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EDITORIAL

As We See It

The thoughtful observer of the current Washington scene can hardly fail to be dismayed by the reaction, or lack of it, at both ends of Pennsylvania Avenue to the evident necessity of raising the national debt limit and to the obvious desirability of removing the limit now imposed by law upon the rate of interest which may be paid on longer term Treasury obligations. Their dismay, moreover, is not in any significant way related to action taken or not taken by Congress on the measures that have been suggested by the Administration to deal with the financial difficulties by which the Treasury is faced. It goes much deeper to the root cause of these infirmities and to the apparent indifference to that cause.

All such difficulties, of course, stem from the habit to which Congress has been addicted since the days of Franklin Roosevelt of utter recklessness in the spending of taxpayers' funds, and—with deep regret be it said—from the absence of any indication that the Eisenhower Administration has any real intention of doing anything to give the voter hope of basic alteration in this policy of fiscal extravagance which, if indefinitely continued, can hardly fail to bring financial ruin to this, the richest country in the world.

To be sure, the White House has been reiterating its opposition to some of the more extreme suggestions for still greater extravagance, many of which were born of a recession which has now vanished. Admittedly, it has also been having a good deal to say of late about balancing the budget and even of debt reduction. Careful inquiry, however, quickly reveals the fact that the economy ideas of the Administration are modest,

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Appraising the Chemical Industry and Components

By DR. SIDNEY C. COTTLE*

Senior Economist, Stanford Research Institute

Contrary to generally-held opinion, a study of chemical industry sample shows the industry as a whole does not earn an exceptional high rate of return on capital. Dr. Cottle points out: (1) 1953-57 earnings on capital were 10%, excluding du Pont, quite close to 1935-39 average; (2) industry ranking was twenty-third; and (3) chemical earning's return as a per cent of composite rate for major industries dropped from 136% in 1935-39, to 98% in 1947-57 and to 87% in 1953-57 period. Author discusses the attractiveness of chemical companies for reasons other than high earnings.

The specific role that industry studies should play in investment management is still being debated at considerable length. But whatever the difference of opinion today regarding the extent to which an attractive outlook for a specific industry should be a prerequisite to investing in companies in that industry, all of us would agree that institutional and all other long-term investors are concerned with those basic changes and trends in industries which affect earning power.

Dr. Sidney C. Cottle

All investors seek to take advantage of favorable industry developments and to protect against adverse ones. How can this be done most effectively? In my opinion, it requires: first, the preparation of closely comparative industry studies which determine and bring into focus significant changes in an industry, and, second, the inclusion of this information as a vital and integral part of individual company analyses. It follows that comparative industry studies have an essential role to play in the evalua-

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*An address by Dr. Cottle before the Trust Investment Conference of the California Bankers Association, San Francisco, Calif.

The Balance Sheet of French Stabilization

By MELCHIOR PALYI

Chicago, Illinois

Internationally known economist appraises widely-heralded France's turn-about in economic policies and finds most significant the attempt to return to a free market price mechanism, to peel away the welfare-state, and to abandon managed money and escalator clauses. Not unaware that the return of confidence in the currency is symptomatic of progress made to date, Dr. Palyi nevertheless, cautiously advises that the admittedly auspicious opening up of reform still has a long way to go before a final reform is achieved. He describes the present state of affairs as a compromise wherein there has been a "shotgun-wedding of Sound Money with the Welfare State," and praises goals toward which the economy is aiming.

Capitalism With Crippled Price Mechanism

The true scope of the recent French monetary and fiscal reform has been little understood in Europe, still less in America. For Poincare, in 1928, all that was needed was balancing the budget, stopping the inflation, and returning to the gold convertibility of the currency. (The budget was actually overbalanced for four years: 1927-31.) For De Gaulle, convertibility is a remote goal, genuine budget balancing perhaps even more so. Stabilizing the budget deficit and the external value of the franc are the prime agenda. At the same time they are means to reach an overriding objective. What is now a chief objective, was scarcely even problematic thirty-odd years ago: the restoration of the price mechanism. By a myriad of devious techniques, the French price system and income distribution had been effectively twisted, until even the

Dr. Melchior Palyi

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PICTURES IN THIS ISSUE—Candid photos taken at the Annual Outing of the Investment Association 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

Western Pacific Railroad—Ernest Stent, Partner, Hooker & Fay, San Francisco, Calif. (Page 2)

Thomas & Betts, Inc. — John J. Unkles, Jr., Partner, Nugent & Igoe, East Orange, N. J. (Page 2)

ERNEST STENT

Partner, Hooker & Fay,
San Francisco, Calif.
Members: New York Stock Exchange, American Stock Exchange (Associate) and Pacific Coast Exchange

Western Pacific Railroad

Western Pacific represents railroading reduced to its simplest terms for the following reasons:

(1) Practically all its line are main lines.


Ernest Stent

(2) Practically all its freight is long haul freight originating at one end and going right through to the other.

(3) There is no commuter traffic.

(4) Only one passenger train is run each way each day.

(5) Its maximum grade is very easy.

(6) It has no snow problem.

(7) Its main line (east-west) connects two rapidly growing areas.

(8) Its one secondary line (North-South) is fed traffic from the North by the Great Northern and from the South by the Santa Fe.

(9) With the greater part of its main line traversing the unpopulated Nevada deserts, there is no need of maintaining and manning stations along the lines.

(10) The railroad has been through a drastic financial reorganization which left it in strong financial condition with good earning power.

With this as a starter, when he assumed the Presidency, Fred Whitman set right to work to further improve the physical operating condition of the railway and develop it to a point of high efficiency and profitable operation. All the new improvements in railroad operating technique were eagerly installed. Complete dieselization was effected at a comparatively early date; unprofitable branches were abandoned; centralized traffic control was installed where it could be beneficial; modern freight cars replaced obsolete cars; the one passenger train (The Zephyr) was completely modernized with vista dome cars; and modern track maintenance equipment was put in service.

One of the most interesting features of Western Pacific, however, is the fact that in 1931 it placed in operation the "Inside Gateway" a new North-South main line bridging the 111-mile gap between the Santa Fe at Keddie and the Great Northern Railroad at Bieber.

This new line follows a course along the foothills of the Sierra Nevada Mountains well East of the Southern Pacific lines with which it competes. Since it is a "bridge" line, by far the greatest part of its freight is originated for it through the efforts of the Atchison, on the South and the Great Northern on the North.

Though it has been in service for 28 years, it is still and probably always will be the last major piece of railroad construction by a common carrier railway in the United States. It has developed into a highly profitable part of the system.

Another phase of good railroading that is vigorously pursued by the management is the aggressive development of industrial land along the rights-of-way. This endeavor was carried even to the point of purchasing large acreages which were then improved by the installation of utilities, roads and drainage so as to make them attractive to industry. The huge Ford assembly plant at Milpitas resulted from this policy and has benefited the railroad tremendously. Thousands of acres are still held for future development despite the sales already effected.

Few railroads have done so much to foster a friendly feeling toward the line. The operating personnel on the passenger trains are carefully picked for their courtesy and interest in the comfort of the passengers, and labor relations show the same careful consideration on the part of the management. All this is reflected in more freight, more earnings, and my guess is more and bigger dividends to come. Western Pacific is listed on the New York and Pacific Coast Exchanges and, from an investment point of view, should be regarded as a growth stock with moderate risk.

JOHN J. UNKLES, JR.

Partner, Nugent & Igoe,
East Orange, N. J.
Members New York Stock Exchange

Thomas & Betts, Inc.

There are three basic ingredients which will insure the success of any common stock investment, namely: (1) Growth potential; (2) Able management; (3) Adequate financing. Let us examine Thomas & Betts on each of these points.


John J. Unkles, Jr.

On the matter of growth, bear in mind that this company manufactures a broad line of electrical raceway accessories and conductor connectors, many of which are installed with company designed tools and equipment. These products are used throughout entire electrical systems, starting at the generating station, through primary and secondary distribution lines as well as in original equipment such as transportation equipment, signal systems, home appliances, communications, business machines, instruments, electronic devices, aircraft and missiles. In short wherever wires carry electrical energy, Thomas & Betts products can be found. When we think of the growth promised for electronics, instrumentation and automation and the increasing use of electrical appliances, we need say no more. Further, we are told that the United States may double its power capacity in the next decade. This means as much building by the utilities in 10 years as we have seen in the past 60 years. It all means a greatly expanded market for the company's products.

The management of Thomas & Betts is perhaps the strongest point in its favor. In a highly competitive industry, the present management group has brought net sales from $6,385,576 in 1949 to a point where they have averaged nearly $18,000,000 sales for the last three years. This, without benefit of outside financing or merger acquisitions. The increase in net operating profits of 1,000% for this same period is even more impressive. The Chairman, G. C. Thomas, Jr. and the President, hard-hitting Nestor MacDonald, have built a smooth-working team in depth which has accounted for this progress. Practically all the present officers have been with the company 15 years or more. To show the confidence management has in its own ability to produce, they and their families own over 40% of the total stock outstanding.

On the third requirement, namely, adequate financing, this company measures up with the best. Current assets are nine times current liabilities and cash and governments alone exceed total current liabilities. The Thomas & Betts system of distribution is worthy of note here. Despite the fact that they produce some 25,000 items and catalog as in stock about 4,000 items, total inventories only represent about four months sales. This is accomplished by using some 850 distributors, the principal ones being General Electric Supply Co., Graybar Electric Co. and Westinghouse Electric Supply Co. These distributors buy and warehouse Thomas & Betts' items at about 1,300 outlet points. The company employs some 115 salesmen to service the distributors and promote the sale of Thomas & Betts products with particular emphasis on new items. Here it should be emphasized that the company is constantly alert in its research and development program. New products accounted for $1,600,000 of sales in 1958. There are other new products in development now which will produce an additional $3,000,000 of annual sales. As further evidence of growth, I should note that the company is building an additional 92,000 square feet of plant space this year, without outside financing, of course. Labor relations are excellent. The company has not had a work stoppage for 13 years.

Thomas & Betts has 1,479,296 shares outstanding. Earnings have averaged $1.37 per share for the last three years. Earnings for the first quarter of 1959 were 34 cents and earnings for the year of 1959 will probably exceed $1.50 per share. Management has predicted total sales in excess of $20,000,000 and in the past 10 years has never failed to carry down over 10% of sales to net after taxes, by itself a remarkable record. The stock is currently selling around 21-21½ per share over-the-counter to yield nearly 4% on its 80 cent dividend. I firmly believe that for assured long-term growth few stocks will measure up to this one. With most stocks in this industry selling 25 times earnings or higher, Thomas & Betts at less than 15 times earnings is grossly underpriced.

Growth Industries of the Future

By LIONEL D. EDIE*
Chairman of the Board, Lionel D. Edie & Company, Investment and Business Counsellors

Market economist, decrying current tendency to speak of growth in general terms, specifically lists forty industries grouped according to their likely rates of growth, ranging from 25% to 200%, over the coming ten years. Warns against mechanically projecting historical record into the future; and emphasizes importance of part played by Defense activities. Indicates seven tools of analysis for studying comparative growth potentialities.

My topic is not growth in the average sense, not growth of gross national product, but growth in more specific and concrete and detailed terms, the pinpointing of growth down to individual industries.


Lionel D. Edie

I want to talk about the comparative growth outlook in the coming decade of forty leading industries. I have often found that when you tackle a subject of this kind it is rather helpful to everybody to explain just how you came to be involved in the task.

About a year ago, a business executive came to me and wanted to know if I could undertake the study of the growth outlook for the leading industries in this country. He wanted to discover where was there superior growth, and where was there modest growth and where was there little or no growth.

Demand for Pinpointing Growth

The growth concept, in sweeping generalities, seems to have lost much of its value. The demand today is to pinpoint growth down to individual industries.

First of all, I had to decide what were the leading industries. For that purpose, I took a classification that had been setup by the Bureau of the Budget down in Washington.

And then, I had to decide how I was going to make the study. I had to set up certain tests, to decide what tools to use.

Superior and Inferior Growth Area

The results show that about one-third of the leading industries in this country have ahead of them a growth trend, over a ten-year period, of from 60 to 200%. These are superior growth areas. They represent about a third of all industries.

Now, at the other extreme, you have one-third that have slow growth trends. Their growth over the next ten years will probably be only 15 to 20%. Then there is a middle group that is half-way between those two, with a ten-year growth potential of 20 to 60%. This breakdown by thirds, it seemed to me, would be rather illuminating as having relation to a form of argument that is going on in Washington and elsewhere these days, as to whether we have a high enough growth trend to meet the Russian challenge.

There are some liberal economists who say we have a growth trend of only 3%, and we have to raise that up to 5% and the way to raise it is to run a bigger deficit in the Federal budget. I point out to you that a third of the American industries are already faced with a growth outlook that is not a mere 3% per annum but 6 to 10% or better. There are some other industries where it is less than 2% as a per annum rate and I do not think that running bigger deficits in the budget would change the rate of growth materially.

We have had a great deal of public interest and attention given to the subject of growth. Most of it has been in general terms. We have an academic school of thought which says that the only way to maintain growth in American business is to have inflation at the rate of 2% a year. If you do not have inflation, they say you will not have the growth.

We have another point of view in financial circles in Washington which says that we want sustainable growth and in order to have sustainable growth it is essential to have tight money most of the time. We have a great many surveys taken these days of the plans of business for capital expenditures, or the appropriations by business for capital expenditures. Growth has been discussed *ad infinitum* in general terms, but there has been little getting down to cases with individual industries and making comparisons between them.

I have nothing against the people who have discussed growth in general terms. I have done a great deal of that myself but I am pretty well through with it. I have graduated from talking about growth in sweeping generalities, and I feel a little bit like Marc Antony at the funeral of Julius Caesar, who said, "I come to bury Caesar, not to praise him"; I am not here today to praise or criticize the authorities on general growth, but I am here to bury the over-emphasis on the subject.

Tools for Comparing Growth

Thus when you tackle the comparative growth of various industries, you find that you have bitten off a tough assignment, so I thought that perhaps at this point I should explain to you a little bit about what I have used as the

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*A talk by Mr. Edie before the National Industrial Conference Board, New York City.

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Observations . . .

By A. WILFRED MAY

OUR FOREIGN AID — HARD AND SOFT

WASHINGTON, D. C. — With spawning committees and electioneering politicians joining in the cry for enlargement of our foreign aid, a comprehensive review of the extent and nature of our existing arrangements is surely called for. Fresh word comes from Latin America that the citizenry there are parroting the squawks annually delivered by their representatives at World Bank and Fund meetings against the alleged rigor and frugality practiced in these agencies' lending operations. Also these institutions are berated for divorcing economics from politics.

A. Wilfred May

The Hard-Money Twins

It evidently is not realized that these Bretton Woods organs are strictly confined to disciplining ground rules by their articles of incorporation, that even so their operations have been extensive, and that a host of other agencies are standing by to take on *soft*-money arrangements.

The Fund is not designed to be a dole-dishing agency. It is mandated to employ its funds, together with sound rules, only with a borrower who can show that his drawing is in support of a sound program ensuring stability at realistic exchange rates. In the words of its Managing Director, Per Jacobsson: "It is largely through the application of sound principles that the Fund is able to contribute to the observance of a degree of monetary discipline in the member countries. The Fund is not therefore just an additional source of credit . . . but is available to member governments that have satisfied the agency of their intention and capacity to restore balance. These principles apply to developed and underdeveloped countries alike." And the Fund's articles specifically admonish the managers that they must not be guided by members' "domestic, social or political policies."

Likewise with the World Bank. Its articles confine its lending to productive purposes, to loans which the borrowers will be capable of repaying. Its officers are specifically barred from taking into account the political character of a member country, and are instructed that "only economic conditions shall be relevant to their decisions."

Even under these prohibitions, our pair of "institutional Shylocks" have distributed substantial amounts. The Fund has disbursed a total of $3.3 billion in drawings, of which $961 million has gone to the 15 less developed countries of Latin America (including $8½ million plus $2 million standby for Bolivia, and $11 million to Brazil last week). The Bank has distributed total loans of $4.4 billion, of which $923 million went to 15 less developed Latin American countries. Of September's $350 million international loan to India, $100 million was given by the World Bank, with more to come. (A proportion ranging from one-third to one-half represents U. S. participation on all of the Bank's loans.)

The Numerous Soft-Money Agencies

It is most important to realize that in addition to this pair of austere, businesslike lending institutions, there is a rapidly growing number of agencies extending soft-money loans along with grants, with due regard for the political interests involved. Some of these disbursements of loans and grants come directly from the U. S. Treasury, and some are financed jointly with other countries.

Our Export-Import Bank, which is committed to the furtherance of our foreign policy along with spreading free enterprise through lending where private business is unable to do the job, frequently steps in where I.M.F. and the World Bank cannot tread. Thus Brazil in July 1956, while her house was in too great disorder to qualify for World Bank help, succeeded in securing a $151 million loan from Export-Import, with an accompanying explanation from President Eisenhower that Brazil is "a good friend and valuable ally." Ex-Imp loans to all countries since 1957 total $1.6 billion, of which $850 million has gone to Latin America.

Soft-Money Disbursements

Other United States media for extending aid constituting "soft money" substitutes for the Fund and Bank, include the Development Loan Fund (to the tune of $1.6 billion in its first two years). This agency constitutes a major factor in U. S. foreign economic aid, placing development assistance on a loan system in place of the previous loan and grant technique; "Point Four" Technical Assistance ($172 million in current year); and the President's Special Assistance Program ($269 million this year). The latter institution is committed to make grants or loans necessary to achieve any of the many political, economic or other objectives which the United States may have in a given country. And then there is the President's Special Authority and Contingency Fund. These agencies all operate as part of the Mutual Security Program, which will have spent $3.9 million this year, and slightly more in 1960.

Also a major source of aid and relief is Public Law 480. This law's implementing Agricultural Trade Development and Assistance Act provides for the sale to foreign countries for local currencies, of surplus agricultural commodities; facilitates the furnishing of emergency assistance through the use of surplus agricultural commodities; and finances donations of surplus food owned by the Commodity Credit Corporation. The cost of these programs has come to $4.6 billion since 1954.

Gross economic assistance via U. S. *grants* to the less developed countries from 1951-1958 totaled $7.4 billion, and "uneconomic" *loans* (again outside the Bank and Fund) another $3.9 million. Recent progressive increases reflect our reallocation of appropriations from military to economic aid.

The International Agencies

Also outside the "hard money" Fund and Bank area are internationally sponsored agencies in which the U. S. liberally participates. These include two United Nations agencies: its Technical Assistance Program (In the U. S. in 1958 contributed $14 million of a $31 million total; and the UN Special Fund launched last January under the direction of Paul Hoffman, as compromise with the SUNFED give-away proposal. (The U. S. has thus far subscribed $10.4 of a $26 million total.) Two other important "soft money" international institutions are "in process"; the International Development Association (IDA) to be affiliated with the World Bank; and an "Inter-American development banking institution" proposed by President Eisenhower.

* * *

Note from Alcoholics Anonymous

With the "hard money" disciplining agencies being dwarfed by the onrush of give-away bodies, it would seem to be high time to pause for some stocktaking. For this trend toward laxity may well be more harmful to the recipients than to the giver of the largesse. Businesslike realistic rules of course are unwelcome medicine for the debtor nation on an inflation binge. But surely the alcoholic needs less, not more, of the stuff that got him that way!

Warren E. Durdle Joins Goodbody & Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Warren E. Durdle has become associated with Goodbody & Co., 140 Federal St. Mr. Durdle was formerly an officer of Harkness & Hill Inc.

John F. Merrill has also joined the staff of Goodbody's Boston office.

The State of Trade and Industry

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

Personal income in May was at a seasonally adjusted annual rate of $376 billion, $3 billion above April, the Office of Business Economics, U. S. Department of Commerce, announced. Income was $25 billion, or 7%, higher than a year earlier. With consumer prices advancing only fractionally during the past year, this rise represented in large part real gains.

Most of the April-to-May increase in income was in wages and salaries, which were up $2½ billion at annual rates. Payroll advances centered in manufacturing, with substantial increases also in trade and construction. Within manufacturing, gains were widespread. Increases were particularly pronounced for the durable goods industries, especially for metals and machinery manufacturing. The gains stemmed primarily from higher employment, with weekly earnings also up from the previous month.

Other types of income showed relatively little change from April. Aggregate transfer payments were unchanged, as outlays under unemployment compensation programs declined again, while disbursements under the old-age and survivors insurance program continued to increase.

For the first five months of the year, income set a new record for the period at an annual rate of $369½ billion, $20 billion above the corresponding months of last year, and $25 billion above the like period of 1957.

Most of the gain over the past year has been in payrolls. As compared with the first five months of 1957, transfer payments were also up substantially, reflecting mainly larger benefit payments under the old-age and survivors insurance program. Dividend disbursements were at about the same annual rate—$12½ billion—in each of the periods, not having followed the swings of corporate profits over the past two years of business fluctuations.

May's Unemployed 1½ Million Below 1958 Total

The Labor and Commerce Departments announced that a decline of 238,000 unemployed from April lowered the May jobless total to 3,339,000. Comparatively, this was 700,000 higher than May 1957 but 1,500,000 below 1958. In the interim, employment has risen by 1,004,000 to attain a new May record of 66,016,000 workers. Average factory earnings increased to $90.32 in May, exceeding $90 for the first time in history.

Nationwide Bank Clearings Down 9.4% From 1958 Week

Bank clearings this week will show a decrease compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, June 20, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 9.4% below those of the corresponding week last year. Our preliminary totals stand at $27,205,635,708 against $31,034,004,938 for the same week in 1958. Our comparative summary for some of the principal cities follows:

Week End. June 20—	1959	1958	%
New York	$14,376,517,330	$18,200,658,056	—21.0
Chicago	1,428,216,043	1,262,233,516	+13.2
Philadelphia	1,226,000,000	1,160,000,000	+ 5.7
Boston	803,882,132	844,004,237	— 4.8

Foreign Investment Trebled in Past Ten Years

In less than ten years U. S. industry has almost trebled its investment in Western Europe, according to the current issue of "Report on Western Europe," the Chase Manhattan Bank's bi-monthly survey.

In 1950 the total of "direct investment," representing both new capital and reinvested profits of U. S. companies operating in the area, amounted to $1.7 billion. "It is now an estimated $4.5 billion—and growing even more rapidly under the impact of the European Common Market," the Chase Manhattan publication says.

"The postwar pattern of American investment in Europe—highly concentrated by country, by industry and by company—now is gradually changing under the impact of the Common Market and the accelerated flow of U. S. capital to Europe," the survey added. "In the postwar period, most of the increase in U. S. investment in Europe came from reinvested profits of large wholly-owned subsidiaries. The current trend is towards more new capital from the U. S., and more joint ventures with foreign firms."

Expects "Non-Inflationary" Steel Contract

Steel union chief David J. McDonald and steel company representatives will soon sign a non-inflationary wage agreement calling for moderate wage or fringe benefits—unless last-minute haggling and bumbling lead to a shutdown of the steel industry, according to "The Iron Age," national metalworking weekly.

"If anything happens at the last moment to cause a ditching of present attitudes on both sides, a long and bitter steel strike with its inevitable harvest of hard feelings will result," the magazine warned.

If there is an unnecessary short shutdown, the cost of taking off furnaces and the loss of workers' wages will be a needless waste, "Iron Age" said.

"Iron Age" said both sides are bowing, and making their contribution, to President Eisenhower, who has used the full force of his office to insist on a steel pact that will not necessitate a price increase. In this instance, Mr. Eisenhower is public opinion personified.

Final details on the new pact, which may run for two years, will be worked out between now and midnight June 30. It is hoped that substantial agreement will be reached soon enough to avoid banking of furnaces. This work usually starts several days before a strike deadline.

Barring a last-minute hitch, the steel wage agreement will represent a big "give" on the part of both sides, "Iron Age" said.

"Iron Age" said that if there is no strike, the market outlook for the various steel products is about like this:

Plates, galvanized sheets, and railroad products seem certain to remain strong. On plates, the mills are hopelessly behind on their delivery promises. They have heavy July commitments and steel is said to be earmarked for specific jobs.

Galvanized sheets were strong before inventory building started, and there appears to be no end to demand. Mills are restricting third quarter orders.

Tubular products, with the exception of large linepipe, appear headed for a sharp summer letdown. One mill estimates half of normal third quarter oil country seamless has already been shipped. Standard structurals are still available for July delivery.

Sheets, wide-flange beams, and bars are question marks. Cold-rolled sheets are sold out for July, and August orders are coming in at a good rate. However, the big sheet users are known to be holding large stocks. Appliance and auto plants will have two months supply at the end of June.

Other Trade Publication Expects Steel Strike

Steelmakers are getting set for a walkout because union and management negotiators are still far apart after six weeks at the bargaining table, "Steel" magazine, the metalworking weekly, reported June 22.

They've already taken the initial step of cleaning out raw material pipelines. Within a few days, they will start banking furnaces.

Production is starting to taper off. Mills operated last week at 92.5% of capacity, down 1.5 points. Output was about 2,619,000 net tons of steel for ingots and castings.

Steelmakers are hoping for a labor settlement that won't require higher prices, but since both sides are on the spot, neither can expect total victory. Possible solution: Concessions by the USW on operating procedures in exchange for a small wage increase.

Many observers think loss of pay will be the most noticeable strike damage, unless it goes beyond eight weeks. If steelworkers go on strike for four weeks beginning July 1, they will lose about $213 million in wages; a six week walkout, $321 million; and an eight week strike, $430 million in base pay, or more than half as much as they have lost in all steel strikes since the end of World War II.

A six week work stoppage would do little more than put a dent in industrial production and would hardly affect third quarter gross national product. That is because most steel users have planned inventories for at least a six week strike. Outside of steel, probably the hardest hit industry would be the railroads.

If there is no settlement by Sept. 1, almost all the estimated 510,000 USW members in the steel industry will be involved. And a large portion of the metal fabricating plants will be shut down for lack of steel.

"Steel's" composite on Nov. 1 heavy melting steel scrap rose $1 a ton last week to $36.50. This was the fourth consecutive weekly advance and lifted the market to the highest level since March.

Strikes are also threatening nonferrous producers, "Steel" said. At least 85 contracts in copper, lead, zinc, and brass expire between June 30 and Nov. 10. The two big unions in the field are pushing for higher wages, a shorter workweek, SUB, and escalation clauses. Both sides have indulged in tough talk, and indications of any kind of compromise are few.

The size of the steel settlement could affect the nonferrous talks.

Indications from Detroit are that 1960 models will appear about the same time as last year's, possibly a bit later, "Steel" said. Buick will be delayed. Ramblers will be earlier. Outstanding features will be GM's Slim Line transmission, Plymouth's six cylinder, overhead valve engine, and Chrysler's unitized bodies. Ford plans no major engineering changes for next year's big cars, but it is making extensive styling changes on two lines.

Steel Output Based on 92.8% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *163.5% of steel capacity for the week beginning June 22, equivalent to 2,627,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *163.1% of capacity and 2,620,000 tons a week ago.

Actual output for the week beginning June 15, 1959 was equal to 92.5% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 92.8%.

A month ago the operating rate (based on 1947-49 weekly production) was *165% and production 2,650,000 tons. A year ago the actual weekly production was placed at 1,666,000 tons, or 103.7%.

*Index of production is based on average weekly production for 1947-1949.

Output of Steel During May Sets Record

Steel production set a monthly record during May, when steelmaking furnaces poured 11,600,000 net tons of ingots and steel for castings, according to the preliminary report of American Iron and Steel Institute.

The furnaces have now poured more than 11 million tons in each of three successive months. The March total, previous all-time monthly peak, was 11,567,745 tons. The April output was 11,281,920 tons.

The output of the first five months of 1959 was a record 53,369,988 tons, an increase of 74% over the 30,625,007 tons made during the comparable part of last year. The former record for the first five months in any year was 52.9 million tons in 1956.

According to American Iron and Steel Institute's index of steelmaking the May 1959 output was 163.1 in terms of the basic

Continued on page 32

Accelerating Ford

By DR. IRA U. COBLEIGH

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

A salute to the remarkable resurgence of earning power currently evident in Ford Motor Company.

Ford Motor Co. became one of the great corporations of the world and revolutionized the industrial economy of America by mass-producing millions of Ford cars; and after decades of great achievement it is still doing the same business—turning out Fords—with Ford models today accounting for over 80% of its passenger car sales. It's nice to have the sleek Lincoln line; the up-dated Continental with its house-boat luxury; the Thunderbird; zestful in lines and performance; the Big "M" Mercury giving contentment to hundreds of thousands (and employment to Ed Sullivan!); and the Edsel which ranks as the most easily identified American car. All these are very nice and make it possible to offer, totally, 60 passenger car models — but it's the Fords in the past, and in the future, that "rev up" the net earnings.

Ira U. Cobleigh

Until public offering of Ford Motor common at 64½ in early 1956, earnings of the Company were pretty much a family secret; but since the stock has become widely owned, earnings' results and comparisons have been in Macy's window, so to speak. There has been considerable volatility. For example, per share net for 1948 was $1.82 and a decade later, 1958, the figure was $1.75. In between, however, there were five years in which net exceeded $4 per share including the peak year 1955 when the figure was $8.19.

Last year, in particular, was a trying one at Ford with net sales falling over 35% below 1957, and net earnings by more than 60%.

This year, however, is a different story. By early settlement of its wage contract, Ford got off to a swift start with its 1959 models. No drastic style or design changes were made but pricing was thoroughly competitive; and advertising aggressive; and the most unadorned basic model, the 2-door sedan with the do-it-yourself shift is regarded as the lowest priced unit offered by the Big Three. In any event, the models have caught on in a big way, and Ford Motor Co. may, in 1959, turn in its all-time best year in total sales and perhaps, in earnings per share—and the common has taken on new elements of investment quality.

For the first 4 months of 1959 total car sales were up 50% over 1958, and truck sales up 48% in the same period. At the cash register the improvement was also pronounced. First quarter per share net was $2.46 giving rise to estimates for the year in the order of $8.25. All this is solid support for the present $2.40 indicated dividend, and provides some justification for expecting a larger payout, since dividends for the past five years have averaged about 50% of net.

Which brings us up to a broader scale consideration of the Ford equity. Having noted wide swings in earnings for more than a decade, what basis do we have for believing that earnings can be stabilized around or above the $7 per share annual level instead of around $4 to $4.50 as in the past?

First we should note that a plant improvement program, involving several hundred millions since 1950, is now paying off in greatly increased efficiency. For example, each particular model used to have its own assembly line. Now a number of different cars can be assembled on a single line. Automation of many processes and standardization of parts have been greatly increased. These new elements of efficiency are showing up in the profitability column, with pretax earnings of 17.8% of sales and net income, 9.1% of sales in the first quarter of 1959. These ratios are about 25% better than for the same quarter in 1957 (a quite good motor car year).

Another thing to note in Ford is that its top management is made up, for the most part, of men not yet 50. This group is eager, aggressive and competent and will not rest content until Ford has improved its percentage of total car sales. In 1957 Ford sales were 30.9% of the industry; in 1958, 26.4%. Moving that figure up to 33.3% or one-third of the industry, would make a dramatic advance in Ford earnings.

We've talked about Ford's dedication to its basic line of lowest priced standard cars. That policy will no doubt be continued, but Ford is also keenly aware of the trend both toward small foreign cars and to more compact and basic domestic ones. It is in no mood to sit idly by and see Ramblers and Larks make a substantial dent in its customer coverage. So Ford, in its 1960 line will offer a compact lower priced model, the Falcon. This, together with its own over sea-built entries — the Anglia made in England, the Taunus made in Germany — should provide answers to such as Volkswagen, Renault and Volvo.

In Canada the future is bright and Ford Motor Company is so enthused about it that it proposes to step up its ownership in Ford of Canada from 27% to 75%, creating a lush market windfall for the Canadian company shareholders in the past few weeks. Ford of Canada should show sales of around $350 million in 1959; and an exciting growth in years to come.

Ford is an important factor in the manufacture of trucks turning out 34 models from lightweight delivery types, to huge heavy-duty work horses. Ford also has a broad line of farm tractors and implements. The Company is a substantial producer of some of the basic products it needs—such as steel, iron and glass. The next major move at Ford may be entry into sales financing. This is a profitable business and tying in the customer's credit arrangements, with the same organization that sells him the cars simplifies everything and is regarded as an effective sales tool. There was, however, some muttering by certain Congressmen about motor manufacturers' financing their own products; so Ford will presumably not go ahead with a financing company of its own until Congressional approval (or at least absence of disapproval) is assured.

In a broader perspective the motor industry, totally, has a more dynamic look than in any year since 1955. The demand (and willingness to buy) holds out the possibility of total car sales in 1959 of more than 5½ million units. The widespread production of smaller economy cars may open up a whole new market of buyers. Further the huge suburban migration has multiplied by hundreds of thousands, the number of families that need two cars—one for commuting and one for Mama. In addition our burgeoning population assures an expanding total demand; and our high school and college age group is the most motor-borne and motor-mad generation in all history. Even the traffic problem is being solved, in part at least, by all our new thruways and turnpikes.

Thus it is quite logical to argue that the motor industry should continue in strong position in the Surging 60s, with 7 million car years a by no means improbable possibility. In such an automotive climate, Ford appears certain to prosper. The years and millions the Company has devoted to plant investment, automation and modernization are now showing up at the cash register, and Ford common is steadily gaining in stature, dependability of earning power, and capacity to increase dividends. Selling at about 9 times expected 1959 earnings Ford common, at 71½, presents possibly the best current value among motor shares, and is favorably regarded by a number of quite sophisticated institutional buyers.

John R. Thomas Now With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John R. Thomas has become associated with Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges. Mr. Thomas, who has been in the investment business in St. Louis for many years was formerly local Manager for Blair & Co. Incorporated.

The Gas Industry Looks Ahead

By J. THEODORE WOLFE*
President of the American Gas Association
President of Baltimore Gas & Electric Company

Facts and assumptions supporting the bullish view that the gas industry's future is every bit as great as its past are set forth by the industry's spokesman, who is head of a utility two-thirds of whose revenues come from electricity. Mr. Wolfe avers predictions of the industry's demise today are no more valid than those of the past and he explains why gas expects to market in the next dozen years some $20-$24 billion of stocks and bonds. The rapidly growing industry, he says, will: (1) go on from its intensive to extensive development; (2) provide a variety of newer and more competitive appliances; and (3) not need synthetic gas for a long, long time to come. He is confident natural gas will be obtainable at both a competitive and incentive price, and that the industry will be ready if and when the future synthetic gas becomes feasible.

Some may be puzzled that the chief executive of a company, two-thirds of whose revenues come from the sale of electricity, should be acting as spokesman for the gas industry. The fact is that the president of a combination electric and gas company is in a peculiarly good position to see the strong points as well as the weak points of both industries.

J. Theodore Wolfe

From my own observations, I happen to believe that the strong points of each far outnumber the weak. It is easily possible for me, therefore, to represent the gas industry at the national level—and, indeed, to promote the gas business aggressively at the local level—without in any way slighting the electric industry or the electric business of my Company.

A thumbnail sketch of the history and make-up of the gas industry may serve as a backdrop for our look ahead.

This is a big industry. Measured in terms of total assets, it is now the fifth largest industry in the United States. To serve their 32 million customers, the gas distribution and pipeline companies, at the end of 1958, had a gross plant investment of 18 billion, 400 million dollars. In the year 1958 they took in revenues of 4 billion, 600 million dollars. Yes, the gas industry is a big industry.

It's a complex industry, too. It consists of some 1,300 distributing companies, many of which are in the electric business as well, and 100 or more pipeline companies, some of which also produce and distribute gas, and manufacture petrochemicals seven thousand or more producers, the principal ones of whom are also in the oil business; about six hundred gas appliance manufacturers, many of whom also make electric and oil burning appliances; and some four thousand distributors of liquid petroleum gas, not a few of whom are in sharp competition with the electric segment of the business of some of our distributing companies. I am sure this complexity must give the security analyst fits at times. They have to live with it to love it as I do.

Notwithstanding its already huge size and its complexity, the American gas industry is a rapidly growing industry. To me this is its most remarkable feature. Here is an industry born in 1816, long past the age when most industries would have turned downhill or passed out of existence, now engaged in the most vigorous growth in its entire history. Just in the past ten years, the number of customers served by this industry has increased by nearly 40%, the sales of its product have more than doubled and its revenues have tripled.

Several times during its lifetime, the more pessimistic observers have been ready to write the obituary of this great industry. There are those among the financial fraternity who even now seem to think it should be written; at least, I can't get any other meaning out of their insistence on stringent sinking fund provisions for gas utility and pipeline bonds. Always in the past, the gas industry has been able to laugh along with Samuel Clemens, who responded to a premature printing of his obituary with the comment, "The reports of my death are greatly exaggerated." I hope to persuade anyone who tries, directly or indirectly, to write off the gas industry that it is hardly going to improve his standing as a reporter or as a prophet. It might help to convince the die-hards that 300,000 gas lights were sold in 1958 and 500,000 will probably be sold this year.

$20-$24 Billion Financing Ahead

I have already mentioned the vigorous growth of the past ten years. This was not just a one-decade phenomenon. Our A.G.A. Bureau of Statistics, which I have found to be quite reliable in its prognostications, tells us that by the end of 1970 we shall see a further growth in the number of customers served by the gas utility industry from last year's 32 million to nearly 44 million; over the same 12-year period, the amount of gas sold will go from 80 billion to 154 billion therms; our revenues will rise from 4 billion, 600 million to 10 billion, 700 million dollars; and the gross plant investment of the distributing and pipeline companies will increase from 18 billion, 400 million to 49 billion, 300 million dollars. Making due allowance for replacement of old plant, this increase of nearly 31 billion dollars in gross plant investment means that the industry will probably spend 34 to 36 billion dollars on new construction, to be financed, roughly one-third from internal sources and the other two-thirds by the sale of securities. In other words, the gas utility industry expects to market during the 12-year period some 20 to 24 billion of stocks and bonds.

Assumptions Made

Of course, any statistical projection must be based on assumptions. There are four basic assumptions underlying our 12 year look ahead. They are:

(1) There will be a tremendous growth in the population of the United States;

(2) The standard of living in this country will continue to rise, and this will involve a continued increase in the per capita use of inanimate energy;

(3) Gas will more than hold its own in the popularity contest among various sources of inanimate energy;

(4) Gas will be available in adequate supply and at competitive prices.

I shall not spend any time justifying the first two assumptions. Everyone accepts the fact that, in the absence of a nuclear or bacteriological war, we are in for a virtual population explosion. And most of the commentators agree that the average American, for other than recreational purposes, will continue to use more and more inanimate energy and less and less of his own animate energy. The only question is, what form of inanimate energy?

Let me repeat the third assumption: **gas will more than hold its own in the popularity contest among various sources of inanimate energy.** It is fairly well known that gas has tremendously increased its share of the total energy supply in this country during the postwar period — from something like 12% immediately before World War II to 28% last year. "But," I seem to hear you saying, "Much of that tremendous increase came from the extension of natural gas pipelines into new geographic markets, thus making possible large volume sales of gas for industrial and space heating purposes." That is a correct observation. Since World War II natural gas has swept the country, to such an extent that there is very little of the country left for it to sweep. Many of the ripe prospects who were awaiting the advent of natural gas are now revenue producing customers.

Will Seek Extensive Expansion

It is interesting to observe, however, that the preponderance of gas industry growth in the last decade has represented intensive development rather than extensive growth. The **absolute** growth in demand for gas in established natural gas areas such as the Appalachian region and the Southwest has been substantially greater than growth in new markets. New markets take time to develop to their maximum, and major expansion of demand still lies ahead for those areas which received natural gas initially during the last 10 years.

Of course, one cannot expect a **rate** of growth in the future matching the **rate** of the past 10 years. And if you want to apply the compound interest tables to the projections I have given, you will find that they do represent a slackened rate of growth. Our industry doubled its sales in the past 10 years; it may take 12 years to double them again. However, only the gloomiest observer would look on this as an indication that our arteries have begun to harden.

With much of the "heavy cream" gone from the top of the market, it will obviously take some real effort for the gas industry to maintain a rate of growth that will double sales in 12 years. I can assure you that such effort is being exerted. Part of the effort is being devoted to the development of improved equipment and new uses for gas, another part to cultivating the consumer's preference for gas.

Newer and Better Appliances

I really get quite a thrill when I observe how much alive the gas industry has become to the need for developing new and better appliances. Historically, the industry has been a price conscious one and, until very recent years, most of its efforts to sell gas and gas appliances had been based on their comparatively low cost. Now it is generally recognized that the buying public is less interested in price than in such things as cleanliness, coolness, convenience, modernity, automaticity, and so on. While gas retains, in many areas, a price advantage over other forms of inanimate energy, most of the industry's development efforts — those supported through AGA's cooperative research porgram and those carried on by individual appliance manufacturers —are directed to the more whimsical demands of the buying public.

The present-day gas range, with its automatically controlled oven, its automatic top burner heat control, its rotisseries and grill, its low BTU pilots and improved insulation which permit automatic ignition of all the burners while keeping the range cool, and its many other features, is a far cry from the prewar cookstove. Clearly on the horizon is a domestic gas range in which the oven, when not in use, will be concealed, and when brought into operating position by the wave of a hand, will bake a cake of superior texture in half the usual time by the application of radiant heat above and gentle heat below; a range with foldaway top burners which in themselves will be "flameless" and powered with natural gas fuel cells.

Among the many other new and important appliance developments brought about through cooperative research and the efforts of individual manufacturers are:

The smokeless, odorless incinerator, developed successfully to meet the requirements of air pollution ordinances and now on the market, where it is being enthusiastically received;

Automatic water heaters which produce twice as much hot water in an appliance of the same size and produce it cheaper than can be done by any competitive appliance;

A new gas refrigerator, to be on the market next year, which will hold its own with the electric refrigerator on initial price, convenience features and performance, and will offer the customer a definite saving in operating cost.

A new gas furnace, still in the research stage, containing its own thermo-electric gas-fueled generator of sufficient capacity to operate the controls and warm air blower or circulating water pump.

Gas fired air conditioning units, either as part of the year-round heating, cooling and humidity control system or as an add-on unit to be installed in conjunction with a separate heating system.

Because of its great and profitable potential, gas air conditioning is a subject close to my heart. During the summertime, when electric utility systems are already groaning under the burden of peak loads caused by air conditioners, vast quantities of natural gas are available at low incremental costs which can be sold for cooling purposes without adding a single dollar to the gas utility's investment in distribution facilities. It is this obvious fact that has led the gas industry through AGA's cooperative research program and through the individual efforts of manufacturers such as Arkla-Servel, Carrier's Bryant Division, The York Division of Borg-Warner, A. O. Smith and others to invest substantial sums in the development of various types of gas air conditioning equipment. The gas air conditioner is a reality today and will be a mass consumer item tomorrow.

So much for the development of improved equipment and new uses for gas. I said that another part of the industry's effort to maintain a healthy rate of growth was being devoted to cultivation of the consumer's preference for gas. AGA alone, through its cooperative program of promotion and advertising, is spending more than $6 million at the national level, five times what it was spending in 1952. In addition to magazine print advertising and the various cooperative promotional programs, AGA undertook two years ago the sponsorship of a national television program. Either by good fortune or the exercise of great perspicacity, the responsible committee chose Playhouse 90. Except for those rare occasions when we receive brickbats for a poor or controversial program over which we, of course, have no control, we have never been sorry. Playhouse 90 has gained outstanding prestige and it has produced for the gas industry a strong sales impact which has been measured periodically by testing the trend of consumer preferences among viewers and non-viewers of the program. A less scientific but equally persuasive indication of its success is that the Edison Electric Institute has undertaken for the first time this year the sponsorship of national television, along with a print advertising program. Our sponsorship of Playhouse 90 will continue next year.

Of course, it would be a mistake to give the impression that A.G.A.'s expenditure of 6 million dollars a year, including 3½ million for Playhouse 90, represents the industry's entire effort to cultivate the consumer's preference for gas. As nearly as I could determine, gas appliance and equipment manufacturers are spending 10 million dollars a year and the gas utility companies at the local level are spending enough more to give the industry a total sales and promotional effort of 100 million dollars a year. And I believe the consumer's preference, in many respects at least, is being cultivated for gas.

Adequacy of Supply

The fourth important assumption underlying our projection of continued vigorous growth was that gas will be available in adequate supply and at competitive prices. Let's take a look now at the supply of natural gas.

Those who are faithful readers of A.G.A.'s releases know that we have a very important Committee on Gas Reserves which painstakingly develops authentic information from confidential reports on the amount of recoverable gas known to be in the ground at any given time and the amount produced each year. The Committee advises that the proven reserves of natural gas in this country at the end of 1958 were 254 trillion cubic feet, and the production during 1958 was 11½ trillion cubic feet.

Now, please, do not make the mistake which some have made of dividing 254 by 11½ and concluding that our natural gas supply will last only 22 years. The figure of 254 trillion cubic feet by no means represents our total gas supply. It is only the working inventory which we have "on the shelf." To point this up, let me remind you that in 1945 we had proven reserves of less than 148 trillion cubic feet, since then we have produced 109 trillion cubic feet; but at the end of 1958 we had proven reserves of 254 trillion cubic feet. Each year, notwithstanding increasing volumes of production, we have added to our proven reserves, we have increased the amount of inventory "on the shelf."

No one really knows what our total supply of natural gas is. The U. S. Bureau of Mines rather conservatively estimates it at 1,000 trillion cubic feet, or four times the amount of proven reserves at the end of 1958. Other experts say it is anywhere from 1,200 to 1,700 trillion cubic feet. And this is for only 48 of the United States, not counting Alaska, where large quantities of gas are believed to exist. Nor does it count the vast unproven reserves of Canada and Mexico, which could be made available to us if the necessary economic and political relationships were worked out. Nor the tremendous possibilities inherent in the shipment by ocean-going tanker of liquefied natural gas from the Caribbean or the Middle East.

Without posing as a geological expert myself, I firmly believe there is plenty of natural gas available to keep our industry going at an ever accelerated pace until long after you and I and our

*An address by Mr. Wolfe before the New York Society of Security Analysts, New York City, June 10, 1959.

children and grandchildren have passed away. The only questions are, how to get it, and at what price?

To me it seems axiomatic that we shall get the gas we need to keep on growing only if those who hunt for it and produce it are given sufficient economic incentive to apply their time and money to the effort. This does not mean that I favor exempting field prices of natural gas from Federal regulation. It does mean that I favor a form of regulation which recognizes that the discovery and development of natural gas reserves is not a public utility function and cannot successfully be dealt with as such, but which also recognizes that most of our gas is produced by people whose primary concern has been the production of oil, and the distributors need some assurance that gas won't be priced out of its market.

Supply at a Competitive Price

Now, I have no pat solution to this question of how to regulate field prices so that producers will have the economic incentive to find and deliver the gas we need and still keep its price competitive. But I don't think one has to be too much of an optimist to assume that a solution will be found. In this country we kick things around and we mess them up pretty badly sometimes, but we always do what we have to do. Producers, pipeliners and distributors of gas are all beginning to realize that we have to work out this problem which is of fundamental concern to the entire gas industry. Under the leadership of A.G.A. we have begun this year a series of informal conferences attended by representatives of all segments of the gas industry. In these conferences, we are seeking to develop a better understanding of each other's problems. Out of that understanding may come an answer to the question of how to get the gas we need at a competitive price.

Of course, I am ready to concede right now that the *average* field price of natural gas is bound to increase from its present level, since the present average price of 12 to 13 cents per MCF is heavily affected by some very low contract prices established when gas was primarily a by-product. There is some reason to believe, however, that recent prices in new contracts may represent a level at which exploratory and developmental activities can be supported for some time to come. New techniques and new materials used in exploring for and producing gas are helping to offset the otherwise rising trend of costs as wells go deeper or farther offshore. It is worth noting, too, that many of the same factors which tend to make gas prices rise affect the prices of competing energy sources as well. It would be foolish of me to make a precise prediction; but I do have a conviction that we shall have the gas we need at prices which will sustain our growth projection.

Synthetic Gas

One should not conclude a discussion on the long range future of the gas industry without saying something about the possibility of developing synthetic gases to supplement our supply of natural gas. I hesitate to do so for fear of casting doubts on the availability of natural gas. Some may know, however, that the gas industry, through its cooperative research program, is working on substitute gases, primarily at the Institute of Gas Technology. While this is a long, long term project, indicating that we really do look ahead, significant progress has been made.

It has already been demonstrated that synthetic gas can be made from coal. Major progress has been made on both the methanation and the hydrogenation processes. They have been developed to the point where production is known to be feasible, although the cost would be somewhat higher than that of natural gas at the present time.

Initial research on oil shale and tar sands has been even more encouraging. Apparently both of these energy sources, which are abundantly available, can be gasified at substantially lower cost and with far fewer technical problems than coal. Furthermore, there are indications that shale — even the poorer quality shales of the Midwest and Appalachian areas — can be converted to gaseous fuels more effectively than to liquid fuels. I am sure there will be significant news about shale research in the not distant future.

Frankly, I think it will be a long, long time before our supply of natural gas will need to be supplemented by substitute gases. But for those who like to worry about their great, great grandchildren, it may be comforting to know that, when that day comes, the gas industry expects to be ready with full scale production plants, doubtless located on or near the existing major pipeline systems. Meanwhile, the known possibility of producing synthetic gases may serve as an important factor in controlling the price of natural gas.

One may suspect by now that I am just a bit bullish on the future of the American gas industry. If so, the suspicion is well founded. We may wander off into dreamland thinking about the possibilities of the solar battery or the nuclear power pill, but I doubt if they are as great, even in dreamland, as the possibilities of the gas fuel cell. And when we come back to reality, taking into account such practical considerations as customer investment, customer safety, service reliability and operating costs, we find that the transmission and distribution of gas through a system of pipes is still just about the most efficient means we have of getting usable energy into the customer's home. It is for that basic reason that I think the gas industry has a future every bit as great as its past.

Sudler Adds Two

(Special to The Financial Chronicle)

DENVER, Colo.—John L. Ballard and William W. Snyder have become affiliated with Amos C. Sudler & Co., 818 Seventeenth St. Mr. Ballard was formerly with Copley & Co.

Gordon Y. Billard to Be Carreau Partner

Gordon Y. Billard on July 1 will become a partner in Carreau &

Gordon Y. Billard

Co., 63 Wall St., New York City, members of the New York Stock Exchange. Mr. Billard will retire from partnership in J. R. Williston & Beane on June 30.

Stix Adds to Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Howard J. Eichhorn is now with Stix & Co., 509 Olive Street, members of the Midwest Stock Exchange.

E. A. Shurtleff V-P Of Blyth & Co., Inc.

SAN FRANCISCO, Calif.—Eugene A. Shurtleff has been appointed Vice-President of the investment banking firm of Blyth & Co., Inc., Russ Building, it is announced by Charles R. Blyth, Chairman of the Board.

Mr. Shurtleff has been with the firm in the San Francisco office since he graduated from the University of California in 1939. During World War II he served in the U. S. Navy in the Pacific Theater. After the war, he rejoined Blyth in the sales department and in 1955 became a sales representative in the corporate buying department.

With Miller Secs.

(Special to The Financial Chronicle)

ATLANTA, Ga.—Bobby L. Lowry is now with Miller Securities Corporation, 11 Pryor St., S. W.

J. W. Tindall Adds

(Special to The Financial Chronicle)

ATLANTA, Ga.—Joseph G. Smith has been added to the staff of J. W. Tindall & Company, Fulton National Bank Building.

Dealer-Broker Investment Recommendations & Literature

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

Bank Stocks—Analysis with particular reference to **Bank of America, Irving Trust Company, National Shawmut Bank and Seattle First National Bank**—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

Bond Market—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Canada — Statistical summary — Bank of Canada, Research Department, Ottawa, Ont., Canada—25c per copy, $3.00 per year.

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

Food Processing Industry—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Gifts of Stock to Children—Brochure summarizing the many ways of making gifts of securities to children — Parker Corporation, 200 Berkeley Street, Boston 16, Mass.

Investment Decisions Today—Brochure—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

Japanese Economy—Survey of current trends—Daiwa Securities Co., Ltd., 8, 2-Chome Otemachi, Chiyoda-Ku, Tokyo, Japan.

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.

Opportunity for World Progress—Study of effect of population growth and universal sufferage spread—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

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

Silver—Analysis of outlook—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Southwest—Bulletin of economic highlights — First National Bank in Dallas, Dallas, Tex.

Steel Situation—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also vaailable is a report on **Continental Oil Company** and a list of interesting **Electric Power and Light Companies,** and **Natural Gas Utility Companies.**

Tax Exempt Bonds—Discussion — Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Trends in Transportation—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a bulletin on **Thatcher Glass Manufacturing Co.** and data on **Overnite Transportation Co.** and **Gamble-Skogmo Inc.**

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Air Express International Corp.—Brochure—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Allied Mills, Inc.—Analysis—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

American Brake Shoe Co.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y. Also available is a memorandum on **Union Bag Camp Paper Corp.**

American Capitol Insurance of Houston, Tex.—Analysis—Kay and Co., Inc., 2316 South Main, Houston 2, Tex.

American Hospital Supply Corporation—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also Available is an analysis of **Arizona Public Service Company.**

American Tobacco Company — Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a discussion of bond yields.

American Viscose Corp.—Memorandum—J. R. Williston & Beane, 115 Broadway, New York 6, N. Y.

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

Berkshire Hathaway Inc. — Memorandum — Pitman & Co., Milam Building, San Antonio 5, Tex.

Black Hills Power & Light Company—Report—A. G. Becker & Co. Incorporated, 60 Broadway, New York 4, N. Y.

Brooklyn Union Gas Co. — Memorandum — Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Bullock's Inc.—Analysis—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles 13, Calif.

Castle & Cooke, Inc.—Analysis—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Clute Corp.—Report—Lowell, Murphy & Co., Denver Club Building, Denver 2, Colo.

Coastal States Gas Producing Company—Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y. Also available is a bulletin on **Standard Accident Insurance Company.**

Consolidated Freightways, Inc.—Analysis—Woodcock, Hess, Moyer & Co., Inc., 123 South Broad Street, Philadelphia 9, Pa.

Erie Resistor Corp.—Memorandum—Fulton Reid & Co., Union Commerce Building, Cleveland 14, Ohio.

General Controls Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Industro Transistor Corp.—Memorandum—William Norton & Co., 9 Maiden Lane, New York 38, N. Y.

Life & Casualty Insurance Company of Tennessee—Analysis—Clark, Landstreet & Kirkpatrick, Inc., Life & Casualty Tower, Nashville 3, Tenn.

McNeil Machine & Engineering Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is a memorandum on the **Veno Co.**

Outboard Marine Corporation—Analysis—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also in the same bulletin is an analysis of **Tractor Supply Co.**

Owens Corning Fiberglass—Memorandum—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Pacific Mercury Electronics—Bulletin—A. C. Allyn & Co., 122 South LaSalle Street, Chicago 3, Ill. Also available are memoranda on **Central Illinois Electric & Gas, Schuster & Co.,** and **S. D. Warren Co.**

Permanente Cement Co.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a memorandum on **Westinghouse Electric Corp.**

Polymer Corporation—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **Curtiss Wright.**

Salem Brosius Inc.—Analysis—Mellott, Pitney, Rowan & Co., 29 Broadway, New York 6, N. Y.

Southdown, Inc. — Memorandum — Howard, Weil, Labouisse, Friedrichs & Co., 222 Carondelet Street, New Orleans 12, La.

Standard Oil of Kentucky—Memorandum—J. J. B. Hilliard & Son, 419 West Jefferson Street, Louisville 2, Ky.

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

Textron, Inc.—Bulletin — Frank C. Masterson & Co., 64 Wall Street, New York 5, N. Y.

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

West Coast Life — Data—Walter C. Gorey Co., Russ Building, San Francisco 4, Calif.

Western Union—Analysis—Gerstley Sunstein & Co., 121 South Broad Street, Philadelphia 7, Pa.

F. W. Woolworth Company—Analysis—Laird, Bisssell & Meeds, 120 Broadway, New York 5, N. Y.

Wyandotte Chemicals Corp.—Memorandum—Baker, Simonds & Co., Buhl Building, Detroit 26, Mich.

Youngstown Steel Door Company—Analysis—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia National Bank Building, Philadelphia 7, Pa.

Form Lifton Securities

Lifton Securities Inc. is engaging in a securities business from offices at 375 Park Avenue, New York City. Officers are Robert K. Lifton, President and Treasurer, and Loretta Lifton, Secretary.

John J. O'Keefe Opens

John J. O'Keefe is conducting a securities business from offices at 489 Fifth Avenue, New York City.

A. J. Radawiec Opens

(Special to The Financial Chronicle)

SPRINGFIELD, Mass. — Albin J. Radawiec is conducting a securities business from offices at 737 Newbury Street under the firm name of Albin J. Radawiec & Co.

Joins Grant, Fontaine

(Special to The Financial Chronicle)

OAKLAND, Calif. — Clyde L. Nelson has joined the staff of Grant, Fontaine & Co., 360 21st Street.

Paine, Webber Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John P. Burke has been added to the staff of Paine, Webber, Jackson & Curtis, 626 South Spring Street. He was formerly with Walston & Co., Inc.

Joins E. F. Hutton

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—James S. Chibidakis has joined the staff of E. F. Hutton & Company, 160 Montgomery Street.

Wachob Bender Adds

(Special to The Financial Chronicle)

OMAHA, Neb.—Joseph H. Paterno has been added to the staff of Wachob-Bender Corporation, 3624 Farnham Street.

With Paine Webber

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Mrs. Susan Hansen has been added to the staff of Paine, Webber, Jackson & Curtis, Union Commerce Building.

COMING EVENTS

In Investment Field

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.

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

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

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

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

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

Why Much Boom—No Bust

By ARTHUR R. UPGREN*
Frederic R. Bigelow, Professor of Economics
Macalester College, St. Paul, Minn.

The fact that the extent of our postwar recessionary declines has been more than offset by recovery gains, so that the "declines have been as small ripples on this economic swell," is explained by former Dartmouth and now Macalester College economic research professor. He points out that total output in current prices has increased by more than $250 billion since the end of the war. Dr. Upgren credits our automatic economic snubbers and stabilizers for maintaining consumption during recessions and attributes recovery to need to replenish liquidated inventories which generates consumption and production.

The American economy has shown the most surprising resilience and bounce in the fourteen years since the end the Second World War in Europe.

Arthur R. Upgren

In these fourteen years, we have had three recessions. Here are the non-morbidity statistics on these recessions. These statistics reveal the dramatic performance and the "no bust" character of the economy:

1949 Recession—Started fourth quarter 1948. Low point reached fourth quarter 1949. GNP declined 3½%. Duration twelve months. Total declined in total output $9 billion.

Followed by a $21 billion recovery in the first six months of 1950. This recovery was two and one-third times the amount of the decline. The recovery all took place before the outbreak of the Korean conflict.

1953-54 Recession — Duration from previous high to bottom nine month. Decline of 2½% in GNP. Amount of decline, also $9 billion. Low point reached first quarter 1954.

Followed by a $44 billion increase in GNP by fourth quarter of 1955. The recovery in 21 months was five times the decline which took place in the previous nine months. Much bounce—little bust.

1957-58 Recession—Shortest duration of all, six months from high to low. Total decline $18 billion. Amount of decline 4%.

Followed by a $40 billion recovery in twelve months to first quarter of 1959. Recovery was more than twice amount of decline. Recovery continuing. . . .

Inasmuch as the entire economy increased from a level of GNP of $210 billion at the end of the Second World War to $467 billion in the first quarter of 1959, "the bounce," in the economy in the 14 postwar years, has been from an index of 100 to an index of 233 at the present time. In this bounce, the "price puffery" when rubbed out reduces this boom in the economy by about one-third to not more than one-half. The declines have been as small ripples on this economic swell.

What Most Economists Overlook

Clearly the record is one of "much boom — no bust." The resiliency in the economy in the postwar years was due to three simple forces, operating intensely, but overlooked by about 90% of the economists in the United States in 1945 and by all of the official advisers to President Truman. These advisers' forecast has become their "Great Mistake" of official economic forecasting for the postwar period.

The popular question at that time was: "What will happen to the American economy when United States Government stops spending $100 billion a year for war?" The official economists of the Administration of that time felt that a recession was sure to ensue and that artificial public stimulants such as their famous "shelf of public works reserve" would be vitally needed. In fact, Major General Lewis Hershey at one time suggested that the members of the armed forces might have to be released from the service slowly in order that unemployment totals would not increase unduly. The members of the armed forces dispatched General Hershey and his argument about as fast as they moved across Germany in the final days of the war.

The forces built up in the economy were simple indeed and capable of measurement and were measured in the famous bulletin "Markets After the War" published by the Department of Commerce and another manual "The Albert Lea Community Post-War Plan" which was developed in the nearby city of Albert Lea just across the Minnesota line north of Des Moines.

The three forces which gave so much boom to the postwar economy were:

(1) A war-time doubling of incomes generally permitting a 100% increase in family expeditures for consumption.

(2) A war-time increase in liquid assets of $225 billion, $150 billion of which was accumulated by individuals and $75 billion of this increase in liquid assets was by corporations.

(3) A starved demand which was measured by Professor Sumner H. Slichter midway in the war and which had then reached a total of $56 billion.

In the postwar period, total defense expenditures did not decline by $100 billion, but did decline by $68 billion or two-thirds of the amount contained in our hypothetical question. This meant that the Secretary of Defense did reduce expenditures by $68 billion. Why did we not have a recession?

Consumers Can Spend Too

Because women of America had a capability for spending fully comparable to that of the Secretary of Defense. Family expenditures, out of increased income and accumulated liquid assets, increased mightily. There was a rush to lift family expenditure rates and to end the vacuum starved demand which had been noted. Family expenditures rose at once by $36 billion, business expenditures for new plant and equipment and inventories now needed to supply the rising family expenditures were increased by $20 billion, our shipments abroad increased by $7 billion and state and local expenditures now again could increase and did increase by $3 billion. It was this total expenditure increase by $66 billion which offset all but $2 billion of the $68 billion decline in expenditures for war and the job was done by 1946!

In fact, the immediate postwar period was filled with "over-full employment." The evidence of the over-full employment is the sharp rise in prices and in wages which occurred from 1946 through 1948.

Here, then, we see what I call "much boom" in the economy. Total output in current prices had increased by more than $250 billion since the end of the war, and well over half of this increase was in "real terms," meaning the increased production and expenditure measured in physical, not monetary, volume.

Boom, then, there had been. But, why "no bust"?

Explains "Why No Bust"

The answer is found in the fact that we have built automatic economic snubbers and stabilizers into the economy. Here is how they operated in the recent 1957-58 recession:

Total output, GNP, declined $18.5 billion. Of this decline of $18.5 billion, without getting much credit for its heroic performance, no less than $12.5 billion was offset by business in effect better to sustain the economy, and it was offset by that amount of decline in corporate profits.

The decline in corporate profits of $12.5 billion largely represents the maintenance of wages above sales receipts by corporations. This is verified in the observation that total compensation of employees declined by only $6.5 billion in the recession. In other words the decline of corporate profits was due to expenses continuing in the recession above the depressed vote of corporation production and sales. The primary expense is wages, and total wage payments were thus maintained. The decline in corporate profits of $12.5 billion was shared one-half by the United States Treasury and one-half by the decline in the retained profits of corporations or what we call "corporate savings." Thus did a loss in budget receipts of the Federal budget finance maintained incomes. Certainly the maintainence of wage incomes at a level $12 billion above the decline in total production of $18 billion was well worth the contribution we have seen in the deficit of the Federal Treasury and in the "shrink" in corporate retained profits.

The evidence lies in the sharp recovery in both Federal Treasury budget receipts and in corporate profits. Corporate profits have recovered to about 10% above **the pre-depression level.** The Federal budget receipts, as a result of the recovery, have gained by about $10 billion. Thus did the losses in incomes, to corporations and the Treasury, finance better maintained incomes of the families of America and thus were those families by their maintained consumption able to produce the dramatic $40 billion recovery in gross national production (GNP) since the low point of the recession in the first quarter of 1958.

But these are not the only stabilizers we have built into our economy. In addition to the maintenance of wages, an increase of $3 billion was paid to the unemployed workers in the form of increased unemployment compensation. Now we see why personal income in the United States in the recession at the worst declined by only $3.5 billion. Adding to this the decline in personal income taxes resulting from the moderate decline in personal incomes and the modest reduction in family savings, we see why consumption was so very well maintained **right through the recession.** In fact, consumption declined by only $2.1 billion and this was only 6/10ths of 1% of total consumption.

We have now seen how the automatic economic snubbers and stabilizers maintain consumption. However, production did decline by $18 billion. How could consumption be so well maintained in face of a much more marked reduction in production? The answer lies in the fact that in the recession consumption was "fed" out of inventories. Inventories, of course, can supply consumption this year, but the production of those inventories produced incomes last year. But the liquidation of inventories and our business reduction of more than $11 billion of investment in inventories could no longer continue. In the final half of last year, consumption and production had to rise as we now, having liquidated inventories so substantially, had again to produce all the goods we were consuming. The production rate rose sharply. This caused re-employment and re-employment has increased personal income by $17.5 billion since the low point in the first quarter of 1958. Consumption has risen by more than $14 billion. Business investment in inventories has risen by $12 billion, housing expenditures have increased by $4.5 billion, and the expenditures of all government have increased by $9 billion. The increased expenditures by government have been primarily of state and local governments and of the Federal Government for the support of farm commodities.

Now we see how total production has increased by $40 billion in the twelve months ending last March, and to this will probably be added an $8 billion increase in the present quarter.

Certainly we can say that there has been "much boom—no bust" in the American economy since the end of the Second World War.

*A talk by Dr. Upgren before the American Petroleum Institute, Des Moines, Iowa, May 27, 1959.

The World Outlook for Electronics

By H. H. SCUDDER*
President, International Standard Electric Corp.
An Associate of International Telephone and Telegraph Corp.
New York City

Mr. Scudder's brief review of the factors underlying the world market outlook for electronic products depicts definite expansion with U. S. A. obtaining a goodly share from exports or from foreign investments. In the United States the share of electronics in all capital expenditures alone is expected to mount from present 3 to 4% to 7% by 1975, and a paralleled increase is expected also in Europe. Or, the volume of business and industrial spending in next 15 years is seen going up four-fold. The industrialist hopes we will not turn protectionist in the face of foreign competition and he suggests how changing international factor can be mutually beneficial for all.

The term "electronics" is very much in the public mind today and is construed to embrace a considerably larger field than the dictionary definition of the term, which is "That branch of physics which treats of the emission, behavior, and effects of electrons, especially in vacuum tubes, photoelectric cells, and the like."

Henry H. Scudder

Our company's business was originally strictly telephone. Our first associated company was established in Antwerp only two years after the invention of the telephone by Bell. In recent years, our business has grown to include many lines which are perhaps far removed from telecommunications, although telecommunications still represents a large proportion of our business.

World-wide prospects for the electronic industry are generally good, although affected by a vast number of factors such as foreign competition, government policies and other economic, financial and political developments on the international scene—running from common markets to the Cold War.

In spite of these conflicting factors, the world market outlook for electronic products is definitely expansionist. Our basic reasons for this attitude are both economic and technological. First of all, there is a worldwide demand for electronic products, and secondly, there has taken place in recent years a rapid scientific evolution which could even be called a "revolution."

Economic Bases for Expansion

Two fundamental economic factors influence worldwide demand for any product, namely, population and income. Today both are rising throughout the world. In many parts of the world there is occurring what has been called a population explosion. In the United States, for example, it is estimated that the population will rise from the present 174 million to 235 million by 1975. In Asia and Latin America the rise is expected to be even higher. In Europe, with a lower total increase in population, there are still important reserves of manpower to sustain the remarkable rates of industrial growth which hase recently occurred. All these potential producers and customers will have greater incomes. In the United States the average income per person after taxes is expected to rise about 40% between 1957 and 1975. In other regions of the world it can safely be assumed that we are entering an era where the disparity of living standards will be more rapidly reduced.

*An address by Mr. Scudder before the National Industrial Conference Board, New York City.

With this background of rising population, production and incomes throughout the world, the electronic industries appear to be well placed to benefit because of the widely diversified nature of their products. Whether the main emphasis is on defense or welfare, on consumption or investment, there is bound to be at least one area of growth and usually more, in which the electronics industry will participate.

Consider, for example, the world-wide outlook for a basic form of communication—the telephone. The world has still far to go before obtaining anything like the telephone density found in this country. Here we have approximately 35 telephones for each 100 persons. In Europe the comparable figure is 6% and the rest of the world approximately 4%. In Asia and Africa it is as low as .3%. Shortages exist everywhere even in the most developed countries of the world. In Great Britain, for example, there are still 160,000 would-be subscribers on the waiting list. Not only must new equipment be installed but equipment installed 30 or 40 years ago must be replaced. New developments such as the submerged repeater telephone cables which now span the Atlantic and part of the Pacific will become a major means of communication.

Industrial and Office Electronics

Impressive as the business outlook for telecommunications may be, the growth prospects in fields such as industrial and office electronics are even greater. In the United States it is reported that the share of electronics in all capital expenditures is at present between 3% and 4%. It is expected that this figure will rise to 6% in 1965 and to 7% by 1975. A parallel increase is to be expected in Europe and other industrial regions of the world. The level of capital expenditure to which these percentages apply will almost double between now and 1975, so that the volume of business and industrial spending for electronics will be multiplied by approximately 4. As an indication of this trend is the recent announcement of the first automatic post office in the United States now being installed by ITT in Providence, Rhode Island. Automatic handling of checks has been a subject of study by the American Bankers Association for some time and several installations of this nature have already been made or are in the process of being installed.

The growth in consumer incomes will also tend to strengthen the world-wide demand for the kind of entertainment that is made possible by electronics. There will be, in all likelihood, throughout the world a growing demand for radio, television and home recording devices. Even in this country standards of home entertainment are continuing to rise and new markets continue to open, as evidenced by the recent introduction of stereophonic sound.

National Defense

There is no more important use of electronics than in the realm of national defense. In all countries the percentage of defense spending going to electronics is increasing. In the United States, for such programs as the Jupiter and Thor Missiles, electronics represent between 55% and 60% of the total cost. In the new Navy Eagle program, this percentage is expected to reach 75%. The outlook is for increased product development not only in the airborne and ground systems but also in new fields such as underwater operating equipment. As an example of the complexity of new equipment, one can cite the instrumentation for the new F-108 Interceptor, which will provide navigation, identification, communications and landing-aid control for aircraft travelling at three times the speed of sound.

Technological development continues to create opportunities in all fields. This development is expected to continue at perhaps even a more rapid rate than in the past. We all know how transistors and the new solid state components are working for an epoch-making revolution in electronics, giving man a new brain to match the new power of atomic energy. Sales of transistors have risen from 1.3 million units in 1954 to 47 million units in 1958. Without transistors and other solid state components, most of today's computing, guidance, navigation, and space travel equipment could not have been possible because of excessive weight and bulk. Since 1952, when the first semi-conductors were introduced, the United States electronic industry has more than doubled in size and is now the fifth largest in the country. New possibilities are opened every day. As you know, it is now possible to receive radar echoes from far distant planets and it is now possible to look forward to new solutions to the problems of inexpensive world-wide communications by using a system of three satellites in orbit around the equator. These are not remote dreams but actual proven possibilities. The varieties of applications that are opening up in all fields are innumerable.

Factors Affecting Business Outlook

After this brief review of the basic factors underlying our expansionist view for the industry, one must consider the other complex forces that may affect the business outlook. These forces are competition, government policies, and political, economic and financial developments. There can be no doubt that competition, even in a highly technical industry such as ours, is increasing all over the world as electronics evolves from a comparatively small industry to a larger and more established one. This can be seen in the United States, particularly in such fields as missiles and data processing equipment, where producers of airframes and of purely electro-mechanical equipment are now striving to acquire electronic skills and knowledge. But the most important factors tending to increase world-wide competition are to be found abroad. The cost and price advantages long enjoyed by the United States are rapidly diminishing as technical advances in other countries put a growing number of overseas manufacturers in competitive positions. In some items, we have at least temporarily priced ourselves out of world markets. A typical example is the sale of Japanese portable radios in this country. The share of Japanese portable radio sets in the American market has more than tripled in the last two years.

Does Not Favor Protectionism

We can look forward to a further increase in international competition, and this fact has to be faced. How should we best meet this competition? Should we react negatively by a retreat into further protectionism or positively, by cutting costs and by working with foreign associates? I do not believe, generally speaking, that an extra dose of protectionism would be good for our economy. This would only isolate United States industries from what might be a healthy competition from abroad and also deprive foreign countires of the possibility of earning dollars, with a resulting loss of business opportunities for American exporters.

There is what I believe to be a very healthy tendency to join forces with foreign industries in order to benefit from their lower cost. I recently read that a new radio set produced by a large American corporation will include Japanese components. This use of foreign-based production has been familiar to us for many years. There are advantages to the process insofar as the use of foreign made components—by lowering the cost of a finished product—widens the United States markets and creates business opportunities which otherwise would not exist.

Next to competition, another great force shaping the development of foreign business is the influence of government policies. We find a great and natural desire in all countries for economic stability added to a desire to fight inflation and to save on foreign exchange resources. This is a handicap to sales in many areas of the world, particularly in economies based on raw materials and agricultural production.

Conditions change rapidly throughout the world and one must be prepared to move rapidly to meet these changing circumstances. For example, in Vietnam after the end of the Indo-China war, it was almost impossible to sell equipment produced in France. Now the situation is almost completely reversed, and Vietnam is a good outlet for French products.

ECM and Convertibility

Two other important developments which influence the business outlook are the European Common Market and currency convertibility. Both developments in my opinion are favorable. In one of its aspects, of course, the Common Market means strong competition, as European firms join forces. Several agreements have already been concluded among European firms towards this end. The obvious counteraction for American business is to establish units in the Common Market in order to benefit from it instead of competing with it. In cases where the establishment of manufacturing units is not practicable, licensing agreements seem to offer a good opportunity. Many United States companies are active in the Common Market in either or both of these two ways. In the past ten years industrial production in the six Common Market countries increased by about 95%. It is expected that in the next 15 years it will double. This will result in increased buying power and expansion of markets which in our opinion will more than offset any losses which may be caused by increased competition. The second important development is the convertibility of European currencies. As this continues, foreign exchange shortages will be reduced and financial markets of Europe will offer more possibilities.

I have recently returned from Europe and, generally speaking, I found a much better outlook than several months ago. The new British budget provides some stimulation to industry and in France the danger of recession seems to be fading out. Signs point to a sustained activity in Germany and most other European countries. In Latin America, in spite of financial difficulties, expansion is on the whole continuing and this is true in the Far East, the British Commonwealth and parts of Africa.

The present world outlook is dominated by the Cold War. To win this war we must persuade the uncommitted nations that our way of life is a better one than that offered by the other side. American business can assist materially in this by expansion of overseas trade, investment in foreign countries, and the establishment of factories. All of these activities will tend to bring about an improvement in living standards. At ITT we are planning to continue increasing our investments abroad and we are considering the establishment of manufacturing units in additional countries. We see nothing to prevent a continually increasing market with a goodly share in the electronic industry being obtained by American interests either through sales from the United States or from units established in foreign countries.

R. L. McCaffrey V.-P. Of Harriman Ripley

Robert L. McCaffrey has joined the investment firm of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, as a Vice-President, it has been announced by Stuart F. Silloway, President.

Robert L. McCaffrey

Mr. McCaffrey was formerly with Mutual Life Insurance Company of New York where he spent the greater part of his business career. He served in various executive capacities at Mutual Life, including such posts as Director of Accounting and Statistics, Personnel Director and assistant to Lewis W. Douglas, then President of Mutual.

With Walls Assoc.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Getha G. Harris is now affiliated with Walls Associates, Inc., Candler Building.

Two With Coburn

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Pearl R. Jackman and Elizabeth A. Thomas have become associated with Coburn & Middlebrook, Incorporated, 75 Federal Street. Both were formerly with A. L. Albee & Co.

R. W. Pressprich Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John B. Buttrick is now with R. W. Pressprich & Co., 75 Federal Street. He was formerly with Schirmer, Atherton & Co.

Join J. C. Flax

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Kermit Bleicher and John F. Bantis have joined the staff of J. Clayton Flax & Co., 1562 Main Street. Mr. Bleicher was previously with Jay C. Roberts & Co.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Maxwell E. Bublitz, Jr. has joined the staff of Harris, Upham & Co., 232 Montgomery Street.

Our Productivity Record —How Does It Look?

By DR. JOHN W. KENDRICK*

National Bureau of Economic Research, New York City
George Washington University, Washington, D. C.

A definitive insight into our productivity score, which may surprise some, is provided by one of the country's top measurers. Among the observations made, Dr. Kendrick notes that industries with the largest productivity-increases have shown relative price declines which have stimulated sales and output and, in turn, prompted productivity-advance — the opposite of a vicious circle and the Slichterian thesis that creeping inflation is needed to spur technological advance. Regarding steel specifically, the economist finds upward steel price trend and its lower post-war productivity increase than the economy as a whole has hurt steel's sales and long-run comparative position. He explains the locus for price increase; urges substantial research and productivity advance; and recommends program to accelerate the nation's growth rate.

The iron and steel industry is one whose good economic health and continuing progress are of concern to all of us due to its important role in producing for all three major economic sectors: consumers, producers, and the government for national security purposes.

Dr. J. W. Kendrick

In recent years increasing recognition has been given by thoughtful people to the role of productivity advance as the most dynamic element effecting economic growth and effecting changes in the structure of the economy. As a measure of the ratio of output to associated inputs, productivity changes largely reflect technological advance and changes in the organization and combination of inputs. As such, it has been even more important than the increase in the inputs of labor and capital in promoting the growth of the national product in this and many other countries.

At the national level, productivity advance has been viewed as the most important element necessary to reconstruct war-torn economies after World War II; to promote the development of economically backward areas; to increase the relative material strength and potential power position of the free world vis-a-vis the Communist bloc; and, more recently, as a means of mitigating inflationary pressures and as a rough guide to the increases in wage-rates that would be approximately consistent with stable prices.

The fortunes of individual firms and industries are likewise affected by their relative rates of productivity advance. If a company does not increase its productivity as rapidly as its competitors, this will eventually be reflected in the profit and loss statement and, unless the unfavorable trend is corrected, it ultimately leads to bankruptcy. Industries whose average rates of productivity advance are below the national average tend to experience relative increases in unit costs and prices which usually dampen the expansion of their sales and output. Such industries tend to become relatively less important employers of labor and creators of capital compared with others that are technologically more progressive.

I should like to present some more detailed facts about productivity change in the American economy over recent decades and years; and then to appraise the record and ask where do we go from here. But first I must discuss the concept of productivity underlying my measures. This is essential for a clear understanding of their meaning.

Concept and Definition of Productivity

Unfortunately the productivity concept has been defined and used loosely, in different ways by different people for different purposes, and there has been considerable confusion as to its true meaning. In its broadest sense, "productivity" has been used to designate the ratios of output to any or all of the associated inputs, in physical volume terms. In this usage, there is a whole spectrum of productivity measures—as many as there are different types of inputs, or different methods of measuring output and input.

Now there is no reason not to compute these "partial productivity ratios," as I call them, since they are useful in properly interpreted. To take the leading prototype of this type of measure, "output per manhour," it indicates changes in manhour requirements per unit of output. This meaning is more clearly suggested by inverting the ratio to read "manhours worked per unit of output." Thus, a declining ratio indicates that there have been savings achieved in the use of manpower per unit of product. All too often the "output per manhour" measures, misleadingly called "labor productivity," have been interpreted as indicating changes in the efficiency of labor, or changes in productive efficiency generally. Both interpretations are false. Changes in labor efficiency as such are but one of many elements affecting productivity change; and the "output per manhour" indexes reflect not only changes in productive efficiency generally, but also substitutions of other inputs for labor, i.e., changes in the proportions of inputs used in the production process.

Output per manhour indexes measure changes in productive efficiency even less satisfactorily when the manhours relate only to particular classes of employees, such as production workers. Since production workers in manufacturing have dropped from 84% to less than 78% of all employees between 1948 and 1957, it is apparent that output per production worker manhour tends to overstate the saving achieved in use of labor generally.

To illustrate my point, let us suppose that an assembly line has been automated. The numbers of production workers in a plant have been reduced drastically. But the resulting large increase in output per production worker manhour is no measure of the increase in productive efficiency achieved, because non-production workers may not have been reduced—in fact more technicians and engineers are employed; further, there has been a large increase in invested capital per worker; and, finally, we shall suppose that at first there are more rejects and wastage of material. In other words, the increase in output per production worker manhour has been due in part, at least, to a substitution of other types of labor, of capital, and of materials for production workers as reflected in the change in input mix. If output were related to each of the other inputs, these partial productivity ratios would be seen to rise less than output per production worker manhour, or actually to drop.

This leads to the general definition to productivity which is becoming increasingly accepted these days. Output must be related to all of the associated inputs in order to reveal the net savings of inputs achieved over time, and thus the increase of productive efficiency generally. This "total productivity" measure is obtained by weighting the input measures for each class of input by its relative cost in a base period—just as the aggregate output measures are obtained by weighting the units of each type of output by their unit values, or prices, in the base period.

It should be noted that output measures for the economy, the real national product represents a consolidated production statement for all firms and other producing units, in which purchases and sales among firms wash out, and only the final purchases remain. In this case, the associated inputs boil down to the basic factors of production, labor and capital, including land. The same is true of an industry or firm if output is measured **net** of purchased materials and contractual services, i.e., as real value added. Such industry and company measures are comparable with the national measures. But for certain analytical problems, it is useful to measure company or industry output gross, in which case the associated inputs consist of purchased materials and services, as well as of labor and capital.

Meaning of Productivity Change

We have said that the total productivity ratios measure changes in productive efficiency. But that is a broad term. Just what lies behind it?

In the first place, increases in output relative to inputs reflect technological advance resulting from innovations in the organization, processes, and instruments of production. These, in turn, result from investments in activity designed to produce inventions and develop their commercial applications. If we wish to probe more deeply, we must say that the basic values and institutions of a society ultimately determine the extent of technological advance.

Second, productivity may increase as a result of economies of scale. As various industries, and the economy, expand, greater specialization of firms, plants, machines and men is made possible which contributes to efficiency. Certain overhead type inputs or activities are spread over increasing numbers of units, reducing unit costs. To some extent, however, this may be offset by a tendency towards increasing costs in some of the extractive industries.

Last, over short periods of time, productivity as measured reflects changing rates of utilization of capacity. In periods of recession, productivity increases less or declines as plants are used below their most efficient rates. But this factor should not affect the trends as measured over a period of years that include a number of business cycles.

Finally, I should point out that there are various technical aspects of measurement which affect the movement of the indexes. I shall spare going into a detailed recitation of these technical problems. Let me merely say that output measurement encounters difficulties when the quality of goods change over time. Our measures of output and productivity may understate true increases on this score, just as price indexes correspondingly overstate price rises. On the input side, our inability to measure and separately weight all the distinct types of inputs, such as manhours worked in each occupational category, also tends to understate the increase in inputs, since there has been a distinct shift of manhours and other inputs towards more highly paid categories.

Also, the types of weights, and the base-year from which we choose the weights, for the purpose of aggregating outputs and inputs affect the movement of the series. Needless to say, the quality of the basic data also affects the accuracy of the calculations. At best, our productivity indexes are fairly rough measures, and certainly significance should not be attached to every 10th of a percentage point change or difference in the measures.

National Productivity Changes

It helps us see recent productivity changes in perspective to look at the record for a comparatively long period of time. Over the 68 years between 1889 and 1957, total factor productivity in the private sector of the U. S. economy rose at an average annual rate of 1.7%. Total factor inputs also rose at the average rate of 1.7% a year. Thus inputs and productivity have contributed in equal proportion to the 3.5% average annual increase in real gross private product.

The annual estimates are shown in Exhibit 1. The total input series is a weighted average of labor and capital inputs.[1] It can be seen that capital input — measured by

Continued on page 30

*An address by Dr. Kendrick before the 67th general meeting of the American Iron and Steel Institute, New York City,

1 The estimates underlying this were prepared by the author for the National Bureau of Economic Research. They have recently been summarized and graphed in "Basic Facts on Productivity Change" by Solomon Fabricant (Occasional Paper No. 63, N. B. E. R. 1959).

Particular Challenges Confronting Petrochemical's Excellent Outlook

By P. L. RICHARDS*
Assistant Sales Manager, Enjay Company, Inc., New York City

Spectre of over-expansion and other challenges that must now be faced before the petrochemical industry can realize the staggering growth prospects ahead, compared to progress since World War II, receive Mr. Richards' solutional analyses. Well versed in manufacturing, research and sales, the author suggests overcoming present excess capacity, and declining exports and increasing imports, by developing sales to under-developed areas, by researching and developing a still hardly scratched chemical storehouse of crude oil, and by careful re-examination of policy of large volume-sales at reduced prices in terms of long-range implications.

What do we actually mean when we talk about petrochemicals? Actually, if the principal atoms present in a compound are carbon, hydrogen, oxygen, and to lesser extents sulfur and nitrogen, we can be talking about a petrochemical and therefore a product which is made or can be made by a company we could identify as being a petrochemical organization. Actually, what we are really talking about is that segment of the chemical industry which utilizes the tremendous chemical storehouse called crude oil as a starting raw material to make nearly the whole gamut of organic chemicals. Petrochemicals are the progeny of the very successful marriage of the chemical and petroleum industries.

P. L. Richards

Impact of World War II

Back in 1920, there were only two companies in the petrochemical business, the Union Carbide Corporation, and my own company, Standard Oil Company (New Jersey). By the close of World War II, there were still only two or three dozen companies, while today there are several hundred. The Manufacturing Chemists' Association has published figures which show that even as late as 1940 only about 8% of the organic chemicals in the U. S. were dervied from petroleum. Then came the tremendous impetus of World War II. By 1945, this figure was about 22%, nearly 60% by 1950, and today the figure is getting close to 90%. Knowing what we do today, we might wonder why it took so long. Well, I don't have the complete answer, but from the petroleum side I can remember that only about 12 years ago I had to write a rather comprehensive report on lubricating oil additives. At that time, we were selling relatively low volumes of a solid crystalline product, 2, 6-ditertiary butyl paracresol (we are still selling it—in better volume). At that time, this product sold at $1.10 a pound. It is of interest, however, that in reporting the statistics of our lubricating oil additive business, I was required to convert our volume sale of this solid product to barrels of 42 gallons each, in other words, petroleum barrels. This, I think, is illustrative of some of the thinking which prevailed at that date. A man who came up through the petroleum industry after his roughneck days in the oil field could think only in terms of barrels per day, and the unit of millions of pounds per year had no meaning for him.

*Based on a talk by Mr. Richards before the New York Section of the American Chemical Society, New York City.

Today, however, the managements of petroleum companies are much more knowledgeable of the petrochemical field. The extent of this interest is shown when one compares the growth rate of petrochemical production and petroleum refining. Here we see the dynamic growth of the petrochemical industry over the past 10 years compared to the more mature industry of petroleum refining which ,in turn, has more than kept pace with the increases in population. Now, what petroleum management have had their eyes upon, and what has illustrated by the fact that petrochemical products upgrade value of crude oil.

These are the kind of thoughts that have caused the number of petrochemical manufacturers to multiply many times over during the past decade.

Well, what is ahead for the next 10 years?

Looking at petrochemical specifically, the challenges of profitability, growth and expansion, competition, and manpower development which apply to the chemcial field broadly certainly are very much with us in marketing petrochemicals. There are, however, some additional areas which it might pay us to examine at least briefly to review some of the challenges which seem perhaps particularly important to the petrochemical field.

Trend to Vertical Integration

The first of these is **INTEGRATION.** This is not the type of integration being discussed in our courts but is that tendency of petrochemical companies either to become more basic in their supply of raw materials or to move more in the direction of producing and marketing products closer to the interests of the ultimate consumer. For the more chemically oriented petrochemical company, the general tendency is to integrate backwards toward the basic raw material supply in order that such may be assured for conversion to more finished products. On the other hand, the petrochemical company having principally a petroleum background tends to integrate forwards towards more complex end products which may or may not be actual consumer items but at least they are more removed from being classified as chemical raw materials.

The philosophy here is, of course, that such companies have to recognize (1) the backward integration of some of their larger customers, thus decreasing their markets, and (2) in general the somewhat higher returns per dollar invested which may be expected on those products of interest to ultimate consumers. This latter is a debatable point but at least there appears to be definite trends in this direction, and this is one of the most common reasons heard for such changes. In this instance, there may have to be a very substantial revision in the marketing organization for a company undertaking such forward integration. Whereas the sale of chemical raw material is most commonly conducted in large volumes under long-term contracts by relatively few people, the sale of more complex chemical derivatives will require more sales personnel and perhaps a different type of sales organization.

Challenge of Over-Expansion

The changes in manufacturing patterns caused by the trend to vertical integration by petrochemical companies leads me to the second challenge with which we as marketers must contend. This is the challenge of **OVER-EXPANSION.** We are all familiar with the spectre of excess capacity which has prevailed in the chemical industry during the last few years. A company intending to integrate either forwards or backwards builds capacity sufficient for its own needs and then nearly always adds some additional, anticipating sales to others.

We have a prize example of this in my own company where our foreign affiliates are making substantial ventures into the petrochemical business. Our European companies thus engaged are building capacities for the anticipated needs within their own countries plus additional, the production from which they plan to export at an attractive profit. It has been a problem of considerable magnitude to coordinate and reconcile all these varied interests so that unnecessary duplication of facilities and manpower is not encountered.

Here at home this excess capacity poses a marketing problem of considerable magnitude. Most of the petrochemical plants are large continuous units (a heritage mainly from their petroleum parent) and as such the profitability of their operations is very sensitive to operating divisor. Most such units have to operate at, say, 60% of capacity to break even. There is a great tendency, therefore, for those of us concerned with marketing the products from this type of operation to go after large volumes of sales often at reduced prices. Sometimes this is carried to an extent that there is a definite weakening of the whole market price structure. It is imperative therefore, that we recognize not only the short-term profit possibilities of such sales but that we seriously consider the long range implications of our sales policies.

Decreasing Export Market

I mentioned above the expansion of my company in the petrochemical field abroad. We are certainly not alone in this effort, and the result of such foreign investments leads to the third area which I believe is of serious concern to all of us. This is the **DECREASING EXPORT MARKET.** Over recent years, the excess production I have been talking about often has been sold abroad to supply the growing demand of the expanding economies there. Frequently, this has been done at some concession in prices, but in general such lowered prices have had relatively little effect on our domestic markets. However, in view of the very substantial growth of the petrochemical capacity over the past two or three years in particularly the European countries, it is becoming increasingly difficult for U. S. marketers to compete for business in these areas. At present, most of the European petrochemical capacity is concerned with basic petrochemical raw materials such as ethylene, propylene, butadiene, and the like, but plants for synthetic rubber, plastics, and synthetic textiles, all of which are large consumers of these petrochemical raw materials, are now being constructed. These events behoove us to look at the other side of the coin which says that soon we can expect more and more efforts on the part of foreign producers and marketers to compete here in the States for these petrochemical markets. We have some evidence of this already but it is certain we can expect their marketing efforts to intensify over the years ahead.

Suggests Sales to Less Developed Areas

In view of this overall situation, it of course suggests to us that we should actively pursue markets in less developed areas such as South America, Africa, the Near and Far East, and perhaps India. Our success in these areas, whatever magnitude it may be, will of course be somewhat temporary in that we can expect similar economic and industrial development in these parts of the world as soon as the pumps are primed.

It seems to me, therefore, that our best opportunities lie in an opportunistic approach to foreign marketing wherein as soon as we recognize chances for attractive sales we jump in quickly with both feet and realize such profits as we can while the opportunities exist. The best chance for accomplishing such would seem to be in developing new products here and getting them into those markets as rapidly as possible before competing capacity can be constructed abroad.

Super-Market Reselling Growth

A fifth challenge which is assuming more and more importance is for us as marketers to best utilize the broad group of chemical entrepreneurs whom we call variously resellers, jobbers, wholesalers, agents, etc. Accustomed as we are in the petrochemical industry to think in terms of large volumes and large unit sales, the reseller has not had too big a role to play in this type of markketing. However, as we know, all sales are not conducted in large units, and to date the reseller has performed a very valuable function in local distribution with very rapid and individualized service to his customers. From this start, the larger ones are now approaching what we might call a chemical supermarket. operation. We may or may not have strong feelings regarding the desirability of this situation, but I feel without question this type of operation is here to stay and it is therefore necessary to integrate such with the marketing programs which petroprime suppliers to realise maximum profit potentials. The way in which this is done is a matter for each company to decide and obviously we could spend this evening and several more going into the ramifications of such considerations. Suffices it to say that there is a real job to be done here and it is worthy of considerable concentration of effort on our part over the years ahead.

Surface Has Hardly Been Scratched

The last challenge I wish to discuss is in some ways perhaps the largest one. This is the challenge petrochemical companies have to better utilize its chemical storehouse, namely, crude oil. Marketing people teamed with research groups have to sparkplug this effort. Today, relatively few percent (probably in the order of three to five) of crude oil produced in this country is being upgraded over the realizations obtainable by fuel uses. Taking a long range look, it seems most likely that this percentage will increase probably several fold. Many needs of mankind still remain to be satisfied, and where better is there a reservoir of raw materials to utilize in providing these wants other than petroleum and natural gas, and of course we should add sea water and air. The tremendous number of permutations and combinations of products starting with these elemental raw materials indicates the type of research and development work which still lies ahead of us in utilizing the higher molecular weight compounds already present in petroleum fractions. The surface has hardly been scratched in the utilization of the compounds present in crude oil and containing more than four carbon atoms. (Possible exceptions here are benzene, toluene and xylenes). As marketing people, and particularly in the petrochemical field, these raw materials represent a tremendous challenge for us to push ahead on our road of progress.

If we can extrapolate ahead over the next 10 years the progress which has been made in the petrochemical field since the close of World War II, it is rather staggering to think of the new horizons which must be ahead of us. Our responsibility is to develop both ourselves and new marketing talent to be alert to these possibilities and to capitalize upon them to the very best of our ability. I have only touched upon a few of the larger challenges. There are many more, and the continuing existence of such is, of course, the really stimulating and satisfying part of our business marketing petrochemicals. We never lack for challenge. We are in a progressive and dynamic industry which lies at the heart of our industrial growth and expansion. Let's do our best to measure up to this challenge over the years ahead of us.

G. Harold Pearson V-P Of Parker, Ford Co.

DALLAS, Texas — G. Harold Pearson has become associated with Parker, Ford & Co., Inc., 211 North Ervay Building, as Vice-President and Manager of the Trading Department. Mr. Pearson for the past four years has been active in the investment business in Denver. Prior thereto he was for many years in the investment banking business in Dallas as trader of local and regional issues.

G. Harold Pearson

Parker Ford & Co. has also opened two new branch offices, in the Morris Building, Denton, Texas, under the management of James A. Parker, and in the Oil and Gas Building, Wichita Falls, Texas, under the direction of Larry Robb. Mr. Parker formerly conducted his own investment business in Denton.

R. G. Williams & Co.

R. G. Williams & Co., Inc. is conducting a securities business from offices at 149 Broadway, New York City.

A. G. Zeller Opens

ONEIDA, N. Y. — Alfred G. Zeller is engaging in a securities business from offices at 425 Tilden Street.

Form William David Co.

William David & Co., Inc. has been formed with offices at 15 Park Row, New York City, to engage in a securities business. David B. M. Zaretsky is a principal in the firm.

With Bache & Co.

BROOKLYN, N. Y.—Jack Magaril has been named Manager of the commodity department of Bache & Co., 2215 Church Avenue, it has been announced. Mr. Magaril has been in the commodity brokerage business for five years.

The Economic Outlook at Midyear

By MARTIN R. GAINSBRUGH*
Chief Economist, National Industrial Conference Board
New York City

Conference Board's economist fixes overall economic activity at an all-time peak, preceives this shift as the beginning of prosperity phases, and recalls doleful views of unemployment of just a few months ago in pointing out that the midyear percentage is no larger than past prosperity periods. Mr. Gainsbrugh credits expansion to behavior of personal income and buying, and to private business investment. Weighing the disturbing and encouraging elements surrounding the near term outlook, he finds the balance favorable for prosperity without inflation in the period immediately ahead.

In little more than a year the business revival which began in April, 1958 has brought national economic activity to an all-time peak. Industry after industry is now turning out more goods than ever before in the nation's history. Total factory output is already well above its pre-recession peak. Late-comers to the recovery pattern are the durable goods industries but they, too, have finally broken through in instance after instance into new high ground. A month or two ago this was true of only two of the heavy industries — instruments and furniture. Now, as of mid-1959, most of the capital goods producers have also joined the roster of industries operating at new highs.

M. R. Gainsbrugh

The recovery pattern which began initially in soft goods now characterizes virtually all of American industry. This shift into new high ground may well mark the end of the recovery phase of the business cycle and the beginning of the next classical phase of the business cycle generally called prosperity. In that phase, while it may be long extended, the rates of growth are historically slower than in the recovery period. If this historic pattern is again followed, the shape and slope of the business curve should begin to reflect this traditional shift in the months immediately ahead.

Recalls Unemployment Woes

As the broadly based recovery has been transformed into increasingly widespread prosperity, it has dramatically altered the unemployment situation. Recall that just a few months ago we were told that the problem of persistent mass unemployment of the type we knew in the Thirties had returned to plague the American economy. And yet, as of midyear, the percentage of unemployment is no larger than it has been in past periods of prosperity. As output rose, first the hours of work were expanded. Then as fatter order books heightened business confidence, the lengthening of the work-week was followed by the recall of more and more workers.

This was a capital goods recession right from the outset. In durable goods manufacturing, employment fell from 10 million to 8.6 million at the recession's trough. Steadily, month after month in 1959, employment has been rising in the durable goods industries. As we shift from recovery to prosperity we now have nearly 60 million people employed in nonagricultural industries. This is nearly two million more than at the trough of the recession. Comparing like months to minimize seasonal influences, employment in May, 1959 is fully a million above the number employed in May, 1957, another period of prosperity. Thus, the employment-unemployment picture confirms the earlier conclusion of the achievement of widely dispersed prosperity.

Further confirmation is to be found in still a third measure of national economic activity — the dollar value of the nation's total output of goods and services. This measure—gross national product —may total in excess of $475 billion when it is announced for the current quarter. Some of this again reflects a higher price level. But as has been true since recovery first began, the bulk of the rise in gross national product represents an increase in real physical output. These second-quarter figures also firmly support the conclusion of the transformation of recovery into prosperity, with record per capita incomes and living standards. As of midyear, the American people now have higher real incomes per capita than they had prior to the recession.

Credits Personal Consumption Strength

What has been behind this transition from recovery to prosperity? First and foremost has been the strength of personal consumption. As we shift into prosperity, this is intensified by accelerated outlays for consumer durable goods. Week after week, our surveys of consumer buying plans (financed by *Newsweek* magazine) have shown a spirited advance, particularly in plans to buy more cars, as well as new homes and appliances. We find consumer intentions to purchase rising, backed by more and more dollars of personal income. That figure for the month of April was $373 billion, or nearly $25 billion higher than a year earlier.

A recent report of the Joint Congressional Committee on Internal Revenue Taxation is of some interest in this connection. Their estimate of personal income for purposes of determining revenues from personal income taxes was $384 billion for the first six months of calendar year 1960—and this estimate was made several months ago, when recovery was seemingly lagging.

Expansionary force number one, as I see it, then is the ever-higher aspirations of America's consumers for more and better goods and services backed up by rising levels of personal income. We are also witnessing the beginning of a restoration of a better balance in consumer outlays for durable goods. These peaked out in the third quarter of 1955. The big-tag items now promise to regain some of the ground they lost in family budgets in the past four years.

Also Credits Business Buying

The second expansionary force is in the area of private business investment. Profits have improved sharply and as they rose so, too, did capital appropriations. We have just released our latest figures in the capital appropriations series for the thousand largest manufacturing corporations we compile for *Newsweek*. Appropriations rose markedly in the first quarter of 1959. I use "markedly" in the sense of a 40% rise over the same period a year ago. This was the first year-to-year increase in 11 quarters. The rise in approvals was mainly centered in the durable goods industries. Gains were most pronounced in the iron and steel industry. The lagging industries were chemicals —the only industry to show a year-to-year decline—and petroleum, with only a small increase. Almost twice as many companies reported higher approvals compared with a year earlier than reported lower approvals.

These higher authorizations should in turn be reflected in rising new orders for new plant and equipment, particularly the latter, and should thus give further body to prosperity in late 1959 and perhaps all of 1960.

Negative Forces

The swing from recovery to prosperity has decelerating as well as accelerating influences. One of these is the change in the degree of stimulus-of-inventory policy. Even without reference to steel inventories, for example, it is unlikely that we will in the next 12 months experience a $14 billion switch in the inventory policy of industry, as we did in the past 12 months.

Another unfavorable development to be watched closely is the emergence of a negative foreign balance. Our imports have gone up roughly by 10% since last year. Our exports, in contrast, are already about 5% lower.

Five conclusions suggest themselves from this review of trends in business at midyear. The first I have already underscored, so I can give it in summary fashion—the shift from recovery to prosperity. Thus far, 1959 has lived up to its advance billing as a good business year, if not a spectacular one. In this connection, remember that this expansion is already more than a year old. Percent changes in the second half may not be as large as in the first half because in the closing half of 1958 output was already well on its way back toward pre-recession peaks.

The second point I have already made is the intensification of foreign competition. It was present markedly in the first quarter; in the second quarter the drain of gold was again resumed. More and more American companies are expanding their production abroad. The implications of this upon employment here at home have yet to be thought through. This is one of the few negative signs that appeared in the business scene in the opening half of 1959. However, I think it is more a longer-run negative than a factor that could quickly reverse the general upward trend of business.

A third salient feature at midyear is the improved profit position of American industry. While corporate income before taxes may well be nearing $50 billion, this figure in relative terms—say as a percentage of economic activity or in terms of sales margins, or in other meaningful comparative terms—is about in keeping with past periods of prosperity.

This betterment of profit position has enlarged the cash flow of American industry, along with greater depreciation also being earned. And this greater cash flow, in turn, is having its impact first upon appropriations and then upon the rate of capital investment later this year and next.

Fourth is the probable slowdown in the third quarter, either because of labor-management difficulties or the "scare" steel inventory buildup in the first half of 1959. However, the expansionary forces of private investment and rising consumption expenditures, which I have highlighted earlier, should contribute toward continuing upturn in the fourth quarter.

Fifth is the threat of renewed inflation. This is another of the negative factors to be put into our evaluation of the prosperity prevailing in mid-1959. Signs of speculative fever are evident in equity purchases, in the bidding up of farm lands, and in urban land values. Add to this the difficulties of the United States Treasury in financing itself throughout this fiscal year and the continuing foreign drain of gold. These are disturbing elements that surround the outlook as we enter the second half of 1959.

Even so, considerable progress was made in our battle against inflation over the past year. Our consumer price index, for example, has remained virtually unchanged over the past 12 months. The composite wholesale price index, while trending upward of late, is just about where it was last May. In many instances producers have thus far been able to absorb wage increases or higher material costs. In the light of the excess capacity and of intensified competition domestically as well as in foreign trade, they are trying their best to squeeze these costs out of internal economies rather than to attempt a pass-through as in other years of a seller's market. In connection with the difficulties of the U. S. Treasury, the prospect of an improved budget position is already at hand as we move out of this fiscal year and into the next. On an accrual basis, Federal outlays and receipts are almost in balance.

In the light of further gains in corporate profits and the increase in personal income, I am not as discouraged as are some of my colleagues about the prospects of bringing this inflationary force under control.

On balance, this review suggests that this nation faces the best opportunity it has had since the end of World War II to have prosperity without inflation in the period immediately ahead. I would go even one step further in this conclusion. If we as a people deal as successfully with the wage-cost-price problem as we have with the problem of bringing our governmental budget into balance, this period of prosperity without inflation might well extend not just through the months immediately ahead, but well into the early 1960s.

*An address by Mr. Gainsbrugh before the Annual Business and Finance Forum of the First National Bank in St. Louis, St. Louis, Mo., June 12, 1959.

N. Y. and Amer. S. E. To Close July 3

The New York Stock Exchange and the American Stock Exchange have voted to close the Exchanges on Friday, July 3, to give members and employees the benefit of a three-day weekend.

The Governing Boards of both Exchanges also announced a new policy providing that when any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday, unless unusual business conditions exist.

Significant Banking Events

By J. REGIS WALTHOUR*

President, Pennsylvania Bankers Association
and
President, First National Bank in Greensburg, Pa.

Pennsylvania banker warns inflation at home threatens our international competitive position; explains why all is not "moonlight and roses with the banking business"; notes "topsy-turvy" effect of rapidly changing securities prices on banking operations; and observes governmental encroachment in past year has not diminished.

On the international scene the cold war has continued and it has become more and more evident that while the free world must maintain its leadership in military defense, it must also carry on a continuous and vigorous offense through commerce, trade, and finance to maintain and expand its position in international economics. The competition for export business is not, however, limited to the iron curtain countries, for important changes have already occurred and are continuing to occur in other areas. Of particular significance has been the creation of the European Economic Community formed by France, Italy, West Germany, Belgium, the Netherlands and Luxembourg to sustain trade among the member nations and maintain a common tariff barrier against outsiders. Now Britain and other European countries outside the organized area are moving to form a comparable group and the Latin Americans are drafting similar agreements among themselves. If our balance of trade is to be maintained, we must be prepared to counter these efforts with goods and merchandise at competitive prices. Continued inflation here at home can quickly dissipate our advantage of quality merchandise.


J. Regis Walthour

From May, 1958 to May, 1959, we have seen in our economy a recession in the early months and in the later, and unexpectedly strong recovery, which continues unabated. Gross National Product for the first quarter of 1959 is 465 billion, up from 427.1 billion a year ago, or an increase of 8.9%. Personal income is up 5.7%. The Federal Reserve Index of production for March was up 14.8%. Steel, automobiles, car loadings, electric power output, and department store sales are substantially above the figures for a year ago. More recent figures will show additional gains. Fortunately the wholesale price index is actually one-tenth of 1% below a year ago and the consumer price index is up three-tenths of 1% at 123.7.

*An address by Mr. Walthour before the 65th Annual Pennsylvania Bankers Association Convention, Atlantic City, N. J.

Banking Growth

Banking too has continued to develop its potentialities, and while the latest available figures are for the end of the year, 1958, all banks in the United States and Possessions on that date, showed deposits of $251,331,512,000 and total assets of $277,880,159,000. The deposit increase for the year was $17,153,420,000, while total assets increased $18,692,640,000.

In Pennsylvania, the deposits of our banks passed $15 billion for the first time when on Dec. 31, 1958, our 749 banks showed deposits of $15,542,481,000 with total resources of $17,364,211,000. The percentage gain in deposits was 4.99%, the highest gain since 1950. Savings accounts showed an increase of 9.49%, an all-time record.

Unfortunately we cannot report that all is just moonlight and roses with the banking business. While our assets have increased in a most satisfactory manner, a great deal of this growth has been in time and savings interest-bearing accounts, and the rising interest rates have made this item the leader in the generally increasing cost of conducting our business. Broader services to overcome certain advantages which our competition enjoys, have also added to growing costs. The result has been that while our gross income has increased, it has been difficult to maintain our net income on a scale which makes it possible to pay satisfactory dividends and to make adequate additions to capital. All this requires much more skill and attention on the part of a larger number of trained employees as the years go by. However, banking generally and our Association particularly are paying considerable attention to this matter. Our own schools and conferences augment the national program which, starting with the well established American Institute of Banking, includes a growing number of special schools providing technical training to bankers and their employees.

Changing Securities Prices

It is hardly within the field of this brief report to include a lengthy discussion of either the bond or the stock market, but it is proper to say that bankers generally have had to devote long hours of study to the effect which the rapidly changing security values have had on the operation of our banks.

Relatively high prices and low yields for United States Government bonds and other fixed income securities, which were prevalent a year ago, have done an about-face and today we have decidedly low prices with high return. This condition even threatens to make it necessary to increase the statutory limit for interest on Federal obligations. These substantial changes have made the work of our investment officers increasingly more difficult. True, these changes have resulted in what we call a profit year and a loss year, but the tax savings made possible by a quirk in our tax laws, offer little satisfaction in the face of the continuously declining value of a bond portfolio.

It is plain that we are in a topsy-turvy period in our investment experience, with high bets being placed on future winners in the form of rapidly rising stock or equity prices, while apparently few people want to put their money into high class and presently profitable Federal, State, and municipal or corporate bonds. While the New York Stock Exchange recently announced that first quarter dividends in 1959 were up 2.6% over the same period of 1958, they did not bother to include the percentage increase in the return from bond interest.

A year ago I warned of the great danger of continued encroachment of both Federal and State government on the operation of the free enterprise system in our country. That danger has not diminished in the least in this year, and with the growing desire of certain political elements to be the puppeteers of all they survey, we must be continuously alert and make known to others the dangers of excessive governmental regulation.

Public Utility Securities

By OWEN ELY

Central Illinois Electric and Gas Co.

Central Illinois Electric & Gas supplies electricity, gas, and steam heating service to a population of 241,000 in five separate sections of Illinois—three in the central part of the state, one in the north and one in the southeast. Principal cities served are Rockford, Freeport and Lincoln. The Rockford area (contributing over 80% of revenues) has machine tools, automotive parts, hardware and many other diversified small industries. Freeport is in a dairying and farming region, with some manufacturing, and Lincoln is mainly a commercial farming center.

Electric sales in 1948 provided 67% of revenues, gas 30% and steam 2%. Residential-rural business contributed 44% of electric revenues, commercial 24% and industrial 28%. Some 72% of gas receipts are derived from domestic and space-heating customers (the latter contributing 53% compared with only 23% in 1949).

Generating capacity at the end of 1958 was 165,000 kw plus purchased capacity of 22,000 or a total of 187,000 kw. A new 55,000 kw generating unit is under construction and scheduled for commercial operation in 1961. The company will continue to buy power from the Commonwealth Edison under a five-year interchange agreement up to that date.

Natural gas is obtained from Panhandle Eastern Pipe Line and Natural Gas Pipeline Co. of America. The company also has an interest in a gas storage project in northeastern Illinois. Two propane peak shaving plants with combined daily capacity of 4,000 Mcf were completed in 1957. The company's gas rates are protected against price increases by suppliers, through cost adjustment clauses applicable to all gas rates.

The company has had an interesting record in recent years. During 1948-52 share earnings remained irregular and the dividend was unchanged (see table below). Common stock rights were issued on a 1-for-6 basis in December 1948, on a 1-for-7 basis in February 1951, on a 1-for-10 basis in 1952 and again in November 1953. These substantial increases in the number of shares doubtless account for the irregular share earnings during this period. However, no additional common shares were then sold (except a few to employees) in the intervening period of over five years until February this year, when there was a 1-for-10 offering (which was oversubscribed). This gave share earnings a chance to increase, which they have done steadily since 1953.

In the 12 months ended April 30, 1959 share earnings were $2.03, a slight decline from the $2.08 for 1958. Obviously the company had already made up almost four-fifths of the equity dilution, and on this basis it seems likely that 1959 earnings should at least equal the $2.03 earned in 1958 and possibly show a moderate increase.

The company's 1958 increase in share earnings was accomplished despite the industrial recession in the first half, which resulted in a decline of about 4% in industrial kwh sales and a still larger drop in miscellaneous sales (residential and commercial gained moderately). While total electric revenues held almost even, gas and other miscellaneous revenues recorded good gains so that total revenues were up nearly 2% (compared with 9% in the previous year).

Regarding the 1959 outlook, the company's report to stockholders stated that "steadily rising electric and gas service demands and a bright residential and industrial growth picture cause continual expansion of our system facilities. . . . Programs designed to attract new industry to our service areas are receiving considerable attention in both the Rockford and Lincoln Divisions, with several fine prospects surveying the areas for possible plant development projects. . . . Meanwhile, the outlook for existing industry is more than satisfactory. Major manufacturers are looking ahead to business increases in 1959 ranging as high as 25% above the depressed levels of 1958. Home building in Rockford is expected to increase more than 30% over last year during the approaching months, and sizable gains in retail sales are anticipated following the 1958 slump. The retail trade in the Rockford area is receiving a boost from the establishment of a sixth shopping center, the development of municipal parking facilities in long-established business districts, and increasing popularity of the new Northwest Tollway, which since August 1958, has provided areas east of Rockford with fast access to the Rockford trading area."

The stock has been selling recently in the over-counter market around 31½. The dividend rate was increased early this year from $1.28 to $1.44 making the current yield 4.6%. Based on the latest reported earnings of $2.03 the price-earnings ratio is 15.5 which is below the general utility average, despite the company's favorable record of share earnings in recent years.

Year	Revenues (Millions)	Common Stock Record* Earnings	Dividends	Approx. Range
1958	$23	$2.08	$1.28	40 – 20
1957	23	1.95	1.28	26 – 21
1956	21	1.88	1.16	26 – 21
1955	19	1.66	0.91	22 – 18
1954	16	1.23	0.86	18 – 14
1953	15	1.10	0.82	15 – 14
1952	15	1.24	0.70	14 – 12
1951	14	1.26	0.70	14 – 12
1950	12	1.44	0.70	13 – 10
1949	11	1.36	0.70	11 – 9
1948	11	1.32	0.70	12 – 9

*Adjusted for 3-for-2 split in 1955 and 5-for-4 in December, 1958.

Doing Business With the Russians

By O. V. TRACY*
Vice-President and Director, Esso Standard Oil Company
New York City

Terming the concept of normal trade with the Communists a delusion, oil industrialist inveighs against deals designed to help USSR build up its industrial machine. He urges that we maintain the lead in aiding underdeveloped countries, and that our allies reject trade arrangements that aid USSR. Mr. Tracy recalls what happened when Russia used a similar trade gambit in the 1930's; notes Russia has not altered its expressed goal of world domination and, thus, wants chemical, nuclear and electronic equipment rather than consumer products; explains what trade means under her cold war economic strategy of conquest and refers to recent dumping, Yugoslavia and Israel experience, and disregard of international patents; and praises chemical industry's unanimous rejection of recent purchase offer. Noting the Soviet Premier's threat to "bury" us, Mr. Tracy says it won't be fulfilled unless the Free World "supplies the spade."

Since the end of World War II, changes of great magnitude have taken place in every field of human endeavor. Political, economic, and social forces have been at work everywhere in the world. These forces have caused changes in government, in economic policies, in business, and in international relations. Weapons of great destructive power have been perfected. Men have started to probe space, and the time is rapidly approaching when we may be able to pioneer on some other planet. This seems a little ironic — for we are still having trouble getting along on his particular planet.

O. V. Tracy

One of the most significant developments since the war—as far as our nation is concerned—has been the rapid expansion of the Sino-Soviet bloc. Today, the Communists control one-quarter of the world's land surface, and about one-half of the world's population. They have never deviated from their expressed goal of world domination—and they have used bluster, blackmail, subversion, threats, and force to achieve their ends. In addition, Soviet industrial growth and technical achievements have attracted many underdeveloped nations to the Soviet system.

In the early 1950s, the Soviet Union was forced to look for new means to continue its expansion. There were two reasons for this. First, America and NATO took a firm stand against Russian armed threats and aggression. Secondly, military action became a very dangerous instrument to use in the East-West conflict. The powerful nuclear weapons possessed by both sides meant unprecedented destruction for all belligerents. Limited wars also became dangerous—for they could easily develop into thermo-nuclear war and lead to mutual annihilation.

This is not to say that military pressure has been abandoned. Both sides have the capability of reducing each other to rubble—many times over. But these means are being held in reserve—for an eventuality which both sides hope never arises. Cold war weapons have changed — thanks to the nuclear stalemate. Soviet leaders have realized that the conflict must be waged with the weapons of diplomacy, propaganda, technology, and economic policy. They have also realized that sanctions are not effective against aggressors using these weapons.

With the death of Stalin in 1953, the Soviet Union immediately increased the use of these techniques. Diplomatic maneuvering was substituted for the monolithic plodding of the past. Soviet technological advances were publicized throughout the world. Psychological warfare programs were stepped up. Soviet books, cultural missions, pamphlets and other propaganda vehicles flooded many countries. It was at this time that a new cold war weapon was forged.

Economic Warfare

I want to discuss this addition to the Soviet arsenal. The Soviet leaders call it "trade and aid." I prefer calling it economic warfare—for the concept of normal trade with the Communists is a delusion. Like the Czars before them, present Soviet leaders use foreign trade as an instrument of State power, expansion and subversion.

Inside the boundaries of the Soviet bloc, trade policy serves to exploit the nations and people under Communist control—and it chains them economically to Russia.

Outside the Iron Curtain, foreign trade fulfills three purposes. It seeks to overcome Russia's important domestic shortages by purchases abroad. Second, it tries to obtain models for imitation from more advanced countries. This means importing heavy machinery and equipment incorporating the latest technological advances. And third, it tries to subvert the Free World, divide its ranks, and economically weaken the enemies of Communism.

Historically, Soviet foreign trade has never amounted to very much—under the Czars—or under the Commissars. Immediately after the Bolshevik revolution, the Soviet economy was isolated from world markets, in order to allow Soviet planners to exercise full control over the domestic economy. The State monopoly established over foreign trade allowed Kremlin leaders to turn trade on and off to suit current Communist objectives. This is still an important characteristic of Soviet trade policy. Except for a short period in the 1930s, Russia has been virtually a "hermit kingdom"—cut off by choice from the trade of the world.

Recalls 1930s Trade Gambit

Even in the thirties, Soviet trade with the rest of the world was not significant. For example, in the heyday of trading in the early years of that decade, United States sales to the Russians never exceeded $115 million. The most the Soviets ever sold the United States was $30 million worth of goods in 1937. However, by tapping the advanced technology of the West in the thirties, the Russians gained years in economic development. And as soon as they got what they wanted, trade with the outside world was cut off practically overnight.

It looks as if history is about to repeat itself. Last year Soviet Premier Khrushchev wrote President Eisenhower, expressing his interest in stepping up foreign trade. Soviet Deputy Premier Mikoyan also aired the theme of greater East-West trade during his well-publicized tour of American industrial and financial centers. However, recent pronouncements from the Kremlin for "increased trade" and "peaceful competition" should not blind us to the facts of life concerning Soviet motives.

Trade is important mainly as a weapon of political warfare to the tough-minded rulers of the Kremlin. Marxist-Leninist doctrines emphasize this—and Khrushchev reaffirmed it in 1955 when he said, "We value trade least for economic and most for political purposes." This statement should be given careful consideration by those seeking to build up trade with the Soviet monopoly.

Make no bones about it. Khrushchev means business when he says trade is valued most for political reasons. Look at what happened to Soviet trade with Yugoslavia last year. As soon as political differences flared up, all trade with Tito was cut off immediately. The same thing happened to Israel during the Suez crisis.

Recent Dumping

In a recent United Nations General Assembly session, Bolivia, Indonesia, Malaya, and Thailand complained against the Soviet Union dumping tin on the world market. Aluminum, rice, cotton, and oil are a few other products dumped by the Soviets to create economic turmoil in world markets. Certainly these tactics are more political than economic in nature.

It is also important to recognize the manner in which the Russians carry on trade. The Communist operation differs drastically from that of the Western countries. Perhaps the most outstanding difference is in the monopoly character of Soviet foreign trade.

In the Free World, trade is carried on by private citizens and corporations. Individual businessmen decide with whom they are going to trade. They figure out how much trade they can conduct, and on what terms. All of these decisions are influenced, of course, by demand, supply, prices, and other economic factors.

The foreign trade of the Soviet Union, on the other hand, is carried on only by the government, which owns and distributes all of the products that go into trade. Economic factors have little or no influence on trade policies. All exports and imports are controlled by the Soviet Ministry of Foreign Trade—headed up by Mr. Mikoyan. The practical details of trade agreements or contracts with other countries or with private enterprises are handled by trading agencies or trusts. The Amtorg Trading Corporation is a typical example of such an agency.

Remember that trade with the Soviet Union is not trade with Ivan the independent entrepreneur. It is not the normal relationship of businessman to businessman. It is trading with the bureaucratic machinery of the Soviet State.

Soviet Trade Reliability

How reliable is the Soviet State as a businessman? This is not an idle question—for it is normal practice for businessmen trading overseas to check the dependability, credit, and past performance of their foreign counterparts. All of these factors become doubly important when you are considering dealing with the Russians. Even if there were no ideological qualms about trading with the Communists, a cursory glance at the record reveals that such trade is a risky business.

Let me give you a typical example of Soviet trade tactics.

When Israel moved against Egypt, during the Suez crisis, the Soviet Union immediately cancelled a contract to deliver crude oil to an Israeli private concern. The concern then filed a claim for damages against the Soviet Oil Export Corporation—the government agency with which it had signed the contract. The case went to the Soviet Arbitration Court for a decision.

The Soviet export agency argued that it was not able to deliver the crude oil to the Israeli firm because of "force majeure"—an act beyond its control. It said that its export licenses had been withdrawn by the Ministry of Foreign Trade—thus forbidding delivery to Israel, or compensation to the firm for losses resulting from the arbitrary suspension of these deliveries.

The Israeli firm pointed out that the Soviet Government and its export agency were one and the same, and that the contract was really between it and the Soviet Government. Therefore, there was no basis for the Russians claiming that the contracts were cancelled because of an "act beyond their control."

Of course, the Israeli claim was rejected by the Soviet court—and a precedent was established which makes doing business with the Russians extremely hazardous. Businessmen can experience heavy financial losses if a government refuses to honor its contracts. The Soviets have shown they will not hesitate to do this. Furthermore, there are no legal means to obtain compensation for losses, since the Soviet Arbitration Court has recognized the Soviet government's right to break its contracts.

What about credits? When Khrushchev made his bid for trade last year, he stipulated that the

Continued on page 42

*An address by Mr. Tracy before the Manufacturing Chemists' Association, White Sulphur Springs, W. Va., June 11, 1959.

From Washington Ahead of the News

By CARLISLE BARGERON

Although it has been going on practically ever since the Second World War, the Administration has trouble every year with its foreign aid or mutual security bill. Congress invariably whittles it down from the amount the Administration requests.


Carlisle Bargeron

A few years ago when the feeling against foreign aid became quite strong, it was decided to clothe it in new language. Foreign aid was looked upon as too unpalatable for the tax ridden public to stand. It was felt that mutual aid, by which it is presently called, was more salable.

A few years ago, too, in an effort to take the sting off the giveaways, it was decided to wrap it up in the general foreign defense bill. The propaganda was that it was military support, designed to back up our military installations in foreign countries.

The explanation was that these foreign bases kept Russia that much farther away from us and brought us that much closer to Russia. Bases in Turkey, Greece, Italy, Spain, Alaska, Germany etc., make it possible for our bomb carrying planes to take off and rain bombs over Russia in less than 30 minutes time. This has undoubtedly acted as deterrent against Russia. We can get to them much faster than they can get to us even with their vaunted intercontinental missiles.

It is claimed we have to give economic as well as military aid to these nations to take up the gap in the economy which our military takes up.

But the plain fact is that 62% of this defense support aid goes to Korea, Formosa, Vietnam, Pakistan and Turkey.

We don't have any bases in Vietnam and Turkey. In Laos we are giving so much outright economic aid that it exceeds the country's national budget.

A committee headed by former Secretary of War W. H. Draper, Jr., whom Mr. Eisenhower named to make a study of our whole foreign aid program, reported that in the future our emphasis should be placed upon economic aid rather than the military. We were overburdening the countries with military aid, it was reported.

So the emphasis this year will be placed upon economic assistance with a view to helping the backward countries improve their economies. This is what we have been doing but in a disguised way. Now we are to go out in the open and pour out money all over the world to help the economies of underdeveloped countries.

This is the honest way to do it but it is a question of how long the public will stand for it. To give this money in our own defense is one thing; to give it just to rehabilitate backward countries is another.

Senator Mansfield, Assistant Democratic leader in the Senate, is insisting that we put a cut-off date of three years on these giveaways. The Senator's stand is significant because he by no means can be considered an isolationist. He is in the forefront of the internationalists.

Senator Fulbright, Chairman of the Senate Foreign Relations Committee, on the other hand, is demanding a five year program of $1 billion a year for the Development Loan Fund. Mr. Eisenhower only asked for $700,000,000 for this year for the "bank." The House has approved the mutual security bill pretty much in the form Mr. Eisenhower asked for it although they juggled the figures around to provide more for economic aid and less for military aid.

The Foreign Relations Committee of the Senate, however, has adopted Senator Fulbright's figure for the loan fund. The latter's assistance is supposed to be through the form of loans but the catch in that is that a large part of the loans, that is loans to most countries, are repaid in the soft currency of the borrowing country. We spend this money in the borrowing countries by way of building highways, hospitals, and the like. None of it ever gets back to this country in the form of hard dollars.

Our Congressional junketeers get some of it. When they make a trip to these countries they jam their pockets with the soft currency, even bring some of it back for souvenirs.

Merritt, Vickers Inc. Forming in N. Y. C.

Merritt, Vickers, Inc. has been formed with offices at 37 Wall Street, New York City, to engage in a securities business. Officers are Matthew J. Merritt, Jr., President; Gerard P. Daly, Treasurer; and James S. Vickers, Secretary. All were formerly associated with Vickers Brothers.

Walter C. Kruge to Open Own Office

Walter C. Kruge will conduct a securities business from offices at 50 Broadway, New York City, as an individual dealer. He was formerly an officer of Walter C. Kruge & Co., Inc.

Named Director

John I. Taeni has been elected a director of Seeman Brothers, Inc., it has been anonunced by John B. Fowler, Jr., Chairman.

Mr. Taeni is an associate of the New York Stock Exchange firm of Josephthal & Co., having joined that company in 1945.

Named Director

FORT WAYNE, Ind.—Richard A. O'Connor, Chairman of the Board of The Magnavox Co., has announced the election of Donald N. McDonnell, Senior Vice-President of Blyth & Co., Inc., to the board of directors of The Magnavox Co. Mr. McDonnell will replace, until the next annual stockholders' meeting, Joseph W. Dye, President of International Trade Development, Inc., whose resignation was accepted by the board with regret.

Alkow on Trip to Israel

Jacob M. Alkow, President of Alkow & Co., Inc., 40 Exchange Place, members of the New York, American, and Pacific Coast Stock Exchanges, is leaving for Israel where he contemplates discussing with the government authorities the possibilities of opening the first office of a member firm, which may be of great service to the many foreign residents and tourists in Israel who are vitally interested in the various American stock exchanges.

Milton Reiner Admits

Milton E. Reiner & Co., 111 Broadway, New York City, members of the New York Stock Exchange, have announced that on June 1, C. Paul Klotz and Julius J. Mugno became partners in the firm.

Glore, Forgan Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—John F. Samples has been added to the staff of Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Now With A. C. Allyn

(Special to The Financial Chronicle)

OMAHA, Neb.—John Dimitroff has become associated with A. C. Allyn and Company, Incorporated, Farnam Building. He was formerly with Harris, Upham & Co.

With John L. Eisner

(Special to The Financial Chronicle)

LAWRENCEVILLE, Ill.—Francis F. Sigmon has become connected with John L. Eisner, 1017 State Street.

Joins J. P. Arms

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Robert J. Ruether has joined the staff of J. P. Arms, Incorporated, Pillsbury Building.

Hayden, Stone Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Ralph E. Stuart Jr., has been added to the staff of Hayden, Stone & Co., 10 Post Office Square.

Westheimer Adds

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Edwin S. Apfeld has been added to the staff of Westheimer and Company, 322 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

With Cruttenden, Podesta

(Special to The Financial Chronicle)

CHICAGO, Ill.—Richard J. Krull has joined the staff of Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

THE MARKET... AND YOU

By WALLACE STREETE

Stocks did a lot of aimless milling around this week, the traditional summer rally still showing no signs of being an influence on prices yet. In fact, if it wasn't for pinpoint strength in some chemical, drug and metal issues, the market would have been a sorrier matter what with oils, aircrafts and utilities continuing to drag despite occasional strength elsewhere.

* * *

It continued to be far more a case of cautious buyers than urgent sellers, volume holding to a low level not seen since the doldrums of last August when the vacation season cut heavily into trading activity.

Encouraging Business News

The general run of business news was heartening but not to the market generally which seemed to prefer to extend its consolidating pause and let individual issues, like American Cyanamid, respond to individual developments. The spur in Cyanamid was confirmation of the widely rumored development of an oral polio vaccine.

* * *

With American Telephone having broken the log jam, telephone company stock splits were getting somewhat general. Latest to vote a 7-to-1 division was Pacific Telephone which, in the process, was a wide price gainer and forged to a new peak on unusual volume for this issue so tightly held by AT&T.

New Split Candidate

New England Telephone, also largely owned by AT&T, improved sympathetically as the next logical outfit in the chain to carve its shares into smaller pieces.

* * *

Aluminum issues were the bright ones in the metals section. Steels rested for the most pending the last week or so before the union contracts expire, the prospect of a strike not upsetting the section unduly. Coppers were quiet and generally steady without adding any interest to the proceedings.

* * *

Motors were also undistinguished except for American Motors which showed good demand at times but without threatening the peak posted earlier in the year when its success with compact autos was first being indicated in the earnings reports.

Oils Depressed

There was little to account for the oil easiness that was definitely new, although a slash in refinery operations by Sinclair, and more scheduled cutbacks throughout the summer unless the demand picks up, was a stark indication of how harrowing the business was at the moment. It succeeded in chilling enough oil followers so that oil outfits making the new lows lists ran past a dozen a day.

* * *

Selectivity was of an even higher order than it has been so far in the 10-year bull market swing, to the point where the market students had stopped talking of the bull and bear markets in different groups to concentrate on the diverse actions in a single group such as the aircrafts where Boeing was down a quarter in value while Martin had tacked on some 50% so far this year.

* * *

The hunt for favored issues, consequently, was pretty much concentrated not only in issues with good prospects and an above average yield but ones that already have shown marketwise that they are able to move higher.

* * *

Simonds Saw, for instance, sold only momentarily this year below last year's peak and with the solid backing of a strong rebound in operations has pushed on to a peak for the last handful of years. Nevertheless, the shares are still available at a yield of better than 4¼% when the average yield of the blue chips is nearly a percentage point lower.

* * *

With profits more than doubled on a 27% sales increase in the first quarter this year, the dividend rate has been increased and could be increased again if, as expected, per share earnings moved to a level better than that of 1957 before the business recession cut into the business. The company has been liberal in its dividend payout which, while it entailed fluctuations — payout was $5 a share in 1956, $3.50 last year—could mean better returns as the business recovery continues and the earnings of this supplier to metal and wood-working industries continue to improve.

Some Rails to the Fore

There were several widely-favored items in the rails for both above-average yields and for vigorous earnings rebounds as the leverage factor inherent in rails comes into play. Fixed expenses move up and down slowly and, with carloadings reaching their highest level in more than a year and a half, the profit should expand rapidly this year. Returns of 5 to 5½% were common even in quality items like Santa Fe, C. & O., Rio Grande and Great Northern, and even higher in the case of the more speculative carriers. Marketwise, however, rails have shown little sustained following. The bright hope here is that in time the high yields will attract attention when the constantly higher prices of the premiere "growth" issues bump into a stalemate and that play runs out of steam.

* * *

One of the rails in line to benefit in hauling activities from the St. Lawrence Seaway is Rock Island—Chicago, Rock Island & Pacific—whose shares fell to less than half of their 1955 peak value last year, but then perked up when the heavy crop traffic last year saved the line from the larger earnings declines reported by roads more dependent on industrial traffic. The big boost from crop hauling will not be available this year since indications are crop movements will be down. But Rock Island has made good strides in lessening its crop dependence and in the more normal year of 1957 received nearly half of its revenues from manufactured and other than crop items, so it will participate in the improved freight picture this year. The freight picture will also benefit when the St. Lawrence Seaway's benefits begin to accrue. All in all, it makes Rock Island a candidate for a dividend improvement this year and even a moderate improvement to $2 a share—it paid $2.70 in 1957 and 1956—would mean a return of almost 6% on the shares at the current price.

Neglected Issue

A well-known name among investors, but one that has shown little investor interest and offers a generous return is Woolworth. A measure of the neglect is that the issue held roughly in a 40-50 price range from 1947 to 1956 and since then has enlarged its range a bit on the downside by slipping to around 35 in the last two years, while this year it approached 60 for the first time since 1946. Considering the gyrations of the general market in all that time, the issue has been definitely static. The outlook is good—foreign dividends expected to run a third higher this year, domestic operations picking up. Its return is a thoroughly satisfactory 4½%.

[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.]

$39,982,000 Issue of Toronto Debentures Offered to Investors

Harriman Ripley & Co., Incorporated and The Dominion Securities Corporation are joint managers of an underwriting syndicate which on June 24 offered an issue of $39,982,000 debentures of The Municipality of Metropolitan Toronto (Province of Ontario, Canada). The offering consists of $6,759,000 of instalment debentures, dated June 1, 1959 and maturing June 1, 1960 through 1974, priced to yield from 4.125% to 5.10%, according to maturity; and $33,223,000 of 5% sinking fund debentures, of which $32,741,000 are due June 1, 1979 and yield 5.125%; $142,000 mature June 1, 1984 and yield 5.175%, and $340,000 mature June 1, 1989 and yield 5.175%.

Principal of and interest on the debentures will be payable in United States currency.

Net proceeds from the sale of the debentures will be used by the Municipality of Metropolitan Toronto to finance the costs of roads and sewers, schools, waterworks, local improvements, parks and recreations, housing, home for the aged, parking authority, miscellaneous projects and for various other purposes.

The sinking fund debentures will be callable on and after June 1, 1974, at the option of the Municipality of Metropolitan Toronto, at an initial redemption price of 103% and at declining premiums thereafter, plus accrued interest in each case. The instalment debentures are non-callable.

The Municipality of Metropolitan Toronto was incorporated under Ontario statutes enacted in 1953 which provided for the federation of 13 municipalities in the Toronto Metropolitan area for certain financial and other purposes. The City of Toronto is the focal point of the area which covers approximately 240 square miles, and has a population of about 1,429,000.

Weingarten Admits

On July 1, Weingarten & Co., 551 Fifth Avenue, New York City, members of the New York Stock Exchange, will admit Lew Sonn to partnership.

Named Directors

James H. Orr, President of Colonial Energy Shares, Inc., (Boston, Mass.) formerly named Gas Industries Fund, Inc., has announced the appointment of Charles H. Stockton as a director of the Fund and John J. Wilson as a member of the advisory board.

Mr. Stockton, a partner of the Boston law firm of Choate, Hall & Stewart, legal counsel for the Fund, is also a director of American Electric Power Co., Boston Edison Co. and United Fruit Co.

Mr. Wilson is a director of Minneapolis-Honeywell Regulator Co. and the Second Bank-State Street Trust Co., Boston. He was founder and President of Doelcam Corp., which was later acquired by Minneapolis-Honeywell.

European Trade Areas and A New Competitive Threat

By PAUL EINZIG

In the course of describing the rival grouping of two European trade areas, and the improved chances for a merger into a single European Free Trade Area resulting from France's better economic position and Khrushchev's Geneva deadlock, Dr. Einzig reveals the greater competitive threat posed by French-German complementary industrial agreements. The British observer notes arrangements made to specialize and not compete in certain products so as to mass-produce at a lower cost and which may have a greater effect than quota and tariff cuts.

LONDON, Eng. — Progress towards the establishment of a "Little Free Trade Area" consisting of Britain, the Scandinavian countries, Switzerland, Austria and Portugal has surpassed all expectations. The recent Stockholm negotiations have resulted in a virtually complete agreement as far as industries are concerned, and it is expected that by the time the Ministers of the seven countries will meet in July an agreement will be reached also in respect of agriculture.

Paul Einzig

It seems, thererore, probable that Western Europe will possess in the near future two major free trade areas. The effort to unite Western Europe in one single comprehensive free trade area have failed for the time being, so the next best thing in the circumstances is to have two large territories within which trading will become increasingly free during the next few years. And there is always ar possibility that these two territories might eventually amalgamate into one free trade area.

Of course, it would be idle to pretend that the advantages of the "Little Free Trade Area" bear comparison with those of the greater area originally planned, or even with those of the Common Market consisting of Western Germany, France, Italy, and the Benelux countries. For one thing the Common Market countries constitute geographically a compact territory in the heart of Western Europe, while the countries of the Little Free Trade Area constitute, so to say, the outer ring around the Common Market countries.

Nor are the economies of the outer "seven" nearly as complementary as those of the inner "six." Even though the new arrangement provides opportunities for expansion of foreign trade between the seven participants, there is very little scope for an integration of their industries so as to derive the maximum benefit from that international division of labor which has been regarded, ever since Adam Smith, as the main advantage of multilateral free trade.

New Cost-Cutting Threat

Industrial integration within the Common Market is considered in London to be the potential source of considerable disadvantages for the industries of countries outside the Common Market. British official circles are not unduly worried about the effect of the reduction of quotas and tariffs within the Common Market. What is much more important is the arrangements which have been or are being reached between French and German industries to become complementary to each other instead of being rivals. Under such arrangements French and German firms have agreed to specialize in certain products, with the result that they are in a position to mass-produce a smaller range of articles at a lower cost.

The effects of such arrangements on international competition are not yet visible, but they are expected to be much more substantial than the effects of quota and tariff reductions. Nor are the arrangements likely to be confined to Franco-German relationship. Negotiations are in progress also with Italian industries. From this point of view the prospects of the "seven" are not nearly as promising as those of the "six." It is difficult to visualize integration between their industries comparable with that of the French and German industries.

The view is held in British official and industrial circles that the impending agreement between the "seven" is worth while, not so much for its own sake as for the sake of paving the way towards an amalgamation between the two free trade areas. The immediate advantage will be that there will be an organization that can negotiate on behalf of its member countries with the organization representing the Common Market.

It remains to be seen how the Common Market in general and France in particular will respond to the change in the situation that will arise when the Little Free Trade Area will become a definite fact. So far the reactions have not been hostile, possibly because it is assumed in Paris and in other capitals of the Common Market that the new area will not be sufficiently effective to be really dangerous as a rival.

Sees Single Trade Area Evolving

The remarkable improvement in the position and prospects of France under de Gaulle's regime may possibly mitigate the intransigence of the French attitude towards closer association with Britain and other countries of Western Europe. The main reason why France prevented the creation of a larger free trade area was that French industries felt they could not cope with British competition in their domestic markets in addition to German competition. But once the effect of German competition has became an accomplished fact possibly French industries may feel in a position to face additional British competition.

Political considerations point towards a better prospect for the extension of the free trade area over the whole of Western Europe in the not too distant future. The existence of two rival free trade areas undoubtedly gives the appearance of a split in free Europe, and politically-minded French statesmen may be more impressed by this consideration than by any amount of economic argument.

Growing uneasiness over the Berlin position is bound to reinforce the desire in Paris for a united front. Had the Geneva discussions proceeded smoothly the need for Western unity might not have appeared to be nearly so imperative. As it is, the Geneva deadlock and the prospective war scares are likely to go a long way towards overcoming French opposition to an economic arrangement that would embrace the whole of Free Europe, Mr. Khrushchev may go down in history as the real creator of the European Free Trade Area.

W. B. Robbins Joins Lee Higginson Corp.

William Bradford Robbins has joined Lee Higginson Corporation, 20 Broad Street, members of the New York Stock Exchange, as a Vice-President in the New York sales dept. it has been announced by Richard de La Chapelle, President.

William B. Robbins

Well-known in Wall Street, principally for his activities for many years in brokerage and investment banking, Mr. Robbins for the past 14 years has been associated with Reynolds & Co. He began his career in the securities business in 1923 with Baker, Kellogg & Co.

At the same time Mr. de La Chapelle announced that Samuel S. Hall, Jr., who has also been associated with Reynolds & Co., has joined Lee Higginson as a registered representative. Mr. Hall was at one time investment officer for several Carnegie foundations and later financial Vice-President of the New England Mutual Life Insurance Company.

Plastic Materials and Polymers Common Stk. Placed on Market

Public offering of 143,750 shares of Plastic Materials & Polymers, Inc. common stock at a price of $4 per share was made June 22 by Filor, Bullard & Smyth.

Net proceeds from the sale of the common shares will be added to the general funds of the company and will be used for various corporate purposes. It is intended that about $200,000 of such general funds will be used for investment by the company in Eastern Plastic Materials, Inc., a Rhode Island Corporation recently formed to carry out operations for the company from a plant in North Smithfield, Rhode Island.

Plastic Materials & Polymers, Inc. is primarily engaged in the compounding and coloring of thermoplastic raw materials and the sale of the resultant products to its own customers. It is also engaged, through a subsidiary, in compounding and custom coloring plastic materials for some of the large prime manufacturers of raw materials on a fee basis. Through another subsidiary, the company also engages in an operation of a trading nature involving off-grade virgin plastic materials purchased from prime manufacturers.

For the nine months ended March 31, 1959, the company and its subsidiaries had consolidated net sales of $3,801,922 and net income of $118,552. In the like period a year earlier, net sales were $3,142,634 and net income was $45,485.

Heft, Kahn & Infante

HEMPSTEAD, N. Y. — Heft, Kahn & Infante, Inc. has been formed with offices at 320 Fulton Avenue to engage in a securities business. Officers are Michael Infante, President; Morton H. Kahn, Vice-President; and Donald S. Heft, Secretary. Mr. Infante and Mr. Heft were formerly with Edwards & Hanly.

Railroad Securities

Western Pacific

Traffic of Western Pacific Railroad so far this year has been running well ahead of a year ago and close to the 1953 level when the road received heavy business in connection with the Korean conflict. On the basis of the traffic outlook and with expenses under good control, Western Pacific this year could earn close to $10 a common share as compared with $8.83 a share reported in 1958.

One of the big revenue factors for the road has been the increase in vehicle parts. Revenues from this source has increased from an average of $276,000 in the 1947-1949 period to a peak of $3,325,000 in 1957 and $2,301,000 in 1958 when automobile production was greatly reduced. Canned food products also have provided additional revenue. Gross from this source has grown from $3,100,000 in 1947 to $6,423,000 in 1958. Future expansion is anticipated with increased industrial activity and population in the territory served.

The management has been active in establishing new industrial sites. The road has many locations along the line for industrial plants. The Milpitas Industrial District near San Jose, where the Ford Motor Company assembly plant is located, has additional land available.

Expansion of piggyback operations also has long range possibilities. Western Pacific has expanded its operations in this field. At first its operations were confined to railroad owned equipment. However, last July, the carrier entered into an agreement for handling freight forwarder business and in March of this year it began hauling common truckers' trailers.

The road's labor force has been held under control. The work force has been reduced approximately 25% since 1949. The wage ratio continues well below the industry average, amounting to 45.9% in 1958 as compared with the industry average of 49%. This has been accomplished despite higher wages over the years. The management of the carrier estimates that the latest rise in wages will amount to some $426,000, or about 74 cents a share before taxes.

Western Pacific continues in a good financial position, aided by good earnings. Cash and cash equivalents on March 31, 1959 amounted to $7,926,000 as compared with $4,196,000 a year earlier. Net working capital was $7,758,000 against $$4,923,000, a sharp gain. Depreciation charges this year probably will exceed maturing equipment obligations and sinking fund requirements by some $500,000.

Modest Pickup in Capital Outlays Seen

Shrinking unemployment and encouraging production, apart from steel, in building materials, industrial machinery and trucks, consumer durable goods, and even in consumer non-durables, are indicators singled out by First National City Bank that May records have equalled or surpassed those set in April.

A leading New York bank finds a happy omen for future economic expansion in the "steadily broadening scope of rising activity and the confidence and optimism pervading the latest business reports. . ."

The June *Monthly Letter of Business and Economic Conditions*, published by the First National City Bank of New York points out that, "the groundswell of improvement in business activity continues. Preliminary May reports indicate that records set in April have been equaled or surpassed. The advance is being felt throughout the economy—in manufacturing, trade, and services. Backlogs of unfilled orders are accumulating a widespread rebuilding of inventories is under way, and interest in capital spending has been renewed. Especially encouring have been the marked contraction in unemployment and the rise in employment and incomes which have stimulated consumer confidence and buying power. Business optimism has been helped by the resistance the steel industry is putting up to the wage-price spiral even though a strike seems increasingly probable. Meanwhile the economy has been getting an extra boost from the scramble for steel.

"Negotiations to replace the expiring wage contract in the steel industry began May 5, but so far there is no indication of the terms on which union and management will agree. Steel officials estimate that their strike-conscious customers will have added 8 million tons of finished steel products to inventories during the first half. In other words, they may have stockpiled the equivalent of about 11 million tons of ingots, or roughly one full month's production at current record rates. With this cushion, many firms will be able to weather the first four to six weeks of a strike with little difficulty, and the immediate effects of a strike on industrial activity will be confined largely to the steel and allied industries. Opinion is virtually unanimous that by the fourth quarter the economy will be moving forward again.

Shrinking Unemployment

"Meanwhile, employment continues to mount. Employment in April totaled 65.0 million persons—a rise of 2.3 million in 2 months and the highest for any April on record. At the same time, unemployment declined to 3.6 million, a drop of about one-fourth in two months. The employment increase, much greater than usual in March and April, was accompanied also by an increase in hours of work and some resort to overtime operations. There is still slack in the labor supply to accommodate further expansion of activity generally anticipated for the months ahead. About 5.3% of the civilian labor force was out of work in April, well below the 7.5% unemployed a year earlier, but above the average of 4.3% in the prosperous years 1955-57. Thus, strikes apart, business improvement should not be curbed by manpower shortages in the near future.

"The 1955-57 average unemployment rate — equivalent to about 3 million persons in terms of today's labor force—apparently approximates the minimum rate of 'frictional' unemployment characteristic of our dynamic economy. A certain amount of unemployment is the price we must pay for a flexible labor force in which workers are free to shift to more attractive jobs and employers are able to adjust employment to their operating needs. When people quit to look for something better, and enter or leave the labor force at their own discretion, the unemployment statistics are affected.

"Some say that 'frictional' unemployment need be no greater than, say, 2,000,000. Of course everyone likes to have plenty of jobs available. One of our statistical deficiencies is absence of data on job openings which in fact always exist in some dimensions. The general experience has been that when unemployment is down around or below 3 million many employers are short-handed for lack of sufficient qualified applicants. In such circumstances employers competitively raise wage offers and we are off on an inflationary wage-price merry-go-round.

New Production Records

"From all indications, general business activity is entering new high ground in the second quarter. Industrial production, according to the Federal Reserve index (seasonally adjusted, 1947-49=100), set a record of 149 in April, two points above March and 18% higher than at the low point of the recession a year earlier. Durable goods output in April was 25% greater than a year earlier and within one point of its December 1956 peak. Continued pressure for buildup of steel inventories has been a major factor in the recent rise, but the April figure also reflected a record output of building materials, increased demand for industrial machinery and trucks, and expanded output of consumer durable goods —automobiles, furniture, and television sets.

"The automobile industry has experienced the most encouraging spring sales pickup since its bonanzo year of 1955. Dealers sold 504,000 domestic cars in April, the largest monthly total since June 1957, and reports for the first 20 days of May show further gains. Sales of imported cars have jumped to 50,000 a month. Industry experts are increasingly confident that, with the stimulus of new 'compact' models to be introduced in the fourth quarter, the forecast of 6 million domestic and imported car sales in 1959 will be reached or exceeded. Dealers' stocks have continued to climb and on May 1, according to *Ward's Automotive Reports*, they exceeded 1 million for the first time in history, including about 100,000 imported cars. Nevertheless, production schedules have remained high, partly as a precaution against a steel strike, but mainly because of favorable sales.

"Although production of nondurable goods has risen less rapidly than that of durables, the nondurable goods index has regularly set new records since last August. Textiles are having the best production year since 1950, with with mills reporting forward buying into 1960, and the apparel industry is setting new output records.

Consumers Spending Confidently

"Consumers, while discriminating, have been spending more freely. Retail sales in April were at a high of $18.0 billion (seasonally adjusted), up 9% from the preceding year. Sales of automobiles and other hard goods have figured largely in the advance in recent months. Instalment credit is being drawn on more freely; consumer instalment credit outstanding rose over $1 billion, seasonally adjusted, in the first quarter.

"The consumer price index has held steady within a range of 0.2% for the past 10 months, the longest period of stability since the index was started in 1913, according to Labor Department officials. A closer look at the components shows that the stability has rested on counteracting movements. A drop of 3.4% since July 1958 in food prices has offset increases in other commodities and services. Similar offsetting tendencies have been apparent in the wholesale price index, where higher industrial prices have more than offset declines in prices of farm products and processed foods. With a seasonal rise in food costs expected in the next few months, a moderate upturn in the over-all indexes may result. At the same time, the delicate balance of recent months points up the need for greater vigilance against inflation and any government, business, or union policies which will exert further upward pressure on prices.

"The steadily broadening scope of rising activity and the confidence and optimism pervading the latest business reports augur well for future expansion. Prosperity built on inventory accumulation—a major factor in the current upsurge—is transitory and may lead to excesses if not watched with caution. It does, however, serve to lay the groundwork for the next step—broadened activity in capital goods lines. Evidence is on hand that this is getting under way, although at a modest pace. With the problems of recession behind them, businessmen will now need to be alert to the problems of prosperity—pressures on prices, temptation toward excesses of inventories or credit use, and the eroding of the efficiencies and cost reductions introduced during the recession."

E. A. Hunter Co. Formed

SANTA BARBARA, Calif.—Eugene A. Hunter is engaging in a securities business from offices at 14 West Figueroa Street under the firm name of E. A. Hunter & Co.

Northern Ill. Gas Co. Bonds Marketed by Halsey, Stuart Group

Halsey, Stuart & Co., Inc. heads a group of underwriters which on June 23 offered $20,000,000 Northern Illinois Gas Company First Mortgage Bonds, 5% Series due June 1, 1984, at 100.712% and accrued interest. The group was awarded the bonds on its bid of 99.9599%.

Proceeds from the sale of the bonds will be applied to retire a maximum of $5,000,000 of bank loans and to increase working capital for application to construction purposes.

The bonds will be redeemable at the option of the company at prices ranging from 105.72% to 100%; for sinking fund purposes they may be retired, beginning on Dec. 1, 1961, at prices ranging from 100.69% to 100%, plus accrued interest in each case.

Northern Illinois Gas Co. acquired in 1954 all of the gas utility properties of Commonwealth Edison Co. It is engaged principally in supplying gas in 277 communities and adjacent areas located in Cook County outside of the City of Chicago and in 19 other counties in northern Illinois. The territory approximates 10,000 square miles in area and has an estimated population of 2,400,000.

Opens Inv. Office

Angie Barnes is conducting a securities business from offices at 60 John Street, New York City.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

John Horn has been elected a Vice-President of **Morgan Guaranty Trust Company of New York,** it was announced June 22 by Henry C. Alexander, Chairman of the Board.

John Horn

Mr. Horn is in the Bank's personal trust administration group. He was employed in 1944 by the personal trust department of **J. P. Morgan & Co. Incorporated, New York** which merged last April 24 with **Guaranty Trust Company of New York** to form Morgan Guaranty. He was appointed an Assistant Trust Officer in 1944 and a Trust Officer in 1951.

Also in personal trust administration, James H. Brooks was elected a trust officer. He joined J. P. Morgan & Co. in 1951. He was appointed an Assistant Trust Officer in 1955.

Other advancements announced include election of George I. Jehn and Walker Hinton as Assistant Vice-Presidents. Mr. Jehn, formerly an Assistant Treasurer, is assigned to Morgan Guaranty's credit department. He joined Guaranty Trust in 1928. Mr. Hinton is in the Bank's Rockefeller Center Office. He joined Guaranty in 1946 and has served at the downtown office and all three midtown offices.

In the general banking division, Edgar O. Crossman II, Carl W. Timpson, Jr., and James T. Wallis were elected Assistant Treasurers.

In the Bank's investments department the following investment officers were named: Robert K. deVeer, Arthur Berlin, Sidney Blaxill, Eliot C. Clarke R. Bruce Underwood, and James H. Wickersham, Jr.

Jacob M. Cath, Charles E. Phillips and James T. Phillips, Jr., were elected investment research officers in the corporate research division. Harry A. Kondourajian was elected an Assistant Trust Officer in personal trust administration. Dean W. Egly was elected an Assistant Secretary in the corporate trust and stock transfer division.

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The First National City Bank of New York announced that on June 29 its Chelsea Branch, now at 23rd Street and Seventh Ave., will open for business in new modern quarters at 23rd Street and Avenue of the Americas.

The main banking floor will be on the street level of a new apartment building which has just been completed.

John J. Buyer, manager of the relocated branch, has been with First National City for 28 years. Mr. Buyer is manager of the branch at its present location and is well acquainted with the Chelsea area. Louis A. Kollander and Walter Felsen, assistant managers on Mr. Buyer's staff, will move with him to the new location. Mr. Kollander and Mr. Felsen have a combined total of 50 years with First National City, many of them spent in the Chelsea area.

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The oldest branch office in the history of New York State banking was transferred to a new location on Monday, June 22, by **Chemical Corn Exchange Bank, New York,** it was announced by Harold H. Helm, Chairman.

It was 60 years ago, in 1899, that one of Chemical's predecessors—**Corn Exchange Bank**—acquired the young Astor Place Bank, soon after branch banking had been authorized by the 1898 New York State Legislature. Thus, the first branch bank was established in the state.

From its original site, the Astor Place branch is being moved a short block west to the northeast corner of 8th Street and Broadway.

A Karl Pons, Vice-President is in charge of this office. Associated with him are Patrick J. Scally, Assistant Secretary, and Dennis P. O'Connor, Assistant Manager.

Chemical Corn Exchange Bank, which was founded in 1824, today is the fourth largest bank in New York City in point of total deposits. It has 94 banking offices in the metropolitan area, correspondent banks throughout the nation and foreign correspondent banks which maintain more than 50,000 offices abroad. Chemical's worldwide banking services will be available at the new 8th Street and Broadway Office.

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

Mr. Carlson joined the Bank in 1932. He is with the National Department and services business in Idaho, Illinois, Montana, Utah and Wyoming.

Appointed Assistant Secretary of the branch at 149 Broadway is Elizabeth McBride, and to Assistant Branch Manager of West 43rd St., Anthony Carrano.

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The Hanover Bank, New York, on June 19 announced the appointment of four new members to its branch advisory committee:

Floyd W. Jefferson, Jr., Louis C. Lustenberger, William E. Reid, and Martin J. Schwab.

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George H. Coppers, has been elected a Director of Bankers Trust Co., New York it was announced June 22 by William H. Moore, Chairman of the Bank's Board.

Mr. Coppers also serves as a Director of: **Citizens National Bank, Englewood, N. J.** He also acts as a trustee of: **Greenwich Savings Bank, New York.**

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Adrian M. Massie, Chairman of the Board and Hulbert S. Aldrich, President of **The New York Trust Company** have announced the following promotions which were approved at a recent meeting of the Board of Directors:

John J. O'Connell, formerly Secretary has been promoted to Vice-President and Secretary.

Austen T. Gray, formerly Assistant Vice-President has been promoted to Vice-President. He is in charge of the Bank's office at 52nd St. and Madison Ave.

Edward J. Reno, Jr., has been appointed Assistant Secretary in the Investment Department of Personal Trust Division.

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Brown Brothers Harriman & Co., New York, was given approval by the New York State Banking Department to increase its permanent capital from $2,000,000 to $4,000,000.

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At a meeting of the board of trustees of **Union Dime Savings Bank, New York** held on June 17, Walter R. Williams, Jr., Vice-President and Treasurer, was elected President of the Bank to succeed the late J. Wilbur Lewis, who died on May 20. At the same meeting John M. Robert, Vice-President and Secretary, was elected to the additional post of recording secretary of the board; and Ross D. Hill, Vice-President, was made Vice-President and Treasurer.

Mr. Williams joined the staff of Union Dime on Jan. 1, 1950 as Treasurer. In January 1951 he became Vice-President, and in April of that year he was elected a Trustee.

He became associated with the **Franklin Savings Bank, New York** in 1932 where he was made auditor in 1935 and Assistant Secretary in 1936. In 1941 he left the Franklin Savings Bank to become executive secretary of the Savings Banks Association of the State of New York, a position which he held until coming to Union Dime Savings Bank in January 1950.

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John T. Madden, Chairman of the Board of **Emigrant Industrial Savings Bank, New York** announced that William R. White, has been appointed an Assistant Vice-President.

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Everett J. Livesey, President of **The Dime Savings Bank of Brooklyn, N. Y.** announced June 23 that at a meeting of the Board of Trustees, James MacGeorge had been elected an Assistant Secretary of the Bank and appointed manager of the Bensonhurst Branch, 86th St. and 19th Ave., Brooklyn.

Mr. MacGeorge joined the staff of The Dime Savings Bank of Brooklyn on Dec. 29, 1926. He has served in various capacities including chief clerk and chief supervisor of the main office banking department. In November of 1955, Mr. MacGeorge was appointed assistant manager of the Bensonhurst Branch and had been acting manager of that branch since last December.

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Frederick Hainfeld, Jr., President of **Long Island Trust Company, Garden City, N. Y.,** announced June 23 the promotion of four men. Guy M. Royce moved from Assistant Vice-President to Vice-President; James H. Pinckney, from Assistant Secretary to Assistant Vice-President, Theodore G. Butler from Administrative Assistant to Assistant Secretary; and Gerald L. Soergel, from Executive Assistant to Assistant Secretary.

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The New York State Banking Department has given approval to the **Security Trust Company of Rochester, New York** to increase its capital stock from $6,209,225 consisting of 248,369 shares of the par value of $25 each to $6,509,225 consisting of 260,369 shares of the same par value.

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A plan providing for the merger of **The First National Bank of Wolcott, N. Y. into Security Trust Company of Rochester, N. Y.** under the title **"Security Trust Company of Rochester"** has been filed with the New York State Banking Department.

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At the regular meeting of the Board of Directors of the **Rockland-Atlas National Bank of Boston, Mass.** held June 16, Robert E. Munroe, who became associated with the Bank in 1928 and was appointed a Vice-President in 1948, was elected a member of the Board of Directors.

H. Frederick Hagemann, Jr., President of the Bank, also announced that Winthrop B. Walker, presently a Vice-President of the **Canal National Bank, Portland, Maine,** will join the Rockland-Atlas National Bank on August 15, as Executive Vice-President.

The First New Haven National Bank, New Haven, Conn. will open another banking location in Milford on or about July 1, according to Joseph H. Allen, Chairman of the Board and chief executive officer.

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The **Provident Institution for Savings, Jersey City, N. J.** has elected William Neumann Jr. as President, it was announced June 18. He succeeds the late Karl Schwotzer. William E. Thomas, Vice-President and Treasurer, was elected to the Board of Managers.

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Frederic A. Potts, President of **The Philadelphia National Bank, Philadelphia Pa.** announced that the Bank's Directors have approved the transfer of $5,000,000 from undivided profits to its surplus account.

The Philadelphia National will now have $53,521,875 in its surplus account, which, when added to its capital of $26,478,125, increases the combined capital and surplus to $80,000,000.

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Howard W. Schurr has been appointed Assistant Secretary in the Trust Department of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** according to an announcement by Frank R. Denton, Vice-Chairman of the Bank.

Mr. Schurr, joined Mellon Bank in 1927. He was employed in various divisions of the bank, and in February of 1950 he was appointed trust administrator. In May of 1952 he was named estate administrator in the Bank's Trust Department.

Herbert W. Adams also has been appointed manager of the Squirrel Hill Office

Mr. Adams came to Mellon Bank in 1931. For ten years he worked in all phases of banking and in 1941 was assigned to the Auditing Division. In 1951 he was transferred to the Branch Office Department and in September 1953 he was appointed Assistant Cashier.

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Gerald M. Anderson was elected President of **Montgomery County Bank and Trust Company, Norristown, Pa.** Mr. Anderson, former Executive Vice-President, succeeds the late Melvin L. Carl.

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Anacostia National Bank of Washington, District of Columbia, has increased its common capital stock from $600,000 to $800,000 by sale of new stock effective June 10, (Number of shares outstanding —8,000 shares, par value $100).

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Edwin B. Jones has been appointed Assistant Vice-President at a meeting of the Board of Directors of **The Michigan Bank, Detroit, Mich.,** according to John C. Hay, President.

He will function as Coordinator of Branch Activity in the Operations Department of the Bank.

Mr. Jones, has been with the bank since 1957 and was a Branch Manager prior to this appointment.

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The Fourth National Bank in Wichita, Kansas, announces that War O. Brooks is now associated with their Trust Department as Vice-President and securities analyst.

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Limestone County Bank, Athens, Alabama, and Farmers & Merchants Bank, Elkmont, Alabama, merged under charter and title of Limestone County Bank.

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The common capital stock of the **Gulf National Bank at Lake Charles, Louisiana,** has been increased from $300,000 to $600,000 by a stock dividend effective June 10. (Number of shares outstanding—60,000 shares, par value $10).

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A charter has been issued to the **Lakeside National Bank, Jefferson County, Colorado.** The Bank has a capital of $250,000 and a surplus of $150,000. The President is Don Carney and the Cashier Russell C. Wright.

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Promotions at **Bank of America, San Francisco, Calif.,** at its Capitol Office in Sacramento were announced by President S. Clark Beise.

C. E. McCarthy, manager of the Capitol Office since 1955, has been advanced to Vice-President and named to a senior administrative post in the Bank's Real Estate Loan department at the Head Office in San Francisco.

Succeeding Mr. McCarthy as manager of the Capitol office is Kenneth V. Larkin, formerly an Assistant Vice-President at the Bakersfield Main Office of the Bank.

During his years with Bank of America, Mr. Larkin has filled several administrative and branch posts. For two years he was manager of the Bakersfield-Hillcrest branch in Bakersfield and following his transfer to the Bakersfield Main Office was named an Assistant Vice-President in 1958. He joined Bank of America immediately following his discharge from the U. S. Navy at the close of World War II.

Mr. McCarthy will assume his executive duties in San Francisco this month. Prior to coming to Sacramento in 1955 his 25 year career with Bank of America had included several senior lending officer positions in southern California branches and at the Los Angeles headquarters of the Bank.

Russell G. Smith, Bank of America executive Vice-President in charge of international banking activities and a world figure in the field of international finance, retires this month at the Bank's head iffice in San Francisco.

Mr. Smith will continue as a member of the Advisory Council of Bank of America's Board of Directors and to hold his directorates in the Bank's international subsidiaries, it was announced by President S. Clark Beise.

Retirement for the San Francisco born banker comes after 47 years in the banking profession, 37 with Bank of America where he served in many posts including Vice-President and Cashier. He was named an Executive Vice-President in 1939.

Following an European trip in 1945 with Bank of America Founder A. P. Giannini, Mr. Smith was selected to organize and develop the overseas branch and representative offices program and named in charge of the bank's international activities. At that time, Bank of America had one overseas branch, in London, England.

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The First Western Bank and Trust Company, San Francisco, Calif., has elected Francis S. Baer Chairman of its board of directors, it was announced on June 18. M. E. McMillen, former chairman, continues as President and Chief Executive Officer. Mr. Baer was formerly Chairman of the Executive Committee of the **Bankers Trust Company, New York,** but remained as a Director and member of the executive and trust committees. He is resigning from these activities to take up his new duties.

Form Cons. Investors

MERRICK, N. Y. — Isadore J. Lefer is conducting a securities business from offices at 224 Lincoln Boulevard under the firm name of Consolidated Investors Corporation.

Now First Mid-America

CHICAGO, Ill.—The firm name of Mid-America Securities Company, 176 West Adams Street, has been changed to First Mid-America Securities Group.

Continued from page 3

Growth Industries Of the Future: Edie

tools of analysis of camparative growth.

Analyzing Comparative Growth

I start out with population trends, not total population but age groups and regional distribution. I want to know the trend of the teen-age population, the school-age population, the age group that is reaching working age, the age groups that are reaching marriage age; I want a detailed breakdown of population by age groups, and then I want it by states, by broad geographical regions. That is my Number One tool in the analysis of growth.

My Number Two tool is science and research, and here I have in mind not only the ordinary concept of research and development in American industry, which has reached a very large figure, around $10 billion a year, but also the fact that we have entered the space age of science. Science expands not only from the standpoint of military matters but also from the standpoint of the eventual impact of these new phases of space age science on all forms of American industry. Science and research is my Number Two criterion.

My Number Three tool has been one that perhaps some will not think is too appropriate. It is pure economic theory. I am not ashamed to admit that I am an economist. I am not ashamed to use pure theory for analytical purposes of this kind. While there may be many different ideas as to where the greatest authorities on pure economic theory are to be found, for my purposes I keep on my desk at all times a copy of "The Principles of Economics," by Alfred Marshall. For my money, that is the "Bible" on pure economic theory and whenever I come up against a tough problem and I cannot see the answer, I re-read some part of "The Principles of Economics" by Marshall and invariably I find from that a lead, a solution, a method of approach that is immensely helpful. You cannot expect to analyze the growth of various industries without making constant use of pure economic theory.

And, Number Four—my respect for history comes into play. Now, history can be studied in many different ways but for my purposes today I should like to make two points about the use of history in studying future growth:

Marked Changes in Growth Rate

The first point is that there are many indusrties that have had tremendously high rates of growth in the last 10 years but their rates of growth will be cut in half in the next 10 years. There are marked changes between the decade of the '50s and the decade of the '60s, with respect to these rates of growth. As you go from one industry to another, you have to try to explain to yourself why these changes have occurred.

The second point about the use of history is that there is always a temptation to make a mechanical projection of a past trend into the future. If there has been a trend of a certain kind in the last 10 years, it is easy to project that ahead. That is a mechanical projection and it is not worth anything; and none of the conclusions that I am about to give you is based on any mechanical projections of that kind.

My Fifth test in analyzing growth has been the part which defense plays in the American economy. Since the end of World War II, the variations in defense have had very strong impacts on the relative rates of growth for certain industries and I felt that we could not say very much about the next 10 years unless we had a few things straightened out in our minds about the defense program and how that might affect the future.

So I made a study of the defense budget for 1960 and for 1959 and went into some detail in classification in pursuit of a certain objective, that objective being to find what ten items in the defense budget would show the highest percentage increase in 1960 over 1959, fiscal years.

I suppose that to many people it has seemed fairly obvious that guided missiles would be at the top of the list, but that is not the case. The budget expenditure for the guided missile program is a plus 25%, 1960 over 1959; but double that rate is the budget for tracking and warning devices. Likewise, there is a 50% increase for the ground handling of guided missiles; and then a 40% increase for electronics and communications; and another 40% increase for command control in the operation of missiles; and a 35% increase in missile components, supplementary, auxiliary aids in the missile business; a 25% increase for ground support in the use of missiles. Then, a 20% inrease in each of the three following categories: The submarine as an implement for nuclear warfare; space exploration, technically called, I believe, astronautics; and finally, atomic research and development—a **20%** increase.

The Top Ten Growth Areas of Defense
(Fiscal 1960 Over Fiscal 1959)

(1)	Tracking and Warning Devices	About 50% a Year
(2)	Missiles Ground Handling Equipment	About 50% a Year
(3)	Electronics and Communication	About 40% a Year
(4)	Command Control and Warning	About 40% a Year
(5)	Missile Components	About 30% a Year
(6)	Missiles	About 25% a Year
(7)	Missiles Ground Support Equipment	About 25% a Year
(8)	Submarine Expenditures	About 20% a Year
(9)	Space Exploration Development	About 20% a Year
(10)	Atomic Research and Development	About 20% a Year

Importance of Defense Budget

There are the ten top percentage increases in the defense budget, 1960 over 1959. Although those figures relate to a comparison of only one year with a preceding year, I think that **they** shed light on a trend that **is** likely to prevail for a **number** of years to come, not necessarily for ten years because there **may** be furfther scientific and technical changes. As far as the **next** few years are concerned, I **think** this top ten in defense expenditures is a very useful bit of calculation to have available and one

Continued on page 22

Continued from page 21

Growth Industries Of the Future: Edie

that is ready to analyze growth. Therefore, I summarize the new defense mix in the form of a table on preceding page.

Unit Cost Reduction

Now, as I go from the defense question I come to another test of growth analysis, and that is the Reduction of Unit Costs. I should like to make an arbitrary definition of a "growth industry." A growth industry is an industry that is able to reduce the unit cost of production each year. Over a ten-year period, in order to be a superior growth industry, that is, the top third, it is necessary for management to be able to cut the unit cost of production an average of 3% a year for the next ten years. Anybody who is not going to do that is not going to be a superior growth company.

Now, how do people reduce costs? Mainly by capital investment and particularly investment in equipment, machinery, electric power — what we call producers' durable equipment.

I would like to present at this point a rather shocking fact, that during the past ten years the amount of producers' durable equipment bought by American business has shown no growth whatever. In constant dollars, the rate of expenditure by private business for producers' durable equipment today is no more than it was ten years ago.

I say that this is a shocking thing. I am referring here to the purchases by private industry of producers' durable equipment, expressed in terms of constant dollars, physical volume.

It is at this particular crossroad that the economic challenge or pressure comes into pay, because Russia offers no challenge whatever to the consumer side of the economy. But the impingement of the Russian challenge is on capital investment and equipment. The Russians have been moving ahead very, very rapidly in this respect, and this at a time when the growth of American business purchases of producers' durable equipment in constant dollars has been zero.

Anybody who wants to meet the Russian challenge must wake up to the fact that it cannot be done if we continue to have a static growth picture in business purchases of producers' durable equipment in this country.

For my part, I do not believe we are going to have a static growth picture. I think we are going from a decade in the fifties when there was no growth in this area to a new decade in sixties when there will be a very real and very important growth trend. I think business purchases of producers' durable equipment in the sixties will show a growth trend of 3 or 4% a year as against the zero growth rate in the last ten years, and I think that will happen partly as a result of the Russian challenge, and I think if it does happen it will do more to meet the Russian challenge than all the political proposals put together.

There is a Seventh tool, and this is the last one, and this is what I call "the anatomy of an industry."

Must Analyze Growth in Component Parts

An industry is often thought of as making just one product. That is rarely the case. Usually there is a wide variety of products and in order to see the growth factor in an industry of a company, we break it down into its component parts and see the growth factor in each one of those parts.

One has to explain why these differences exist. When any individual company is wondering what good growth is and how management can attain it, the anatomy of the industry is the most essential key. I do not see how anybody in the chemical industry can have a very clear idea of growth unless he has an idea as to the breakdown of the various parts of the industry and a breakdown, similarly, of the various products made by his own company. Each of the industries has been approached and analyzed in terms of this breakdown.

To recapitulate, these are the Seven Tools:

- Population, by age and region.
- Science and Research.
- Pure Economic Theory.
- History, without Mechanical Projection.
- The New Defense Mix.
- Reduction in Unit Cost.
- The Anatomy of an Industry.

I do not want you to think this was simple an easy. It involved a tremendous amount of work and with the aid of my colleagues we have prepared a documentation to support these conclusions of some 300 pages.

Growth Industries Specified

This brings us to a sort of "brass-tacks" stage of the discussion today. What are the superior growth industries? By "superior growth" I mean industries that probably will expand in the next ten years in the range of 100 to 200%; that is superior growth.

At the top of the list is guided missiles, with probably a 200% expansion, and a fairly close second to that is office equipment, sometimes called business machinery; an any case including an increasing interest in the field of computers.

No. 3 in the top 10 is electric energy sales. That has a growth factor of probably 125% in the next 10 years. That is a very nice growth factor but it is not as big a percentage as the actual growth in the last 10 years.

No. 4 is air transportation, not referring to the military but to civilian air transportation. It will be a very high growth industry.

And No. 5 is electronics, which spreads out over a great many industries, part of it being military, part of it being for civilian purposes but, taking all in all, electronics should have a growth well above 100% in the next 10 years.

No. 6 is a metal and the only one of the major metals that I would quote in the superior growth category, and that is aluminum.

No. 7 is the drug business, which I give this rating mainly because I am betting that research will produce new break-throughs in various fields of medicine and give this industry a very high rate of growth.

No. 8 is plastics, which covers a multitude of items, but is in the 100% club.

No. 9 is residential building expenditures, and here I am thinking of a comparison of a fairly average or typical year, not a boom year, not a depression year, as a beginning and as a terminal year. As I make the comparison on that basis, I would think the dollars expended on residential construction in constant prices would show an increase of 100% in the decade and that the larger part of that increase would come in the second half of the decade in the sixties. That is for the reason that at that time there will be a very sharp rise in the number of people reaching the age at which marriage customarily occurs, and with marriage comes family formation and the need for homes. I would say that toward the end of the decade in the sixties we should expect a perfectly terrific housing boom and I should not be staggered in the least to think in terms of two millions of housing starts a year, somewhere out there towards the end of the sixties.

And, No. 10 is research and development, including the science of the space age. This has had remarkable growth. I am not sure it will grow as fast, percentage-wise, in the next 10 years as it has in the past 10, but I think its growth will be in the top 10% per annum club.

I think that when you go into the second 10, you have a little different situation, dealing more with segments of the economy than you are with industries, per se. The second 10 includes business services, engineering services, water and sewerage, state and local government, educational services, natural gas, medical services, chemicals and allied products, communication and construction.

Conclusions

Well, now, let us just recapitulate a little and try to tie this up.

I have said that there has been too much talk about the growth of the economy in sweeping generalities and it is time to get down to brass-tacks and cases and study the growth of individual industries. And I have pointed out how I have gone about it, what my methods were, and my tools, and I have gave you an idea as to what my results were in terms of discovering the major industries in this country that will have superior growth in the next ten years, and that was what I was trying to say today.

I have wanted to place a point of view before you which brings the subject of growth down out of the clouds and gets it right down to earth. I have wanted to pinpoint the subject of growth. I have wanted to indicate to you that it is possible to study growth not in the abstract, but in the concrete. I have wanted to show you how it could be done. I have wanted to show you the fruits of these efforts.

I should like to make another quotation from Shakespeare in his "Julius Caesar" play. One of the lines in there says, "Upon what meat doth this our Caesar feed that he is grown so great?"

Greatness and Growth. Well, the meat upon which American industry feeds if it wants superior growth is indicated by the Seven Tools of analysis that I have presented to you today for purposes of studying the comparative growth of 40 leading industries.

Forty Leading Industries Grouped According to Their Likely Rates of Growth

Top Ten — 100 to 200%

Guided Missiles and Products Related to Outer Space
Office Equipment, incl. Computers
Electric Energy Sales
Air Transportation
Electronics
Aluminum
Drugs
Plastics
Residential Building Expenditure
Research and Development.

Second Ten — 50 to 90%

Miscellaneous Business Services
Engineering and Other Services
Water and Sewerage
State and Local Governments
Educational Services
Natural Gas
Medical Services
Chemicals and Allied Products
Communications
Construction.

Third Ten — 40 to 55%

Services
Electrical Machinery
Scientific Instruments
Retail Trade — Food
Printing and Publishing
Stone, Clay and Glass
Petroleum
Legal Services
Retail Trade
Amusements and Recreation.

Fourth Ten — 25 to 40%

Paper and Allied Products
Freight Transportation, incl. trucks
Federal Government
Non-Electrical Machinery
Transportation Equipment
Rubber
Banking
Repairs
Personal Services
Fabricated Metal Products.

Zilka, Smither to Open Seattle Branch

SEATTLE, Wash. — Zilka, Smither & Co., Inc. will open a

C. Arnold Taylor

new branch office in the Logan Building, with C. Arnold Taylor, Vice-President in charge. Mr. Taylor was formerly a vice-president of Wm. P. Harper & Son & Co.

Forms Hunter Parker Co.

PORTLAND, Oreg. — Hunter Parker & Co. (Oreg. Ltd.) has been formed with offices at 430 Southwest Morrison Street to engage in a securities business. Partners are Hunter C. Parker, general partner, and Richard H. Parker, limited partner. Hunter C. Parker is a partner in Hunter Parker, Connaway & Holden.

Two With Sutro

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Francis J. Broderick and James L. Dodd have become associated with Sutro & Co., 460 Montgomery Street, members of the New York & Pacific Coast Stock Exchanges.

Dean Witter to Admit Lovell, Brown & Barrett

Dean Witter & Co., members of the New York and Pacific Coast Stock Exchanges, on July 1 will admit David W. Lovell, member of the New York Exchange, Carl C. Brown and Edmund E. Barrett, Jr. to partnership. All are partners in Laurence M. Marks & Co., which will be dissolved June 30.

Mutual Funds

By ROBERT R. RICH

The "Space Age" Stocks—Investments or Speculations?

Not many months ago, the Department of Defense announced a major contract award involving hundreds of millions of dollars to one of the nation's key aircraft companies. It was the kind of contract news that in the not too distant past would have caused a swift and sizable appreciation in the market price of the stock. Nothing much, however, happened. Then, within a very few days, word got out that another contract, this time for only a few million, had been granted to the same company. Immediately the market reacted in a big way. Why? On the second occasion, somebody mentioned the word "space."

Mutual funders, like most other traders in securities, have cocked their eyebrows at the effect the so-called "space age" stocks have had on the market from time to time. Apparently, however, most of them have approached these issues gingerly, if at all. Amid the rather general hubbub of the Buck Rogers stocks, most mutual funds have maintained a rather discreet silence.

Now, **Chemical Fund, Inc.** has blasted off into outer space to have a look around and has made a pretty blunt appraisal of the entire situation. In the recent newsletter, the fund admits that the government will this year spend a hefty $3.4 billion on missiles and related devices, and even reprints a chart depicting the trajectory of such spending over the years. It is, of course, an awesome uptrend. The fund then observes that the possibility is that the outlays will continue to increase.

At this point, Chemical Fund lowers the boom. "Much of the present interest in space age stocks," says the newsletter, "is speculative, concentrating on a number of small companies active in rocket and fuel development based on government contracts. The securities of these companies have experienced a speculative boom with certain 'glamour' stocks selling as much as 40 times earnings or more.

"This is not the first time such a phenomenon has occurred. The advent of atomic energy triggered a boom in uranium stocks. This boom ended relatively soon, leaving most individuals who attempted to participate in it with little more than unpleasant memories.

"No one doubts that real commerical opportunities will eventually emerge in the field of atomic energy as well as in the missile and fuel fields, but it may take many years of intensive research and development to reach this goal."

Some of the things that are wrong with a good many space age stocks right now, points out Chemical Fund, are these: (1) Earnings arising from military contracts are subject to change or cancellation on short notice; (2) Profit margins on government contracts are small, as low as 2%, and are subject to protracted renegotiation; (3) Government-sponsored research work does not offer the same patent protection as does privately financed research, and (4) Commercial opportunities growing out of space age technology will require prolonged and intensive development before bearing fruit.

All of this is by way of prefacing an important point for Chemical Fund shareholders and perhaps the mutual fund industry as a whole. While the small companies with big know-how and relatively small capitalizations may be the darlings of individual speculators, most of them are quite unsuitable for the mutual fund temperament, except among the frankly speculative funds. It seems rather likely that, just as in all the sensationally exaggerated booms of the past, there will sooner or later be a shake-out in the space industry. Many of the darlings of today may prove to be the poor relations of tomorrow.

As Chemical Fund sees it, there are more than a few sound chemical companies which are not only well-established but have a very strong stake in the space business along with their other promising lines. But the chemicals provide only one example. As much strength and participation can be found in the electronics, several aircrafts, metals specialists and so on. Although the present frenzy might not suggest it, a good many blue chips are going to be riding around up there with the first rocket ship.

Prudential Gets Green Light on Variable Annuities

Governor Robert B. Meyner of New Jersey has signed into law three bills permitting the sale of variable annuities in that state. The action signalled a victory for the Prudential Insurance Company of America, which has been battling for five years to gain such approval.

Under the new law, insurance companies would offer variable annuities for sale under the regulation of the New Jersey State Banking and Insurance Department. Before annuity contracts can be sold, however, the banking department must draft special rules, including provisions for the licensing of agents.

According to Prudential, the passage of the law "marks a new and significant chapter in the history of the insurance industry, one that holds great promise as a means of enabling people to provide for adequate retirement incomes." Variable annuities are based on the value of common stock so that the return to the holder fluctuates with the future worth of the dollar. They would offer an answer to many critics of the present insurance system who charge that it fails to take into account the damaging effect of inflation.

In a statement made at the time he signed the three-bill package, Governor Meyner said: "Whether or not the proposed variable annuity contract will prove to be a useful answer cannot be predicted, but the problem is so important that an opportunity to try to meet it ought not be denied, even though the subject has been sharply controversial."

Sales of variable annuity contracts will be regulated not only by the state agency but also by the Securities and Exchange Commission.

The Mutual Funds Report

Mutual funds purchases during May amounted to $180,826,000—up sharply from the $109,483,000 of the same month last year but off from the $192,018,000 tally of April. These were figures reported by George A. Mooney, Executive Director of the **National Association of Investment Companies.** "The confidence of investors in the economy," said Mooney, "continues to be reflected in their steady purchases of mutual fund shares."

Total net assets of the 155 member companies of the association increased from $14,622,668,000 at the end of April to $14,889,921,000 at the close of May. One year earlier, the combined net assets amounted to just $10,098,844,000. Redemptions, while down from the $82,689,000 figure of April, still stood at $76,424,000—nearly twice the $38,932,000 level of May, 1958.

The funds' broad diversification was indicated by their holdings of some 3,500 different securities in 2,000 corporations. New York Stock Exchange listed equities held by the open-ends represented approximately 3.5% of the total value of all equities on the exchange.

Member companies reported 30,780 accumulation plans opened in May, 1959. In the previous month the total was 31,394, and, in May, 1958, it was 19,935. All accumulation plans in force at the end of May, 1959, numbered an estimated 985,000.

* * *

One William Street Fund, Inc. has asked the Securities and Exchange Commission for permission to issue its shares for most of the cash and securities of the **Virginia & Delaware Corp.**, a personal holding company. According to the application, the Virginia & Delaware Corp. will have assets of about $940,000 on collection of certain demand notes before the closing date. The number of One William Street shares to be issued will be arrived at by dividing the net asset value of one of the big fund's shares at the close of business on the day prior to the exchange into the value of the Virginia & Delaware assets.

* * *

Townsend U. S. & International Growth Fund's net assets as of April 30 are stated at $4,127,516 or $7.75 per share compared to $1,688,875 or $5.59 per share on Oct. 31 of last year.

* * *

Shareholders of **Gas Industries Fund Inc.** of Boston have approved a plan to merge with **Colonial Energy Shares, Inc.**, James H. Orr, President of Gas Industries, has announced. The Colonial Energy Shares name will survive, and the state of incorporation will be changed from Delaware to Massachusetts.

Approval was also given by shareholders to a broadening of investment policy of the fund to remove certain existing limitations on investments in the energy field. Changes as a result of the merger will not affect the number of shares or net asset value of shareholders' investments and will not involve tax liabilities to either the fund or the shareholders, Mr. Orr stated. Colonial Distributors, Inc., Boston, will continue as national distributor.

* * *

President Herbert R. Anderson of the **Common Stock Fund of Group Securities, Inc.**, reports that the fund increased its total net assets by $11,000,000 to a current figure to $63,790,000 during the first six months of fiscal 1959. Shareholder accounts jumped 14% to a new high of 15,631 over the same period.

Major portfolio changes involved an increase in railroad stocks from 8.98% to 12.94% of holdings, other increases in railroad equipment from 3.29% to 6.77%, in petroleum from 2.40% to 4.03%, in automobiles from 2.16% to 5.59%, and in textiles from 0.79% to 3.12%. Notable decreases were in electric and gas utilities, down from 15.62% to 7.24%, in banking and finance, from 9.34% to 2%, and in food, from 10.38% to 7.46%.

Mr. Anderson described the changes as a shift from stocks which permitted the fund to act particularly well in the 1957 market break and in the subsequent recovery. At recent levels, said he, their yields and future appreciation potentials have proved less attractive than in stocks of comparable quality being purchased. On the average, he added, the stocks being sold have moved much higher in terms of 1955-57 highs than those being purchased.

* * *

Railroad stocks are apparently a favorite security of **National Stock Series**, mutual fund of the **National Securities and Research Corporation.** A brochure of this income fund reveals that, as of June 1, no less than 13.32% of total portfolio contained rail shares. Among the biggest holdings are Chesapeake & Ohio Railway Co., N. Y., Chicago & St. Louis R. R. Co., Great Northern Railway Co. and Southern Railway Co., which altogether account for nearly 9% of total portfolio.

Other major industry holdings are steel and iron, 11.66% (including 3.9% Republic Steel), auto parts, 8.9%, tobacco, 7.89% (including 3.75% Liggett & Myers), retail trade, 7.46% (including 3.28% Allied Stores), and utilities, 7.29%.

The objective of the fund, notes the brochure, is to provide income for better living today—income that will vary in amount but may be more dependable because it comes from not one, not five, but from a well diversified ownership in more than 100 companies.

* * *

During its fiscal quarter ended May 31, **Financial Industrial Fund, Inc.**, boosted its net assets by $15,409,961 to a high to 151,313,341, President Charles F. Smith disclosed in his 94th quarterly report to shareholders.

As a result of market appreciation and additional shares purchased, net assets have increased by more than 49% over the past nine months. Investment income dividends distributed during the past 12 months amounted to more than $3 million, largest for any such period in the fund's history. They amounted to 10.4c per share. In addition, securities profits at the rate of 5.6c per share, or $1.5 million in total, were distributed to the fund's approximate 75,000 shareholders during the year.

Largest industrial investment in Financial Industrial Fund's portfolio at present is in the chemical group. Next, in rank, are utilities, oils and electronics. The biggest holdings in these groups are in Monsanto, American Telephone & Telegraph, Texaco and Philips Lamp, respectively.

Sizable purchases during the latest quarter were in Arkansas Louisiana Gas, Cessna Aircraft, Food Machinery and Chemical, Allied Chemical, Ford Motor, Piper Aircraft, Southern Railway, Sunray Mid-Continent Oil, Transamerica and Vick Chemical, Major disposals were in American Cyanamid, General Precision Equipment, W. R. Grace, Koppers, Paramount Pictures, Philco and Victor Chemical Works.

* * *

National Securities Series group of mutual funds has taken profits on several stocks in which yields have dropped. During its current fiscal year, begun last May 1, it has built up its holdings of copper, tobacco and public utility stocks.

* * *

Here are some tips for mutual fund salesmen gleaned from the Franklin Almanac, publication for distributors of **Franklin Custodian Funds**: (1) Make up a list of all customers that you call regularly. Keep up-to-date records of all customer trades and holdings. (2) Keep a daily record of sales and gross commissions earned. (3) Discard useless information . . . a cluttered desk is a handicap to clear thinking and accurate doing. (4) Be a reader that hits the high spots. If it is important, make a real mental note of it. (5) If you make a study of a situation, take your time.

* * *

John M. Templeton, President of **Nucleonics, Chemistry and Electronics Shares, Inc.**, has suggested that Japanese stocks may soon make a bigger hit with U. S. investors. The reason is that Japan, under a tax treaty with this country, will withhold no tax on dividends. Templeton calculates that a stockholder in the 30% top tax bracket may under certain conditions pay less than half as much in over-all taxes on Japanese dividends as on U. S. dividends.

R. E. Brooker Director Of Stein Roe Funds

CHICAGO, Ill.—The election of Robert E. Brooker to the boards of directors of Stein Roe & Farnham Balanced Fund, Inc. and Stein Roe & Farnham Stock Fund, Inc. has been announced by Harry H. Hagey, Jr., President of both funds. The two Chicago-based investment companies are managed by the investment counseling firm of Stein Roe & Farnham.

Robert E. Brooker

Mr. Brooker is President of Whirlpool Corp., St. Joseph, Mich., one of the nation's largest manufacturers of home appliances. Prior to his connection with Whirlpool, he was a Vice-President and director of Sears, Roebuck and Co. He also is a director of Swift & Co., Columbus Fiber Mills Co., Sta-Rite Products, Inc., and Wesley Memorial Hospital, Chicago, as well as a trustee of the Illinois Children's Home and Aid Society, the Illinois Institute of Technology and the Armour Research Foundation.

Forms Sievers Inv.

MOUNT CARMEL, Ill.—Adolph F. Sievers is engaging in a securities business from offices at 225 Mulberry Street under the firm name of Sievers Investment Co.

W. E. Clegg Opens

CLEVELAND, Ohio — William E. Clegg is engaging in a securities business from offices in the Superior Bldg. He was formerly with Livingston, Williams & Co.

Form D. W. Daniels Co.

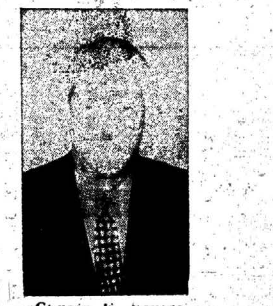
HEMPSTEAD, N. Y. — D. W. Daniels Co., Inc. has been formed with offices at 114 Main Street to engage in a securities business. Officers are Daniel Widelock, President; Harvey Schneider, Vice-President; and Harriet Widelock, Secretary.

E. L. Shaw

E. L. Shaw, railroad analyst with Vilas & Hickey, New York City, passed away suddenly June 15th.

Clinton Foulds Joins Wm. P. Harper & Son

SEATTLE, Wash. — Clinton Foulds has become associated with



Clinton E. Foulds

Wm. P. Harper & Son & Co., 1504 Third Ave., in the trading department. Mr. Foulds was formerly with Foster & Marshall.

Connor Is Chairman Of Chemists' Group

The President of Merck & Co. succeeds Harry B. McClure, Vice-President of Union Carbide, as Chairman of the Board of Directors of the Manufacturing Chemists' Association.

John T. Connor, President of Merck & Co., Inc., Rahway, N. J., was elected Chairman of the Board of Directors of the Manufacturing Chemists' Association at its 87th Annual Meeting held at White Sulphur Springs, W. Va., last June 11.

He succeeds Harry B. McClure, Vice-President of Union Carbide Corporation, New York.

Dr. David H. Dawson, Vice-President, E. I. du Pont de Nemours & Co., Inc., Wilmington, Del., succeeds Mr. Connor as Chairman of the Executive Committee.

Gen. John E. Hull, USA (Ret.), full-time President and a Director, was re-elected.

Elected as Vice-Presidents were Thomas S. Nichols, Chairman of the Board of Olin Mathieson Chemical Corporation, New York, and R. W. Thomas, Vice-President of Phillips Petroleum Company, Bartlesville, Okla.

Maurice F. Crass, Jr., Washington, was re-elected as full-time Secretary-Treasurer.

Directors elected for a three-year team expiring May 31, 1962 are: Peter C. Allen, President, Canadian Industries Limited, Montreal; L. G. Bliss, President, Foote Mineral Company, Philadelphia; Bruce K. Brown, President, Petroleum Chemicals, Inc., New Orleans; Howard S. Bunn, President, Union Carbide Corp., New York; R. F. Coppedge, Jr., President, National Distillers and Chemical Corp., New York; A. E. Forster, President, Hercules Powder Company, Inc., Wilmington; John R. Hoover, President, B. F. Goodrich Chemical Co., Cleveland; Theodore Marvin, President, Michigan Chemical Corporation, St. Louis, Mich.; Carl F. Prutton, Executive Vice-President, Food Machinery and Chemical Corp., New York; and Robert B. Semple, President, Wyandotte Chemicals Corp., Wyandotte, Mich.

The Manufacturing Chemists' Association is an industry group representing more than 90% of the chemical production capacity in the United States and Canada. It is the oldest trade group in the chemical field.

Named Director

William B. Call, a partner in Adams & Peck, New York City, has been elected to the board of directors of the Bettinger Corporation. Mr. Call was instrumental in arranging Bettinger's recently completed new financing.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The increase in the debt limit to $295 billion on a temporary basis (1 year, to end June 30, 1960) and a permanent one of $285 billion, appear to be very much in the cards and should be decided on or before the end of the fiscal year June 30. On the other hand, the question of a higher interest rate limit than 4¼% for long-term Government bonds will probably not be cleared up until some time in the future, since there is evidently more than a little bit of politics involved in this situation.

Whether there be a lifting of the debt interest rate entirely, or it be pushed up to a higher level, or Government bonds be sold at a discount in order to meet the present competitive conditions, it seems as though higher yields are in store for Treasury issues with a maturity of more than five years. As long as this uncertainty hangs over the capital market, it is not going to do very much.

Long Bonds to Remain Under Pressure

There has been a modest betterment in the tone in the market for Government issues. However, this improvement has not yet reached proportions that could be classified as a rally that might continue at an accelerated rate with the passing of time. It is evident that there are too many uncertainties overhanging both the money and capital markets to have a pronounced movement on the upside in the quotations of Treasury obligations. There will have to be a settlement of some of these conditioning factors before investors will be willing to take sizable positions in Government securities, especially the longer-term obligations, since the near-term liquid issues will continue to attract funds in a period of unsettlement.

There are considered opinions in the money and capital markets that the cost of obtaining borrowed funds, whether it be for short- or long-term purposes, will go higher as the year moves along. The Federal Reserve Banks have evidently decided that net borrowed reserves will be kept in the neighborhood of $500 million so that there will not be any appreciable lessening in the pressure on the money market. This means that the near-term market for Treasury issues will be inclined to be on the firm side, with a slightly upward trend in rates not to be unexpected. Business, commercial, and agricultural loans will be picking up in the not too distant future and this, along with the increasing demands for funds for consumers goods and inventories, will mean there will be no decrease in the need for loanable funds. This appears to indicate that the competition for short-term money will continue to be strong in the foreseeable future since the Treasury will most likely raise a considerable amount of its new money through the sale of near-term Government obligations.

Private Bond Market Vulnerable

The long-term market or the capital market is also under a cloud, even though it is not likely that the corporate bond flotations will be as sizable in the future as was the case not so long ago. It is possible, however, that the pick-up in expenditures for new plant and equipment could bring about an increase in the offering of corporate bonds. As against this, there are no indications that the introduction of new issues of tax-exempt bonds is going to show any appreciable let-up, in spite of talk that not a few of the communities that are selling securities are reaching the point where the tax burden is getting to be a bit on the heavy side to say the least. The new tax free offerings will tend to keep rates for these obligations from going down to any extent.

Probably the most important force overhanging the capital market is the answer to the question as to what is going to happen to the interest rate for long-term Government bonds. It is evident that the present top level of 4¼% for issues with a maturity of more than five years is not going to put these bonds on the market unless they are sold at a discount to meet the currently existing competitive capital market conditions. It may be that the interest rate level for long-term Government issues may still be kept at the 4¼% level, which could be achieved if the Treasury is forced to sell issues of more than a five-year maturity at a discount in order to meet existing conditions.

Govt. Devel. Bank For P. R. Appoints

Dr. Vernon R. Esteves and John Pershing, Jr., have been named Vice-Presidents of the Government Development Bank

Dr. V. R. Esteves John Pershing, Jr.

for Puerto Rico, effective July 1, Dr. Rafael Pico, President, has announced. A graduate of the University of Puerto Rico, Dr. Esteves completed postgraduate studies at Harvard, obtaining his Doctorate in Economy in 1948. He was appointed Director of the Economics Department of the Bank in 1958, having previously been Economic Advisor to Governor Munoz Marin. He was formerly an economist for the International Monetary Fund in Washington, D. C. and a specialist in foreign payments for the Economic Cooperation Administration, stationed in Paris. Mr. Pershing has been General Counsel for the Bank since 1954. A graduate of Princeton University and Harvard Law School, Mr. Pershing formerly was an Assistant Professor of Government and Public Law at the University of North Carolina.

Dr. Pico also announced the promotion to Assistant Vice-Presidents of the following staff members of The Government Development Bank for Puerto Rico: E. Rodriguez Collazo, J. J. Cardona, John Martinez Echevarria, Salvador Rodriguez, Francisco Rivera Boneta, John Mudie and Mario E. Rodriguez Olmo.

Andersen, Randolph Brch.

BREMMERTON, Wash. — Andersen, Randolph & Co. has opened a branch office at 613 Pacific Street under the direction of Wendel Walker.

Kurland Secs. Opens

PHILLIPSBURG, N. J.—Alfred Kurland is conducting a securities business from offices at 31 South Main Street under the firm name of Kurland Securities.

Midwest Exch. Names Public Advisors

CHICAGO, Ill. — Six leading business executives have been named public advisors to the Midwest Stock Exchange for the coming year, Sampson Rogers Jr., partner of McMaster, Hutchinson & Co. and Chairman of Midwest's Board of Governors, has announced.

Newcomers to the advisory group are Dean H. Mitchell, President of Northern Indiana Public Service Co., Hammond, Ind.; Joseph Griesedieck, President of Falstaff Brewing Corp., St. Louis; Thomas G. Harrison, Chairman, Super Valu Stores, Inc., Minn., and Charles E. Spahr, President of Standard Oil Co. of Ohio, Cleveland.

Re-elected to second consecutive terms were David M. Kennedy, President of the Continental Illinois National Bank and Trust Co. of Chicago, and Ben Regan, President of Nationwide Food Service, Inc., Chicago.

Function of the advisors, who are selected by the Board of Governors, is to represent the viewpoint of the public in formulating Exchange policies. They cannot be members or nominees of member firms.

St. Louis Analysts Elect New Officers

ST. LOUIS, Mo.—The St. Louis Society of Financial Analysts have elected the following officers:

President: Harry F. Langenberg, Reinholdt & Gardner.

Vice-President: George R. Hays, Laclede Gas Co.

Secretary: Alois T. Bolfing, Transit Casualty Co.

Treasurer: John J. Maloney, Boatmen's National Bank of St. Louis.

Board of Governors: William Mead, General American Life Insurance Co.; Robert Kohlsdorf, Mercantile Trust Co.; and Francis A. Dunnigan, Smith, Moore & Co.

Mitchell Branch in S. C.

GREENVILLE, S. C. — G. J. Mitchell Jr. Co. has opened a branch office at 501 East North Street under the management of Charles Moss.

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As We See It

and that the hope of a better budgetary situation with which to face the voters next year lies mostly in the expectation of larger tax collections.

A Serious Situation

Here is a very serious situation, all too often overlooked or not understood by the rank and file. It is as true of financial transgressions as of any other that, as the poet expressed it, *"vice is a monster of so frightful mien as to be hated needs but to be seen; yet seen too oft, familiar with her face, we first endure, then pity, then embrace."* A very substantial proportion of the voting population of this country has never known a budgetary situation essentially different from that now existing. This state of affairs tends to look normal to these younger elements in the population. The older members of the populace have in all too many instances simply grown accustomed to the situation, and have often had their brains well washed by the Keynesian or neo-Keynesian philosophy. And, of course, as is always the case in such circumstances, there are a great many who have acquired what they have come to regard as vested rights in this type of management of public finances.

It all adds up to a dangerous state of affairs. It would be a good thing if at least the leading elements in each community could be persuaded to take a good, long look at the record. There was a good deal in the 1952 Republican platform to give hope of at least moderate effort to bring this hazardous financial situation into better control. And for a time the Eisenhower Administration appeared to be making at least some endeavor to follow the general prescriptions of the 1952 document, although it was clear that it—and for that matter even those who drafted the platform on which the Eisenhower campaign was based—were not wholly free from New Deal taint. The trend, in any event, was sharply reversed after some apparent progress in 1954 and 1955. Beginning in 1956 an upward trend in national expenditures appeared which still shows little or no sign of fading out.

Federal Government expenditures adjusted to permit integration into the national accounts of the Department of Commerce had got down to slightly less than $69 billion in 1955—a large enough figure in all conscience, but a good deal below the nearly $78 billion in 1953. In 1956, the figure rose to nearly $72 billion, and has shown a further increase each year since, including 1958 and the first quarter of 1959 (at a seasonally adjusted annual rate). By 1958, the figure stood at $87 billion, and in the first quarter of 1959 was proceeding at an annual rate of well over $90 billion. What the figure on this basis would be for the full year, 1959 (these are all calendar years) or for 1960 even if the President is able to have his way at all points, we are unable to say, but it may be taken for granted that no really substantial reduction is in the offing.

Future Commitments

The fact of the matter is that it would be very difficult to make large reductions forthwith, since commitments for this year and the next and the next are so extensive. Really significant budgetary reform always has to begin a year to two or three years in advance, since fiscal extravagance always places heavy loads upon the taxpayers in not only one year but for a number of years ahead. What the informed and thoughtful taxpayer would like most of all to see in Washington, and has not as yet been able to discern in the national capital, is some serious effort to avoid commitments which will fasten heavy burdens upon the shoulders of the taxpayer in 1960, 1961 and later years.

Let no one fail to notice that some of the very large burden the taxpayer is carrying this year, was carrying last year, and will plainly be carrying in increasing weight for many, many years to come goes all the way back to the New Deal days, although, of course, it has been enlarged from time to time in more recent years. "Transfer payments" are now running at more than $21 billion a year. As recently as 1957 they came to only a little more than $17 billion, and in 1946 were less than $10 billion. Of course, prior to the New Deal they were negligible. They are now not far from four times net interest paid by the Federal Government. Of course, the main element in these "transfer payments" is the outlays on account of the old age and survivors insurance, so-called. The second most important is the aggregate of military pensions and the like. These two together accounted for more than two-thirds of the total in 1957, and without doubt account for even more and more at the present time. The existence of these very large commitments for the years ahead makes it all the more imperative that current outlays be reduced as far and as rapidly as possible and that extraordinary care be taken to avoid adding to the already staggering weight of future commitments.

Continued from first page

The Balance Sheet of French Stabilization

semblance of competitive markets had almost vanished.

The semi-autarchic Welfare State has nowhere been more fully, more "scientifically," and more disastrously developed. As a result, French prices had lost contact, more or less, with the world markets and with domestic costs; and costs, labor costs in particular, with labor efficiency. (Between 1950 and 1957, the index of Parisian wages went up 2½-fold while the cost of living index did not even double.) Distortion of incentives and malallocation of resources (into protective "hedges" in lieu of productive investments) became rampant. The combination of over-expansion in some sectors and under-development in others was one of the earmarks of France's great "recovery." Legitimate profits ceased to bear a rational relation to risk incurred or value produced; with costs, prices and profits divorced from the supply-demand equations, the survival of unfit business and farm became an unwritten imperative of national policy.

An intellectual setback went hand in hand with the economic disruption, brought about by the cumulation of immobilities, frictions, lags, and discquilibria. Within a generation's lifetime, French economists and businessmen, to say nothing of the bureaucrats, have literally forgotten the laws of the market place. They have lost their sense for its ability to provide the optimum of output, of consumer satisfaction, and of distributive justice. The Keynesian gobbledygook ruled supreme. Here was a *prime reason for lack of resistance against inflation:* in the fear of the "cold" market, if its shackles are thrown off.

The chief cause of the trouble, though by no means its sole cause, was the national budget—the irrepressible flood of "social" subsidies and "economic interventions" (another name for subsidies), engendering deficits and inflation. Since the liberation in 1944, the Fourth Republic's money supply has risen by 540 million francs on a *daily* average — an amount larger than the total forced upon the country during *four years* of German occupation.

Fiscal Reform: Principles

In 1958, France's budget deficit amounted to 600 billion francs, roughly $1.2 billion. Nothing dramatic, by American standards. But in terms of the respective per capita national incomes it was equivalent to $14 billion, or more. And that was neither the beginning nor the end of it.

Huge deficits were piling up year after year. Last October, when the Minister of Finance put his 1959 budget together, a prospective hole of almost $2.4 billion was staring him in the face. Such was the delayed effect of the 1957 devaluation, reinforced by the impact of the all-pervading escalators. The mere announcement might have sufficed to send the franc into a tailspin. More than one-half of this deficit could not have been raised except with the aid of the printing press. With vicious price- and wage-escalators coming again into operation and a fresh wave of capital flight setting in, the complete debacle of the franc was to be expected in a matter of months. The Common Market—a *political* "must" on De Gaulle's program — would have been stymied. The Fifth Republic would have shared the inglorious fate of the defunct Fourth.

Thorough house cleaning was mandatory. It had to follow principles which negate, more or less, basic tenets of the welfare state.

(1) From here on, generally speaking, *public revenues are to pay for public spending*—not for redistributing incomes or manipulating the economic process. Thereby, if only as a matter of principle, France returned to the classical rule of fiscal policy according to which taxes are raised for one purpose, one only: to cover necessary expenditures. Literally overnight, a fundamental postulate of all socialist taxation was thrown in the wastebasket. Taxes are now upped when higher rates promise improved returns—on articles of mass consumption such as cigarettes and gasoline; and lowered (by about 2%) on perfumes and caviar, in order to increase revenues. Along the same lines, while tax loopholes are being closed, "exceptional levies" on business corporations, onerous real estate transfer dues, and nuisance taxes are eliminated or reduced. The slap in the face of the Welfarist philosophy is more acutely resented by the "Liberals" than the moderate shift in the incidence of the tax burden.

(2) Similarly, budgetary *expenditures* are *to serve essential functions* of the government, not to "direct" the economy, or to control the business cycle, to reform mankind and to falsify the price mechanism. Nationalized industries in chronic financial trouble and the very sick socialized medicine have to pay their way by increasing their charges and/or reducing their services. Of subsidies to consumers, veterans, and farmers, etc., a bonfire was made to the tune of 236 billion francs ($470 billion). In the long run, the former recipients will be no worse off: inflation used to cancel off the "benefits."

(3) *No more hidden subsidies!* If subsidies there must be, they should appear in the budget. Especially, the (nationalized) Bank of France should not be used as a vehicle to pour out funds that do not figure as public expenditures. Which is what had been done for years: the central bank was forced to provide "intermediate" credit for home construction. This inflationary mal-practice alone has stretched the French money base by 570 billion francs ($1.14 billion). In 1958, it was expanding to the tune of 274 billion francs—the money supply by 450 billion or 6%, without counting savings bank deposits — despite severe credit restrictions, because the central bank had to rediscount these five-year "mobilization" bills arising from mortgage loans.

Overhauling the Revenue Structure

(4) *No tax privileges and exemptions*, or in exceptional cases only, and *no tax evasion* to be tolerated. The French farmer, for one, has been *de facto*, though not *de jure*, exempt from paying the progressive income tax. He will soon begin carrying his share; also, in social security levies. So will people whose consumption conspicuously exceeds their declared incomes. (The gaudy display of inflation profits has done its share in fostering French communism.) As to small business —not even a dictator dares to propose to the French that they make their income declarations under oath. But 2,400 inspectors are engaged to go after the tax-dodgers.

(5) The extremely complicated structure of the *tax system* is being greatly *simplified*, with incident relief from excessive bureaucratism as well as from unnecessary administrative costs. E.g., the variety of tax rates on "added value"—a sales levy on the manufacturing level — has been reduced from some 20 to 4. But the reform of the tax system as a whole will take time.

(6) All expenditures other than for "productive" capital investment are to be covered by current revenues.

(7) The deficit (for productive investment) is to be limited to the amount the government can borrow from domestic savers. *No more debt monetization* by recourse on the central bank or the commercial banks! Abandoned is the practice of the Fourth Republic—to spend first, then look for means to fill the hole in the budget.

(8) A key feature of fiscal reform is, or will be, the simplification and decimation of the *overgrown bureaucracy*. Whenever a problem arose, the French welfare state's answer was a new official agency, usually overlapping and conflicting with older ones. The consquent inflation of the bureaucratic apparatus cannot be cured overnight. It will take years before the full benefit of administrative deflation will accrue to the harassed public and to the Treasury. Raising the bureaucrats' retirement age—lowest in the nationalized industries—is another item on the same agenda.

"Operation Verity"

Subjecting French prices and incomes to the acid test of the law of supply and demand — is the general idea of De Gaulle's budget reform. However, more than the budget has to be reformed in order to accomplish the aim.

Terminating the monetization of the public debt and stabilizing the currency herald the end of inflation and the restoration of competitive markets. Lacking the automatism of the gold standard, credit inflation was checked by strict ceilings set — already since February 1958 — over bank borrowing at the *Banque de France*. Import licensing has been very substantially relaxed. On Jan. 1 of this year, the Common Market went into operation, reducing by 10% the tariff against the other members. Lesser concessions have been granted to non-members, too, and French trade liberalization proceeds apace. Thereby, the economy is being progressively exposed to the fresh breeze of international competition, and thousands of parasitic organisms are being deprived of artificial nourishment. Also, the cost of imports is being reduced; scrapping some quotas imposed in dollar trade saves, as an example, 5% on the cost of imported cotton.

Extent of Progress to Date

All of which still is some ways from genuinely free markets, but much more than a mere beginning. The French welfare state has not been discarded altogether. Of the projected 1,268 billion francs in direct subsidies and "interventions," not less than 1,032 billion survive the budget purging; social security is actually expanded by broadening the range of the "insured," though the medical kind is trimmed; the government retains full control of the capital market. And there remain significant residuals of dirigism: some prices in the farm sector (and beyond) still are being fixed; the nationalized industries stay nationalized; and a major fraction of the nation's investments still is planned and financed by the authorities.[1]

True, most of the governmentally-owned enterprises are to become self-supporting, and to save the taxpayer an annual 100 billion francs, by boosting their rates. But a good portion of the capital needed for their huge expansion, commandeered by the official Plan Commission, still has to be borrowed or guaranteed by the Treasury. The latter also provides funds for the expansion of private industrial capacity as well as for schools and the—corruption-ridden—public housing. The projected 1959 deficit of 587 billion francs, about 8% of the budget, is the fiscal expression of the Keynesian theory, still prevalent in France, that the growth of basic production cannot be left to the "vagaries" of the profit motive. As a matter of fact, capital investments (constructions of all sorts) appear in the current budget with a hefty 1,470 billion francs, 26% above last year; they constitute almost one-fourth of total expenditures.

The End of a Managed Money

Several aspects of the French monetary and fiscal reform are open to criticism; especially, also, the rate of 17.5% at which the franc was devalued. It was necessary, allegedly, in order to give French exporters an initial chance in the Common Market — given the fact that their wage rates and social security burdens are higher than in the other five countries. And 60 billion francs of export subsidies have been cut out of the budget. Their burden has been shifted, in effect, from the shoulders of the French taxpayer onto France's commercial competitors. In the process, huge profits were thrown into the laps of the speculators who had sold the franc short.

The significant thing is the *abandonment of managed money*. If the full automatism of the gold standard — the goal of Minister Pinay and his top economist, Dr. Jacques Rueff—is not restored as yet, a vicious inflationary automatism is jettisoned: the *escalators*. In effect, real wages are cut by 5% or more in the private sector; and similarly, if to a lesser extent, in the public sector. This is a *real blow to the concept of the Welfare State*.

The overhauling of the French economy is well under way. With costs held in reasonable bounds and the competitive incentives unleashed, business enterprise should get a sound impetus. Most important is the fact that *confidence* in the currency be restored. Since January first of this year, the country's gold and foreign exchange reserve has been increasing every single day. Presently, for the first time in ten years, these reserves outstrip the government's foreign obligations. At mid-April, the surplus was some $300 million—and no more *ratissage* (window dressing) in the central bank reports — reversing the deficit a year ago.

All of which is, to repeat, the auspicious opening up of a reform rather than the final reform itself. The shotgun-wedding of Sound Money with the Welfare State was a compromise—apparently the best the De Gaulle régime considered enforceable without recourse to force. Its hopes are set on the regenerating power of the liberalized market economy, the gradual return of flight capital, the influx of foreign funds, the rehabilitation of the French saving propensity, the budgetary "discipline" established by a stable monetary standard, and—the European Common Market.

[1] The Fourth Republic has nationalized all public utilities, coal mining, the large deposit banks and life insurance companies, trans-Atlantic passenger shipping, also a substantial number of individual firms such as the leading auto 10-bile producer, and so on, all these on top of the previously nationalized tobacco industry, post, telephone, telegraph and railroads. Presently, the Fifth Republic is considering to divest itself gradually of some of its direct and indirect holdings in non-nationalized plants. The nominal value of such participations is given as 160 billion francs ($320 million).

Denver Analysts Name New Officers

DENVER, Colo.—Lawrence A. Nowell, First National Bank, was named President of the Denver Society of Security Analysts at its annual meeting.

Other officers elected were Don C. De Vore, FIF Management Corp., Vice-President; Willard H. Marsh, Denver U. S. National Bank, Treasurer; Frederick B. Tossberg, Colorado National Bank, Secretary; and Frederick Reid, Mountain States Telephone Co., Recording Secretary.

William S. Jackson Jr., Hamilton Management Corp., retiring President, was elected to the board of directors of the National Financial Analysts society.

Form H. L. Smith Co.

COLLEGE PARK, Md.—H. L. Smith Co. has been formed with offices at 7302 Yale Avenue. Officers are Harry L. Smith, President; Clyd W. Smith, Vice-President; and L. J. Smith, Secretary-Treasurer.

Continue Invest. Business

Maria J. Drew and Marie J. Powers have formed a partnership to continue the investment business of Charles H. Drew & Co., 40 Wall Street, New York City.

Form Hughes Securities

PECOS, Texas—Hughes Securities, Inc. has been formed with offices at 119 East Fourth Street to engage in a securities business. Officers are Alton P. Hughes, President; Robert N. Hughes, Vice-President; and J. M. Hughes, Secretary-Treasurer.

Delafield Co. to Admit

Alfred T. Mahan and Jean-Francoise Malle on July 1 will be admitted to partnership in Delafield & Delafield, 14 Wall St., New York City, members of the New York Stock Exchange. Mr. Mahan is in charge of the firm's research department. Mr. Malle is Paris representative.

Inv. Associates Formed

SIOUX CITY, Iowa—Investment Associates has been formed with offices in the Live Stock Exchange to engage in a securities business. Currier J. Holman is sole proprietor.

Opens Investment Office

BROOKLYN, N. Y.—Gertrude Abramowitz is engaging in a securities business from offices at 22-31 New York Avenue.

Form Advance Planning

FOREST HILLS, N. Y. — Advance Planning Corporation has been formed with offices at 67-71 Yellowstone Boulevard to engage in a securities business.

R. A. Capra Opens

SCARSDALE, N. Y.—Robert A. Capra is conducting a securities business from offices at 6 Palmer Avenue.

Maurice Friedman Opens

Maurice Friedman is engaging in a securities business from offices at 100 William Street, New York City.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

Proposed Chemical-N. Y. Trust Merger

We had long been under a strong impression that New York Trust Company could be absorbed, given the right price atmosphere. Indeed, the bank's 1958 annual report stated that the management would consider any merger proposal made. In the early 1950's it was announced that the bank would merge with Manufacturers Trust Company of New York, but this plan was voted down at the stockholders' meeting.

So, it came as no great surprise when it was announced several weeks ago that a merger plan had been negotiated between New York Trust Company and Chemical Corn Exchange Bank, subject, of course, to the assent of the shareholders of both banks, and of the New York State Banking Department, and of the Federal Reserve Board, both banks being members of that system. It goes without saying that the "liberals" promptly sounded off at their discovery of "restraint of trade" and other bugbears, particularly at what they considered to be an assault on the competitive system in banking.

Well, as we pointed out at the time of the Morgan-Guaranty merger proposal the reverse is true. The Chemical New York Trust consolidation puts that combination in third place among New York's banks, and as it gives us a much higher total of capital and surplus, the merged banks are in a stronger competitive position *vis-a-vis* the other large institutions, for, be it remembered, the amount of capital and surplus determines the extent of lending power of a bank to one borrower.

The stockholders of the two banks will meet in early July to vote on the plan of merger, on July 8. June 17 was the record date. Under the proposed plan 1¾ shares of the new stock (Chemical Bank New York Trust Company) will be issued for each share of New York Trust stock. The Chemical Corn Exchange Bank holder will receive one new share for each share of Chemical Corn. Completion of the merger will see 8,476,590 shares of Chemical New York Trust outstanding, par value $12 per share. This change will be made to provide a capital for the merged bank equal at least to the aggregate of capital of the two components prior to the merger. On the basis of March 31, 1959 data, the total capital funds (capital, surplus and undivided profits) will be slightly in excess of $384,000,000.

Six branch offices and the head office of New York Trust will be added to Chemical's.

The plan calls for a 60-cent quarterly dividend rate on the new stock. In the case of the holder of New York Trust present stock, the 60-cent quarterly rate on the new stock will have the effect of increasing his annual rate from the present $3.75 (including the 25-cent year-end extra) to $4.20, or by about 12%.

Counsel for New York Trust have advised that in their opinion no taxable gain or loss will result to the New York Trust shareholder by reason of the merger and the exchange to Chemical New York Trust shares, except, of course, those selling fractions of shares resulting from the exchange.

Under New York State laws, shareholders of New York Trust present stock have the right to object to the plan of merger, and to have the value of their shares appraised by a court or an appraiser appointed by a court, and in such a proceeding they are paid off in cash. On what is probably an outside chance, that a very large proportion of New York Trust stockholders elect to take cash in lieu of going along on the merger, the Chemical Board of Directors may, in their discretion, declare the merger off. This column expects a very high proportion of assent to the plan at the meeting.

Importance should be placed on the contribution by New York Trust to the trust activities of the consolidation. While this component was a very well integrated bank in its own right, its trust business was considerably augmented at the time of the acquisition of Fulton Trust Company some years ago. It is the opinion of the New York Trust management that in respect to the trust activities —personal, corporate and pension trust—of the merged banks, the whole might almost be said to be greater than the parts, or as the bank puts it, "the trust facilities of the combined institution would have greater strength and capacity than is now possessed by either of the two institutions separately."

The formation of Chemical New York Trust with its large resources of over $4,300,000,000 will enable the bank to keep up front with the country's expanding industrial banking needs. Also, because of its size, it is expected that economies will be realized as mechanization of operations is the better attained among larger business units.

There is a price discrepancy at present between New York Trust and Chemical. The latter is selling at about 61. One and three-quarters times that should come out to New York's price (103 or thereabout). However, it comes out to 106¾. The difference may be said to represent a small doubt about the plan going through, either because of the supervisory powers vetoing it, or because the shareholders balk.

Forms J. W. Scott Co.

J. W. Scott is engaging in a securities business from offices at 25 Broad Street, New York City under the firm name of J. W. Scott Company.

Skousen Investm't Service

MONTROSE, Calif. — Skousen Investment Service, Inc. is engaging in a securities business from offices at 2339½ Honolulu Avenue. Officers are Max B. Skousen, President; Joseph B. Tomlinson, Vice-President; and Melvin R. Blomquist, Secretary-Treasurer.

George Kuhnreich to Form Own Investm't Co.


George A. Kuhnreich

G. A. Kuhnreich & Co., Inc., will be formed with offices at 450 East 63rd Street, New York City, to engage in a securities business. Officers will be George A. Kuhnreich, President; Francy Kuhnreich, Vice-President, and Joseph Rogers, Secretary. Mr. Kuhnreich was formerly with Cowen & Co. and Hirsch & Co.

Crandall Forms Company

FLUSHING, N. Y.—Harold B. Crandall is engaging in a securities business from offices at 140-50 Ash Avenue under the firm name of H. B. Crandall Company.

Gardinier & Co. Formed

LITTLETON, Colo.—Frank V. Gardinier has formed Gardinier & Company with offices at 2001 Shepperd to engage in a securities business.

M. L. Gottlieb Opens

GREAT NECK, N. Y. — M. L. Gottlieb is engaging in a securities business from offices at 777 Northern Boulevard.

Greater N. Y. Investors

BROOKLYN, N. Y. — Mitchell Garfinkel is engaging in a securities business from offices at 70 Linden Boulevard under the firm name of Greater New York Investors.

Charles Guarria Opens

BROOKLYN, N. Y. — Charles Guarria is conducting a securities business from offices at 1077 New York Avenue.

Janow Opens Office

Charles S. Janow is conducting a securities business from offices at 215 Mount Hope Place, New York City.

Midwest Exchange Member

CHICAGO, Ill.—The Executive Committee has announced the election of M. B. Wheeler of Wheeler & Woolfolk, Inc., New Orleans, La., to membership in the Midwest Stock Exchange.

W. C. Langley Branch

PHILADELPHIA, Pa. — W. C. Langley & Co. has opened a branch office at 220 South 16th Street under the management of James Sands.

Joins Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Donald J. Dubow is now connected with Westheimer and Company, 134 South La Salle Street.

Securities Salesman's Corner

By JOHN DUTTON

Home Work!

Saturday mornings being what they are, I usually just sit around the house and go through the motions of study and reading, all of which is calculated to impress the rest of the family with the great weight of research that is necessary in order to provide them with a livelihood. On a recent day, I was dutifully pursuing the events of the week and as I sat at my typwriter trying to concoct a column, my twelve year old stuck her head inside my work room and said, "Writing that column again. I could write a better column than you do in a lot less time and without all that work." "You skidoo," said I, "get out of here and let the old man try to think." With that she vanished.

I took a look at the papers, magazines and books I have been perusing this week and said to myself, "I wish she could write it, because the more I read the less I seem to know." Research is a far cry today from the investment reading and study we thought was a must only a decade ago. I finally obtained a good desk size collegiate dictionary. Now as I read about analogs, digitals, diodes, enzymes, microorganisms, ultraviolet, sonics, cosmic butterflies, cesium, parabolic mirrors, precision, inertial navigation systems, voltage references, spectronic colorimeters, hydro-acoustic transducers, spectral emissivity, cryopumping, ambient temperatures, cyrogenic devices, neutron-sensitive isotopes, and hundreds of such mysterious methods, products, tools, and results of scientific operations conducted by American business today, I laboriously look up the meaning of these jawbreakers.

Finally, giving up in almost hopeless frustration, I turn to my financial records and my manuals. There I see what has happened to a subject company dollarwise in the past. I note the price range of its securities, I put the pencil on its net earnings, on its capital structure, and the usual indicators we supposedly knowing men of Wall Street use to evaluate such things. But there is something we don't know today, and that is what is coming next in molecular beam techniques, tropospheric scatter systems, or long range microwave transmission (and don't write and ask me to define these dillies or I'll suggest you obtain a half a pound of yttrium and make your own thing-a-ma-jigger).

Having just finished Mr. Burton Crane's excellent book last week, "The Sophisticated Investor," studied two financial bi-monthly's, read the "Chronicle"; "The Wall Street Journal"; market letters from about six different brokers. Arthur Weisenberger's study of the Lazard Fund; the portfolios of several better known Mutual Funds to see what they have been doing; also a report issued by the NAM on Government Growth vs. Economic Growth, special reports on about ten different stocks, and watched the market about ten hours during the week (closely), I had the feeling that I was sufficiently charged up to write a real solid column this week on the stock market.

But as I sat here at my typewriter, the more confused I became. Just how does anyone make sense out of this jumble of scientific research, competition, public psychology, high prices and low yields, Castro, Khrushchev and company today? As I was about ready to give up and write my usual stint about how the salesman who couldn't talk met the prospect who couldn't hear and by sheer dint of his perseverance finally sold him a $30 a month investment plan, my twelve year old excitedly once again stuck her head inside my study door and proudly handed me the following:

"How to Buy Stocks"
"By John Dutton Jr."

"I am the child of a securities salesman, and have I learned quite a lot about stocks and bonds from him. It is he who knows stocks, studies them, and advises others to buy certain ones. Then sometimes he is not sure on stocks himself, whether to buy or sell stocks on oil or gas, automobiles etc., whether to buy any stocks or to just sit back. Stocks are the hardest things to know about.

Study Stocks—First Step In Buying

"If you want to buy stocks, it means you want one that will bring you a profit. You do not want one that will start to decline when you buy it. But which one should you buy? If you are interested in buying, it is a good policy to continuously read the financial pages in your newspaper. Study the stocks. If you see a stock soaring high, study that one especially. The stocks that fall you should dismiss from your mind, unless the market is having a few bad days and many stocks are dropping. Stocks at a trend study until you see whether they rise or decline. Do not study stocks for several days but for a few weeks. When you can pay, or want to pay less than 29c for a share, then don't bother considering the higher priced stocks, until you want to go higher.

Get All Information Available

"If you want to buy a certain stock, you should find out more about it than you can learn in the financial pages. Some good ways to find out more information about it is to get a pamphlet on the stock if the company has one, or ask a stock broker about the stock. If it looks good to you and rises, I would suggest buying it.

"Also, my father reads all the time, and studies a lot. The last stock he bought for me was at 15½, finally it went up to 18½, I told him to sell but he said not to do so because it was someday going to be worth 25. It is now 14 and when I ask him what to do about it he says, 'Don't worry, it will get better.' "

G. J. Mitchell Branch

BEL AIR, Md.—G. J. Mitchell, Jr. Co. has opened a branch office in the Lutz Building under the management of Gordon Little.

Form Randolph Commercial

MINEOLA, N. Y.—The Randolph Commercial Corp. is engaging in a securities business from offices at 60 Third Avenue.

Mitchell Rosen Opens

Mitchell Rosen is conducting a securities business from offices at 39 Broadway, New York City.

P. J. Schmitt Co.

CHEEKTOWAGA, N. Y.—Peter J. Schmitt Co., Inc. is conducting a securities business from offices at 2775 Broadway.

Form Walters Associates

Frank J. Walters Associates is conducting a securities business from offices at 515 Madison Avenue, New York City. Partners are Francis J. Walters, Jr. and Anne L. Sanborn.

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Appraising the Chemical Industry and Its Components

tion of individual companies. Thus, through their influence on investment decisions in regard to individual stocks, industry studies—coming in the back door—inevitably influence over-all investment management.

The analysis and appraisal of the fundamental economic and financial developments in an industry require a careful examination not only of the individual industry's experience, but, more importantly, of its performance relative to that of other industries. Comparative analysis is at the heart of industry studies just as much as of company studies. Comparative analysis rests on factual information. Therefore, it requires consistently compiled data which cover the industries of prime investment consequence and also extends over a sufficient period to provide perspective. General knowledge of the performance of industries, while very helpful, is not adequate.

Security analysts and investment managers need industry data in such form that they can be used as "yardsticks" for doing three things:

(1) Analyzing a selected industry in terms of its own record;

(2) Appraising the industry's performance in terms of the experience of other industries; and

(3) Evaluating the performance of a specific company in relation to that of the industry.

Basic Concept

We are all familiar with the volume of financial data which can be developed in regard to any industry. Consequently, at the outset some basic concept is necessary in order to compile essential information in an orderly and effective manner.

Starting from the premise that, from an investment standpoint, the most important single fact about a business is its earning power. The fundamental measure of the earning capacity of an enterprise may be taken to be the relationship of earnings to the total capital invested in the undertaking. Moving forward from this concept all financial data can then be built around and tied to the return-on-total-capital approach.

Economic forces have their well-known impact on the return earned on total capital. Thus, it is preferable to begin an industry study with an economic analysis which reviews first the broad aspects of the industry and then undertakes an examination of its product anatomy. The next major—and probably more important—step is to measure and compare the sales, capital, earnings performance and market valuation of the industry with that of each of the other industries of investment importance. This measurement would be in terms of the composite experience of the major corporations in each industry. We term these composite series "industry yardsticks." Finally, there should be a graphic and tabular comparison of the industry's primary corporations in terms of these yardsticks.

Illustrative Industry Study

To illustrate this comparative approach to industry analysis, I have some tables which provide a broad economic examination of the chemical industry and compare its financial record with the financial records of 32 other primary American industries.[1] These few tabulations, which have been taken from a broad study in progress at Stanford Research Institute, are for the purpose of indicating the framework of one approach to the problem of organizing industry information for use by security analysts and investment managers. They are not intended to represent a full-brown analysis of and a basis for conclusions on the chemical industry.

Certainly there is no need to comment here on the fact that the chemical industry consists of a complex and heterogeneous group of companies—it is probably the most widely diversified major industry in the United States. In fact, as one executive has put it, "There is no clear-cut agreement as to where the chemical industry starts and where it ends."[2]

In view of the diverse nature of the output, it is essential that in some manner, the chemical industry be segmented from an economic standpoint. The task is not only difficult but it also involves the risk of incompleteness and oversimplification. Nevertheless, only by progressively segmenting this complex industry can it be analyzed in an orderly and effective manner.

Economic Data

The economic analysis of the chemical industry is carried through three progressive stages: (1) a review of the over-all secular growth, (2) an examination of the primary product classifications, and (3) an analysis of the major inorganic, organic, and end-use industrial chemicals. The objective is to determine the broad supply, demand, and price situation for each of the major industrial chemicals. Because of time limitations, it would perhaps be better to confine ourselves this morning to the postwar growth in output.

An examination of the product anatomy of an industry should have two primary goals. First, it should provide comparative information in such a form that the security analyst, in making individual company studies, can appraise as effectively as possible the major items in the product mix of each firm. Second, it should provide a sound platform from which the analyst may launch such further organized research as he considers necessary.

Production Information

To obtain a familiar point of reference, the basic output data for the chemical industry are keyed to the Federal Reserve Board Index of Industrial Production. Since consistency is equally important, the classification of chemical products which the Federal Reserve Board employs, as well as the production indexes compiled by the Board, are adhered to as closely as possible. Numerous alternative product classifications — some of which might be more familiar to the trade—could be used. They would not, however, provide the desired consistency.

The output of the chemical industry has long been characterized by its secular growth. This growth needs to be analyzed first in terms of over-all production and then from the standpoint of major product classifications.

If the Federal Reserve Board Index of Industrial Production is compared with the Board's Index of Chemicals and Allied Products, it will be found that the postwar growth in total chemical production has been substantially more pronounced than in over-all industrial production. To illustrate, at the end of the 11-year span, 1947-1957, the index of chemical output stood at 184, or 29% above the index of 143 for all industrial production. This confirms the well-known secular trend of the industry.

Have all of the major segments of the chemical industry participated equally well in this postwar growth?

The Federal Reserve Board has divided the industry into eight principal product groups. Production indexes have been developed for five of these groups. It may be seen from Table I that marked divergence exists in their production records. In fact, only one of the five groups has had higher output since 1951 than the Federal Reserve Board Index of Industrial Production. Note that in 1957, when the Industrial Production was at 143, soap stood at 112, paint at 121, vegetable and animal oils at 130, and fertilizers at 132. In contrast, the index for industrial chemicals had risen to 203 by 1957 and was far ahead of total industrial production.[3]

Industrial Chemicals

From an investment standpoint, the drug industry is ordinarily considered separate and apart

1 Space considerations made it necessary to exclude the graphic material and numerous tables. Nevertheless, the nature of the most significant data is discussed herein.

2 M. W. Leland, "Some Economic Characteristics of the Chemical Industry," *Chemical Engineering Progress*, October 1952.

3 A provisional Federal Reserve Board Index for drugs and medicines covering the span 1947-1954 indicates that the output in this segment of the industry topped even that for industrial chemicals.

TABLE I
Comparative Chemical Production Indexes
(1947-49=100)

Year	Total Industrial Production	Chemical & Allied Products	Industrial Chemicals	Veg. and Animal Oils	Fertilizers	Paints	Soap and Allied Products
1947	100	97	95	90	98	105	103
1948	104	103	105	100	101	104	101
1949	97	101	101	110	101	91	96
1950	112	121	126	111	106	113	112
1951	120	136	146	112	112	108	107
1952	124	137	140	112	122	112	110
1953	134	147	154	116	124	118	113
1954	125	148	153	118	122	116	108
1955	139	167	184	124	125	125	110
1956	143	177	196	132	129	124	111
1957	143	184	203	130	132	121	112

Source: Federal Reserve Board.

TABLE II
Major Industrial Organic Chemicals Comparative Growth in Production Annual Average Growth Rate
(1947-1957)

Sodium Dodecyl Benzene Sulfanate*	25.1%	Formaldehyde	10.6%
Ethylene Oxide	16.9	Butadiene	10.4
Ethylene Glycol	14.6	Phenol	8.8
Styrene	14.3	Methanol	8.0
Ethylene Dichloride	13.4	Isopropyl Alcohol	4.2
Toluene	12.5	Acetone	3.9
Ethyl Chloride	11.9	Acetic Acid	3.8
Ethyl Alcohol	11.2	Acetic Anhydride	2.3

*Although the average growth rate for 1947-1957 is 25.1%, the 1947-1957 rate was 90.1% and the 1951-57 rate a modest 7.8%.

from the "chemical industry." Paint, soap, and vegetable and animal oils are also sometimes treated as separate industries. But, it is well known that many "chemical companies" cut across these industry boundaries. Some are substantial producers of drugs, others manufacture paints, and so on. In a broad sense, it may be said that the firms ordinarily considered to be "diversified chemical companies" are more typically those which produce predominately industrial chemicals.

The classification "industrial chemicals" covers a large number of basic, intermediate, and end-use chemicals. While this heterogeneous aggregate is an essential starting point in an over-all analysis, it must be dissected into its major components in order to examine the product anatomy of the chemical industry.

The key industrial chemicals have been classified into three broad groups: (1) seven major inorganic industrial chemicals of importance in the manufacture of finished chemicals, (2) 16 major organic chemicals, and (3) seven major end-use products. These last chemicals are "end-use products" in that they are not subjected to any further significant chemical transformation. Using the term broadly, the next step is "fabrication," that is, mixing to form paint, molding, extruding, and so on. This fabrication may occur either inside or outside the chemical industry.

Industrial Inorganic Chemicals

The seven industrial inorganic chemicals selected for analysis are: sulfuric acid, chlorine, ammonia, phosphoric acid, nitric acid, sodium hydroxide, and soda ash. In terms of production value, they are the most important chemicals in the inorganic group. In 1953, their value constituted nearly 35% of the aggregate production value of 88 major inorganic chemicals.[4]

Typically, it is the dynamic products which offer a company the greatest opportunity for profit as well as growth. Accordingly, the relative production growth rates for the individual chemicals are important.

A graphic analysis of the postwar production experience of the seven industrial inorganic chemicals reveals a wide divergence in the growth rates. The range of growth rates over the 1947-1957 span is from a low of about 2% per annum for soda ash to 16% for phosphoric acid. Ammonia, chlorine, and nitric acid enjoyed increases ranging from slightly over 10% to nearly 12%. These three chemicals, plus phosphoric acid, were well above the 8% growth rate for all industrial chemicals. Sodium hydroxide's rate approximated that for all industrial chemicals. Sulfuric acid had a rate close to the postwar increase of 4% for over-all industrial production.

It is not within the scope of this paper to examine each product and thus bring out the primary factors behind the differences in growth rates. But in general it may be said that—as in all industries — product innovation, technological development, and scope of use have had their varying impacts on demand.

Industrial Organic Chemicals

Significant classification and other problems are involved in an analysis of the organic chemicals. Nevertheless, it is possible, although subject to wide differences of opinion, to select a meaningful group of basic organic industrial chemicals.

Recordingly, a group of 16 chemicals has been established. With two exceptions, all of them are included either directly or indirectly—through their derivatives — in the Federal Reserve Board's index of "industrial chemicals." The exceptions are styrene and butadiene made from petroleum. Although these chemicals are outside the Federal Reserve Board Classification, their importance warrants their inclusion here.

According to a tabulation just released by the *Chemical Economics Handbook* staff of Stanford Research Institute, 14 of the industrial organic chemicals had a total production value of nearly $1.4 billion in 1957. This amount is in excess of 60% of the aggregate production value of 51 major intermediate organic chemicals covered by the Handbook analysis. Thus, there can be no doubt as to the relative importance of the selected industrial organics.

The production growth rate for each chemical in the postwar period is shown in Table II. Note the widespread divergence in the experience in the individual chemicals. Furthermore, the growth rates for many of the major industrial organics have been significantly higher than for the major industrial inorganic chemicals. In fact, the composite annual growth rate for the 15 organics (excluding styrene) is 10.5% compared to an average of 9% for the inorganics.

Again, without delving into the reasons for the marked differences in individual production performances, let us turn to the third group—the major end-use chemicals.

Industrial End-Use Chemicals

Seven end-use groups have been selected. Ranked in terms of production value, they are: man-made fibers, synthetic plastics and resins, synthetic rubber, antiknock agents, industrial explosives, synthetic dyes, and antifreezes. Recent data as to their aggregate importance in relation to all major end-use chemicals are not avaliable. However, according to a past study by the *Chemical Economics Handbook* staff, in 1950 the production value of the seven chemicals constituted approximately 50% of the production value of nearly 80 major end-use chemicals (excluding medicinal chemicals). It is also interesting to note that the production value of the seven end-use groups jumped from $2.6 billion in 1950 to an estimated $4.9 billion in 1957.

The postwar growth rates for the selected end-use chemicals range from a *negative* rate of about 3% for synthetic dyes to a high of almost 13% for synthetic plastics and resins. Antiknock agents were second with over 11%; followed by synthetic rubber with almost a 10% growth rate. Strikingly, man-made fibers, antifreeze, and industrial explosives were all close to the 4% growth rate for over-all industrial production.

It is not possible here to examine the more complex end-use groups or to determine the variations in growth rates in the primary products comprising each group. It may be sufficient to note, however, the following differences in experience between the three major types of plastics:

Thermoplastics	17.1%
Alkyd resins	8.8
Thermosetting plastics except alkyds	8.5

Important as the postwar production experiences of each of the major industrial chemicals may be, they are, obviously, only part of the picture. If time permitted, the consumption pattern, and price characteristics of these chemicals would also be reviewed. Then we would have a solid basis for considering the profitability and potential of each major product or product group. Nevertheless, sufficient material has been presented to indicate (1) the analytical approach employed and (2) the wide variation in the postwar production experience of the major chemicals.

This type of economic probing of the product anatomy of a basic industry develops information which should increase the effectiveness of the analyst's appraisal of the product mix of the corporations in an industry as well as his appraisal of the industry itself. Furthermore, it will aid the analyst in avoiding the pitfalls of unduly broad generalizations. For example, the chemical industry canbe measured only in a 1947-1957 production growth rate for all industrial chemicals which is double that for the economy. Nevertheless, there were a number of major product groups with growth rates well below the general growth of the economy, as well as those with growth rates far in excess. Moreover, information organized in this manner may be readily supplemented by the security analyst to the extent special situations or other factors require.

Financial Data

Having examined the major products and product groups in an industry, the next, and even more important, consideration is the comparative financial performance of the industry.

The financial performance of an industry can be measured only in terms of the companies making up the industry. In most instances, this is such a substantial number that to undertake the analysis of a significant portion of them would be impractical. Thus, the question immediately arises as to how a manageable and, at the same time, representative sample can be selected.

By far the predominant portion of institutional common stock investments are in the well-established and primary corporate entities. Accordingly, the composite data for the major units in each industry listed on the New York Stock Exchange should provide satisfactory investment yardsticks for measuring financial performance. Using this criterion, the following seven companies were selected to comprise the chemical industry sample:[5]

Allied Chemical Corporation
American Cyanamid Company
Dow Chemical Company
E. I. du Pont de Nemours & Co.
Hercules Powder Company
Monsanto Chemical Company
Union Carbide Corporation.

Because of the relative size of du Pont and its substantial effect on any composite figures, industry averages have been computed in two ways—both including and excluding Du Pont.

The sales of the seven companies in 1957 totaled over $6 billion, representing approximately 60% of all industrial chemical sales as estimated by the Federal Trade Commission and the Securities & Exchange Commission. The total also constitutes 71% of the sales of 25 major corporations included in a "chemical industry" classification developed by a well-known financial service.

Numerous tests of the sample indicate that the composite data are satisfactorily representative of broad industry experience. Accordingly, the next step is to examine the composite performance of the selected chemical companies (1) in terms of its own 22 year record and (2) in relation to the composite experience of the primary units in each of more than 30 other major American industries.

Growth

In view of the industry's well-known growth aspects, let us begin with an examination of the Chemical Industry Sample in terms of the relative growth in

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4 Based on a study by the *Chemical Economic Handbook* staff of Stanford Research Institute.

5 For ease of reference, the term "Chemical Industry Sample," or simply "sample," is used to designate the composite experience of the selected chemical companies in order to distinguish it from the experience of the total chemical industry.

TABLE III

Comparative Industry Growth in Sales

(Average Index 1953-57)
(1935-39=100)

Aircraft	5,553
Radio and Television	2,014
Electrical Supplies and Equipment	1,006
Auto Parts and Accessories	1,005
Paper and Allied Products	920
General Industrial Machinery	778
Chemical, excluding du Pont	756
Distilling	754
Chemical, including du Pont	744
Proprietary Drugs	744
Automobiles	724
Textile Fabrics	718
Building Materials	687
Rubber	626
Ethical Drugs	602
Oil	569
Steel	564
Packaged Foods	563
Grocery Chain Stores	531
Metal Containers	528
Agricultural Machinery	499
Mail Order Houses	475
Apparel and Accessory Chains	448
Glass Containers	447
Toilet Preparations and Soap	447
Grain Mill Products	431
Department Stores	414
Copper	398
Dairy Products	386
Corn Products	363
Cigarettes	339
Meat Packing	277
Limited-Price Variety	274

TABLE IV

Comparative Industry Earnings Rates on Total Capital

(Average Rate, 1953-57)

Aircraft	21.3%
Proprietary Drugs	20.5
Automobiles	19.5
Apparel and Accessory Chains	14.6
Ethical Drugs	14.6
Nonferrous Metals	14.4
Corn Products	13.1
Auto Parts and Accessories	13.0
Building Materials	12.8
Chemical, including du Pont	12.7
General Industry Machinery	12.4
Oil	12.1
Glass Containers	12.0
Toilet Preparations and Soap	11.9
Electrical Supplies and Equipment	11.8
Copper	11.5
Packaged Foods	11.4
Paper and Allied Products	11.3
Mail Order Houses	10.9
Steel	10.7
Grocery Chains	10.3
Rubber	10.2
Chemical, excluding du Pont	10.1
Dairy Products	9.6
Cigarettes	9.0
Radio and Television	8.8
Grain Mill Products	8.1
Limited-Price Variety	8.1
Metal Containers	8.1
Department Stores	7.9
Distilling	6.2
Agricultural Machinery	5.9
Textile Fabrics	5.7
Meat Packing	4.0

TABLE V

Earnings Rate on Total Capital for Chemical Industry Sample As Percent of Composite Rate for 33 Industries

(1947-1957)

	Earnings Rate on Total Capital		
	Chemical Industry (ex. du Pont)	Composite 33 Industries	Chemical Rate as Percent of Industry Composite
1935	11.6%	6.9%	168%
1936	13.4	9.7	138
1937	11.8	10.3	115
1938	6.7	5.5	122
1939	11.1	7.8	142
1940	12.0	9.3	129
1941	12.6	10.7	118
1942	11.6	9.4	123
1943	11.1	9.1	122
1944	9.7	9.0	108
1945	8.3	7.5	111
1946	11.9	9.5	125
1947	14.3	13.0	110
1948	13.7	15.0	91
1949	13.5	12.2	111
1950	16.9	15.0	113
1951	13.4	12.6	106
1952	10.7	11.0	97
1953	9.7	11.1	87
1954	8.8	11.1	79
1955	11.6	12.9	90
1956	11.0	12.0	92
1957	9.9	10.9	91
1935-39	10.9	8.0	136
1947-57	12.1	12.4	98
1953-57	10.1	11.6	87

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Appraising the Chemical Industry and Its Components

sales and total capital and, then, take up the earnings performance.

Sales: We have compared the growth in sales for the Chemical Industry Sample with growth in sales for each of 31 other industries. Sales can fluctuate substantially from year to year. Hence the comparison needs to be on a period basis. For present purposes, the five-year period from 1953 through 1957 has been selected as the terminal span and two different base periods—1935-39 and 1947-49—are used.

It can be seen from Table III that the Chemical Industry Sample's average sales index for 1953-57 (based on 1935-39=100) is 756 if Du Pont is excluded and 744 if Du Pont is included. Thus, depending on the sample, the chemical industry stood either seventh or ninth among the 32 industries. Because of possible distortions arising from the use of the prewar base, growth has also been computed in terms of both a 1947-49 base and the annual postwar growth rate. On either basis the Chemical Industry Sample stands within the top eight industries.

In relation to the other major American industries, the sales performance of the Chemical Industry Sample certainly places it in the high-growth category. In terms of year-by-year expansion in sales, the increase for the industry was most pronounced in 1950 and 1951, and, again, in 1955 and 1956. The 1950-51 increase was due primarily to the Korean situation and the marked rise in prices. The 1955-56 increase represented almost entirely an expansion in volume.

Capital: Since the amount of capital invested in a business does not ebb and flow in a manner similar to sales, a single year can be used for comparative purposes. In 1957, the total capital index for the Chemical Industry Sample, excluding Du Pont, was 576 and including Du Pont was 523 (1935-39=100). On these bases, the industry stood either seventh or 11 among the other major American industries. If a 1947-49 base or an annual average growth rate is used, the standing of the industry is higher. In fact, on both the latter bases it stands third.

Accordingly, the Chemical Industry Sample has had a pronounced relative increase in total capital as well as in sales. The years of biggest increase were clearly 1952 and 1953.

The foregoing analyses of sales and total capital clearly substantiate that the chemical industry—as represented by the composite record of the selected companies—has a high growth rate. However, if the growth in sales and in total capital is to be meaningful to the investor, it must be translated into profits. Growth solely for the sake of growth has little merit. Accordingly, the earnings record for the Chemical Industry Sample needs to be analyzed.

Earnings Rate on Total Capital. The basic test of earnings performance is the rate of return which earnings represent on the capital required to produce them. Therefore, rather than looking at an index of the dollar amounts earned, the next step is to examine the earnings rate on total capital.

Whether or not Du Pont is included has a substantial effect on the return on total capital earned by the Chemical Industry Sample; this may be readily seen from Table IV. Note that the average return for the 1953-57 period is 12.7% including Du Pont, which places the chemical industry tenth among the other major industries, but if Du Pont is excluded, the rate drops to 10% and the industry ranking drops to 23rd place.

In the 1953-57 span — and for most of the postwar period — the earnings rate on total capital for the Chemical Industry Sample, along with that of several other industries, has been depressed somewhat by the already-cited capital expansion and by accelerated depreciation. Consequently, we examine the relative ranking of the industries with regard to their 1935-39 average return on total capital. In the 1935-39 period, the inclusion or exclusion of Du Pont had little impact on the composite rate of return and, excluding or including Du Pont, the Chemical Industry Sample stood sixteenth among the industries.

No Exemptional High Rate of Return

The preceding data indicate that, contrary to the generally-held opinion, the chemical industry does not earn an exceptionally high rate of return on total capital. It might be concluded, therefore, that the investment attractiveness of chemical companies does not lie so much in a high rate of return on capital as in some other attributes of earnings. Two of these attributes mentioned frequently are: (1) the ability of the industry to maintain, across time, a satisfactory return on a rapidly increasing amount of capital and (2) stability of earnings.

The rapid growth in capital has already been discussed. In spite of particularly rapid asset expansion and heavy depreciation, the average earnings rate on total capital in 1953-57 of 10.1% was close to the 1935-39 average of 10.9%. (For the entire postwar span — 1947 through 1957 — the average earnings rate was 12.1%.) From this information, it would appear that the Chemical Industry Sample is maintaining satisfactorily its return on total capital.

An examination of the fluctuations in the return on total capital, the output of industrial chemicals, sales, and dollar amount of earnings leads to the conclusion that, although there are cross-currents in the facts, the chemical industry enjoys moderate stability. Whether there has been any change in the degree of stability in the postwar period is debatable.

Before leaving the earnings performance of the Chemical Industry Sample, there is one additional factor to be considered. It is the annual relationship of the rate of return for the sample to the composite rate of return for all of the major industries across the last 23 years. This relationship may be seen from Table V which shows the chemical return as a percent of the composite return. (In addition the actual annual rates of return for the sample and the composite rates for the 33 industries are shown.) Note that whereas the Chemical Sample's earnings rate in 1935-39 was 136% of the composite, in 1953-57 it was down to 87%. If the annual data are examined, it will be seen that a downward trend prevailed through much of the period, although the 1955-57 levels were above the 1954 low. The downward drift should be noted, and the reasons for it need to be determined and appraised by the analyst.

Clearly, numerous additional financial factors would need to be considered carefully before reaching a conclusion as to the investment attractiveness of the chemical industry. However, it was not our objective to arrive at definitive conclusions regarding this industry but rather to consider, in broad terms, the use of industry studies and industry yardsticks in security analysis. I hope this sketchy review of the chemical industry has illustrated a basic approach to industry studies which will provide the analyst with material vital to the appraisal of individual companies.

Summary

Three broad analytical principles have been employed in this industry review. They are applicable to the development of basic information in any industry. Therefore, I should like to summarize them.

First, through probing the economic anatomy of an industry, the variation in the production experiences of the industry's major products may be determined. Carefully organized material of this nature, when supported by consumption, price, and profit data, should materially increase the effectiveness of the analyst's appraisal of the product-mix of corporations in an industry as well as of the industry itself.

Second, through measuring for a specific industry the increase in its sales and total capital against the increases for the other industries of investment consequence, the basis is provided for evaluating closely the secular growth and dynamic nature of the industry.

Third, through analyzing the return on total capital of the industry in terms of (a) the industry's own record, (b) the performance of each of the other major American industries, and (c) the composite experience of all of the industries, the relative earning power of the industry may be readily determined. When this information is supplemented with similar analyses of the profit margin, depreciation, capital turnover, and other significant financial ratios, the security analyst has a full comparative review of the industry. Then both the analyst and investment managers have not only the basis for a careful evaluation of the record, the present status, and the comparative outlook for the industry, but also valuable yardsticks for the appraisal of the performance of individual companies within it.

Continued from page 11

Our Productivity Record —How Does It Look?

the real capital stocks in the several industries weighted by their base-period rates of return—increased considerably more than labor input—manhours worked in the various industries weighted by base-period average hourly earnings. In fact, labor input rose at an average annual rate of 1.4%, compared with a 2.5% a year average growth of capital input. Thus, total input rises more than labor input due to the increase of capital per manhour.

Following World War I, total productivity increased at a faster average rate than it did in earlier decades—2.1% a year since 1919 compared with 1.3% a year in the earlier period 1889-1919. Since the trends after 1919 are more relevant to recent experience, I shall confine my subsequent remarks to the 1919-1957 period or portions thereof.

Partial and Total Productivity Ratios

Since 1919, output per unit of labor input rose at an average rate of 2.3% a year, while the output capital ratio rose by 1.3% a year. The difference reflects a continuing 1% a year increase in capital per unit of labor input. Output per manhour rose by 2.6% a year. The 0.3 percentage point difference between this and the rate of increase in output per unit of labor input (weighted manhours) is due to the fact that when manhours are weighted by average earnings by industry, the weighted measure rises more than unweighted manhours. This reflects the relative shift of workers to higher-paying industries which has gone on for a long time. A weighting by minor industries and occupations, if feasible, would probably produce an even larger increase in weighted labor input and thus smaller increases in output per unit of labor input and in total productivity.

A word about the postwar period. Between 1948 and 1957, output per manhour has risen by a bit more than 3% a year, on average—more than over the longer period. Some people have taken this to mark the advent of a new era of more rapid productivity advance. But when we look at the total productivity measure, we see that it was right in line with the 1919-1957 trend—2.1% a year. The reason is that real capital per manhour has shown an astonishing increase of more than 3% a year on average so that the output-capital ratio has actually declined somewhat. When this large increase in capital is included with labor input in the denominator of the ratio, the rate of increase in the overall measure of productive efficiency is brought in line with past experience.

I wish that further acceleration in total productivity had actually occurred since World War II. We could use it. But the facts do not support the thesis. Since 1953, even the output per manhour measure is virtually back in line with its longer-term trend. Part of the high rate of increase from 1948 to 1953 can be interpreted as a catching-up with trend since there was a significant drop in the productivity ratios after the war.

These observations underline the fact that short period changes—particularly in the partial productivity ratios, should not be taken as indicative of changes in trend. Year-to-year fluctuations are influenced to a large degree by the business cycle. Regarding the average movement of output per manhour over the phases of the cycle, the ratio levels off or declines somewhat at the top of the boom and the early phases of recession. But it starts rising before the contraction is over and rises strongly in the early phases of expansion.

Even from one cycle peak to another, deviations from trend rates of increase in total productivity average 1.0 percentage point. The greater than trend rate of advance from 1948 to 1953 should not have been interpreted as indicating an acceleration of trend any more than the less than average advance from 1953-1957 should be interpreted as foreshadowing a slowing down of the trend. It is the drift over several cyclical periods that is significant.

The importance of productivity in economic progress can be seen even more clearly in the growth of real product per capita in the private economy. Since 1919, real private product per capita increased by 1.8% a year—so all of this must have come out of the 2.1% a year productivity advance. The difference is due to a decline of input per capita. Real capital stocks and input rose relative to population, but not enough to offset the decline in labor input per capita which was largely the result of progressive shortening of the work-week and work-year.

Productivity gains, by definition, tell us by how much real income per unit of the combined factor inputs has increased. In comparing real average hourly earnings alone with total factor productivity in the private economy, it can be seen clearly that real average hourly earnings have risen faster than total productivity. This is possible, because real compensation per unit of real capital has risen less than productivity. This result is not surprising when it is remembered that capital grew much faster than labor input.

Declining Return on Inflation

Since World War II, and in some other periods, real average hourly earnings grew even faster than output per unit of labor input. This was associated with a rising share of labor in the national income, and with a relatively constant rate of return on invested capital over the long run. I suspect that the relative movement of factor prices, and labor and capital shares in the national income, are the result of broad market forces. But the significance of the **real** average hourly earnings figures is that they give us a rough guide to the increases in **current dollar** average hourly earnings that are consistent with a stable price level. Increases that exceed a certain percentage are inevitably associated with either a declining rate of return on capital or rising prices — both of which results have unfavorable consequences for the economy as a whole if they persist.

Industry Trends in Productivity

Productivity in the economy is, in effect, a weighted average of productivity in the component industries. There is a rather wide dispersion of total factor productivity trends in the various industries. And industry productivity trends are not as regular as in the economy as a whole, but short-period variations have tended to offset each other in their effect on the national measure.

Note, for example, factor productivity and output per unit of labor input in five major industrial segments. Farming showed a less than average increase over the whole period 1889-1957, although there was a notable acceleration after 1937. Manufacturing and mining showed approximately average increases of around 2% a year. Note the acceleration in manufacturing productivity in the 1920s. Transportation and public utilities increased their productivity at rates well above 3% a year. Rough estimates for the trade, service and finance segments indicate 1.5% a year increase, well below average.

Trend rates of increase in total factor productivity for 33 industry groups (see Exhibit 2) range from less than 1% a year for anthracite coal mining to more than 5% a year for electric light and power. No major industry has shown a decline in productivity, which attests to the strength of the forces promoting productivity advance in the United States.

These differential rates of productivity advance have importantly affected economic structure. In the first place, relative productivity changes have not been correlated with relative changes in factor prices. There is no significant correlation between changes in productivity and in hourly earnings (1899-1953). There is likewise no correlation between relative changes in productivity and in rates of return on capital. In fact, over long periods of time, the prices of the factors show much the same changes in most industries — as they should if the labor and capital markets are working properly.

Productivity Induces Price Declines

Since relative changes in productivity and in factor prices are not correlated, there must be and is a significant negative correlation between relative changes in productivity and in prices of products by industry. The correlation is not perfect since unit materials costs as well as productivity effect price. But it is clear that the industries with largest productivity advances have shown relative price declines.

This has, of course, stimulated sales and output, which has, in turn, promoted productivity advance—the opposite of a vicious circle! Output has expanded enough in the technologically progressive industries to result in a relatively greater employment of labor and capital than in the economy as a whole, despite the greater reductions in unit labor and capital requirements. This certainly suggests that the notion of "technological unemployment" is a bogey, and I am glad that we do not hear much about it any more.

Significance for Iron and Steel

What, then, is the significance of this analysis for the iron and steel industry? I am sure you have been thinking of this, but let me briefly summarize the implications as I see them. Let us start with the fact that prices of steel mill products have risen significantly more than wholesale prices generally, since the War—year by year, as well as over the period as a whole. This increase in relative prices is the result, the symptom, of basic forces we shall look at in a moment. It is a distressing symptom that works to the longer-run disadvantage of the industry. The persisting relative price advance has expanded the markets of competing metal and other products at the expense of steel. It has also tended to cause some increase in the prices of the products of steel-using firms and some decrease in their sales compared with what they would otherwise have been, and has thus further dampened the expansion of the steel market. To this must be added the international repercussions. Insofar as relative prices of steel mill products in competing foreign countries have risen less, or have actually fallen, this has reduced our comparative advantage, or eliminated it for some products in some markets—with a consequent reduction of net exports in relation to total shipments.

No matter how insensitive demand may seem to be to price increases in the short-run, persistent relative price rises, such as have taken place in steel since the war, are bound to have a negative longer-run effect as purchasers gradually shift to other products or suppliers whose prices have risen less.

Uncovers Sources of Price Increase

What have been the causes of the relative increases in steel mill product prices? They may be classified broadly under two headings. One is the prices of the inputs, of which the two most important types are labor, and purchased material, supplies, and contractual services. The prices of the inputs in the postwar period have risen more than those of most other industries, exerting upward pressure on price. The second causal factor is productivity, which provides a means of offsetting to some extent, at least, increasing prices of the inputs. But productivity in the steel industry has risen somewhat less than in manufacturing, or in the economy as a whole, during the postwar period through 1957 or 1958.

Thus, costs per unit of output have risen significantly more than in the economy since input prices have risen more, and these have been offset by productivity gains to a lesser extent than in other industries, on average. This is a bad combination, and the increasing unit costs have been largely reflected in price since changes in profit margins have not provided a significant offset to rising unit costs.

The unfavorable price trend can be attacked in various ways. As far as labor costs are concerned, comment is scarcely necessary, nor would it be appropriate here. I also have no advice to offer with regard to prices of materials and other intermediate inputs, except to keep suppliers on their toes.

Suggests Two Proposals

But while tackling the problem of input prices, I do urge an unrelenting advance on the other half of the cost front—productivity. I strongly suspect that there are real possibilities in the iron and steel industry for increasing productivity at a more rapid rate in future years than in the past decade. During the interwar period, 1919-1939, for example, advances were significantly greater than in the period 1947-1957. In looking at a recent tabulation of expenditures for research and development as ratios to sales, based on a study sponsored by the Defense Department for 1953, I see that of the 20 2-digit manufacturing industry groups, the primary metals products group ranked number 14 with little more than one-quarter of one per cent of revenue going to research and development. I believe that it would pay the iron and steel companies to step up substantially research and development, both within the company and through the American Iron and Steel Institute insofar as this is feasible.

It would be of assistance, of course, if suppliers—especially of capital goods—were also able to accelerate their productivity advance with favorable effect on their prices to steel.

Accelerating National Productivity Growth

Over and above the problems of the steel industry, I believe there is a pressing need to attempt to raise the rate of productivity growth in the economy as a whole. We have seen that there has been no acceleration in the rate of growth of total factory productivity for the past 40 years; yet in the postwar period many other countries—in which I would include the Soviet Union—have made remarkable progress. In order to preserve the basis for our relative power position in the world, and our position in international trade, we should be thinking not in terms of mantaining past rates of productivity growth, but in terms of increasing those rates. Also, with the tendency of money incomes to outrun our capacity to produce, an acceleration of productivity advance could be an important anti-inflationary factor in the domestic economy. Finally, it would provide the basis for increasing our real incomes per family more rapidly in the future than in the past.

Raising productivity in individual industries, particularly those that have been lagging, is part of the job; but, over and above this, measures are needed which cut across industry lines.

One prerequisite to accelerating our productivity advance is widespread recognition of the problem. I sense that there is an increasing emphasis on this goal in influential circles. It was mentioned many times in hearings before the Joint Economc Committee last year and this. The final report of the American Assembly, held several weeks ago at Arden House, stressed the objective of accelerating productivity and economic growth generally. The Cabinet Committee on Price Stability for Economic Growth has issued statements to the same effect. Certainly, an increasing volume of articles and talks on the subject will increase our "productivity-consciousness."

How to Raise Growth Rate

As to needed measures, I can do no more here than indicate briefly several areas in which I think actions would be favorable to productivity advance. In many cases, we do not know the precise measures needed and more research and study are indicated. In the first place, I heartily endorse the recent recommendation of President Eisenhower's Science Advisory Committee, that the nation's annual investment in education should be at least doubled as soon as this can effectively be done, and that the quality of education be improved. With an increasingly complex technology, we need a better trained and educated labor force to operate the productive mechanism and to devise improvements. Adult education should not be neglected, as increasing leisure gives us the possibility of upgrading within our adult labor force.

Closely associated with this point is the need to expand research, development, and innovational activity even more rapidly in the future than in the past, and particularly in the industrial areas in which both research and productivity advance have lagged in the past, as in trade, finance, and services. We should also try to increase research productivity itself by more research into the nature of creative activity, including the motivations involved.

Productivity advance would be accelerated by a more rapid spread of innovations among related firms, and across industry and national lines. Management must be unremittingly alert to pick up new cost-reducing goods and methods from supplying and competing firms, or through trade associations. I also think we could learn considerably more from the practice in other countries of the world. One sure way to accelerate productivity is by more rapid replacement of old equipment with new. Change in tax laws with respect to depreciation allowances would facilitate this objective.

More broadly, the whole tax system should be rationalized with greater emphasis on the objective of providing incentives to business for increasing productive efficiency. This is an area in which business recommendations are particularly pertinent and business organizations must continue efforts towards this goal.

Finally, I submit that thought should be given to creation of a National Productivity Council, an impartial private professional organization, supported broadly by various groups in the economy, which would sift ideas, sponsor research into causal factors influencing productivity, and propose specific private and public measures designed to promote productivity advance. It is true that many organizations are already working in these directions. But a Productivity Council could fill a need by coordinating efforts, stimulating research in relevant fields not now covered, and focusing the scattered activity now going on towards the single objective of promoting productivity advance in the economy.

EXHIBIT 1

Output, Input, and Productivity, 1889-1957
Estimates for the Private Domestic Economy

A. Totals

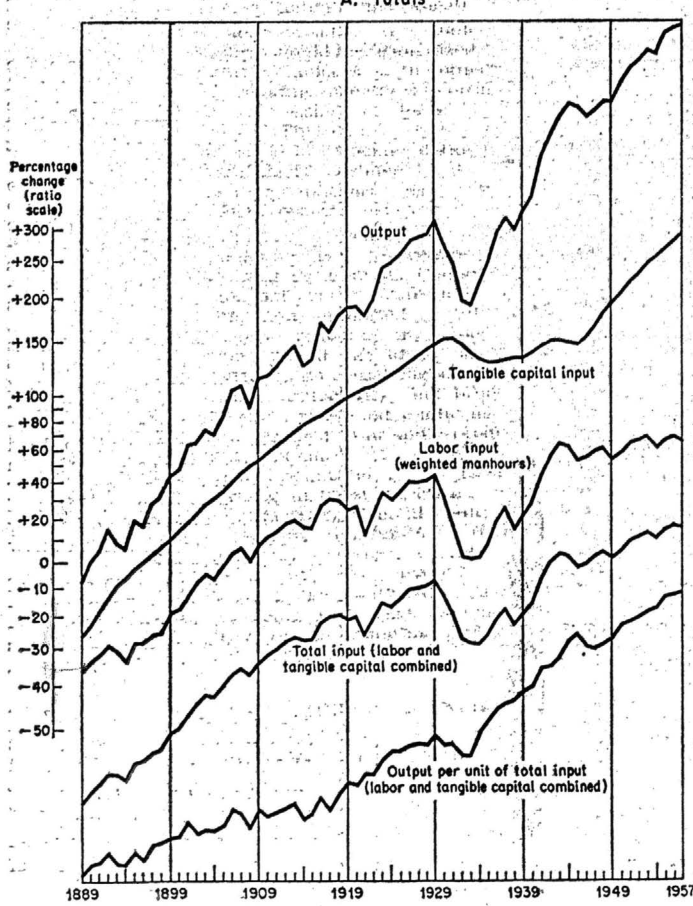
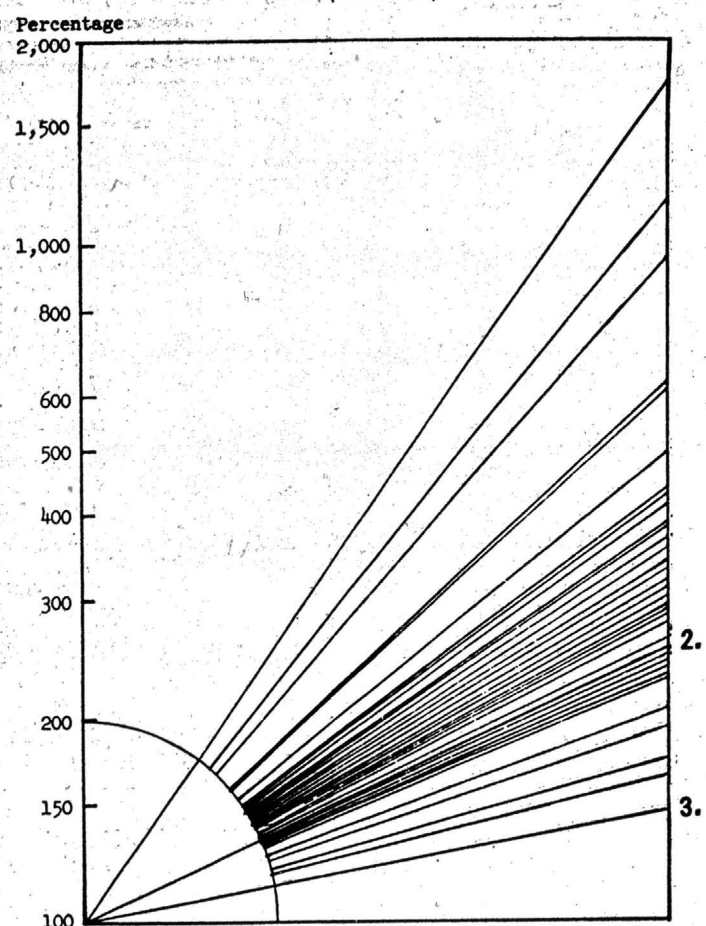


EXHIBIT 2

Total Factor Productivity
33 Industry Groups
1953 (1889=100)



1. Electric utilities
2. Total private domestic economy
3. Anthracite mining

Now With P. de Rensis

(Special to The Financial Chronicle)

BOSTON, Mass. — Daniel C. Ring is now with P. de Rensis & Co., Inc., 126 State Street, members of the Boston Stock Exchange. Mr. Ring was formerly with Keller & Co. and Schirmer, Atherton & Co.

Continued from page 5

The State of Trade and Industry

index of average production during the period 1947-1949. This compared with 163.9 during April 1959 and 88.6 during May 1958.

The index figure for the first five months of this year was 154.0 compared with 88.4 during the same part of last year.

Based on the Jan. 1, 1959 capacity rating of 147,633,670 net tons of raw steel annually, the steelmaking facilities were utilized at an average of 92.5% of capacity during May 1959, compared with 93.0% in April 1959, and 87.4% for the first five months of 1959.

June Auto Output to Be Largest in Four Years

Production in U. S. plants continued to boom along in the week ended June 20 at a pace that will send passenger car output to its greatest June total in four years and truck volume to its best June level in eight years, Ward's Automotive Reports said.

Ward's estimated 131,584 automobiles will be produced in the week, the top effort in four weeks. It betters earlier week's output, ended June 13, of 127,029 units by 3.6% and is 55.9% above the corresponding week last year (84,396).

Ward's said car output in June is running ahead of the 550,000-unit scheduled forecast as the month got underway. Only June of record year 1955 (649,393), 1953 (588,604) and 1950 (720,100) will rank over the current month.

The statistical publication said truck-making hit a 1959 peak for the week ended June 13 when 27,925 units were erected. The figure is threatened by the schedule of 27,795 units for week ended June 20.

More than 120,000 trucks will be built this month, according to Ward's for the best June yield since 1951 (133,141) and greatest truck total for any month since May 1955 (129,869).

The automotive publication said the 3,000,000th U. S. car of 1959 was produced Monday (June 15). By the end of that week the count will have risen to an estimated 3,109,771 units, 45.2% more than the 2,141,165 units assembled through the corresponding week a year ago.

The truck total through week ended June 20 will be an estimated 619,403 units, 44.9% above corresponding 1958 (427,335).

Electric Output 11.6% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 20, was estimated at 13,331,000,000 kwh., according to the Edison Electric Institute.

For the week ended June 20, output decreased by 172 million kwh. below that of the previous week but showed a gain of 1,390,000,000 kwh. or 11.6% above that of the comparable 1958 week.

Car Loadings 13.9% Above Corresponding 1958 Week

Loading of revenue freight for the week ended June 13 totaled 709,137 cars, the Association of American Railroads announced. This was an increase of 86,453 cars or 13.9% above the corresponding week in 1958, but a decrease of 36,983 cars or 5.0% below the corresponding week in 1957.

Loadings in the week of June 13 were 26,585 cars, or 3.9% above the preceding week.

Lumber Shipments Were 2.1% Below Production For June 13 Week

Lumber shipments of 475 mills reported to the National Lumber Trade Barometer were 2.1% below production for the week ended June 13. In the same week new orders of these mills were 13.8% below production. Unfilled orders of reporting mills amounted to 42% of stocks. For reporting softwood mills, unfilled orders were equivalent to 19 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 2.5% above production; new orders were 3.3% above production.

Compared with the previous week ended June 6, production of reporting mills was 0.7% above; shipments were 5.8% below, new orders were 2.1% below. Compared with the corresponding week in 1958, production of reporting mills was 3.7% above; shipments were 3.2% above; and new orders were 4.2% below.

Business Failures Continue Decline

Commercial and industrial failures continued down to 267 in the week ended June 18 from 295 in the preceding week, reported Dun & Bradstreet, Inc. While casualties fell below the 290 in the comparable week last year, they remained above the 241 in 1957. Some 14% fewer concerns failed than in pre-war 1939 when the toll was 310.

All of the week's decrease occurred among casualties involving liabilities of $5,000 or more, which dipped to 226 from 254 in the previous week and 261 a year ago. Small failures, those with liabilities under $5,000, held steady at 41, the same as last week, and exceeded considerably the 29 of this size in the corresponding week of 1958. Twenty of the failing businesses had liabilities in excess of $100,000 as against 27 a week earlier.

Tolls were lower in all industry and trade groups, with the most noticeable declines in manufacturing, down to 38 from 49, and in retailing, down to 139 from 146. Casualties among construction contractors dipped to 40 from 43, among wholesalers to 24 from 26, and among service concerns to 26 from 31. Fewer businesses succumbed than last year in all lines except commercial service. The manufacturing toll fell most sharply from 1958.

Geographically, the week's downturn was concentrated in three regions—the Middle Atlantic States where failures declined to 76 from 100, New England, off to 17 from 25, and the Pacific States, down to 48 from 67. Moderate increases prevailed in five regions, while East North Central casualties remained at 52. In most regions, however, business mortality dipped below last year's level. Tolls rose above 1958 in only three regions: The West North Central, East South Central, and West South Central States. No change from a year ago appeared in the Mountain Region.

Twenty-one Canadian failures were reported as compared with 32 in the preceding week and 27 a year ago.

Wholesale Food Price Index Unchanged

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., remained at the level of the prior week, but was down appreciably from the similar week a year ago. On June 16 the index stood at $6.09, for a decline of 8.2% from the $6.63 of the comparable 1958 period.

Higher in wholesale cost this week were flour, wheat, lard, coffee, cottonseed oil, cocoa, and eggs. Lower in price were rye, barley, hams, bellies, sugar, milk, steers, and hogs.

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 Advances in Latest Week

Higher prices on wheat, flour, butter, livestock, cotton and steel scrap helped boost the general commodity price level moderately over the prior week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., rose to 278.92 (1930-32=100) from 277.70 a week earlier, but was below the 279.90 of the corresponding date a year ago.

With the arrival of some new-crop wheat in some markets, wheat trading moved up last week and prices were moderately higher. Flour mills' supplies were low and they are expected to step up their purchases in the coming weeks. In addition, a gain in export buying is anticipated shortly.

Although transactions moved up appreciably, prices on corn and oats remained close to the prior week and rye prices dipped fractionally. Trading in soybeans eased somewhat and prices were down slightly.

Although purchases of flour at wholesale lagged during the week, prices advanced fractionally. Negotiations for sizable exports of rice to Indonesia, Argentina and Ceylon were completed this week and domestic demand was steady; rice prices were unchanged from the prior week.

Coffee wholesalers reported a moderate rise in trading, but prices were steady. Trading in cocoa sagged during the week and prices were down slightly. Sugar prices finished the week somewhat lower, while purchases showed some seasonal improvement. Sugar production this year in Cuba is expected to reach goals set early in the year and exceed that of a year ago.

Hog receipts in Chicago fell somewhat from the prior week, but prices advanced moderately as trading picked up. Cattle receipts were the smallest in eight weeks, but the buying of steers was slightly higher and prices moved up somewhat. There was a substantial rise in lamb prices reflecting higher trading and limited salable receipts. In contrast to the increase in hog prices, lard prices fell moderately from the preceding week.

Cotton prices on the New York Cotton Exchange climbed appreciably at the end of the week and finished moderately higher than the prior period. Trading picked up, reflecting reports of unfavorable weather conditions in some growing areas and limited supplies. Cotton consumption in May came to about 702,000 bales, compared with 717,000 in April and 600,000 in May 1958. For the first ten months of the current season, consumption totaled 7,189,000 bales, compared with 6,763,000 in the similar period last season.

Retail Trade Close to Year Ago Volume

Although unseasonably cold weather in some areas held consumer buying below the prior week, total retail trade was close to a year ago. Slight year-to-year gains in women's Summer apparel, floor coverings, and outdoor furniture offset declines in men's apparel and air cooling equipment. Scattered reports indicated that sales of new passenger cars matched those of the prior week and remained sharply over a year ago.

The total dollar volume of retail trade in the week ended June 17 was from 1% below to 3% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Mountain +5 to +9; West North Central +2 to +6; East North Central +1 to +5; Middle Atlantic and East South Central 0 to +4; Pacific Coast —2 to +2; New England and South Atlantic —4 to 0; West South Central —5 to —1.

While interest in women's Summer apparel fell moderately from a week earlier, volume remained slightly over last year, with principal gains in dresses, Summer coats, women's suits, and lingerie. With Father's Day falling a week later this year than last, volume in men's apparel dropped noticeably below the similar calendar 1958 week, especially in furnishings and sportswear; sales of lightweight suits matched those of a year ago.

Cold weather in some regions held volume in air coolers and fans below the prior week and marked year-to-year declines prevailed. Interest in television sets, refrigerators, and laundry equipment remained close to a year ago. The call for outdoor tables and chairs, bedding, and case goods was sustained at a high level and over-all furniture sales remained appreciably over last year. While interest in floor coverings climbed over last year, volume in linens and draperies was unchanged.

Consumer buying of food was steady this week. There were slight gains in the call for canned goods, dairy products, and fresh produce.

Nationwide Department Store Sales Up 3% For June 13 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended June 13, increased 3% above the like period last year. In the preceding week, for June 6, an increase of 10% was recorded. For the four weeks ended June 13, a gain of 6% was registered and for Jan. 1 to June 13 an 8% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended June 13 did not show any change from that of the like period last year. In the preceding week, June 6, a 10% increase was reported. On May 30 sales increased 5% and May 23 a 10% increase was reported.

Philip Morris Inc. Debentures Offered

Public offering of $40,000,000 of Philip Morris Inc. 4⅞% sinking fund debentures due June 1, 1979 was made on June 25 by an underwriting group managed by Lehman Brothers and Glore, Forgan & Co. The debentures will be priced at 99% and accrued interest, to yield 4.95%.

Net proceeds from the offering will be applied by Philip Morris to the reduction of short-term loans. The proceeds from the short-term loans, together with other funds, were used to finance purchases of tobacco and for other general corporate purposes.

Prior to June 1, 1964 the bonds may not be redeemed through a refunding bearing an interest cost of less than 4.95%. Starting in 1965 the issue will be entitled to the benefit of a sinking fund requiring the mandatory retirement of $2,000,000 principal amount of debentures annually. At its option the company may retire an additional $2,000,000 debentures annually during the sinking fund period. The debentures will be redeemable for the sinking fund at 100% and accrued interest. Other than for sinking fund they are redeemable on 30 days notice at prices ranging from 103⅞% to 100% and accrued interest.

Principal products of Philip Morris are Marlboro, Parliament, Philip Morris, Benson and Hedges, and English Ovals cigarettes; and Bond Street and Revelation brands of smoking tobacco.

The company in July 1957 acquired Milprint, Inc. which designs and manufactures various types of flexible packaging for the food and allied industries. Milprint's subsidiary, Nicolet Paper Corp., produces glassine paper. Philip Morris, in April 1958, acquired Polymer Industries, Inc., manufacturers of adhesives and textile chemicals.

Wesco Financial Corp. Common Stock Offered

Goldman, Sachs & Co. and William Blair & Co. are joint managers of a nationwide group of underwriters that offered on June 25, 387,300 shares of Wesco Financial Corp. common stock at a price of $23 per share. The offering marks the first public sale of the company's common stock.

None of the proceeds from the sale of the common stock will accrue to the company as the shares are presently outstanding and are being sold for the account of certain stockholders.

The principal business of Wesco Financial Corp. is the ownership of all the capital stock of the Mutual Savings & Loan Association, which has been in the savings and loan business in the Los Angeles, Calif., metropolitan areas since it was founded in 1925. Mutual Savings & Loan, with its main office in Pasadena, also operates branches in Glendale and Covina, Calif. Its principal activities are to provide a savings medium for investors and to lend funds to finance the construction and ownership of homes and other residential property. Most of Mutual's loans are made originally to finance the construction of new single family homes.

As of March 31, 1959 assets of Mutual Savings & Loan aggregated $134,797,721; unpaid principal amount of real estate loans was $116,916,365; savings accounts, $111,227,037, and general reserves, undivided profits, guaranteed stock and surplus were $10,212,584. For the year ended Dec. 31, 1958 Mutual Savings & Loan had total income of $7,791,258, and net earnings before appropriations to general reserves, $2,085,437.

At March 31, 1959 Wesco Financial Corp. had 1,200,000 shares of common stock outstanding.

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 28	§92.8	*92.5	93.6	61.7
Equivalent to—					
Steel ingots and castings (net tons)	June 28	§2,627,000	*2,620,000	2,650,000	1,666,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 12	7,009,975	7,032,325	7,177,525	6,334,885
Crude runs to stills—daily average (bbls.)	June 12	¶8,020,000	*8,204,000	7,684,000	7,659,000
Gasoline output (bbls.)	June 12	28,667,000	*29,152,000	26,821,000	26,960,000
Kerosene output (bbls.)	June 12	1,952,000	1,956,000	1,824,000	1,867,000
Distillate fuel oil output (bbls.)	June 12	12,287,000	12,683,000	12,335,000	11,613,000
Residual fuel oil output (bbls.)	June 12	6,605,000	7,141,000	6,240,000	6,459,000
Stocks at refineries, bulk terminals, in transit, in pipe line—					
Finished and unfinished gasoline (bbls.) at	June 12	201,508,000	203,605,000	206,616,000	190,241,000
Kerosene (bbls.) at	June 12	26,151,000	25,063,000	22,513,000	22,959,000
Distillate fuel oil (bbls.) at	June 12	106,505,000	102,496,000	89,639,000	96,694,000
Residual fuel oil (bbls.) at	June 12	54,612,000	55,615,000	54,629,000	63,393,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 13	709,139	682,624	694,380	622,686
Revenue freight received from connections (no. of cars)	June 13	583,562	569,430	583,186	517,322
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 18	$546,100,000	$522,800,000	$468,200,000	$429,875,000
Private construction	June 18	228,000,000	252,500,000	304,200,000	135,188,000
Public construction	June 18	318,100,000	270,300,000	164,000,000	294,687,000
State and municipal	June 18	184,600,000	211,800,000	145,900,000	220,379,000
Federal	June 18	133,500,000	58,500,000	18,100,000	74,308,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 13	9,035,000	*8,500,000	8,255,000	8,255,000
Pennsylvania anthracite (tons)	June 13	408,000	380,000	324,000	467,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 13	142	150	137	138
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 20	13,331,000	13,503,000	12,931,000	11,941,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 18	267	295	259	290
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 16	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	June 16	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	June 16	$38.17	$37.50	$34.17	$35.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 17	31.000c	31.100c	31.175c	25.225c
Export refinery at	June 17	27.675c	28.675c	28.600c	24.625c
Lead (New York) at	June 17	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	June 17	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	June 17	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	June 17	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	June 17	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	June 17	104.750c	104.750c	103.125c	94.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 23	83.65	83.58	83.75	94.11
Average corporate	June 23	86.11	86.11	86.78	96.54
Aaa	June 23	89.37	89.23	90.20	102.96
Aa	June 23	87.72	87.86	88.67	99.68
A	June 23	85.98	86.11	86.51	96.38
Baa	June 23	81.78	81.66	82.27	88.27
Railroad Group	June 23	85.33	85.20	85.98	92.20
Public Utilities Group	June 23	85.07	85.33	85.72	97.78
Industrials Group	June 23	87.86	87.86	88.95	100.00
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 23	4.12	4.12	4.10	3.02
Average corporate	June 23	4.70	4.70	4.65	3.97
Aaa	June 23	4.46	4.47	4.40	3.57
Aa	June 23	4.58	4.57	4.51	3.77
A	June 23	4.71	4.70	4.67	3.98
Baa	June 23	5.04	5.05	5.00	4.54
Railroad Group	June 23	4.76	4.77	4.71	4.26
Public Utilities Group	June 23	4.78	4.76	4.73	3.89
Industrials Group	June 23	4.57	4.57	4.49	3.75
MOODY'S COMMODITY INDEX	June 23	386.5	389.4	386.2	398.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 13	308,729	348,856	282,974	271,307
Production (tons)	June 13	330,025	295,007	322,778	290,704
Percentage of activity	June 13	98	88	96	90
Unfilled orders (tons) at end of period	June 13	528,417	548,933	485,085	384,471
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 19	110.15	110.34	110.43	109.81
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 30	2,342,330	2,332,450	2,677,230	1,193,750
Short sales	May 30	339,770	348,200	459,070	219,490
Other sales	May 30	1,964,580	2,074,430	2,180,500	913,150
Total sales	May 30	2,304,350	2,422,630	2,639,570	1,132,640
Other transactions initiated off the floor—					
Total purchases	May 30	355,620	466,020	427,870	277,440
Short sales	May 30	19,500	29,100	45,100	28,650
Other sales	May 30	487,650	477,600	400,250	268,100
Total sales	May 30	507,150	506,700	445,350	296,750
Other transactions initiated on the floor—					
Total purchases	May 30	653,696	689,630	709,890	379,100
Short sales	May 30	128,737	118,160	104,640	98,480
Other sales	May 30	714,591	724,959	862,515	440,022
Total sales	May 30	843,328	843,119	967,155	538,502
Total round-lot transactions for account of members—					
Total purchases	May 30	3,351,646	3,488,100	3,814,990	1,850,290
Short sales	May 30	488,007	495,460	608,810	346,620
Other sales	May 30	3,166,821	3,276,989	3,443,265	1,621,272
Total sales	May 30	3,654,828	3,772,449	4,052,075	1,967,892
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 30	1,699,004	1,786,479	2,197,339	820,372
Dollar value	May 30	$102,830,427	$95,625,800	$123,309,784	$36,421,697
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 30	1,540,555	1,628,061	1,886,225	824,965
Customers' short sales	May 30	8,114	6,566	7,203	8,126
Customers' other sales	May 30	1,532,441	1,621,495	1,879,022	816,839
Dollar value	May 30	$85,730,911	$85,210,523	$102,481,736	$34,047,504
Round-lot sales by dealers—					
Number of shares—Total sales	May 30	463,170	448,820	465,730	284,680
Short sales	May 30	———	———	———	———
Other sales	May 30	463,170	448,820	465,730	284,680
Round-lot purchases by dealers—Number of shares	May 30	579,690	599,580	701,140	276,310
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 30	585,290	567,330	672,960	501,060
Other sales	May 30	15,179,860	16,290,710	17,650,670	9,062,830
Total sales	May 30	15,765,150	16,858,040	18,323,630	9,563,890
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 16	119.4	*119.4	119.6	119.0
Farm products	June 16	90.1	*90.6	90.6	95.4
Processed foods	June 16	107.8	*107.1	107.7	113.1
Meats	June 16	103.1	*101.2	102.4	115.8
All commodities other than farm and foods	June 16	127.9	*127.9	128.0	125.2

*Revised figure. ¶Includes 1,020,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of March:			
Total domestic production (barrels of 42 gallons each)	250,167,000	226,526,000	219,146,000
Domestic crude oil output (barrels)	222,839,000	201,435,000	194,472,000
Natural gasoline output (barrels)	27,281,000	25,041,000	24,652,000
Benzol output (barrels)	47,000	50,000	22,000
Crude oil imports (barrels)	28,113,000	29,467,000	31,366,000
Refined product imports (barrels)	40,638,000	36,478,000	18,860,000
Indicated consumption domestic and export (barrels)	311,623,000	295,009,000	281,120,000
Increase all stocks (barrels)	7,295,000	2,628,000	11,748,000
AMERICAN RAILWAY CAR INSTITUTE—Month of May:			
Orders for new freight cars	5,253	3,736	1,370
New freight cars delivered	3,358	3,741	3,534
Backlog of cars on order and undelivered (end of month)	36,869	35,479	30,386
AMERICAN TRUCKING ASSOCIATION, INC.—Month of April:			
Intercity general freight transported by 411 carriers (in tons)	6,624,867	6,499,470	5,290,642
COAL EXPORTS (BUREAU OF MINES)—Month of April:			
U. S. exports of Pennsylvania anthracite (net tons)	78,512	108,423	116,990
To North and Central America (net tons)	66,365	92,520	60,789
To Europe (net tons)	5,668	15,503	53,355
To Asia (net tons)	6,379	———	2,846
To South America (net tons)	———	———	———
Undesignated	100	400	———
COAL OUTPUT (BUREAU OF MINES)—Month of May:			
Bituminous coal and lignite (net tons)	34,920,000	34,400,000	30,662,000
Pennsylvania anthracite (net tons)	1,388,000	*1,503,000	1,639,000
COPPER INSTITUTE—For month of May:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	113,954	*112,663	91,116
Refined (tons of 2,000 pounds)	135,967	137,490	115,978
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	134,585	135,233	78,631
Refined copper stocks at end of period (tons of 2,000 pounds)	86,132	74,323	253,463
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49 = 100—Month of May:			
Seasonally adjusted	152	150	128
Unadjusted	152	151	127
INTERSTATE COMMERCE COMMISSION— Index of Railway Employment at middle of May (1947-49 = 100)	64.2	64.8	63.1
PORTLAND CEMENT (BUREAU OF MINES)—Month of April:			
Production (barrels)	29,093,000	24,329,000	24,001,000
Shipments from mills (barrels)	30,135,000	23,011,000	25,318,000
Stocks at end of month (barrels)	36,381,000	*37,711,000	35,170,000
Capacity used (per cent)	88	72	79
RUBBER MANUFACTURERS ASSOCIATION INC.—Month of April:			
Passenger Tires (Number of)—			
Shipments	9,569,443	9,252,580	7,173,000
Production	6,985,772	9,959,002	6,521,837
Inventory	17,596,722	20,181,357	19,050,859
Truck and Bus Tires (Number of)—			
Shipments	1,429,683	1,304,042	1,002,135
Production	1,038,769	1,390,661	954,914
Inventories	3,275,554	3,680,472	3,607,103
Tractor Implement Tires (Number of)—			
Shipments	441,270	447,911	385,907
Production	302,866	407,716	335,381
Inventory	795,096	931,272	692,609
Passenger Motorcycle Truck and Bus Inner Tubes (Number of)—			
Shipments	3,928,264	4,435,391	3,242,830
Production	3,379,754	4,459,094	3,623,981
Inventory	7,218,761	7,629,223	7,609,048
Tread Rubber (Camelback)—			
Shipments (pounds)	44,867,000	*37,665,000	38,019,000
Production (pounds)	37,728,000	38,569,000	37,534,000
Inventory (pounds)	27,047,000	34,515,000	26,799,000
RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— As of June 1	84%	84%	89%
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of February:			
Net railway operating income	$39,793,696	$36,160,073	$9,067,596
Other income	20,344,796	25,446,728	20,339,878
Total income	60,138,492	61,606,801	29,407,474
Miscellaneous deductions from income	4,442,453	4,405,196	4,441,130
Income available for fixed charges	55,696,039	57,201,605	24,966,344
Income after fixed charges	24,271,958	25,826,000	*6,471,629
Other deductions	4,285,805	4,290,571	3,978,748
Net income	19,986,153	21,535,429	*10,450,377
Depreciation (way & structure & equipment)	50,670,204	50,773,747	49,761,313
Federal income taxes	15,294,773	17,579,658	1,262,066
Dividend appropriations:			
On common stock	28,640,569	24,338,440	27,998,337
On preferred stock	8,231,205	4,604,183	8,352,214
Ratio of income to fixed charges	1.77	1.82	0.79
*Deficit.			
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of May:			
Net sales	———	———	$86,297,500
Net purchases	$53,131,900	$43,951,000	———
U. S. GOVT. STATUTORY DEBT LIMITATION—As of May 31 (000's omitted):			
Total face amount that may be outstanding at any time	$288,000,000	$288,000,000	$280,000,000
Outstanding—			
Total gross public debt	286,302,940	285,353,359	275,652,540
Guaranteed obligations not owned by the Treasury	107,500	106,604	96,756
Total gross public debt and guaranteed obligations	$286,410,441	$285,459,964	$275,749,296
Deduct—other outstanding public debt obligations not subject to debt limitation	418,814	419,708	431,923
Grand total outstanding	$285,991,626	$285,040,255	$275,377,373
Balance face amount of obligations, issuable under above authority	2,008,373	2,959,745	4,682,626
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of May 31	$286,410,441	$285,459,964	$275,749,296
General funds balance	5,688,203	5,969,072	6,129,890
Net debt	$280,522,238	$279,490,892	$269,619,406
Computed annual rate	2.853%	2.824%	2.658%
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of June 1 (bushels)	941,236,000	956,614,000	1,179,924

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

• Academy Life Insurance Co.
March 31 filed 310,000 shares of common stock (par 30 cents) being offered for subscription by common stockholders on the basis of 0.525 shares of additional stock for each share held of record on June 17, 1959; rights to expire on July 7. **Price**—$3.25 per share. **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. (6/25)
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.

★ Airwork Corp., Millville, N. J. (7/13-17)
June 18 filed 175,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay demand bank loans of $300,000 and for working capital. **Underwriter**—Auchincloss, Parker & Redpath, 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.

★ Alden Electronic & Impulse Recording Equipment Co., Inc.
June 12 (letter of notification) 650 shares of convertible preferred stock and 225,000 shares of class A common stock (par $1). **Price**—Of preferred, at par ($10 per share); of common, $1.30 per share. **Proceeds**—For the manufacture and purchase of electronic recording equipment. **Office**—Washington St., Westboro, Mass. **Underwriter**—None.

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.

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. Company reported June 22 that the offering has been postponed.

★ Aquavee Corp., Huntington, L. I., N. Y.
June 16 (letter of notification) 800 shares of 6% cumulative preferred stock (par $100) and 20,000 shares of common stock (par 10 cents) to be offered in units of one share of preferred and 25 shares of common. **Price**—$150 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share **Proceeds**—For mining expenses. **Office**—c/o Hepburn T Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lenchner, Inc., Pittsburgh, Pa.

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.

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. (7/14)
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 held 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 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.

• Benson-Lehner Corp.
May 4 filed 89,620 shares of common stock, of which 76,620 shares are being 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.

• 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.

★ Bestwall Gypsum Co.
June 22 filed 75,769 shares of common stock (par 40 cents). The shares being registered have been or are being offered to officers and key employees of the company under restricted stock options, a portion of which may be offered to the public by the optionees. The prospectus states that the optionees, respectively, may offer to the public all or a portion of the shares each of them has acquired or may hereafter acquire, thereby becoming selling stockholders. Such offering to the public will be such time or times as the optionees may determine, at such price as then prevail on the New York Stock Exchange. The selling stockholders will receive the net proceeds of such sales.

★ Big Apple Supermarkets, Inc.
June 24 filed 425,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Underwriter**—Simmons & Co., New York.

★ Black, Sivalls & Bryson, Inc.
June 22 filed 152,100 shares of common stock (par $1) issuable upon the exercise of outstanding warrants and stock options.

★ Brew (Richard D.) & Co., Inc., Concord, N. H.
June 23 filed 110,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To go to selling stockholders. **Underwriter** — Lee Higginson Corp., New York.

• Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box-506, Bridgehampton, L. I., N. Y. **Underwriter** — None. **Offering**—Expected in July.

★ British Industries Corp.
June 24 filed 75,000 shares of common stock (par 50 cents), of which 37,500 shares will be offered for the account of the company and 37,500 shares will be offered for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Emanuel, Deetjen & Co., New York. **Offering** — Expected sometime during the next three weeks.

● 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, hearing scheduled for July 28, 1959.

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.

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.

NEW ISSUE CALENDAR

June 25 (Thursday)
Accurate Specialties, Inc.______Common
(Milton D. Blauner & Co., Inc. and Stanley Heller & Co.) $237,500
Century Chemical Corp.______Common
(Singer, Bean & Mackie, Inc.) $300,000
Hausman Steel Co.______Common
(Howard, Weil, Labouisse, Friedrichs & Co. and The Ohio Co.) 80,000 shares
Mississippi Power Co.______Bonds
(Bids 11 a.m. EDT) $5,000,000
Philip Morris, Inc.______Debentures
(Lehman Brothers and Glore, Forgan & Co.) $40,000,000

June 26 (Friday)
Federal Equipment Co.______Common
(Winslow, Cohu & Stetson, Inc.) $300,000
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)
Century Brick Corp. of America______Common
(Summit Securities, Inc.) $300,000
Hercon Electronics Corp.______Common
(Richard Bruce & Co., Inc.) $300,000
Montecatini Italy______Debentures
(Lazard Freres & Co., Lehman Brothers and Kuhn, Loeb & Co.) $10,000,000
Precon Electronics Corp.______Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $875,000
Templeton, Damroth Corp.______Common
(Hecker & Co.) $135,000
Terminal Tower Co.______Debentures
(Fulton Reid & Co.) $3,300,000
Wellington Electronics, Inc.______Common
(Charles Plohn & Co.) $1,440,000

June 30 (Tuesday)
Land Equities, Inc.______Common
(Ross, Lyon & Co., Inc.) $200,000
Long Island Lighting Co.______Bonds
(Bids to be invited) $25,000,000
Montreal Canada______Debentures
(Bids to be invited) $20,000,000
Telemeter Magnetics, Inc.______Common
(Lehman Brothers; Hallgarten & Co. and Hemphill, Noyes & Co.) 150,000 shares

July 1 (Wednesday)
Buckingham Transportation Inc.______Common
(Cruttenden, Podesta & Co.) 250,000 shares
Continental Tobacco Co., Inc.______Common
(Best Securities, Inc.) $125,000
Crosby-Teletronics Corp.______Common
(Myron A. Lomasney & Co.) $843,750
Funds for Business, Inc.______Class A
(Joseph Mandell & Co., Inc. and Robert L. Ferman & Co., Inc.) $750,000
Narda Ultrasonics Corp.______Common
(Torpie & Saltzman) 20,000 shares
National Citrus Corp.______Common
(R. F. Campeau Co., Inc.) $300,000
Superior Window Co.______Preferred
(Cruttenden, Podesta & Co.) $500,000
Superior Window Co.______Class A Common
(Cruttenden, Podesta & Co.) $500,000
White-Rogers Co.______Debentures
(Scherck, Richter Co. and Semple, Jacobs & Co., Inc.) $1,000,000

July 3 (Friday)
Fanon Electronic Industries, Inc.______Common
(L. D. Sherman & Co.) $450,000

July 6 (Monday)
Astronautics Engineering Corp.______Common
(Charles Plohn & Co.) $300,000
Clifton Precision Products Co., Inc.______Common
(W. C. Langley & Co.) 120,000 shares
First National Life Insurance Co.______Common
(Blair & Co. Inc.) $900,000
Ideal Precision Meter Co., Inc.______Common
(Charles Plohn & Co.) $615,625
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
Michigan Seamless Tube Co.______Common
(Paine, Webber, Jackson & Curtis) 100,000 shares
Oklahoma Cement Co.______Debentures-Common
(Laird & Co. Corp.)
Ozark Air Lines, Inc.______Common
(Offering to stockholders—underwritten by Newhard, Cook & Co. and Yates, Heitner & Woods) $631,084
Reheis Co., Inc.______Common
(Aetna Securities Corp.) $435,000
Silver Creek Precision Corp.______Common
(Maltz, Greenwald & Co.) 1,550,000 shares
Standard Aircraft Equipment Co., Inc.______Common
(Adams & Peck) $300,000
Taft Broadcasting Co.______Common
(Harriman Ripley & Co. Inc.) 483,332 shares

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
Voss Oil Co.______Common
(Hill, Darlington & Co.) $1,000,000

July 7 (Tuesday)
Central Telephone Co.______Preferred
(Paine, Webber, Jackson & Curtis and Loewi & Co., Inc.) $2,000,000
Mission Insurance Co.______Preferred
(Shearson, Hammill & Co.) $1,500,000
Northern Pacific Ry.______Equip. Tr. Ctfs.
(Bids noon EDT) $5,000,000
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)
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
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)
Airwork Corp.______Common
(Auchincloss, Parker & Redpath) 175,000 shares
Dilbert's Properties, Inc.______Debens. & Com.
(S. D. Fuller & Co.) $4,505,600
Investors Funding Corp. of New York______Debens.
(Offering not underwritten) $500,000
Mallinckrodt Chemical Works______Debentures
(Newhard, Cook & Co.) $6,000,000
Radar Design Corp.______Common
(Charles Plohn & Co.) $360,000
Trans-Sonics, Inc.______Common
(Kidder, Peabody & Co., Inc.) 90,000 shares

July 14 (Tuesday)
Baird-Atomic, Inc.______Common
(White, Weld & Co.) 180,000 shares
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
United States Plywood Corp.______Debentures
(Eastman Dillon, Union Securities & Co.) $15,000,000

July 16 (Thursday)
Misouri Pacific Ry.______Equip. Tr. Ctfs.
(Bids to be invited)
Reading Tube Corp.______Debentures
(Emanuel, Deetjen & Co. and Bache & Co.) $5,000,000
U. S. Polymeric Chemicals, Inc.______Common
(Dominick & Dominick) 20,000 shares
U. S. Polymeric Chemicals, Inc.______Common
(Offering to stockholders—underwritten by Dominick & Dominick) 55,930 shares

July 22 (Wednesday)
Consumers Water Co.______Common
(H. M. Payson & Co.) $286,650
Medearis Industries, Inc.______Common
(Amos Treat & Co., Inc.) $750,000
Northern States Power Co. (Minn.)______Common
(Offering to stockholders—bids to be invited) 952,033 shares
Paco Products, Inc.______Preferred
(Offering to stockholders—underwritten by A. M. Law & Co. and Clark, Landstreet & Kirkpatrick, Inc.) $100,000

August 3 (Monday)
Hudson Radio & Television Corp.______Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,000,000
Narda Microwave Corp.______Common
(Milton D. Blauner & Co., Inc.) 50,000 shares

August 4 (Tuesday)
Pennsylvania Electric Co.______Bonds
(Bids to be invited) $15,000,000

August 5 (Wednesday)
Pacific Power & Light Co.______Debentures
(Bids to be invited) $10,996,000

September 17 (Thursday)
Georgia Power Co.______Bonds
(Bids to be invited) $18,000,000

● Central Telephone Co. (7/7)
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 (6/29)
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 (6/25-26)
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.

● 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 or before Aug. 1, 1959. **Office** 633 N. Water St., Milwaukee, Wis. **Underwriter**—None.

● Clifton Precision Products Co., Inc. (7/6-10)
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.

★ Colonial Fund, Inc., Boston, Mass.
June 22 filed (by amendment) an additional 100,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price — $205 per unit. Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds — To construct refinery. Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

★ Consolidated Cigar Corp.
June 23 filed 75,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To go to selling stockholders. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

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. (7/22)
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. (7/1)
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.

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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 48,460 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. (7/1)**
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.

★ **Developers & Investors, Inc.**
June 15 (letter of notification) 3,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For retirement of short-term notes, investment in contracts, mortgages and real estate, etc. **Office**—1930 Council St., Forest Grove, Ore. **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.

★ **Diversified Minerals Investments, Inc., Elizabethton, Tenn.**
June 15 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining leases, plant and equipment and for working capital. **Underwriter**—None.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

★ **Dunn Engineering Associates, Inc.**
June 15 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office** — 225 O'Brien Highway, Cambridge 41, Mass. **Underwriter**—Schirmer, Atherton & Co., Boston, Mass. Offering expected in next few weeks.

★ **Educators Investment Corp., of Alabama**
June 3 (letter of notification) $250,000 of 15-year 5% general obligation debentures to be offered in multiples of $50. **Proceeds**—To make loans for automobile purchases to people engaged in the field of education and for expansion of the company's capital structure. **Office**—1704 11th Ave., South, Birmingham, Ala. **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.

● **Fanon Electronic Industries, Inc. (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.

★ **Faradyne Electronics Corp., Newark, N. J.**
June 23 filed 220,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—To be used for purchase and construction of machinery and equipment. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of 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. (6/26)**
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. (7/8)**
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. (7/8)**
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 Credit Bureau, Inc.**
June 1 (letter of notification) 8,000 shares of common stock (par $1) to be offered for subscription by stockholders and employees. **Price**—At the market. **Office**—804 American Title Bldg., Detroit, Mich. **Underwriter**—None.

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 Balanced Fund, Inc.**
June 18 filed 100,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—418 Union St., Nashville, Tenn. **Investment Adviser**—J. C. Bradford & Co., Nashville, Tenn. **Distributor**—Capital Planning Services, Inc.

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.

★ **Foundation Stock Fund, Inc.**
June 18 filed 100,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—418 Union St., Nashville, Tenn. **Investment Adviser**— J. C. Bradford & Co., Nashville, Tenn. **Distributor**—Capital Planning Services, Inc.

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. (7/1)**
May 8 filed 500,000 shares of class A stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—120 East 41st Street, New York. **Underwriters**—Joseph Mandell & Co., Inc., New York; and Robert L. Ferman & Co., Inc., Miami, Fla.

Futterman-Dupont Hotel Co.
May 22 filed $1,706,900 of Limited Partnership Interests, to be offered in units. **Price**—$25,000 per unit. **Proceeds**—To repay monies borrowed for the purpose of closing title and paying incidental expenses in acquiring the Dumont Plaza Hotel in Washington, D. C. **Office**—580 Fifth Avenue, New York, N. Y. **Underwriter**—None.

● **Gate City Steel Co., Inc., Omaha, Neb.**
May 26 filed $1,250,000 6% sinking fund debentures, series A, due May 1, 1969, of which $350,000 will be offered, on an exchange basis, for a like amount of 5% debentures which the company plans to retire. The remaining $900,000 debentures will be offered publicly. **Price**—Par. **Proceeds**—For advances to company's subsidiary, Moffett Engineering, Inc.— **Underwriter**—First Trust Co., of Lincoln, Neb. Offering expected early in July.

★ **Gateway Life Insurance Co., Rocky Mount, N. C.**
June 8 (letter of notification) 40,000 shares of common stock (par $5). **Price**—$7.50 per share. **Proceeds**—For capital and surplus pursuant to North Carolina insurance laws. **Underwriter**—None.

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 Crude Oil Co.**
June 8 (letter of notification) 6,987 shares of common stock (par $2.50) to be offered to employees pursuant to the Employee Stock Purchase Plan. **Price**—At the median between bid and ask, over-the-counter on June 1, 1959. **Office**—c/o Andrews, Kurth, Campbell & Bradley, 2200 Gulf Bldg., Houston 2, Texas. **Underwriter**—None.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Union Securities Investment Co., Memphis, Tenn. Statement effective April 24.

● **General Precision Equipment Corp. (6/26)**
May 26 filed a minimum of 105,928 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.

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.

★ **Gold Medal Packing Corp.**
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp.

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.

★ **Griggs Equipment Inc., Belton, Texas**
June 10 (letter of notification) 18,891 shares of common stock (par 50 cents). **Price**—At the market (estimated at $6.50 per share). **Proceeds**—To go to a selling stockholder. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas, Texas.

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.

★ **Hamilton Funds, Inc., Denver, Colo.**
June 22 filed (by amendment) $10,000,000 of Hamilton Fund Periodic Investment Certificates. **Proceeds** — For investment.

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. (6/29)**
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.

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 (with an oversubscription privilege). **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 Hazleton, 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 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. Statement withdrawn.

★ **Hofman Laboratories, Inc.**
June 12 (letter of notification) 50,000 shares of common stock (par 25 cents). **Price**—$6 per share. **Proceeds**—To retire a loan from Hillside National Bank and for general corporate purposes. **Office** — 5 Evans Terminal, Hillside, N. J. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

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. Statement to be withdrawn.

● **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. Rights to expire on or about July 30. **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. (8/3)**
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. (7/6-10)**
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 June 8, 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.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

International Railroads Weighing Corp.
April 16 (letter of notification) 82,626 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each four shares held. **Price**—$3 per share. **Proceeds** — For research and development costs and working capital. **Office**—415 Spruce St., Hammond, Ind. **Underwriter**—None.

● **International Recreation Corp. (7/6)**
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.

★ **Investment Life & Trust Co.**
June 12 (letter of notification) 56,185 shares of common stock (par $1) to be offered first to stockholders; unsubscribed shares will be offered to the public. **Price**—To the stockholders, $3.80 per share; to the public, $4

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per share. **Proceeds**—For working capital. **Office**—123 S. Main St., Mullins, S. C. **Underwriters** — Frost, Read & Simons, Inc. and Silcox & Johnson, both of Charleston, S. C.

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. (7/6-10)**
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.

★ **Keystone Custodian Funds, Inc., Boston, Mass.**
June 22 filed (by amendment) 1,000,000 of Keystone Custodian Fund certificates of participation, series B4, and 1,000,000 Keystone Custodian Fund certificates of participation, series S3. **Proceeds**—For investment.

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. (6/30)**
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.

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.

● **Liberty Income Fund, Inc., Houston, Texas**
June 17 filed 700,000 shares of capital stock (par $1) and $5,000,000 of monthly plan certificates. **Price**—At market. **Proceeds**—For investment. **Underwriter**—None.

★ **Lieco, Inc.**
June 12 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For machinery and laboratory equipment; for consolidation of operations in one plant; for retirement of corporate debts and for working capital. **Office**—47 Bergen St., Brooklyn, N. Y. **Underwriter**—Netherlands Securities Co., Inc., and J. A. Winston & Co., Inc., New York, N. Y.

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.

★ **Little Restaurants, Inc.**
June 12 (letter of notification) 12,500 shares of 6% preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office** — 731 Main St., Klamath Falls, Ore. **Underwriter**—None.

● **Long Island Lighting Co. (6/30)**
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 on or about June 30.

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.

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. (7/22)**
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. (7/6)**
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.
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.

★ **Mid-America Minerals, Inc.**
June 22 filed $921,852 of Working Interests and Overriding Royalty Interests in 26 oil and gas leases covering lands in Green and Taylor Counties, Kentucky, some of the interest being producing interests and some non-producing. The offering is to be made initially to participants in the Mid-America Minerals, Inc., 1959 Fund. **Price**—$2,221.33 per smallest unit. **Proceeds**—For investment in oil and gas lands. **Office**—Mid-America Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

Millsap Oil & Gas Co.
Dec. 23 filed 602.786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark **Underwriter**—None.

● **Mission Insurance Co., Pasadena, Calif. (7/7)**
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.

Mobile Credit Corp.
June 8 filed 15,000 shares of common stock to be offered for sale in Michigan and Pennsylvania. **Price**—$10 per share. **Proceeds**—To provide additional working capital for the purchase of vendors' interests in conditional sales contracts and other like evidences of indebtedness. **Office**—11746 Appleton Ave., Detroit, Mich. **Underwriter**—None.

● **Montecatini (6/29-7/3)**
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.

★ **Montek Associates, Inc., Salt Lake City, Utah**
June 15 (letter of notification) $60,000 of 10-year convertible debentures due July 1, 1969 and 20,000 shares of common stock (par $1). **Price**—Of debentures, at par; of stock, $2.50 per share. **Proceeds**—To retire bank debt and for working capital. **Underwriter**—None.

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**—J. R. Boland & Co., Inc., 30 Broad Street, New York, N. Y.

★ **Mutual Dealers Wholesale, Inc.**
June 1 (letter of notification) 557 series "A" membership debentures to be offered to employees and member dealers. **Price**—$40 per debenture. **Proceeds**—For working capital. **Office** — 2361 Hampden Ave., Saint Paul, Minn. **Underwriter**—None.

● **Narda Microwave Corp. (8/3)**
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. (7/1)**
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. (7/1)**
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 development of properties, and for general corporate purposes. **Office**—145 Yonge Street, Toronto, Canada. **Underwriter**—None.

New York Shipbuilding Corp.
March 20 filed 85,334 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 States Power Co. (7/22)**
June 9 filed 952,033 shares of common stock to be offered for subscription by common stockholders of record about July 23 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.

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.

★ **Ohio Oil Co.**
June 22 filed 874,422 shares of common capital stock (without par value). The company has agreed with the holders of the outstanding shares of Aurora Gasoline Co. to exchange 25 shares of Ohio Oil common for each share of preferred stock of Aurora; 5.78438 shares of Ohio Oil common for each share of common stock of Aurora; and 5.78438 shares of Ohio Oil common for each share of class A common stock of Aurora.

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. (7/6)**
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. (7/6)**
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. Record date on or about July 6; rights expire on or about July 15. Unsubscribed shares may be offered July 16. **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. (7/22)**
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.

Participating Annuity Life Insurance Co.
June 4 filed $2,000,000 of variable annuity policies. **Proceeds** — For investment. **Office** — Hathcock Building, Fayetteville, Ark. **Underwriter**—None.

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.

● **Philip Morris Inc. (6/25)**
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.

★ **Phototronics Corp., College Point, L. I., N. Y. (6/24)**
June 9 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—Purchase and installation of machinery; electronic and optical test equipment; purchase and installation of fixtures and for working capital. **Office** — c/o McNabb, Sommerfield & James, 40 Exchange Place, New York, N. Y. **Underwriter**—M. H. Woodhill, Inc., New York, N. Y.

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 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. (6/29-30)**
April 6 filed 175,000 shares of common stock (par 75 cents). **Price** — $5 per share. **Proceeds** — For working capital; to reimburse the predecessor for certain development expenses; for inventories and work in process; and other general corporate purposes. **Office**—120 E. 41st St., New York, N. Y. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York, N. Y.

● **Pressed Metals of America, Inc.**
April 17 filed 90,000 outstanding shares of common stock. **Proceeds**—To selling stockholders. **Office**—Port Huron, Mich. **Undewriter**—None. Statement effective June 10.

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.

★ **Producers Life Insurance Co.**
June 8 (letter of notification) 40,000 shares of common stock (par $1) to be offered to holders of life insurance policies. **Price**—$4 per share. **Proceeds**—For capital and surplus. **Office**—809 W. Main St., Mesa, Ariz. **Underwriter**—None.

★ **Public Service Co. of New Hampshire**
June 24 filed 396,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To be applied to reduction of short-term bank loans. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Public Service Co. of New Hampshire**
June 24 filed $8,000,000 of first mortgage bonds, series K, due 1989. **Proceeds**—To be applied to reduction of short-term bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. and White, Weld & Co. (jointly); Glore, Forgan & Co.; Salomon Bros. & Hutzler.

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. (7/13-17)**
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.

★ **Rapid-American Corp.**
June 23 filed 66,311 shares of common stock (par $1), issuable to officers or employees upon the exercise of options in accordance with a plan approved by the stockholders on May 12, 1959.

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 (par $1). **Price** — $5 per share. **Proceeds** — To selling stockholders. **Business** — Manufactures and sells fine chemicals in bulk primarily to ethical pharmaceutical

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manufacturers, and cosmetic manufacturers. **Underwriter**—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 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.

★ **Ritter (P. J.) Co., Bridgeton, N. J.**
June 18 filed 4,827 shares of preferred stock, non-cumulative, voting, (par $100) and 60,018 shares of common stock (no par) to be offered to the holders of preferred and common stock of Brooks Foods, Inc., at the rate of one share of Ritter preferred stock for each share of preferred stock of Brooks and two shares of common stock of Ritter for each share of common stock of Brooks. The exchange offer is being made by Ritter in accordance with its agreement with Brooks and certain of its stockholders who own an aggregate of 18,805 shares of its outstanding common stock, or approximately 62.5% of such stock, and who have agreed to accept the exchange offer upon effectiveness of the registration statement.

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,-626,072 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. Statement effective June 17.

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.

★ **Seeburg Corp.**
June 19 filed $5,135,000 of 20-year convertible subordinated debentures, due Aug. 1, 1979, to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 23 shares. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding notes and for general corporate purposes, including additional working capital. **Underwriter**—White, Weld & Co., New York. Offering expected about middle of July.

★ **Selection Sales Corp.**
June 8 (letter of notification) 3,000 shares of 6% preferred stock (par $10). **Price**—$15 per share. **Proceeds**—For working capital. **Office**—2323 E. 67th St., Cleveland 4, Ohio. **Underwriter**—None.

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. (7/6-13)**
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. Statement effective June 19.

Skaggs Leasing Corp.
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.
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.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

★ **Standard Aircraft Equipment Co., Inc.**
June 12 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes; working capital and for specialized equipment. **Office**—108 Meadow St., Garden City, Town of Hempstead, New York. **Underwriter**—Adams & Peck, New York, N. Y.

★ **Stelling Development Corp.**
June 3 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

Stuart Hall Co., Kansas City, Mo.
June 8 (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. (7/6-8)**
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.
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. (6/30)**
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 (6/29)**
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 share 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.

● **Tip Top Products Co.**
May 29 filed $850,000 of 6% first mortgage sinking fund bonds, series A (with warrants for 17,000 shares of class A common stock), and 100,000 shares of class A common stock. **Price** — For stock, $10 per share; for bonds, at 100% of principal amount. **Proceeds**—To retire the present mortgage debt of the company, to pay off short-term bank borrowings, and for working capital. **Office**—1515 Cuming St., Omaha, Neb. **Underwriters** — J. Cliff Rahel & Co., Omaha, Neb.; and The First Trust Co. of Lincoln, Neb. Offering expected in early part of July.

★ **Tollycraft Corp., Kelso, Wash.**
June 9 (leter of notification) 2,200 shares of common stock (par $100). **Price**—$130 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

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 July 1, 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); Blyth & Co., Inc. and First Boston Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 9 at the office of the Irving Trust Co., One Wall Street, New York 15, N. Y.

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. (7/16)**
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. **Offering** expected about July 16.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City, Utah. **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

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.

★ **Van Norman Industries, Inc.**
June 2 (letter of notification) a maximum of 26,240 shares of common stock (par $2.50) to be offered to employees under the Employee Stock Purchase Plan. **Price**—At the market. **Proceeds**—To purchase stock. **Office**—6 Church St., New York 6, N. Y. **Underwriter**—None.

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 has withdrawn as underwriter.

● **Victory Markets, Inc.**
May 25 (letter of notification) 20,000 shares of class A common stock (par $2). **Price**—$14.25 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.

● **Voss Oil Co. (7/6-10)**
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. (6/29-7/3)**
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.

★ **Werdenhoff Mining Co.**
June 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—S. 1005½ Eleventh St., Tacoma, Wash. **Underwriter**—None.

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.**
June 1 filed 44,729 shares of common stock, being 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-Rodgers Co. (7/1)**
May 28 filed $1,000,000 of convertible subordinated debentures due July 1, 1984. **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.

Worthington Products, Inc.
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.

★ **Albertson's Inc.**
June 23 it was reported that the company contemplates some additional financing, probably in the form of common stock. **Business**—Food stores concern. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah. **Offering**—Expected sometime this fall.

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 on or about June 29.

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.

● **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. Probable bidders: Blyth & Co., Inc. and Harriman Ripley & Co., Inc. (jointly); Lehman Brothers and Lazard Freres & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Smith Inc. jointly.

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.

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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).

★ Construction Products Corp., Miami, Fla.
June 26 it was reported that this company plans an offering of about 250,000 shares of class A common stock, of which 200,000 shares will be sold for the account of certain selling stockholders, and 50,000 shares will be sold for the company's account. **Proceeds** — Working capital. **Underwriter** — Clayton Securities Corp., Boston, Mass. **Offering**—Expected in the middle part of Sept.

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.

★ Missouri Pacific Ry. (7/16)
Bids will be received by the company on July 16 for the purchase from it of $3,600,000 equipment trust certificates maturing annually from Aug. 1, 1960 to 1974. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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

● Northern Pacific Ry. (7/7)
Bids will be received by the Company until noon (EDT) on July 7 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. (8/5)
June 23 it was announced that this company plans the offering of approximately $10,996,000 of 15-year convertible debentures, to be offered first to common stock holders. **Proceeds**—To be used for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., White, Weld & Co. and Smith, Barney & Co. (jointly); Ladenburg, Thalmann & Co.; Lehman Brothers, Bear Stearns & Co., Eastman Dillon, Union Securities & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received on Aug. 5.

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.

★ Park Drop Forge Corp.
June 22 it was reported that the company plans early registration of a minimum of 49,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriter**—Fulton Reid & Co., Cleveland, Ohio.

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).

● 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.

● Tuboscope Company
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., Chicago, Ill., 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

Considering the fact that traders were awaiting announcement, probably late today, of terms of the Treasury's plans for raising $4 billion, the investment markets might be viewed as having put on a relatively good show this past week.

True there was little more to it than narrow backing and filling, so far as the Treasury and secondary corporate markets are concerned. But the fact remained that corporate new issues appeared to be doing better.

It was indicated that recent new emissions have found the investment bankers, bidding for these undertakings, evidently getting closer to what their prospective customers deem to be terms more in keeping with the market and the near-term prospects.

Naturally there is another and a rather basic influence at work on the side of the issuers and their bankers. The market generally is rapidly moving into the season of the year which brings on the doldrums. Since the flow of new corporate material has been held down a bit until recently by poor response, the supply in dealers' hands is not burdensome.

So, investors, with funds piling up, especially the major institutional outlets find it a bit of a necessity to shop around and put at least a portion of such accumulations to work.

That they are not rushing to the tax exempt field is evident from the letdown experienced by Oregon's veteran bond issue this week when it was turned loose from syndicate and settled back some five points from the original price range.

Getting Together

Underwriters finally appear to have gotten down to realistic ground in bidding for new offerings. This trend started with the sale of Consolidated Edison Co.'s big issue several weeks ago and has remained intact through the current week.

It is worthy of note that the last batch of Double A rated issues brought to market have been offered to investors at prices returning a yield of anywhere from 4.95 to 5.05%. And on this basis they have been encountering much better reception.

Consolidated Edison's 5⅛s were offered on a 5.05% basis, followed by Public Service Electric & Gas 5⅛s on a 5% basis. Then came St. Joseph Light & Power 5s and Northern Illinois Gas 5s both priced to return 4.95%. Now comes Brockton Edison Co.'s small issue, also with a 5% coupon, but priced to yield 5.15%.

Slowed to a Walk

The forthcoming week will be curtailed by a long recess in financial markets as the country celebrates Independence Day with a three-day holiday. Bankers and issuers appear to have taken full cognizance of this situation judging by the forward calendar.

The week dwindles down to a three-day affair and hardly to be termed robust even under the circumstances. On Monday one small issue, $3.3 million debentures of Terminal Towers Co., is slated for marketing, and this could be pretty much a local operation around Cleveland.

Tuesday finds the City of Montreal, Canada, with the market virtually to itself as bankers carry through on an offering of $20 million of debentures which will be up for bids. And, Wednesday goes to Michigan Seamless Tube Co. which has 100,000 shares of common stock up for sale.

Insurance Investments

Major life insurance companies, as an industry, have been holding a fairly even pace in their investment programs this year as compared with a year ago. For the first four months, to April 30, they put $1,346 billion into new industrial and miscellaneous bonds against $1,460 billion in the 1958 period.

In the same interval they put $2,134 billion into U. S. Governments, up from $1,243 billion, and for public utility bonds, it was $277 million against $273 million.

Investments in common stocks, though well below the foregoing categories, have been expanding and reached $110 million, for the four months this year against $60 million in the 1958 period. They held $1,752 billion of such securities on April 30, against $1,442 billion a year earlier.

Accurate Specialties Common Stock Offered

Milton D. Blauner & Co. Inc. and Stanley Heller & Co. on June 24 offered 95,000 shares of Accurate Specialties Co., Inc. common stock at a price of $2.50 per share.

Net proceeds from the sale of the common shares will be used by the company for the purchase of additional equipment and production facilities for both of its operating plants in Woodside, N. Y., and Hackensack, N. J. The balance of the proceeds will be added to working capital to be used for various corporate purposes.

Accurate Specialties Co., Inc. produces high purity, ultraprecise metals and alloys, for use by other manufacturers as integral components in producing semi-conductor devices, such as silicon and germanium transistors, diodes and rectifiers. Metals being fabricated at its plant in Woodside, N. Y., cover a wide range of alloys—in excess of 1,500 different kinds. Customers of the company include Bendix Aviation Corp., General Transistor Corp., Minneapolis-Honeywell, Inc.; Motorola, Inc., Raytheon Mfg. Corp. and the Delco Products Division of General Motors Corp.

Upon completion of the current financing, outstanding capitalization of the company will consist of 320,000 shares of common stock and $19,200 of a short-term bank loan.

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Doing Business With the Russians

Soviet Union must have long-term private credits to finance its purchases here. But our government has maintained—and rightly so—that the Soviet Union should pay up its old debts before we extend any new credits to them.

Broken Agreements

Russia is the only major country with which we have been unable to reach a settlement of lend-lease accounts. During World War II, we gave the Russians about 11 billion dollars worth of aid. The Russians offered to pay us 300 million dollars in 1951. Since that time they have shown no interest in resuming negotiations. The Soviet leaders also have chosen to forget about the billions of dollars loaned to the Czarist government by investors all over the world. In addition, the Russians have broken 50 of the 52 major agreements concluded between the United States and the Soviet Union since we recognized them in 1933.

This is a long background of continuous failure to meet legal obligations. Until these matters are cleared up, the Soviet Union cannot be expected to achieve a good credit position here or elsewhere. But it seems to me that this question goes far beyond a mere consideration of the credit rating of the Soviet Union. We also must consider the realities of international politics.

Since Khrushchev made his impassioned plea for peaceful trade and better understanding between the United States and the Soviet Union, what has transpired on the international scene? The Russians have supported a whole series of aggressive actions against the Free World. I refer to the position taken by the Communists in Lebanon, in the Jordan crisis, in the Formosa Straits, in Berlin, and more recently, in Iraq. In the face of these actions, how much sense does it make to talk about extending credits?

As you know, Khrushchev has not only made statements in favor of increased trade and better understanding. He also has uttered a few other remarks about the West which are worthy of mention.

Would Be Inconsistent

In 1956, Khrushchev boasted that, "Whether you like it or not, history is on our side. We will bury you." One year later he said, "We think capitalism should be destroyed—not by means of war and military conflicts—but through an ideological and economic struggle."

These are strong words. As far as I'm concerned, it is the ultimate in inconsistency to support and finance the industrial expansion of a nation whose rulers' expressed goal is to destroy us!

Let's look for a moment at what the Soviet leaders want from us in the way of trade. Are they interested in consumer goods? Would they like food, clothing, or household appliances made available in unlimited quantities to the Russian people? As Eliza Doolittle said in My Fair Lady — "Not bloody likely."

They are making the same demands today that they made in the thirties. Both Khrushchev and Mikoyan have asked for technical knowledge and equipment. They want the latest models of our advanced machines and instruments—to serve as prototypes for their own production. Remember—Russia is not a party to any international patent conventions! Perhaps you have noticed the striking resemblance Soviet-built cars have to Ford, Buick, and Packard models of 10 years ago!

You can be sure that technical knowledge and heavy equipment are not being sought to alleviate the lot of the Russian peasant! The Russian economy is not oriented to consumers. It is a power economy. It works for the State—**not** for the citizen! Just look at the tremendous gap between Soviet technological advances and the standard of living of the Russian people. Soviet planners have the power to ignore and abuse the Russian consumer—and their grip on the Russian people will not relax for many years to come.

The Kremlin planners are interested in electronics—not motor boats. They are interested in nuclear power—not power lawn-mowers. They are intersted in chemicals and missiles — not vacuum cleaners and dishwashers. These facts are evident from a look at their new seven-year plan, which has been in operation for the last six months.

Key is Chemical Industry

The key element in this new plan, as you know, is the Soviet chemical industry—which is supposed to expand 300% by 1965. The Russians are interested in developing facilities which will produce alcohol, plastics, synthetic fibers, and synthetic rubber. Capital expenditures of $25 billion have been allocated to the chemical industry for rebuilding and expansion. In addition, much of the $17 billion slated for the Soviet petroleum industry will go into petrochemical production.

Without help from the West, experts think that Russia's chemical industry will very likely fall short of its goals. Not enough skilled technicians are available for the rapid shift to plastics and synthetic fibers. Difficult management problems exist—for the Soviet chemical industry has been entangled in bureaucratic red tape for a long time. And there is also a serious equipment shortage.

These are the problems Khrushchev was trying to solve when he offered to buy $100 million worth of American chemical equipment and technology — on credit, of course.

The American chemical industry quickly grasped the implications of Khrushchev's offer—and refused to do business with him. I am proud of the fact that not one member of the M.C.A. was in favor of selling the Russians what it took us years of sweat and hard work to achieve. Chemical know-how is one of the outstanding technical advantages that the United States has over the Soviet Union. Such an advantage must not be lightly traded away!

Other Free World nations, however, have not been as hesitant about supplying the Soviets with machinery and technical skills. The recently reported British-Soviet trade agreement is a good example. This five-year pact —which goes into effect on the first of July—contains provisions for giving the Russians complete chemical and synthetics plants, among other things. In addition, other European countries also are sending Russia all types of machinery—much of it destined for the Soviet chemical industry.

Hitler's Bait

Businessmen everywhere should remember the blandishments with which Hitler wooed Britain and the United States in the years before the last war. The bait now offered to the West is not unlike the bait that Hitler dangled before our noses 20 or so years ago.

The Russians are buying machinery and specialized processes only to copy them—and I don't think too much "repeat business" can be expected. The Europeans aren't "trading." They are subsidizing their competitors with advanced machinery—for there is a deadly iron fist hidden in this velvet glove of so-called "peaceful trade."

Two world wars have proved that trade alone is not the road to peace. Our European friends should realize this—even better than we do.

* * *

So far I've been discussing East-West trade. But this is only a part of the total Soviet economic offensive. The Russians also are aiming at the rest of the world, particularly at underdeveloped countries which can swing the balance in the cold war conflict.

However, in my opinion, Soviet trade and aid programs to these countries have been grossly overestimated. I will quickly concede that such activity can become very important in time—but right now total Soviet trade with all countries outside the Communist bloc is only 1% of the world's total. Little Switzerland, with 1/40th the population, exports about the same amount as the Soviet Union.

The record indicates that the much-heralded Soviet aid programs merit some concern, but hardly alarm. Approximately 95% of all Soviet aid goes to countries near her borders — Afghanistan, India, Burma, Iraq, Indonesia, and formerly Yugoslavia. When compared with the aid the Free World has supplied, Soviet aid is infinitesimal. Until Soviet industry expands to five or six times its present size, the volume of Soviet aid necessarily will remain small.

Soviet Aid Program's Effectiveness

The effectiveness of Soviet aid programs, however, is another story. The Commissars in charge of Russian aid programs are very much like circus barkers. They get maximum publicity out of every act of their show — and every act is "colossal." To get a bigger run for the ruble — the Russians go in for splashy, spectacular forms of aid, and they publicize them all over the place.

For example, while Western engineers were laboring high in the hills of Afghanistan on much-needed hydro-electric power plants, the Russians came in and paved the main street of Kabul, the capital city. Then they put up a huge sign, announcing that "This road was paved—courtesy of the USSR—your partner and fellow pioneer in the struggle to tame nature."

I do not think we should try to outdo the Russians in their propaganda moves. However, I do believe we should present the vastly greater contributions of the West for what they are—sound economic investments that will bring an increased measure of prosperity to underdeveloped countries — without any strings attached.

In most cases, the leaders of small, politically sensitive countries have not yet realized the true nature of Soviet aid. They do not realize they are being enticed into the deadly net of Kremlin Colonialism. Soviet aid means increasing the economic — and eventually the political—dependence of weak countries on the Soviet Union. Its secondary goals are to introduce technical and trade personnel for purposes of subversion, and to inflict damage wherever possible on Western economic interests and political alliances.

The real value of Soviet aid will not amount to much until the Soviet industrial machine has developed far beyond its present stage. The current seven-year plan is placing a heavy strain on available resources. Internal needs have a very high priority. There is not going to be much left over to export as "aid" to other countries—except when extremely good political results can be expected.

Of course, if the United States and the rest of the Free World supply heavy equipment and technological skills to the Russians —Moscow will be able to export in quantity. Soviet products could then flood markets all over the world.

There is no denying the striking progress made by the Russians in certain fields—such as cosmic rocketry—since the war. But any dictatorship, able to conscript labor and concentrate all national resources on a single objective, can do the same thing. It can build pyramids, roads, sputniks, missiles, or what have you! But Soviet leaders have yet to prove that their system can give the Russians anything comparable to the benefits that are derived from a free, democratic society.

The United States is now prepared to counter any military aggression by Soviet forces. The Kremlin knows this. This is why Moscow has embarked on an economic war against us. It is a war the Russians can never win—unless we finance them and help them build up enough industrial might to destroy us. The Free World will not be buried unless it supplies the spade itself—as General Hull so neatly put it a few months ago. The Russians cannot succeed alone—they can only impose further hardships on their own people.

Certainly, as Soviet industrial capacity grows—some benefits are sure to trickle down to the Russian people. This process has been evident for the past few years. But it will be a long time before this trickle becomes a flood! Khrushchev needs a dozen seven-year plans before he can feed, clothe, and house the Russians—let alone anyone else—as well as we can.

Battle to Aid Underdeveloped Areas

The crucial battle in the economic war will be fought in providing the peoples of the world with improved standards of living. Today America has the lead. We must do all in our power to maintain this lead.

This is not going to be an easy task. The Soviets are not standing still, as you well know. We can expect increasing economic pressure from the Russians as they move toward their industrial goals. And this pressure will come even quicker if other nations sell the Soviet Union the technology it needs.

It seems to me that our course is clearly drawn. American industry must not surrender its advanced processes and equipment to the Soviet Union. We also must continue to urge our allies to reject deals designed to strengthen the Soviet industrial machine.

* * *

Too many Americans have been hammering away at our national self-confidence by waving the Red flag of Soviet technological progress before us. I am fully aware of this progress. But I also am aware of Soviet shortcomings — especially the ones the American chemical industry has been asked to remedy!

I also know something about our own free enterprise system. I have a strong faith in the business leadership of this country, in our practically untapped industrial capacity, and in our healthy economic might. If there is any "burying" to be done—as far as economic warfare is concerned—let us be the ones to do it!

W. H. MacKain Co. Opens

W. H. MacKain & Co. has been formed with offices at 111 Broadway, New York City, to engage in a securities business, Warren H. MacKain is general partner, and George V. MacKain, limited partner. Warren MacKain was formerly with Du Bosque & Co. and Glidden, Morris & Co.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—There is a lot going on in the nation's capital these days affecting everyone from New York to Honolulu.

Congress is taking action on measures that affect stockholders and bondholders, either directly or indirectly. In the executive branch of the government, front page news is being made nearly every day. For instance, the Commerce Department reported that personal income of Americans in May reached an all-time high.

In the first five months of this year personal income was at an annual rate of $369½ billion or about $20 billion more than the corresponding period in 1958.

Government officials say that all indications are that it is going to cost more to borrow money to build a home during the next several months. There is plenty of mortgage money on hand at this time, but some of the economists insist that mortgage money will be a little scarce by autumn.

During the past week Congress put the final touches on the bill which authorizes $100,000,000 in Veterans Administration direct housing loans. At the same time the law-makers increased from 4.75% to 5.25% the interest rate ceiling on the loans and on VA guaranteed mortgages.

In another action the House passed a bill raising the temporary ceiling on the national debt to $295,000,000,000 until June 30, 1960, and lifted the permanent ceiling from $283,000,000,000 to $285,000,000,000.

The Eisenhower Administration's request to lift (no specific rate was suggested) the 4¼% ceiling on Treasury bonds will be subsequently considered.

Perhaps an assertion by Chairman Howard W. Smith of the House Rules Committee summed up the sentiment of most conservative members of Congress, when the Virginian declared at the outset of consideration of the debt limit increase: "I regret that I have to bring this bill to the floor. But it is necessary because we are facing a $12,000,000,000 deficit at the close of this fiscal year."

Politics As Usual

Both the House and the Senate played politics during the week in no uncertain terms in connection with other measures. The House looked bad politically when it rejected a new wheat program. In a close vote the House members insisted on its amendments calling for higher price supports for wheat despite the fact that we have more wheat now than we can give away.

The Senate Democrats, and the leadership of Senator Lyndon B. Johnson in particular, lost ground with the public when it refused to confirm the nomination of Lewis L. Strauss for Secretary of Commerce. It was a personal victory for Senator Clinton P. Anderson, the public power advocate, who bitterly hates Mr. Strauss and vice versa.

Conservative Democrats like Senators Harry F. Byrd of Virginia: John L. McClellan of Arkansas; James O. Eastland of Mississippi, and Strom Thurmond of South Carolina, voted for Admiral Strauss. However, the liberal Democrats deprived President Eisenhower a "trusted" man.

The Bureau of Labor Statistics reported what many housewives had already suspected. Consumer prices hit a record high in May. Food prices, which had declined for several months, rose slightly in May. Actually, the all-time high prices resulted primarily from increased service costs. There were advances in housing, clothing, medical and personal care.

Nixon to Visit Russia

Vice-President Richard M. Nixon, and his onetime school teacher wife, Pat, have been getting up a little earlier lately to study Russia. The Vice-President and Mrs. Nixon, accompanied by Dr. Milton Eisenhower, the President's brother, and others, are going to fly away from the United States on July 22 for Moscow.

They are going to the Capital of the Soviet Union for the opening of the American exposition in Sokolnika Park on July 25. Traveling in a big modern jet plane, they may fly nonstop over the North Pole, a trip of about 9½ to 10 hours. They may subsequently go to Siberia, and return home via the Pacific. However, some of these things are yet to be worked out.

The visit of the Nixons will be watched with marked interest around the world. While in Russia Mr. Nixon plans to meet with Premier Nikita S. Khrushchev and other Russian leaders.

Whether or not the Vice-President's visit will have the earmarks of a state visit, or whether it will take on the aspects of a "private enterprise" visit is to be determined. Regardless of what label they travel under, it will be one of the most important visits Mr. Nixon has thus far made for President Eisenhower.

It may be that the Vice-Presidential party will have to switch to Russian aircraft in Russia in view of the fact that the jet plane they plan to make the trip in requires a very long runway to land and take-off in. Of course, the airport at Moscow can handle the big American jets.

Large Press Contingent

Some 70 American editors and correspondents have applied for making the trip. Their names have been submitted to the Russian Embassy in Washington for approval. Of course this number of correspondents and photographers will create a hotel problem for the Soviet Union. Moscow in July is crowded normally. More tourists are expected there this year than ever before.

The trip as proposed takes a considerable amount of planning by various departments of government, including the State Department.

Pan American Airways will fly the correspondents and photographers to Moscow. This means of course that a Russian navigator will have to accompany the American jet or jets into Moscow. Then there is a question of fuel, and numerous other things involved.

The Vice-President before going to Russia will participate in ceremonies in New York on June 30 marking the opening of the Russian exposition there. Both the New York and Moscow expositions are a part of the cultural exchange program between the two countries.

Nixons Highly Praised

The Vice-President and Mrs. Nixon won the commendations of the people of the United States by their deportment after they were spat upon in a couple of South American countries by some "rowdies." They have spread good will for their country nearly everywhere they have been. Their visit to Russia will be watched keenly by official Washington, and the diplomatic colony here.

Mr. Nixon will be traveling unofficially as a candidate for the Republican Presidential nomination next summer in Chicago. He will be traveling officially for President Eisenhower and the American Government.

People of good will of all political faiths in this country are hoping they will be able to spread some good will among the Russian people. In an effort to do this, that is why the Nixons have been studying a little Russian in their lovely, but heavily mortgaged home in the Spring Valley section of the District of Columbia.

[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

"Just as a point of information, J. C.—Who's checking credentials?"

Business Man's Bookshelf

Agricultural Credit and Related Data, 1959—American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper), 50¢.

Alliance Policy in the Cold War—Edited by Arnold Wolfers—The Johns Hopkins Press, Homewood, Baltimore 18, Md. (cloth), $6.00.

Baltimore County: Some Aspects of Change—Bureau of Business and Economic Research, University of Maryland, College Park, Md. (paper).

Bank for Internatilnal Settlements—29th Annual Report—Bank for International Settlements, Basle, Switzerland (paper).

Berlin: Fate and Mission—Press and Information office of Berlin — Press Section, Consulate General, Federal Republic of Germany, 460 Park Avenue, New York 22, N. Y. (paper).

Federal Funds Market—A Study by a Federal Reserve System Committee — Board of Governors of the Federal Reserve System, Washington, D. C.

Finland — Recent economic developments—Bank of Finlan Helsinki, Finland (paper).

Journal of Political Econom June 1959—Containing article on Determinants of Risk Pre miums on Corporated Bond Production Functions, Innova tions, and Economic Growth Effect of Tariffs on the Leve and Terms of Trade; Defla tionary Effects of Outlay an Income Taxes; Economics o Basic Scientific Research, etc —University of Chicago, 575 Ellis Avenue, Chicago 37, Ill.— Published bi-monthly; singl copies, $1.75; $6.00 per year.

National Debt Ceiling—Marsha A. Robinson — The Brooking Institution, 722 Jackson Plac Washington 6, D. C. (paper $1.50.

Nursing Home Managemen Handbook—F. W. Dodge Co poration, 119 West 40th Stree New York 18, N. Y., $8.50.

Personal Estate Planning in Changing World — Rene Wormser — Revised edition- Simon & Schuster, New Yor (cloth), $3.95.

Pittsburgh, Pa.—Annual Repo of the City Controller for th fiscal year ended Dec. 31, 195 —Office of City Controlle Pittsburgh, Pa. (paper).

Shuman Plan: A study in Eco nomic Cooperation — Willia Diebold, Jr.—Council on Fo eign Relations, 58 East 68th S New York 21, N. Y. (cloth $6.50.

TVA—Full Steam Ahead?—Ec nomics Problems Departmen National Association of Man facturers, 2 East 48th Stree New York 17, N. Y. (paper), o request.

Thirteen Days That Shook th Kremlin: Imre Nagy and th Hungarian Revolution — Tibo Meray—Frederick A. Praege Publishers, 15 West 47th Stree New York 36, N. Y. (cloth), $

Toward New Frontiers: Story Standard Oil Company of Ind ana — Standard Oil Compan (Indiana), 910 South Michiga Avenue, Chicago 80, Ill.

Your 1959 Buying Guide Mutual Funds & Investme Companies — Leo Barnes- American Research Counc Inc., 2 East Avenue, Larchmon N. Y., $3.95.

Wealth of a Nation—Booklet activities of the Ford Found tion—Ford Foundation, Offi of Reports, 477 Madison Av New York 22, N. Y. (pape on request.

Why I Invested in the Gas Indu try — Don Herold — Americ Gas Association, 420 Lexingt Avenue, New York 17, N. (paper), on request.

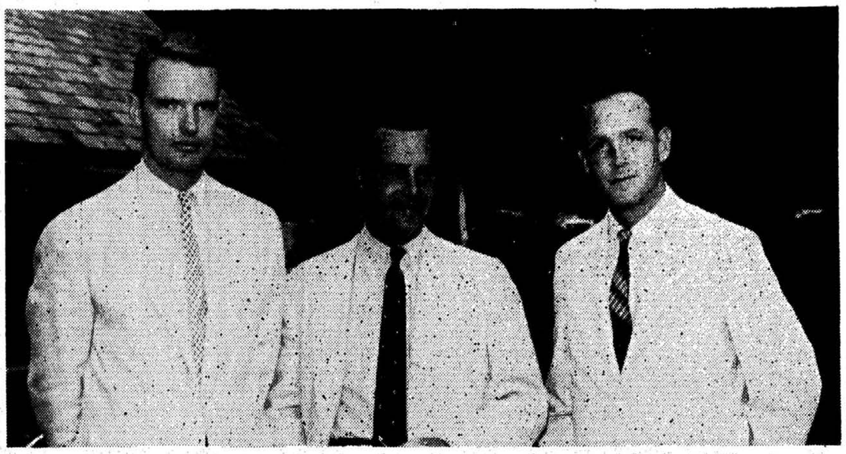
Midland Adds Two

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Robert Braden and Robert C. Clouse ha joined the staff of Midland Inve tors Company, 1566 Waltha Road. Mr. Braden was former with Central States Investme Co.

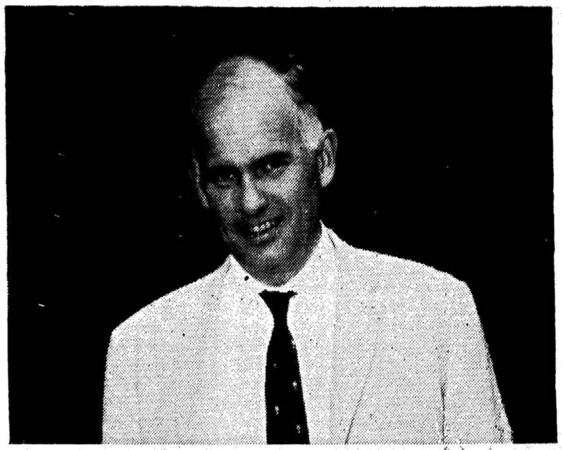
Investment Association of New York

Don Tansill, *Eastman Dillon, Union Securities & Co.*; John G. Peterkin, *Gregory & Sons*; Jimmy Thomson, golf pro.; Vincent C. Banker, *R. W. Pressprich & Co.*



W. J. Roome, *Dominick & Dominick*; John E. Friday, *Morgan Stanley & Co.*; D. McLanahan, *Glore, Forgan & Co.*

E. T. Shean, *Lazard Freres & Co.*; J. Stuart Lovejoy, *Reynolds & Co.*

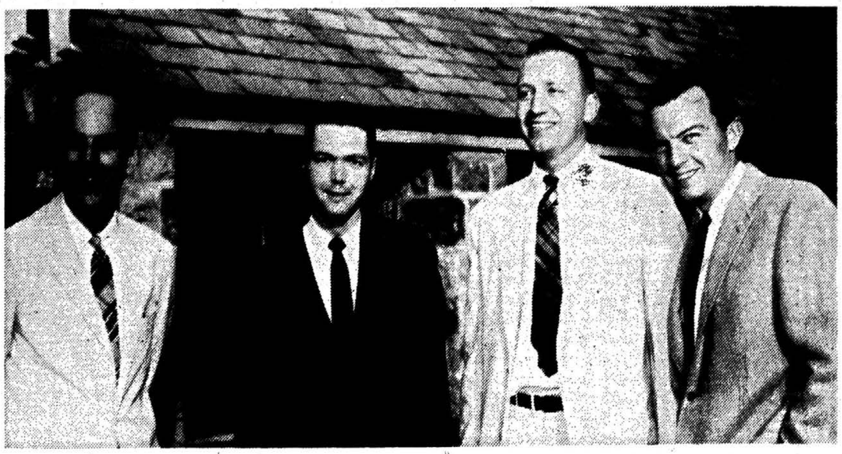


Worthington Mayo-Smith, *Blair & Co. Incorporated*, President of the Association

R. E. Boesel, Jr., *Kuhn, Loeb & Co.*; Jim Burns, *Blyth & Co., Inc.*

E. LeMaire, *Adams & Peck*; John Montgomery, *Smith, Barney & Co.*; Robert F. Seebeck, *Smith, Barney & Co.*

John K. Culman, *Harriman Ripley & Co., Inc.*; Morgan Harris, *White, Weld & Co.*; Vincent Banker, *R. W. Pressprich & Co.*

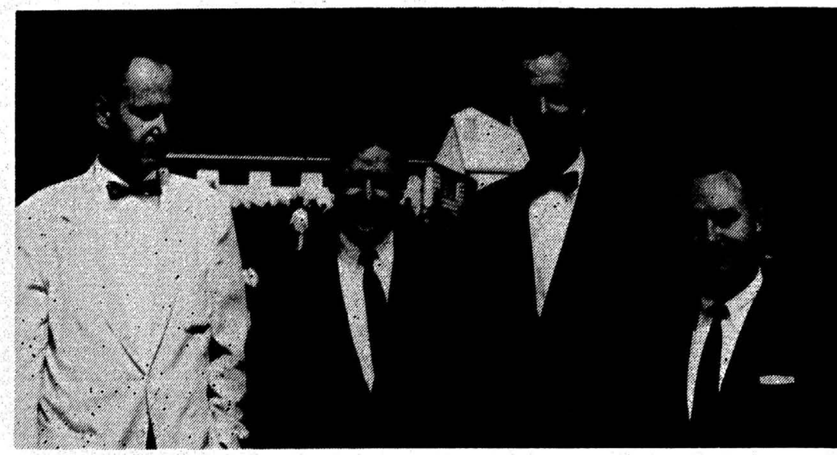


Ted Irwin, *L. A. Mathey & Co.*; Norman Jaskol, *R. W. Pressprich & Co.*; Robert Strachan, *Morgan Stanley & Co.*; Bill Black, *Morgan Stanley & Co.*

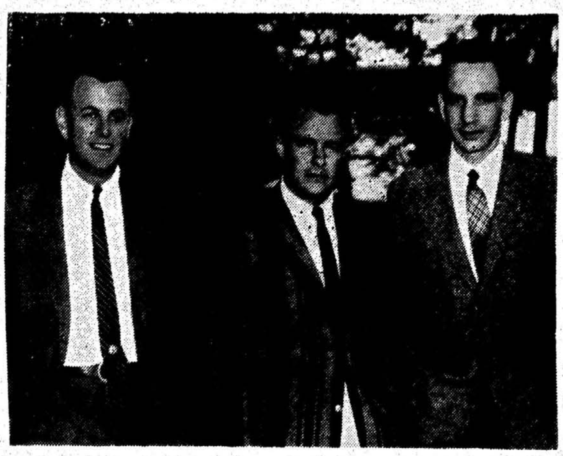
Dick Wolfe, *Arthur Wiesenberger & Co.*; Mike Garvey, *Lehman Brothers*; John Brennan, *William E. Pollock & Co.*; Bob Cannon, *Bache & Co.*

Annual Outing

Worthington Mayo-Smith, *Blair & Co. Incorporated;* Richard G. Egbert, *Estabrook & Co.;* J. William Middendorf, *Wood, Struthers & Co.*



Peter Burr, *F. S. Moseley & Co.;* Eugene Kelley, *Shelby Cullom Davis & Co.;* Robert Chittick, *De Haven & Townsend, Crouter & Bodine;* Edward Karlsson, *F. S. Moseley & Co.*



Barry Merrill, *Merrill, Turben & Co.* (Cleveland); Carl Walston, *Walston & Co., Inc.;* Steve Greenberg, *Walston & Co., Inc.*

Ed Moylan, *Wilson Sporting Goods Co.;* Bill Talbert, *Columbian Bank Note Co.* (gave exhibition tennis match)

Hampton Frady, *Merrill Lynch, Pierce, Fenner & Smith, Inc.;* Tom Williams, *Kidder, Peabody & Co.;* George Bentley, *First Boston Corp.*

William Madden, *Freeman & Co.;* Paul Hood, *Kidder, Peabody & Co.;* William Cates, *Shields & Co.;* Charles Cushing, *W. E. Burnet & Co.*

Alvin Ruml, *Hallgarten & Co.;* Tom Unterberg, *C. E. Unterberg, Towbin & Co.;* Breen Halpin, *Goldman, Sachs & Co.;* Bill Gallagher, *Vance, Sanders & Co.;* John Straton, *J. H. Oliphant & Co.*

Donald S. Coons, *Smith, Barney & Co.;* John G. Peterkin, *Gregory & Sons*

Frederick S. Wonham, *G. H. Walker & Co.;* Todd Goodwin, *White, Weld & Co.;* Wright Rumbough, *Hoppin Bros. & Co.*

June 19, 1959

B. H. Young, *Kuhn, Loeb & Co.;* C. H. Maspero, *R. D. White & Co.;* G. H. Bourne, *First Boston Corporation*

G. Haven Abbett, *W. E. Hutton & Co.;* Andrew Peck, *Clark, Dodge & Co.;* George Howard, *Harris, Upham & Co.*

Charles Mott, *Baker, Weeks & Co.;* Herb Marache, *Granbery, Marache & Co.;* G. Bruce Leib, *Baker, Weeks & Co.*

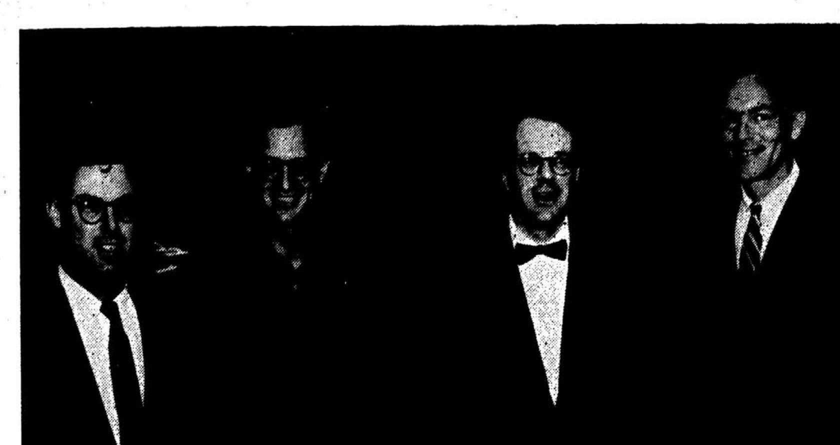
Dave McMillan, *Spencer Trask Co.;* E. B. de Selding, *Spencer Trask & Co.*

Irwin J. Robinson, *Dreyfus & Co.;* Norman J. Noble, *Abbott, Procter & Paine;* Edwin L. Beck, *Commercial & Financial Chronicle*

Investment Association of New York—an organization of young men associated with investment banking and brokerage firm, limited to those under the age of 35

McKean Thompson, *Joseph Walker & Sons;* Samuel Thorne 3rd, *Scudder, Stevens & Clark;* Maitland T. Ijams, *W. C. Langley & Co.*

William Dumke, *Bear, Stearns & Co.;* Andrew D. Cornwall, *Blair & Co. Incorporated;* Roger Hickey, *Burnham & Co.;* Allan Weintraub, *Bear, Stearns & Co.*



John G. Ward, *Salomon Bros. & Hutzler;* Alan D. Cohn, *Wertheim & Co.;* Harold L. Williamson, Jr., *Carl M. Loeb, Rhoades & Co.;* Pearce D. Smith, *Hemphill, Noyes & Co.*

The Commercial and Financial Chronicle . . . Thursday, June 25, 1959

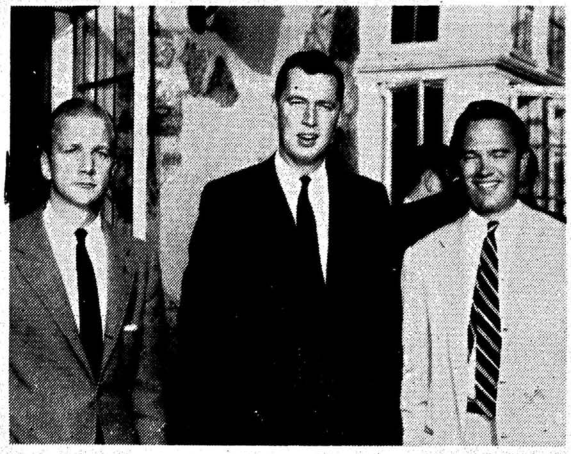
At Tuxedo Club, Tuxedo Park, N. Y.

William T. McIntire, *R. S. Dickson & Co., Inc.;* Jim Morrison, Jr., *Shearson, Hammill & Co.;* Ralph De Nunzio, *Kidder, Peabody & Co.;* Robert H. Austin, Jr., *Kidder, Peabody & Co.*

Tom Wilkerson, *Walston & Co., Inc.;* Chuck Youngblood, *White, Weld & Co.;* Eugene Oakes, *Allen & Company;* Fred Whittemore, *Morgan Stanley & Co.*

Harry R. Harwood, *Kuhn, Loeb & Co.;* Joseph O. Rutter, *Rutter & Co.;* William S. Goedecke, *Smith, Barney & Co.*

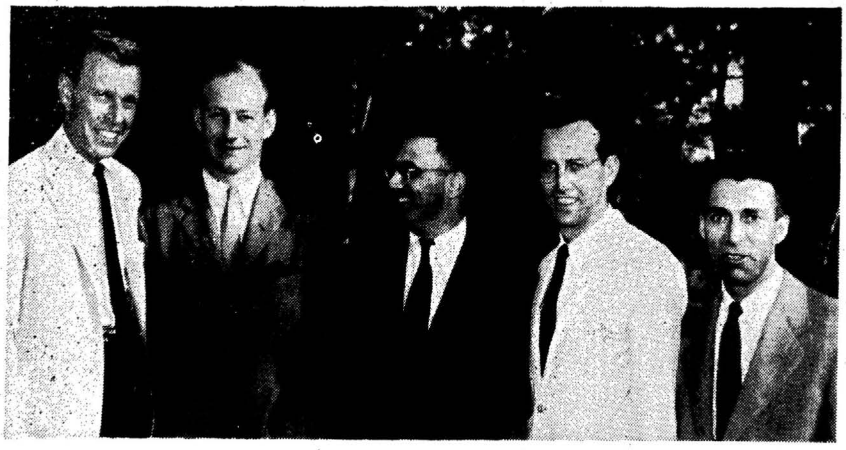
Douglas J. M. Graham, *R. W. Pressprich & Co.;* Gottfried Von Koschembahr, *Dominick & Dominick;* Peter Stachelberg, *Hallgarten & Co.*



D. Mark Hawkings, *Gregory & Sons;* H. Hanford Smith, *De Coppet & Doremus;* Gordon Leib, *De Coppet & Doremus*

John A. Van Raalte, *Goldman, Sachs & Co.;* Fred Weintz, *Goldman, Sachs & Co.;* Jim Manges, *Kuhn, Loeb & Co.;* Jim O'Neil, *Harriman Ripley & Co., Inc.;* Roy M. Goodman, *Kuhn, Loeb & Co.*

John Hughes, *Carlisle & Jacquelin;* Bill Clayton, *E. F. Hutton & Company;* Mike Barnard, *Eastman Dillon, Union Securities & Co.*



Gene Cooke, *White, Weld & Co.* (New Haven, Conn.); Tom Calhoun, *Kidder, Peabody & Co.,* Robert Bennett, *White, Weld & Co.;* Morgan Murray, *B. J. Van Ingen & Co., Inc.;* Norman Bentley, *R. S. Dickson & Co., Inc.*

Jeff Granger, *Granger & Co.;* John Lelong, *New York Hanseatic Corporation;* Archie MacAllaster, *W. C. Pitfield & Co., Inc.*