subject to the approval of two-thirds of the shareholders of both banks and also of regulatory authorities. The merged institution will be named **Chemical Bank New York Trust Company.**

* * *

George O. Nodyne, President, **East River Savings Bank, New York,** on June 11 announced the election of James D. Landauer and John A. Coleman as members of the Board of Trustees of the bank. Mr. Landauer, will succeed Mr. Douglas Gibbons, recently retired from the Board.

Mr. Coleman, succeeds the late Henry P. Bristol. Mr. Coleman was Chairman of the Board of the New York Stock Exchange, 1943-1947. He is a Director of the New York Telephone Company, and the American-Broadcasting Company, as well as a trustee of the **Hanover Bank** and President of the New York Foundling Hospital.

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G. Russell Clark, New York State Superintendent of Banks, announces that **The Bank for Savings and Union Square Savings Bank, N. Y.,** withdrew from the Banking Department their application for approval of a plan of merger filed April 1.

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The Lafayette National Bank of Brooklyn, N. Y., has announced the election of Howard J. Dirkes as a director. Mr. Dirkes is also a trustee of the **Long Island City Savings Bank, N. Y.**

* * *

The promotions of James F. McCarthy, of **The County Trust Company, White Plains, N. Y.** head of public relations and advertising department to Vice-President; Harry Klingler, trust department, to trust officer and Assistant Secretary; and Vincent J. Nielsen of the Bank's Elmsford office to Assistant Treasurer were announced June 16 by Dr. Joseph E. Hughes, Chairman.

Mr. McCarthy has been with The County Trust Company since 1950.

* * *

South Shore National Bank of Quincy, Quincy, Mass., with common stock of $1,250,000; and **Randolph Trust Company, Randolph, Mass.,** with common stock of $200,000 merged, effective May 29. The consolidation was effected under the charter and title of South Shore National Bank of Quincy, with capital stock of $1,-450,000 divided into 58,000 shares of common stock of the par value of $25 each.

* * *

Gloucester Safe Deposit and Trust Company, Gloucester, Mass., and **Manchester Trust Company, Manchester, Mass.,** merged under charter and title of Gloucester Safe Deposit and Trust Company. A branch was established in the former location of Manchester Trust Company.

* * *

Merger certificates was issued approving and making effective, as of the close of business May 29, the merger of **The First National of Ayer, Ayer, Mass.,** with common stock of $100,000; **The Townsend National Bank, Townsend, Mass.,** with common stock of $75,-000; and **First National Bank in Pepperell, Pepperell, Mass.,** with common stock of $50,000 into **Union National Bank of Lowell, Lowell, Mass.,** with common stock of $1,320,000, under the charter and title of Union National Bank of Lowell, with capital stock of $1,651,250, divided into 132,100 shares of common stock of the par value of $12.50 each.

* * *

The National State Bank of Newark, N. J., announced the promotion of Alfred Schrama, Anthony V. Butera and William A. Blind to Assistant Cashiers.

Mr. Schrama is manager of the bank's installment credit department, which is located in Orange. He has been in the department since coming to the bank in 1950.

Mr. Butera is a specialist in municipal bonds and in the 10 years since he came to the bank has been in its municipal bond department.

Mr. Blind came to the bank in 1940 and has been manager of its Newark Airport Office from 1955 to June of this year when he was transferred to the Orange office.

* * *

John J. Balles has been appointed Vice-President of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** according to an announcement by Frank R. Denton, Vice-Chairman of the bank. He will be associated with James N. Land, Senior Vice-President, in the bank's Economics Office. Mr. Balles will assume his duties with Mellon Bank this summer.

* * *

Sixteen employees of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** were welcomed into the bank's Quarter Century Club last evening. Frank R. Denton, Vice-Chairman of Mellon Bank, presented gold emblems to the new members, each of whom has completed 25 years of service with the bank.

* * *

Western Pennsylvania National Bank, McKeesport, Pa., announced plans for the establishment of a banking office in the New Eagle section of Monongahela. It will be WPNB's 19th office.

M. A. Cancelliere, President, said that the new banking facility will be at the corner of 11th and Main Streets in Monongahela. He said the new office probably will be in operation by August 15.

Approval for the New Eagle Office has been granted by the Comptroller of the Currency. It will be the bank's second office in Monongahela and the sixth in Washington County.

Western Pennsylvania National announced plans for the 18 office several months ago. Number 18 will be the area's first Drive-Thru Bank.

* * *

The Easton Trust Company, Easton, Pa., and **The Easton National Bank, Easton, Pa.,** consolidated under charter of The Easton National Bank and new title **Easton National Bank and Trust Company,** with head office transferred to former location of The Easton Trust Company. The former main office of The Easton National Bank and its branches and branches of The Easton Trust Company will be operated as branches by the continuing bank.

* * *

Merger certificate was issued approving and making effective, as of the close of business May 29, the merger of **First National Bank in Tarentum, Tarentum, Pa.,** with common stock of $300,000, into **The Union National Bank of Pittsburgh, Pittsburgh, Pa.,** with common stock of $2,850,000. The merger was effected under the charter and title of **The Union National Bank of Pittsburgh,** with capital stock of $2,850,000, divided into 285,000 shares of the par value of $10 each.

* * *

Pikesville-Peoples Bank, Pikesville, Md. and **Fidelity-Baltimore National Bank, Baltimore, Md.,** merged under charter and title of **Fidelity-Baltimore National Bank.**

* * *

American Security and Trust Company, Washington, D. C., absorbed **The City Bank of Washington, Washington., D. C.**

* * *

The Ohio Citizens Trust Company, Toledo, Ohio, absorbed **Spitzer-Rorick Trust and Savings Bank, Toledo, Ohio.**

* * *

The Kent National Bank, Kent, Ohio, with common stock of $400,-000 and **The First National Bank of Garrettsville, Garrettsville, O.,** with common stock of $200,000 have merged, effective as of the close of business May 29. The consolidation was effected under the charter of The Kent National Bank, and under the title, **The Portage County National Bank of Kent,** with capital stock of $560,-000, divided into 28,000 shares of common stock of the par value of $20 each.

* * *

Chicago National Bank, Chicago, Ill., elected Carroll E. Prater, Senior Vice-President, a director to replace Charles Roy McEdlowney.

* * *

Continental Illinois National Bank and Trust Company, Chicago, Ill., announced it will inaugurate a program of low-cost personal checking accounts to round out its retail banking facilities.

The announcement followed closely Continental's inauguration of a personal check-credit plan, whereby customers can borrow for any purpose by writing checks against funds made available for their personal use.

* * *

Frank Langstrom, Jr. and Stewart E. McFadden have been elected Vice-Presidents of the **National Bank of Detroit, Mich.**

* * *

Arthur Fowler has been elected Vice-President of **First National Bank in St. Louis,** according to William A. McDonnell, Chairman of the Board.

Mr. Fowler, territorial representative in Illinois, Indiana, Kentucky and states in the southeastern sections of the country, has been with First National since 1924. He was named Assistant Cashier in 1950 and Assistant Vice-President in 1952.

* * *

Broadway National Bank of Nashville, Tenn., increased its common capital stock from $750,-000 to $1,000,000 by a stock dividend, effective June 5. (Number of shares outstanding — 40,000 shares, par value $25.)

* * *

The common capital stock of **Third National Bank in Nashville, Tenn.,** was increased from $4,-000,000 to $5,000,000 by a stock dividend, effective June 4. (Number of shares outstanding—50,000 shares, par value $100.)

* * *

The Bank of Wadesboro, Wadesboro, N. C., Bank of Anson, Ansonville, N. C. and **Bank of Peachland, Peachland, N. C.,** merged under charter of The Bank of Wadesboro and new title **Anson Bank and Trust Company, Wadesboro, N. C.**

* * *

First State Bank of Kerrville, Kerrville, Texas, has converted into a national bank under the title of **First National Bank of Kerrville.**

* * *

Frank L. King, President of **California Bank, Los Angeles, Calif.,** has announced the election of four Vice-Presidents, three branch managers, and nine Assistant Vice-Presidents, following the June meeting of the board of directors.

Elected Vice-Presidents were Robert W. Brown, Main Office, Charles R. Dodson, petroleum division, Sixth and Grand Office, James B. Mears, real estate loan department, and C. F. Schwan, cashier of the bank.

Promoted to the title of branch manager were, M. A. Freeman, C. Erskine Lesley, and G. W. Post.

Assistant Vice-Presidents named include Herbert Benecke, D. W. Clifford, Jr., T. E. Darnell, C. D. Irwin, George P. Kohl, R. F. Major, Neal T. Moore, M. J. Shevlin, and William E. Naler.

Mr. Brown had been associated with **Wells Fargo Bank** before joining the staff of California Bank in 1956. He is assigned to lending activities at the Main Office.

Mr. Dodson had been a Vice-President of the **First National City Bank of New York** prior to his association with California Bank this spring. He will assume administrative duties in the bank's petroleum division.

Mr. Mears has been assigned to the real estate loan department since he came with California Bank in 1955.

Mr. Schwan, a 32 year veteran with California Bank joined the bank in 1927, he has been assigned to numerous offices and departments. He became associated with the cashier's department in 1942 and was successively elected Assistant Cashier in 1943, Assistant Vice-President in 1952, and Cashier of the bank in 1956. He will continue to carry the title of Cashier of the bank.

* * *

Elliott McAllister, Chairman of the Board of **The Bank of California, N. A., San Francisco, Calif.,** announced the appointments of Wilfred C. Andrews, Jr. as Assistant Vice-President and Walter Martens as Assistant Manager, International Department.

Appointed Assistant Cashiers at the bank's head office were Kenneth A. Linhares, William Price, Harry H. Putnam, Lawrence H. Smith and Edward L. Tebbetts.

New branch office Assistant Cashiers are Allyn C. Browne, Oakland office; Manuel Gonsalves, San Leandro office; and James D. Roulo, San Jose office.

Mr. Andrews, who has 24 years service, is in charge of the bank's Machine Accounting operation.

Mr. L. E. Babcock, whose ad- Bank of California for 22 years and at the time of his appointment was serving as Manager of the Domestic and Foreign Collection departments.

* * *

Kennewick First National Bank, Kennewick, Wash., with common capital stock of $200,000 has gone into voluntary liquidation by a resolution of its shareholders dated May 29, effective May 29.

Mr. L. E. Babcock, whose address is P. O. Box 616, Kennewick, Wash., was appointed to act as liquidating agent. The liquidating bank was absorbed by **Seattle-First National Bank, Seattle, Wash.**

* * *

Trust company offices have been registered in Jamaica, Trinidad, Tobago and Barbados by the **Bank of Nova Scotia Trust Company (Bahamas) Ltd.,** Caribbean Trust subsidiary of **The Bank of Nova Scotia, Canada.** The trust Company's main headquarters is in Nassau, Bahamas.

The BNS Trust Company (Bahamas) was founded in January, 1958 by the Bank of Nova Scotia in association with three well-known British institutions.

The three new Trust offices, which will be managed by the resident managers of The Bank of Nova Scotia banking offices in each area, under the direction of the trust company's Managing Director, E. Leslie Hammond, will provide a full range of corporate and personal trust services including: executorship and trusteeship of wills; trusteeship of settlements; and management services for holding companies, financial corporations and pension funds.

First Canadian bank in the Caribbean, the BNS is extending its trust services to keep pace with the growing need for this type of facility.

* * *

R. A. Peterson, President, announced the appointment of Frank J. Manaut as manager of the bank's future Ala Moana branch. Anticipating the establishment of temporary bank quarters in the Ala Moana Center sometime in the first part of July, Mr. Manaut's appointment is the latest step toward installation of the bank's Ala Moana branch in the Kapiolani Blvd. and Ala Moana Center area.

Mr. Manaut joined Bank of Hawaii in 1950. A product of the bank's training program, he has received training in the central, savings, paying and receiving, installment loan, credit, mortgage loan, savings bonds, collection, and operations departments. Mr. Manaut served as relief branch manager for the Oahu branch administration. In June, 1956, he was appointed manager of the Waipahu branch, serving there until February, 1958, when he was named manager of the Kaimuki branch.

Now With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Lawrence J. Stallman has become affiliated with Walston & Co., Inc., 201 South La Salle Street.

Keller Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Donald C. Sweeney has become connected with Keller & Co., 31 State Street.

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Clayton I. Holden is now with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Public Utility Securities

By OWEN ELY

Peoples Gas Light & Coke Company

Peoples Gas of Chicago operates an integrated natural gas system with annual revenues of over $138 million. In addition to serving the city of Chicago subsidiaries supply gas to several utilities in six Midwest States. Retail customers contribute about 57% of revenues, industrial interruptible 7% and wholesale 36%. Investments in subsidiaries are approximately as follows:

	Millions
Natural Gas Pipeline Co. of America (100%)	$52
Texas-Illinois Natural Gas Pipeline Co. (71%)	29
Chicago District Pipeline Co. (100%)	5
Peoples Production Co. (100%)	15
Texoma Production Co. (100%)	3
Total	$104

Natural Gas Pipeline and Chicago District Pipeline operate a 1,216-mile dual network of pipelines from Texas and Oklahoma fields to Chicago; the former produces about 35% of its gas needs from its owned reserves in the Panhandle field. Texas-Illinois Natural Gas Pipeline operates a longer pipeline from the Texas Gulf Coast. The combined capacity of the two lines is over a billion cf a day.

Peoples Gas also has exploration and production interests through its investments in Texoma Production Company and Peoples Production Company. However, both these companies were in the red last year and their operations are largely in the development stage. The company also operates, through a subsidiary, the Herscher Dome project in Illinois which has substantial storage capacity, although it has not proven entirely successful because of leakage. Peoples Gas is developing additional storage facilities in the Mt. Simon formation at Herscher and last year spent $2.5 million on development work.

The postwar growth of Peoples Gas has been stimulated by space-heating, with conversion from oil heating to gas by domestic customers. While total customers increased during the past decade only from 919,000 to 984,000, the number with space-heating increased from 52,000 to 291,000. Last year the company reactivated its expansion program with the FPC involving an increase in output of 185 million cf of gas per day. Following authorization, construction of the facilities was completed in about three months and deliveries of the additional gas began Dec. 20, 1958. The company was thus enabled to add 44,000 heating customers last year, a record number.

Peoples Gas is now supplying gas heating service to over 53% of the individually heated dwelling units in Chicago, but 100,000 customers are still on the waiting lists for gas heat (57,000 are individually heated dwelling units and the remainder multiple dwelling units and commercial and industrial establishments). Gas is competitive with other fuels with the exception of stoker-fired coal; the cost of heating a representative centrally heated single family dwelling in Chicago is estimated as follows:

Gas	$177
No. 2 Fuel Oil	214
Stoker-fired Coal	163
Heat Pump	334
Electric Resistance Heating	669

The amount of gas consumed for other uses than heating is about 70% in the past decade. Ninety per cent of new ranges purchased are gas, and more than three-quarters of the single- and two-family dwellings in the city have automatic gas water heaters. Gas clothes dryers outsell electric competitors by a wide margin, and the use of gas for incineration and for year-round air-conditioning service are being developed.

It appears unlikely that substantial additional gas can be obtained in time for the next heating season, but since the project of Midwestern Pipeline (sponsored by Tennessee Gas) to build a new line has been approved by the FPC, future availability of this new supply may permit Peoples Gas to add 30,000 additional space-heating customers during 1959, according to Chairman Bjork.

Major pipeline systems are having difficulties with keeping rates in line with increasing field prices of gas, and Peoples Gas is no exception. However, Peoples has made considerable progress in clearing up system rate problems. To remove uncertainties regarding past and future rate levels and to clear the way for pending financing and construction programs, Natural Gas Pipeline and Texas-Illinois last year negotiated agreements with customers covering pending rate issues for all periods prior to May, 1958, and the resulting refund settlements (described in detail in the annual report) were approved by the FPC. The basis of settlement was cost of service as actually incurred, including a 6% rate of return on depreciated original cost, averaged for the periods. The two pipe lines then negotiated new rate increases totaling $3,225,000 per annum; and on Dec. 20th, Natural Gas Pipeline put in effect a further rate increase of nearly $5,000,000, principally to reflect the additional investment and operating costs relating to its 185 million cf per day expansion, and to provide a 6¼% rate of return. These three 1958 increases will be subject to FPC review and possible refund. Peoples Gas also received from the Illinois Commission during 1958-9 rate increases aggregating $7,500,000, reflecting an allowed rate of return of 5.85%.

In October last year Peoples Gas sold 447,000 shares to stockholders, under rights at $41 a share. No further equity financing is foreseen in the near future.

Aided by rate increases and larger sales (reflecting in part cold weather during the recent heating season) the company earned $3.39 in the 12 months ended March 31, compared with $3.02 in the previous 12 months; for the first quarter earnings were $2.19 vs. $1.51. The cold weather may have accounted for some 15¢ to 18¢ per share. It appears likely that earnings for the calendar 1959 may show some further increase over the March figure.

At the current price around 56 (range this year 59½-49¾) the stock yields 3.6% based on the $2 dividend, and sells at only about 14.4 times earnings. The present low payout is doubtless a factor in the relatively low price-earnings ratio.

To Invest or Not to Invest

By PAUL EINZIG

Dilemmatic problems confronting British industry as to whether it is better to invest now or later on are reviewed by British columnist. Besides the question of future higher costs versus present idle capacity if a plant were built now is the big problem of the latter's possible obsolescence when the plant is called into operation or consumers' taste may have changed. Concludes it might be best to not anticipate future capacity too prematurely; and to borrow money and invest in equities as a hedge until investment time.

LONDON, Eng.—British industrial executives have to make a very difficult decision — whether to anticipate the expansion of the demand for their goods and expand their plant now, or whether to defer this as long as practicable by using their existing plant to the utmost limit of its capacity. Even if it were safe to assume that demand will expand in the course of the next few years the decision would be none too easy. On the face of it the answer may seem simple: since the chances are that in a few years' time the cost of building and equipping a new plant will be much higher, the sooner it is done the better. But in reality the problem is one of extreme complexity, with many arguments on both sides.

Paul Einzig

There can be little doubt about the prospects of rising costs. In this life, so full of uncertainties, there are only two things which may be considered to be absolutely certain — death and inflation. There can be no two opinions on the prospects of almost continuous rising costs in general and of the cost of building and equipping factories in particular. Indeed it seems practically certain that the latter will increase to a larger extent than the general price level. It is a pity that there is no reliable index showing the increase in the cost of capital investment. In Britain at any rate such costs have increased considerably more than in proportion to the rise in the cost of living. And the chances are that they will continue to increase at a higher rate.

We can safely assume that the erection of a factory in 1965 will cost a great deal more than the erection of the same factory in 1959. How much more is of course anybody's guess. It is also reasonably safe to assume that the interest charges on capital raised in 1965 will be higher than those on capital raised this year. For in the meantime the investing public will have become increasingly inflation-conscious and will expect to be compensated for the decline of the purchasing power of fixed interest-bearing securities. Indeed the chances are that by then most capital schemes will have to be financed through the issue of additional equities, or debentures carrying an option for equities, which means that existing stockholders will have to share the firm's profits with the newcomers—a very costly method of financing from their point of view.

On the other hand, if the factory is erected before it is really necessary it would have to work well below its full capacity for a number of years, pending the expansion of demand for its output. That may mean higher overhead charges per unit of output. It would certainly mean loss of interest on the capital prematurely invested. It would of course be absurd to imagine that any firm would put up a plant and keep it idle for years in order to save the increased cost of its erection and equipment. Should this be done, the loss of interest would offset, and possibly more than offset, the saving effected. If the new plant is employed to some extent from the outset and is employed increasingly as time goes on then the comparison of loss of interest with saving becomes a matter of involved arithmetics, the answer depending on the extent of the initial use of the new factory and on the rate at which its use increases.

An argument which, I think, is of decisive importance is the possibility of technological progress during the next few years. Whatever the commercial managements may think, the technical managements are certain to be opposed to premature capital expenditure, on the ground that in five or six years a plant put up today might well become quite obsolete as a result of new inventions. That is certainly a risk which few firms could afford to take. Even if recent inventions have resulted in extensive modernization and automation of the works, there is always a possibility of further technological progress. No technological expert can ever claim for certain that the last word has been said in any particular sphere. The firm which defers its capital project to the very last moment stands a good chance of scoring over its rival which carried out its project prematurely, by being able to produce at lower current cost. And this may considerably more than offset the difference in the capital cost involved.

There is, moreover, the risk that, after all, the demand for the products concerned may not expand at all, or not sufficiently. Consumer requirements and tastes are liable to change in the course of years. To have to re-tool the factory erected prematurely in anticipation of continued demand for the same product would involve wasteful expenditure. Indeed in given situations it is hardly feasibly at all, if the change in demand is such as to call for totally different products.

Taking all arguments into consideration, the answer to the question whether to invest now or later in cases where immediate investment expenditure is optional must be to defer the operation as long as possible. Admittedly, it must be exasperating for executives to watch the costs of capital investment operations rise, knowing for certain that the work will have to be carried out sooner or later. Fortunately, there is a solution to this problem:

Firms could, if they wished, hedge against the increased cost of capital investment. All that they would have to do is to borrow the money now and invest it in safe equities which are bound to benefit in the long run by the rise in prices. Quite possibly the present prices of equities in Wall Street, and perhaps even in London, are too high, and a setback may be overdue. But thinking in terms of, say, six years, it is safe to assume that the level of equity prices will be higher. As a result, the increase in costs would be covered by the capital gains on the equities. By resorting to this solution, industrial firms could get the best of both worlds.

Municipal Bond Club Election; Outing

The Municipal Bond Club of New York held its annual meeting and Field Day on June 12 at the Westchester Country Club, Rye, N. Y. New officers elected were:

President: E. Barron Rockwell, Halsey, Stuart & Co., Inc.

Vice-President: R. George Levind, Blyth & Co., Inc.

Secretary: Charles L. Skinner, Coffin & Burr, Incorporated.

Treasurer: Eugene L. De Staebler, Winslow, Cohu & Stetson.

Members of the Board of Governors (to serve three years): Alfred S. Mante, Smith, Barney & Co. and Craig de V. Simpson, Bankers Trust Company; (to serve two years): George W. Hall, Wm. E. Pollock & Co., Inc.

The Field Day, which was the 26th annual outing of the Club, was attended by 312 members and 99 guests.

Golf winners were:

Low Gross: Edward A. M. Cobden, Kean Taylor & Co.

Low Net: Robert Krumm, W. H. Morton & Co., Inc.

Low Gross for Guests: Russell Ergood, Stroud & Company, Incorporated, Philadelphia.

Low Net for Guests: Freeman Grant, Grant & Co., Philadelphia.

Winners in the tennis tournament were:

Victor H. Zahner, Zahner & Company, Kansas City, Mo., and G. Philip Whitman, American Securities Corporation, New York.

Edwin J. Cross, Roosevelt & Cross, Inc., New York City, and Rollin Bush, First National City Bank, New York, were winners in a play-off.

Kings County Bankers Elect New Officers

Edmund W. Madden, Vice-President of Manufacturers Trust Co., has been elected President of the Kings County Bankers Association, it has been announced.

Other officers elected were: First Vice-President, Joseph Press, Vice-President of the Bensonhurst National Bank; Second Vice-President, John Bates, Assistant Vice-President, First National City Bank; Secretary and Treasurer, Alfred M. Olsen, Cashier, Lafayette National Bank.

Messrs. Bates and Madden and Leonard O'Brien were elected members of the Association's Executive Committee.

Loeb, Rhoades Branch Office in Houston

HOUSTON, Texas — Carl M. Loeb, Rhoades & Co., members of the New York Stock Exchange, have opened a branch office in the First City National Bank Building under the management of Gene M. Woodfin. Mr. Woodfin recently became a partner in the firm.

Di Roma, Alexik Opens

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Di Roma, Alexik & Co. has been formed with offices at 1387 Main Street to engage in a securities business. Partners are Agostino Di Roma, Jr. and Edward F. Alexik. Both were formerly with Jay C. Roberts & Co., of which Mr. Di Roma was sales manager.

Zuckerman, Smith Partner

On June 18 Zuckerman, Smith & Co., 61 Broadway, New York City, members of the New York Stock Exchange, will admit Rae S. Goldsmith to limited partnership.

Continued from first page

As We See It

to see. We lay them out very briefly to make sure that all who wish to know the truth may do so easily.

Calling on the Banks

When the Japanese attacked Pearl Harbor less than 10% of the marketable publicly held interest bearing debt of the United States Government was due to mature or was callable within one year— and that after almost a decade of emergency operations attributable to the great depression and the New Deal. When the Japanese finally surrendered, about one-third of this debt fell in this category. Something like half of it was within the one-year grouping as President Truman's second term drew to an end. At the end of 1941—again after long years in which the commercial banks of the country had grown to be first and foremost investors in Treasury's rather than bankers to business—more than 56% of the publicly held marketable Federal debt was held by the Federal Reserve banks and the commercial banks together. Some 5½% was in the hands of the Federal Reserve banks. By the end of the war over 12% of this debt, by then enormously enlarged, was held by the Federal Reserve banks, while commercial banks had increased their holdings almost as rapidly as the Treasury was obliged to increase its indebtedness. By the end of Truman's second administration Federal Reserve banks held about 17% of the marketable public issues of the Treasury, while the commercial banks were carrying 43%—making approximately half of this debt in the hands of either the Federal Reserve banks or the commercial banks.

At the beginning of World War II loans to private borrowers at commercial banks about equaled holdings of governments; at the end of the conflict these banks had over $90 billion in governments and a little over $26 billion in ordinary loans to business and individuals. Even at the end of 1952 these institutions held over $63 billion in governments to something less than $76 billion in loans. As to the Federal Reserve system, it had next to nothing in the way of accommodation to private enterprise at the end of 1941, and only about a quarter of a billion at the end of 1945. Its discounts and advances at the end of Truman's second administration were only about $156 million. It is evident enough from these facts that the Federal Government managed to finance the war and to carry itself along for a good many years thereafter at very low rates of interest by the simple though most regrettable expedient of placing its obligations in the banking system against deposits created for the purpose of carrying them —the modern counterpart of printing money.

The full economic effects of all this can not, of course, be outlined in the space available here, but certain key facts can be. As a result of bank purchase of government obligations chiefly—we had almost said wholly—what is known as money supply — that is the sum of demand deposits and currency outside banks — rose from about $48.6 billion at the time of Pearl Harbor to $102.2 billion (an increase of 110%) by the time Japan had thrown in the sponge. It continued to rise throughout the rest of President Truman's terms of office, and by the time he retired to private life, it had reached the staggering total of $129 billion, an increase of 165% from 1941. Meanwhile, Gross National Product in "constant 1954 dollars" rose only 32% from $238 billion in 1941 to $314 billion in 1945—and the increase, of course, was chiefly in things that never reached the market to absorb the additional stocks of money. As a matter of fact, GNP reached only about $354 billion (1954 dollars) in 1952, or 49% up from 1941.

The Inevitable Result

The result was inevitable — more dollars chasing fewer goods. Prices—certainly price indexes—during the war had little real meaning as is well known. During the first postwar year wholesale prices averaged nearly 79% of the 1947-49 average, and by the time President Truman left office, they had reached about 109.6% of that average. The 1941 figure was 56.8%. What used to be called the cost of living index (now consumer price index) rose from a little less than 63% of the 1947-49 base in 1941 to something over 83% in 1946, and to 114.1% in 1952. When any member of the New Deal-Fair Deal party feels the inclination to make any boasts about the fiscal and financial accomplishments or about the rate of interest they were able to operate with, let them take a look at the record. That should quiet them quite effectively.

And what is the situation today? A little better, perhaps, but in most respects at least essentially the same as it was when the Republican party took over the reins of government in 1953. A distressing proportion of the national debt is still definitely short-term. The Federal Reserve banks still hold more than 14% of the publicly held marketable national debt. Money supply has passed the $140 billion mark, while Gross National Product in 1954 dollars was only around $395 billion in 1958. Wholesale prices now stand at just a little short of 120% of the 1947-49 base, while consumer prices are 114% of that base or little less.

There are some other differences too, and they are of first rate importance. Commercial banks now hold only around 35% of the publicly held marketable debt of the Treasury, and they have lifted their accommodations to private business and individuals to more than $101 billion. The Reserve banks now report nearly $750 million in discounts and advances. Would the followers after New Deal financial ideas have these accommodations to business and individuals replaced with government bonds? Obviously any attempt to have the banks finance the Treasury without reducing their loans to business would be to repeat the gross financial errors of wartime.

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An Unrealistic Interest Rate Policy Is Dangerous

quence of affluence is exposure to instability in the pace of general activity and also in interest rates which rise in periods of boom and decline in periods of recession. In a very poor economy, where everyone must work as hard as he can to eke out a bare living, additions to stock of capital are largely made by diverting effort directly to production of capital goods. Such borrowing and lending as does take place, is effected at interest rates which we would regard as fantastically high. In this type of economy, there is little threat of instability except from natural causes. A drought or an unusually good season may produce relative poverty or plenty. But everyone is always fully employed and the range of economic fluctuation will tend to be fairly small.

The greater the accumulation of wealth the greater are the possibilities for economic fluctuation. These may stem from shifts in the people's preferences among the wide range of expenditure opportunities open to them, from changing attitudes toward saving and investment, from over-speculation which undermines the solvency of financial institutions, or, perhaps on some occasions, simply from the arrival at a point where even a high rate of technical innovation fails to induce investment decisions adequate to sustain capital expansion.

It is not surprising that, in a free and wealthy economy, we are unable to counterbalance perfectly, through changes in public policy, the wide shifts that can take place. We always have had, and, I think, always will have, changes in the pace of our economic progress. We can and should work to reduce these fluctuations and strive for the goal of stable growth. At the same time, however, we must recognize that it is highly unlikely that we shall ever achieve perfection.

Fluctuations in our economy express themselves in various ways, and we attempt to gauge them by various statistical measures. If we look at the movements in any of the broad measures of economic activity and compare them with fluctuations in interest rates, the conclusion is inescapable that interest rates tend generally to move upward in periods of prosperity and downward in times of recession or arrested growth. Hence, concerned as we may be about the impact of rising interest rates on the burden of the public debt or on necessitous borrowers, we must recognize that rising interest rates are, in fact, a symptom of broad prosperity and rapid economic growth.

Since the stabilization of monetary systems in key countries after World War II, interest rates have shown a rising trend throughout the industrial nations of the free world. This has been a period of great economic growth, very active demands for credit, further monetary expansion, and continuing, though perhaps abating, inflationary pressures. Throughout the period, interest rate levels in other industrial countries have been higher than in the United States. This past year's rise in interest rate levels here, accompanying economic recovery, has been in contrast to some decline in interest rate levels in Western European countries, where a modest recession came somewhat later than in the United States and Canada.

Rates Are Not Out of Line

In the United States, the rise in interest rates has affected all types and maturities of debt instruments. Yields on long-term securities have generally risen by about two percentage points since the low point reached shortly after the end of the war. Yields now range from 4 to 4½% on U. S. Government securities of long- and medium-term, over 4½% on many outstanding Aaa corporate bonds, and average over 5% on outstanding Baa corporate bonds. New issues necessarily have to be offered to investors at higher rates.

Despite their recent upward movement, interest rates in the United States are still at levels comparable with those prevailing during much of our history. Long-term rate movements since last summer have been within the range of the period from the early part of this century through 1930. The level is still substantially lower than during most of the nineteenth century. From an historical viewpoint, the present level of rates can hardly be regarded as "out of line" for a period of wide prosperity and growth.

Consider After-Tax Yield

In comparing present rate levels with those of the past periods, one of the important things sometimes overlooked is the effect of our necessarily high tax structure on the effective rate of interest. For example, if both the borrower and lender are subject to the 52% tax on corporate profits, the borrowers' net cost and the lenders' net return is a little less than half of the expressed rate. Thus, a market rate of say, 4%, implies for both parties a net rate of a little less than 2%. On its own taxable bonds, the Federal Government, through the income tax, recaptures a substantial share of the interest it pays. When we look at interest rates in long-term perspective, we must bear in mind that net yields after taxes are lower today than a comparison of market rates would suggest, because of the fact that taxes are higher.

Aggressive demands for financing, which, as I have said, are characteristic of prosperous times, represent efforts to attract resources away from current consumption in return for the payment of interest. In a free economy, no matter how affluent, it follows that, when borrowers attempt to attract a larger share of the total product for their purposes, they will have to pay for doing it.

The presence of strong demands on the credit markets from borrowers of all kinds does create a difficult financial problem. Recently credit demands have been pressing on the banking system, and the banks have been accommodating a growing volume of loans. As borrowers have sought accommodation, banks have raised their prime rate from 4 to 4½%. This is the interest rate that banks charge top-quality customers on short-term loans.

More recently, the discount rate of the Federal Reserve Banks has been raised from 3 to 3½%. The discount rate is the interest rate that is charged by a Federal Reserve Bank when a member bank borrows money from it. This money is often called high-powered money. It is high-powered because it is credited directly to the reserve account of a member bank, and, unless used to finance a payment of currency into public circulation or an outflow of gold or some other development which drains the member bank reserve base, it forms the basis for a multiple expansion of bank credit and money.

Opposes Undue Credit Expansion

For some months, we have been having rapid expansion of bank credit and money, based largely on borrowed reserve funds. The seasonally adjusted money supply —demand deposits at banks plus currency in circulation—has increased by more than $2 billion in the last four months, an annual rate of growth of about 5%. In the face of developing high-level prosperity and the potential threat of inflationary boom, the Federal Reserve should not be in the position of encouraging an undue expansion of bank credit and money. Hence, the appropriate discount rate under present circumstances is one that does not encourage member bank borrowing and is generally above current rates on short-term market obligations, such as bills.

It is sometimes asserted that the Federal Reserve System should step in and halt the upward trend of interest rates resulting from active demands for loans by supplying sufficient Federal Reserve credit in one form or another to keep interest rates from rising. This cannot be done without promoting inflation—indeed without converting the Federal Reserve System into an engine of inflation.

When such a program was adopted during and following the war, it did succeed for a time in actually pegging interest rates on Government obligations. But, at the same time it promoted and facilitated the dangerous bank credit and monetary expansion that developed under the harness of direct price, wage, and material controls. The suppressed inflation that resulted, we are now well aware, burst forth eventually in a very rapid depreciation of the dollar and even threatened to destroy our free conomy.

Doubts Pegging Could Succeed

This experience is very recent and the effects are widely and well remembered. It is now very doubtful whether the Federal Reserve System could, in fact, peg interest rates on Government obligations under today's conditions even if we accepted the inflationary costs, which would be high and would eventually lead to severe collapse. It is certain that the Federal Reserve could not extend interest rate stability to all markets.

The trouble is that the world has learned from wartime inflationary experience. It now knows that inflation follows any effort to keep interest rates low through money creation as the night follows the day. Any attempt on the part of the Federal Reserve to peg rates today would be shortly followed by an acceleration of the outflow of gold in response to demands from abroad, by further diversion of savings from investment in bonds and other fixed interest obligations into stocks and other equities, and by a mounting of demands for borrowed funds in order to speculate in equities and to beat the higher prices and costs anticipated in the future.

Harmful Developments

Those familiar with the investment markets will confirm that such developments would inevitably follow a Federal Reserve attempt to peg interest rates. A simply tremendous volume of bank reserves would have to be thrown into the market through Federal Reserve open market purchases in the attempt to stem the upward pressure on interest rates. As these reserves enhanced inflationary pressures even further, the rush from money and fixed obligations into gold and physical property as well as the mounting demands for credit to reap speculative profits and to hedge against future inflation would overwhelm even the most heroic efforts to hold interest rates down. Ultimately, if the gold reserve requirements to which the Federal Reserve is now subject were eliminated, the System might acquire a large proportion of publicly-held Government debt of over $200 billion in this way. True, the interest rate on Government obligations might be said in some distorted sense to have been stabilized by such an operation. Interest rates generally, however, would spiral upward as they always have in every major inflation.

People who save will be unwilling to lend their money at low interest rates even when they expect the depreciation in the value of their dollars to be limited. This is understandable. Take, for example, a corporate financial institution subject to a 52% tax. The after tax income from a bond yielding 4¼% interest would amount to just a little over 2% with the dollar stable in value. If this potential investor had reason to fear that the value of the dollar would depreciate even 1% a year, his real return would be very low. If the investor had reason to expect a price rise of just over 2% a year, his real return would become negative. Investors are alert today to this way of figuring interest returns.

It might be added that to suggest that holding interest rates down by supplying the banking system with reserves through Federal Reserve open market purchases of Government securities, on the one hand, and taking them away with higher reserve requirement increases, on the other, represents a fundamental misunderstanding of how the credit system functions. Obviously, if the net effects on the credit base are, in fact, offsetting, they make no net addition to the total supply of bank credit, nor do they reduce the demands of borrowers. If they are not fully offsetting, the net result would be inflationary. We are all acutely aware of the gigantic size of the publicly-held debt that is outstanding and available to provide a basis for such monetary inflation. There is no magic formula by which we can eat our cake and have it too.

Decries Money Supply Increase

If the Federal Government should substitute artificially created money for savings in an effort to prevent interest rates from rising, it would have a reverse effect. It would worsen the very situation that the action was intended to relieve. If you really want to encourage rising interest rates, you have only to follow the prescription of those who argue that interest rates on government or any other obligations can be pegged by inflating the money supply.

In connection with this discussion, it should be re-emphasized that the Federal Reserve System does not "like" high rates of interest. We are anxious, always, that interest levels be as low as is consistent with sustained high levels of economic activity, with a steady rise in our national well being, and with reasonable stability for value for the dollar. We cannot, moreover, put interest rates where we would whatever our "likes." Federal Reserve policies can, of course, influence interest rates to some extent through their influence on the rate at which the banking system can add to the credit and money supply. The effectiveness of Federal Reserve policies is always subject to the reaction of borrowers and savers as expressed through the market.

How to Lower Interest Rate

In an economy in which people are alert and sensitive to price changes, the only way to bring about a lower level of interest rates is to increase the flow of real savings or to decrease the amount of borrowing. One important way to do this is to reduce substantially the deficit at which the government is operating. This will not only relieve immediately some of the demand pressures that are pushing interest rates up in credit markets, it will also reassure savers as to the future value of the money they put in bonds and savings institutions and thus increase the flow of savings into interest-bearing obligations.

The proposals before you do not relate to the levels of rates which will prevail in the market, but rather to whether or not the government shall be able to use savings bonds and marketable bonds effectively as parts of its program of debt management. The forthright management of the public debt is an essential part of any program to encourage savings and lower interest rates. We should not force the Treasury to resort to undesirable expedients in order to comply with arbitrary ceilings on either the size of the debt or the rate of interest it pays.

International levels of interest rates among industrial countries are now more closely aligned than in earlier postwar years. This realignment, together with removal of most restrictions on the movement of capital, reflects progress towards a closer relationship among international money markets, which is the financial counterpart of progress toward sustained growth in output and trade in the free world generally. It also signifies a state of affairs in which capital demands are becoming international in scope and in which they will converge rapidly on the market that is cheapest and most readily prepared to accommodate them. Under these circumstances, interest rates in this country must increasingly reflect world-wide as well as domestic conditions.

We need to remember that today the dollar is the anchor of international financial stability. That anchor must be solid. Realistic financial policies of government are essential to that end as well as to the end of a wealthy and strong domestic economy. At this juncture of world development, the least evidence of an irresponsible attitude on the part of the United States toward its financial obligations or of its unwillingness to face squarely the issues which confront it in meeting greater demand pressures on resources and prices, would have very serious repercussions throughout the free world.

Wall St. Comm. for Research Institute

Formation of a "Wall Street Committee" for the Eleanor Roosevelt Institute for Cancer Research under the Chairmanship of Charles H. Truman, Truman, Wasserman & Co., has been announced by Sidney Glazier, Eastern Regional Director of the Institute.

At the same time Mr .Truman announced that he has invited prominent members of the banking and business world to a cocktail party in honor of Representative James Roosevelt, to be held in the Wall Street Club, 40 Wall Street, at 4:30 p.m. Monday, June 29. Mr. Roosevelt is Chairman of the National Development Committee of the Eleanor Roosevelt Institute for Cancer Research.

The institute is being built and equipped at a cost of $1,500,000 at the American Medical Center at Denver. The hospital accepts cancer patients free of charge, regardless of the advanced stage of their disease and for an unlimited period. As a result, the Eleanor Roosevelt Institute will combine the specialized treatment of cancer patients with special opportunities for clinical and basic cancer research.

J. W. Boeckh With Ira Haupt & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Julius W. Boeckh has become associated with Ira Haupt & Co., 141 West Jackson Boulevard. Mr. Boeckh, who has been in the investment business for many years, has recently been with the Sears Bank & Trust Co. Prior thereto he was with Daniel F. Rice & Co.

Cornerstone Planning

Cornerstone Planning Corporation has been formed with offices at 30 Park Avenue, New York City, to engage in a securities business. Officers are Lawrence A. Schenck, President; Wilson S. Deane, Executive Vice - President and Secretary; Murray E. Vinarub and Kenneth Cloud Vice-Presidents; Andrew J. Arenth, Treasurer.

With Peter P. McDermott

Charles Berkeley Cooke, Jr. has become associated with Peter P. McDermott & Co., 42 Broadway, New York City, members of the New York Stock Exchange. He was formerly with Value Line Fund.

Diamond, Turk Partner

On June 5 James L. Kirby became a partner in Diamond, Turk & Company, 3 Pine Street, New York City, members of the American Stock Exchange.

John Bennet Opens

DENVER, Colo. — John Bennet is conducting a securities business from offices at 495 South Canosa Court.

Max H. Block

Max H. Block, associated with Walston & Co., Inc., passed away June 7.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

The vicissitudes of the fire-casualty insurance stocks recently have caused one authority on them to remark that "nobody wants to buy them, and those who own them can't get rid of them." And that fairly well sums up the markets for these issues at preesnt. The years 1953, 1954 and 1955 were the last good years for this group, the combined loss and expense ratios in those years running, respectively, at 93.1%; 93.6%; 94.9%. Then they ran into 1956 when these stock companies went into the red. The next year they were further in the red, and in 1958 slightly in the black. Now we hear that March and April of 1959 were bad months in underwriting.

When it was thought that 1956 would be a fairly satisfactory year, many investors, looking for opportunities to be ground-floor buyers, rushed in and we had our first big flush of buying into the group. But underwriting continued bad, and the effort to discount what was considered to be a coming cyclical turn ran up prices of the stocks. Underwriting continued bad, and the insurance stocks declined in price.

We have pointed out several times that price moves of fire-casualty stocks more faithfully follow underwriting results, favorable or unfavorable, than they do investment showings. In other words, to a large degree, we could have a bull market in equities in general such as would send portfolio valuations of the insurance companies much higher, and investment income higher; but if at the same time underwriting results were bad, the chances would be heavily against higher insurance stock prices. And this is logical, as, after all, the underwriting end of the business is the principal part of it, with investment operations being secondary.

So insurance stock prices are again substantially off from their highs of some months back. A contributing factor, but of probably minor influence, is that there has been enough portfolio shrinkage to add to the pessimism of the insurance buyers, especially among bond holding units.

But in this writer's opinion the pessimism is being somewhat over-emphasized. We continue to have the motor vehicle losses, but there is a flattening tendency in the fire category, and for the second (not consecutive) year in about seven or eight, extended coverage in 1958 turned in a very heartening showing. Whereas in the five years ended with 1958 the average combined loss and expense ratio was the very red figure of 109.7%, in 1958 it stood at 94.0%, giving an underwriting profit margin in the line of 6%. With the line steadily gaining size in premium writings, this showing is a good offset to the less profitable lines in 1958: fire, inland marine, auto bodily injury, auto property damage, etc.

But there is, in a number of companies, much that doesn't meet the casual eye and that is strongly to the credit of some companies. We refer to the heavy reserve positions that are being built up. The conservative management is forehanded in setting up in unfavorable periods larger reserves than are necessary. And there are numerous instances in which a company is faced with a loss of, say, $50,000, and has reserves for that contingency. But if the loss is settled for $40,000, the unused portion may well remain in reserves.

Let the annual report of Great American Insurance Company, one of our larger and better managed units, state the case: "Our statutory underwriting figures were influenced unfavorably by substantial increases in loss reserves made during the year, warranted in our judgment, by the continuing high loss trend in the automobile business. We feel it prudent to establish adequate loss reserves to meet rising costs of physical damage, repairs and ever increasing awards for personal injuries." It then goes on to say that more than half of the statutory underwriting loss is accounted for by these additional reserves. One could go through the manuals and find that the well managed companies are building up reserves as much as conditions enable them to do so with the reasoning cited by the Great American report.

While it is probable that much better news on the industry must be forthcoming before we are justified in accumulating insurance stocks, this department feels that this is not the time to jettison holdings in the industry. Insurance stocks have always recovered from the bad underwriting years, and there is no reason why they will not do so again.

Two With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Gordon Smith and Stella E. Smith have become affiliated with Keller Brothers Securities Co., Inc., Zero Court Street. Both were formerly with Jay C. Roberts & Co.

H. L. Robbins Adds

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Peter Leasca has been added to the staff of H. L. Robbins & Co., Inc., 37 Mechanic Street.

Form V. S. Wickett Co.

V. S. Wickett & Company, Inc. has been formed with offices at 33 West 44th Street, New York City (c/o Jasper Sandler & Lipsay) to engage in a securities business. Officers are Beverly Leib, President and Treasurer, and Dr. Joseph Landis, Vice-President and Secretary.

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The European Common Market And American Business

luck and good planning, they cannot be worked out within the framework of the Common Market.

But, on this score, developments in the world economy, and specifically in the United States, are likely to prove of key importance. If the Free World economy can move ahead in a general era of growth with no more than moderate periods of readjustment, then the adjustments involved in making the Common Market work can probably be absorbed. On the other hand, if the Free World economy were to encounter heavy economic going in the form of a severe and protracted slump, European economic cooperation would be likely to succumb to the heavy weather. That is one important reason why it is so vital that we in the United States pursue policies that will stimulate vigorous economic growth while preserving stable prices.

The Outsiders

Another problem of great importance to Europe and the Western World is the relationship between the Common Market and the other countries in Free Europe, particularly Britain, Switzerland, and the Scandinavian countries. So far, negotiations to link these nations with the Common Market have failed. The most notable casualty has been the proposal for the larger, more loosely-organized arrangement which has come to be known as the "Free Trade Area." This plan was originally proposed by the British, but was defeated last November after long and complex negotiations. It was suggested as a supplement to the Common Market, but was regarded by its opponents as a substitute with many objections.

The main stumbling block to the Free Trade Area was the fact that the Common Market is both an economic and political club. The price of membership is some loss of national sovereignty, whereas the benefits of membership are full and equal rights to freer trade. Britain and the other countries have been more than willing to cooperate on the economic side, but have not seen fit to go further. Britain, for example, seeks to maintain her preferential relationship with the Commonwealth. She objects to the close integration of social, farm and economic policies of the Common Market, since these would interfere with her Commonwealth ties. And she is not willing to contemplate joining any eventual United States of Europe. This is understandable from the British point of view. It is equally understandable that the Common Market members say that the British are trying to negotiate a strictly commercial deal, in which they wish to have their cake and eat it, too.

A Larger Bloc?

Given these conflicts of interests—many of which have strong psychological, as well as economic, roots—it is difficult to say how soon, or along what lines, a compromise can be worked out. Some experts see the possibility of negotiating broader multi-lateral trading agreements within the framework of OEEC or the General Agreement for Tariffs and Trade. Or there could simply be more members in the Common Market itself. The prospect for some modus vivendi in trade relationships still looks favorable — if only because the Common Market is bound to stimulate trade, rather than merely diverting it from one country to another. Such growth will make it possible for the Common Market countries to extend some concessions to outsiders (as they have already done in the first round of tariff and quota cuts), whether or not they are prepared to join the club. More important, such growth will make the prospect of actually joining the Common Market more attractive for outside countries — even if this means paying a political price and assuming full responsibilities of membership.

All of this will take time, as there are strongly held views on both sides. For example, a few months ago a spokesman of the British financial community was asked what he thought of Senator Fulbright's statement to the effect that: "Europe must federate or perish." His answer was: "On the whole we'd rather perish." Yet most observers believe that some arrangement will eventually be worked out between the six nations of the Common Market and the other nations of Western Europe. In the absence of such an agreement, a serious split in Europe could occur.

Impact on the U. S.

I come now to my third and last question: What does the Common Market mean to the United States?

Let's start with the size of the Common Market. Together, the six member countries now have a population approaching 170 million—almost equal to that of the United States. In terms of real purchasing power, the six countries offer a combined market roughly two-fifths the size of the American market. By 1975, their purchasing power should be almost as great as ours is now. In recent years, total production of goods and services in the Common Market countries has been growing almost twice as fast as in the U. S.

In International trade, imports and exports for the six Common Market countries added up to well over $46 billion in 1958—almost half of which was intra-European trade. Generally speaking, most European countries are heavy exporters of manufactured goods and heavy importers of raw materials. The six Common Market economies, in fact, are already, as a group, the world's largest importers of raw materials.

These figures indicate that the Common Market is going to be a big market—an expanding market—and a strong bloc in international trade. For American business, this means both a challenge and an opportunity.

For the bulk of our exports to Europe, the Common Market is a plus factor. Over two-thirds of our exports to the Continent are made up of raw materials and food—such items as ores, basic chemicals, coal, grains, cotton and tobacco. The Common Market treaty provides that many of these products will, as they have in the past, continue to enter the six Common Market countries free of duty or under extremely low tariffs. Europe is neither self-sufficient in agriculture, nor does she have the raw material base to support rapid industrial growth. Therefore, exports of these products from the U. S. should increase as the European market expands.

In manufactured goods, however—particularly finished chemicals and machinery — American exporters will meet increasing competition from the Common Market. For one thing, American goods will face a uniform tariff wall, while internal tariffs in the Common Market area are being reduced to zero. More important, European producers will have a large six-nation home market, which helps justify the development of mass production techniques, thereby generating greater efficiency and lower costs. The upshot is that some American exports will cease to move to Europe.

Of course, not all our manufacturing exports will be affected. The U. S. will continue to sell those products that are unique in performance, design and cost—from drugs to heavy machinery to atomic reactors. At present, American business has one significant ace in the hole, and that is the volume and variety of its applied research and development, which is unmatched anywhere else in the world. Technical progress in the U. S. should be rapid in the coming years, and it will facilitate continued exports to Europe despite increased competition in certain lines of production.

American Capital

Meanwhile, more American capital will be moving to Western Europe to cash in the new opportunities opened up by the Common Market. Already the total of U. S. private investment in Europe is large—well over $4 billion and more than 250% higher than in 1950. The flow of new capital is accelerating as more and more American companies establish branch plants and subsidiaries on the Continent.

Needless to say, U. S. business has good reasons for locating in Europe. There is the potential for growth—particularly in the field of consumer goods where American mass production and know-how can be readily adapted. To a considerable extent, there is political and financial stability—with probably less risk than anywhere else outside the U. S. And there are the added incentives of relatively low wages, flexible tax rates and established trading links with the rest of the world. The Common Market takes all these ingredients and adds the big plus of an eventual mass market which, up until now, has existed only in the U. S. As one American businessman put it: "The European market was attractive before, but this Common Market gives it real sex appeal."

On balance, then, U. S. business has much to gain, and very little to lose, from the Common Market. American companies operating on the continent will gain most. But our trade with Europe should also expand. I say **should** expand, because there is an "if" involved—and that is the trade policy of the United States.

Greater Competition

Certainly the Common Market means that we, as a country, are going to face greater competition—in the European market, in our own home market, and in third markets throughout the world. It also means that we shall have to negotiate in reciprocal trade discussions, not with individual nations of Western Europe, but with an organization of trading interests comparable to our own.

One answer to this friendly challenge would be to admit that we are licked, retreat behind still higher tariffs and try to become sort of a "Fortress America" in world trade. We could swallow the propaganda that we have priced ourselves completely out of world markets, that the dollar is fast becoming a soft currency, that we are such a rich nation that we can afford to turn our backs on the rest of the world.

But the right answer, of course, is nothing of the sort. The simple fact is that the United States can no longer afford the luxury of high protective tariffs. Already some 4 million jobs in this country are directly tied to U. S. exports. We are net importers of many essential raw materials. And—whether we like it or not—our future growth and prosperity is indissolubly linked with that of the rest of the world.

Answer to the Challenge

The right answer to the Common Market's challenge is to buckle down to the job of cutting costs to remain competitive, to maintain our great lead in productivity, know-how and mass production, which still remains great, and to take the lead in reducing barriers to trade between members of the Free World. By so doing, we take on the European countries—not as cut-throat competitors—but as partners in trade with the prospect of great mutual benefits. In so doing, we would recognize that the Europeans have become our equal economic partners in the Free World.

This, it seems to me, touches on the real significance of the European Common Market. This new development is far more than just a commercial venture of supplying European consumers with more cars, appliances and the other amenities of life. Rather it is a bold move to unite Western Europe and make it a powerful partner of the United States in the fight for freedom. As such, the mere existence of the Common Market today is already a symbol of what we have gained in the postwar years.

Perhaps it is all too easy to forget or overlook exactly what it is we have gained. Twice within this century, we, as a country, have paid a dear price for not having unity in Western Europe, for not having the likes of a European Common Market. I, for one, find it encouraging to know that if the French and Germans are going to go at it again, this time it will be on the economic point, and the war will be fought with Volkswagens and Renaults—not with nuclear weapons.

I find it also encouraging to see in the Common Market a vital image of our own political and economic institutions.

Finally, I find it most encouraging to know that, instead of a weak, divided and dependent ally on the Continent, there is developing a strong, united and equal partner in the Western alliance—one who shares with us the critical problems and challenges of our age. Yes, 11 years ago this month we first met the Russian challenge in Berlin. That challenge has grown, but so, with the unification of Europe, has our strength.

Now With S. Romanoff

(Special to The Financial Chronicle)

WORCESTER, Mass.—Frank A. Oftring has become associated with S. Romanoff & Co., 340 Main Street. He was formerly with Hemphill, Noyes & Co.

Now Proprietor

(Special to The Financial Chronicle)

SAN MARINO, Calif.—Charles M. Blalack will continue the investment business of Blalack & Co., 2486 Huntington Drive, as sole proprietor.

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The Long-Term Textile Outlook

Thus, it appears that the Subcommittee's major recommendation is well on the way to full realization.

Improved Textile Statistics—A second recommendation was that appropriate government agencies expand the collection of relevant statistical data and report these more quickly, to assist the industry in its efforts to gear domestic production more closely to the current state of market demand. There has been no opposition expressed to this recommendation, and it is quite likely that positive action will be taken to implement it.

Import Quotas by Category of Fabric—It was pointed out in the course of the hearings that textile imports are heavily concentrated in a few categories of fabrics, and that mills specializing in the production of these fabrics have been unable to withstand foreign competition. The Subcommittee did not recommend broad or sweeping changes in our foreign trade policy. But it did recommend that the import of textile products be regulated, and that this be done through the imposition of quotas on all categories of fabrics in order to prevent further damage to specialized mills. These quotas would not be inflexible, but would permit imports to expand as the total demand for textile mill products in this country increased. As yet, there has been no action on this recommendation.

Elimination of the two-price cotton system—The Subcommittee pointed out the inequity of a program which required domestic mills to pay premium prices for cotton grown in this country, and recommended the immediate elimination of the two-price system. It was further recommended that until the two-price system is completely eliminated, tariffs be raised on cotton fabrics to equalize the difference in cost resulting directly from the two-price system. While it is unlikely that these tariff adjustments will be made, it is highly probable that the two-price system on cotton will be gradually eliminated.

Review of foreign trade program to direct investments to non-textile outlets—underdeveloped countries anxious to industrialize have quite naturally sought to construct textile mills. Employment per dollar of investment in this industry is high. And it is easy to understand why a country lacking in industry seeks to construct textile mills. The Subcommittee recommended, however, that in view of existing world textile capacity those administering our foreign aid program seek new investment outlets less competitive with an industry which is already faced with periodic crises of world overproduction—given the current state of effective demand. This last recommendation was more in the form of an admonition than anything else, and the extent to which it will be followed remains to be seen.

IV

What is the current situation, and what is the short-term outlook? The textile situation has improved considerably since the second quarter of last year. There has been a substantial increase in the production of man-made fabrics. The output of cotton goods picked up moderately during the fourth quarter of last year, and the outlook is for future gains. There has been relatively little improvement in woolens and worsteds, although the current level of production is above the low point reached in 1957. The outlook at present is for continued expansion of overall textile production for the rest of this year, and probably throughout the first half of 1960. But this increase in production must be recognized for what it is—a cyclical upturn. Two recent studies—one issued by the Department of Commerce, and one published by Professor T. M. Stanback, Jr., of New York University—have confirmed statistically what most textile manufacturers have long known, namely, that the average duration of the textile cycle is about two years. Thus a year from now — if the past pattern prevails — textile production and employment will be declining as inventories accumulate, prices fall, and mill margins are squeezed. The industry should be aware of this, and should be prepared for it psychologically as well as otherwise.

There is some evidence that textile manufacturers in general have increasingly recognized the cyclical nature of production in this industry. During the present revival, for example, mill managements have been less willing to expand production to full capacity than has been true in the past. There has been less of a rush to move to a six-day week, for example, and there are various other bits of evidence to support the thesis that mill managements are aware that the present upturn will not last indefinitely. Recognition of the volatile nature of textile production should itself help stabilize conditions in the industry. Rapid expansion of inventories would only hasten the day when these would far exceed current demands. I am not implying that such behavior alone will smooth out the textile cycle. But it might help dampen extreme fluctuations and help produce greater stability in the industry than it has known in the past.

V

What of the long-term outlook in view of the declining trends of the past decade? Simple extrapolation of these trends would do little to bolster the morale of anyone in the industry. But such an approach to long-term forecasting would, in my opinion, lead to erroneous results. The entire woolen and worsted segment of the domestic textile industry, for example, would disappear long before 1970 on the basis of simple extrapolation. But this is not at all likely to happen. Any attempt to project textile production and employment into the future must be based upon careful examination of the causes of decline in the past, and upon the effects of these and other causes in the future. Along with this one must consider any potential growth factors which might reverse these trends.[1]

Three major factors have been responsible for the decline in domestic textile production during the past decade. These are: (a) declining per capita consumption; (b) rising imports; and (c) declining exports. It will be instructive to examine the potential effects of these causal factors during the coming decade.

Declining Per Capita Consumption — Much of the decline in household consumption of textile mill products during the past decade has been due to the substitution of paper and plastics for things made of cloth in the past. There will undoubtedly be other substitutions in the future. But it is unlikely that these will cut as sharply into traditional textile markets as they have during the past decade. Also, there is a good chance that through research, plus more aggressive merchandising, the textile industry can restore some of its lost household market. Further changes in clothing styles—such as the shift to casual wear of the past few years—will do little to reduce the per capita consumption of textile mill products in the form of apparel. And style changes as yet unforeseen might even raise the per capita consumption of textiles for apparel uses. I am not suggesting that the per capita consumption of textile mill products for personal and household uses cannot decline further. What I am saying is that the rate of decline during the next decade—if it occurs at all—will be less than that of the past decade.

What is likely to happen to the demand for textile mill products for industrial uses? Since the end of World War II, paper, plastics and various light metals have displaced fibers and fabrics in many types of packaging and other industrial uses. But in recent years the textile industry has begun to compete more aggressively in the industrial market. The use of molded fiberglass to manufacture machine gears and other machine parts is only a beginning. Further research and experimentation should lead to many new industrial uses for textiles, and in the future the industrial market should expand once again. Competition between textile and non-textile materials will continue. But it will be competition, not simple substitution, as has been true so often in the past few years.

Careful review of the factors which have led to a decline in the per capita consumption of textile mill products in the past suggests that any further decline during the next 10 to 15 years will be small. But in making a conservative projection of textile mill activity over this period, it is best to assume that a further modest decline will occur.

Imports and Exports—It is important to be realistic about future imports and exports in making such a projection. Exports are almost certain to decline during the years ahead, although at a slower rate than that of the past ten years. Indeed, the rate of decline in exports has already slowed down. Exports dropped less between 1952 and 1957 than during the five preceding years.

Imports are equally certain to rise. Even if the quotas proposed by the Pastore Subcommittee are instituted they will allow for some increase as the total demand for textile mill products in this country rises. And in the absence of such import quotas a somewhat more rapid rise in total textile imports may be anticipated.

At the present time a reasonable assumption is that imports will continue to rise, but at a slower rate than the increase of the past decade. Despite our commitment to a program of greatly liberalized trade there is a growing body of opinion—even among some academic economists—that the burden of rising imports should be more equitably shared than it has in the past; that the growing sectors of the economy should absorb a larger share than declining sectors. Also, the defense essentiality of textiles must be recognized by our policy makers. The Senate Subcommittee pointed out, for example, that there would be little point in maintaining our present huge defense expenditures if at the same time we allowed essential industries to shrink to the point where they could not satisfy basic civilian and military needs in the event of an emergency. Thus, for the purpose of estimating textile production in this country in 1970, I have assumed a further moderate rise in imports and a slow decline in exports. What is the outlook on the basis of these assumptions?

VI

Over the next ten years the long-term downward trend in textile production will be reversed. Between now and 1970, the population of this country is expected to increase by 25%. There will be substantially larger increases in personal income, and in personal consumption expenditures. These powerful growth factors will more than offset declining per capita consumption and — in my opinion—the effects of moderate increases in imports and a slow decline in exports. New industrial uses will be developed—particularly for synthetics—which will help bolster the total demand for textile mill products. I expect that textile merchandising will become more aggressive, and that it will be more successful than it has been during the past decade.

Turning briefly to individual fabric groups, the following projections seem reasonable based upon the above assumptions. For cotton broadwoven goods there will be a modest increase. The same is true for woolen and worsted fabrics, although the current outlook is for a smaller relative rise for these fabrics than for cotton goods. This projection allows for a continued shift to blends of wool and manmade fibers, but these will be blends rather than the substitution of 100% synthetics for natural fibers.

Within the synthetic fabric group, the decline of rayon and acetate will continue. For many uses these fibers have been displaced by newer synthetics, and this substitution is bound to continue. The growth of the newer non-cellulosic synthetics will be rapid — present output levels should more than double over the next ten to fifteen years. The growth of this sector of the industry will be bolstered by the addition of new synthetic fibers and fabrics not yet developed.

What of employment? Given any reasonable assumptions about imports, exports and per capita consumption, the current outlook is for a further decline in textile employment. The major factor behind this will be continued increases in output per worker. Gains in productivity in the textile industry over the past decade have been large — much larger than the average increase for all manufacturing. These gains will continue as the textile industry continues its research efforts and further gains in productivity will result from research by the textile machinery, chemical and other supporting industries. All this will add to the ability of domestic mills to turn out more yards of cloth with less human effort.

If the productivity trends of the past decade continue — even allowing for moderate increases in total production—total textile employment in the United States might drop by as much as 20% over the next ten to fifteen years. The rate at which textile employment declines will be significant, however. If the decline is relatively slow, it can be geared to normal attrition in the industry. This will consist mainly of the retirement of older workers, but if necessary it could include the layoff of some younger workers particularly where seniority systems prevail. Because the younger workers are more adaptable and more mobile than older workers this will create much less hardship than the mass unemployment of recent years which largely was due to mill liquidations. If however, the drop in employment is the result of further liquidation of mills there will be protracted hardship for many workers — especially those in their middle years — and the social costs will be high as they have been in the past.

One last trend remains to be discussed. Textile manufacturers pride themselves on the large number of firms in the industry, and on the rugged competition which this engenders. But we have seen the results of this competition during the downward phase of each cycle during the postwar period. The Pastore Committee report pointed out that the textile industry "suffers from an excess of price competition." This results from the large number of independent producers manufacturing each of the major staple fabrics. It is true that the consumer benefits from such aggressive price competition — in the short-run — but again the social costs have been high.

There is some evidence of a slow, but gradual change in the industrial structure of the textile industry. This is the trend toward fewer but relatively larger *firms*. It is necessary to emphasize that I am not discussing larger mills, but about cases where more mills are brought together under the over-all management of a single concern. If this trend continues—as I expect it will—management will increasingly recognize that no firm in the industry gains in the long run from an excess of price competition. There will be more of an effort to gear production to the current state of demand, and this should dampen—though it is not likely to eliminate—the textile cycle. As a result of this there will be greater short-run stability of prices and employment than has been true in the past.

Larger firms are also more likely to spend substantial sums for research and development than small firms. And in my opinion the future of the domestic textile industry depends to a large extent upon an ever expanding research and development program. Thus, in the long run the consumer should benefit from better products, made on better and faster machines, and these may even be sold at lower relative prices than those currently prevailing.

If this trend continues, some will object that the consumer is losing the benefits of price competition. But with more stable mill-margins, more stable prices, and more stable employment, textile manufacturers can turn elsewhere—as they are doing in any event—for other means of competition, namely, better products and better production processes. As in other industries (steel, autos, etc.) competition should increasingly take the form of product improvement, more aggressive merchandising, better service and similar non-price forms.

There need be little fear of monopoly in textiles. There is very little likelihood that the number of firms in the industry will become extremely small. What is more likely is that there will be a relatively small number of large firms, with many hundreds or even thousands of smaller firms, but with the latter tending to follow more closely the production and pricing policies of the former.

This projection of long-term growth, and greater stability, in textiles might appear over-optimistic to many. But it is not an attempt to bolster industry morale. This view is based upon analysis of the factors which led to decline in the recent past, and their probable influence in the future. It also includes evaluation of those factors which contribute to economic growth. On balance, it is my opinion that the expansionist forces will outweigh those which lead to contraction. There will, of course, be further vicissitudes, and there will be cases of hardship as individual mills close. But the long-term outlook is far more favorable if one examines all of the factors affecting the textile industry than if one merely looks uncritically at what has happened in the recent past.

[1] The remarks which follow are based upon a statistical projection of the textile industry to 1970. While the results of this are preliminary—and not yet ready for publication—it is unlikely that the broad generalizations made in the text will be altered by subsequent refinements.

With Casper Baumgartner

SCOTTSBLUFF, Neb.—Richard W. Baumgartner has joined the staff of Casper Baumgartner Company, 1705 Broadway.

Continued from first page

The Prospective Volume and Market for Municipal Bonds

municipal bond market. While most of us have a good understanding of the bond market, it requires daily participation, as well as broad exposure, in order to properly evaluate the changing scene.

Later on I will discuss the over-the-counter nature of the municipal bond market in the United States. At this point I would like to distinguish between national, regional and local markets. Large, well-known, statistically rated borrowers enjoy national markets. Somewhat lesser-known credits are traded in regional markets, and small borrowers look to local markets.

So-called national credits can be traded in any one of several major financial centers of the United States. As credits become less well-known and more local in nature, the market place recedes to the point of origin.

Most municipal bond issues come into being by electoral or statutory approval. Public sale by competitive bidding, either by sealed bids or auction, is a normal procedure for the issuance of bonds. Private negotiated sale also accounts for a number of new municipal bond issues, determined by local sale laws and the nature and size of the borrower and the condition of the bond market.

The municipal bond market is a healthy manifestation of the free enterprise system. Using figures compiled by the Blue List which does not record all bonds available in the market yet provides an excellent index of principal offerings of new issues and secondary market bonds, daily listings have varied from a low of $155,450,850 to a high of $391,681,000 during 1958. So far this year the low was $166,782,500 and the high $340,161,500. The amazing fact about the municipal bond market is that it is unregulated and self-policing—of which I will discuss later. In the face of a rising volume of long-term new issues totaling over $7 billion during 1958, as estimated by "The Bond Buyer," and an estimated $56,500,000,000 outstanding June 30, 1958, as compiled by the Treasury Department, the municipal bond market has still continued to give a good account of itself.

B. Canada

In deference to Canadian members of the Municipal Finance Officers Association, I cannot pass over municipal finance in Canada without comment.

Obviously, the nature and purpose of municipal debt, in comparison with the United States, is somewhat at variance in Canada. Bond issues come into being and are sold in various ways. Issues carry a variety of guaranties and payments too numerous to mention. While there is an over-the-counter market for Canadian municipals in the United States, the market is essentially a Dominion market.

Last year gross new issues of provincial and municipal bonds totaled an estimated $1,194,000,000 (Canadian $), including bonds payable both in Canadian as well as other currencies, exceeding prior years. 1958 saw more money being raised in the New York market than the previous years.

Actually, many bond market factors in the United States have had their effect on Canadian Provincial and municipal borrowing. Much as I would like to continue to draw parallels between Canadian municipal financing and that of the United States, it is not practical to do so within the confines of this paper. Therefore, I shall confine my remarks to the municipal bond market in the United States as this discussion develops.

III
Source of Funds for Investment

The potential source of funds for investment is of considerable importance to those issuing municipal bonds as well as those dealing in municipal securities. There is no great mystery as to the principal sources of investment funds, as follows:

(A) State and Local Government Retirement Funds.
(B) Fire, Casualty and Marine Insurance Companies.
(C) Life Insurance Companies.
(D) Mutual Savings Banks.
(E) Commercial Banks.
(F) Individuals.
(G) Savings and Loan Associations (Non-Municipal).
(H) Corporate Pension Funds (Non-Municipal.)

In addition, other investment funds may originate in investment companies, Federal Reserve Banks, Federal agencies, non-financial corporations, credit unions, other consumer lenders and foreign investors.

Not all sources of investment funds are potential investors in municipal bonds. In addition, prospective investors may shift funds from one investment medium to another, according to individual needs and market factors.

IV
Prospective Flow of Investment Funds for the Balance of 1959 And Early 1960

What can we expect will be the flow of investment funds to various types of investors? Several estimates for 1959 have been made and while not basically disagreeing with those who have made earlier estimates, I will try and project my estimate into 1960. Inasmuch as our concern is primarily municipal bonds, I will not attempt to discuss types of investors who will not be significant purchasers of municipals. In the area of so-called institutional investors, I would estimate that during 1959 some $2 billion in municipal bonds will be absorbed by insurance companies — life, casualty, etc. — State and local pension funds, and mutual savings banks. Commercial banks will add some $1.5 billion to their holdings, individuals $2.5 billion and other investors $0.5 billion, or a total of $6.5 billion. For the first half of 1960 approximately the same proportionate total increase in holdings will take place with potential additional anticipated new debt absorbed by insurance companies and individual investors.

Let us look at some of the investors by class in order to analyze their potential interest in municipal bonds.

A. State and Local Government Retirement Funds

As many know, such funds continue to grow as eligible employees are added and salaries are increased. While disbursements will also increase, this will be offset to some extent as some funds are adjusted to a proper actuarial basis. The usual limitations imposed on investments, particularly the small funds, will have a continuing influence on the type of investment purchased. Local influence will account for the purchase of eligible municipal bonds as yields exceed corporates and Governments. We may expect some $400-500 million additional investments in municipal bonds.

B. Fire, Casualty and Marine Insurance Companies

So far there has been evidence of improved underwriting results. As most such companies are subject to the corporate income tax, tax-exempt municipals are an attractive investment medium, particularly as yields have increased. Such insurance companies are usually canny buyers and have frequently offered strong support to sagging markets. We should expect $1.1 to $1.2 billion added to their tax-exempt holdings during 1959.

C. Life Insurance Companies

There has been no significant buying of municipal bonds on the part of life insurance companies beyond the usual placements. Some companies have been anticipating the imposition of new or adjusted taxes to modest acquisition of municipal bonds to their portfolios. Once individual tax liabilities are determined, after passage of a new tax bill, we should expect increased interest in municipal bonds. During 1959 some $400-500 million will be invested in this area.

D. Mutual Savings Banks

A potential tax change should produce some interest in municipal bonds as well as more liberal yields. Possibly $100-200 million might flow into municipal bonds.

E. Commercial Banks

The substantial additions to municipal holdings during early 1958 will not be repeated during 1959. Loan demands, rising interest rates, bond depreciation and tight money will have their individual effect on commercial banks. In addition, the substantial increase in time deposits will not carry through the year as in 1958. Still there will be room for absorption of $1 to $1.5 billion in municipal bonds. Such investments will replace run-off, provide tax-swaps and fiduciary requirements and as an aid to future earnings, as attractive yields become available.

F. Individuals

Tax exemption, hedging against the stock market and more liberal yields will tempt individual investors during 1959, despite obvious periodic flights from the bond market, sufficient to absorb about $2.5 billion.

V
Competitive Factors Affecting Flow of Investment Funds

Competition for investment funds will have an an impact on the municipal bond market. Aside from those institutional investors required to purchase municipal bonds and individual investors with major tax problems, shift of funds to the most attractive eligible investment medium is normal investment practice. As the supply of investments increases and as the money market tightens, rates tend to rise, forcing borrowers to either withdraw from the bond market, seek other means of satisfying their fund demands or pay the going rate.

A. Corporate Requirements

So far during 1959 there is evidence that corporate bond financing will be at a moderate pace with normal expansion of plant and equipment and inventories expected. It is still too early to determine what the effect of more liberal credit policies, credit cards, and overdraft accounts will have on receivables. The substantial increase in borrowing costs will chill some corporate bond borrowing. No significant competitive factor arising from corporate requirements during 1959 will affect the municipal bond market.

B. Mortgage Requirements

The pressure for real estate mortgage funds is apparent. Commercial banks and institutional investors are reacting to this demand either through a shift of funds or curtailing loans. A tight money market could add additional problems. However, lending institutions earning-wise benefit from higher rates. Consequently, we should anticipate real competition from mortgages during 1959 from applicable investors whenever tax-exemption is not important or where the purchase of municipal bonds has been merely a temporary haven for loanable funds.

C. United States Treasury Needs

It does not appear that there will be any real reduction in the Federal deficit throughout the year. Roll-over of short-term maturing obligations, plus cash financing, will keep the Treasury busy and will probably require another lift in the debt ceiling. There is evidence of a decline of interest in United States Treasury Securities by many investors. It is obvious that there is very little chance of successful long-term bond financing under existing market conditions and interest rate limitations. A tight money market has resulted in more commercial bank liquidation of Government securities. Overall, it looks as though the Treasury will be a strong competitor for investment funds, but primarily short-term. However, the Government bond market will always play a major role in the general bond market through its influence on the attitude of investors towards fixed income securities in general and rates in particular.

D. Within the Municipal Bond Market Itself

Later in this discussion I will have something to say about the outlook for the dollar volume of municipal bonds during 1959-60. However, at this point we should recognize that we can anticipate an increase in long-term financing by States and their political subdivisions. To absorb this increase competitively with other investment mediums, municipal borrowing will frequently crowd the new-issue calendar. This will tend to bring about higher borrowing costs due to excessive supply and the reluctance of investors to buy. Investment dealers, in turn, will be more cautious of their inventory risks.

While new schools have been one of the most needed of public improvements, obsolete public facilities, worn-out plants and equipment, inadequate public transit and parking facilities, hospitals, water supply and sanitation, plus the pressure of increasing population and population movements, will exert their force on the supply of new municipal bond issues.

VI
Other Factors Affecting the Municipal Bond Market

A. Monetary Policy

The problems besetting the Treasury and the functions of the Federal Reserve have a very basic effect on the municipal bond market. Not only is the effect actual, but psychological as well.

The constant threat of inflation, together with runaway speculation and business expansion, has brought about periodic tight money markets. By regulating the flow of credit to support sound economic growth and a stable currency, the Federal Reserve causes interest rates to rise and fall. This, in turn, is registered in the bond market. In other words, the availability of funds for investment and the rate of returns on fixed income securities brought about by exercise of the monetary policy is transmitted to the level of the municipal bond market.

B. Level of Economic Activity

We have previously noted the impact of fund demands reflect increased business activity. As such needs increase and compete with other fund demands, it is reasonable to expect that some borrowing will be curtailed and/or higher interest rates will result.

If our monetary policy reduces the flow of credit, and if economic activity expends excessively and there is a trend to higher interest rates, some investors may switch to fixed income securities as a hedge and to obtain the more attractive yields. So, there is some benefit to credit restriction, aside from being an anti-inflationary measure.

VII
Evaluation of Prospects for Remainder of 1959 and Early 1960

Our previous comments have laid the groundwork for a look at the future. At best, one can only estimate, based on known facts. Too often those who make a practice of predicting coming events are conveniently absent when the time for such events has arrived. Without taking issue with anyone's forecasts, I find it difficult to suggest what might happen market-wise, in the months ahead, without supporting such evaluation by related action. As an investor as well as an investment banker, I must base my market actions on my own predictions, rather than make adjustments after the fact to correct improper analysis. With this understanding, let us take a look at the prospects for the remainder of 1959 and early 1960.

A. As to Interest Rates.

Yields today on municipal bonds are the most attractive they have been since 1935 when the top Federal corporate income tax was 13¾%, as compared to the 52% levied today. Considering all of the factors that have influenced interest rates during the last 25 years, it would seem logical to expect that rates have risen about as high as they might. However, it is not that simple as there are other considerations, the principal ones having been discussed previously.

Therefore, I predict that for the balance of 1959 we will have somewhat higher long-term interest rates. There will be a leveling off towards the end of the year and some decline during early 1960. Short-term rates will be under pressure and rise proportionately faster and recede faster. Periodically, there will be temporary technical improvements. Of course, any significant change in monetary policy or drop in supply of investments will be reflected in the market level.

At this point it is necessary to point out that quality of credit will have its effect on interest rate. As rates rise, lower quality credits generally do not adjust as rapidly and, consequently, get out-of-line, while higher quality credits are adjusting in closer relationship to the market. As markets improve and rates decline, the reverse is frequently the result.

B. As to Dollar Volume of Municipal Bond Offerings

Despite some withholding of new municipal bond issues from the market, due to the current high level of interest rates, 1959 should exceed 1958 in volume of long-term municipal bond offerings. Elections in November, 1958, authorized a record volume of new issues. These have been slow to come to market and there are still authorizations from prior years that may be expected to be sold. Those borrowers who do not require electoral approval for their authorization always account for a few surprises.

Voters have seen fit to continue to approve financing of soundly conceived, necessary public improvements if they are intelligently presented and they have confidence in their public officials, despite the potential of increased taxes. As previously discussed, public improvements today are generally larger and more substantial to serve more people. Inflation, spiraling costs have been responsible for larger bond issues. As an offset, some revenue bond issues of a construction nature are not feasible when borrowing costs are high and so are shelved.

It wasn't so long ago that we were talking of a $5 billion annual total of new bond issues as being the ultimate. This has been exceeded every year following 1952, with a total of $7.4 billion last year. Nineteen fifty-nine should exceed $8 billion by a small amount — 1960 should be pushing $9 billion.

VIII
Other Points Relating to the Municipal Bond Market

No discussion of the municipal bond market would be complete without some comment from an investment banking viewpoint. Those who bid for your bonds in the underwriting process, distribute them to investors and investing institutions and maintain over-the-counter secondary markets in outstanding obligations have a considerable stake in the nature and course of the municipal bond market.

In my previous remarks, I have indicated some of the important factors affecting the municipal bond market. I have also noted the growing volume of new issues and the possible direction of interest rates. I would now like to say a few words concerning the municipal bond dealer.

A. Over-the-Counter Market

In discussing the municipal bond market, I pointed out its over-the-counter nature. What I did not mention is the "exempt" or rather unregulated status of the market. Municipal bonds do not fall within the jurisdiction of the Securities and Exchange Commission except as to fraud. This places a tremendous responsibility on municipal bond dealers to maintain high standards of business conduct through self-regulation. While we recognize that local marketing customs exist in various parts of the United States and Canada and that different laws affecting the issuance and sale of municipal bonds occur in each State, the essential objectives of the municipal bond dealer are to pay a fair price for bonds, distribute them as an attractive investment to customers and to be compensated with a reasonable margin of profit commensurate with the existing market and inventory risk, the quality of the merchandise and the cost of doing business. Finance officers can help their own borrowing and strengthen the municipal bond business by encouraging sound fiscal practices, not only from the standpoint of "housekeeping" but when marketing your debt obligations.

B. Inventory Risks

I am sure that many have heard municipal bond dealers speak of their inventory. It is their stock in trade and represents their prime merchandise, both retail and wholesale. Inventory can be profitable or very costly. Usually, dealers pledge their inventory as a basis for loans. It entails the use of capital funds to the extent of margin requirements or the entire inventory might represent use of capital funds. The differential between the borrowing rate and the coupon rate determines the cost of borrowing, if any.

Today when we speak of inventory risks we seldom refer to credit deterioration of individual borrowers, but rather the potential market swings. It is true that markets can go up or down, either through excessive supply or increased demand or by the action of the money market. In either case, the municipal bond dealer has no control and, consequently, he is subject to inventory risks. A quick glance at last year's municipal bond market and the market so far this year in indicative of the municipal bond dealer's risk.

Finance Officers are interested in receiving the best possible borrowing cost. Therefore, as you view the prospective market for municipal bonds, consider the predicament of the municipal bond dealer. No one wins if the successful underwriters for a municipal bond issue take losses on their commitment. Their capital funds are reduced; customers are unhappy, feeling they paid too much and an unwarranted but still a very definite antipathy towards the borrower is fabricated — often carried forward to the next bond sale. While you cannot control the enthusiasm of the successful bidder if he has misjudged his market, there are other ways in which you can help if the market has declined because of oversupply or action of the money market, as follows:

(1) **Sale Timing:** Be sure that a sale date has the least conflict with other borrowers seeking to market their bond issues, either nationally or locally, depending on the primary market. Don't hesitate to postpone sales if your investment banker so advises and you can do so legally. Don't try and "beat" the market, as the results are usually unsatisfactory.

(2) **Single Bids:** Receipt of a single bid at sale time can mean one of many things. Either lack of interest on the part of municipal bond dealers, insufficient advertising and distribution of the notice of sale, too many other commitments by municipal bond dealers, unusual or unsatisfactory bidding terms, individual credit problems of the borrower, and, on occasion, collusion. Fortunately, the latter reason is seldom apparent.

Today's "king-sized" issues add an element of risk for the underwriters. Many dealers feel that in today's market, highly competitive bidding for large issues requiring nationwide distribution is tantamount to a financial fiasco. In order to insure good distribution and a successful underwriting, many syndicates merge to form a single bidding group. The results of what amounts to "negotiated" sales have been excellent. As finance officers faced with selling large issues in a disturbed bond market, recognize the symptoms and try and understand the current marketing problems. Rejection of single bids, while justified in certain instances, can be very costly when market conditions indicate otherwise.

(3) **Inflation:** The actions of the Federal Reserve in regulating the flow of credit is of concern to the municipal borrower as well as corporate and individual. Curtailment or postponement of public works, not immediately required or necessary, during periods of tight money and corresponding high interest rates, tensed to ease some of the inflationary pressures on our economy.

Through the various money market procedures of the Federal Reserve, considerable impact is felt in the municipal bond market. Those actions which tend to raise interest rates and decrease the flow of funds for investment can bring about some of the inventory losses and marketing problems previously discussed. To help in our fight against inflation and, in turn, bring about a better climate in the municipal bond market, every effort should be made to regulate the municipal bond supply potential in sympathy with the objective of our economy.

C. Tax Exemption

It is hardly necessary for me to elaborate on the subject of tax immunity of income derived from the obligations of State and their political subdivisions. It is sufficient to say that, historically, it has been a hotly debated subject since passage of the Revenue Act of 1894. My purpose in mentioning tax-exemption at this point is to urge caution when the use of tax-exemption through municipal borrowing is construed to be for non-public purposes.

Competition for the investment dollar in today's bond market is severe. Loss of tax-exemption would have a severe impact on the borrowing costs of all State and political subdivisions, particularly those whose credit is marginal and those who could not compete in the national market.

Some forms of municipal finance, such as local aid-to-industry gesture, must be viewed with concern. It is this type of public finance that encourages legislation that could seriously impair State and local tax immunity.

IX
Concluding Remarks

The municipal bond market is bigger than any of us realize, as we only see that segment which concerns ourselves. It is complex in nature and yet, year after year, all necessary public improvements requiring bond financing that have been approved either by the electorate or the issues, have been adequately financed by a relatively small segment of the investment banking fraternity.

Our brief look at the nature and size of the municipal bond market, the source and flow of investment funds, and factors affecting the market, indicates the areas of activity and concern. The prospects for this year and next indicate no lessening if responsibility or ingenuity in the techniques of underwriting. Some of the other points discussed suggest some measure of responsibility to contribute to the successful marketing of State and municipal bonds.

Before concluding I would like to call attention to a program under consideration by the Investment Bankers Association, which seeks to broaden the market for municipal bonds. It is essentially a plan to use advertising, publicity, public relations, radio, television, news articles, and public meetings to inform local citizenry and public officials of their role in public finance as well as the part played by the investment bankers. In addition, to illustrate how citizens can participate in financing their local improvements through individual purchase of municipal bonds and to expand the limited interest of certain classes of investors and to tap potential new sources of investment funds, such as municipal bond funds. Another phase would be to help preserve local autonomy by pointing out the availability of credit through normal constitutional and statutory methods of debt incurrence, as opposed to State and Federal loan or "give-away" programs and to the more devious and expensive ways of obtaining public improvements, through such mediums as "lease-purchase" financing.

This program is constructive and deserving of understanding as well as support. The IBA is proposing the program as an effective tool to be used in meeting the impact of expanding municipal bond financing.

Palmetto Secs. Formed

COLUMBIA, S. C. — Palmetto Securities, Inc. has been formed with offices in the Palmetto State Life Building to engage in a securities business. Officers are Robert L. Turbeville, President; James W. Hunter, Treasurer; and Jack W. Drawdy, Secretary.

Roth & Co. Formed

PHILADELPHIA, Pa. — Roth and Company, Inc. has been formed with offices in the Land Title Building to engage in a securities business. Sydney Roth is a principal of the firm.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Prices of long-term Government obligations have been on the steady side due largely to professional operations, which means principally the evening up of positions, mainly the covering of short sales. There is no pick-up in demand for Treasury issues with a maturity of more than a year, and there is not likely to be any either until there is something settled by the Congress over the changing or the complete elimination of interest rate ceilings on Government securities with a maturity of more than five years. Under present and future foreseeable conditions the Treasury is not going to sell long-term bonds, which extend the maturity of the debt, with a 4¼% coupon rate. Before June 30th the temporary and permanent debt limits will be worked out. On the other hand, it looks as though the interest rate ceiling change will take more time with compromises not to be unexpected.

Higher Interest Rates Inevitable

The money and capital markets so far seem to have taken the Treasury's request for the elimination of interest rate ceilings on marketable Government bonds and savings bonds rather well. It is believed in most quarters that higher interest rates are in the making irrespective of whether or not the Congress grants the authority to the Treasury to increase or to eliminate entirely the present level of 4¼% for obligations with a maturity of more than five years. The pattern of interest rates is dictated in no small measure by the course of business, since the demand for money and credit always expands when economic conditions are on the uptrend as they most certainly are today.

In fact the economy has not only come through the recovery phase with flying colors, but it is now moving into the expansion period. Because of the need to meet competitive conditions, to cut costs and at the same time to expand facilities in a small way (so far), capital expenditures are on the increase and this, along with the other demand for money and credit, such as the rebuilding of inventories, consumers needs, and mortgages, means that the pressure for funds is not going to show very much of a let-up in the foreseeable future. Also, as long as the demand for loans is going to be sizable as we move along the expansion road, the monetary authorities are not going to make credit any cheaper or any easier to obtain.

As a matter of fact, there are not a few money market specialists who are of the opinion that money and credit conditions as well as the capital market will continue to tighten. This means that the Government will have to meet competitive conditions whether it be in the short-term or the long-term section and it does not make too much difference whether it be for new money or for refunding purposes.

Interest in Government Market Mostly Professional

The interest in Government obligations continues to be very limited with as much of a professional tone now as it has had in a long time. Investor interest is still at a low ebb except for the shorter most liquid maturities, because there appears to be an ample supply of funds seeking a spot in the various maturities of Treasury bills. This condition is not expected to change very much, since a period of uncertainty in the money market always brings with it a demand for the most salable and marketable issues. The intermediate term obligations are still under more than a modest amount of pressure, with the 2⅝s of 1965 and the 2½s of August 1963 being the issues which have been the most active largely because of liquidation by commercial banks. It is reported that these funds are being reinvested in tax-exempt issues, as well as being used to make loans at rates considerably in excess of the coupon rate on the obligations which have been sold. This being a tax loss year for the deposit banks, they most likely will continue sales of those Treasury obligations in which they have sizable losses.

The long-term maturities of the Governments are still not competitive with tax-exempt bonds as well as corporate bonds and therefore have only a very small interest among those that have funds to put into fixed income bearing issues. Some state pension fund purchases are being made, but these are not very large, as well as some limited buying from monies which came from the sale of common stocks.

FIC Banks Sell Debs.

The Federal Intermediate Credit Banks offering yesterday (June 17) a new issue of approximately $150,000,000 of 4.45% nine-month debentures, dated July 1, 1959 and maturing April 4, 1960. Priced at par, the debentures are being offered through John T. Knox, fiscal agent of the Banks, and a nationwide group of securities dealers.

Mr. Knox also announced that a total of $14,500,000 of outstanding debentures maturing Sept. 1, Oct. 1 and Dec. 1, 1959 was sold for delivery July 1, 1959.

Proceeds from the financing will be used to refund $110,900,000 of 3¼% debentures maturing July 1, 1959, and for lending operations.

Form United Guaranty

PROVIDENCE, R. I. — United Guaranty Corporation has been formed with offices at 146 Westminster Street, to engage in a securities business. Martin Miller is a principal of the firm.

Forms Irwin Schloss Co.

Irwin Schloss & Co., Inc. has been formed with offices at 15 Broad Street, New York City, to engage in a securities business. Officers are Irwin Schloss, President, and Michael L. Schloss, Secretary-Treasurer. Mr. Schloss was formerly with Goldman, Sachs & Co., and Carl M. Loeb, Rhoades & Co.

Fred Suskind Opens

Fred S. Suskind is conducting a securities business from offices at 55 Liberty Street, New York City. He was formerly with First Investors Corp.

Witter Adds Two

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.— Charles W. Russ, III and Lawrence J. Solari, Jr. have become connected with Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Continued from page 3

The 1970 Investment Environment —And What Must Be Done

project our population in 1970 as high as 230 million.

The increase has far-reaching implications. For instance, the distribution of the population by age group will change significantly. Since our longevity is increasing, there will be more people in the older age groups and youngsters in the lower age brackets will outnumber those of us who will be "middle-aged" by 1970. This distribution is very significant, as it controls the size of the labor force. More people mean more consumption, more consumption means more production, and adequate productive facilities will require much greater capital and plant investment.

As shown in Chart II, we anticipate a substantial increase in the size of the labor force, although the growth here will be slightly less percentagewise than total population growth. In March of this year our labor force was estimated to be 70.8 million and by 1970 conservative estimates project it to 87 million, an increase of almost 23%. Some authoritative studies actually project the total to well over 90 million persons on the payroll of American business—eleven years from now.

Production Potentials

We have now looked over the hill at the **population** and **labor force** within it for 1970. With these two factors tied down, it is important now to determine what may be expected in the way of production. Let's take a look at the potentials of our Gross National Product as shown in Chart III. Here we must take off on more assumptions, not only as to the size of the labor force but the average work week, the amount of capital goods per worker and a little more guessing concerning the future productivity of labor, the latter two very large areas of surmise.

Chart III, you will notice, shows Gross National Product of $437 billion for 1958 and the projected increase to $690 billion in 1970, an increase of 57.8% in this 12-year period.

Please bear in mind that these figures are based on the dollar as we know it today and do not in any way take into account the dread possibility of inflationary distortion.

Now that we have our estimated **potential** Gross National Product at $690 billion, let's examine what you and I will spend in 1970. Chart IV, you will notice, shows Disposable Personal Income in 1958 of nearly $312 billion. By 1970 the potential will grow to $479 billion. To put it on a per capita basis, the Disposable Personal Income in 1958 was $1,790 and the potential for 1970 on these projections would be $2,250, an improvement of 25.69%. Again, bear in mind that this is related to the present dollar purchasing power with no allowance for inflation.

Why We Need More Capital

Continuing in our world of make-believe and supposition, let's do a little estimating of the amount of capital needed to finance this growth and the problems inherent in raising it.

"Just how much capital will be needed?" We do know some of the factors which will determine this need for capital.

One, we must replace our plants and equipment as they become old or obsolete. The maintenance of our plants in a highly efficient state is very important. The risk inherent in deferring capital expenditures for new plants and equipment could result in other companies', or possibly other nations', securing a a competitive advantage. This must be avoided at all costs.

Two, enough capital for our expanded labor force must be provided. Today there is a capital investment by industry in each American worker of about $14,000. In some industries such as the utility, oil and steel, this investment runs as high as $100,000 per worker. Over the years this ever increasing investment has enabled our industries to pay continually higher wages and, at the same time, compete effectively in world markets. To maintain our position, we must continue to make at least an equivalent investment for each new worker.

Three, we must make every effort to increase productivity. And this means additional capital investment. A Twentieth Century Fund study has estimated that a 1% increase in capital per worker would create the need for a $4 billion investment. As wage rates rise they obviously must be offset by increased productivity if we are to compete successfully in the world markets of the future.

Four, productivity also relates to the changes apparent in the character of our population. With more older and more younger persons, these non-productive age groups must of necessity be supported by a comparatively smaller labor force to avoid lowering our standard of living.

A fifth and final clinching reason for increasing productivity as well as a higher return on capital investment lies in the rise of Russia's economic challenge. Her growing industrial resources can be channeled in any desired direction, as indicated by the Soviet success in science.

How Much Capital

Let's turn now to the question of "How much capital must be raised by 1970?" Economists agree the need will be great. The amount should average around $45 billion annually throughout the 1960's. It is thought that in the 1970's corporate capital expenditures will reach $60 billion. This is just twice the 1956 figure. According to municipal bond experts, our state and local governments this year are expected to raise $8 billion in the capital markets and possibly as much as $13 billion by 1970. This potential need of $72 billion to oil our economic machinery in the 1970's is important money, even to our big spenders in Washington.

What will be the major sources of this capital? A large portion will be generated internally. Depreciation and retained earnings will provide a great deal of the amount needed. Last year $9.9 billion of new corporate offerings were absorbed by investors. It is safe to predict that these offerings will approach $15 billion by 1970.

Traditionally our **institutional** investors have been commercial banks, savings banks, and insurance companies. In recent years we have seen the increasing role played by mutual funds, pension funds, and savings and loan associations as additional important institutional investors.

And, of course, we must not overlook the ever growing area of **private** investment.

Investment Environment

The "What Must Be Done To Make It Right" part of my assignment I have interpreted to mean the type of investment environment and financial machinery, so to speak, that will create confidence on the part of business, labor and those with available capital for investment.

There is a pronounced trend toward increased investment in equities rather than debt on the part of the American public. According to a recent study, in 1958 savings for equities were about 12% of total personal savings. The figure may more than double, to 25% of personal savings, by 1963. This will mean a greatly increased number of shareholders which already approaches the 10 million mark. This stockholder growth will create many problems for the people concerned with shareholder relations. They will become even more essential to their various corporations. Stockholder meetings will cease to be drab affairs and the larger companies will find it desirable to prepare a major show, including product display, and occasionally will have to prepare complete battle plans to fight off the disgruntled or the opportunists. Even hiring a hall will require major planning.

The encouragement of a high level of savings as a more and more important source of our investment requirements is essential as is the ability to coax these savings into risk ventures.

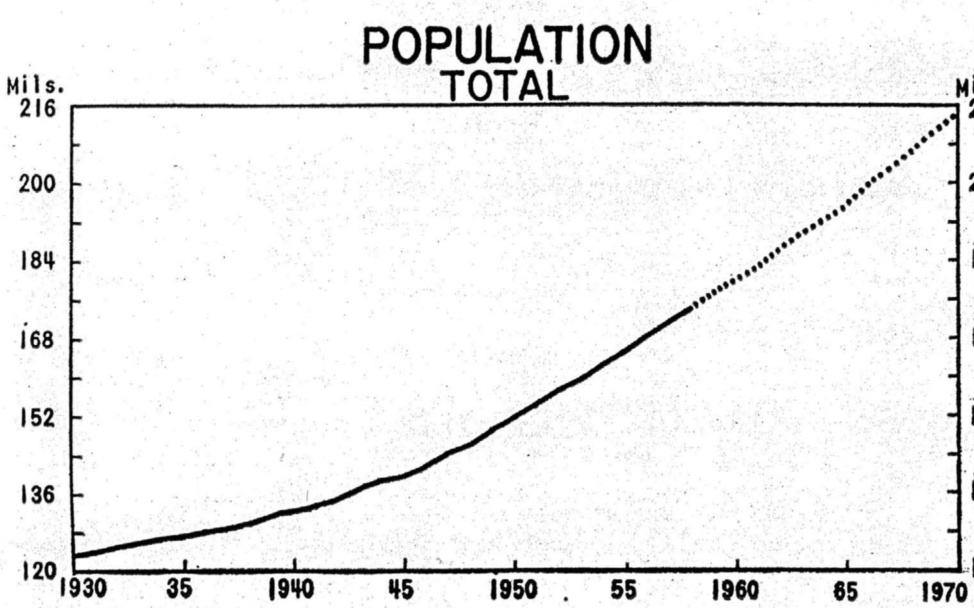
This encouragement can best be accomplished by the maintenance of a climate favorable to investors. In this connection, the greatest impact for either a good or bad climate is played by our own Uncle Sam. There lies in the hands of our government, the basic power to destroy incentives for enterprise and investment. Likewise, enlightened government policy will allow a free flow of capital funds so essential to financing our future growth.

Reforming Tax Structure

One of the roadblocks throughout recent years has been a **capital gains tax** which restricts the flow of capital from successful, mature investments to vigorous young and less proven enterprises. It locks the investor in because this tax can be avoided by remaining invested in the original security purchased. This reduces the amount of risk capital moving toward the new and often venturesome projects out of which comes dynamic growth. Until we abolish or reduce the capital gains tax, we are encouraging stagnation, dulling inventives for enterprise, and seriously restricting the mobility of capital.

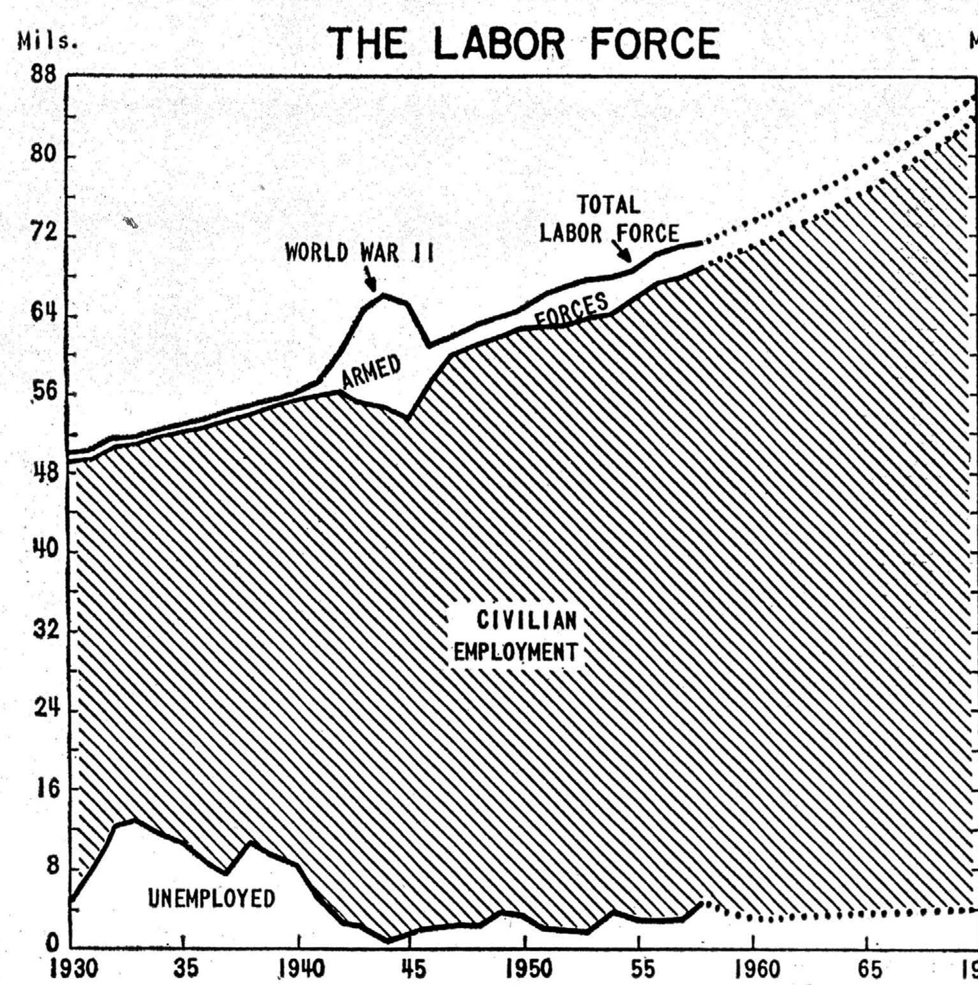
Furthermore, the structure of our **personal income tax** should be re-evaluated. Here again is the problem of creating the proper investment incentives. The the-

CHART I



Source: MacKay-Shields Associates

CHART II



Source: MacKay-Shields Associates

ory of a progressive tax is sound, for the ability to pay is obviously greater in the higher income brackets. However, a ceiling rate of, say, 50% would do much to free investment capital with little loss of revenue to the government, according to many economists. It is easy to imagine the satisfaction derived by the Russians over our continuing to inflict these two dead-weights on our system of free enterprise.

As for the **corporate income tax**, any reduction here would directly free funds for capital expansion. Another way to accomplish this is to provide more favorable write-offs on plants and equipment, especially those which "age" more rapidly because of technological change.

Stop Government Planning and Inflation

A less obvious, yet prevalent problem is the underlying trend toward a managed economy. A look at the government's efforts to control the free markets for farm products is an extreme example of what national headaches can result through regimentation. Therefore, the government should use its efforts to maintain free markets in a favorable investment climate. And, further, it should restrain itself from restricting incentives for investment by crippling taxes.

Another important factor in maintaining a sound investment climate is the control of inflation. The past few months have been a period of relatively stable prices. Yet, in the background are many pressures which could push prices higher and further cheapen the dollar.

An example is our present period of rising wage rates and a quite possible steel strike in the offing. But, at the same time, unemployment is rather widespread. Traditionally this surplus of labor would hold wages in line.

The cause of this situation appears to be the strength of the large labor unions. Because of this semi-monopolistic power, they have been able to force continued higher wages on our industries often without comparable increases in productivity. It is a necessity, therefore, that we obtain appropriate legislation regulating labor's power, similar to that which has regulated business for years.

The fiscal results of our Federal Government leave much to be desired as an aid to a good investment climate. Our continued deficit financing produces inflationary pressures. However, a balanced budget over the long term, using deficits and surpluses to retard recessions or control booms, could be a most useful economic tool.

Corporate Labor & Stockholder Relations

Corporate management, too, has equal responsibilities in maintaining the proper investment environment. Investor relations are of prime importance but, on the other hand, a corporation's **labor relations** are equally important. In fact, good labor relations might be considered a necessity for good stockholder relations. The objectives of these traditionally opposed groups draw nearer with the institution of stock purchase plans and the stock holdings of employee pension plans. Basically, it is sound business to have a relationship of mutual respect with one's employees.

Financial Information

A corporation has an obligation to keep the financial community informed regarding its progress or lack thereof. A relationship between a company and the financial community which is based on **accurate** and **complete** information is bound to be a favorable one.

The financial community itself has far-reaching obligations to make the 1970 investment environment "right." No segment of our financial system is exempt from this responsibility. Our banks must continue to pursue policies which have enabled business to expand and grow. In times of tightened credit they must continue to support their smaller, even more marginal customers as well as the corporations of prime financial strength. With constructive loan policies, our banks can add much to a sound investment climate.

Role of Investment Banker

The task in the next decade, as in the past decades, of raising the necessary new investment capital for corporations, falls to the investment bankers. Whether this money be debt or equity capital, it must be raised intelligently and at the lowest possible cost. Since the investment banker is raising new money, his job is a creative one. It has been said that he is the architect of corporations. At least he provides the financial bricks with which they are built. With this function goes the responsibility of the architect to create sound, solid, economic structures which fit in with the past and last into the future.

Our obligations continue to include:

(1) Self-regulation by exchanges and dealer organizations aimed at obtaining the highest ethical standards.

(2) Careful policing of brokerage practices.

(3) Full disclosure of information.

(4) An emphasis on better investment research.

(5) Well-informed and responsible representatives.

Emphasis on these points will enable investment bankers to more effectively channel savings into investment.

The stock exchanges can help further to create a more favorable investment climate. Their function is a most important one, to provide markets for existing securities. The immediate liquidity available on thousands of different securities is an important aspect of the environment for investment. It is not difficult to visualize the day when trading on the various exchanges will be a completely mechanized operation. Experiments in this direction already have been made. We are not concerned about the solving of mechanical problems; however, our concern is that all of the financial community gives every legitimate kind of encouragement to educate investors to the advantages of securities ownership.

Summary

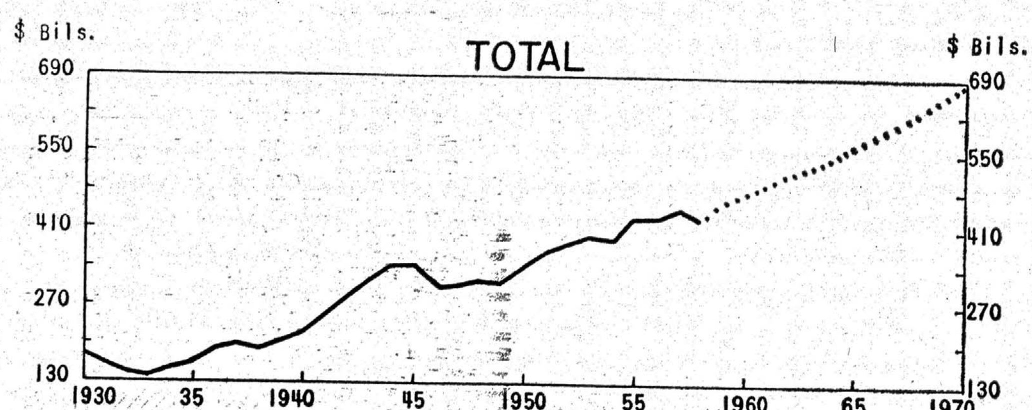
In summary, we have attempted to point up the possibilities of our 1970 economy. Conservatively, we have estimated a population of 215 million persons producing a Gross National Product of $690 billion. This is more than half again as much as our present economy produces. The capital needed to support this giant may average $45 billion per year over the next decade. We have attempted to show that this money will be used to maintain our present plant and equipment, to support additional members of the labor force with necessary tools and machines, and most important, to increase our productivity. Foreign competition and the growing challenge of an economic cold war make this capital formation essential.

Of the many problems involved in raising this investment capital, the maintenance of a sound investment climate is fundamental. Our government must not destroy the incentives of private enterprise and investment through unfavorable tax policies. It must not restrict the essential flow of capital thorugh the imposition of a capital gains tax. It must allow business to generate new money for plants and equipment through favorable write-offs on its present facilities.

If we can solve these problems, and this will not be an easy task, then I am sure the necessary capital can be raised. With an ample supply of funds available to our businesses for their further growth, the possibilities in 1970 are for a greatly expanded economy and a prosperity greater than this country has ever known.

CHART III

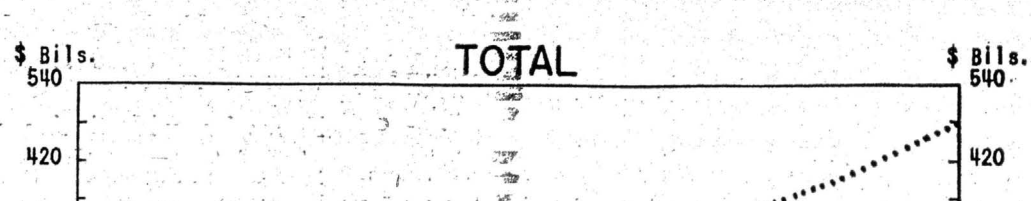
GROSS NATIONAL PRODUCT
CONSTANT 1957 DOLLARS



Source: MacKay-Shields Associates

CHART IV

DISPOSABLE PERSONAL INCOME
CONSTANT 1957 DOLLARS



Source: MacKay-Shields Associates

N. Y. Insurance Dept. OKs Exchange of FNMA Holdings for Certain U. S. Issues

Anticipating FNMA action, New York Insurance Department head fixes terms for exchange of insured or guaranteed FHA or VA mortgages acquired from FNMA by authorized insurers for 2¾%, series B, non-marketable U. S. Government bonds due 1975-80.

Thomas Thacher, Superintendent of New York State's Insurance Department, New York City, stated recently: "there are indications that the Federal National Mortgage Association (FNMA) may adopt a program, endorsed by President Eisenhower in his budget message and manual economic report, whereby its holdings of 4% real estate mortgage loans guaranteed under Section 501 of the Servicemen's Readjustment Act, and possibly other FNMA holdings would be exchangeable, on a par for par basis, for United States 2¾% Treasury Bonds Investment Series "B" 1975-1980. These 2¾% bonds are non-marketable but are exchangeable only for 1½% Five Year United States Treasury Notes. The allowable admitted asset value of the 2¾s has been amortized cost. The 1½% notes are presently selling at a substantial discount.

"Inquiry has been made as to what the requirements of this Department would be, in the event the FNMA exchange plan materialized, in regard to the value to be reported by authorized insurers as the cost of the insured mortgages acquired from FNMA by authorized insurers in exchange for the 2¾% bonds.

Describes Exchange Terms

"The basic policy of this Department has been and continues to be that the market value of bonds surrendered in an exchange provides the consideration to be reported on the disposition thereof and establishes the cost of new acquisitions. The only deviations from this policy, in the past, were in recognition of a general situation due to special circumstances, such as, when prices were depressed, to enable companies to improve their portfolio without an adverse effect on surplus. This happened in the 30's and in 1951. The latter instance involved the same 2¾% bonds now under consideration. At that time the 2½% bonds of 1967-72 became eligible for conversion into the 2¾s of 1975-80. The 2½s, for the most part, were acquired above par and when the United States Government withdrew its support from government bonds, the market price of these bonds dropped below par. To avoid statement losses in surplus on these exchanges of United States Government securities, the companies were required to use the amortized value of the 2½s as the cost of the 2¾s acquired in substitution thereof. However, for income tax purposes, the companies were required to consider the 2½s as having been disposed of at '100.'

"In light of the foregoing, the following ruling is hereby adopted (pursuant to the provisions of Section 91 of the New York Insurance Law), as an exception to our basic policy:

"A mortgage or mortgages insured or guaranteed by the Federal Housing Administration or the Veterans' Administration or acquired by any authorized insurer from the Federal National Mortgage Association in exchange for 2¾%, Series B, Non-Marketable **United States Government Bond or Bonds**, due 1975-80, shall be deemed to have been acquired at a cost equal to par value of said bond or bonds given in exchange therefor, but in no event shall such cost exceed the principal amount owing upon the mortgage or mortgages at the time of acquisition by such insurance organization."

LETTER TO THE EDITOR:

In Defense of Keynes

Peter L. Bernstein takes issue with Henry Hazlitt's new book which severely criticizes the theories of Lord Keynes. Correspondent asserts late British economist opened up tremendous new vistas for economic analysis and policy, and provided useful tools even for those who disagreed with him. Maintains Keynes' made supreme contribution in alerting people to the danger that, contrary to pre-depression economics, our system does not have inevitable and immutable tendency toward full employment and maximum production.

Editor, Commercial and Financial Chronicle:

A recent book, "The Failure of the New Economics," by Henry Hazlitt, writer on business and economic affairs for "Newsweek" Magazine, has been receiving a good deal of enthusiastic attention in the financial press. Yet, wholehearted acceptance of what Mr. Hazlitt has to say can, as I shall show, lead to a rather curious and disturbing conclusion. Mr. Hazlitt has written about John Maynard Keynes' extraordinary and controversial *magnum opus*, "The General Theory of Employment, Interest, and Money," which first appeared in 1936. A full hundred pages longer than the book it purports to destroy, Mr. Hazlitt's book is unquestionably a painstaking job.

Peter L. Bernstein

It is, however, really rather old hat. Criticisms and critiques of "The General Theory" must by now have run into thousands. They range from careful, scholarly pieces to polemics of intense fury. Keynes, himself, was not above the struggle and poured out articles and rebuttals right up until his death in 1946.

New Vistas Revealed

But with the passage of more than 20 years, professional economists have, by and large, made their peace with Lord Keynes. Everyone (including Keynes' most enthusiastic adherents) recognizes that the book was replete with the errors, contradictions, and confusions typical of any pioneering work in human thought. But everyone (except Mr. Hazlitt apparently) also recognizes that the book opened up tremendous new vistas for economic analysis and policy, while it also provided useful and effective tools of analysis which strengthened and enriched the theory and practice of economics by those who fundamentally disagreed with many of Keynes' premises and most of his prescriptions for economic illnesses.

Ridicule Challenged

Mr. Hazlitt claims to find ambiguities, inconsistencies, and outright errors on every page. Many of Keynes' ideas, which ultimately formed the theoretical basis for what we popularly call New Deal economic policies, are held up to apparent ridicule. He accuses Keynes of bad writing and excessive technical language, and, finally, he claims, "What is original in the book is not true; and what is true is not original."

Curiously, on the very first page of "The General Theory" Keynes wrote:

"This book is chiefly addressed to my fellow economists. I hope that it will be intelligible to others. . . . I cannot achieve my object of persuading economists to re-examine critically certain of their basic assumptions except by a highly abstract argument and also by much controversy. . . .

"The composition of this book has been . . . a struggle of escape from habitual modes of thought and expression. The ideas which are here expressed so laboriously are extremely simple and should be obvious. The difficulty lies, not in the new ideas, but in escaping from old ones which ramify, for those brought up as most of us have been, into every corner of our minds. . . .

"Those who are strongly wedded to what I shall call 'the classical theory' will fluctuate, I expect, between a belief that I am quite wrong and a belief that I am saying nothing new."

It would appear that Keynes, himself, wrote Mr. Hazlitt's criticism 23 years ago, but that Mr. Hazlitt has failed to observe Keynes' warning about the difficulty of "escape from habitual modes of expression."

For it is irrelevant to say, as Mr. Hazlitt does, that Keynes was wrong because he offered prescriptions which would be dangerous in a time of prosperity, such as in our postwar world. When the book was written, millions of people were unemployed and starving while factories lay idle and business enterprise was strangled by fear and bankruptcy.

In 1936, Keynes could not visualize the enormous backlogs of demand which would exist for consumer goods in 1946 — nor could he picture the tremendous liquid savings which people would accumulate during the war to enable them to spend money so freely. Thus, he underestimated the active role which consumer spending could take in influencing business activity. In 1936, he could not visualize the tremendous shortage of new plants and machinery which would exist in 1946, not only in the United States and Britain, but in the whole world. Thus, he overstated the need for governmental support to the economy. In 1936, he could not visualize the fundamental and vitalizing redistribution of income which would have occurred by 1946. Thus, he overestimated the tendencies of advanced capitalist societies to save excessive amounts.

Naturally Keynes understood the inflationary implications of most of his proposals. Indeed, he wrestled with inflation as the chief architect of Great Britain's wartime economic policies. These he first laid out in a little book published in 1940 and entitled "How to Pay for the War." This book, written for the general public, is a brilliantly clear, simple, and effective description of the inflationary process. After the war, aware that the economies of the world were fundamentally different from what they had been in the 1930's, he wrote:

"I find myself moved, not for the first time, to remind contemporary economists that the classical teaching embodied some permanent truths of great significance."

He referred disparagingly to "modernist stuff, gone wrong and turned sour and silly, circulating in our system."

Thus, to reject Keynes' analysis of the depression because the problems we face today are different, is like criticizing a doctor who recommended antibiotics when a patient had the flu because, years later, the patient no longer has the flu but is suffering from heart trouble—and the doctor knows it!

Nor was Keynes a "long hair" in the ivory tower, unaware of what the world was really about. He was a man who gave himself generously and enthusiastically to the arts, a fabulously successful operator on the stock exchange who made a fortune for himself and for King's College, Cambridge, author of the incredibly prescient book, "The Economic Consequences of the Peace," written after he had resigned as Lloyd George's main advisor at the Versailles Conference, one of the major designers of the International Monetary Fund and the International Bank, and chief British negotiator on the $3,750,000,000 loan made by the United States in 1946.

In its ultimate impact, his book was thoroughly practical, too. Many non-Keynesians use the analytical techniques which Keynes developed to follow national economic trends and to develop public and private economic policies. Even more important, non-Keynesians recognize his major contribution to economic thought, even if they would pursue some objectives differently.

The Supreme Contribution

Keynes' supreme contribution was this: He alerted people to the danger that our system does *not* have an inevitable and immutable tendency toward full employment and maximum production. Pre-depression economics had been at fault in believing that a job for everyone seeking work will always and automatically be created in our technologically intricate and money-oriented system. Thus, well-respected habits of thrift and financial orthodoxy which are vitally essential in times of high prosperity may lead to disaster when business activity is heading downward.

If Mr. Hazlitt were to achieve his objective of obliterating Keynes' writings (and enthroning Mr. Hazlitt's in their place, presumably), then the anti-recessionary policies pursued from the fall of 1957 to the spring of 1958 would have included the following:

(1) The Government would have cut its expenditures sharply and/or raised taxes in order to be sure that the budget would remain in balance while revenues were declining, and unemployment was spreading.

(2) The Federal Reserve would have raised interest rates to discourage business borrowing, thereby hoping to force liquidation of inventories and consequently a reduction in the price level. The higher interest rates would also have been designed to encourage consumers to spend less money in the stores and to save more.

(3) Widespread wage cuts would have been encouraged to increase employment opportunities.

In the spring of 1959, Mr. Hazlitt, would our output of goods and services be making new highs on all sides?

PETER L. BERNSTEIN,
Executive Vice-President,
Bernstein-Macaulay, Inc., New York; Financial, Economic and Industrial Consultants.

Cruttenden, Podesta Branch

JOLIET, Ill. — Cruttenden, Podesta & Co. has opened a branch office in the Chalstrom Building under the management of James B. McIntyre.

Cruttenden Opens Branch

MACOMB, Ill. — Cruttenden, Podesta & Co. has opened a branch office at 438 South Edwards under the management of Grant B. Shanklin.

Securities Salesman's Corner

By JOHN DUTTON

Mend Some Fences

One of the lessons I have learned about this business is that you never know where your next customer is going to hail from. Over the years I have acquired quite a few friends in various sections of the country, as well as within a radius of several hundred miles distance from my office. As you build your clientele, you will discover that people will think of you if you will only think of them once in a while. I try to write short letters to old friends even though I don't do business with them very often. They appreciate this thoughtfulness, and some fine day the telephone rings and there is either a new customer they are sending me, or an order for some securities for themselves, or a relative. If you remember that people like to be remembered, you will not be forgotten.

Take A Trip Occasionally

One of the things I enjoy as a salesman of securities is the opportunity this business affords me to take an outing once in a while and just go around and visit with some old friends. About once every six months I get into my car and take off for a little town about two-hundred-fifty miles from my office where I have six customers. We do business by telephone and mail and some of these people I have known for many years. On these trips I don't try to sell securities—in fact we talk about almost everything else but stocks and bonds. One of these customers is the best fisherman you ever met in your life—I've been out with him for a day's bass fishing and I've learned more about patience, planning, and how to land a big one from him than all the books I ever read about salesmanship. I usually come home very rested, completely relaxed and loaded with fruit from a farm or somebody's orchard. I am also filled with good ideas about the future of this country and the people who live in its small towns and who still save, invest and have very little use for idlers, wasters, or people who believe they can get something for nothing.

On a recent trip I visited another friend and client who had just built himself a magnificent home. I spent an all too short hour or so with him and his family. We walked over the grounds, I visited his study, talked with him about everything but securities and when I got up to leave, he said, "When you get back to the office find fifty good bonds for me." People will only do business with you if you have given them good investment advice, good service, and you have also demonstrated to them that you have always acted in good faith. There is something very personal about the securities business. Remember, when a customer gives you an order and he acts upon your advice, he isn't buying some insignificant trinket that is of little consequence. He is usually entrusting something quite substantial to your integrity and good judgment.

Remember the Little Things

The old saying, "To me I am the most important person in the world", is certainly one of the most solid truths in all of human behavior. My family, my house, my business, my bank account, these are the things that register with all of us. And why not? Certainly the whole progress of mankind has been based upon that one little word—EGO. The man who can remember these things, and who is a warm human being, will never lack friends, business connections, customers, and compensation if he will always try his best to do a good job.

I am conscious of the great change that is taking place in the investment business in this country. When I started out back in 1925 we had ethical investment firms but they confined their activities primarily to institutional accounts and serving a very select and limited individual clientele. Today, conscientious, trained, and highly skilled representatives of investment firms are doing business with all types of investors—those who have much of the world's goods and those who have only a very small share—and in my own small way I surely think I have had quite a few rewards of my own—both in friendship as well as business.

Opens New Branch Office

SPRINGFIELD, Ill. — Cruttenden, Podesta & Co. has opened a branch office in the Ferguson Building under the direction of Stanley B. McFadden.

Jesup & Lamont Partner

J. Kenneth Hall on July 1st will become a partner in Jesup & Lamont, 26 Broadway, New York City, members of the New York Stock Exchange.

T. M. Whitener Opens

(Special to THE FINANCIAL CHRONICLE)

HICKORY, N. C. — T. Manly Whitener, Jr. has opened offices at 216½ Union Square to engage in a securities business.

New Cruttenden Office

RACINE, WIS. — Cruttenden, Podesta & Co. has opened a branch office at 610 Main Street under the management of Hiram C. Smith.

Now Baker, Warden

CLEARWATER, Fla.—The firm name of Cosby and Company, 1985 Drew Street, has been changed to Baker, Warden and Company.

Johnson, Lane Branch

LA GRANGE, Ga. — Johnson, Lane, Space & Co. Incorporated has opened a branch office at 14 North Court Square under the management of James R. Griggs.

Philips, Rosen Partner

Philips, Rosen & Appel, 55 Liberty Street, New York City, members of the New York Stock Exchange, on June 18th will admit George Lederman to limited partnership.

T. L. Jarvis Opens

EVANSVILLE, Ind.—Thomas L. Jarvis is conducting a securities business from offices at 2317 Washington Avenue.

Forms Avery Marrin Assoc.

TULSA, Okla.—Avery L. Marrin is engaging in a securities business from offices in the Enterprise Building under the firm name of Avery Marrin & Associates.

Godfrey Hamilton Magnus

Godfrey, Hamilton, Magnus & Co. Incorporated is engaging in a securities business from offices at 101 Park Avenue, New York City. Raymond H. Godfrey is a principal of the firm.

Mutual Funds

By ROBERT R. RICH

An oft-raised question in the marketplace is just how the mutual funds can be expected to react to major adversity. It is quite common to dismiss their stability in the stock market slide of 1957 with the argument that the decline that got underway two years ago was merely a pause in this long bull market. Yet it may very well be that the considerable erosion of stock values that took place in the last half of 1957 would have turned into a stampede but for the stabilizing effect of cool-headed professional managers of the funds.

During the past year the marketplace has been treated to another example of their long-view policies, which contrast sharply with the in-and-out-hit-and-miss operator, who sees only the ripples and eddies in the stream, ignoring the deep undercurrents that are running. In a market that has gone ahead full steam, the oil shares have been bypassed by the short-term traders, who have taken a dim view of that industry's problems—import quotas, too much crude, burdensome inventories, onerous taxes imposed by foreign governments, falling prices, rising costs, and more, much more.

This might well have been a time for portfolio managers to create new institutional favorites, latching onto electronics and Space Age stocks, for example. These might have replaced the oils as institutional favorites. Yet it is a fact that, on balance, the major investment companies have been buying petroleum shares.

Thus, Standard Oil (New Jersey) continues to be the common stock most favored by institutional holders, just as it was in 1958 and 1957. Yet that stock is down 7% from a year ago. Texaco, as another example, ranks seventh among the favorites of the institutions, unchanged from last year and actually up from the eighth spot it occupied two years ago. Over the last 12 months Texaco stock has climbed a mere 7%, compared with a 200% jump in Motorola (to cite a representative electronic issue), which is held by a relative handful of institutions.

No doubt, an argument could be made that portfolio managers lack flexibility, staying with a group that has made little, if any, progress in a stock market that offered numerous upside opportunities. But the fact is that most institutions have been alert to the profit potentials in the new favorites and have exploited a lot of opportunities. What they have not done is to throw on the market large holdings representing an investment in a basic growth industry.

Of the 13 institutional favorites, seven continue, as earlier in 1959, to be oil stocks — Jersey, Texaco, Socony Mobil, Phillips Petroleum, Gulf Oil, Standard Oil (Indiana) and Standard Oil of California. Indeed, the bare statistics would indicate that investment managers have added oils to their portfolio on weakness, for only six oils were among the 13 favorites a year ago, Standard of California having climbed to the 13th spot from No. 15 during the past year. And two years ago only five oils were among the favored 13, Stanolind having moved up in the interim.

In a stock market that has climbed about 30% (based on the Dow-Jones industrials) the funds, of course, have been steady buyers of other prime equities. Along with closed-end funds, insurance companies and other institutions, their second most-favored stock is General Electric, just as it was earlier this year, last year and two years ago. General Motors occupies the third slot (fourth two years ago), American Telephone & Telegraph fourth (third two years ago) and E. I. du Pont de Nemours & Co. is fifth (sixth two years ago.)

It is interesting to note that not a single railroad appears among the favorite 50. Union Pacific is 51st, down from the 46th position in 1957. And even more interesting is the growing investment status of U. S. Steel, which has moved to No. 14 from 36th in 1957. The only other steel among institutional favorites is Bethlehem, up to 37th. It was not among the top 50 in 1957.

The Mutual Funds Report

The **Income Fund of Boston, Inc.**, in its report for the quarter ended April 30, disclosed the elimination from its portfolio of these common stocks: American Insurance Co. (Newark, N. J.), 1,000 shares; Carrier Corp., 3,000; Cluett, Peabody & Co., Inc., 3,000; Columbia Gas System, Inc., 10,000; Continental Baking, 5,000; Denver & Rio Grande Western Railroad, 2,000; Equitable Gas Co., 2,000.

Also Gimbel Bros., 2,000; Granite City Steel Co., 2,000; Interstate Power Co., 6,000; James Lees & Sons Co., 6,000; National Union Fire Insurance Co., 1,000; Niagara Mohawk Power, 12,000; North American Aviation, 9,000; Pacific Finance, 1,000; Puget Sound Power & Light, 1,000; Reliance Insurance Co., 1,000; Republic Steel, 6,000; Union Pacific Railroad, 4,000; Universal Leaf Tobacco, 4,000; Western Union Telegraph, 5,000, and F. W. Woolworth Co., 4,000 shares.

The only common stocks newly added to the portfolio were De Beers Consolidated Mines, Ltd., 10,000 shares, and P. Lorillard Co., 2,000 shares.

However, there were additions to common issues previously held, including: Arden Farms, to 10,000 shares from 7,000; Brown & Bigelow, to 8,000 from 7,000; Central Maine Power, to 15,000 from 12,000; Chesapeake & Ohio Railway, to 7,000 from 5,000; Drewrys Ltd. U. S. A., to 15,000 from 10,000; Eastern Utilities Associates, to 10,000 from 7,000; Kelsey-Hayes Co., to 8,000 from 5,100; Louisville & Nashville, to 7,000 from 5,000; Moore-McCormack Lines, to 7,000 from 3,000; New York, Chicago & St. Louis Railroad, to 8,000 from 5,000; Truax-Traer Coal Co., to 7,000 from 6,000; United States Lines, to 12,000 from 10,000, and Van Raalte Co., Inc., to 4,000 from 3,000.

An option to purchase the sponsors of three established mutual funds with aggregate investments of about $55 million was announced by **William G. Damroth**, President of **First Mutual Securities of America, Inc.** The three funds—**Corporate Leaders Trust Fund**, with $44.5 million in assets; **Lexington Trust Fund**, with $6.5 million, and **Lexington Venture Fund**, with $3.7 million—have a backlog in a agreed-payment investment programs of more than $130 million.

Sponsorship of the funds will be acquired through purchase by First Mutual of a 91% stock holding in **Renyx, Field & Co., Inc.** First Mutual is the principal distributor for shares of Nucleonics, Chemistry & Electronics Shares, Inc.

* * *

Population pressures will usher in a new era of steadily rising construction activity during the next 15 years, says the **Milwaukee Co.** in its June report. It notes that construction expenditures have set new records in each of the past 14 years despite three recessions during that span. The investment company suggests that construction stocks are attractive today because of the industry's steady growth in the past and the "highly optimistic outlook." It contends investors now can find "a host of outstanding companies in the lumber, cement, steel, rock products and aluminum industries" that offer profitable ventures.

* * *

Canadian economic expansion, spurred by population growth and increasing opportunities for external and internal economic development, should move ahead at a faster rate than that of the United States after 1960, according to **Hardwick Stires**, President of the **Scudder Fund of Canada, Ltd** and Chairman of the **Committee of Canadian Investment Companies.**

Addressing U. S. and Canadian analysts at Montreal on the fifth anniversary of the founding of the Scudder Fund of Canada, Ltd., as the first of the eight publicly-held registered Canadian investment companies formed to enable U. S. investors to participate in diversified mutual fund investments in a broad range of Canadian enterprises, he made these points:

(1) These eight funds now have built up their Canadian portfolio investments to total net assets of about $410,000,000, managed in behalf of 129,000 U. S. shareholders.

(2) As the economies of the world grow, the position of Canada in world trade will be maintained. However, he added: "Foreign trade through the years will become less important to the Canadian economy, but this will result more from Canada's greater internal growth rather than from adverse external developments."

(3) Canadian taxation offers important inducements, especially the absence of a capital gains tax.

(4) Underlying forces bearing on supply and demand for stocks have recently been more conducive to rising equity valuations in the U. S. than in Canada. Growth in institutional demand for Canadian securities will probably follow the pattern of U. S. growth, he asserted.

* * *

Commonwealth Stock Fund, Inc. of San Francisco reports net assets have crossed the $10,000,000 mark, rising from $8,493,508 on Oct. 31, 1958, to $11,677,171 on April 30, 1959. This was due to a combination of continuing investment by new and old shareholders and increasing stock prices. During the period the number of shares outstanding rose from 609,694 to 743,953 and net assets per share increased from $13.93 to $15.70.

New holdings by Commonwealth include American Potash & Chemical; Black & Decker Manufacturing Co.; General Portland Cement; General Transistor; Grand Union; Great Western Financial Co.; Litton Industries; Philips Lamp Works; Phillips Petroleum Co.; Rohm & Haas; Smith, Kline, French, Trane Co.; United States Steel and Varian Associates.

Commonwealth disposed completely of Aluminium, Ltd.; Bethlehem Steel; Columbia Broadcasting System "A," Consolidated Electrodynamics; Continental Can; Crown Zellerbach; Federated Department Stores; Ford Motor Co.; Lone Star Cement; Spencer Chemical; United Aircraft and Winn-Dixie Stores.

* * *

Irving L. Straus has been elected Vice-President of **Energy Fund.** He has been with Ralph E. Samuel & Co., member of the New York Stock Exchange, Manager and Distributor of Energy Fund, since 1956.

* * *

The **Putnam Growth Fund** reports for the six months ended April 30 an increase in total net assets to over $11,048,000, compared with $5,370,000 on Oct. 31, 1958, and $3,130,000 a year earlier. Shareholders increased to 3,800, against 2,800 six months ago and 1,700 a year ago.

Asset value per share rose to $16.78, compared with $13.20 six months ago and $10.84 a year ago, representing increases of 27% and 57%, respectively. This is after adjustment for a capital gains distribution in November, 1958.

Purchases of new shares by investors during the past six months totaled $4,029,000, a new high for any similar period. On April 30, about 93% of the fund was invested in common stocks. Total market value of the fund's investments exceeded cost by $2,497,000.

New additions to the Putnam Growth Fund during the past three months included 20,000 shares of Aeronca Manufacturing Co., 2,300 Alberta Gas Trunkline Co., Ltd. "A"; 7,000 Carter Products; 10,000 R. L. Crain, Ltd.; 5,000 First National Bank of Miami; 5,400 First Security Corp. and 6,000 Universal Winding Co.

Eliminations included 9,550 shares of Arvida Corp.; 3,500 Baltimore & Ohio; 3,885 Boston Herald-Traveler Corp.; 3,200 R. R. Donnelley & Sons Co.; 4,000 Houston Corp.; 5,000 International Utilities Corp.; 3,000 Royal Dutch Petroleum; 5,000 Southwestern Public Service and 60 Superior Oil Co. (California).

* * *

The Quarterly Report of **Texas Fund, Inc.** shows total net assets up 29% in the 12 months ended May 31, 1959, rising from $30,314,106 to an all-time high of $39,069,671.

Major portfolio changes during the quarter included purchases of White Stores, Inc. 4¾% convertible debentures, Rohm and Haas Company, Monsanto Chemical Company and Stauffer Chemical Company. Eliminations included Columbia Gas System, Inc. and Texas Gulf Sulphur Company.

In his letter to shareholders, Mr. W. T. Carter, III, President, announced that the fund will celebrate its 10th anniversary on Aug. 31, 1959. From initial assets of $150,000 and 10 shareholders, the fund has grown to over $39,000,000 and more than 13,000 shareholders.

Continued from page 11

Is a Stable Currency Possible in a Growing, Fully Employed Economy

almost regardless of cost. Here again no one can quarrel with the objective of eliminating suffering and want from our society. However, I think that most of us agree that real security for the Canadian people lies in creating the environment for continuous, vigorous growth. If the prospects for growth are dimmed by a scale of increasing welfare payments that at the present pace of expansion seems clearly inflationary, the security from such a program becomes largely illusory. The anomaly of pressing vigorously the three objectives of satisfactory growth, higher living standards and a maximum program of social security is heightened in the case of those who would like to accomplish all this in a narrow framework of Canadian nationalism and high tariffs. Let us continue to aim high in our objectives but let us also put them in proper perspective from a timing point of view.

Inflation Dangers

I have spoken thus far about some characteristics of our economy that make us particularly vulnerable to inflationary trends. These characteristics make me feel positive that a stable currency or general expectations that we will have a stable currency are a prerequisite to achieving satisfactory rate of growth with a minimum of unemployment. I believe in one way or another we will set up defenses against inflation and the real question in my mind is whether the methods we choose help to preserve the essentials of our private enterprise economy or accelerate our progress toward a highly regulated socialist state.

To my mind, the most direct route to the latter would consist of accepting the inevitability and desirability of inflation, increasing the opportunities for hedging against it and resorting to the printing press to prevent the natural tendency for prices to outrun incomes from slowing the process. The inevitable end of such a process would be a serious crash when maladjustments had assumed serious enough proportions. This is not likely to be the pattern of events in Canada.

A somewhat longer but no less certain route to the same destination would be to adopt the attitude that only the government or some arm of it such as the Bank of Canada has the power or devotion to the general interest to efficiently tackle the problem of inflation. The more sophisticated have long deplored the popular delusion that the government distributes real wealth rather than claims on wealth that have already been created. Yet these same sophisticates will fall into an even greater error of believing that in a democracy the government can ever impose for any time a solution to a problem that does not have the popular support of the mass of the people. Without popular support the government's approach is more likely to be a rearguard action playing for time and masking the unpopular aspects of its actions. The tendency would be to treat the symptoms of inflation on an *ad hoc* basis as they appear.

Take, for example, the financial problem associated with inflation. As pressure points develop in our financial structure, regimentation and direction of available savings will be an almost irresistible solution for government to adopt. If we continue to fore growth at a pace faster than savings accumulate, we invite regimentation and rationing not only of savings but many other activities in our economy. We may then ask: "Is there any alternative approach to the problem of inflation other than accepting its inevitability or relying entirely on government policies?"—both of which courses in my mind throw out the baby with the bathwater.

For Stability

I believe there are a number of ways in which we, as individuals, business firms and regional political groups can combine to tackle more effectively the problem of maintaining satisfactory growth with minimum of unemployment and with stable prices. As a general propositon, we must rely less on exhortation and name-calling and create conditions that direct the self-interest of major groups in our society toward actions that promote price stability rather than inflation. A good example of the approach I mean can be found in the area of cost reduction and productivity. It is patently in our best interest to increase the incentive for firms to improve productivity and cut costs, either by encouraging research or giving greater tax-free allowances for depreciation. In labor relations there is also greater scope for rewarding workers who come up with cost-saving suggestions. On the whole, labor on this continent has a good record of accepting the introduction of new methods and machines. However, there are some important exceptions, particularly in the field of transportation, which is a particularly heavy cost item in the Canadian economy.

In general, it should be made much easier for business to do the things necessary to reduce costs than to conduct a successful appeal in Ottawa for subsidies or more tariff protection. With Canadian industry currently experiencing a very satisfactory gain in productivity, now is a good time to remind both businessmen and labor leaders of the economic advantages of allocating some part of the productivity gain to the largest but most often overlooked segment of our population — the consumer. Labor has been pressing hard to corral all the gains from productivity, apparently on the theory that there is only one way to increase consumer's buying power and that is by increasing his income. We suggest there is another and better way and that is by using part of productivity gains to reduce prices and thus increase the purchasing power of the consumer's dollar. This method has particular merit in that it does not encourage inflationary trendencies.

Perhaps it is time to have a spokesman for a well organized consumer group sit as a third member at the wage bargaining table with labor and management. While admittedly difficult to administer a system of tax relief for that proportion of profits allocated to finance a reduction in prices would be an interesting approach to this problem.

Employment a Regional Problem

In the second place, we should regard and tackle unemployment less as a national and much more as a regional problem to be dealt with jointly by business, labor and municipalities at a local level. This is the level at which more effective measures can be taken to expand job opportunities of a permanent nature and this is the level at which pressures to evolve a successful solution are greatest. In this approach, also, we weaken the tendency to overstimulate the entire economy in a colossally expensive effort to absorb a margin of unemployment that can be more cheaply and effectively eliminated, even with direct Federal Government financial assistance, by an imaginative approach to the problem at a regional level.

Thirdly, we should approach the problem of the inadequacy of savings not in the spirit of rationing the available supply but with the object of increasing the incentive to save and broadening the channels through which savings can be accumulated. This is a job mainly for private enterprise, but the Federal Government can play a key part by increasing tax incentives to save and by conducting is fiscal and monetary affairs in a manner to give savers confidence in the future value of the medium in which the bulk of saving will continue to be done, that is, fixed income forms such as insurance, bonds and mortgages. The savings record of Canadians since the war has been an excellent one in spite of a fairly narrow institutional base for the accumulation of savings. In the past insurance has been one of the major ways in which Canadians have saved and will likely continue to be in the future. Nevertheless, there is room in our economy for additional institutional media for accumulating savings.

In this connection, recent efforts to establish a secondary market for mortgages through the medium of a mortgage bond company is a good example of what I mean. The single thing that the Federal Government could do that would do more than any other one thing to restore savers' confidence in the future value of his savings dollar is to balance the budget by a cut in government spending. It is the almost cavalier way in which we have encouraged government to assume financial obligations that are bound to grow enormously in the years ahead that has encouraged widespread acceptance of the inevitability of inflation. Recent increases in overall government spending have occurred in spite of a flat to declining trend in spending for defense purposes. With defense equipment becoming more expensive and our commitments for defense abroad unlikely to decline, resumption of a rising trend in government spending for defense seems inevitable. It becomes more important than ever, therefore, to reduce expenditures in other areas of our Federal budget.

Effectiveness of Competition

Fourthly, one of the most potent forces in the fight against inflation is effective competition. Pressure groups in our society are successful chiefly to the degree they can insulate themselves from competitive pressures. Every opportunity should be taken, therefore, to increase the number of price decisions that are arbitrated in the market place. Both business and labor are guilty of short-circuiting the discipline of the marketplace at times. There are, however, pitfalls to be avoided in pushing competition as an anti-inflationary device. Bigness which derives from efficiency must not automatically be labeled monopoly. Similarly, growing recognition that certain international labor unions exert a degree of monopoly power than cannot longer be tolerated should not be the basis for a broad movement to break the trade union movement. Finally, the general desirability of allowing commodity imports to enter the country at tariff rates that allow them to have a strong anti-inflationary effect should not preclude the exception for new and struggling industries that might need effective protection at that particular stage of their development.

The suggestions just discussed are by no means inclusive or original. They do, I hope, illustrate a definite bias of action towards measures that engage the self-interest of the various powerful pressure groups in our society and away from exhortation that assumes that such groups can ever really acknowledge a criterion of action that extends beyond their own self-interest. In answer to the question "Can we have stable money in a growing economy with full employment?" I would say that our success in attaining this objective will depend mainly on our success in reorganizing the structural, institutional and taxing arrangements in our society to engage the self-interest of the powerful pressure groups toward the goal of stable prices. I have mentioned several times in this address the importance of putting our economic objectives in their proper perspective. I would like to conclude by putting this talk in its proper perspective by paraphrasing a quote from that ever topical playwright, Shakespeare:

> "And still remains that we find out the cause of this effect
> Or rather say the cause of this defect
> For this effect defective comes by cause."

Business Man's Bookshelf

Australian Conditions — Monthly summary—Containing information on overseas trading; electric power; trade and commodities; cement and cement products, etc.—The National Bank of Australasia Limited, 271-9 Collins Street, Melbourne, Australia (paper).

Bituminous Coal Data, 1958—National Coal Association, Department of Coal Economics, Southern Building, Washington 5, D. C. (paper).

Commodity Year Book, 1959 — Commodity Research Bureau, Inc., 82 Beaver Street, New York 5, N. Y., $13.95.

Design and the Production of Houses—Burnham Kelly—McGraw-Hill Book Company, 327 West 41st Street, New York 36, N. Y., $10.

Disemployment Forces and Reemployment Prospects: Report of the Economic Research Department—Chamber of Commerce of the United States, Washington 6, D. C. (paper).

East Africa, Year-Book and Guide —Edited by A. Gordon-Brown —H. W. Wilson Company, 950 University Avenue, New York 52, N. Y., $3.

Educational Exchange Grants—Department of State Publication 6,789—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15c.

Employee Welfare and Pension Funds: Statistical Tables — New York State Insurance Department, Welfare Fund Bureau, 123 William Street, New York 38, N. Y.—$5.50.

Establishing the Product-Planning Function in Your Company—Edgar W. Nelson—Market Planning Corporation, 642 Fifth Avenue, New York 19, N. Y.

Federal Home Loan Bank Board —Annual Report, 1958—Federal Home Loan Bank Board, Washington, D. C. (paper).

Fiat Money Inflation in France—Andrew Dickson White — Foundation for Economic Education, Irvington-on-Hudson, N. Y. (paper), $1.25; cloth, $2.

Four Ways to Be Sure It Can't Happen Here—Booklet on Prevention of manipulation of paperwork in deposit accounts and loan transactions — Cummins-Chicago Corp., 4740 North Ravenswood Avenue, Chicago 40, Ill.

German Affairs—"The Bulletin," a weekly survey—Press and Information Office, German Federal Government—German Embassy, 1742-44 R Street, N. W., Washington, 9, D. C.

Highlights of Foreign Policy Developments 1958 — Department of State Publication 6799 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25 cents.

Historical and Comparative Rates of Labor Force, Employment and Unemployment: Hearings Before the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 35c.

How to Increase Your Creative Output — Booklet designed to assist companies raise the level of creativity among their technical personnel—Industrial Relations News, 230 West 41st Street, New York 36, N. Y., $1.50 (quantity prices on request).

Indemnification of Atomic Energy Activities and Operations of Advisory Committee on Reactor Safeguards 1958-1959 — Report to the Joint Committee on Atomic Energy—United States Atomic Energy Commission, Washington, D. C. (paper), on request.

Industrial Climate Survey: Niagara Falls Area — Carborundum Company, Niagara Falls, N. Y. (paper).

Investment Companies 1959 Edition — Arthur Wiesenberger — Arthur Wiesenberger & Co., 61 Broadway, New York 6, N. Y. (cloth), $25.

Italian Affairs, March-April 1959 containing articles on technical Training in the Armed Forces; Foreigners Resident in Italy; Blind, Deaf & Dumb Welfare; Public Relations in Italy; Electrical Industry; etc.—Italian Affairs, 56 Via Veneto, Rome, Italy; 15c per copy; $1 per year.

Knights of Labor in Belgium — Leon Watillon, translated by Frederic Meyers — Institute of Industrial Relations, 100 BAE Building, University of California, Los Angeles 24, Calif., $1.50.

Luxembourg — Summary of investment information—Board of Industrial Development of the Grand Duchy of Luxembourg — Consulate of Luxembourg, 200 East 42nd Street, New York 17, N. Y.

Making Medical Care Better—And Easier to Pay For, Too—Herbert Yahraes—Public Affairs Committee, 22 East 38th Street, New York 16, N. Y. (paper), 25c.

Marketing Reference Bureau Index of Advertising & Marketing Publications—Marketing Reference Bureau, Inc., 1616 Pacific Avenue, San Francisco 9, Calif. —Issued monthly—$10.00 per year (semi-annual cumulative editions $8.50 — free to subscribers).

Occupational Wage Survey, New York City April 1959—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.

Oil and Canada-United States Relations — John Davis — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), $1.

Oregon Business Review—Bureau of Business Research, University of Oregon, Eugene, Ore. — On request.

Portfolio Selection: Efficient Diversification of Investments —

Harry Markowitz—John Wiley & Sons, 440 Fourth Avenue, New York 16, N. Y., $7.50.

Primer for Profit in the Stock Market: A Manual for the Small Investor—Harry Kahn, Jr.—Doubleday & Company, Incorporated, 575 Madison Avenue, New York 22, N. Y. (cloth), $3.95.

Puerto Rico Aqueduct and Sewer Authority: Annual Report 1958—Puerto Rico Aqueduct and Sewer Authority, San Juan, Puerto Rico (paper).

Saskatchewan Economic Review: Statistical Highlights of the Saskatchewan Economy—Economic Advisory & Planning Board, Legislative Building, Regina, Sask., Canada (paper).

Southern Africa—Year-Book & Guide—Edited by A. Bordon-Brown—H. W. Wilson Company, 950 University Avenue, New York 52, N. Y., $3.

The Freeman—June, 1959—Containing articles on Free Enterprise and European Unity; Merchant's Appraisal of Inflation; Socialist Propaganda; What Industry Expects of the Engineer; Unemployment and Unionism; etc.—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y., 50c.

Unions in America: A British View—B. C. Roberts—Industrial Relations Section, Princeton University, P. O. Box 248, Princeton, N. J. (paper), $2.

Dalton Finance, Inc. Debentures Offered

Paul C. Kimball & Co. headed an underwriting group which offered on June 16, $500,000 of Dalton Finance, Inc. 7% subordinated debentures, due May 1, 1974, at 100% plus accrued interest. A nondetachable warrant for the purchase of 100 shares of class A common stock, par value 50c, accompanies each $500 debenture.

Proceeds from the offering will be used to finance additional loan volume and reduced short-term debt, and for possible acquisitions and extension of operations.

Giving effect to this offering, capitalization will be: $769,400 in four classes of debentures; 468,498 shares of class A common stock; 6,000 shares of class B common stock and sundry indebtedness, which totaled $601,300 on Dec. 31, 1958.

Dalton Finance, whose principal office is at Mount Rainier, Md., engages directly and through subsidiaries in the small loan business.

Atlantic Research Corp. Common Stock Offered

Public offering of 100,000 shares of common stock of Atlantic Research Corp. at $15 per share was made on June 17 by Johnston, Lemon & Co.

Net proceeds from the sale of the stock will be used to retire short-term bank loans, to finance expansion of existing facilities and augment the working capital position of the company.

Incorporated in 1949, the company is primarily engaged in the research, development and manufacture in the field of solid propellant rockets, which constitute about 80% of current business volume. The company is also active in electronics and electromechanisms, combustion, chemical engineering and chemistry, optics and military pyrotechnics and rocket ignition.

At the conclusion of the financing, the capitalization of the company will consist solely of 753,856 shares of common stock, out of a total authorized issue of 2,000,000 shares.

For the year ended Dec. 31, 1958 Atlantic Research reported operating revenues of $3,756,524 and net income of $218,079, equal to 23c per common share.

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$835 million and excess reserves $440 million during the four weeks ending June 10. Over this period, reserves were absorbed by currency and gold outflows and by reductions in Federal Reserve holdings of U. S. Government securities. Reserves were supplied mainly by a decrease in required reserves.

SECURITY MARKETS — Yields on long-term Treasury and State and local government securities have remained relatively stable since mid-May, but those on corporate bonds and on short- and intermediate-term Treasury issues have increased further. At the end of May, Federal Reserve Bank discount rates have raised one-half percentage point to 3½%. In early June, common stock prices declined appreciably and then partially recovered.

With the bottom of the recession now more than a year past, is the pace of the recovery "on schedule"? The Harris Trust and Savings Bank, Chicago, attempts to answer this question in its June "Barometer of Business." The monthly business summary finds that both industrial production and real gross national product indicate that the recovery is as swift as the 1950 and 1955 recoveries. But the net gain over the pre-recession peak within the first year is a bit less this time because the 1958 recession was 30% to 60% more severe than 1949 or 1954.

While the expansion movement is broad, the Harris Bank observes that the high rate of inventory accumulation is a key factor. Business and farm inventories accumulated at a $5.7 billion annual rate in the first quarter, highest since 1955. Two factors are at work: hedging against a possible steel strike and expansion of manufacturers' new orders and sales. Inventories tend to rise when new orders exceed sales and order backlogs accumulate. Durable manufacturers' unfilled orders have risen 7% since year end, quite comparable with the 1955 recovery at this stage. At the moment, total business inventory-sales ratios are the lowest since 1950. Basic economic forces portend continued inventory accumulation in coming months.

The Barometer finds that steel labor negotiations and Government fiscal problems keep inflation at the forefront as a topic of the day. In April wholesale prices set a new high and consumer prices re-attained their previous peak, with a further rise officially forecast. With rising demands and greater utilization of capacity the upward pressure on prices seems likely to intensify. Yet some perspective is desirable. During the past year, both price indexes have shown almost no change even though industrial prices have risen moderately while farm products and foods have declined. Moreover, the United States has held the price rise since 1955 to more moderate proportions than many foreign countries.

The Harris Bank believes that factors mitigating against substantial inflation include vastly improved prospects for a balanced budget in fiscal 1960 plus a restrictive monetary policy. Barring a sharp further increase in Federal spending, the surge in personal and corporate incomes will generate sufficient Federal revenues to balance the budget during the next 12 months. The Federal Reserve promptly restricted monetary growth last summer as the recovery began. While the money supply has advanced rapidly since January, recent Federal Reserve action suggests its growth will be restrained in coming months. Therefore the Barometer concludes that although ingredients for a substantial inflation are missing, the emerging boom is likely to exert moderate inflationary pressures.

Nationwide Bank Clearings Up Only 1.3% from 1958 Week

Bank clearings this week show an increase compared with a year ago. Preliminary figures compiled by us, based on telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, June 13, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 1.3% above those for the corresponding week last year. Our preliminary totals stand at $24,202,720,542 against $23,884,316,091 for the same week in 1958. Our comparative summary for the principal money centers follows:

Week Ending June 13—	1959	1958	%
New York	$12,895,164,173	$12,998,887,850	—0.8
Chicago	1,197,243,373	1,185,708,387	+1.0
Philadelphia	1,033,000,000	944,000,000	+9.4
Boston	673,218,706	664,324,710	+1.3

April Building Permits Record For Month

The total value of building permits for 217 cities declined fractionally in April from the prior month, but was at the highest level for any April on record, reports Dun & Bradstreet, Inc. The current total came to $708,940,061, down 0.3% from the March $710,994,544, but up 20.0% over the $590,547,983 of April 1958, the prior record for the month.

New York City building plans filed amounted to $111,475,157 in April, up a sharp 107.5% over last year's $53,726,893, and 15.4% higher than the $96,589,327 of the preceding month.

Building permits issued in 216 outside cities totaled $597,464,904 in April, for a gain of 11.3% over the year ago $536,821,090, but down 2.8% from the March total of $614,405,217.

The aggregate of building permit values for 217 cities for the first four months of 1959 were at a record level. The total was $2,397,531,972, up 18.2% over the prior record of $2,028,626,841 set in 1958.

New York City had a permit valuation total of $371,853,402 for the first four months of this year, compared with $220,244,756 a year ago, for a gain of 68.8%. Outside New York City the four month total came to $2,025,678,570, an increase of 12.0% over last year's $1,808,382,085.

April New Business Incorporations Set Record

Although the number of new incorporations chartered in April slipped from the prior month, the level was the highest for any April on record, reports Dun & Bradstreet, Inc. The total was 17,554, down 3.1% from the prior month's 18,119, but 54.9% higher than the 11,329 of the similar month last year, and 40.7% above the previous April record of 12,475 set in 1956. The current level was the third highest for any monthly total, exceeded only by January and March of this year.

New businesses chartered during the first four months of this year totaled 70,230, for a gain of 50.9% over last year's 46,545.

Much of the sharp rise in incorporations that began last Fall was undoubtedly due to the approval on Sept. 2, 1958 of the Technical Amendments Act of 1958 which provided for tax advantages for small corporations. This encouraged many small proprietorships and partnerships to incorporate.

Feverish Steel Shipments Pace as Strike Deadline Nears

Steel shipments are continuing at a record pace as the July 1 strike deadline approaches, "Steel," the metalworking weekly, said June 15.

Mills are pushing finished products out of their doors at capacity. If they can keep it up for the next two weeks, June's shipments will match or exceed last month's record of 8.9 million tons.

Although current performance is better than expected a few weeks ago, the odds still favor that this month's shipments will fall back to the April level of 8.6 million tons. Overworked equipment may have to be taken out of service for repairs or maintenance. Slowdown or wildcat strikes may hamstring production. And shippers may be stymied by shortages of trucks or railroad cars.

Also, steelmakers will have to start banking their furnaces and trimming production schedules soon unless there's a turn for the better in labor negotiations.

Steelmakers last week continued to operate their furnaces at 94% of capacity. Output was 2,661,000 ingot tons.

Foreign steel is entering the Great Lakes ports via the St. Lawrence Seaway in little more than a trickle, "Steel" said. But steelmen fear the trickle may become a flood before long. The Chicago, Cleveland, and Detroit ports received 9,063 net tons of steel bars from six countries in the week ended May 30. Other products docked include structural items, steel wire, and bolts, nuts, etc.

Chicago appears to be the favorite port of entry, with much foreign steel also going to Cleveland, Detroit, Buffalo, and Milwaukee. The major country of origin seems to be West Germany, with Belgium, France, and Britain also shipping.

"Steel's" industrial production index reached a record high for the latest week. It's the fourth week in the last five in which a record has been tied or broken. Principal factor in this latest show of strength is electric power output, which is about 14% ahead of the year-ago figures. The other three factors in the index: Steel production, auto and truck production, and freight carloadings.

Mealworking production capacity will be boosted 2.7% in the second half, "Steel" found in a survey of 6,000 plant managers. One in three metalworking plants plans to expand. Of those boosting capacity, 7 in 10 will buy equipment; 1 in 3 will build plant additions; 1 in 8 will build plants. Here's how much major industry groups will expand: Instruments, 5.1%; primary metals, 3.9%; transportation equipment, 3.6%; electrical machinery, 2.3%; nonelectrical machinery, 2.3%; fabricated metal products, 2.1%; other metalworking, 3.0%.

"Steel's" scrap price composite for No. 1 heavy melting at $35.50 a gross ton was up 50 cents last week, highest since April. Spotty demand is still noted.

Steel Output Based on 92.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *163.8% of steel capacity for the week beginning June 15, equivalent to 2,631,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *162.1% of capacity and 2,604,000 tons a week ago.

Actual output for the week beginning June 8, 1959, was equal to 92.0% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 92.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *164.6% and production 2,644,000 tons. A year ago the actual weekly production was placed at 1,751,000 tons, or *109.0%.

*Index of production is based on average weekly production for 1947-1949.

Look for Compromise in Steel-Union Dispute

Despite the noisy chest-beating, both sides in the steel labor hassle are now ready for some tough give-and-take collective bargaining, according to "The Iron Age," national metalworking weekly.

"Iron Age" predicted that serious efforts to break the current deadlock will be made soon. This could take the form of concessions by management and labor despite the apparent uncompromising positions bith sides have assumed thus far.

At the same time, the magazine conceded that the atmosphere is anything but encouraging. Nevertheless, it still feels that if the dispute goes to a strike, the walkout would be one of short duration rather than a long and bitter one.

"No matter what is said, steelworkers as a whole have no stomach for a long strike," "Iron Age" said. It added that David J. McDonald, steel union chief, knows this as well as anyone. Thus it believes that when the chips are down the union will move in the direction of a realistic compromise.

"There are still 6-to-4 odds for a short strike," said "Iron Age." "It is still likely that there will be some kind of a walkout to suggest that steelworkers are behind Mr. McDonald.

"The applecart could be upset in the next few weeks, but 'The Iron Age' stands on its previous story that even though the chance is slim, there may be a non-inflationary settlement without a price increase. In other words, this is the year for Dave McDonald to be reasonable."

Despite the probability of a walkout, steel users are pushing the mills for a place on third quarter delivery schedules. The mills are accepting these orders with some misgivings. They realize that a percentage of this business will be canceled out if there

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is no strike. At the same time they are afraid to commit too much tonnage because of the production and delivery problems that usually develop if there is a strike.

"Iron Age" said the amount of hedge buying for third quarter delivery is hard to gage. One sheet mill feels customers will take tonnage booked in July and August if there is no strike, but will cut back on new orders for September. Some major users have placed orders as far ahead as October for cold-rolled sheet.

Electric Output 11.5% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 13, was estimated at 13,503,000,000 kwh., according to the Edison Electric Institute.

For the week ended June 13, output increased by 480 million kwh., above that of the previous week and showed a gain of 1,394,-000,000 kwh. or 11.5% above that of the comparable 1958 week.

Car Loadings 11.3% Above Corresponding 1958 Week

Loading of revenue freight for the week ended June 6 totaled 682,624 cars, the Association of American Railroads announced. This was an increase of 69,243 cars or 11.3% above the corresponding week in 1958, but a decrease or 50,853 cars or 6.9% below the corresponding week in 1957.

Loadings in the week of June 6 were 5,102 cars, or seven-tenths of 1% above the preceding week.

Lumber Shipments 3.5% Above Production For June 6 Week

Lumber shipments of 470 mills reported to the National Lumber Trade Barometer were 3.5% above production for the week ended June 6. In the same week new orders of these mills were 13.8% below production. Unfilled orders of reporting mills amounted to 45% of stocks. For reporting softwood mills, unfilled orders were equivalent to 21 days' production at the current rate, and gross stocks were equivalent to 42 days' production.

For the year-to-date, shipments of reporting identical mills were 2.6% above production; new orders were 3.8% above production.

Compared with the previous week ended May 30, production of reporting mills was 2.4% above; shipments were 0.3% below, new orders were 11.2% below. For the latest week, as against the corresponding week in 1958, production of reporting mills was 7.3% above; shipments were 10.1% above; and new orders were 5.6% below.

Business Failures Down Moderately

Commercial and industrial failures declined to 295 in the week ended June 11 from 314 in the preceding week reported Dun & Bradstreet, Inc. However, for the first time since January, casualties exceeded their level a year ago when 254 occurred and also the comparable 1957 total of 265. Failing businesses were 18% more numerous than the 249 in prewar 1939.

Casualties involving liabilities of $5,000 or more fell to 254 from 272 in the previous week, but remained above the 216 of this size last year. There was little change among small failures, those with liabilities under $5,000, which stood at 41 as against 42 a week earlier, and 38 in the similar week of 1958. Liabilities ranged above $100,000 for 27 of the week's failures, edging up from 25 in the preceding week.

Retailing casualties declined most appreciably during the week, to 146 from 162, while manufacturing dipped to 49 from 53 and wholesaling to 26 from 37. On the other hand, the toll among construction contractors rose moderately to 43 from 38 and among service concerns to 31 from 24. More businesses succumbed than a year ago in retailing, construction, and service. But, slight dips from last year's level prevailed among manufacturers and wholesalers.

All of the week's downturn was concentrated in four geographic regions: the Middle Atlantic, down to 100 from 105, the East North Central, down to 52 from 65, and the West North Central and Mountain States. In both the South Central Regions, tolls held at the previous week's level. Contrasting increases raised Pacific casualties to 67 from 61, New England to 25 from 23, and South Atlantic to 23 from 22. Geographic trends from 1958 were mixed; four regions had heavier business mortality while five reported slight declines from last year.

Wholesale Food Price Index Moves Up Fractionally

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rose fractionally in the latest week from the 1959 low of the prior week. On June 9 it stood at $6.09, up 0.3% from the $6.07 of a week earlier, but 7.9% below the $6.61 of the corresponding date a year ago.

Commodities advancing in wholesale cost this week were flour, corn, rye, oats, lard, cocoa, potatoes, steers, and hogs. Lower were wheat, coffee, and eggs.

The Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Moderately Over Previous Week

There was a moderate rise in the general commodity price level this week, with gains in most grains, lard, and steel scrap offsetting declines in hogs, lambs, flour and rubber. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 277.70 (1930-32 = 100) on June 15, compared with 276.92 a week earlier and 279.63 on the corresponding date a year ago.

Reports of unfavorable weather in growing areas and an increase in trading helped rye prices rise appreciably during the week. Crop damage in Missouri, Illinois, Minnesota, and the Dakotas stimulated interest in oats, and prices were up noticeably from the prior week.

The buying of wheat moved up during the week and prices were moderately higher. Corn trading was steady and prices remained at the levels of a week earlier; marketings by farmers were light. There was little change in soybeans prices and trading was sluggish.

In anticipation of new crop offerings at lower prices, flour buyers were inactive during the week and prices slipped slightly; an appreciable decline in export buying occurred. There were moderate increases in both domestic and export buying of rice and supplies were reduced; rice prices were unchanged from the prior week.

While sugar trading advanced moderately, prices were unchanged. Although coffee trading picked up at the beginning of the week, it slackened at the end of the period and prices were steady. Wholesalers reported a slight increase in purchases of cocoa and prices advanced somewhat.

Despite a dip in salable receipts in Chicago, hog prices declined during the week as hot weather slowed trade. There was a slight decline in cattle receipts and steer prices matched those of a week earlier; trading in steers lagged again. Lamb prices slipped somewhat and trading was moderately lower. In contrast to the dip in hog prices, lard prices moved up appreciably during the week.

Prices on the New York Cotton Exchange finished moderately below the prior week. Trading was somewhat discouraged by favorable crop news and the possibility that next year's harvest would exceed domestic and export demand. United States exports of cotton during the week ended last Tuesday were estimated at 46,000 bales by the New York Cotton Exchange Service Bureau. This compared with 39,000 bales in the prior week and 122,000 in the similar week a year ago. For the season through last Tuesday exports amounted to about 2,418,000 bales, compared with 4,951,000 in the similar period a year ago.

Summer Merchandise Sales Stimulate Retail Trade

Hot weather throughout most of the nation encouraged consumer buying of Summer merchandise this week and total retail sales were up noticeably from a year ago. Best-sellers were men's and women's lightweight apparel, lawn furniture, barbecue supplies, air conditioners, and Summer food specialties. Purchases of new passenger cars were sustained at a high level and marked year-to-year gains remained, according to scattered reports.

The total dollar volume of retail trade in the week ended June 10 was 5 to 7% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Pacific Coast +8 to +12; Middle Atlantic +7 to +11; East North Central and West North Central +5 to +9; Mountain +4 to +8; New England +3 to +7; East South Central +2 to +6; South Atlantic +1 to +5; West South Central —1 to +3.

Women shoppers were primarily interested in cotton dresses and sportswear and appreciable gains over last year prevailed; interest in lingerie and accessories was well over a year ago. Anticipating Father's Day, shoppers stepped up their buying of men's furnishings and sportswear and sales of tropical suits and slacks noticeably exceeded those of last year. Volume in children's Summer merchandise advanced substantially from a week earlier and good year-to-year increases were maintained.

Furniture stores reported higher sales than both the prior week and last year in outdoor metal tables and chairs and most upholstered lines. Volume in air conditioners rose sharply from a week earlier and dealers' stocks were noticeably reduced. There were moderate gains over both the prior week and last year in automatic washers and dryers. While the call for floor coverings rose appreciably from a year ago, purchases of linens and draperies remained close to the similar 1958 week.

Grocers reported marked increases in sales of ice cream, frozen foods, dairy products, cold cuts, and fresh produce, while interest in canned goods, baked goods, fresh meat, and poultry remained at prior week levels.

Nationwide Department Store Sales Up 11% For June 6 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended June 6, increased 11% above the like period last year. In the preceding week, for May 30, an increase of 5% was recorded. For the four weeks ended June 6, a gain of 9% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended June 6 showed a 10% increase from that of the like period last year. In the preceding week, May 30, a 5% increase was reported. On May 23 sales increased 10% and May 16 a 7% increase was reported.

New York Stock Exchange Annual Golf Tournament

The New York Stock Exchange Golf Association on June 16 held its 60th annual tournament at the Winged Foot Club.

Thomas McKenna, Jr., won low gross with a score of 74. The Governor's Cup was won by James F. Nick, Jr., J. F. Nick & Co., with a gross of 78, net 67.

Richard G. McDermott, partner of Hayden, Stone & Co., chairman of the Golf Association, stated that 250 golfers competed in the tournament.

Guests of honor were Edward C. Werle, Chairman of the Board of Governors of the Exchange; Keith Funston, President of the Exchange; and Edward C. Gray, Executive Vice-President.

Amer. Steel Foundries Acquires the Assets of So. Bend Lathe Works

American Steel Foundries has acquired the assets and business of South Bend Lathe Works, it was announced on June 17. Hornblower & Weeks furnished financial advice and assistance to the negotiations leading up to the above transaction.

May, Borg Admits

On June 1 Thomas T. Mosby was admitted to partnership in May, Borg & Co., 61 Broadway, New York City, members of the American Stock Exchange.

Bertram Smith

Bertram Smith, associated with Yarnall, Biddle & Co. Philadelphia, passed away June 2 at the age of 73.

S. Diego Imperial Corp. Common Stock Offered

An underwriting group headed jointly by White, Weld & Co. and J. A. Hogle & Co. on June 17 offered 1,400,000 shares of the common stock of San Diego Imperial Corp. at $9.25 per share.

Net proceeds from the sale of the stock will be used by the company to acquire substantially all the common stock of First Savings and Loan Association of Corpus Christi, Texas; to repay two bank loans; to pay off the unpaid balance of the purchase price of the company's new office building; to make an advance to a subsidiary to acquire a lot in Dallas; and to purchase the outstanding 5% minority interest in the capital stock of American Savings & Loan Association of Dallas, Tex. The balance of the proceeds will be added to the general funds of the company. The company may also use $875,000 of the proceeds to acquire the outstanding stock of Grand Prairie Savings and Loan Association of Grand Prairie, Texas.

San Diego Imperial Corp., incorporated in California in 1956, is engaged primarily in the business of holding stocks of other companies. Its principal investments are in various Savings and Loan Associations, located in California, Texas and Colorado.

For the year ended Dec. 31, 1958, the corporation reported interest, fees and income of $3,722,-381. Net income before appropriations for general reserves, amounted to $832,494, equal to 35c per share. Per share earnings after appropriations for general reserves amounted to $57,623, or 2c per share.

Reichhold Chemicals Common Stock Offered

A new issue of 400,000 shares of $1 par value common stock of Reichhold Chemicals, Inc. was placed on the market on June 16 by an underwriting syndicate managed by Blyth & Co., Inc. The stock was priced at $30.25 per share.

Approximately $10,000,000 of the net proceeds will be applied by Reichhold to costs of its 1958-60 construction program, expected to total about $24,000,000. Included in this figure are about $4,500,000 to be spent for additional facilities at Elizabeth, N. J., and $1,800,000 at Tuscaloosa, Ala. Approximately $1,000,000 has been budgeted for costs of a new resins plant at Houston, Texas.

Reichhold is a major producer of synthetic resins and industrial chemicals. Sixteen plants are operated in the United States, and the company has subsidiaries in Canada and Mexico. Reichhold has stock interests in a number of companies in other foreign countries. Executive offices are in White Plains, N. Y.

Dividends have been paid quarterly on the common stock since the initial regular dividend in November 1956. The latest dividend, paid on May 15, 1959, amounted to 15 cents per share. H. H. Reichhold, President and chief executive officer and owner of 1,558,058 common shares, has waived dividends on 1,500,000 of these shares through April 1, 1961.

In the four months ended April 30, 1959 net sales amounted to $30,568,000 and net income applicable to common stock to $1,032,000, compared with $21,792,000 and $631,000, respectively, in the similar period a year earlier. In the complete year 1958, the figures were $72,701,000 and $3,281,000.

Giving effect to completion of this sale, April 30, 1959, capitalization consisted of: $12,367,000 of debt; 15,000 shares of $100 par value preferred stock and 3,529,-630 shares of common stock.

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 21	§92.9	*92.0	93.4	64.9
Equivalent to—					
Steel ingots and castings (net tons)	June 21	§2,631,000	*2,604,000	2,644,000	1,751,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 5	7,032,325	7,202,625	7,200,225	6,255,935
Crude runs to stills—daily average (bbls.)	June 5	¶8,280,000	7,888,000	7,722,000	7,690,000
Gasoline output (bbls.)	June 5	29,415,000	28,501,000	27,003,000	27,165,000
Kerosene output (bbls.)	June 5	1,956,000	1,700,000	1,759,000	1,725,000
Distillate fuel oil output (bbls.)	June 5	12,847,000	12,372,000	11,995,000	12,251,000
Residual fuel oil output (bbls.)	June 5	7,141,000	6,663,000	6,517,000	6,775,000
Stocks at refineries, bulk terminals, in transit, in pipe line—					
Finished and unfinished gasoline (bbls.) at	June 5	203,605,000	203,140,000	208,419,000	193,025,000
Kerosene (bbls.) at	June 5	25,063,000	24,030,000	21,616,000	22,344,000
Distillate fuel oil (bbls.) at	June 5	102,496,000	97,544,000	87,655,000	93,037,000
Residual fuel oil (bbls.) at	June 5	55,615,000	54,669,000	55,553,000	62,810,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 6	682,624	687,726	677,398	613,381
Revenue freight received from connections (no. of cars)	June 6	569,430	579,559	590,311	493,462
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 11	$522,800,000	$315,700,000	$415,600,000	$505,535,000
Private construction	June 11	252,500,000	177,900,000	190,400,000	200,577,000
Public construction	June 11	270,300,000	137,800,000	225,200,000	304,958,000
State and municipal	June 11	211,800,000	104,300,000	168,200,000	196,178,000
Federal	June 11	58,500,000	33,500,000	57,000,000	108,780,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 6	8,525,000	8,150,000	8,350,000	7,725,000
Pennsylvania anthracite (tons)	June 6	380,000	360,000	318,000	388,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 6	150	122	158	135
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 13	13,503,000	13,023,000	12,684,000	12,109,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 11	295	314	311	254
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 9	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	June 9	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	June 9	$37.50	$37.17	$33.83	$35.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 10	31.100c	31.125c	31.150c	24.600c
Export refinery at	June 10	28.675c	29.350c	28.375c	23.025c
Lead (New York) at	June 10	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	June 10	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	June 10	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	June 10	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig, 99.5%) at	June 10	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	June 10	104.750c	104.625c	102.625c	94.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 16	83.58	83.56	83.42	95.26
Average corporate	June 16	86.11	86.38	87.32	96.54
Aaa	June 16	89.23	89.37	90.48	103.13
Aa	June 16	87.86	88.13	89.37	99.68
A	June 16	86.11	86.24	87.18	95.92
Baa	June 16	81.66	82.03	82.77	88.27
Railroad Group	June 16	85.20	85.33	86.38	92.06
Public Utilities Group	June 16	85.33	85.33	86.51	97.78
Industrials Group	June 16	87.86	88.40	89.37	100.0
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 16	4.12	4.12	4.13	2.91
Average corporate	June 16	4.70	4.68	4.61	3.97
Aaa	June 16	4.47	4.46	4.38	3.56
Aa	June 16	4.57	4.55	4.46	3.77
A	June 16	4.70	4.69	4.62	4.01
Baa	June 16	5.05	5.02	4.96	4.54
Railroad Group	June 16	4.77	4.76	4.68	4.27
Public Utilities Group	June 16	4.76	4.76	4.67	3.89
Industrials Group	June 16	4.57	4.53	4.46	3.75
MOODY'S COMMODITY INDEX	June 16	389.4	390.1	386.4	400.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 6	343,856	350,614	332,434	286,835
Production (tons)	June 6	295,007	326,467	313,894	246,385
Percentage of activity	June 6	88	97	94	81
Unfilled orders (tons) at end of period	June 6	548,933	497,831	525,874	365,246
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 12	110.34	110.29	110.61	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 23	2,332,450	2,828,290	2,607,780	1,594,440
Short sales	May 23	348,000	457,210	446,100	349,040
Other sales	May 23	2,074,530	2,407,610	2,201,290	1,243,410
Total sales	May 23	2,422,630	2,864,820	2,647,490	1,592,450
Other transactions initiated off the floor—					
Total purchases	May 23	466,020	558,370	376,270	415,170
Short sales	May 23	29,100	57,200	80,100	37,200
Other sales	May 23	477,600	446,100	355,270	351,400
Total sales	May 23	506,700	503,300	435,370	388,600
Other transactions initiated on the floor—					
Total purchases	May 23	639,630	930,640	694,710	535,542
Short sales	May 23	118,160	108,110	133,250	195,760
Other sales	May 23	724,959	877,390	875,100	591,156
Total sales	May 23	843,119	985,500	1,008,350	786,916
Total round-lot transactions for account of members—					
Total purchases	May 23	3,438,100	4,317,800	3,678,360	2,545,152
Short sales	May 23	495,460	622,520	659,450	582,000
Other sales	May 23	3,276,989	3,731,100	3,431,760	2,185,966
Total sales	May 23	3,772,449	4,353,620	4,091,210	2,767,966
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 23	1,786,479	2,018,040	2,297,540	1,047,318
Dollar value	May 23	$95,625,800	$105,944,393	$138,508,521	$46,619,209
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 23	1,628,061	1,846,943	1,967,040	1,057,724
Customers' short sales	May 23	6,566	7,176	8,809	14,088
Customers' other sales	May 23	1,621,495	1,839,767	1,958,231	1,043,636
Dollar value	May 23	$85,210,523	$94,690,387	$111,918,848	$44,130,710
Round-lot sales by dealers—					
Number of shares—Total sales	May 23	448,820	488,630	529,790	361,250
Short sales	May 23				
Other sales	May 23	448,820	488,630	529,790	361,250
Round-lot purchases by dealers—Number of shares	May 23	599,580	659,290	692,210	378,790
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 23	567,330	741,590	737,780	837,500
Other sales	May 23	16,290,710	19,186,510	17,619,350	12,180,160
Total sales	May 23	16,858,040	19,128,100	18,357,130	13,017,660
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 9	119.3	*119.4	119.7	118.8
Farm products	June 9	90.5	91.1	90.7	95.2
Processed foods	June 9	107.2	107.3	107.8	112.9
Meats	June 9	101.3	101.5	102.8	114.9
All commodities other than farm and foods	June 9	127.7	127.8	128.1	125.0

*Revised figure. ¶Includes 943,000 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 CONSTRUCTION—U. S. DEPT. OF LABOR—Month of May (in millions):			
Total new construction	4,595	4,172	4,000
Private construction	3,160	2,918	2,752
Residential buildings (nonfarm)	1,867	1,714	1,421
New dwelling units	1,430	1,340	1,015
Additions and alterations	376	318	355
Nonhousekeeping	61	56	51
Nonresidential buildings	687	629	698
Industrial	154	156	204
Commercial	320	272	285
Office buildings and warehouses	159	146	165
Stores, restaurants, and garages	161	126	120
Other nonresidential buildings	213	201	209
Religious	71	67	65
Educational	41	40	43
Hospital and institutional	46	46	51
Social and recreational	41	36	32
Miscellaneous	14	12	18
Farm construction	143	124	146
Public utilities	448	438	470
Railroad	24	26	25
Telephone and telegraph	67	71	81
Other public utilities	357	341	364
All other private	15	13	17
Public construction	1,435	1,254	1,248
Residential buildings	88	92	63
Nonresidential buildings	386	383	386
Industrial	30	30	34
Educational	226	228	239
Hospital and institutional	38	36	32
Administrative and service	53	51	43
Other nonresidential buildings	39	38	38
Military facilities	132	118	88
Highways	545	405	455
Sewer and water systems	121	115	118
Sewer	73	70	69
Water	48	45	49
Public service enterprises	48	37	39
Conservation and development	93	84	87
All other public	22	20	12
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of March (Millions of dollars):			
Manufacturing	$50,300	*$49,900	$52,000
Wholesale	11,900	11,900	12,400
Retail	24,100	*24,100	24,100
Total	$86,300	*$85,900	$88,500
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE — Month of April (000's omitted)	$810,700	$1,798,600	$780,400
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of May (000's omitted):			
Total U. S. construction	$1,966,800	$1,904,600	$2,313,675
Private construction	1,008,100	841,400	973,338
Public construction	958,700	1,063,200	1,340,337
State and municipal	658,200	716,200	930,477
Federal	300,500	347,000	409,860
CONSUMER PRICE INDEX—1947-1949 = 100— Month of April:			
All items	123.9	123.7	123.5
Food	117.6	117.7	121.6
Food at home	115.3	115.5	120.5
Cereal and bakery products	134.1	134.1	132.7
Meats, poultry and fish	111.5	111.3	115.9
Dairy products	112.9	113.6	112.5
Fruits and vegetables	123.6	120.7	136.6
Other foods at home	104.7	107.3	112.4
Food away from home (Jan. 1953 = 100)	114.8	114.3	----
Housing	128.7	128.7	127.7
Rent	139.3	139.1	137.3
Gas and electricity	118.2	118.5	116.0
Solid fuels and fuel oil	138.7	140.3	134.2
Housefurnishings	103.8	103.8	104.0
Household operation	133.8	138.7	130.9
Apparel	107.0	107.0	106.7
Men's and boys'	108.0	107.8	109.1
Women's and girls'	98.9	99.0	98.2
Footwear	132.4	132.0	129.8
Other apparel	91.9	91.8	91.9
Transportation	145.3	144.9	138.3
Public	134.4	134.0	186.1
Private	192.6	192.0	127.6
Medical care	149.6	*149.2	142.7
Personal care	130.0	129.7	128.5
Reading and recreation	117.7	117.3	117.0
Other goods and services	128.2	127.3	127.2
METAL PRICES (E. & M. J. QUOTATIONS)— May:			
Copper—			
Domestic refinery (per pound)	31.155c	31.300c	24.298c
Exports refinery (per pound)	28.814c	29.397c	21.944c
††London, prompt (per long ton)	£236.206	£240,017	£178.798
††Three months, London (per long ton)	£236.575	£240.324	£180.756
Lead—			
Common, New York (per pound)	11.897c	11.189c	11.712c
Common, East St. Louis (per pound)	11.705c	10.983c	11.512c
††London, prompt (per long ton)	£70.800	£69.048	£72.137
††Three months, London (per long ton)	£71.691	£70.418	£72.473
Zinc (per pound)—East St. Louis	11.000c	11.000c	10.000c
§§Zinc, prime Western, delivered (per pound)	11.500c	11.500c	10.500c
††Zinc, London, prompt (per long ton)	£77.353	£72.688	£61.854
††Zinc, London, three months (per long ton)	£75.875	£72.460	£62.262
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	88.625c
Silver, London (per ounce)	79.100d	79.193d	76.101d
Sterling Exchange (check)	$2.81454	$2.81653	$2.81572
Tin, New York Straits	103.060c	102.517c	94.563c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$245.000	$240.545	$229.231
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound), bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound), boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$77.000	$77.000	$68.154
Cadmium (per pound, deliver ton lots)	$1.20000	$1.20000	$1.20000
Cadmium (small lots)	$1.30000	Not Available	
Cobalt, 97% grade (per pound)	$1.75000	$1.75000	$2.00000
Aluminum 99% grade ingot weighted average (per pound)	$26.800	$26.800	$26.100
Aluminum, 99% grade primary pig	$24.700	$24.700	$24.000
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of May	£43,775,000	£46,298,000	£18,152,000

¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne U. S. duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange. ‡‡Increase all stocks.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Academy Life Insurance Co. (6/19)
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 on or about June 19, 1959; rights to expire on or before July 7. **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. (6/22-26)
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.

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.

• Alsco, Inc. (6/22)
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. Statement effective June 1.

American Asiatic Oil Corp.
Nov. 24 filed 100,000,000 shares of capital stock. Subsequently reduced by amendment to 20,000,000 shares. **Price**—One and one-quarter 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 Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American Commercial Corp.
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. Statement expected to become effective around June 20.

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.

Approved Finance, Inc.
June 3 (letter of notification) 12,000 shares of common stock (no par) to be offered to stockholders of record June 16, 1959, on the basis of one new share for each five shares held. Rights expire July 7, 1959. Unsubscribed shares will be offered to the public. **Price**—To stockholders, $20 per share; to public, $21.50 per share. **Proceeds**—To repay 3½% series A subordinated debentures and for working capital. **Office**—246 N. High St., Columbus, Ohio. **Underwriter** — For publicly offered shares, Vercoe & Co., Columbus, Ohio.

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. Offering expected any day.

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.

Astronautics Engineering Corp. (7/6)
May 28 (letter of notification) 150,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—500 W. 18th St., Hialeah, Fla. **Underwriter** — Charles Plohn & Co., New York, N. Y.

• Azalea Mobile Homes, Inc.
May 21 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For opening one additional trailer sales lot and for construction cost of mobile home park. **Address**—3455 Highway, Norfolk, Va. **Underwriter**—Palombi Securities Co., Inc., 37 Wall St., New York, N. Y.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office**—1301 Avenue L, Cisco, Tex. **Underwriter**—None. Robert Kamon is President.

Automatic Canteen Co. of America
March 2 filed 292,426 shares of common stock, of which, the company proposes to issue 126,072 shares to A.M.I. Inc. for the latter's property and assets, and the remaining 166,354 shares are to be issued upon the exercise of stock options. **Underwriter**—None. Statement effective March 31.

★ Baird-Atomic, Inc., Cambridge, Mass.
June 17 filed 180,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be used to retire bank loans and for construction of new plant facilities. **Underwriter**—White, Weld & Co., New York.

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**—Firm originally mentioned has withdrawn. **Note**—SEC to hold hearing June 18 regarding statements in prospectus.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notiifcation) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

• 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. Statement has been withdrawn.

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 $8,542,600 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 all outstanding bank loans maturing Dec. 31, 1959, for working capital and other corporate purposes. **Underwriter** — Stone & Webster Securities Corp., New York.

• Benson-Lehner Corp. (6/22-26)
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 April 30, 1959, on the basis of three new shares for each 10 shares then held. Rights expire July 7. **Price**—$6.75 per share to stockholders. 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. No public offering.

★ Bestwall Gypsum Co.
May 22 (letter of notification) 400 shares of common stock (par $1). **Price**—At the market on the New York Stock Exchange. **Proceeds**—To go to a selling stockholder. **Office**—120 E. Lancaster Avenue, Ardmore, Pa. **Underwriter**—None.

Bridgehampton Road Races Corp.
Oct 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box-506, Bridgehampton, L. I., N. Y. **Underwriter** — None. **Offering**—Has been delayed.

★ British Oxygen Co. Ltd.
June 10 filed American depositary receipts for 60,000 shares of ordinary registered stock. **Depositary**—Morgan Guaranty Trust Co. of New York.

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 at 49 Federal St., Boston, Mass.

Brookridge Development Corp.
Dec. 19 (letter of notification) $200,000 of 6% 15-year convertible debentures. **Price**—At par ($500 per unit). **Proceeds**—For expansion and working capital. **Office**—901 Seneca Ave., Brooklyn 27, N. Y. **Underwriter**—Sano & Co., 15 William St., New York, N. Y. **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.

★ Centennial Fund, Inc.
June 10 filed 800,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Office**—714 Boston Building, Denver, Colo. **Underwriter**—None.

★ Centennial Management & Research Corp.
June 10 filed $10,000,000 of escrow agreements. **Proceeds**—For investment. **Office**—714 Boston Building, Denver, Colo. **Underwriter**—None.

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 Telephone Co. (6/25)
June 5 filed 80,000 shares of cumulative preferred stock ($25 stated value). **Price**—$25 per share. **Proceeds**—Together with other funds, will be used to repay advances from Central Electric & Gas Co.; for construction expenditures; for investment in stocks of subsidiaries; and for other corporate purposes. **Office**—144 South 12th St., Lincoln, Neb. **Underwriters**—Paine, Webber, Jackson & Curtis, New York; and Loewi & Co. Inc., Milwaukee, Wis.

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.

★ Century Chemical Corp., New York
June 3 (letter of notification) 100,000 shares of class A common stock (no par). **Price**—$3 per share. **Proceeds**—For general corporate purposes, including purchase of Wilson Organic Chemicals. **Underwriter**—Singer, Bean & Mackie, Inc., New York.

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.

Chemex 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.

● Civic Finance Corp.
May 21 (letter of notification) 11,116 shares of common stock (par $2) being offered on a share-for-share exchange basis to stockholders of Milwaukee Loan & Finance Co. Offer expires on Aug. 1, 1959. **Office**—633 N. Water St., Milwaukee, Wis. **Underwriter**—None.

★ Clifton Precision Products Co., Inc.
June 11 filed 128,000 shares of common stock (par $1), of which 50,000 shares are to be offered for public sale by the company (plus an additional 8,000 shares to be offered to officers and employees); and the remaining 70,000 shares will be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To prepay $390,000 of 8% first mortgage serial bonds, to defray the cost of an addition to the company's Clifton Heights plant, for the purchase of additional manufacturing and engineering equipment, and the balance for working capital. **Office** — Clifton Heights, Pa. **Underwriter**—W. C. Langley & Co., New York.

● 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 July.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price** — $205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinatea 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 amenument. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt

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NEW ISSUE CALENDAR

June 18 (Thursday)

Chicago Burlington & Quincy RR.____Eq. Tr. Ctfs.
(Bids noon CDT) $7,050,000

Worcester Gas Light Co.____Bonds
(Bids 11:30 a.m. EDT) $5,000,000

June 19 (Friday)

Academy Life Insurance Co.____Common
(Offering to stockholders—underwritten by Boettcher & Co., Inc. and Bosworth, Sullivan & Co., Inc.) 310,000 shares

Consumers Water Co.____Common
(H. M. Payson & Co.) $286,650

Ozark Air Lines, Inc.____Common
(Offering to stockholders—underwritten by Newhard, Cook & Co. and Yates, Heitner & Woods) $631,084

Plastic Materials & Polymers, Inc.____Common
(Filor, Bullard & Smyth) 143,750 shares

Skaggs Leasing Corp.____Common
(Harrison S. Brothers & Co.) $300,000

June 22 (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

Benson-Lehner Corp.____Common
(Offering to stockholders—underwritten by Bear, Stearns & Co.) $604,935

Continental Tobacco Co., Inc.____Common
(Best Securities, Inc.) $125,000

Funds for Business, Inc.____Class A
(Joseph Mandell & Co., Inc. and Robert L. Ferman & Co., Inc.) $750,000

Gate City Steel Co., Inc.____Debentures
(First Trust Co. of Lincoln) $1,250,000

Giant Food Properties, Inc.____Debentures
(Auchincloss, Parker & Redpath and Kidder, Peabody & Co.) $680,000

Giant Food Properties, Inc.____Common
(Auchincloss, Parker & Redpath and Kidder, Peabody & Co.) 74,800 shares

Ideal Precision Meter Co., Inc.____Common
(Charles Plohn & Co.) $615,625

Micronaire Elec. Med. Prods. Corp.____Com. & Warr.
(General Investing Corp.) $550,000

Precon Electronics Corp.____Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $875,000

Puritan Chemical Corp.____Common
(Dunne & Co.) $525,000

Smith (H. C.) Oil Tool Co.____Common
(William R. Staats & Co.) 100,000 shares

Telemeter Magnetics, Inc.____Common
(Lehman Brothers; Hallgarten & Co. and Hemphill, Noyes & Co.) 150,000 shares

Templeton, Damroth Corp.____Common
(Hecker & Co.) $135,000

Tip Top Products Co.____Bonds
(J. Cliff Rahel & Co. and The First Trust Co. of Lincoln) $850,000

Tip Top Products Co.____Common
(J. Cliff Rahel & Co. and The First Trust Co. of Lincoln) $1,000,000

Voss Oil Co.____Common
(Hill, Darlington & Co.) $1,000,000

Wellington Electronics, Inc.____Common
(Charles Plohn & Co.) $1,440,000

Worthington Products, Inc.____Debens. & Com.
(B. Fennekohl & Co.) $150,000

June 23 (Tuesday)

Brockton Edison Co.____Bonds
(Bids 11 a.m. EDT) $5,000,000

Fabrex Corp.____Common
(Bache & Co.) 300,000 shares

Mission Insurance Co.____Preferred
(Shearson, Hammill & Co.) $1,500,000

Northern Illinois Gas Co.____Bonds
(Bids 10 a.m. CDT) $20,000,000

Philip Morris Inc.____Debentures
(Lehman Brothers and Glore, Forgan & Co.) $40,000,000

Stuart Hall Co.____Common
(White & Co.) 23,169 shares

Vocaline Co. of America, Inc.____Common
(George O'Neill & Co., Inc.) 210,000 shares

Western California Telephone Co.____Common
(Offering to stockholders—no underwriting) $782,757.50

June 24 (Wednesday)

Microwave Associates, Inc.____Common
(Lehman Brothers) 100,000 shares

Montecatini Italy____Debentures
(Lazard Freres & Co., Lehman Brothers and Kuhn, Loeb & Co.) $10,000,000

Narda Ultrasonics Corp.____Common
(Torpie & Saltzman) 20,000 shares

Oklahoma Cement Co.____Debentures-Common
(Laird & Co. Corp.)

Ryan Aeronautical Co.____Common
(Dean Witter & Co.) 330,000 shares

Southern Pacific Co.____Equip. Tr. Ctfs.
(Bids noon EDT) $6,000,000

Toronto (Municipality of Metropolitan) Canada____Debentures
(Harriman Ripley & Co. Inc. and The Dominion Securities Corp.) $39,982,000

June 25 (Thursday)

Aerojet-General Corp.____Common
(Kidder, Peabody & Co.) 175,000 shares

Central Telephone Co.____Preferred
(Paine, Webber, Jackson & Curtis and Loewi & Co., Inc.) $2,000,000

Hausman Steel Co.____Common
(Howard, Weil, Labouisse, Friedrichs & Co. and The Ohio Co.) 80,000 shares

Herold Radio & Electronics Corp.____Debentures
(Ira Haupt & Co.; Hirsch & Co. and Amos Treat & Co., Inc.) $1,500,000

Mississippi Power Co.____Bonds
(Bids 11 a.m. EDT) $5,000,000

June 26 (Friday)

General Precision Equipment Corp.____Preferred
(Offering to stockholders—underwritten by The First Boston Corp. and Tucker, Anthony & R. L. Day) 105,927 shares

June 29 (Monday)

Fanon Electronic Industries, Inc.____Common
(L. D. Sherman & Co.) $450,000

International Recreation Corp.____Common
(Paine, Webber, Jackson & Curtis) $17,150,000

Jefferson Wire & Cable Corp.____Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $375,000

Radar Design Corp.____Common
(Charles Plohn & Co.) $360,000

Terminal Tower Co.____Debentures
(Fulton Reid & Co.) $3,300,000

June 30 (Tuesday)

Crosby-Teletronics Corp.____Common
(Myron A. Lomasney & Co.) $843,750

Montreal Canada____Debentures
(Bids to be invited) $20,000,000

July 1 (Wednesday)

Buckingham Transportation Inc.____Common
(Cruttenden, Podesta & Co.) 250,000 shares

Michigan Seamless Tube Co.____Common
(Paine, Webber, Jackson & Curtis) 100,000 shares

Superior Window Co.____Preferred
(Cruttenden, Podesta & Co.) $500,000

Superior Window Co.____Class A Common
(Cruttenden, Podesta & Co.) $500,000

Taft Broadcasting Co.____Common
(Harriman Ripley & Co. Inc.) 483,332 shares

White-Rogers Co.____Debentures
(Scherck, Richter Co. and Semple, Jacobs & Co., Inc.) $1,000,000

July 6 (Monday)

Astronautics Engineering Corp.____Common
(Charles Plohn & Co.) $300,000

Financial Federation, Inc.____Common
(Kidder, Peabody & Co.) 300,000 shares

First Charter Financial Corp.____Common
(Eastman Dillon, Union Securities & Co. and William R. Staats & Co.) 3,000,000 shares

First National Life Insurance Co.____Common
(Blair & Co. Inc.) $900,000

Reheis Co., Inc.____Common
(Aetna Securities Corp.) $435,000

Tang Industries, Inc.____Common
(David Barnes & Co., Inc.) $330,000

Tape Cable Electronics Co., Inc.____Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $412,500

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

Plastic Wire & Cable Corp.____Common
(Offering to stockholders—underwritten by Putnam & Co.) 40,000 shares

July 8 (Wednesday)

Rowe Furniture Corp.____Common
(Francis I. du Pont & Co.) 165,000 shares

July 9 (Thursday)

Union Light, Heat & Power Co.____Bonds
(Bids 11 a.m. EDT) $6,000,000

July 13 (Monday)

Dilbert's Properties, Inc.____Debens. & Com.
(S. D. Fuller & Co.) $4,505,600

Hudson Radio & Television Corp.____Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,000,000

Investors Funding Corp. of New York____Debens.
(Offering not underwritten) $500,000

Mallinckrodt Chemical Works____Debentures
(Newhard, Cook & Co.) $6,000,000

Medearis Industries, Inc.____Common
(Amos Treat & Co., Inc.) $750,000

Trans-Sonics, Inc.____Common
(Kidder, Peabody & Co., Inc.) 90,000 shares

July 14 (Tuesday)

Jersey Central Power & Light Co.____Bonds
(Bids 11 a.m. EDT) $8,000,000

July 15 (Wednesday)

Hunter Mountain Development Corp.____Debentures & Common
(Myron A. Lomasney & Co.) $690,000

North Hills Electric Co.____Common
(Simmons & Co.) $300,000

United States Plywood Corp.____Debentures
(Eastman Dillon, Union Securities & Co.) $15,000,000

July 16 (Thursday)

Reading Tube Corp.____Debentures
(Emanuel, Deetjen & Co. and Bache & Co.) $5,000,000

July 22 (Wednesday)

Northern States Power Co. (Minn.)____Common
(Offering to stockholders—bids to be invited) 952,033 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

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Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

● Connecticut Water Co.
May 15 filed 38,986 shares of common stock (no par), of which 38,004 shares are being 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 June 23. The remaining 982 shares are being offered for subscription by employees. **Price**—$16 per share. **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 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. **Offering**—Temporarily suspended by the SEC.

★ Consumers Water Co., Portland, Me. (6/19)
June 4 (letter of notification) 9,800 shares of common stock (par $1). **Price**—$29.25 per share. **Proceeds**—To selling stockholders. **Underwriter**—H. M. Payson & Co., Portland, Me.

● Continental Tobacco Co., Inc. (6/22)
April 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office**—607-12th Avenue, Huntington, W. Va. **Underwriter**—Best Securities, Inc., New York.

Cree Mining Corp. Ltd.
April 17 filed 260,000 shares of common stock. **Price**—80 cents per share. **Proceeds**—For exploration program. **Office**—2100 Scarth St., Regina, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., also of Regina.

Crescendo Oil Co., Inc.
June 1 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For lease, labor, equipment, etc. **Office**—309½ S. Third St., Las Vegas, Nev. **Underwriter**—None.

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. (6/30)
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.

Crusader Life Insurance Co., Inc.
June 3 (letter of notification) 1,000 shares of common stock (par $50)to be offered for subscription by stockholders of record April 30, 1959, on the basis of one new share for each two shares held. Rights expire Aug. 25, 1959. Unsubscribed shares will be offered to the public. **Price**—$150 per share. **Proceeds**—For working capital. **Office**—640 Minnesota Ave., Kansas City, Kan. **Underwriter**—None.

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 658,387 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 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—Mearns Bldg., 142-148 N. Washington Ave., Scranton, Pa. **Underwriter**—Sano & Co., New York, N. Y.

DeKalb-Ogle Telephone Co.
May 27 (letter of notification) 19,822 shares of common stock to be offered to stockholders of record June 10, 1959, on the basis of one new share for each 10 shares then held with an oversubscription privilege. Rights expire on July 17, 1959. **Price** — At par ($10 per share). **Proceeds**—For a construction program. **Office**—112 W. Elm St., Sycamore, Ill. **Underwriter**—None.

★ Denver Metals & Chemicals Corp.
June 3 (letter of notification) 250,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital, inventory, sales program, etc. **Office**—2130 South Platte River Drive, Denver 23, Colo. **Underwriter**—None.

Development Corp. of America
April 30 filed 1,376,716 shares of common stock (par $1) reserved for issuance upon conversion of shares of the company's $1.25 cumulative convertible preferred stock received by DCA common stockholders in connection with the recently consummated merger of Real Estate Equities, Inc., into DCA and the plan of reorganization consummated in connection therewith. **Underwriter**—None.

★ Dexter Horton Realty Co.
June 15 filed $977,500 of limited partnership interests. **Price** — $5,000 per unit. **Proceeds** — For purchase of the Dexter Horton Building in Seattle, Wash. **Underwriters**—Lifton Securities, Inc., and Hechler-Weintrow Securities, Inc.

★ Dilbert's Properties, Inc. (7/13-17)
June 11 filed $4,400,000 of 20-year 5½% convertible debentures, due July 15, 1979 and 1,056,000 shares of common stock (par one cent) to be offered in units consisting of $50 principal amount of debentures and 12 shares of common stock. **Price**—$51.20 per unit. **Proceeds**—For repayment of notes; to develop and construct shopping centers and a super-market under existing purchase contracts and for working capital. **Office**—93-02 151st Street, Jamaica, N. Y. **Underwriter**—S. D. Fuller & Co., New York.

DIT-MCO, Inc.
April 15 filed 30,000 outstanding shares of common stock, only about 16,000 shares are to be offered. **Price**—$10.50 per share. **Proceeds**—To selling stockholders. **Office**—911 Broadway, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). **Price—$3 per share. Proceeds—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. Underwriter** — **Investment Service Co., Denver, Colo., on a best efforts basis.**

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.

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.

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.
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.

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. (6/23)
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. (6/29-7/3)
May 29 filed 150,000 shares of common stock (par 20 cents). **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.
May 12 filed $3,812,300 of sinking fund subordinated debentures, due May 31, 1979, with warrants to purchase 152,632 shares of common stock being 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 June 11, 1959; rights to expire on June 29. **Price**—$100 per unit (flat). **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.

Federal Equipment Co.
May 22 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To acquire all of the capital stock of Byer's Lumber Co., Inc. and for working capital. **Office**—North West & Lincoln Sts., Carlisle, Pa. **Underwriter**—Winslow, Cohu & Stetson, Inc., New York, N. Y.

Federated Corp. of Delaware
Dec. 29 filed $918,000 of 6% convertible subordinated debentures due 1968. The company proposes to offer $210,000 of the debentures to purchase the capital stock of Consumers Time Credit, Inc., a New York company; $442,000 of the debentures in exchange for Consumers debentures; and $226,000 of the debentures in exchange for the outstanding 12% debentures of three subsidiaries of Federated. **Office**—1 South Main Street, Port Chester, N. Y. **Underwriter**—None.

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. (7/6)
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.

★ First Boston Commodity Fund
June 2 (letter of notification) an undetermined number of shares of beneficial interest (no par) **Proceeds**—Approximately $100,000 to invest in the commodity market. **Address**—P. O. Box 67, Boston, Mass. **Underwriter**—None.

★ First Charter Financial Corp. (7/6)
June 11 filed 3,000,000 outstanding shares of common stock, (no par). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 110 North Doheny Drive, Beverly Hills, Calif. **Underwriters** — Eastman Dillon, Union Securities & Co., New York; and William R. Staats & Co., Los Angeles, Calif.

First National Life Insurance Co. (7/6)
June 4 filed 75,000 shares of common stock (par $4). **Price**—$12 per share. **Proceeds**—To increase capital and surplus. **Office**—1230 East Camelback, Phoenix, Ariz. **Underwriter**—Blair & Co., Inc., 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.

● Flintkote Co.
June 4 filed 143,789 shares of common stock (par $5). This company on June 17 will acquire all the assets of The Glen Falls Portland Cement Co. (of New York) in exchange for 369,858 shares of Flintkote Co. The 143,789 shares of stock are to be received by certain shareholders of Glen Falls. **Price**—To be related to the then current market or current price on the New York Stock Exchange. **Proceeds**—To selling stockholders. **Underwriter**—None.

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.

Foundation Investment Corp., Atlanta, Ga.
Jan. 13 filed 231,988 shares of common stock to be offered for subscription by stockholders; unsold portion to be offered publicly. **Price**—$12.50 per share. **Proceeds**—To repay notes. **Office**—515 Candler Bldg., Atlanta, Ga. **Underwriter**—None. Statement effective April 2.

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. (6/22-26)
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. (6/22-26)
May 26 filed $1,250,000 6% sinking fund debentures, series A, due May 1, 1969, of which $350,000 will be offered, on an exchange basis, for a like amount of 5% debentures which the company plans to retire. The remaining $900,000 debentures will be offered publicly. **Price**—Par. **Proceeds**—For advances to company's subsidiary, Moffett Engineering, Inc.— **Underwriter**—First Trust Co. of Lincoln, Neb.

General 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 common stock in the ratio of one share of new preferred for each 11 shares of common stock held and by holders of $1.60 preference series in the ratio of one new share for each 16½ shares of $1.60 preference stock held on June 25; 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 is offering one share of the 80-cent dividend second preferred stock for each share of common stock of New Rochelle Water Co. and one share of its $5 preferred and one share of the 80-cent dividend second preferred for each share of New Rochelle $3.50 preferred (including accumulated unpaid dividends from November 1950). The offer is conditioned upon acceptance by holders of 80% of New Rochelle stock. **Office**—3219 Philadelphia Pike, Claymont, Del. Statement effective May 12.

● Giant Food Properties, Inc. (6/22-23)
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 security holder. **Underwriters**—Auchincloss, Parker & Redpath, Washington, D. C.; and Kidder, Peabody & Co., New York.

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.

★ Grace (W. R.) & Co.
June 16 filed 126,000 shares of common stock to be issued in connection with the acquisition by the company of Hatco Chemical Co.

Greenwich Gas Co.
May 22 (letter of notification) 23,000 shares of common stock (no par) being 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 19. 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 (no par—$3 stated value per share). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—City Securities Corp., Indianapolis, Ind.

Hathaway Industries, Inc.
June 9 filed 300,000 outstanding shares of common stock. These shares are part of the 672,990 shares (53.43%) held by Seaboard Allied Milling Corp. Seaboard plans to offer 100,000 shares for sale to the business associates and employees of Hathaway Industries at $6 per share. In addition, Seaboard may wish to sell publicly the remaining 200,000 shares, or a portion thereof, on the American Stock Exchange, or otherwise, at prices current at the time of such sales. **Proceeds**—To selling stockholder, Seaboard Allied Milling Corp. **Office**—Hathaway St., Syracuse, N. Y. **Underwriter**—None.

● Hausman Steel Co., Toledo, Ohio (6/25)
June 2 filed 80,000 shares of common stock (par $5). **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.

Heliogen Products, Inc.
Oct. 22, 1958 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office**—35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

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. (6/25)
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.

Highway Trailer Industries, Inc.
June 9 filed 1,105,294 shares of common stock to be offered for subscription by present stockholders at the rate of one new share for each two shares held. **Price**—To be supplied by amendment. **Proceeds**—To be used for new equipment and plant improvement; to be used for inventory and production requirements of the Hazelton, Pa., plant and the increased production of the Edgerton, Wis., plant; and for discharge of bank loan and other corporate purposes. **Office**—250 Park Ave., New York, N. Y. **Agents**—Allen & Co. and Van Alstyne, Noel & Co., both of New York.

★ Hoffman Laboratories, Inc., Hillside, N. J.
June 12 (letter of notification) 50,000 shares of common stock. **Price**—$6 per share. **Underwriter**—Myron A. Lomasney & Co., New York. **Offering**—Expected at the end of this month.

Hoffman Motors Corp.
March 9 filed 250,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York. Offering—Postponed indefinitely.

Holmes (D. H.) Co. Ltd.
June 5 filed 14,780 shares of capital stock to be offered to present stockholders on the basis of one new share for each 14 shares held of record June 25, 1959. **Price**—$37.50 per share. **Proceeds**—For expansion program, for working capital and other corporate purposes. **Office**—New Orleans, La. **Underwriter**—Arnold & Crane, New Orleans.

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.

★ Honolulu Construction & Draying Co., Ltd.
June 16 filed 25,000 shares of common stock, to be offered for subscription by stockholders of record April 30, 1959, on the basis of one new share for each five shares then held. **Price**—$40 per share. **Proceeds**—To be applied to repayment of bank loans and for company's capital expenditure program and investment. **Office**—Honolulu, Hawaii. **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.

● Hudson Radio & Television Corp. (7/13-17)
June 8 filed 200,000 shares of capital stock, of which 125,000 shares are to be offered for the account of the company and 75,000 shares for the account of a selling stockholder. **Price**—$5 per share. **Proceeds**—To be utilized in reduction of obligations, the acquisition and/or development of additional inventory lines, warehousing facilities and sales outlets; the adoption of various sales promotional programs, and as additional working capital. **Office**—37 West 65th St., New York, N. Y. **Underwriter**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.

● Hunter Mountain Development Corp., Hunter, N. Y. (7/15)
June 5 filed $690,000 of 6% subordinated debentures due July 1, 1969, and 69,000 shares of common stock (par 10 cents) to be offered in units, each unit consisting of a $50 debenture and 5 shares of common stock. **Price**—$50 per unit. **Proceeds** — For purchase of equipment, for building of lodge, and for other corporate purposes. **Underwriter**—Myron A. Lomasney & Co., New York.

● Ideal Precision Meter Co., Inc. (6/22-26)
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 Leasing Corp.
June 1 (letter of notification) $200,000 subordinated convertible 6% debentures ($1,000 denomination) and $50,000 subordinated convertible 6% debentures ($500 denomination). **Price**—100% of principal amount. **Proceeds**—For working capital. **Office**—522 S. W. 5th Ave., Portland 4, Ore. **Underwriter**—May & Co., Portland, Ore.

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 being 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 (with a 20-day standby). **Price**—$3.50 per share. **Proceeds** — To pay notes, for research and development costs; and working capital. **Underwriter**—None. Statement effective June 8.

Instruments for Industry, Inc.
May 22 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office** — 101 New South Road, Hicksville, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York, N. Y.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). Price—100% of principal amount. Proceeds — For working capital. Underwriter—Johnston, Lemon & Co., Washington, D. C. Offering—Indefinitely postponed.

International Railroads Weighing Corp.
April 16 (letter of notification) 82,626 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each four shares held. **Price**—$3 per share. **Proceeds** — For research and development costs and working capital. **Office**—415 Spruce St., Hammond, Ind. **Underwriter**—None.

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• International Recreation Corp. (6/29-7/3)
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 (7/13-17)
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. **Price** —At 100% of principal amount. **Proceeds**—For investment. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

★ Jamaica Development Co., Inc.
June 15 filed 105,000 shares of common stock. **Price**—$10 per share. **Proceeds**—To be used for the purchase of land, cattle, machinery and equipment, fishing lodge, and development expense. **Office**—1841 North Meridian St., Indianapolis, Ind. **Underwriter**—None.

• Jefferson Wire & Cable Corp. (6/29-7/3)
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 128,051 shares of common stock (par 33⅓ cents) issued in exchange for the outstanding stock of Mexico Refractories Co. through merger. **Proceeds**—To selling stockholders. **Underwriter**—None. Statement effective June 5.

• Kaltman (D.) & Co., Inc.
May 13 filed 1,406,141 shares of common stock (par 50 cents) being 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 11; rights to expire on June 26. **Price**—$4 per share. **Proceeds**—To selling stockholder. **Underwriter**—Bear, Stearns & Co., New York.

Kilroy (W. S.) 1960 Co.
June 8 filed $3,500,000 of Participating Interests under Participant Agreements in the company's 1960 Oil and Gas Exploration Program, to be offered in amounts of $25,000 or more. **Proceeds**—Acquisition of undeveloped oil and gas properties. **Office**—2306 Bank of the Southwest Bldg., Houston Texas. **Underwriter**—None.

• Land Equities, Inc., Santa Monica, Calif.
May 12 (letter of notification) 200,000 shares of class A common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N.Y. **Offering** — Expected this week

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.

Laymen Life Insurance Co.
May 27 (letter of notification) 60,000 shares of common stock (par $1) to be offered to stockholders of record on May 29, 1959 on a share-for-share basis. Rights expire June 30, 1959. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—1047 Broadway, Anderson, Ind. **Underwriter**—None.

★ Lee National Life Insurance Co.
June 11 filed 200,000 shares of common stock, to be offered for subscription by holders of outstanding stock on the basis of one new share for each share held during the period ending June 25, 1959. **Price**—$5 per share to stockholders; $6 per share to the public. **Proceeds**—To increase capital and surplus. **Office** — 1706 Centenary Boulevard, Shreveport, La. **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; and the remaining 120,000 shares were sold for the account of a selling stockholder during April, 1959. **Underwriter** —None.

Lifetime Pools Equipment Corp., Renovo, Pa.
June 1 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For purchase of machinery and equipment; advertising and working capital. **Underwriter**—First Washington Corp., Pittsburgh, Pa.

Long Island Lighting Co.
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 any time after June 18 on 72 hours' telegraphic notice.

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. Statement effective.

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.

• Mallinckrodt Chemical Works (7/13-17)
June 8 filed $6,000,000 of convertible subordinated debentures due July 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding 6% cumulative preferred stock, series B, and for general corporate purposes. **Office**—3600 North Second St., St. Louis, Mo. **Underwriter**—Newhard, Cook & Co., St. Louis, Mo.

Mansfield Tire & Rubber Co.
May 7 filed $5,038,300 of 5% convertible subordinated debentures, due June 1, 1974, being offered for subscription by common stockholders of record June 2, 1959; rights to expire on 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) 24,000 shares of common stock (par $1). **Price**—$12.50 per share. **Proceeds**—For payment of outstanding loans and working capital. **Office**—Gunn Highway at Henderson Rd., Tampa 7, Fla. **Underwriter**—W. W. Schroeder & Co., New York 5, N. Y.

Maturizer Co.
June 1 (letter of notification) $250,000 of 6% convertible subordinated debentures due July 1, 1964, and convertible into units of common stock which consist of one share of class A, voting, and three shares of class B, non-voting stock at $40 per unit. **Proceeds**—To purchase machinery and equipment and for working capital. **Address**—P. O. Box 755, Norman, Okla. **Underwriter**—None.

• Medearis Industries, Inc. (7/13-17)
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.

★ Michigan Seamless Tube Co. (7/1)
June 10 filed 100,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds of the company and used in connection with a program of expansion of the facilities of the subsidiary (Gulf States Tube Corp.) scheduled for completion in September 1960. **Underwriter** — Paine, Webber, Jackson & Curtis, New York.

• Micronaire Electro Medical Products Corp. (6/22-26)
June 1 filed 200,000 common shares (par 10 cents) 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. (6/24)
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.

★ Midwest Oil Corp.
June 12 filed $550,000 of Participations in the Employee Thrift Plan of Midwest Oil and certain affiliated corporations, together with 14,667 shares of capital stock which may be purchased pursuant to the plan. **Office** —1700 Broadway, Denver, Colo.

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.

★ Mission Insurance Co., Pasadena, Calif. (6/23)
June 3 filed 150,000 shares of 10% cumulative convertible preferred stock (par $5). **Price**—$10 per share. **Proceeds** — For additional working capital. **Underwriter** — Shearson, Hammill & Co., New York.

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.

• Montreal, Canada (6/30)
June 5 filed $8,100,000 of sinking fund debentures for local improvements due Jan. 15, 1980 and $11,900,000 of sinking fund debentures for public works, due Jan. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For various public works projects and for repayment of borrowings incurred for such purposes. **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.

Multi-Amp Electronic Corp.
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. Offering expected any day.

★ Narda Microwave Corp.
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

• Narda Ultrasonics Corp. (6/24)
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.

National Life & Casualty Insurance Co.
March 25 filed 250,000 shares of common capital stock to be offered to holders of certain of company's life insurance policies issued on or prior to Dec. 31, 1955, and to certain employees. **Price**—$4.44 per share. **Proceeds**—To increase capital and surplus. **Office** — 2300 North Central Ave., Phoenix, Ariz. **Underwriter**—None.

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 Pacific Coal & Oils Ltd.
June 11 filed 1,265,000 shares of common stock, of which 1,000,000 shares will be offered for the account of the company; 100,000 shares will be offered for the account of a selling stockholder (Albert Mining Corp. Ltd.); and the remaining 165,000 will be paid as additional compensation to brokers and dealers. **Price**—Related to the then current market price on the American Stock Exchange. **Proceeds**—To repay bank loans, for develop-

ment of properties, and for general corporate purposes. **Office**—145 Yonge Street, Toronto, Canada. **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 June 1, 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.

● **Northern States Power Co. (7/22)**
June 9 filed 952,033 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each 15 shares held; rights to expire on Aug. 11, 1959. **Proceeds**—For construction program expenditures, including the payment of any then existing bank loans (estimated at $14,000,000). 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 up to 10 a.m. (CDT) on July 22 at 231 So. LaSalle St., Chicago 4, Ill.

★ **Northrop Corp. (7/7)**
June 15 filed $10,000,000 of convertible subordinated debentures due July 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—For working capital and other corporate purposes. **Office**—9744 Wilshire Boulevard, Beverly Hills, Calif. **Underwriters**—William R. Staats & Co., Los Angeles, Calif.; and Blyth & Co., Inc., New York.

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.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah, Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

Office Buildings of America, Inc.
April 6 filed 91,809 shares of class A stock (par $1) and 10,201 shares of class B common stock (par $1) to be offered in units of nine class A shares and one class B share. **Price**—$100 per unit. **Proceeds**—To be available for investment in real estate syndicates and other real estate. **Office**—9 Clinton St., Newark, N. J. **Underwriter**—None.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter** — Assets Investment Co., Inc., New Orleans, La.

Oklahoma Cement Co. (6/24)
May 21 filed $3,600,000 of subordinated debentures due June 1, 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. (6/19)
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 to be offered first to stockholders at rate of five shares for each 1,000 shares held; unsubscribed shares first to holders of 7% short-term notes in ratio of amount on notes and then to public. **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.

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 Electric Co. (8/4)**
June 15 filed $15,000,000 of first mortgage bonds due Aug. 1, 1989. **Proceeds** — Will be applied to repayment of short-term bank loans incurred for construction purposes, and for 1959 construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith, Inc. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 4 at the offices of General Public Utilities Corp., 67 Broad St., New York 4, N. Y.

Perfecting Service Co.
Feb. 26 (letter of notification) 28,250 shares of common stock to be offered for subscription by stockholders on a pro rata basis. Rights expire in 15 days. **Price**—At par ($10 per share). **Proceeds**—For accounts receivable and inventories. **Office**—332 Atando Ave., Charlotte, N. C. **Underwriter**—None.

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. (6/23-24)**
June 2 filed $40,000,000 of 20-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. Statement effective May 27.

Piedmont Aviation, Inc.
May 6 (letter of notification) 81,714 shares of common stock (par $1) being offered to stockholders at the rate of 1/14 of a share for each share held as of May 22, 1959. Rights to expire on June 30, 1959. **Price** — $3.50 per share. **Proceeds**—For working capital. **Address**—Smith Reynolds Airport, Winston-Salem, N. C. **Underwriter**—None.

Plastic Materials & Polymers, Inc. (6/19)
May 11 filed 143,750 shares of common stock (par 10 cents). **Price** — $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.

● **Plastic Wire & Cable Corp. (7/7)**
June 5 filed 40,000 shares of common stock (par $5) to be offered for subscription by holders of outstanding stock at the rate of one new share for each five shares held on July 7; rights to expire on or about July 27. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding bank loans, for construction expenditures and for other corporate purposes. **Underwriter**—Putnam & Co., Hartford, Conn. Statement expected to become effective July 7.

● **Precon Electronics Corp. (6/22-26)**
April 6 filed 175,000 shares of common stock (par 75 cents). **Price** — $5 per share. **Proceeds** — For working capital; to reimburse the predecessor for certain development expenses; for inventories and work in process; and other general corporate purposes. **Office**—120 E. 41st St., New York, N. Y. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York, N. Y.

Pressed Metals of America, Inc.
April 17 filed 90,000 outstanding shares of common stock. **Price** — Related to the current market price on the American Stock Exchange. **Proceeds**—To selling stockholders. **Office**—Port Huron, Mich. **Underwriter**—None.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

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.

● **Puritan Chemical Corp. (6/22)**
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.

Queenstown Gardens, Inc.
June 5 filed 140 units, each unit consisting of 700 shares of class B non-voting common stock. **Price**—$5,000 per unit. **Proceeds**—To acquire a 1061 apartment development known as Queenstown Apartments in Prince Georges County, Md. **Underwriter**—None.

● **Radar Design Corp., Syracuse, N. Y. (6/29-7/3)**
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 (par $1). 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.

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.).

★ **Reading Tube Corp. (7/16)**
June 15 filed $5,000,000 of 15-year sinking fund debentures, due July 15, 1974, with attached warrants to purchase additional shares of common stock, to be offered in units consisting of a $1,000 temporary debenture with attached warrants in an amount to be determined at the time of offering. **Price**—To be supplied by amendment. **Proceeds**—To repay in full long-term bank loans, and the balance will be added to the general funds of the company and will be available to meet increased cash requirements resulting from increased investment in inventories and for additions and improvements to properties and facilities. **Underwriters**—Emanuel, Deetjen & Co. and Bache & Co., both of New York.

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.

● **Reheis Co., Inc. (7/6-10)**
June 5 filed 87,000 outstanding shares of class A stock. **Price**—$5 per share. **Proceeds**—To selling stockholders. **Business**—Manufactures and sells fine chemicals in bulk primarily to ethical pharmaceutical manufacturers, and cosmetic manufacturers. **Underwriters**—Aetna Securities Corp., 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, 1958 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

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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. Statement effective June 1.

● Rowe Furniture Corp., Salem, Va. (7/8)
June 9 filed 165,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Francis I. duPont & Co., Lynchburg, Va., and New York.

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. (6/24)
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.

● Schjeldahl (G. T.) Co.
March 23 filed 42,500 shares of common stock (par $1) being offered first to present stockholders at the rate of one new share for each eight shares held as of June 10, 1959; rights to expire on June 30. **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.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price—$18.75 per share. Proceeds—To go to a selling stockholder. Office—400 W. Vickery Blvd., Fort Worth, Tex. Underwriter—Kay & Co., Inc., Houston, Tex.**

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office** — 1033-30th St., N. W., Washington 7, D. C. **Investment Advisor**—Investment Fund Management Corp. **Former Name**—Shares in America, Inc.

Sheridan-Belmont Hotel Co.
Aug. 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. Price—At par. Proceeds—For working capital. Office — 3172 North Sheridan Rd., Chicago 14, Ill. Underwriter—None

Silver Creek Precision Corp.
March 30 filed 1,550,000 shares of common stock (par 10 cents), of which 200,000 shares are to be offered for the account of the company, and 1,350,000 shares for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Central Ave. and Mechanic St., Silver Creek, N. Y. **Underwriter**—Maltz, Greenwald & Co., New York.

● Sip'n Snack Shoppes, Inc., Philadelphia, Pa.
March 31 filed 200,000 shares of comomn stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay loans and for new equipment. **Underwriter**—Sano & Co., New York.

★ Skaggs Leasing Corp. (6/19)
June 4 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office**—307½ W. 19th Street, Cheyenne, Wyo. **Underwriter**—Harrison S. Brothers & Co., Salt Lake City, Utah.

Smith (H. C.) Oil Tool Co. (6/22)
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.

Spiegel, Inc.
May 8 filed $15,417,500 of convertible subordinated debentures due June 1, 1984, being offered for subscription by common stockholders of record June 5, 1959, on the basis of $100 principal amount of debentures for each 12 shares held; rights to expire on June 22. **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.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969 **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

★ Stuart Hall Co., Kansas City, Mo. (6/23)
June 3 (letter of notification) 23,169 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—White & Co., St. Louis, Mo.

Suffolk Gas Corp.
May 8 (letter of notification) 6,000 shares of common stock (par $2.50) to be offered for subscription by stockholders; unsubscribed shares to public. **Price**—To stockholders, $6.75 per share. **Office**—151 N. Main Street, Suffolk, Va. **Underwriter**—Strader & Co., Inc., Lynchburg, Va.

Sunray Mid-Continent Oil Co.
May 19 filed 525,000 shares of common stock to be offered in exchange for common stock of Suntide Refining Co. in the ratio of one share of Sunray for each three shares of Suntide. The offer is conditional upon the deposit of sufficient shares of Suntide so that Sunray will own at least 90% of the outstanding Suntide shares. **Underwriter**—None.

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. (7/1)
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.

● Taft Broadcasting Co. (7/1-10)
June 5 filed 483,332 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—800 Broadway, Cincinnati, Ohio. **Underwriter**—Harriman Ripley & Co. Inc., New York.

Tang Industries, Inc. (7/6-10)
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.

● Tape Cable Electronics Co., Inc. (7/6-10)
June 8 filed 110,000 shares of common stock (par one cent). **Price**—$3.75 per share. **Proceeds**—For the purchase and construction of necessary machinery and equipment, the promotion and sale of Tape Cable, and for working capital. **Office**—790 Linden Ave., Rochester, N. Y. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York.

★ Teagen Co.
June 15 filed $630,000 of limited partnership interests. **Price**—$10,000 per partnership interest. **Proceeds** — For purchase of a long term lease covering a garden type apartment located in the Borough of Bergenfield, County of Bergen, N. J. **Office**—350 Broadway, New York, N. Y.

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.

● Telemeter Magnetics, Inc. (6/22-26)
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.

★ Templeton, Damroth Corp., New York (6/22)
June 5 (letter of notification) 30,000 shares of common stock (par 10 cents). **Price**—$4.50 per share. **Proceeds**—For investment in various companies. **Underwriter**—Hecker & Co., Philadelphia, Pa.

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 (6/29)
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. Statement has been withdrawn.

● Tip Top Products Co. (6/22-26)
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.

Toronto (Municipality of Metropolitan) Canada (6/24)
June 4 filed $39,982,000 of serial and sinking fund debentures, of which $6,759,000 mature from June 1, 1960 to June 1, 1974, and $33,223,000 mature as follows: $32,741,000 on June 1, 1979; $142,000 June 1, 1984, and $340,000 June 1, 1989. **Price**—To be supplied by amendment. **Proceeds**—For various public works projects. **Underwriters**—Harriman Ripley & Co. Inc. and The Dominion Securities Corp., both of New York.

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.

★ Trans-Sonics, Inc., Lexington, Mass. (7/13-17)
June 12 filed 90,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Business**—Manufacture and sale of precision transducers. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

● Treasure Hunters, Inc.
June 4 filed 1,900,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For salvage operations. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter**—None.

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.

Tungsten Mountain Mining Co.
May 21 (letter of notification) $100,000 principal amount of 7% first mortgage convertible bonds, to be offered in denominations of $500 and $1,000 each. **Price**—100% of principal amount. **Proceeds**—For construction, installation of machinery and equipment and working capital. **Office**—511 Securities Building, Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., Seattle 4, Wash.

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.

★ **Union Light, Heat & Power Co. (7/9)**
June 12 filed $6,100,000 of 30-year first mortgage bonds due 1989. **Proceeds**—To repay advances from its parent, the Cincinnati Gas & Electric Co., and to finance a portion of the company's construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Equitable Securities Corp.; Salomon Bros. & Hutzler; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 9.

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 States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

★ **United States Plywood Corp. (7/15)**
June 10 filed $15,000,000 of 20-year subordinated debentures due July 1, 1979 (convertible into common to July 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, for purchase of all of the assets (subject to the liabilities) of the Booth-Kelly Lumber Co. and the redemption of 38,084 shares of the company's series A 3¾% cumulative preferred stock (par $100), and a maximum of 9,551 shares of its series B, 3¾% convertible cumulative preferred stock, $100 par. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ **U. S. Polymeric Chemicals, Inc.**
June 11 filed 75,930 shares of common stock (par 50 cents), of which 55,930 shares are to be offered for subscription by stockholders at the rate of one new share for each six shares held of record June 30, 1959. The remaining 20,000 shares are to be sold by certain selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for corporate purposes, including a $250,000 expenditure for the purchase and installation of new processing equipment, consisting principally of two additional treaters for its Santa Ana (Calif.) plant. **Underwriter**—Dominick & Dominick, New York.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment Graham Albert Griswold of Portland, Ore., is President.

Utah 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**—4351 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 to withdraw as underwriter.

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.

● **Vocaline Co. of America, Inc. (6/23)**
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. (6/22-26)**
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.

Washington Land Developers, Inc.
June 3 filed 100,000 shares of class A common stock. **Price** — $5 per share. **Proceeds** — For working capital. **Office**—1507 M Street, N. W. Washington, D. C. **Underwriter**—None.

Wellington Electronics, Inc. (6/22)
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.**
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. **Offering**—Expected in latter part of June.

West End Bowl-A-Drome, Inc.
May 26 (letter of notification) preferred stock. **Price**—At par ($100 per share). **Proceeds**—For purchase of land; payment on construction of building and payment on purchase of equipment. **Office** — Oneida St., Oneonta, N. Y. **Underwriter**—None.

● **Western California Telephone Co. (6/23)**
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. Rights expire on July 15. **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. (7/1)**
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.

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. (6/22-26)
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.

Baird-Atomic, Inc.
June 19 stockholders will consider a two-for-one split of the common stock and an increase in the company's authorized shares to provide additional shares for a contemplated equity financing.

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.

★ **Barton Distilling Co.**
June 15 it was reported that the company plans early registration of $2,000,000 six-year 6% secured notes. **Underwriter**—Fulton Reid & Co., Inc., Cleveland, Ohio. **Registration**—Expected this week.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates an offering of $4,500,000 of common stock. **Proceeds** — For expansion program and additional working capital. **Business**—The company is engaged in the manufacture of aircraft and missile parts, aluminum containers and beer barrels, aluminum curtain wall sections for the building industry and other proprietary products. **Underwriter**—S. D. Fuller & Co., New York.

● **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. **Offering**—Expected sometime during July. **Registration**—Expected in a few days.

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,

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Continued from page 41

Deetjen & Co., New York. **Registration**—Expected on or about June 22.

● Buckingham Transportation, Inc. (7/1)
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.

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; ley & Co., Inc. (jointly); Lehman Brothers and Lazard Probable bidders: Blyth & Co., Inc. and Harriman Ripley Freres & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Smith, Inc., jointly.

● Chicago Burlington & Quincy RR. (6/18)
Bids will be received by the company up to noon (CDT) on June 18 for the purchase from it of $7,050,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Citizens National Bank, Los Angeles, Calif.
June 9 it was announced that the bank plans an offering of 210,000 additional shares of common stock (par $10) to its stockholders of record June 30, 1959, on the basis of one new share for five shares then held (after a 50% stock dividend); rights to expire on Aug. 3. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

● Consolidated Finance Corp.
June 8 it was reported that this company plans to issue and sell to residents of Indiana only, $800,000 of 6% sinking fund debentures due July 1, 1974. **Price**—100% of principal amount. **Underwriter**—City Securities Corp., Indianapolis, Ind.

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).

★ Coral Ridge Properties (Florida)
June 15 it was reported that the company plans an offering of $4,000,000 to $5,000,000 of debentures. **Underwriters** —Cruttenden, Podesta & Co., Chicago, Ill. and J. R. Williston & Beane, 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.

★ Essex Universal Corp.
June 15 it was reported that the company in the next few months expects the issuance and sale of about $2,000,000 of debentures. **Underwriter**—D. H. Blair & Co., New York. **Offering**—Not imminent.

Extrudo-Film Co.
June 8 it was reported that this company, which is privately owned, plans public offering of 175,000 shares of common stock. **Business**—The company manufactures polyethylene film. **Office**—36-35 36th Street, Long Island City, N. Y. **Underwriter**—Maltz Greenwald & Co., New York. **Offering**—Expected sometime this Summer.

● 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. 21. **Bids**—Expected to be received on Sept. 17.

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.

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.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio

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.

★ Northern Pacific Ry.
June 15 it was reported that the company plans to receive bids sometime in July for the purchase from it of $5,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ Pacific Power & Light Co.
May 22 it was announced that the company plans to market $8,000,000 in new securities through 1961. This figure includes $10,000,000 in debt securities which may be marketed this year. The date and type of debt securities have not as yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. Inc. (jointly); Blyth & Co., Inc. and White, Weld & Co. (jointly); Lehman Brothers, Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly).

Pan American World Airways, Inc.
May 26 authorized 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.

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).

● Southern Pacific Co. (6/24)
Bids will be received by the company up to noon (EDT) 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. **Underwriter**—To be determined by competitive bidding. 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.

★ Tube-Kote, Inc.
June 15 it was reported that the company plans an additional common stock offering of between $2,500,000 to $3,000,000. **Underwriters** — Glore, Forgan & Co., New York, and Rowles, Winston & Co., Houston, Tex.

● 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 third quarter of 1959.

Wayne Manufacturing Co., Los Angeles, Calif.
May 26 it was reported that this company plans a secondary offering of about 90,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriters**—Mitchum, Jones & Templeton, Los Angeles, Calif.; and Schwabacher & Co., San Francisco, Calif.

Our Reporter's Report

Efforts of the Administration to get things "squared away" for the Treasury certainly could not have been undertaken at a better time than the present, it now appears.

The corporate new issue market, for example, seems to be heading into the summer doldrums a bit early this year. But the calendar for weeks ahead is light, to say the least.

Meantime the trend of things in the Treasury market is much along the lines that dealers and traders had been disposed to anticipate recently. Since President Eisenhower sent his proposals on the debt limit and the interest rate ceiling to Congress government securities have moved within a narrow range.

But with institutional investors once more inclined to take to the sidelines, bids have been thin and such emphasis as there has been on prices has been toward slightly lower levels.

Much the same situation exists in the corporate market. Volume has been extremely light and, over-the-counter, it has centered chiefly in some of the recent new issues such as Consolidated Edison Co. of New York and Public Service Electric & Gas, both carrying $5\frac{1}{8}$% coupon rates.

The coupons are attractive in portfolios, even if the buyer must pay a premium over par to obtain the bonds. Unsold balances in those offerings have now been pretty well whittled away.

More of the Same

Whatever the form in which Congress finally concedes to the President's requests on debt limit and interest ceiling, it is a safe assumption that he will obtain both, with quick action likely on the first mentioned.

Meantime, such delay as develops in connection with the interest rate request will provide an excuse for the dearth of interest on the secondary investment market.

As a matter of fact, the general expectation in the Street is to look for a "fiddle-faddle" type of market through the next month or so while investors and traders seek to figure things out. And by then the summer lull will be upon us.

Could Be Busy Week

The ensuing week could be a reasonably busy period for underwriting houses and their distributors, and lucrative as well, since the major undertakings are being done by the negotiated route.

Monday is slated for public offering by bankers of $40 million of 20-year, sinking fund debentures of Philip Morris Inc., which will use the proceeds for retirement of part of its short debts.

Tuesday, Northern Illinois Gas Co. will open bids for $20 million of its mortgage bonds.

Wednesday's Schedule

Two offerings of foreign origin will make up the bill of fare for Wednesday with the big Italian industrial enterprise Montecatini taking the lead.

That corporation has scheduled the sale of $10 million of debentures to carry warrants entitling the holder to purchase capital stock in a ratio to be fixed before the issue is sold.

And the Municipality of Toronto, Canada is coming into the market here for $39,982,000 to be raised by the sale of bonds of varying maturities. Proceeds will be used for various purposes.

Ross, Borton Offices

YOUNGSTOWN, Ohio — Ross, Borton & Co., Inc. of Cleveland has opened branch offices in the Central Tower Building and in the Realty Building.

Maguire Opens Branch

LANCASTER, Calif.—Albert L. Maguire has opened a branch office at 44807 North Beach Street under the management of Emil Such.

Now in New York City

Barclay Securities Corporation is now conducting its investment business from offices at 40 Exchange Place, New York City.

J. Shapiro Opens

BAYONNE, N. J.—Joel Shapiro has formed J. Shapiro Co., with offices at 88 West 35th Street, to engage in a securities business.

Opens Florida Branch

WINTER GARDEN, Florida—Winslow, Cohu & Stetson of New York, Inc., has opened a branch office in the Edgewater Hotel Building under the direction of Edmund K. Hartley.

Brimberg Branch

ATLANTIC BEACH, N. Y.—Brimberg & Co. has opened a branch in the Nautilus Hotel under the management of Louis Brimberg, resident partner.

Morgan Davis Branch

PURLING, N. Y. — Morgan Davis & Co. has opened a branch office at Bavarian Manor under the management of Eugene C. Kupka.

Laird, Bissell Branch

SALISBURY, Md.—Laird, Bissell & Meeds has opened a branch office at 130 East Main Street under the management of Merrill W. Tilghman.

With J. H. Ayres Co.

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—Clarence W. Ament is now with J. H. Ayres & Co., 920 East Williamette.

Joins Cruttenden, Podesta

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Jack H. Oreck has joined the staff of Cruttenden, Podesta & Co., 524 Seventeenth Street. He was formerly with Walston & Co., Inc.

A. T. Brod to Admit

On June 18th, Albert A. Shuger will be admitted to limited partnership in A. T. Brod & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

Connelly to Admit

F. J. Connelly & Company, 44 Wall Street, New York City, members of the New York Stock Exchange, on June 18th will admit Dorothy W. Connelly and Mary T. Conklin to limited partnership.

Two With House, Johannes

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio. — William D. Lee and John P. Sayers have become affiliated with House-Johannes Inc., 1126 Oakwood Avenue.

Two With Commonwealth

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Clarence J. Buckwald and John J. Yadouga are now affiliated with Commonwealth Securities Corporation, 30 East Town Street.

Two With First Secs.

(Special to THE FINANCIAL CHRONICLE)

WICHITA, Kans. — Archie L. Drake and Frank A. Hawkins have become associated with First Securities Company of Kansas, Inc., Schweiter Building. Mr. Drake was formerly with Milburn Cochran & Co. Mr. Hawkins was with Luce, Thompson & Crowe.

Blue Marlin Fishing Tournament

(U. S. versus Puerto Rico)

In the International Challenge Blue Marlin Fishing Tournament off Cape Hatteras, June 6-8, the Puerto Rico Team defeated the United States by a score of 7 to 1.

Standing Left to Right: William G. Carrington, Jr., partner, Ira Haupt & Co., member of Puerto Rico Team; Dr. J. C. Overbey, Captain U. S. Team; the Honorable Luther Hodges, Governor of North Carolina, and Esteban A. Bird, Captain of the Puerto Rico Team.

Below: Rafael Figueroa, Jose Urdaz, Angel A. Buchart and William H. Biscombe, Jr., all members of the Puerto Rico Team.

The first day's catch above: Bill Carrington caught the heaviest, a 360 pounder and was second highest scorer of the Tournament with 523 points. He was fishing from Capt. Ernal Foster's cruiser "Albatross III"; William Biscombe, 183; Angel Burchart, 157 and Jose Urdaz, 140 lbs. The only fish caught by the U. S. Team was caught by Al Pflueger, North Miami, Fla., who mounts more fish than any other taxidermist on earth. His catch was a 336 pounder.

Continued from page 2

The Security I Like Best

would only affect this security to a very minor degree because of the shortness of the maturity.

The single disadvantage to this investment is that it offers no opportunity for larger profit as the Note is a debt obligation payable at $1,000 approximately three years hence. The Note therefore is obviously no protection against inflation during this period.

However, the important reasons for purchasing this particular security are the negative ones. After years of rising stock market prices which have lifted the Dow-Jones Averages from 160 in 1948 to over 630 in 1959, the very extent of this rise would seem to suggest the advisability of a more cautious investment philosophy.

We hear often that this is not a stock market, but a market of stocks, and to a substantial degree I believe this is true. However, the stock market is a sensitive indicator which, in truth, registers the hopes and fears of the investing public. When their hopes, that is their optimism, run high, the market rises, just as it declines when the dominant psychology is fear or pessimism. And, when this is translated into evaluations of individual securities, there is still no escape from the basic fact that an individual security sells at a price determined by the hopes and fears of investors. The income yield on the Dow-Jones Industrial Average Group is approximately 3.2% today, which is approximately 1½% less than the return available on our highest grade corporate bonds and approximately 1% less than the return available on short-term Government obligations. The best regarded industrial stocks sell to yield even less than this average.

For example, DuPont is selling to yield approximately 2.4% on its regular dividend. General Electric and Union Carbide are selling to yield approximately 2½% on their regular dividends. Some securities with greater so-called "romance," "growth" or whatever you wish to call it, sell to yield even less. As examples, International Business Machines sells to yield slightly over one-half of 1% on its regular dividend and Polaroid sells to yield less than 2/10ths of 1% on its regular dividend. The shares of most companies are therefore discounting some years in advance the strong hopes of investors.

To me, the statistics themselves offer ample warnings to investors. Historically, and for good economic reasons, and except for the agonizing fear of inflation, stock prices should be vulnerable when debt securities of the same companies can be bought to yield about 1½% more than the equities. If there is a change in conditions, and a consequent change in psychology, we could witness substantial price readjustments in these equity markets. In the period prior to 1929, we heard often of the so-called "New Plateaus of Prosperity." Today we hear of the built-in and accelerating inflation, the prospective growth of national income and the assured growth in population. I do not suggest a precise analogy between today's conditions and those of 1929; there are many differences, but I do suggest that in the 1920's as prior to then, this country was in a long-term inflationary cycle. And yet, more than 25 years elapsed after the collapse in 1929 before the Dow Jones Averages regained their 1929 highs.

Obviously no one would suggest that any investor place all, or even a substantial proportion of his funds, in one security. Those who write articles for this column do not suggest that an investor place more than a moderate proportion of his funds in "the security that he likes best." Similarly, I do not recommend that investors put all, or even a substantial portion of their funds, in short-term U. S. Treasury Notes, but I do believe that each investor should consider thoughtfully the advisability of having a solid cash, or cash equivalent, type of investment in his portfolio. And I therefore suggest that he review his list of equities, prune out the ones he likes least, sell a few of those whose prices are very attractive today, and re-invest the proceeds temporarily in short-term U. S. Treasury Notes. He will thus be creating an equity buying reserve where the funds will be readily available when and if attractive opportunities for common stock purchases develop during the next three years. The adoption of such a program is, of course, a compromise, but I profoundly believe that a sound investment philosophy should always require compromise between the extremes, and I particularly suggest that today offers special reasons for adopting a more cautious investment approach.

With Grant, Fontaine

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Ralph C. Nicholson has been added to the staff of Grant, Fontaine & Co., 360 21st Street. He was formerly with Walston & Co., Inc. and Dean Witter & Co.

DIVIDEND NOTICES

CITY INVESTING COMPANY

25 Broad Street, New York 4, N. Y.

The Board of Directors of this company on June 17, 1959, declared a semiannual dividend of 20 cents per share, and an extra dividend of 10 cents per share on the outstanding Common Stock of the company, payable August 14, 1959, to the stockholders of record at close of business on July 24, 1959.

JOHN A. KENNEDY,
Vice President and Secretary

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held today a dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1959, payable in Canadian funds on Aug. 1, 1959, to shareholders of record at 3.30 p.m. on June 19, 1959.

By order of the Board.

T. F. Turner,
Secretary.

Montreal, June 8, 1959.

New England Gas and Electric Association

NEGEA

PREFERRED AND COMMON DIVIDENDS NOS. 49

The Trustees have declared a quarterly dividend of $1.12½ per share on the 4½% CUMULATIVE CONVERTIBLE PREFERRED SHARES of the Association payable July 1, 1959, and a quarterly dividend of twenty-seven and one-half cents (27½¢) per share on the COMMON SHARES of the Association payable July 15, 1959. Both dividends are payable to shareholders of record at the close of business June 25, 1959.

B. A. JOHNSON, *Treasurer*

June 11, 1959

With Estate Securities

DENVER, Colo.—Paul O. Driskill is now with Estate Securities Corporation, 1600 Ogden Street.

DIVIDEND NOTICES

United

UNITED SHOE MACHINERY CORPORATION

216th Consecutive Quarterly Dividend

The Board of Directors has declared a dividend of 37½ cents per share on the Preferred stock and 62½ cents per share on the Common stock, both payable August 1, 1959 to stockholders of record July 3, 1959.

ARTHUR W. MOFFATT,
Treasurer

June 10, 1959

WAGNER'S PIES

WAGNER BAKING CORPORATION

The Board of Directors has declared a dividend of $1.75 per share on the 7% Preferred Stock payable July 1, 1959, to stockholders of record June 19, 1959.

J. C. STEVENS, *Secretary*

WOODALL INDUSTRIES INC

The regular quarterly dividend of 30¢ per share on the Common Stock has been declared payable July 15, 1959, to stockholders of record June 30, 1959.

M. E. GRIFFIN,
Secretary-Treasurer

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PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

On June 10, 1959, the Board of Directors declared regular quarterly dividends on Preferred Stock of this corporation, payable to stockholders of record July 15, 1959, as follows:

	Date Payable	Rate Per Share
Preferred Stock, $100 par value 5% Series	8-1-59	$1.25
Preferred Stock, $25 par value 4¾% Sinking Fund Series	8-1-59	$0.29 11/16

B. C. Reynolds

B. C. REYNOLDS, *Secretary*

PACIFIC POWER & LIGHT COMPANY

Dividend Notice

Quarterly dividends of $1.25 per share on the 5% preferred stock, $1.13 per share on the 4.52% serial preferred stock, $1.54 per share on the 6.16% serial preferred stock, $1.41 per share on the 5.64% serial preferred stock, and 40 cents per share on the common stock of Pacific Power & Light Company have been declared for payment July 10, 1959, to stockholders of record at the close of business June 30, 1959.

PORTLAND, OREGON
June 10, 1959

H. W. Millay, *Secretary*

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Bread prices have gone up every year since 1945. The spread between what the farmer gets for his wheat and the other unprocessed ingredients, and what the housewife pays for a loaf of bread or rolls has widened.

Department of Agriculture economists assert that higher wage rates, plus more fringe benefits, is the cause for the higher bread costs. The wage rises are affecting the bakeries, and the bakeries are meeting the challenges by increased mechanization from the mixing of the dough on through the ovens and the automatic packaging lines.

The Department's tracing of the bread price trend is part of the continuing study the Department is making to determine the relationship between what the farmer gets for his unprocessed crops to what the housewife pays for the finished product.

The increasing bread prices, and the growing mountain surplus of wheat, is one of the great contradictions marking the American agriculture policy as the perplexities grow and grow as some Congressmen try to find some one, some way, some how, to blame it on.

The farmers are unhappy over the growing muddle, and the taxpayers have long been displeased with the way things have been going. Some members of Congress try to blame it on Secretary of Agriculture Ezra Taft Benson. However, the housewives and the American people know that the farm problems have been with us for years and appear destined to be with us for years to come.

The Wheat Fiasco

As hundreds of thousands or even millions of Fathers' Day cakes will be baked during the week, the deadline draws nearer for a new wheat law. Unless a new law is passed by July 10, an estimated 1,800,000 farmers will continue the existing program, and grow all the wheat they can for another year. And, as perhaps most people know, there is more wheat on hand now than the world wants. Our country cannot even give it away.

However, Congress might get together on a bill before the Fourth of July holidays. Despite the opposition of the Eisenhower Administration, the House a few days ago passed a bill to raise price supports and cut down on production in 1960 and 1961.

The House bill, differing from the Senate passed wheat bill, would require farmers to reduce their acreage by 25%, but at the same time it would require Secretary of Agriculture Benson to increase the support price level to 90% of parity.

The Administration maintains, and it has statistics to back up the contentions, that if the acreage is cut, farmers will find more efficient ways and use more fertilizer to grow about as much wheat as before the acreage was cut.

The United States Government, with record wheat supplies on hand, thus far has invested approximately $3,500,000,000 through support prices of surplus wheat.

Secretary Benson has announced that beginning July 1 (unless a new law is passed) the acreage will be 55,000,000, which would be the minimum he could cut it under the law. The customary referendum among wheat farmers is scheduled July 23. The Government will be ready, under the law, to pay $1.81 a bushel for the surplus wheat.

Some Wheat Farmers Affluent

Meanwhile, many farmers are getting rich producing surplus wheat. They are producing it in some parts of the Southwest for as little as 60 and 65 cents a bushel. They are operating under the program, and doing it legally.

While many are getting rich raising and storing surplus wheat, the cold facts are that half our farms have gross incomes of less than $2,500 a year. Some producers are struggling with acreage allotments which are too small to permit them to farm efficiently.

Tremendous surpluses of a few commodities are a depressing influence in the market. The cost of maintaining farm subsidies is at an all-time high, and rising.

Secretary of Agriculture Benson, despite the verbal blasting he has received left and right on Capitol Hill, not only from the Democrats, but also from some Republicans from the Farm States, continues to advocate at every opportunity:

The big majority of farmers do not want government handouts and government regimentation. They want freedom and less government in agriculture. Corn farmers voted almost 3 to 1 last November to eliminate corn acreage allotments and lower price support levels.

Mr. Benson's Background

Who is this cabinet officer whose stock appears to be rising in the farm belt despite his consistent stand against high farm subsidies and huge surpluses? Born in Whitney, Franklin County, Idaho, in 1899, the Secretary is a great grandson of the Mormon apostle, Ezra Taft Benson, one of the original pioneers with Brigham Young who settled the Salt Lake Valley.

Mr. Benson grew up on an Idaho farm, and cultivated a farm there in the West. After attending Utah State Agricultural College, Logan, Utah, from 1918 to 1921, he went overseas and served in the British Isles as a missionary for the Church of Jesus Christ of Latter Day Saints. Upon returning to the United States he entered Brigham Young University, Provo, Utah, where he graduated with honors.

Subsequently he received a $70 a month scholarship at Iowa State Agricultural College at Ames where he enrolled as a graduate student, only a few days after he married Miss Flora Smith Amussen. The frugal Mr. Ezra Taft Benson and his bride lived on the modest income, and he learned more and more about agriculture and what it means to the economy of this nation.

No too long ago Mr. Benson went back to where he learned to sing the proud Iowa song, "That's Where the Tall Corn Grows." There he did a little reminiscing. It was a pertinent observation, because it reflects what is being done in the corn fields of Iowa, the wheat fields of Kansas, and the cotton fields behind the levees in the fertile Mississippi Delta.

"Today, the cornstalks in Iowa may not be as tall as those we remember," said the Secretary, "but they produce more bushels to the acre. And the farmers have the same vision and same quiet faith which gave strength to their ancesters who pioneered these rich fields."

Not Merely a "Farm Problem"

Secretary Benson and fair-minded people everywhere realize that the farm problem is not just a "farm problem," but it is a problem of the nation and all America. As he has pointed out, the farmers are not to be blamed for this problem. Never in history of mankind have so many been fed so well by so few, he has declared on more than one occasion.

Thus far the Nation's taxpayers have $9,000,000,000 tied up in surplus farm products, most of it in corn, wheat and cotton. A total of $1,000,000,000 a year is being paid out in storage, interest and handling charges of these surpluses.

There have been several publicized cases like that of Ray Hugh Garvey of Wichita, Kan., who in the last four years has received $791,488 in support loans and an additional $405,647 in funds from the Federal soil bank program for idle acreage.

However, very little of the money for storage, interest and handling charges is being paid to the rank and file farmer. Nevertheless, there are proposals from some quarters that would make farmers depend for a substantial part of their income on direct payments from the United States Treasury.

Mr. Benson says with authority that the farm problem was not caused by the farmers, but from two specific factors: the technological revolution in agriculture, and the continuance of an outmoded price support, and acreage control program long after this program had caused to serve a useful purpose.

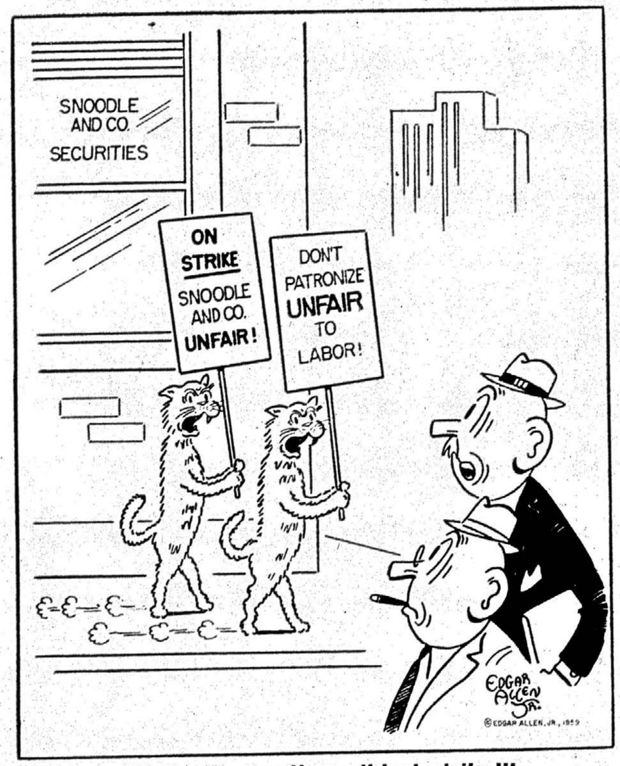
Here are some examples of the technological revolution; An average acre that produced 28 bushels of corn in 1940 produced 52 bushels in 1958, nearly double. An average acre that produced 15 bushels of wheat in 1940 produced 27 last year, nearly double. An average acre that produced 250 pounds of lint cotton in 1940 produced 469 pounds last year, nearly double.

There appears to be a growing sentiment everywhere against the whole farm program. Many influential people favor abolishing the whole program on the ground that it has been one big failure. There is no doubt that the old price support and acreage control program has been a flop.

It seems that there are only two roads left for the Nation and its agricultural economy. Either the program should be abolished, or the present programs changed in order to stamp out the abuses.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"Looks like another wildcat strike!"

Morehouse, Winter Harriman Ripley V.-Ps.

The election of Edward J. Morehouse and Proctor Winter as Vice-Presidents of the investment firm of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, has been announced by Stuart F. Silloway, President.

Proctor Winter Edward J. Morehouse

Mr. Morehouse has been a member of the firm's buying department staff since July, 1946, and was elected an Assistant Vice-President in December, 1956. He is a graduate of the University of California—Class of 1941—and was a Lieutenant in the United States Navy during World War II.

Mr. Winter has been a member of the buying department staff since March, 1946, and was elected an Assistant Vice-President in December, 1956. He is a graduate of the Columbia University School of Business—Class of 1941—and during World War II was a Lt. Commander in the United States Coast Guard.

Elected Director

Herman H. Kahn

Herman H. Kahn has been elected a director of Allied Stores Corporation, it was announced by B. Earl Puckett, Chairman of the Board. Mr. Kahn, a partner in Lehman Brothers, is also a director of Avco Manufacturing Corporation, Dayton Rubber Company, Fruehauf Trailer Co., Sutherland Paper Co., Microwave Associates, Inc. and William Street Sales, Inc.

Municipal Bond Club of New York

R. George Le Vind, *Blyth & Co., Inc.*, newly elected Vice President; E. Barron Rockwell, *Halsey Stuart & Co., Inc.*, President Elect; Charles E. Weigold, *Chas. E. Weigold & Co.*, A Past President; James F. Gilbert, *Hornblower & Weeks;* Charles F. Kavanagh, *Bacon, Stevenson & Co.*

Edmund O'Leary, *Eastman Dillon, Union Securities & Co.;* William Simon, *Weedon & Co., Inc.;* Robert Schlicting, *Kidder, Peabody & Co.;* Charles V. Smith, *Clark, Dodge & Co.;* William M. Durkin, *First National Bank of Chicago* (New York)

Jerome J. Burke, *Blyth & Co., Inc.*, General Chairman; George W. Hall, *William R. Pollock & Co.*, Vice Chairman

D. K. Pfeffer, *First National City Bank;* Tom Ackerland, *Ladenburg, Thalmann & Co.*

Roger S. Phelps, *Phelps, Fenn & Co.;* Harry W. Youngdahl, *Estabrook & Co.*

Harry J. Peiser, *Ira Haupt & Co.;* E. M. McLaughlin, *Paine, Webber, Jackson & Curtis;* William Carrington, *Ira Haupt & Co.;* N. P. Rogers, *Adams & Hinkley* (Newark)

Donald Breen, *Glore, Forgan & Co.;* Theodore P. Swich, *White, Weld & Co.;* Edwin A. Bueltman, *Blair & Co., Incorporated;* Wilson D. Lee, *Rand & Co.*

Marshall Schmidt, *Hornblower & Weeks* (Philadelphia); Alan N. Weeden, *Weeden & Co., Inc.;* Chester W. Viale, *L. F. Rothschild & Co.;* Coleman B. McGovern, Jr., *First National City Bank;* Ted Dilger, *Weeden & Co.*

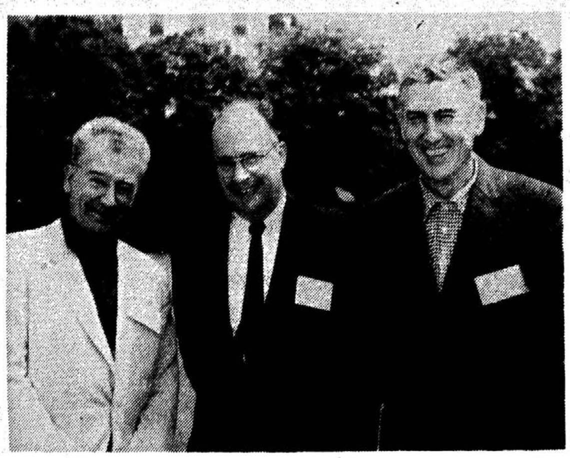
W. Murray Lee, *Hannahs, Ballin & Lee;* William G. Laemmel, *Chemical Corn Exchange Bank;* A. W. Phelps, *Phelps, Fenn & Co.;* Wendell R. Erickson, *Stone & Webster Securities Corporation*

26th Annual Field Day

Richard G. Murphy, *B. J. Van Ingen & Co., Inc.;* Arthur Tresch, *A. E. Masten & Co.* (Pittsburgh); Carnot W. Evans, *Clark, Dorge & Co.*

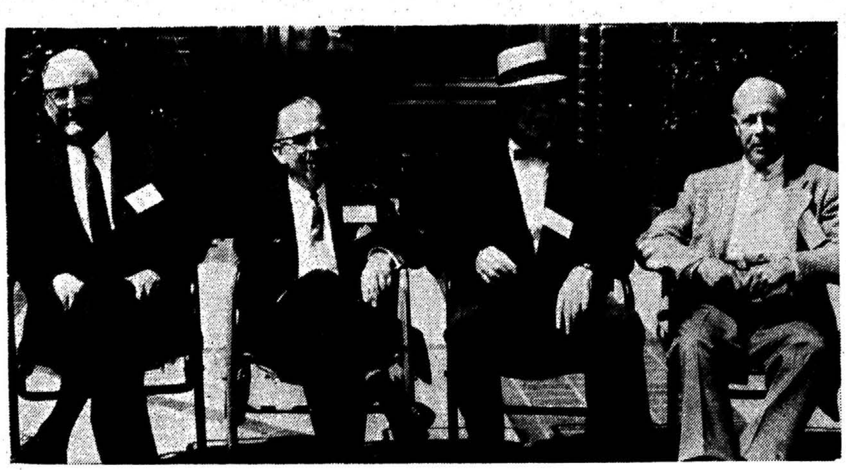
Monroe V. Poole, *George B. Gibbons & Co.;* Leonard S. Allen, *Chemical Corn Exchange Bank;* George R. Waldman, *Mercantile Trust Company* (New York); Robert Krumm, *W. H. Morton & Co.*

Edward H. Robinson, *Schwabacher & Co.;* John Cowie, *Moore, Leonard & Lynch;* C. M. Osborne, *C. M. Osborne & Co.*



James J. Ryan, *Park, Ryan, Inc.;* Frank B. Sisk, *Salomon Bros & Hutzler;* Henry G. Hull, *Harry Downs & Co.*

Robert E. Hamilton, *Laidlaw & Co.;* William McKay, *Blue List Publishing Co.;* Robert E. Brindley, *Wallace, Geruldsen & Co.*



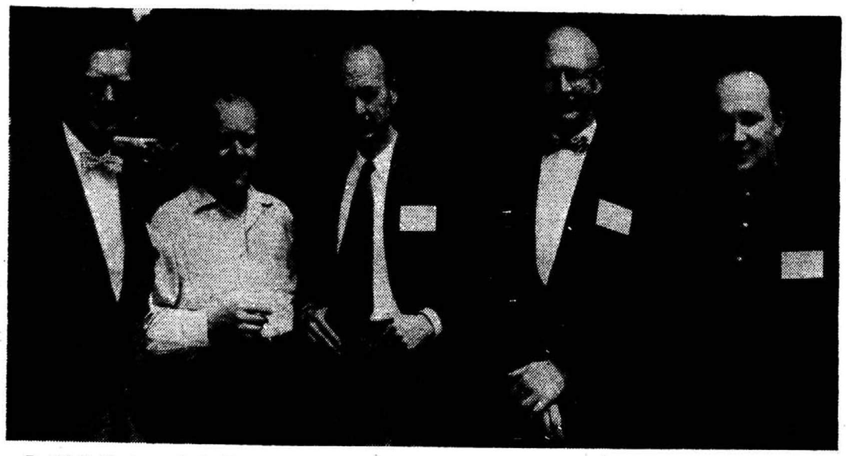
Burt T. Ryan, *Ryan, Sutherland & Co.* (Toledo); Leo L. Quist, *Harold E. Wood & Co.* (St Paul); F. P. Gallagher, *Kidder, Peabody & Co.;* Charles L. Skinner, *Coffin & Burr, Incorporated*

J. B. Sanford, Jr., *White, Hattier & Sanford* (New Orleans); Edwin J. Michel, *Blyth & Co., Inc.;* Ludwell A. Strader, *Strader & Co. Incorporated* (Lynchburg, Va.)

Brainerd H. Whitbeck, *First Boston Corporation;* Henry Harris, *Goldman, Sachs & Co.;* Roy D. Neal, Jr., *Courts & Co.* (New York); Lloyd B. Hatcher, *White, Weld & Co.;* Harold Schluter, *First National Bank of Chicago* (Chicago)

Joseph B. Wise, *J. A. Hogle & Co.;* G. Philip Whitman, *American Securities Corporation;* Rollin C. Bush, *First National City Bank;* Victor H. Zahner, *Zahner & Company,* (Kansas City, Mo.); Edwin J. Cross, *Roosevelt & Cross*

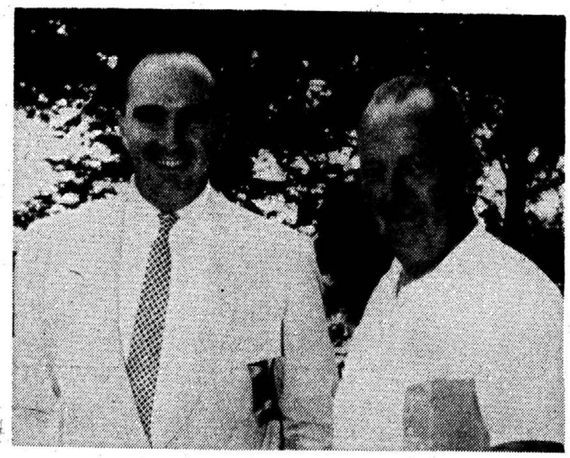
Friday, June 12, 1959



David C. Kratzer, *Stein Bros. & Boyce* (Baltimore); Robert J. Doty, *Andrews & Wells;* Arthur E. Kirtley, *First Boston Corporation* (Chicago); William H. Watterson, *Fahey, Clark & Co.* (Cleveland, Ohio); Henry J. Krug, Jr., *Mercantile-Safe Deposit and Trust Company* (Baltimore)

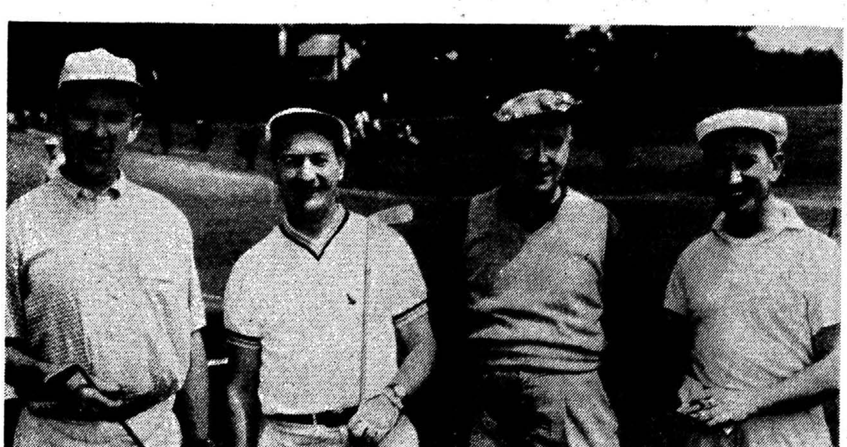
Alfred Bianchetti, *J. A. Hogle & Co.;* John H. Gertler, *Barr Brothers & Co.;* Karl J. Panke, *Lehman Brothers;* James Robertson, *Shearson, Hammil & Co.*

H. A. Ascher, *Wm. E. Pollock & Co.;* William Kondratuk, *Reynolds & Co.;* Charles S. Garland, Jr., *Alex. Brown & Son (Baltimore)*



Harry W. Faath, Jr., *Marine Trust Company of Western New York* (New York) Frank L. Lucke, *Laidlaw & Co.*

Rene Foerster, *Goldman, Sachs & Co.;* Edwin L. Beck, *Commercial & Financial Chronicle*



Charles W. Murray, *Drake & Company;* Tom McCormick, *Phelps, Fenn & Co.;* Dick Shanley, *Equitable Securities Corporation;* Frank Noonan, *Eastman Dillon, Union Securities & Co.*

Frank Lynch, *Blair & Co., Incorporated;* Ken Moir, *Arthurs, Lestrange & Co.* (Pittsburgh); Charles G. Peelor, *Arthurs, Lestrange & Co.* (Pittsburgh); Charles V. Thackara, *Shearson, Hammill & Co.*

Harvey S. Renton, Jr., *Freeman & Company;* R. E. Crooks, *Ferris & Co. (Washington, D. C.);* Charles J. Martin, *Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.* (Washington, D. C.) Arthur S. Friend, *Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.* (Washington, D. C.); William Travers, *Francis I. du Pont & Co.*

(Seated) Thomas A. Lankford, *Union Trust Company* (Baltimore); William Ferguson, *Northern Trust Company* (New York); Edwin P. Sunderland, *John C. Legg & Company* (Baltimore); (Standing) Walter Friend, *R. W. Pressprich & Co.;* G. Carl Jordan, Jr., *R. W. Pressprich & Co.* (Boston); James D. Topping, *J. D. Topping & Co.*

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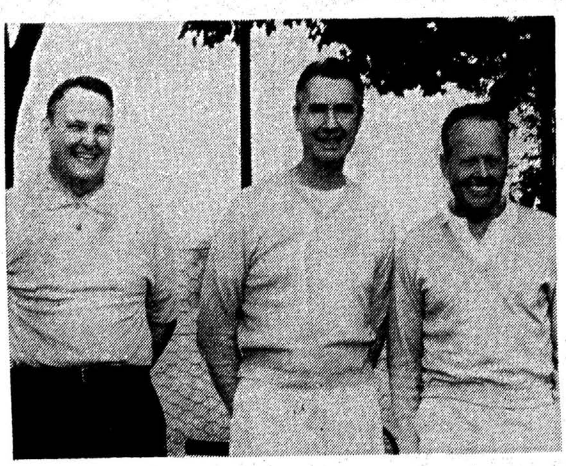
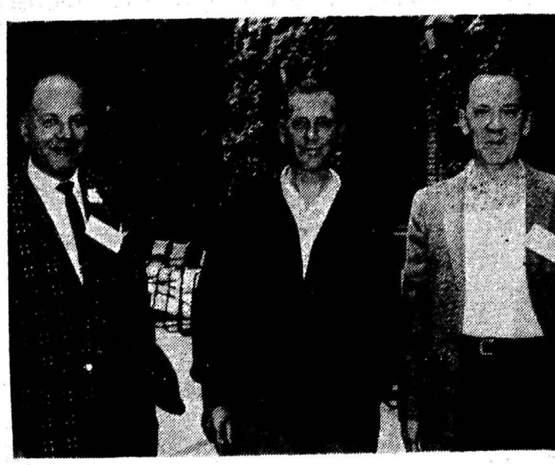
At Westchester Country Club

Bill Veazie, *Mabon & Co.*; Tom Carter, *Loewi & Co. Incorporated*, (Milwaukee); Richard Morey, *A. G. Edwards & Sons* (St. Louis); Jack Clark, *Wachovia Bank & Trust Company* (Winston-Salem, N. C.)

Bill Hibberd, *Trust Company of Georgia* (New York); Bill Mears, *Chemical Corn Exchange Bank*; Glenn Thompson, *Carl M. Loeb, Rhoades & Co.*; John V. Hollan, *Barr Brothers & Co.*



Gene A. Frantz, *Frantz, Hutchinson & Co.* (Chicago); George Barnett, *First National City Bank*; William T. Burke, *Bacon, Stevenson & Co.*



Russell A. Haff, *Joseph, Mellen & Miller, Inc.*; George H. Brooks, *Dick & Merle-Smith*; Philip M. Hiss, *First National Bank of Chicago* (New York)

Joseph B. Wise, *J. A. Hogle & Co.*; Constantin G. Alio, *A. Webster Dougherty & Co.* (Philadelphia); G. Powell Davis, *Investment Corporation of Norfolk* (Norfolk, Va.)

Bob Blake, *Philadelphia National Bank* (Philadelphia); Al Harris, *The Bond Buyer*; William P. Deegan, *L. F. Rothschild & Co.*; R. W. Ellwood, *R. W. Ellwood & Co.*

John J. Ward, *Chase Manhattan Bank*; David E. Ahearn, *Hornblower & Weeks*; William A. Devlin, *Reynolds & Co.*; Floyd F. Stansberry, *Bankers Trust Company*

John F. Hoffman, *Reynolds & Co.*; James M. Heller, *Shearson, Hammill & Co.*; Richard K. Buechler, *E. F. Hutton & Company*

David A. Pincus, *D. A. Pincus & Co.*; Lawrence W. Lembo, *Glickenhaus & Lembo*