ESTABLISHED 1839

In 2 Sections — Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 190 Number 5860 New York 7, N. Y., Thursday, July 2, 1959 Price 50 Cents a Copy

EDITORIAL

As We See It

Said the President in vetoing the so-called wheat bill recently enacted by Congress:

"This bill seeks to enact temporary wheat legislation. . . .

"It is not realistic. It is not constructive. It goes backward instead of forward. It is not in the interest of the wheat farmers of America. . . .

". . . the bill would probably increase, and in any event would not substantially decrease, the cost of the present excessively expensive program now running at approximately $700,000,000 a year. . . .

". . . this bill prescribes for a sick patient another dose of what caused his illness. The proposed return to the discredited high, rigid price supports would hasten the complete collapse of the entire wheat program."

On the same day the President also vetoed a so-called tobacco bill which Congress had sent to his desk. In this connection, he reminded the national legislators that "United States growers of many types of tobacco are heavily dependent upon exports. Yet we have been fast losing our fair share of foreign markets. The deterioration in our tobacco sales abroad can be directly attributed to the high level of price supports that are required by existing law. And while prices have been supported at these high levels, and would continue to be under this bill, the law has required severe cuts in tobacco acreage in the United States at a time when acreage and production abroad have been expanding."

These are plain words, plainly spoken. It is difficult for us to see how any distinterested observer with the good of his country at heart

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Impediments to Economic Growth and Employment

By DR. ARTHUR O. SHARRON
Associate Professor of Economics
Duquesne University, Pittsburgh, Pa.

Economist states the case against excessive wage increase particularly when manifested in a uniform, industry-wide pattern. Making a valuable distinction between labor-displacing and job-creating productive investments, Dr. Sharron explains how union power causes: (1) wage increases, price increases and, in the absence of government and credit support, unemployment; (2) insufficient job-creating investments; (3) squeeze on smaller companies, suppliers and consumers, and (4) amalgamations. The author makes clear that administered excessive wage increases are largely but not solely the cause of unemployment; calls for mature restraint and consideration for others; and suggests management improve its explanation of economic facts to the public.

Prof. A. O. Sharron

It would be ironical, indeed, if today's excess unemployment were found to be attributable in large part to the extent that union power exceeded the power of business, as reflected by both business mortality and insufficient business births. It would involve much soul-searching, humility, and a genuine desire for seeking out the truth on the part of organized labor to admit their responsibility, perhaps unwitting and inadvertent, in contributing to excess unemployment. The realization of such a cause-and-effect relationship by unions, both big and small, local and international, could result in a golden era of responsible unionism where a greatly expanded labor force will require many more productive and useful jobs than it appears can be created under existing conditions. We are in a somewhat better position today to analyze the unemploy-

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Shape of Things to Come

By WILLIAM C. NEWBERG*
Executive Vice-President, Chrysler Corp., Detroit, Mich.

Automobile executive asserts economic growth, not economic "Spartanism," is the key to our strength. Denying we are an "affluent society" or that our production capacity is overbuilt, Mr. Newberg says those who want us to "live more like Spartans" are playing right into the hands of those who would like to see more state planning and control. Pointing out we are far from rich and that we must finance more education, defense, public health and other necessary services to keep our economy growing, the industrialist asks business to maintain its role as catalyst and creator. Also, he asks business to remove false image that it is against government and taxes on principle and, instead, emphasize the positive by seeking tax reform to encourage investment; help school systems to get most out of every tax dollar; interest itself in conservation and development, and foreign aid.

If you think back to the kind of speeches being made at meetings a few years ago, you will remember that a very large proportion of them expressed a mood of almost reckless optimism about the shape of things to come. We Americans—and we businessmen more than others, perhaps — just couldn't say enough about the wonderful world we had helped to build and about the rosy look of the future.

W. C. Newberg

Then something happened. We began to find out that some other countries were beginning to take hold of the 20th century. And that's not all. They were swinging it by the tail.

When we got our eyes wide open to what was happening we began to ask ourselves some tough questions. We gave up our rosy optimism in favor of self-criticism. And in so doing we were following a national trend. For

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*An address by Mr. Newberg before the General Management Annual Meeting of American Management Association, N. Y. City.

I. D. A. OF CANADA CONVENTION ISSUE: Section Two of today's issue is devoted to the 43rd Annual Convention of the Investment Dealers Association of Canada at Banff Springs Hotel, Banff, Alberta, June 8-11, 1959.

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 Forum Participants and Their Selections

KUNO B. LAREN
Director of Research
Jesup and Lamont, New York City
Members: New York Stock Exchange and American Stock Exchange

Boothe Leasing Corporation

To the two industry leaders in equipment leasing—IBM and AMF—rents have constituted a highly desirable and growing source of profits. It was not until the 1950s, however, that national finance companies exclusively in the business of leasing equipment were created. The successful ones among them have shown exceptional growth—something in the order of 60% annual cumulative. From an investment standpoint, they represent an undiluted participation in one of the most interesting parts of businesses like IBM or AMF. Among the best managed and fastest growing companies in the relatively new field of equipment leasing is Boothe Leasing Corp.

Kuno B. Laren

BLC was founded by D. P. Boothe, one of the pioneers of the leasing industry, in 1954. Its lease contracts receivable (representing firm rental obligations of some 300 major corporations on equipment owned by BLC) rose from $3.2 million in 1955 to $7.4 million in 1956, $15.7 million in 1957 and $21.1 million at the end of 1958. Another $10-$12 million worth of equipment is expected to be bought and leased during 1959. The recent market price of 26 evaluated BLC's common equity (represented by 307,375 common shares outstanding) at $8 million. Due to an installment method of accounting, reported profits have been nominal. Deferred income, however, amounted to approximately $2.40 per share in 1958 and may rise to $3.50 per share in 1959.

Equipment leasing has several attractions which might explain the spectacular growth of companies in the leasing field. Leasing reduces the risks caused by rapid obsolescence of equipment. It allows tooling and production on special orders or for limited time periods. Leasing "unfreezes" working capital which would otherwise go into fixed assets and thus results in a strengthened current position. It is not ownership of a fixed asset which creates earning power but rather its use. In many instances lease rentals are fully chargeable to income whereas depreciation rates on equipment owned (e.g., in cost-plus government contracts) may be subject to dispute.

Since its inception, BLC's gross income has had the following sequence: $406,000 in 1955, $1.5 million in 1956, $2.9 million in 1957 and $4.7 million in 1958. Because leases are generally written for 5-8 year terms (with a median lease of 6 years) and because BLC uses an installment method of accounting, its reported profits have been nominal. Consider, for instance, a typical lease of equipment costing $95,000. In financing the purchase of this equipment, BLC may borrow $85,000-$90,000 from banks and receive an advance rental amounting to some $5,000. The prepaid rental normally reduces BLC's out-of-pocket outlay to a nominal figure. Using an installment method of accounting, interest costs on the original bank balances plus acquisition expenses may cause deficits to be shown in early years of the lease contract. Yet the terms over the full life of the contract are so designed as to yield BLC pretax net of $10,300 on a very nominal investment. From the standpoint of investment valuation, use of an accrual method—showing the total size of deferred income added in one year — seems more appropriate. Companies like Brunswick-Balke, General Development and Grolier do, in fact, regularly report deferred income on a current basis.

Brunswick-Balke sells pinsetters on an installment basis and may require 5-8 years to collect the proceeds of such sale. Yet the full profit from such sale is taken into reported income in the original year of the sale. At the recent price of 88, the stock was selling at 14 times estimated 1959 deferred income of $6.50 per share. General Development, in selling home lots in Florida, telescopes the profit from the sale into the year in which the purchase contract for the lot is signed even though it may take the company nine years to collect the full proceeds of the sale. Recently the stock was selling at 21 or some 12 times estimated 1959 deferred income of $1.80 per share. BLC's long range outlook and growth prospects, we believe, match or exceed those of either Brunswick-Balke or General Development. Yet the stock is selling at seven times estimated 1959 deferred income of $3.50 per share.

There is another aspect to BLC's business which, due to the youth of the company, has not as yet had time to mature. Deferred income ($1.25 per share in 1957, $2.40 per share in 1958, and $3.50 per share estimated for 1959) represents total profits to be realized over the original life of the leases created in a given year. As the original leases expire, BLC would enter a period of highly profitable first renewal terms in which most of BLC's capital would have been returned and all of the bank loans retired. Subsequent renewal terms and/or residual values which could be realized from sale of equipment represent a hidden earnings potential which, together with the pronounced growth in original equipment leases, presage a rapid build-up of future earning power.

At 12/31/58 Boothe showed stated equity of $1.9 million and 6% Subordinated Notes (due 1969) of $1.5 million. The rest of the debt ($13.9 million) represented bank loans collateralized by assignment of leases and by mortgages on the equipment. Theoretically BLC can borrow from banks, on a collateralized basis, up to $10 for each $1 of its own subordinate funds. Together with the 6% notes, Boothe had about $3.8 million in subordinate funds and could, on that basis, borrow up to $38 million from banks. In view of the bank notes outstanding at 12/31/58 and an expected increase of $10-$12 million in equipment leased this year, no additional financing would be indicated in 1959. Should certain negotiations with two equipment manufacturers on the acquisition of their lease contracts materialize, and at any rate in 1960, some financing is indicated. This financing may be in the form of a combination of equity and additional subordinated notes. Incidentally, the successful conclusion of negotiations with two equipment manufacturers referred to could raise 1959 deferred income to $5 per share.

BLC common shares are traded Over-the-Counter where they have a rather narrow market. Hence orders to purchase the stock would have to be placed carefully. As the company grows and prospers, it is likely to come to the public market from time to time for more equity capital. I expect that these financings will be at prices substantially above the current quotes for BLC common and would improve the marketability of the security. BLC is a relatively new company in a new industry with exceptional growth characteristics. As a sophisticated commitment for speculative long term appreciation, I like BLC common stock best.

MILTON E. SELIG
Chairman, Board of Trustees,
The Selig Foundation, Inc.,
Philadelphia, Pa.

U. S. Foil (Holding Company for Reynolds Metals)

"There is a World Aluminum in the wonderful world of tomorrow." Aluminum is truly a wonder metal: light, workable, strong, beautiful, economical. It is daily gaining more uses in the appliance, building, automotive, packaging, oil and chemical fields. It seems certain that in the coming years the aluminum industry will grow at a rate considerably faster than the economy as a whole. Raw materials are plentiful; labor represents a small proportion of total costs; enormous capital investment needed to enter the field, deters additional competition.

Milton E. Selig

Reynolds Metals is the most attractive and reasonably priced of the four major aluminum stocks in earnings and cash flow, both past and projected. It seems capable of outperforming its major competitors in the future. Reynolds is fully integrated from the mining of bauxite to the production of fabricated aluminum shapes. It looms largest in aluminum foil and fabrication, which are more profitable than the sale of pig aluminum.

There is currently the strongest upward trend of orders in the past two years and significantly in non-military products, which carry a higher profit margin. Reynolds is now operating at one hundred (100%) per cent of capacity. In its last annual report, the Chairman stated, "We began delivery of molten metal under a long-term contract to Ford Motor Company's new casting plant, near the new reduction facility at Listerhill. Similar deliveries should begin in mid-1959 to General Motors' Chevrolet Division plant now being constructed adjacent to our Massena, New York plant."

Reynolds recently acquired (in partnership with Tube Investments, Ltd.) control of British Aluminum, which has sales approaching one hundred million

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Rugged Competition Facing Nation's Commercial Banks

By L. A. JENNINGS*

Deputy Comptroller of the Currency, Treasury Department, Washington, D. C.

U. S. national banking official fears well-being of many thousands of small banks, and larger ones too, is threatened by existing banking tax situation in the competitive race to attract savings funds. This is but one of the competitive challenges confronting commercial banks Mr. Jennings details in describing the various competitors and how they compete. He notes, for example, the short-circuiting attractiveness of short-term Treasury issues to corporations and others; corporate borrowings from their own pension and profit-sharing funds in which banks may act as trustees; impact of finance and personal loan companies who depend but in part on commercial banks; rise of credit unions, and savings and loan associations; services provided by mutual savings banks; competitive loans by life insurance companies; and the conflicting results when banks at their own expense patriotically push U. S. savings bonds. This rendition, the author says, is not critical but merely a factual account of the existing "fierce" and "rugged" competition not least of which is inter-commercial banking competition.

I am both honored and pleased to have the privilege of participating in the program of your Association and to speak to you on the subject "Competition in Commercial Banking." The theme of today's session of your convention is the banker's relationship to government.

L. A. Jennings

Commercial banks are carefully regulated and closely supervised by 49 (it will soon be 50) State and three Federal bank supervisory agencies, yet they are highly competitive among themselves, with mutual savings banks and with all of the non-bank types of specialized financial institutions. Because of the public policy factor, banking is not accorded the freedom that most other businesses and industries enjoy. Commercial banks, in meeting competition, must act within the framework of banking laws, usually restrictive in character, and give careful thought to public policy considerations.

Compares Utility Regulation

The need for governmental regulation frequently applies to those industries which hold a monopoly on their particular type of business or product in a given area. We think of the telephone companies—free of local competition, other utility companies which individually serve large areas, and transportation companies which operate exclusively over certain routes. Obviously, regulation of the activities of such companies is essential in protecting the public interest. Regulation with respect to their activities is, of course, concerned largely with rate structures so as to guard the public from overcharges and abuses that could grow out of an unrestrained monopoly or near monopoly. However, regulation of these industries goes even further than that. Utility rate structures are set at levels which will not only protect the public, but in addition, assure in a large measure that a fair margin of profit will accrue from their operations.

At the same time some such industries are assured of what might be called a captive clientele—those customers who reside or are established in the area served. Commercial banks, on the other hand, must operate and compete within closely regulated limitations on their activities and under ceilings on loan interest rates established by the laws of the several States. These statutes and regulations provide no assurance of profit.

During the past four years, I have had occasion to become familiar with the details of approximately 400 proposed bank consolidations, mergers, and cash absorptions. It was necessary to weigh the probable competitive effects of each proposed merger or similar transaction. When the basic facts suggested such action, the competitive aspects of the proposal were thoroughly examined and considered. From time to time I have been impressed by the apparent lack of awareness on the part of individuals in all walks of life, and including a few government officials, of the many facets that comprise the competitive life of a commercial bank. It is not my purpose to discuss the reasons motivating, and the pros and cons of bank mergers. My only purpose is to review the various avenues of competition which are travelled by commercial banks. Commercial bankers rub elbows every day, often to the point of high friction, with many or all of these same forces of competition.

Not Being Critical, Just Factual

I wish to make it very plain that it is not my purpose to be

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

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Articles and News Page

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SECTION TWO of today's CHRONICLE is devoted to the 43rd Annual Convention of the Investment Dealers' Association of Canada at Banff Springs Hotel, Banff, Alberta, and includes the following articles on the pages indicated:

Regular Features

Published Twice Weekly

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers

25 Park Place, New York 7, N. Y.

REctor 2-9570 to 9576

GEORGE J. MORRISSEY, Editor

WILLIAM DANA SEIBERT, President

Thursday, July 2, 1959

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

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

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

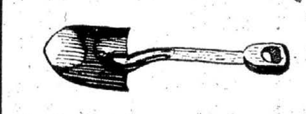
Subscription Rates

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

Other Publications

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

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



Transportation in 1999 Will Be Rationalized

By E. G. PLOWMAN*

Vice-President, Traffic, United States Steel Corporation
Pittsburgh, Pa.

Mr. Plowman previews principal modes of transportation's likely fate for the next forty years. To forestall government "nationalization" to solve our transportation imbalances, he recommends voluntary "rationalization" requiring planning on a national and industry-wide basis. Thus, undercutting the Socialist argument that only compulsory government approach can accomplish the necessary economic adjustment in the twilight zones between the various modes of transportation. Necessary steps are shown to include employment of expert researchers and, for example, a rational nation-wide railroad system to be operated by independent common carriers. The industrialist predicts government transportation will predominate for local hauls, including commuting, and that "rationalization" will keep transportation in hands of efficient and profitable private enterprise in 1999.

Beginning about 1850, orators and authors began to make rosy forecasts as to the dazzling future of modern mass transportation. Steam power was to be improved. New kinds of locomotive power would surely be invented. Railroad passenger trains and ocean liners would travel at higher speed. Also, at about that time, the automobile and the airplane became subjects of serious but purely speculative thought. However, Jules Verne's submarine that travelled under polar ice and his moon rocket that traversed outer space were laughed at. With these forecasts of about a century ago in mind it is my purpose to try to look forward about 40 years, to the end of the twentieth century, in 1999.


E. G. Plowman

When the forecasters who lived 100 years ago, in the 1850s were taking their seemingly over-optimistic yet quite accurate look into the future of power-propelled transportation, their task was less complex than is mine today. Then there was only one major mode of power propelled transportation on land, the railroad. Paddle wheel vessels on inland rivers and lakes were, for the most part, supplementary to the railroads rather than competitive. On the ocean, the steamship was already dominant; it was to have no economic rival until the airplane became commercially useful. Another important difference is that there was no positive control by government over transportation. Government's relation to transportation a century ago was limited to some direct assistance, such as route surveys, road building, snag removal in rivers, and purchase of railroad bonds; also to rather routine and unimportant mandates concerning maximum rates and minimum service contained in franchise laws; and finally to occasional court cases. Another and important difference between 1950 and 1959 is that there was at that time no effective or formidable resistance to economic progress, such as has developed in the United States. This growing resistance to progress is a relatively new problem for American transportation. Increasingly it tends to checkmate the efforts of inventive genius to cause obsolescence; it resists competitive efforts to shift customer's preference away from usable but partly worn-out facilities; and it retards or prevents the adoption of improved and more efficient work procedures.

*An address by Mr. Plowman before the Transportation Round-Up, University of Houston.

Forty Years From Now

In our look forward from 1959 to 1999 we must consider the relatively new factors of multi-mode competitive transportation, of the promotional influence and the legally-required regulation by government and of increasing resistance to the changes that are inherent in economic progress.

In 1999, there will be nine kinds of transportation to which, for convenience, we can apply the term "modes." There will be railroads, carriers by highway, carriers by pipeline, users of inland and coastwise navigation channels, air carriers, and carriers by cableway or belt conveyor, all modernized and greatly improved as the result of technical developments. There will also be carriers which own and operate interchangeable equipment, such as the already familiar detachable truck bodies. In addition to these seven kinds of carriage-for-hire, there will be government transportation activities, and there will be the constantly-growing use of private transportation, both so distinctive in their economic impact as to justify classification as modes.

My forecast is that no new and revolutionary inventions in the field of transportation will develop in the next 40 years. There is no tenth or eleventh mode in sight. However, the changes that can now be foreseen are, when viewed as a whole, almost a revolution in transportation. That 1999 will not be like the present seems certain, even though no new device comparable in effect to the automobile of 1905 or the airplane of 1925 can now be foreseen.

The future of the numerous and important private enterprise railroads of the United States is the logical beginning for detailed analysis; partly because many seem to believe that they are obsolete and can only survive as socialistic subsidized agencies of government. The first railroads, as built and operated before about 1850, were short lines that supplemented then existing water transportation, for example by providing a by-pass around a waterfall or by linking an ocean port with an interior lake or river or industrial center. The concept of an inter-connected railroad system having uniform width of track and capable of interchange of loaded freight cars from any origin to any destination was a second stage in development, encouraged first by the military needs of the War Between the States, and later by the needs of the expanding geographical area of the nation and of the conse-

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The State of Trade and Industry

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

The economy is moving forward with considerable momentum, the Office of Business Economics reports in the June issue of the "Survey of Current Business," monthly publication of the Department of Commerce. Most of the major indicators are pointing higher. Orders have spurted, and income, output, and employment are all registering substantial gains through the second quarter.

A marked rise in employment was recorded in May, extending the strong spring advance. A large part of the recent gain occurred in manufacturing, particularly in the durable goods industries. The strengthening demand for durable goods has resulted in a reduction in pockets of substantial unemployment that had persisted in some industrial centers.

Business expansion is reflected in the growth of consumer income and purchasing. Personal income, at an annual rate of $376 billion, was 7% higher in May than a year ago with recent gains flowing mainly from the rise in payrolls.

Retail sales have been stimulated by this enlarged flow of income, and by the increasing use of borrowed funds. Instalment purchasing is on the rise. Auto sales have undergone a sharp spurt which has carried passenger car sales in the past two months 40% above the volume a year ago.

Advance data indicate that May sales of all retail stores, seasonally adjusted, rose nearly 2% from April and 10% above May 1958. The April-May gain was very largely attributable to heavier buying of nondurables, as sales of all durable-goods stores held at the improved April rate.

The recovery of industrial production, now about a year old is continuing. The Federal Reserve index reached a high of 152 in May, 7% above December 1958 and nearly one-fifth over a year ago.

A notable feature in recent months has been the accelerated output of durable goods. The steel industry has been producing a record tonnage since March in response to heavy demand for immediate consumption and for inventories. With the pickup in demand, assemblies of new passenger cars and trucks have been pushed upward.

Another development in the recent business picture has been the rise in inventories needed to meet the large increase in production, and to service the consumer more effectively. Although the recent monthly additions to inventories have been sizable, the "Survey" report stated that the current ratio of inventories to sales is generally on the favorable side. The advance has no more than matched the rise in sales, leaving the inventory-sales ratio for manufacturing and trade as a whole at about 1.4, considerably below the ratio for the same period of 1957 and 1958.

This conservative inventory position is general among major industry lines in both manufacturing and trade. Notwithstanding recent increases, the value of aggregate business inventories held is no larger than the total on hand a year ago, whereas business sales have been about 15% higher.

New construction remains active. Through May of this year, work put in place has been one-eighth above the corresponding period of 1958. Housing activity in April and May held even with the first quarter after allowance for the usual seasonal rise. Public construction has been running well above a year ago. Most types of such construction, other than schools, have increased.

Nationwide Bank Clearings Down 2.8% Below 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 27 clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 2.8% below those of the corresponding week last year. Our preliminary totals stand at $25,228,691,543

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Observations . . .

By A. WILFRED MAY

ROAD BLOCKS AHEAD FOR THAT INFLATION HEDGE

Quite dormant for some time in the legislative area, the Securities and Exchange Commission is now facing the need for making some highly important decisions. Foremost among them involves the implementation of the Variable Annuity (which ties the proceeds of annuity policies issued by insurance companies to the fluctuations of common stock prices). With this device having been ruled by the Supreme Court as subject to SEC supervision because it is deemed to be predominantly securities rather than life insurance, it has now been validated by the State of New Jersey through Governor Meyner's signature of the relevant bill. With the public's enchantment with common stocks continuing unabated midst the market boom, inquiries about the new policy are already streaming into the Prudential, New Jersey's large insurance company. This company, through the spokesmanship of its President, Carrol Shanks, has been leading the fight for adoption of the "variable" technique.


A. Wilfred May

But there are many questions which must be settled before the Variable Annuity instrument becomes operative on a broad scope. The Prudential, along with other New Jersey insurance companies, must in the first instance compile forms and a contract which are satisfactory to the State Commissioner of Banking and Insurance. After the rules and regulations have been worked out and approved in New Jersey, they must be taken to Washington for final disposition by the Securities and Exchange Commission. It is estimated that completion of these preliminaries will take about a year.

Questions Ahead

It must be realized that there will be a vast number of difficult questions emerging during the establishment of the variable annuity as a fully-going institution.

It will have to be determined whether a company domiciled in a state (as New Jersey) which has legitimized the sale of the variable annuity by life insurance companies as such, can thus operate in another state in which the company is licensed to do business, but which has not made the new practice legal. We understand that companies selling by mail avoid some of the difficulties brought about by State supervision.

Insurance or Investment Fund?

After the decision by the Supreme Court a good many state commissioners took the view that they would not recognize the variable annuity as "insurance." However, the Congress has recently passed a new tax law applying to life insurance. In that act they accorded variable annuities the relatively favorable tax status of life insurance companies. In the light of the legislation of this recognition to variable annuities by the Congress there seems to be more willingness on the part of the state commissions to reverse the position formerly held, and accord them the same recognition as part of the life insurance company business as the Congress has. Thus they will be accorded the same favorable tax position as is held by other forms of life insurance. But this arrangement can be upset by any commission ruling that the annuity is not life insurance. This is one of the problems with which the SEC is now wrestling. If the state commissions cannot agree with the SEC as to the procedure, special legislation by Congress may be required.

In any event the variable annuity policyholder has an undisputed tax advantage over the owner of mutual fund shares in that he is freed from taxation on capital gains, and thus also avoids abuses connected with the funds' policies regarding them.

Also requiring some SEC struggling is the question whether there shall be segregation of assets applying to the variable annuity contracts through establishing a separate account from other policies in the same company. The District of Columbia Commissioners have indicated opposition to this. Presumably in the absence of physical segregation there will be designation of the common stocks which are applicable to the annuity contracts.

The Background of Doubt

These uncertainties in the implementation of the variable annuity technique should be seen against the entire background of the proposition. Some basic doubts about the proponents' general assumptions are in order. It is blandly assumed that common stock investment provides a hedge against rises in the cost of living; whereas in practice the hedge effectiveness depends on the period selected. The annuitant buying a stake in stocks in 1937 would have waited nine years for them to get back up to their purchase price, while the cost of living was running away with a rise of 38%. Adjusted for the purchasing power of the dollar, the Dow-Jones Industrials did not reattain their 1937 level until 1953! Inflation definitely is not a one-way street!

"Insurance" a Misnomer

Furthermore it is not within the province of insurance to provide protection against inflation — or deflation — particularly with the risks switched to the policyholder. Commenting on this phase, the Supreme Court's majority opinion said, "We conclude that the concept of 'insurance' involves some investment risk-taking on the part of the company . . . The issuer of a variable annuity that has no element of a fixed return assumes no risk in the insurance sense . . . There is no true underwriting of risks, the one earmark of insurance as it has been conceived in popular understanding and usage." The goals of inflation-hedge and sharing in the country's growth, which are the principal arguments in favor of the variable feature, should be and are, served by some other medium, as the mutual fund. The insurance company should not be used as an investment medium. Moreover, the insurance company should not be used to add many millions more of our citizenry on to the inflation escalator. The companies together with their policyholders should battle against monetary depreciation at the source. Instead, they are exploiting it to make capital gains; and condemning saving as unsound, with common stocks the only sound investment.

Companies Should Buy Commons At Their Own Risk

If common stocks are resorted to at all in connection with these contracts, they should rather be acquired for the portfolios of the companies themselves, with them taking the risks. Their dividend yield frequently permits amortization sufficient to recoup their cost, thus minimizing the risk. Life insurance holding of common stocks now comprise but 2.4% of total assets. They exceed by only 70% their holdings of preferreds, which have all to lose and little to gain (but offer tax advantages).

Industry Poll

Fortunately, it appears that the variable technique will be utilized sparingly (particularly during a future ending of the bull market). This is evidenced by the results of a recent questionnaire sent by President Frederic W. Ecker of the Metropolitan. The following question was addressed to the Presidents of the 314 companies of the associations comprising 98% of the assets of all United States companies:

"Under present conditions, do you believe that it would be in the best interests of the life insurance business for life insurance companies to sell individual variable annuities to the general public?"

Of the 257 companies who replied, 210 or 81.7% answered "no"; 21 or 8.2% said they are undecided or have no opinion; and only 26 or 10.1% answered "yes."

Come a bear market, would the meager 10.1% of "yeses" be even further reduced?

Faulkner, Dawkins & Sullivan Forming

Faulkner, Dawkins & Sullivan will be formed as of July 9 with offices at 51 Broad Street, New York City. Partners in the new firm which will hold membership on the New York Stock Exchange, will be Dwight F. Faulkner, Richard B. Dawkins, Joseph F. Sullivan, who will acquire an Exchange membership, John C. Dawkins, general partners, and Elizabeth A. Newman and Mary L. Scranton, limited partners.

Gale & Co. Opens

WILMINGTON, Del.—Gale & Company has been formed with offices at 411 Shipley Road to engage in a securities business. Partners are Everett E. Gale and E. H. Gale.

The Implications of The Common Market

By DR. WALTER HALLSTEIN*
President of the European Economic Community ("Common Market")

European economic leader explains in detail Common Market's connection with the broader Atlantic Community. Stresses importance of a home market. Maintains fears of trade discrimination and tariff policies are unfounded. Dr. Hallstein concludes Common Market is here to stay as an important political force, and will play full part in driving ahead the world's industrialized regions.

An English statesman once declared that "many people prefer the existence of a problem which they cannot solve to an explanation of it which they cannot understand."


Dr. Walter Hallstein

I have been asked to say something about how the European Community, which is now a working reality on the eastern shore of the Atlantic, fits into that broader association which is the Atlantic community. I hope that my explanation will not be more confusing than the problem I shall discuss.

At the end of the war, we in Europe arose among the ruins of our cities and rubbed our eyes, like men awakened from a nightmare. But it had been no nightmare. It had been the tragic culmination of a story of greed and folly and lust for power that had written finis to the old fragmented Europe.

We were confronted not only with the change but the necessity to build anew and to build better. With the generous help of your great country, we achieved a recovery that astounded even ourselves. New cities arose on the ruins of the old. New prosperity appeared where the grim specter of poverty and famine had once held sway.

From Rehabilitation to Transformation

In this year of grace of 1959, we can say with assurance that the process of recovery is ended, and that a new phase in Europe's history has begun. Today, we are no longer rehabilitating Europe; we are transforming Europe. Six nations—France, Germany, Italy, and the three Benelux countries—are in the process of welding their economies into a single unit, and laying the foundation of a future federation of states.

We have embarked upon this great adventure for two interrelated reasons — one economic and one political. I shall discuss each in turn.

The Economic Phase

The economic reason is obvious to anyone who has reflected upon the secret of American prosperity. As we Europeans look at your country, we naturally ask ourselves why our standard of living is still only half as high as yours. Are we less intelligent, do we work less hard, do we save less, have we less imagination than you? That—we tell ourselves—is not the answer. Your economy has reached its present heights in great part because you have created a huge home market which has permitted you to make the fullest use of the techniques of specialization, automation, and mass production. We, on the other hand, with roughly the same number of people in our Community as there are in the United States, have lived for centuries in an area criss-crossed by national barriers that strangled trade and stifled output.

The Common Market is tearing down those barriers. It will make available to our industries a domestic market of 165 million people. As national barriers fall, new competition is already spurring modernization, increasing productivity, and lowering production costs.

The free movement of labor and capital is for the first time offering industry the chance to develop in those regions with natural advantages for productivity.

Common Market's Investment Bank

To enable everyone in every part of the Community to share in this new prosperity, the Common Market's Investment Bank is beginning to provide capital. Our Social Fund will give aid to those who need it, and our Overseas Development Fund will extend a helping hand to the Community's partners in Africa and elsewhere. We are creating a new economic frontier which, we believe, should generate the same dynamism, the same mobility and opportunity, the same sense of hope and adventure as did your Western frontier throughout your history. And we are creating that frontier, paradoxically enough, by the destruction of old national frontiers.

So much for the economic aims behind the Common Market. Its political aims are perhaps of even greater importance. In a rapidly shrinking world, challenged not only by the threat of Communism, but also by the growing needs of underdeveloped regions, the single nations of Europe can no longer afford to remain divided.

I am one of the many European admirers of that wise and witty man, Bob Hope. I remember that in one of his broadcasts he was challenged, as a so-called "strong man" in a circus, to tear a deck of cards in half. He accepted the challenge, and the listeners heard his straining and gasping. Suddenly there was a loud tearing sound. "Fine," said Mr. Hope, delightedly, "and now for the second card in the deck!"

Without wishing to accuse Mr. Hope of plagiarism, I believe that a similar story is told, in the ancient world, by Plutarch. But the lesson is as obvious now as it was then. Together we are strong; taken one by one, we are weak.

Resources and Policies Pooled

In combining for strength through the European Community, we are pooling not only our economic resources but our governmental policies. Our policies in the fields of transportation, energy, agriculture and cartels—in other words, all of the important aspects of economic policy—are being determined not with reference merely to the needs and importunities of individual small national states but in relation to the requirements of the Community as a whole. This is a political change of the first order of magnitude. It must inevitably be followed by a progressively greater unification of our policies in a widening area of activities.

In building a united Europe we do not seek to create a third force. For us, there is no such choice as between Communism and freedom. But we do wish to build an economic and political whole which will be greater than the sum of its parts and which will eliminate forever the wars and conflicts that twice in a single generation have come close to destroying the old world.

It seems clear to us that in this endeavor we are not acting selfishly. A family is not weakened, it is only benefited, if one of the members grows well and strong.

So-Called Dangers

And yet, I am sure, you have heard talk of the so-called "dangers" of the Common Market. Our friends in Great Britain were until recently accusing us of "discrimination." True enough, we could not fully accept their project for a European Free Trade Area. But we are earnestly striving for a workable arrangement of coöperation with our European neighbors.

Meanwhile, our experience would suggest that their fears that the Common Market was turning into a protectionistic bloc were unfounded. According to preliminary figures, so far this year the imports of the Common Market countries from their 11 OEEC neighbors, including Great Britain, have risen faster than Common Market exports to those countries. In other words, since the first steps were taken toward the Common Market, the trade positiin of our European neighbors has tended to become more, rather than less, favorable.

You in the United States have shown great understanding of the Community. You have welcomed and encouraged our efforts. You have grasped their implications not only for Europe but for the world. Yet, since I have been in your country I have been occasionally asked: Will the Common Market be protectionistic? Will it not dislocate traditional patterns of trade? Will it not lead to world economic crisis? Will it not bring about a new autarchy and a new currency crisis similar to the dollar crisis of 1947? Will it not be hamstrung by cartels and trusts, or alternatively by state intervention, destroying the system of free competition in which we believe?

These questions deserve an honest reply. Let me try to tell you how the situation looks to us who have responsibility for the answers.

Of course the Common Market is bound to have economic effects outside its boundaries. But I repeat now what we have said on many occasions and what is solemnly laid down in the Common Market treaty signed by our six member states: the European Community is a liberal and outward looking community.

We are not simply being idealistic in saying this; we have good material and selfish reasons for being liberal and outward looking. We depend to a huge extent upon trade with the rest of the world. Ten percent of our Gross National Product goes into exports. We are the world's second largest exporters of manufactures, and we are already the world's largest importers of raw materials that our economy so pressingly needs.

In no industrial region of the world is it more obvious than in our Community that to export we must import and that to import we must export. We need to do both in order to live.

What is more, as our standard of living rises, so our trade must increase. This is the compelling reason why we must work to expand world trade by seeking to reduce trade barriers, by seeking to pursue a liberal policy ourselves. The European Community is a manufacturer and merchant, and all merchants and manufacturers need friends.

Impact on United States

What does this mean for the United States? Already, we are one of your largest trading partners. And, I may add, you already sell us a good deal more than we sell you. In 1958 your exports to the Common Market countries totaled some \$2.8 billion, while our exports to you reached about \$1.6 billion. Our imports from you made up 17.3% of our total imports, while your imports from us came to about 13% of your total imports.

In the years after the war you made available to us about \$14 billion worth of loans and grants. And during that same period we spent nearly all our gold and dollar assets. But during recent times no such grants or loans have been necessary to maintain a high level of imports from America. Our ability to maintain this level without aid or the depletion of our resources is an eloquent index not only of our recovery but of the wisdom of your generous aid policy.

You and we depend on each other's trade. How will it be affected by the Common Market? This question has two aspects, one concerned with quotas and the other with tariffs.

Of the two, quotas have obviously the greater effect upon trade. While a good salesman may be able to sell across a tariff, no one can sell if the door is closed in his face.

Progress in Quota Elimination

Quota restrictions on imports into Europe were the unhappy offspring of Europe's dollar shortage. Over the past ten years, the Organization for European Economic Cooperation has made enormous progress in eliminating them.

Last year, in preparation for the first material step towards the Common Market, the Com-

Continued on page 43

*An address by Professor Hallstein before the American Committee on United Europe, New York City, June 15, 1959.

Interest exempt, in the opinion of Bond Counsel to the District and of Bond Counsel to the Underwriters, under existing statutes, regulations and court decisions from Federal income taxes.

NEW ISSUE

$195,000,000

Public Utility District No. 2 of Grant County, Washington

Wanapum Hydro-Electric Revenue Bonds, Series of 1959

Dated July 1, 1959

Due July 1, as shown below

$181,350,000 4⅞% Bonds due July 1, 2009

Price 100%

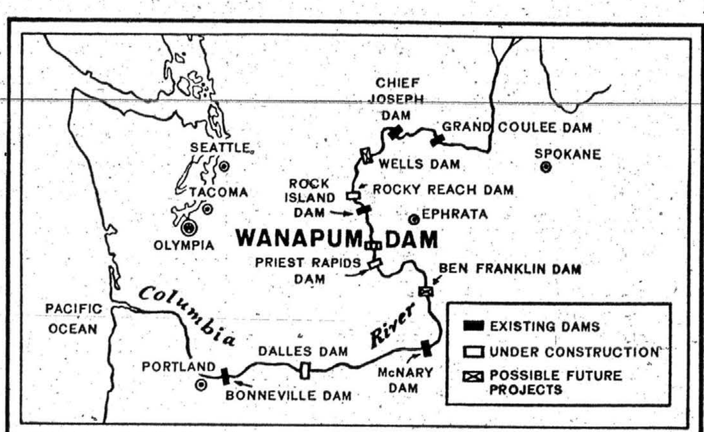
$13,650,000 Serial Bonds

Principal Amount	*Due*	*Interest Rate*	*Yield or Price*	*Principal Amount*	*Due*	*Interest Rate*	*Yield or Price*
$475,000	1967	4%	3.80%	$1,100,000	1974	4¼%	100
550,000	1968	4	3.95	1,225,000	1975	4¼	4.30%
625,000	1969	4	100	1,375,000	1976	4¼	4.35
700,000	1970	4	4.05	1,525,000	1977	4.40	100
775,000	1971	4	4.10	1,650,000	1978	4.40	4.45
875,000	1972	4	4.15	1,800,000	1979	4.40	4.45
975,000	1973	4¼	4.20				

(Plus accrued interest from July 1, 1959)

The Bonds are being issued by Public Utility District No. 2 of Grant County, Washington for the construction of its Wanapum Development on the Columbia River. The Wanapum Development will have a net peaking capability of about 815,000 kw. upon its expected completion by January 1, 1965.

The District has entered into separate power contracts, expiring on October 31, 2009, with Pacific Power & Light Company, Portland General Electric Company, Puget Sound Power & Light Company, The Washington Water Power Company, Public Utility District No. 1 of Cowlitz County, Washington, Eugene Water and Electric Board of the City of Eugene, Oregon, and the Cities of Forest Grove, McMinnville and Milton-Freewater, Oregon, for the sale in the aggregate of approximately 98.2% of all power and energy from the Wanapum Development. Under these contracts each of the power purchasers is obligated to pay monthly, upon completion of the Wanapum Development, but solely out of the gross revenues of its light and power system, its proportionate share of all costs of the District resulting from the ownership and operation of the Wanapum Development. Such costs include operating expenses, debt service on the Bonds, certain payments for renewals and replacements, and an amount which, when added to such payments for renewals and replacements, equals 15% of debt service. The District has a similar obligation with respect to the power and energy (presently 1.8%) which it retains for sale to its Electric System.



Bonds maturing after July 1, 1970 will be redeemable on not less than thirty days' published notice (1) in whole at any time or in part on any interest date on and after January 1, 1970, at 104% of the principal amount thereof to and including July 1, 1976, and at declining prices thereafter, and (2) the Bonds due July 1, 2009 will also be redeemable in part on any interest date on and after July 1, 1966 at the principal amount thereof from a sinking fund and certain excess moneys in the Reserve Account in the Bond Fund as described in the Official Statement; plus accrued interest in each case to the redemption date.

Principal and semi-annual interest, January 1 and July 1 of each year, will be payable at the option of the holder at The First National City Bank of New York, New York, N. Y., at American National Bank and Trust Company of Chicago, Chicago, Illinois, or at National Bank of Commerce of Seattle, Seattle, Washington.

The Bonds are payable solely from the Bond Fund created by the Bond Resolution and the moneys pledged to such Fund and are not general obligations of the District.

The Bonds will constitute, in the opinions of Messrs. Wood, King & Dawson, Bond Counsel to the District, and Messrs. Hawkins, Delafield & Wood, Bond Counsel to the Underwriters, valid and binding obligations of the District. The opinions of said Counsel, which will be furnished upon delivery, will also cover the validity of the power contracts.

Copies of the Circular, dated June 30, 1959, which contains further information, including the Official Statement of the District, may be obtained from such of the undersigned as are registered dealers in this State. The undersigned are among the Underwriters. The Bonds are offered, subject to prior sale, when, as and if issued and received by us and subject to the approval of legality by Counsel as stated above.

Dillon, Read & Co. Inc. **Kuhn, Loeb & Co.** **John Nuveen & Co.** (Incorporated) **B. J. Van Ingen & Co. Inc.** **Foster & Marshall**

Blyth & Co., Inc. **Smith, Barney & Co.** **Lehman Brothers** **Glore, Forgan & Co.** **Harriman Ripley & Co.** Incorporated **Kidder, Peabody & Co.**

A. C. Allyn and Company Incorporated **C. J. Devine & Co.** **Drexel & Co.** **Eastman Dillon, Union Securities & Co.** **Equitable Securities Corporation**

Lazard Frères & Co. **Merrill Lynch, Pierce, Fenner & Smith** Incorporated **Salomon Bros. & Hutzler** **White, Weld & Co.** **W. H. Morton & Co.** Incorporated

Alex. Brown & Sons **Bear, Stearns & Co.** **Blair & Co.** Incorporated **Ira Haupt & Co.** **Hornblower & Weeks**

Ladenburg, Thalmann & Co. **Carl M. Loeb, Rhoades & Co.** **F. S. Moseley & Co.** **Phelps, Fenn & Co.** **R. W. Pressprich & Co.**

Reynolds & Co. **Shields & Company** **F. S. Smithers & Co.** **Stone & Webster Securities Corporation** **Dean Witter & Co.**

R. S. Dickson & Company Incorporated **Estabrook & Co.** **First of Michigan Corporation** **Hallgarten & Co.** **Hemphill, Noyes & Co.**

Paine, Webber, Jackson & Curtis **L. F. Rothschild & Co.** **Stifel, Nicolaus & Company** Incorporated **Wood, Struthers & Co.**

July 2, 1959.

Dealer-Broker Investment Recommendations & Literature

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

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

Canadian Petroleum Situation—Report—Canadian Petroleum Association, 330 Ninth Avenue, S. W., Calgary, Alta., Canada.

Capital Goods—Review—With particular reference to **Clark Equipment, Combustion Engineering** and **Square D**—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Carrying on Business in Canada—Booklet designed to answer questions on setting up operations in Canada—Royal Bank of Canada, 360 St. James St., W., Montreal, Que., Canada.

Chemical & Pharmaceutical Briefs—With comparative figures on operating results in the drug industry—Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

Convertible Bonds—List of issues which appear interesting—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Fireman's Fund Insurance Company, Mack Trucks** and **Capital Gains & Income From Tax Free Bonds.**

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.

Merchandising Stocks — Survey with particular reference to **Federated Department Stores, Marshall Field, May Department Stores, Aldens, Inc.,** and **Montgomery Ward**—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available are reports on **Continental Can** and the **Southern Company.**

New York City Banks—Comparative figures as of first quarter of the 14 New York City Clearing House Banks—M. A. Schapiro & Co., Inc., 1 Wall Street, New York 5, N. Y.

Non Ferrous Metals — Review—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Corn Products Co.**

Oil—Analysis—Hardy & Co., 30 Broad Street, New York 4, N. Y.

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

Pocket Guide for Today's Investor—Current issue with selections in various categories—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

St. Lawrence Seaway—Review of developments likely from opening of the seaway—Bank of Montreal, Montreal, Que., Canada.

Your Guide to Business in Canada—Including a survey of the major Canadian taxes affecting business or personal interests in Canada—Bank of Montreal, Montreal, Que., Canada.

* * * *

Alco Oil & Chemical Corporation—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y. Also available are bulletins on **Micromatic Hone Corporation** and **Telechrome Manufacturing Corp.**

Avon Products, Inc.—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa.

Bausch & Lomb Optical Co.—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Beneficial Standard Life Insurance Company—Report—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

British Columbia Power Corporation, Ltd.—Analysis—McLeod, Young, Weir & Company, Ltd., 50 King Street, West, Toronto, Ont., Canada.

Canadian Pacific Railway Company—Analysis—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

Central Soya Company — Report—Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a memorandum on **Louis Allis Co.**

Chain Belt Company — Data—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Chicago Pneumatic Tool Company** and **Link Belt Company.**

Chemical Bank New York Trust Company—Review—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Ex-Cell-O Corp.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Ford Motor Co.—Memorandum—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

General Refractories Company—Brief analysis—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

General Time Corp.—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

Great American Life Underwriters, Inc.—Analysis—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

Hanson Van Winkle Munning Company—Analysis—Stieglitz & Co., 67 Wall Street, New York 5, N. Y.

Honeggers & Co.—Memorandum—Fusz-Schmelzle & Co., Boatmen's Bank Building, St. Louis 2, Mo.

Indian Aluminium — Review — Harkisondass, Lukhmidass, 5 Hamam Street, Bombay, India. Also in the same circular are data on **Hindustan Lever** and **Dunlop Rubber.**

Irving Trust Company—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Kimberly Clark Corp.—Memorandum—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 2, Wis. Also available is a memorandum on **Thomas Industries, Inc.**

May Department Stores—Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available are memoranda on **Pacific Lighting Corp.** and **United Gas Corp.**

Miami Window Corporation—Report—Dayton Company, 7245 Southwest 57th Avenue, South Miami 43, Fla.

Mohawk Airlines Inc.—Memorandum—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

New Jersey Zinc Co.—Analysis—Bregman, Cummings & Co., 74 Trinity Place, New York 6, N. Y. Also available is a memorandum on **R. H. Macy & Co.**

North American Aviation—Analysis—Newburger, Loeb & Co., 15 Broad Street, New York 5, N. Y.

Ogden Corporation—Analysis—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available is a review of the **Auto Parts Industry** with particular reference to **Libbey Owens Ford Glass Company, Dana Corporation, Kelsey Hayes Company,** and the **Budd Company.**

Olin Mathieson Chemical Corp.—Memorandum—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Owens Illinois Glass—Review in current market letter—Hayden, Stone & Co., 25 Broad Street, New York 5, N. Y. Also in the same issue are data on **American Enka** and **Giant Portland Cement.**

Pfaudler Permutit Inc.—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Pioneer Natural Gas Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Providence & Worcester—Memorandum—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Rockwell Manufacturing Company—Analysis—Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

St. Maurice Gas Incorporated—Analysis—Osler, Hammond & Nanton, Ltd., Nanton Building, Winnipeg, Man., Canada.

San Diego Gas & Electric Company—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a report on **Continental Oil, General Development, Stepan Chemical** and **Pabst Brewing.**

Scott & Williams—Card memorandum—May & Gannon, Incorporated, 140 Federal Street, Boston 10, Mass.

Smith Douglass—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

A. E. Staley Manufacturing Co.—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

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

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

White Sewing Machine — Analysis — Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Wilson & Co., Inc.—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

COMING EVENTS

In Investment Field

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.

Creek Mgr. of Mun. Dept. for Allyn Co.

CHICAGO, Ill. — Robert L. Creek, Vice-President of A. C. Allyn and Company, Incorporated, 122 South La Salle Street, has been appointed Manager of the Municipal Department located in Chicago. Walter C. Lyklema, Vice-President of the firm, will continue in an advisory capacity.

Prescott Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Bernard L. Porter is now with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

Joins Vercoe Staff

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—William Y. Meade has joined the staff of Vercoe & Co., Huntington Bank Building, members of the New York Stock Exchange.

For the Land's Sake

By DR. IRA U. COBLEIGH

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

Containing a diverse, but by no means complete, list of companies which include among their assets sizable landholdings.

Land has been man's oldest and, probably, favorite long-term investment. They're still making people but they've stopped making land! Thus it is that, particularly in our more highly industrialized countries we have been in an almost continuous land boom for the past 300 years. The impact of seething populations, the ever expanding demand for raw materials—forest, mineral and agricultural—and rising standards of living have all made real estate attractive to the well-heeled, and yearned for by everyone from peasant to plutocrat.

Ira U. Cobleigh

But there have been obstacles. Purchase of land requires capital, and investment (in the case of raw acreage) often for many years without income or marketability, and accompanied by a steady tax bite. So in the United States, real estate investment for the average man has for the most part been confined to ownership of his own home; and the great swaths of open land have been held by either the government, wealthy individuals or family holding companies, and those corporations that, in the course of their business, came to acquire sizable acreages.

While the average man with some investible funds would like to own real estate, for the most part he is inclined toward income producers such as two family homes, smaller multiple dwellings, or perhaps a small business property. Recently, however, due to exciting rises in acreage prices for raw land, especially in Florida, Arizona, and many sections suburban to substantial cities, our average investor has been casting an avid eye towards acreage for major capital gains, to salt away profits made elsewhere, and as a most effective hedge against inflation. But investment in land is not simple. One must learn values and trends in a given locality. There are broker's fees, title searches, deeds and titles, taxes and assessments; and a whole lot of legal details. And, since land values are not quoted daily on any exchange, the buyer is unsure about prices. He may pay too dearly and require a decade to bail out—and lack a ready market for his holding meanwhile.

Recently however, an increasing number of sophisticated investors has become aware of many interesting opportunities to own land, through purchase of marketable securities, without any of the routine details of ownership and management. They have been buying shares of companies with valuable real estate holdings.

Because of this trend toward equities which accent raw land, we're going to describe, briefly some of those issues that have been attracting a lively market following.

Perhaps the best known land stock on the New York Stock Exchange is **Texas Pacific Land Trust.** Early investors in this issue racked up fabulous gains but there's plenty of life in this equity left. There are outstanding 1,299,000 shares (technically, sub-share certificates) representing fee ownership of surface rights to 1,729,051 acres in 28 counties in West Texas. Income is derived from grazing rentals, easements over the properties, land sales and oil and gas royalties interests in approximately 472,000 acres. Texas Pacific Land, selling at 25 (paying 30c) sets a value of roughly $16 an acre on a land spread larger than the State of Delaware. The Trust sold 5,261 acres in 1958 at an average price of $85.69 per acre.

New Mexico and Arizona Land Co. has 1,000,000 shares listed on American Stock Exchange selling at 20. This company owns several hundred thousand acres of land in New Mexico and Arizona.

Kern County Land owns 1,800,000 acres of land for the most part in California, New Mexico and Arizona. This works out to almost half an acre per share on the 3,978,000 shares outstanding now selling at 53. Indicated dividend is $2.25. Principal income used to be from grazing but now it's 90% from oil and natural gas. Certain parts of the land is in line for development along residential and commercial lines.

Arvida Corporation, a newcomer, was formed to provide corporate ownership of some 100,000 acres of Florida land (Dade, Palm Beach and Broward Counties) plus seven hotels and the plush Boca Raton Hotel and Club. These properties had been assembled by Mr. Arthur Vining Davis. More recently, a 2,000 acre tract was acquired in Sarasota, Florida. Plans are afoot for subdividing, business development and home building on sizable sections. Common stock of Arvida was offered publicly in December, 1958 at $11 a share. It now sells at around $20 over the counter.

A very volatile market performer, also with Florida landholdings, is **General Development Corp.** Here the attraction is not so much a vast land holding as aggressive land sales ($10 down and $10 a month) and the building and sale of hundreds of homes in new communities at Port Charlotte and Sebastian. General Development Common has ranged this year between 17½ and 23⅜. If you like Florida land development companies, there are a number of new ones whose shares have been publicly offered in recent months. Next to electronics, land company underwritings seem now to be the most fashionable. These issues are based importantly on the assumption that Florida land prices (which have already had quite a move) will continue to rise.

Lumber and paper companies usually have large reserves of timber land. For example, **St. Regis Paper Company** owns about 3,300,000 acres of forest land in the U. S. and over 2 million acres in Canada. **Weyerhaeuser Timber Co.** is probably the largest timberland holder with a total of 7,700,000 acres in the States of Washington and Oregon. At $200 an acre this would be worth over $1½ billion.

Land holdings among certain railroads are impressive. For instance **Atlantic Coast Line Common,** a fine rail equity in its own right at around $58 paying $2, is embellished by company ownership of 244,000 acres of "sundrenched" Florida acres capable of highly profitable development in the years ahead.

Northern Pacific owns 2,244,196 acres of land plus mineral rights in 6,000,000 more. **Union Pacific** owns the mineral rights on over 7 million acres in Colorado, Wyoming and Utah.

Now of course there's a wide difference in the market values of these assorted acreages. In general, timberland which was worth only a few dollars an acre 10 years ago is worth from $50 up today. Equally, certain raw lands well located in Florida are worth several thousand dollars an acre, while others assaying high in mangrove, marsh and water moccasin are not worth $50 an acre.

There can be no doubt, however, that especially in the cases of the strictly land companies such as Texas Pacific, there is a very bright future for patient shareholders, based on the rising demand for, and the limited supply of, dry land reasonably close to civilization and in the wake of burgeoning urban, suburban and industrial development.

Col. W. O. Elzay With S. D. Lunt & Co.

S. D. Lunt & Co., members of the New York Stock Exchange, announced that Col. William O. Elzay, U.S.A.F. (reserve) is now associated with the firm's New York office, 2 Wall Street, as a financial consultant to institutions and corporations. He was formerly trust officer of The Chase Manhattan Bank. S. D. Lunt & Co., with its headquarters in Buffalo, N. Y., also maintains offices in Rochester and Norwich, N. Y.

Walter Wright Joins Rand & Co. in N. Y.

Walter H. Wright is now associated with Rand & Co., 1 Wall Street, New York City, dealers in municipal and corporate securities, as an institutional representative. He was formerly in the Bond Department of Bankers Trust Co.

Johnson Estate Planning

MANHASSET, N. Y.—Johnson Estate Planning Corp. is engaging in a securities business from offices at 2 Park Avenue.

First Utah Corp. In Salt Lake City

SALT LAKE CITY, Utah—First Utah Corporation has been formed with offices at 160 South Main Street to engage in a securities business. Officers are J. Alma Burrows, President; Robert H. Burton, Executive Vice-President; James E. Fenton, Vice-President and Secretary; Calvin P. Gaddis, and Nicholas G. Smith, Jr., Vice-Presidents; and Smith W. Monson, Treasurer.

Francis I. duPont Opens Office in Providence

PROVIDENCE, R. I.—Francis I. duPont & Co., is opening an office in Providence at 213 Howard Building, 10 Dorrance Street. This will be the firm's seventy-third office.

Ralph S. Anthony will be Manager. Mr. Anthony has been active in the investment business in Rhode Island since 1920.

J. W. Sparks to Admit Leahy to Partnership

J. W. Sparks & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on July 9th will admit Richard T. Leahy to partnership in the firm.

Reilly, Hoffman Co. In New Quarters

Reilly, Hoffman & Co., Inc. announce the removal of their offices to 79 Wall Street, New York City. The firm's new telephone is DIgby 4-1717.

Continued from page 2

The Security I Like Best

annually, a 112,000-ton yearly aluminum fabricating capacity, a wide variety of production and raw material interests in Canada, Norway, French West Africa and the United Kingdom, and access to a number of markets outside the United States, particularly in Western Europe. It is now the only United States Company with a participation in the European common market. There are strong growth potentials in the British Company, and Reynolds stockholders eventually should profit.

The consensus of opinion in the industry is that the price of aluminum will be raised sometime in July or August, perhaps as much as $0.02 or $0.03 a pound.

U. S. Foil (67½) holds absolute control of Reynolds Metals (103) and there is almost one share of Reynolds for each share of U. S. Foil (U. S. Foil states that they own .95074 share of Reynolds for each share of Foil). One can, therefore, acquire Reynolds at a discount of approximately 33% through the purchase of U. S. Foil. It is the considered opinion of the writer that the discount, if any, in a case of this sort, should be minor. Certainly a discount of 33% is illogical and completely unjustified. There is currently pending in the Court of Chancery in Wilmington, Del., a suit to force U. S. Foil to liquidate and distribute its Reynolds stock. U. S. can effectuate a tax free merger with Reynolds at any time, giving each holder of Foil approximately one full share of Reynolds.

U. S. Foil is, in my opinion, the outstanding stock for both near- and long-term appreciation.

A More Realistic Picture Of Atomic Energy's Outlook

By E. V. MURPHREE*

President, Esso Research and Engineering Company
Retiring Permanent Chairman of World Petroleum Congress

Esso oil research-scientist sums up the more realistic position said to have evolved in the past few years as to atomic energy's competitiveness with conventional fuel, here and in Europe, as a source of electric power and for other peacetime uses. The latter deal with use of atomic explosions to recover oil and other minerals, increased use of radioisotopes in research, and such possible commercial chemical radiation reactions as polymerized materials and formation of graft polymers.

During the last two or three years a more realistic picture has emerged on the competitive position of atomic energy as a source of electric power compared with fossil fuels. The investment in a power plant based on nuclear energy at the present time appears to be about twice that for a plant of the same electrical capacity based on use of conventional fuels. For the United States, where there is a relative abundance of fossil fuels at moderate prices, the estimated cost of electric power in a large plant based on nuclear reactions is at present about 1 cent per kwh. compared to an average cost with conventional fuels of 0.7 cents per kwh. In Europe, where the costs of conventional fuels are basically higher, nuclear energy is more competitive.

E. V. Murphree

The types of reactors receiving most attention in the United States today are the pressurized water reactor, the boiling water reactor, the organic-cooled reactor, and gas-cooled reactors. All of these different reactor types have a potential for marked improvement which should lead to reduced investment and operating costs. For the United States no one of these types of reactors seems markedly superior to the others. In England, and to a certain extent in Europe, most attention has been given to gas-cooled reactors.

Two Revised Objectives

The policy of the United States on nuclear reactors for electric power has recently been revised, and two of the revised objectives are as follows:

(1) To produce electric power from nuclear sources that will be economically competitive with conventional fuels in Europe within a period of less than 10 years.

(2) To produce electric power from nuclear sources in the United States that will be competitive with conventional fuels in the higher cost areas within 10 years.

Nuclear energy looks very attractive for propulsion of military vessels, both submarines and surface vessels, but does not appear attractive at the present time for propulsion of civilian equipment of any type.

For fission energy based on uranium or thorium to furnish a substantial portion of the total energy requirements of the world will involve the development of breeding reactors that can produce fissionable material from U-238 and thorium. Progress is being made on breeding reactors but this work is going forward at a less rapid pace than the development of power reactors. This seems logical because breeding can come after the first stage of use of power reactors on a substantial scale.

Peacetime Explosive Uses

Prospects for using atomic explosives for peaceful uses is a recent development and certainly a very exciting one. Where substantial amounts of earth must be moved, such as in the creation of canals or harbors, the cost of atomic explosives can be far less than the cost of conventional explosives to do the same job. Atomic explosives are also relatively compact and can be put down reasonably sized holes in the earth to considerable depths and have interest because of this as a means of recovering useful oil from oil shale and tar sands. For both these cases present thinking involves setting off an atomic explosive somewhat below the bottom of the oil shale or tar sand bed to be worked. This explosion would create a cavity into which substantial amounts of oil shale or tar sand would fall due to the roof caving in. The oil shale or tar sand would then be contained in the form of chunks in the cavity and could be worked on to recover oil by a number of methods, such as underground retorting and the like. Another interesting possibility is to store up energy from an atomic explosive at a sufficient depth in the earth to contain the explosive, possibly carrying out the explosion in salt beds or domes. If sufficiently large atomic explosives are used, the heat liberated from these explosives would represent a very low cost. It is pictured that water could be piped down to the heat source created in this way and steam brought to the surface to produce electric power.

Supply of Radioisotopes

Perhaps the most valuable peacetime contribution from atomic energy today is the creation of an abundant supply of a number of types of radioisotopes. These radioisotopes are being widely used in research in many fields, such as biology, medicine, agriculture, and by many industries. It has been estimated that the savings made available through the use of these radioisotopes have been very large, and this is certainly the case. More important perhaps than the savings themselves, however, is the fact that radioisotopes enable information to be obtained that probably could in many cases not be obtained in other ways. The structure of very complicated organic compounds has been clarified through the use of radioisotopes, and in industry radioisotopes are being widely used to investigate types of flows or degree of mixing in industrial equipment. In oil production, radioisotopes, particularly tritium, have been used to trace the flow of gases used to repressure oil fields. Radioisotopes have also been very helpful in developing simplified methods of analysis for many materials.

Polymerized and Depolymerized Reactions

Radiation of all types is capable of inducing chemical reactions. Atomic reactors are a very fertile source of direct radiation and also for the creation of radioactive materials. Many materials can be polymarized by radiation and also, under proper conditions, depolymerized. Radiation can produce cracking reactions and holds the promise of promoting many reactions that otherwise may not be possible. So far, however, no commercial operation that uses radiation for promotion of chemical reactions has been announced. One of the most promising future fields is the formation of graft polymers where one type of polymer is joined with another through the reaction of radiation. While no commercial application so far has been announced for the use of radiation in this field, many new types of chemical reactions have been discovered through the use of radiation and then it has later been demonstrated they can be produced in other ways. Extensive work has been carried out on the use of radiation for sterilization of foods.

Summary

Certainly looking toward the future, nuclear reactions offer the source of a very abundant supply of energy which will be available when it is needed. Atomic explosives offer the promise of economical means of recovering oil from deep deposits of oil shale and tar sands and should have wide application for recovering other minerals. The use of radioisotopes in research will undoubtedly continue to grow, and much new knowledge will be obtained from their use. With time important applications involving the use of radiation for promoting chemical reactions can be expected.

*Formal remarks made by Mr. Murphree at a press interview on the opening day of the Fifth World Petroleum Congress, New York City, June 1, 1959.

New Quail Office

OTTUMWA, Iowa—Quail & Co., Inc. has opened a branch office in the Hotel Ottumwa under the direction of Harold V. Balzer.

From Washington Ahead of the News

By CARLISLE BARGERON

The Port Authorities of New York, Norfolk, Baltimore and New Orleans are contemplating with high glee the trouble the St. Lawrence Seaway is having with its official opening. Queen Elizabeth's royal yacht, the Britannia, was supposed to take her from Montreal to Massena, N.Y., and instead became befogged. She had to get to Massena in other ways.

Carlisle Bargeron

From Massena, it was supposed to make its way on to Windsor, Ont., just across the river from Detroit where she was to board it again for a triumphal entry into Chicago on July 6. In view of the difficulties it is having, there is some doubt as to whether it will ever be able to make the trip.

Aside from the fog conditions, vessels are finding the Seaway too narrow and are bumping the sides. The Britannia has bumped them three times. Painters are kept busy painting over the scars.

At one time last week there were 50 ships blocked in the Seaway waiting for passage, as one skipper complained at a cost of $1,200 a day.

The Welland Canal is the roadblock. It simply does not have the capacity to handle as many vessels as are seeking to go through or as many, it might be added, as will make the Seaway pay for itself in tolls. Already there is agitation for enlarging the canal which is Canadian owned. Ordinarily it takes a vessel eight hours to negotiate the canal. It is taking as many as 24 hours.

All the kinks will finally be ironed out presumably, but they threw cold water on the pomp and ceremony of the official opening. President Eisenhower, Vice-President Nixon and a party of 24 or so Senators and Congressmen went from Washington to the opening. President Eisenhower went only as far as Montreal, leaving it to Vice-President Nixon to do the honors at Massena, N.Y.

If the yacht Britannia ever gets there, Queen Elizabeth and her consort, Prince Philip will board it to travel overnight into Chicago where a red carpet welcome is planned. Thirty years ago there used to be a Mayor of Chicago William Hale Thompson, who campaigned on the issue that if the Queen's grandfather, King George V ever came to Chicago, he would "kick him in the snoot."

But time has healed many prejudices. The English have bled and died with us in two wars now, which is enough to erase any anti-British feeling.

For another thing, though, her visit is being taken as symbolizing the tremendous economic growth that is to come to Chicago and the entire Mid-West. Millions have been spent on new port facilities. An entire new port has been made at Calumet City, a Chicago suburb. Both Bethlehem Steel and Youngstown Sheet and Tube are planning plants just outside of Chicago in Indiana, and throughout the Great Lakes basin other titans of industry, Inland, Republic and Great Lakes Steel are executing major expansion plans.

Some Chicagoans say that within a decade the metropolitan area will gain 3.5 million people—half the present population—as a result of the Seaway.

Other effects are being felt already. Manufacturers have delightfully discovered they can save up to 50% on certain shipments to Europe via the Seaway. Midwestern consumers, too, will pay much less for imported products such as German toys (which can be shipped for 24 cents less) and Rotterdam wines (for 38% less).

Such effects are being felt all the way from Buffalo to Denver. The Seaway will grow as traffic increases.

But it won't grow if it gets the reputation of holding up vessels 24 to 30 hours before they can get through the Welland Canal. A primary purpose of the Seaway was to haul iron ore down from Labrador to the plants around Cleveland. But the Seaway has been so crowded that there hasn't been much room for any ore boats. Construction of the Seaway was a long time controversy in this country, with the opponents fighting every inch of the way. Two things they said were true: that the cost would be heavily increased which is true and the capacity of the Welland Canal would be a bottleneck.

N. Y. Municipal Forum Elects Callaway Pres.

David H. Callaway, Jr., Senior Vice-President of First of Michigan Corporation, was elected President of The Municipal Forum of New York at the annual meeting. He will serve during the 1959-60 fiscal year. Mr. Callaway succeeds William E. Bachert, Assistant Vice-President of The Bank of New York.

D. H. Callaway, Jr.

Eugene A. Mintkeski, Treasurer of The Port of New York Authority, was elected Vice-President; Leonard S. Allen, Assistant Vice-President of Chemical Corn Exchange Bank, Secretary; and Richard Chapdelaine of J. J. Kenny Company, Treasurer. John C. Fitterer of Wertheim & Co., and Duncan C. Gray, Vice-President of B. J. Van Ingen & Co., Inc., were elected governors to the Forum to serve for three-year terms.

The Forum is composed of those interested in various facets of municipal finance.

B. J. Van Ingen Co. Names Three V.-Ps.

B. J. Van Ingen & Co., Inc., 40 Wall St., New York City, underwriters and distributors of state, general market and public revenue municipal bonds, announced the election of Edmund G. Anderson, David T. Guernsey and Albert F. Haiback as Vice-Presidents.

Mr. Anderson joined Van Ingen in 1939 and was placed in charge of its Boston office in 1958. Mr. Guernsey came to Van Ingen in 1958 from The First Boston Corporation where he was manager of the General Market Syndicate Department from 1949 to 1956. Mr. Haiback joined Van Ingen in 1949 and is now associated with its Buying Department.

What We Stand to Lose Unless We Support Science

By LT. GEN. JAMES M. GAVIN (Ret.)*
Executive Vice-President and Director
Arthur D. Little, Boston, Mass.

Not entirely unaware by first hand experience how science can be deprecated and/or wasted, Gen. Gavin scans our entire science effort in a blunt, balance sheet appraisal and comes up with an alarming, precursive net. Dismayed by our myopic response to Russia's all-out offensive threat to us, the Boston science-consultant pleads for a national policy supporting all areas of research and development. He places great stress on basic research as the cornerstone of our technical prowess in citing the many economic gains and material products obtained from science; compares USSR with us, point-by-point; and answers those who claim we cannot afford such a science program by pointing out "we *must* be able to afford it! . . ." for it is our defense.

The background for my remarks is war. As I have said many times to other groups, we are in the midst of war now, and no cold war, either but a very hot economic competition. Khrushchev, as you know, has declared war on us in the realm of trade, and we have been feeling the effects of the Soviet economic offensive for almost a year now. Today, Russian benzene is being imported, at a price which undercuts domestic sellers by four cents a gallon. In the world markets the Russians have undercut the prices of aluminum, wood-pulp and other products, and recently we have seen what they can do in the mass manufacture of instruments—I am thinking of the very high quality and cheap Soviet teaching instruments imported for use in our science classes.

Lt. Gen. J. M. Gavin

With the flexibility of its economic machine, and by exploiting its people, the Soviet Union can issue its challenge to us in any market. If we are to survive, our nation must capitalize on all its economic assets in this battle of rubles and dollars, of raw materials and factories, of laboratories, and — most important — intellect. Science and technology are the main instruments of survival today.

The Soviets have understood this, and they would present little threat to us now if it were not for their massive recruitment of scientific and technical forces. In a relatively few years they have attained an industrial stature which allows them to challenge us. Khrushchev has challenged us to trade — and this is no empty challenge—since their central economic control and low standard of living will allow them to undersell us in specific areas of their choice. Yet trade we must, for our own good in the long run, and for the ultimate good of people all over the world. There is a positive aspect to this competition between industrial giants. We are competing to supply good products cheaply. We are bringing new materials, new methods of manufacture into being. Science is enriching the world, and the competition of the Soviet Union and United States can be also a war against poverty and disease.

A Real War Nonetheless

Certainly, it is a new kind of war, one which seems disguised in the mask of uneasy peace. Nonetheless, it is real war, and a state we must live in for some time to come. Because there is no drama of military battle, many people do not recognize this war. They think of armed clashes and forget the battle of today. It may be that the world changes too rapidly for most of us. We often wait until tomorrow to see the meaning of today's events. Tomorrow, perhaps, people will take for granted this extraordinary, nonmilitary war we are waging. Let us do what we can to hasten the recognition.

After some delay it seems that people take everything for granted, even the most startling technical progress. In this regard, you may remember a cartoon in the April 27 issue of the "New Yorker." An indignant matron is standing by the ticket desk of an air terminal. Her husband, slightly apart, waits in controlled embarrassment while she exclaims, "If God intended us to fly in jets, He would have seen to it that the Wright brothers *invented* jets." There is a whole genre of anecdotes like this, now. I find this amusing because it shows how thoroughly propellered aircraft are taken for granted, and also because it shows a very widespread misconception about the birth of new and complex products.

Lack of Understanding

Many people still seem to feel that major technical breakthroughs proceed from invention, from the miraculous talent and ingenuity of one or perhaps two men. This was largely true in the 19th Century, but it is not true in the 20th Century. With a few exceptions our major technical innovations come from a large reservoir of basic and applied research. Before we could make practical use of the brilliant aerodynamic ideas which led to jets, we needed the work of numerous applied scientists in many fields, we needed testing instruments, engineering, means of production. To our children this achievement will probably seem as routine as electric lights to us. But the network of scientific labors that produced our jets, is a good example of technical progress today.

In commercial jet liners we also see an outgrowth of military research. During the last 25 years government-supported research has contributed a great deal to civilian business. Our commercial aircraft industry merged from the aeronautical work of World War I. Out of World War II came many medical achievements, penicillin and other new drugs, and advanced surgical methods. The huge electronics and communications industries grew from wartime work. Transistors were developed. Radar and TV came into being. From wartime and postwar government projects, we added computers and servomechanisms to the grand battery of tools our modern industry needs.

These have given us automatic controls, data-processing machines, and many refined instruments for research. From projects on chemical research synthetics have evolved, plastics, new materials, drugs, new processes. Among them I might mention the zone melting method of purifying germanium and silicon transistor materials which has developed to meet a military need for compact, reliable, electronic equipment. This process may be able to aid our chemical industries in producing very pure chemicals. Every day we read of progress in the use of atomic energy. Twenty years ago—even five years ago—nobody thought our atomic projects would have so many commercial potentialities.

Just a few years ago we wondered what the vast missile and space technology could contribute to our commercial markets. Now we have jet mining, both in stone quarrying and in extracting our taconite ores. From the development of infra-red for guidance and radar systems, a whole field has opened up, and industry has received very sensitive new tools for quality and process analysis. The applications of space technology are reaching even to the human heart, where miniature valves may be used to replace worn-out parts. From a missile fuel, hydrazine, we have a new drug to help mentally depressed patients. The peaceful uses of military research form a long and unlikely list. Their economic impact is enormous, especially through the generation of new industry, and indirect effects. Indirect effects are hard to quantify. A drug to cure schizophrenia, for example, might not have a vast sales potential, but, if it is true that 16 million of our people suffer from schizophrenia, and these people occupy 50% of all our hospital beds, then their recovery would be of significant value to us all. Government research has had innumerable effects of this kind on our society.

What Research Means

Industrial research has reciprocated to the government, both in supplying the plants and skilled personnel for military projects, and by advancing our technical know-how. The development of a commercial aircraft industry during the late 20's and 30's was, as you remember, of crucial importance at the beginning of World War II. Today, the new processes evolved by the petroleum industry—especially the use of control instruments—gives us a continuous flow of high quality petroleum products at low prices. Without these new automatic processes, Eugene Ayres has remarked—"We would be faced with social disaster." We would have to return to the oil refining techniques of the 1920's, and we could not supply the quantities of high quality petroleum products that our industrial plants consume. The research and development of the electronics industries has been notably extensive, and has contributed heavily to our space technology. The list goes on and on—too long to recite in one day. Briefly, there are a few general and well-known consequences of prime importance to the government. Industrial research creates revenue. Research is profitable, not only to individual companies, but in increasing our tax base. Industrial research accelerates our productive capacities, creates technical skills, and offers new opportunities for employment.

If our wealthy nation has become notably wealthier since the 1940's—and we are unique in that our rising birth rate has not meant a lower standard of living—then the key factor in our economic growth is research and development.

The chemical industries have been prominent in the amount of their scientific work. According to the National Science Foundation, one quarter of all our industrial investment in research last year was made by the chemicals industry. More striking than that, the chemical industries invested a tenth of this money in basic research. I have cited the many economic gains and material products which we, as a nation, receive from industrial and government science. They would not have been possible, of course, without basic research. I should like to focus on basic research, now, for it is the cornerstone of our technical prowess.

Keystoned Basic Research Neglected

Many undoubtedly remember, toward the end of the second World War, how impressed we Americans were with our technical power. In the mid-forties, several committees of scientists, under the direction of Dr. Vannevar Bush, got together to evaluate what our scientists had accomplished and how we should amplify our scientific resources in the future—so that no emergency would again catch our country unprepared. This famous report began with a mention of advances in applied science—radar, rockets, transportation, medicine, and so forth. It was a powerful list. Yet, despite the magnitude of our wartime technical accomplishments, Dr. Bush commented, "*We have been living on our fat.*" To attain our goal, he said, "We had to give up fundamental research and so we had to sacrifice the future to the present."

Until quite recently basic research was not at all an avenue of industry. This is understandable, since an investment in basic discovery is a gamble. The outcome of basic research is unpredictable. Its applications may not be apparent immediately—even to the pioneering scientists.

Furthermore, basic research is difficult to manage. In a sense it must be supported, *not* managed. At the same time, an investor is only human, and when he is asked to support work on a basic discovery, he will demand: "What good is it?" I think someone asked that question about one of Maxwell's important discoveries, and he replied: "What good is a baby?"

No one need tell us that our babies are our future, but we have sometimes forgotten that basic research will shape our future. In the last ten years we *have* been supporting it more generously. Educational and nonprofit institutions have done the most—about 60%—of our basic research, the government doing 10% and industry about 30%. Our total research and development budget is upwards of $10 billion annually, and while these are grand figures, we still have to ask whether we are giving science enough—and the *right* kind—of support.

Soviet Drive

While we, here, complain of taxes, the Soviets are putting the heat on. They recently announced that they are ahead of schedule on their 7-year plan, and their economy is growing at a rate of about 8% a year, while we proceed at little better than 2%. Their chemical industry, incidentally, like their industrial capacity, has grown to between a third and one-half of ours. The heat *is* on, indeed!

Let me indicate the nature of their scientific and technical momentum, with a few chemical items. At a recent Soviet Chemical Congress, it became clear that their polymer research has produced remarkable results. According to last April's *Chem Week*, they have discovered polymers with semi-conductor properties, and have developed a new fertilizer which is five to six times as nutritive as the usual ones, and, won't wash out of the soil. In these promising areas, the Russians are planning a concentrated program of research and development. Their chemical industry is being automated, and they are increasingly employing continuous rather than batch methods. All of their chemical industries share in the advances made by central research laboratories. A central oxygen research group, for example, is feeding new information to plants all over the country. Gaseous oxygen plants have been constructed to enhance metallurgy and the production of fuels, as well as such basic products as ammonia and nitric acid, and a

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*An address by Gen. Gavin before the 36th Annual Meeting of the American Institute of Chemists, Atlantic City, N. J.

Chemical Industry's Role in Aiding World's Real Growth

By DR. R. H. ROWNTREE*
Chief, Economics Division,
Export-Import Bank, Washington, D. C.

Chemistry as a major force in the U. S. A. and world economy is stressed by ExImBk official who examines the impact of private and public investment in the chemical industry abroad. Dr. Rowntree calls attention to the $500 million invested by the chemical industry, exclusive of pharmaceuticals, and to $150 million in dollar credits authorized by ExImBk alone for foreign chemical firms. The economist explains why most private funds go to developed areas whereas many underdeveloped countries depend upon the international lending agencies as well as our public, and publicly guaranteed, loans. He depicts the chemist and the chemical industry playing a significant role in helping the world's mushrooming population to improve its lot.

The chemical industry is a major force in our nation's economy. Fifth among our largest manufacturing groups, its output during the last two decades has grown more than twice as fast as overall industrial production in the United States. The annual value of chemical products exceeds $24 billion, and is made up of about 11,000 compounds produced in 12,000 plants by more than 820,000 workers. The industry is investing about $500 million a year in research and development, comes up with some 400 new products a year, and is growing so fast that it has to find about $1.5 billion of new capital each year from new investors.

R. H. Rowntree

World-wide data are incomplete but the situation abroad is not unlike that here at home. The chemical industries of the U. S., Britain, and Germany are the largest in the free world, and chemical production in the last two has grown at twice the rate of industry generally.

Tries to Assess Soviet Chemical Industry

Assessment of the Soviet chemical industry is difficult but there are recent clues. A nation's production of sulphuric acid and of plastics sometimes is used as an indicator of the size of its chemical industry. The Russian output of sulphuric acid in a recent year was about one-fifth that in the United States, and Soviet production of plastics was at one-eighth of the U. S. level.

Returning to the free world, the United States leads its next competitor, Japan, by four times in the production of sulphuric acid. In caustic soda, Russia is next to us at one-sixth of our output, and in soda ash at one-third; in superphosphates Japan is second at one-fifth; and in nitrogenous fertilizers, West Germany follows us at one-half of our production.

Growth of the chemical industry abroad is the result in part of foreign investment by U. S. companies. Exclusive of pharmaceutical facilities, the industry has invested some $500 million in foreign plants and stands better than sixth among all industries in its overseas investment.

Next Quarter-Century

So much for my first point. Now let us consider the future of the chemist in the world economy. What is likely to be the outstanding event of the next 25 years?

*An address by Dr. Rowntree before the 36th annual meeting of the American Institute of Chemists, Atlantic City, N. J.

Will it be new products? There can be no doubt that thousands of new products will be developed by the industry, and that hundreds of new plants will be built to produce them. But this will be only a continuation of the events of recent years.

Will the outstanding characteristic be the development of automatic plants? Recently a business magazine carried an article describing such an event, and indicated that a computer was placed in fully automatic control of a polymerization unit in a Texas refinery.

Or will the event be one which, originating outside the industry, nevertheless will have far-reaching effects within it? Let me phrase the question in a different way: What may well be the greatest threat in the next 25 or 50 years to the welfare of mankind and the peace of the world? Will it be the spread of communism? Will it be atomic warfare?

There is reason to anticipate that it might be neither of these, but rather may be the explosive effect of too many people in the world.

In 1900, world population stood at a mere one and one-half billion persons, although man as a species has been on the earth for perhaps 100 million years. In 1925, the population reached 1.9 billion, and in 1950, 2.5 billion. This was an increase of two-thirds in 50 years. Nearly all modern forecasts of population growth have proved to be too low. However, let us see what the best estimators now foresee.

In 1975, world population it is estimated will be 3.8 billion (a doubling of the total in 50 years); and in the year 2000, about 6.3 billion.

Why is this speed-up in growth taking place and why may it pose so serious a problem for all of us?

In the simplest terms, two-thirds of the world's people live in under-developed countries, and it is in these areas that spectacular declines in death rates are occurring. It is in the under-developed countries that living levels are lowest and that the growth of population now is most rapid because of the advances made by medical science. The countries where the greatest ballooning of population is expected — that is, the poorer ones—are precisely the wrong ones to have it. Their share of the world's people will rise from the present two-thirds to over three-quarters by the end of the century. Although traditionally a marked rise in the level of living of a people has been followed after a time by a decline in birth rates, this adjustment may not occur soon enough to solve the impending problem.

Effects of Accelerating Population

What are the effects of a population explosion likely to be? (And I don't mean just on the demand for chemical products.) The nations most deeply involved will hardly be squeamish about the means adopted to meet such an emergency: Revolutionary policies may be expected from the ever larger numbers forced to attempt survival on a smaller and smaller per capita share of the world's resources.

Will these revolutionary policies mean the wider adoption of communism? Or an intensified pressure for international migration? Or the attempt to expand territorial limits by the use of force? Or will they involve concerted efforts to reduce birth rates or to raise levels of living? I am sure we all hope peaceful and democratic solutions can be found, but where may they be sought?

To me it seems likely that chemists and the chemical industry may play a significant role in helping to solve this problem. Consider the possibility of development of an effective, reliable, and very cheap contraceptive pill. Regard the effect of some means of cutting very sharply the cost of producing fertilizers in the less-developed countries. Contemplate real break-throughs in means to provide really low-cost power, or inexpensive substitutes for basic metals, or other far-reaching developments for which several first steps already have been taken.

What we really are exploring here are means of raising significantly the mass-consumption level of the inhabitants of the less developed half of the world. I know of only two basic ways to reach this goal. One is re-distribution of income, but it's no real solution to talk of redistributing a per-capita income of $50 or $100 a year. Thus the only way really to increase total consumption is through expansion of the total amount produced.

To produce more, and I'm not speaking just of food, productive capacity must be increased. This can be done only through the continued accumulation of capital—that is, through savings. But the historical record seems to indicate that to achieve each 1% increase in the annual rate of growth in a nation's capital, about 5% of its gross national product must be saved each year.

Investments by Developed Areas

This is not an easy goal for an under-developed economy to attain. Moreover, when the population in such an economy is increasing at the rate of 2% or 2½% a year, this means that 10% to 12% of the country's GNP must be saved merely to stand still. This much new capital is needed just to keep per capita output from falling. In order really to start to get ahead, it may be necessary to save twice as much.

This is not too encouraging an answer. Today's inhabitant of an under-developed country — and this means half the world's population—is likely to say the procedure is too slow. It won't put much more food in **his** stomach, or clothes on **his** back, or give **him** much of a house to live in during **his** lifetime.

We may consider one further possibility. All of the saving required need not be done by the under-developed portion of the world. To the extent that the economically developed countries continue to make foreign investments, the less developed ones can expand now and pay later.

Foreign investment may take the form of equities (stock purchase); or of loans, whether public or private. It has long been the policy of the United States to assist greater foreign investment of private capital, and for several reasons. The investment of private capital abroad—such as the $120 million by the Monsanto Chemical Co. during the last five years—provides not only the plant and equipment to produce more goods but also provides the technical and managerial know-how. The investment is not just so many dollars or even pieces of equipment. It also carries training in how to use the machines. Best of all, it carries abroad a working example of our free-enterprise system—the best export we've got.

Although private investment abroad recently has been going on at an unprecedented rate — over $2.3 billion last year—a large part has gone to the developed areas. And why shouldn't it have done so? Those regions have the largest markets. They have more adequate sources of labor, many raw materials, and adequate power. They have more stable governments and more familiar legal systems. So, you see, the great outflow of private investment has not been of as much help as we might wish in solving the problems of Asia and parts of Africa and Latin America.

What have we left? Public investment, plus public guaranties of private investment, abroad. These activities, furthermore, may be carried on by national agencies or by international ones.

Why the Need for Public Capital Outflow?

Why is public investment needed? To finance development projects, such as roads and harbors, normally outside the private sphere; to hasten the establishment of industries, like steel mills or chemical plants, which eventually will be taken over by private investors as financial success is demonstrated; and to provide essential foreign investment on long repayment terms when private capital is not itself prepared to do the job.

Several of the agencies engaged in this work are international. Oldest and best known is the 12-year-old International Bank for Reconstruction and Development, or World Bank. This agency, owned by 68 different countries, makes loans to its members to finance the foreign exchange costs of transportation, power, irrigation, and similar development projects where 15 or 20 years may be required for repayment. Allied with it is the newer International Finance Corporation to make more risky investments in industrial ventures in less developed countries. Finally, there is now being created by the 20 Latin American Republics and the United States, an Inter-American Development Bank whose function will be much like that of the World Bank but on a regional basis. In each of these the United States has played an active part.

The United States also is a principal source of public funds for foreign investment on a **national** basis. Here three agencies of the government may be mentioned: The International Cooperation Administration, the Development Loan Fund, and the Export-Import Bank.

The ICA (and its predecessors) is primarily concerned with matters of mutual security and defense support in friendly countries. However, it also provides guaranties against losses, due to certain "political risks," on new investments abroad of private U. S. capital. The DLF is a relatively new agency which took over from ICA the responsibility for assisting financially the economic development of less developed countries when other sources of loan financing are unavailable. The DLF is engaged primarily in making "soft loans"—that is, dollar loans often repayable in the local currencies of other countries —since by definition many of those countries are in too difficult a situation to be able to repay in dollars. Finally, there is the Export-Import Bank, oldest and most successful institution of them all.

Works of ExImBK

Eximbank is a government corporation which celebrated its 25th birthday last Feb. 12. It is the purpose of the bank to assist in financing the foreign trade of the United States provided, first, its loans have reasonable assurance of repayment, and second, its loans do not compete with private capital.

The bank's $1 billion of capital stock is held by the treasury. In addition, it is authorized to borrow from the treasury—provided the bank pays interest—up to $6 billion additional at any one time. During its 25 years the bank has made loans of more than $10 billion, of which $3.3 billion have come due. Only $2,900,000 have been written off as losses thus far. Having paid interest and dividends to the treasury, and having covered its administrative expenses and other costs, the bank has accumulated undivided profits of $528 million as a reserve against possible future losses.

This is a pretty good record for any financial institution in the international field. I hope that you as taxpayers, and as stockholders in the bank in a sense, approve of a public agency that performs its function at a profit. As the chairman of our board of directors likes to say: After being in business 25 years, the bank has only 235 employees altogether, and so must be regarded as a prize bureaucratic failure.

Much of the bank's financing consists of credits to permit the purchase in the United States on long-terms of machinery, equipment, and related services for the construction abroad of transportation and power facilities and of plants to produce ores, steel, textiles, chemicals, and so forth.

Now let's see if I can connect up my remarks with "the chemist and the world economy." Whenever a company, U. S. or foreign, wishes to build a new chemical plant abroad or expand an existing one, intends to obtain the equipment from U. S. suppliers, and wishes financial assistance from the U. S. Government in connection with the project, it may ask the bank for help.

This help may take the form of a dollar loan from the bank, or of a guaranty by the bank that some private lender of the funds will be repaid when the due date arrives. The assistance, on the other hand, may take the form of a loan from the bank of the local currency required to secure such items as land, bricks, and labor in the host country, provided the bank has such currencies available for lending. The source of these funds is the sale in certain countries abroad for local currencies of agricultural surpluses from the United States.

In the past about $150 million of dollar credits have been authorized by the bank for the chemical industry abroad, and some loans have been made in local currencies. This, of course, is only a very small part of the new investment that has been made abroad by private capital in this or other fields of industry. But this is as it should be, since public funds should not be expected to take the place of private investment. Nor can public funds alone be expected to resolve the problem of raising quickly enough the level of living in under-developed countries. Even private investment cannot do this job alone; the peoples in the countries concerned must themselves play a major role in providing solutions to the difficulties that lie ahead for all of us.

The chemist in his laboratory or in his plant, whether here or abroad, has it seems to me only begun the great role he may play in the next generation. Whether or not he will prove to be one of the stars in the show, or merely will have a major supporting role, he surely will contribute in significant degree to solving at least one of the major problems which mankind is about to face.

Chicago Banker Sees Gold-Flow Effectuating Better Distribution of World's Resources

Commenting on several subjects, Homer J. Livingston rejects pessimism voiced about our past year-and-a-half gold outflow; predicts more trade will result from the St. Lawrence Seaway—particularly for Chicago; and explains why he favors increasing Federal debt and removing interest-rate ceiling.

In a recent address, Homer J. Livingston, President of the First National Bank of Chicago, stressed the favorable impression Western European recovery made on him. Speaking before the Women's Finance Forum sponsored by his bank, the recently returned visitor from Europe praised the movement toward convertibility, and pointed out that our gold loss has helped create a better balance in the world economy and does not reflect or indicate any loss of confidence in the U. S. dollar.

Homer J. Livingston

One of the reasons prompting Mr. Livingston to voice his optimistic observations resulting from his stay abroad is the domination of Soviet political and scientific exploits in the news.

The banker stated that: "Western Europe is continuing to make economic progress. This is widely known. What is often not so generally recognized, however, is that this development manifests a further strengthening of the capitalistic system of the Western World with its freedom and its characteristic institutions of private property and private enterprise. By pursuing the objective of a balanced budget—determining to live within their incomes—rewarding thrift and savings—Great Britain, Western Germany, and more recently, France, have improved their economies. In this, they have demonstrated the efficiency with which men can solve national economic problems without sacrificing individual freedoms. I found this significant development most encouraging.

"One result of this self-discipline has been a remarkable improvement in the gold and dollar reserves of Western Europe. This has considerably strengthened their currencies and permitted them to take further steps toward convertibility.

Dismisses Fears of Gold Loss

"This has caused a certain amount of gold to move from the United States. Some have pessimistically interpreted this as evidence of a loss of confidence in the dollar and as proof that the United States has priced itself out of world markets. In my judgment, it makes much more sense to consider these developments as steps toward a better balance in the world economy through the more equal distribution of resources and a keener competition for world markets.

"With the improvement in Europe's purchasing power roughly coinciding with the opening of the new St. Lawrence Seaway, the outlook for increased trade is highly favorable, especially, I believe for our own City of Chicago.

"I should like also to take this opportunity to comment on the President's recent message to the Congress on behalf of the Treasury Department in which he requested the Congress to remove the ceiling on interest rates on longer term government securities and to raise the Federal debt limit. In a free competitive society the forces of supply and demand operating in the market determine price. It is the operation of these factors which determines the interest rate or the price of money. Placing a ceiling on the interest rate which the Treasury may pay on longer term securities may seriously restrict the operations of the Treasury in the money markets. In my judgment, this is unwise and is not in the best interests of the economy.

Favors Debt Changes

"While I strongly oppose deficit financing during periods of high business activity, the uneven flow of government revenues is one of the factors which makes necessary some increase in the national debt limit. Removing the ceiling on the interest rates on government bonds and raising the debt limit will greatly facilitate the debt management tasks of the Treasury Department. I, therefore, sincerely hope that the Congress will favorably consider the President's recommendations."

Arthur Gray Jr. Opens Own Inv. Office

Arthur Gray, Jr.

Arthur Gray, Jr., former Executive Vice-President and a director of A. M. Kidder Co., Inc., has opened his own brokerage office at One Wall Street, New York City, it has been announced.

Mr. Gray is a member of the New York Stock Exchange and a director of the American Arbitration Association.

J. F. Reilly Returns From Inland Waters

Possibly a few "firsts" were made by John F. Reilly of J. F. Reilly & Co., Inc. on his recent trip, during which he traveled approximately 1,500 miles on his boat, "Mi-Don-Ki." Leaving New York, he went north through the Erie Barge Canal, through the Oswego Canal and across Lake Ontario. He traveled with some of the ships of the American, British and Canadian navies, through the St. Lawrence Seaway and attended the official opening of the Seaway, passing the Queen's yacht.

He returned south through French Canada, Sorel, St. John's, etc., into Lake Champlain and home. En route he was arrested for traveling five miles over the speed limit in Canadian waters, by the Royal Mounted Police and fined $10 by a justice of the peace, who was interrupted in attending his cows.

Baker Elected V.-P. Of Lyons & Shafto

Albert W. Baker has been elected a Vice-President of Lyons & Shafto, Inc. He will be located in the firm's newly opened New York office, 52 Wall Street.

Stock Averages and The Average Investor

By ROGER W. BABSON

The average investor is taken to task by the dean of financial writers for assuming his individual stock performance coincides with changes in one or more of the four main daily stock averages. The Babson Park contributor explains the construction and advantages of these indexes. He advises, however, avoiding the "gilt-edge" stocks included in the stock indexes as a business investment in averring these prime issues are quoted abnormally high.

Investors, like most of us, are getting lazier and lazier. This is partly due to our poor eyesight and the fine type used on the financial pages. Instead of hunting the quotations for a few stocks in which we are especially interested, we look at the average stock change, noting whether this is up or down, and then conclude that our own special stocks have acted likewise. If the Stock Average has shown no appreciable change from the previous day, most investors assume that his special stocks have not made any change either.

Roger W. Babson

The most popular Indexes are the Dow-Jones Averages. These are divided into three groups—(1) The average of 30 Industrial Stocks; (2) the average of 20 Railroad Stocks; (3) the average of 15 Utility Stocks; then a general average of all of these 65 stocks. Another popular Average is that of the Associated Press, which consists of 60 stocks mixed and weighted into one Average. There is a fairly constant relationship between these two Averages.

Personally, I like the "New York Times" Average over a period of years. It covers 50 well-diversified stocks, and is compiled for the investor rather than for the speculator. A fourth Average is Standard & Poor's, which covers 500 stocks. I am proud to say that this is operated by my loyal and able cousin, Paul T. Babson, who controls the Standard & Poor's Corporation.

These Averages also give the volume traded during the day. This the trained investor watches quite closely. He keeps in mind a normal volume figure, which today is about 3,000,000 shares. It is usually safe to assume that the change in volume of the specific stocks in which an investor is interested varies more or less proportionately with the Average volume. The Law of Averages is a very wonderful law and it is a great time-saver for investors who use it intelligently in studying the stock market. For the convenience of readers, I give herewith a list of the stocks covered in the Dow-Jones Averages.

The thirty stocks now used in the Dow-Jones Industrial Average are:

Allied Chemical
Aluminum Company
American Can
American Tel. & Tel.
American Tobacco
Anaconda Company
Bethlehem Steel
Chrysler Corporation
Du Pont
Eastman Kodak
General Electric
General Foods
General Motors
Goodyear
International Harvester
International Nickel
International Paper
Johns-Manville
Owens-Illinois Glass
Procter & Gamble
Sears, Roebuck
Standard Oil of California
Standard Oil of New Jersey
Swift & Company
Texaco
Union Carbide
United Aircraft
United States Steel
Westinghouse Electric
Woolworth

The twenty railroad stocks are:

Atchison
Atlantic Coast Line
Baltimore & Ohio
Canadian Pacific
Chesapeake & Ohio
Chicago Rock Island & Pacific
Delaware & Hudson
Erie Railroad
Great Northern Ry.
Illinois Central
Kansas City Southern
Louisville & Nashville
New York Central
New York, Chicago & St. Louis
N. Y., N. H. & Hartford
Norfolk & Western
Pennsylvania Railroad
Southern Pacific
Southern Railway
Union Pacific

The fifteen utility stocks used are:

American Electric Power
Cleveland Electric Illuminating
Columbia Gas System
Commonwealth Edison
Consolidated Edison
Consolidated Natural Gas
Detroit Edison
Houston Light & Power
Niagara Mohawk Power
Pacific Gas & Electric
Panhandle EPL
Peoples Gas
Philadelphia Electric
Public Service Electric & Gas
Southern California Edison

To provide for the numerous splits, stock dividends, etc., through the years, it is necessary to add the quotations together and then divide the total by an arbitrary divisor, which amounted to 4.13 on the last day that Telephone stock was quoted on its old basis, namely, at $250 a share. When this was replaced by the new Telephone stock, it was necessary to use a different divisor. The change to Telephone's new quotation (around $84), plus four substitutions in the Industrial list which were made at the same time, brought the divisor down from 4.13 to 3.964. This latter figure will be used until there is another split in Telephone or in some other stock in the list, or until another substitution is made. Then the divisor must be revised again.

Other stock averages are changed more or less on the same principle. The system may not be perfect, but it makes the Averages very useful to those who understand them and follow them as a fairly accurate conservative timetable. Another reason why these Averages have heretofore been important is because trustees have been allowed by probate courts to consider the stocks making up these Averages as safe for the "prudent investor" to use. If one of these should suffer in price, the trustees would not be criticized for having bought the stock. This fact, however, has resulted in these stocks being quoted abnormally high, due to their demand for Pension Funds, Mutual Funds, and other funds operated by trustees. This could mean that the time may come when it will be wise for readers of this column to avoid these so-called "gilt-edge" stocks as a "businessman's investment."

Growth and Value of Research And Problems to Be Solved

By DR. CARL F. PRUTTON*
Executive Vice-President, Food Machinery and Chemical Corp. New York City

Hopeful we no longer will wait for military necessity to prod us in the research race, Dr. Prutton depicts the crucial importance of research to our military and economic existence, and stresses measures needed to improve its excellence. He notes that the military research dollar now constitutes little over 1% of GNP and civilian industrial research about the same and expects it will come to 4 to 6% of GNP in 10 years—or $20,-$40 billion. In view of the dollar magnitude involved and its indispensability, the author discusses impact of research achievement and specifies what must be done to improve our research effort.

From its earliest days, the United States has been noted for its outstanding inventors, men like Benjamin Franklin, Thomas Jefferson, Eli Whitney, Westinghouse, Edison, Morse, Colt, and many others, who demonstrated their superior talents in the creative fields. Each combined with his own creativity the smatterings of scientific and technical knowledge then available, and usually with laborious experimentation, brought forth new and improved devices sorely needed by mankind. These men clearly established the United States as a leader in the field of new technology and inventive genius, as well as to furnish the base upon which many of our fundamental industries were founded.

Dr. C. F. Prutton

In the electrical and communications fields, and in several narrow segments of the mechanical field, groups of capable men were organized to carry on and expand the earlier development of the individual inventors. Bell Telephone, General Electric, and a number of our larger corporations, owe their growth and prosperity to these ever-accelerating research programs which had their origins in the work of our pioneer inventors. Any competent observer should agree that if the research activities of these companies had not been fully developed over the intervening years, the rate and soundness of their tremendous growth would have been greatly impaired.

This country of ours seems to require major military conflicts to arouse us from our complacent peacetime progress. In the First World War, the excellence and importance of German chemical research were demonstrated. It became obvious that superior research prowess and the necessary industrial backup for research developments were primary requirements for waging a successful major war. Based upon the teachings of the First World War, we initiated activities which, over several decades, have given us an outstanding chemical industry based upon a sound and adequate organic chemical research program.

In the Second World War, we again had proven to us that we had been asleep between wars in the field of research on new military equipment, and materials and methods needed for waging a winning war against a technically-proficient, strong adversary. With desperate effort, we successfully overtook the lead of the Germans in synthetic rubber and military aircraft, and then surpassed them in other areas including nuclear weapons, and electronics.

We finally realized that, as a **requirement for survival**, we had to continue a productive and intensive research and development effort in all fields related to military methods and equipment, and to back this up we needed sound national industries with superior research organizations.

The Korean episode and subsequent events clearly proved to us that for the indefinite future we were up against a strong, implacable enemy, dedicated to overpower us militarily, politically and economically by their strength in research and technology, backed by adequate industrial might.

Our research activities have thus grown in a somewhat erratic fashion, and in several major areas, were largely initiated through external military and industrial competition. In the future we must be self-starters, if we wish to maintain our position as world leaders. We must not fall behind the research race, but must lead in research as well as in other fields.

Keep in mind that my personal definition of research is very broad, covering all aspects from the generation of basic principles and facts, up to the large scale commercial use of the new product or process.

Since the beginning of the Second World War, we have had an ever-increasing military research and development program, and today are expending somewhat over 1% of our Gross National Product dollars in military research. As the complexity of military weapons, offensive and defensive, increases, as it surely will, these expenditures must be greatly increased. The development of long-range guided missiles, space platforms, space ships, nuclear submarines and airplanes, new fuels and other essentials will require much greater military research and development expenditures. It is the price we must pay for continuance of our way of life.

Predicts Rise in Research Dollar

Our civilian industrial research program expends annually about 1% of our Gross National Product, and this amount must also be greatly increased in the years ahead to meet the rapid changes in technology which will flow from rapidly-accelerating competitive research, here and abroad, and to meet the demands arising from our military activities. It would not surprise me if in ten years we will be spending for all research and development from 4 to 6% of our Gross National Product, meaning from $20 to $40 billion each year. This great sum if constructively expended in research, is insignificant when compared with the benefits such a program can generate for us, for our descendants, and for the world at large.

Faced with the great probability of such a major expenditure, and with our economic and military existence dependent upon the magnitude of our research and technologic effort, but particularly on its excellence, let us consider the principal economic and related impacts of this research program and finally give brief consideration of those areas where we must improve management and performance in this great research effort.

Probable Impact

Principal among the impacts of our research achievements is that upon each of us individually. Our entire population is becoming acclimated to rapid technologic changes, and these changes affect every individual in our country.

Our very way of life is changing, producing an ever-mounting standard of living; better foods, superior housing, improved health, new methods of transportation and communication, and greater leisure.

This rapid evolution makes it necessary that each member of our working population be prepared for occasional adjustments in his employment to fit into the changing needs of industry, business and government. Technical obsolescence of products may close down plants or operations and eliminate the need for many existing skills. However, employment opportunities are continually being created, and special skills are in demand for the manufacture of new and improved products derived from our expanding research.

Based on technologic developments, the improvement of our worker productivity has been from 1 to 3% each year. This change, one one hand, tends to lower employment slightly, but it also serves to enable employers better to pay still higher wages to all their employees. Since our American economy is based in large measure upon the purchasing power of all our people, greater volumes of goods can be purchased and its volume increase adds to total employment.

Our research effort continues to upgrade the work done by our workers. Manual and highly-repetitive labor operations are decreasing, while the design, construction and operation of complex machines and control systems is on the increase.

These various economic effects of research on the individual produce an increased need for better and modified educational programs. One is to train our people for a life of change, and the second is to provide training in the newer skills needed in this changing world. We must provide more adequate training programs for mature workers in order to minimize or eliminate the impact of possible technological unemployment.

The impact of research on our national security and on the well being of our industries does not need further elaboration here.

Must Improve Research Activities

However, to realize those higher levels of technological improvement that are necessities for our personal, industrial and national welfares, we must improve in many ways our research activities and their administration and utilization. The sudden upsurge of research volume has resulted in much confusion and, in many cases, lowered individual research productivity. We must learn how to operate our research program at maximum effectiveness, if we expect expansion or even maintenance of our present research level. If we do not expand to meet world research competition, we will face dire consequences.

In many of our industries and corporations, research has finally become integrated with their very existence, continuing growth and superior performance. No longer is a research worker a long-haired scientist out of touch with the every-day operations and the problems of industry. Statistics show quite clearly, the dependence of ratio of growth of our industrial corporations on the volume of their research activities. A corporation which neglects research will soon drop from the industrial scene. All investment counsellors carefully scrutinize the research expenditure of a corporation and the new products brought out by that corporation which were derived from its research. This ability to bring out new products based on research is used not only as a measurement of research performance, but also to determine the skill of management in providing general guidance to its research activities so that maximum economic results are realized from research break-throughs. The conversion of a laboratory achievement into an economically sound commercial venture will be one of the major challenges of our industrial managers.

Integrating Research Objectives

Management in too many organizations still does not utilize fully its research possibilities. Many research organizations function with little, if any, guidance from top management. This executive level must provide knowing and understanding supervision, financial patience and adequate funds, particularly in the many months that usually elapse between the time a project shows initial promise in the laboratory, and the time when it finally becomes converted into a profitable commercial venture. Obviously, research objectives must be integrated with commercial and economic planning, if effective conversion of research results to commercial products is to be accomplished.

Research management is still quite deficient in many respects in its inspiration, guidance and organization of our research efforts. Better skills and techniques must be perfected to alleviate the tremendous costs and inefficiencies which lie between a laboratory research achievement and a commercial success.

At the bench level in research, our individual creative research men must be fully indoctrinated in teamwork, and particularly into taking an unbiased view of new ideas and concepts or suggestions, no matter from where they originate. The improved training of research technicians is extremely important for the reduction of the load of repetitive laboratory and testing work now detracting from the creative productivity of our best research men.

Need Better Instruments and Skilled Help

This country has not been sufficiently active in the perfection of research instruments. Superior instrumentation and skilled operators are absolutely essential in modern research.

The lifeblood of our applied research program is nourished by the facts and theories flowing from our basic research activities. This stream, at present, is too feeble and is not being built up adequately for even the present level of our military and civilian research programs. Much of this work must be carried on in educational institutions and some in governmental and industrial groups. Both government and industry must assume greater responsibilities than they have in the past in this all-important fundamental research area.

Primary to the entire program of applied and basic research is that of adequate manpower. Well-trained, inspired people in adequate numbers must be provided. Our schools must be built up by financial aid from all sources, by advice on the part of our best minds, and by the encouragement of education by the general public.

To make a career in research attractive to our youth, we must give high recognition and reward to the members of this profession and particularly to those who can and do make creative contributions.

In earlier days, many of our creative individuals gained their own rewards by founding large and profitable enterprises. Ford, Edison, and Westinghouse are typical. Today it is a more involved problem to enter business based upon a single research achievement; therefore, to make certain that we attract our finest minds into research, we must make it very attractive from an economic standpoint, as well as through recognition of their achievements.

In addition to establishment of rewards and recognition for research achievements, our industries should receive more encouragement from our government in the development of new products based on such research break-throughs. This encouragement could consist of adequate tax considerations, but could also be in the form of aid to fundamental research or to education. Better administration of military research projects contracted out to industry would aid.

These types of incentives seem justified, for from this civilian industrial research and development program, our government reaps many benefits:

An improved military security.

New large areas for additional taxation to pay the ever-increasing cost of government.

A citizenry constantly improving its income, its living standards, and its health.

Greater productivity and economic strength of the nation to better meet several of its major obligations in maintaining adequate military strength and in building up underdeveloped areas or groups in our own country and abroad.

Two of the most rapidly developing countries—West Germany and Russian—have set up encouragements to accelerate their rate of technologic growth. We should take example.

To summarize:

(1) Our military and political security depends upon research.

(2) Research is the basis of our economic existence and growth.

(3) Research is changing the patterns of our individual existences. Through research developments, we are facing and must face a world of rapid change and growth.

(4) Research expenditures will continue to expand to still higher levels, if we solve, as I know we will, several serious problems connected with our research effort.

(5) Our government and industry must increase their constructive aid to all segments of our research and development program, Present efforts are inadequate for the expanding program which lies ahead.

Through military and industrial developments our research activities have been projected into a vital key spot in public affairs. We must take complete advantage of this opportunity for service to mankind, and of reaping acclaim for our work and achievements. We must face this challenge with confidence, with flexible attitudes to meet changing problems, but with full determination that we must not fail.

*An address by Dr. Prutton before the annual meeting of the American Institute of Chemists, Atlantic City, N. J.

With Eastman Dillon

PHILADELPHIA, Pa.—Eastman Dillon, Union Securities & Co., Philadelphia National Bank Bldg., announce that William T. Anderson, Richard B. Fisher, Richard W. Gagne, George W. Peck and Cosmo J. Sirchio have become associated with them as registered representatives. The firm also announced the association with them of Richard C. McGeehan.

The New International Conscience May More Than Pay for Itself

By DAG HAMMARSKJOLD*

Secretary-General, United Nations, New York City

UN chief spells out clearly why he believes wealthier nations should react to the widening gap between themselves and poorer lands by providing aid to those countries willing to make a maximal effort. The former economist reviews the almost insuperable problems involved and asks taxpayers, whom he agrees have a right to know what they are getting for their money, not to stop their sense of social justice at the political boundary line and not fail to realize that this may be viewed as enlightened self-interest, i.e., provide good value in the long run for the amount taxed. Pleased by increased international conscience and responsibility, Mr. Hammarskjold, warns this must be translated into practical and constructive action to avert world instability.

I wish first of all to thank the Rotary International for the active support which Rotarians are giving in many countries to the promotion of the World Refugee Year. This worldwide program to give help to refugees who seek homes and a fresh start in life begins this month. It is a program in which many governments, voluntary organizations and individuals are joining hands in response to a resolution of the United Nations General Assembly. Let us hope that this special effort will permit us to meet more adequately the human challenge of the continued presence in our midst, after many years, of many million homeless people.

Dag Hammarskjold

Such undertakings as the World Refugee Year reflect in one special field what I believe to be a very significant development of the years since the end of the Second World War. I have in mind the widespread growth of a new sense of international responsibility—the beginnings of an international conscience. This conscience, and the efforts to which it has prompted peoples and governments, have found natural focal points in the United Nations and its related world agencies. There, it is facing no greater practical task than the economic and social development in the vast areas of Asia and Africa.

The emergence of a new international awareness has coincided with the awakening of Asia. In the postwar period, nations of Asia which had been for many decades, in some cases even centuries, under colonial rule have achieved their political freedom. The United Nations was instrumental in many cases in helping these countries to reach this goal.

We see a similar process in motion in Africa. Many African countries are becoming independent and entering the United Nations as members. This has taken place, and is taking place, not only in respect of countries formerly under colonial rule, but also in respect of trust territories for which the United Nations has a more direct responsibility.

In all these newly independent countries, it is increasingly realized that political freedom requires for its healthy growth the achievement also of other freedoms, such as freedom from want. There is a surging tide of restlessness in these countries. This is a fact we all have to reckon with. It is in the interest of the international solidarity, on which we must build the future, that the legitimate aspirations of these countries be satisfied.

We are living in an age where technological change has abolished distance. It is no longer possible for the poet to think of the silver sea "as a moat defensive to a house, against the envy of less happier lands." In the world of today, no country can isolate itself and make a little world of its own, shielded from the envy of "less happier lands." It is legitimate that every country should wish to achieve higher levels of prosperity. But for rich and poor countries alike, prosperity cannot be assured in the long run unless there is a forward movement on a broad front, so that all share in the progress and no country builds its wealth on the sacrifices of others.

Steadily Widening Gap

It is a painful fact that in the economic field the gap, already wide, between the prosperous countries and those less fortunate is steadily becoming wider. Economists have commented on this phenomenon, analyzed the reasons for it and have suggested remedies. While all those remedies call for a maximal effort on the part of the less advanced countries, they also call for a new sense of responsibility and a heightened desire to help on the part of those more fortunate. If such reactions do not find expression in practical and constructive action, there is bound to be a danger of instability in the poorer countries, which would reflect on the political world situation.

It is the responsibility of the international community to pursue a policy of solidarity so that such situations do not develop. It is our duty to assist the countries which now are at a serious disadvantage in making an inventory of their own resources and in diagnosing the reasons for their economic difficulties and to suggest appropriate remedies. Furthermore, it is also our responsibility to see that, where outside help is essential in stimulating the process and accelerating the pace of economic development, this help is given readily in the form and manner and at the time when it could do the most good.

Here, perhaps, I should give a word of warning. It is easy for a skilled analyst to diagnose the malady. It is not equally easy to prescribe the cure. The problems facing these countries are, in many cases, common problems but the solutions may have to be different in different countries. Most of the Asian countries are inheritors of ancient civilizations of which they are justly proud. Some problems that face these countries today arise by the very reason of their being old countries.

Population Pace

The demographers tell us that it took the world thousands of years for its population to reach the billion mark, but only one hundred years to add the second billion. It is now estimated that on present trends, it will take only 30 years to add a third billion. Yet another billion or two may be added before mankind achieves a balance in the population field.

The biggest contributor to this rapid population growth has been Asia. This complicates the problem of economic development there in various ways. Among other things, it makes it necessary for the countries of Asia to achieve a much higher rate of increase of national product annually than would otherwise be necessary in order to ensure that the impact of the economic development on living standards is not altogether lost. To maintain the necessary momentum of economic development, it is not possible for these countries to go forward exclusively on their own steam.

Some of these ancient lands of Asia were the most advanced countries of the world not too many centuries ago. If the scales have now been turned in favor of the West, a main cause has been the industrial revolution which has taken place there, with the subsequent development of technology. This change coincided in point of time with the growth of colonialism. The historic pattern of trade between Asia and Europe on a basis of equality gave place to a different relationship. The Asian countries came mainly to serve as sources of raw materials and consumers of finished goods. The time now seems to be ripe for some transfer, to the benefit of all, of resources—both human and material — in the opposite direction.

Some Typical Difficulties

Such a transfer is not as simple as it might sound. This is especially true when technology has to be transplanted. In practically every case, problems of adaptation are bound to arise which have to take into account various factors at the other end. To give an example, advanced technology involving intensive use of capital and of labor-saving machinery is obviously not well suited to the needs of countries facing acute problems of surplus labor and unemployment. The problem of adaptation arises not only in regard to the transfer of technology, but in finding solutions for practically every problem of economic and social development. For example, answers to the population problem in these countries have to take into account important social and religious factors as well as political factors different from those experienced in the West.

As a matter of course serious consideration should be given to the specific traditions of these countries. It is important that they should be respected. Plain living and high thinking — the two do not necessarily go together —are often the ideals. This may sometimes make for a somewhat too ready acceptance of austerity which, however, is no excuse for acquiescence by governments and leaders in an inhuman state of poverty. Whatever the ideals, there is everywhere to be found a live urge to improve living standards—an urge which we all share.

The first things that should be taken up first are obviously not only purely physical things like food, clothing, and shelter, but also a healthy environment and facilities for education. If there is a steady and visible improvement, year by year, in these basic facilities, then the people can hold their heads high, secure in the knowledge that progress to a dignified life is being made and maintained. This is something rather different from the creation of artificial needs, and the technological innovation to meet those needs, which is characteristic of more affluent societies.

Realizes the Quid Pro Quo

It is essential that no economically under-developed country should overlook, or even temporarily forget, the sense of discipline and the effort and sacrifice which are required in order to achieve a better way of life. But, provided these conditions exist, the international community should be conscious of the need for its help, and of its obligation to make available the resources and know-how which the poorer countries must have if we are to achieve such progress all along the broad front as is necessary and in the best interest of all.

The Asian countries will need a great thrust in the acceleration of their economic development, especially in these early stages, just as an aircraft does before the take-off stage is reached; as you know, thereafter the cruising may require less power. However, the road to economic development is perhaps more like the long and hard trek up a mountain than an airport runway. Let us be encouraged by the fact that, in this case, each mile on the long road up the mountain should make the next mile just a little easier. And all along the way, if we have eyes to see, there will be vistas of improving living conditions for millions of people.

The problems of Africa have their special aspects. Vast resources exist in that great continent, without great pressure of population. Even vaster resources will no doubt be uncovered in course of time. Here the primary need may be for technological training and social evolution, as also for development of methods for better mobilization and exploitation of their available material resources. Except for this important difference, most of my observations probably apply to Africa with equal force.

Enlightened Self-Interest

As I have pointed out, the policy required from more advanced countries would reflect on international solidarity which in turn finds a strong justification in their own enlightened self-interest. Whether it is bilateral aid, or contributions to international funds, the taxpayer's pocketbook is touched and he is entitled to ask what value he is receiving for his money. To this question there is no simple answer; but I would like to think that the sense of international responsibility which prompts such assistance to the less-advanced countries is only the elevation to the international plane of the basic principles of social justice which are now accepted as axiomatic at the national level, irrespective of systems of thinking. It is now generally understood that no country can afford to have areas of poverty and depression within its own frontiers, and that social justice demands that the national resources be deployed for the uplift of such areas. The process, of course, is a continuous one within national boundaries. The same holds good, I think, of the international community. All the values that we cherish will be jeopardized if we do not face up to this simple fact. This conception is basic to the work of the United Nations in the economic and social fields.

I referred just now to enlightened self-interest. Let me elaborate. It is obvious that the economically less developed countries are potentially the greatest markets for the products of the advanced countries. With rising standards of living in the less developed countries, we may be able to establish a circle — an ever-growing one in fact — of greater exchange of goods amongst the nations of the world and higher standards of living for all. In this process, patterns of trade may change and countries which are now importing simple consumer goods may be needing the most complex of advanced machines. It is comparatively easy for the advanced countries to reorganize their production in this way to meet changing needs. I would, therefore, hold that the policy which seems indicated by the situation facing us in Asia and Africa, is one which provides good value in the long run for those whose pocket-books are touched. In this gathering of Rotary International are Rotarians from every part of the world, including the countries of Asia and Africa of whose problems I have just spoken, as well as the representatives of countries whose pocket-books are touched. It is worth remembering that even the poorest of us have something to give, and the richest among us have something to receive. This is amply proved also by the exchange of experience for which the United Nations has provided and can provide ever growing opportunities.

Refers to Start Made by UN

I have spoken of some economic aspects of the emerging international solidarity which is served by the United Nations. In the work of the International Bank, of the United Nations Technical Assistance Program, of the regional United Nations Commissions for Latin America, Europe, Asia and the Far East, and Africa, of the United Nations Special Fund for economic development and in many other ways there is a new and fundamentally significant development in world affairs. So far, the allocation of resources by the nations to this work has been far below both their capacity and the need. But it is more important to recognize the significance of the fact that the sense of international solidarity — and that means human solidarity—in this way is beginning to make itself felt as an important factor in world affairs.

The hopes for peace rest upon a further development of this sense of international solidarity and upon an understanding of how it may best be translated into practical terms applicable to the world in which we live.

I have spoken about economic matters mainly. This should not make us forget the special values of the United Nations as an instrument of negotiation, be it between the Atlantic alliance and the Communist alliance, or between the traditional West and the new countries of Asia and Africa, or among countries within any one of these groups or regions. But political, economic and social factors are inseparable parts of the whole development. When we try to translate the emerging sense of international solidarity from thoughts into words, and from words into deeds, we should remember that a policy of reconciliation requires of us that we face our tasks in the economic and social fields, just as economic progress requires unrelenting efforts to solve the political problems. The international conscience is reflected in our actions over the whole range of international problems, but if we do not start with the simple questions of how to provide everybody with his daily bread, the rest of our efforts are likely to be of little avail.

You in Rotary "seek all that which brings people together." To seek — and to apply — "all that which brings people together," in the wider and deeper sense about which the new international conscience tells us, is the goal of the United Nations.

*An address by Mr. Hammarskjold before the Annual Convention of Rotary International, New York City, June 11, 1959.

"Choose Ye This Day Whom Ye Will Serve"

By WILLIAM F. EDWARDS*

Secretary of Finance to the First Presidency of the Church of Jesus Christ of the Latter-Day Saints (Mormon Church)

Economist while expressing confidence in nation's business future, nevertheless terms erosion in the value of our money a serious stumbling block in path of economic progress—stemming from political pressure group spending and the insidious wage spiral. Maintains unions' overwhelming bargaining strength intensifies importance of putting Federal Government's house in order. Dr. Edwards calls on electorate to choose proponents of sound policies.

Gratifying reports from almost every area evidence improvement in business conditions. Production has regained its former peak. Incomes are higher than ever before. Industry generally is showing a surprising gain in earnings.

While there are uncertainties on the eve of important labor negotiations, and international problems remain an enigma, there is justification for optimism over the long-term outlook for economic progress. Dynamic forces are at work that probably can't be stopped until we make further gains. Ten years from now there will be many more families demanding more of the necessities and luxuries of life. Typical of the growth there should be more Purchasing Agents responsible for more and larger orders. We are only now entering the phase of new product development resulting from the intensified research work of recent years.

Nevertheless, I welcome the invitation to speak to you frankly about a serious stumbling block in the path of economic progress. This is the erosion in the value of money. This has already brought changes in business and investment procedures, and it has created severe economic pain. While any degree of unemployment is regrettable, and when it increases as during the past year, it appropriately demands national attention, inflation has probably been the greater cause of suffering during recent years. Maintaining the nation's fiscal and monetary integrity is a "must" if we are to give continued leadership and support to the free world.

Governmental Finances

A noble feeling swells in our bosom as we reflect upon the lofty concepts of government that inspired the establishment of this nation. Like music from a liberty bell calling to all men seeking freedom are these immortal words from the Declaration of Independence:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness."

These concepts of government were re-affirmed by Abraham Lincoln in dedicating the Gettysburg Battlefield:

"That we here highly resolve that these dead shall not have died in vain. That this nation under God shall have a new birth of freedom and that government of the people, by the people and for the people shall not perish from the earth."

These ideals have become tarnished, to say the least. They have given way, in financial matters in particular, to an organization of the people to legislate and legalize on a national scale what is considered illegal and immoral at the individual level. There is probably no better example of this than the agricultural program which the present Secretary of Agriculture has tried so hard to revise. The annual expenditures of the Federal Government to subsidize farmers and support agricultural prices are equal to the total cost of operating the Federal Government only four Presidents back. The consumer pays a double price: the market price and taxes to provide for so-called "transfer payments" to the farmers.

The Federal Government has operated with a deficit in twenty-three of the last twenty-eight years. The accumulative deficit of this period measured by the net increase in the Federal debt amounts to $5,800 per family. Almost 60% of the population is age thirty-five or less. To this majority a balanced budget is little more than history, like the Pony Express or the Model T Ford.

As FBI agents close in on a criminal, so circumstances close in on a free government which continues to follow unsound fiscal policies.

The immediate financial problem of the Government is of a magnitude consistent with the outer-space age. About $30 billion in debt matures between now and the year end, and all of this must be re-financed. This is in addition to the short-term Treasury bills coming due weekly in the amount of $1.4 billion, or more, for the next fourteen weeks. This alone is overwhelming to the non-financial expert. In addition, the Government must borrow a few billion dollars of new money to finance a deficit during the second half of the year.

No Justification for Concern

There is no justification for concern about the ability of the Government to meet this immediate financial problem. Unlike individuals or private corporations, national governments who have the power to create paper or credit money do not go broke because they run out of money. But there is justification for concern as to how it will accomplished. There is little opportunity to sell long-term Government bonds at this time. Of some thirty Government bond issues outstanding, ranging in maturity from early 1962 to 1995, the owners of only two of the issues can sell the bonds today without taking a loss from the issue price, the loss ranging up to about $150 per $1,000 bond, and the average loss is almost $100 per $1,000 bond. Thus practically all of the financing will probably be done on a short-term basis. If any part of this staggering amount of new Government securities cannot be sold to individuals and non-banking institutions, it must be sold through the banking system. And to this extent money is literally created out of nothing. In proportion to which money is created through the banking system, the real value of money is destroyed. This is a deceptive, hidden tax in the form of continued inflation and further debasement of the dollar.

Some have suggested relieving the problem by revising the Federal budget to exclude all expenditures that are for capital improvements, such as highways and reclamation projects. To me this can best be described as a Cosmetic Budget. This would look good to those who, like the ostrich, feel secure with eyes closed in the presence of danger. It would smell good to those who desire to spend more money regardless of the consequences. In fact, it could be artificial, misleading, and dangerous. The all-important question is not what the money is spent for, but is the total amount spent for all purposes by the Federal Government within the available income?

The time has come when a Government official or a legislator who attempts to justify re-election primarily by the expenditures achieved for the benefit of his constituents must be looked upon as a wolf in sheep's clothes. We need statesmen who are not so anxious to earn credit for saving the nation but who in honesty desire to help the nation to be saved! Each person, each community should ask, "How can we strengthen our government by reducing undesirable pressures for Federal spending?" It is no longer a choice between adequate defense or social programs as against a balanced budget. It is a choice between a balanced budget or a weakened nation. How ironical it would be if this great, powerful nation in a misguided effort to preserve the free world and strengthen democracy were to bring to fulfillment the prophecy of Russia's Lenin that "Some day we shall force the United States to spend itself into destruction."

Wage-Price Spiral

The other cause of the erosion in the value of the dollar is the insidious wage-price spiral. In the hope of stimulating sound thinking, I shall make a few brief observations.

The union has its rightful place in our society. But there needs to be restored competitive forces to keep wages, prices, and profits in balance.

It should be remembered that America made great economic progress before the rise of strong labor unions. Three groups benefitted from capital improvements—the owners, the consumers, and the workers. The owners benefitted by increased profits. The consumer benefitted by lower prices. The worker benefitted by being able to use his time more productively and being worthy of and receiving higher salaries. All prospered!

During recent years we went through an extreme change in which the worker under the organized leadership of the union demanded all of the benefits of capital improvements and "something more." This was a period of substantial price increases; of more apparent than real economic progress. There is now a growing recognition that if continued this would seriously weaken the economy.

There now appears to be developing a new concept—the worker is entitled to wage increases equal to only the gain in productivity! This concept implies a virtue, an importance of labor that is not true. Increased productivity is not due primarily to the services of the worker becoming more valuable, but it is due primarily to the use of better tools and the accomplishments of effective management.

To the extent wage increases result in increased prices or avoid decreases that should have occurred with unusual increases in productivity, to this extent the increased wages for workers literally comes out of the pockets of consumers generally. This is a modern version on a national scale of the old saying, "robbing Peter to pay Paul."

There are many occasions when avoiding wage increases is a social service. Lowering prices for mass consumer goods for the benefit of all consumers can do more to strengthen the economy than for all of the advantages of increased productivity to go to a small segment of labor. Excessive increases in wages tend to create unemployment and everyone is hurt, especially the person deprived of a job.

Any company and any union that enters into a labor contract that provides for an annual improvement wage increase in excess of probable increased productivity, plus a cost-of-living increase, is threatening the strength of our economy. Such contracts—and we have had many during recent years—contribute to the inflationary cycle.

Union leaders alone are not to be blamed for what is happening. They are always under pressure to bargain periodically for wage and benefit increases for their members. Until competitive forces are re-established to keep wages, prices, and profits in balance, the wage-price spiral cannot be stopped by normal economic forces. The checks and balances are not working. Union leaders will resist for obvious reasons, but they need to be relieved of the excessive economic power. This will occur when all of the people—the "you's" and "me's" throughout all the land—take cognizance of what is happening and re-dedicate ourselves to those lofty concepts of government that gave birth to this nation.

Conclusion

Until the overwhelming bargaining strength of the union has been corrected, it is even more important that the Federal Government put its financial house in order. If ten dollars would fill a basket with food two decades ago, it will fill only about one-third of the same basket today. If recent trends continue, we can anticipate the day in the lives of almost all of us when the ten dollars will buy only the empty basket.

As a people, we are still free to choose whom we will elect and the policies we desire them to follow. We are free to encourage policies that will strengthen or weaken the nation. But we have no freedom over the ultimate consequence of our acts. If they are good, we are blessed; if they are bad, we suffer sooner or later. In the words of the ancient prophet, Joshua, "Choose you this day whom ye will serve."

*An address by Dr. Edwards given at the Northwest Purchasing Agents' Conference, Seattle, Wash.

Now a Corporation

DES MOINES, Iowa — R. G. Dickinson & Co. has been formed with offices in the Fleming Bldg. to continue the securities business of R. G. Dickinson & Co. Officers are Robert G. Dickinson, President and Secretary, and Sally Dickinson, Vice-President and Treasurer.

Andrew Engberg Opens

(Special to THE FINANCIAL CHRONICLE)

CAMBRIDGE, Minn.—Andrew G. Engberg is engaging in a securities business under the firm name of Andrew G. Engberg Company. He was formerly local manager for the Central Republic Company.

Form Estate Programming

BOSTON, Mass. — Estate Programming Inc. has been formed with offices at 6 St. James Ave. to engage in a securities business. Officers are Francis J. Meehan, President; Shelby R. Saitow, Treasurer; and Robert M. Morrison, Clerk.

Form First Philadelphia

First Philadelphia Corporation has been formed with offices at 165 Broadway, New York City to engage in a securities business. Officers are Alvin S. Abrams, President; David Abrams, Secretary; and Ira Straus, Jr., Treasurer.

Frank Bond & Share Opens

FRANKLIN, Ind.—Frank Bond & Share, Inc. has been formed with offices at 153 East Jefferson Street to engage in a securities business. Officers are Sima R. Comer, President; Raymond C. Fetterly, Vice-President; and Eugene P. Dawson, Secretary-Treasurer.

Bache Appoints

BROOKLYN, N. Y.—Jerome M. Greenberg has been appointed Assistant Manager of the 2215 Church Street office of Bache & Co., it has been announced.

Mr. Greenberg soon will begin conducting, at the Brooklyn office, a summer course of lectures for persons interested in learning the facts on investments.

Joins J. W. Tindall

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — William H. Ferry Jr., has become connected with J. W. Tindall & Company, Fulton National Bank Building.

New Oppenheimer Office

LIDO BEACH, N. Y.—Oppenheimer & Co. has opened a branch office in the Lido Hotel under the management of Samuel T. Cohn.

New Uptown Office

Van Alstyne, Noel & Co. has opened a branch office at 1431 Broadway, New York City, under the direction of Abraham Seif.

Winslow, Cohu Branch

JOHNSTOWN, Pa. — Winslow, Cohu & Stetson, Incorporated, has opened a branch office at 238 Franklin Street under the direction of Joseph E. Kuntz.

Minneapolis Assoc. Office

RAPID CITY, S. Dak.—Minneapolis Associates, Inc. has opened a branch office at 3609 Hall under the direction of Alvin D. Cors.

THE MARKET . . . AND YOU

By WALLACE STREETE

Rotating leadership, with some of the electronic issues in good form occasionally, this week carried the industrial average back to its record peak without any important help from the rails and utilities.

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There was a bit of selling to be absorbed as the average approached the May peak which blunted rallies a bit but didn't build up to anything approaching the scope of a reaction.

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The demand continued to be ultra-selective, which is far from being a new condition. But it did enable some of the issues in a single group, such as the electronics, to show good demand even while one of the number was a bit hard pressed. Texas Instruments was the candidate in the latter category which in one session was clipped for more than seven points but still held an improvement of 71 points, or 100%, for the first six months of the year.

Rails Perk Up

The half year leadership between industrials and rails depended mostly on what yardstick was used. The Dow averages had the rails up only 6% against 10% for the industrials. The Standard & Poor yardsticks, however, had industrials up 7% but rails ahead 8%. It did indicate, however, that some late strength in the rails had pulled them out of their earlier doldrums.

* * *

Whether the recovery in rail business will enable this group to go on and tangle with the 1956 peak is moot. The rails have proven to be more sensitive to a steel strike than the steels themselves. They suffered from a steel strike in 1956 and never really recovered before carloadings started to drop off in 1957 and 1958 as the recession made its weight felt.

The Steel Strike Threat

The rebound this year appears to be the most solid one in some years, consequently. But a steel strike could again do considerable damage to the sharp upturn in carloadings underway for the first half of the year. Steel movement is generally regarded as accounting for some 15% of freight revenues. And the carriers face their own labor problems in the Fall. But despite the uncertainties, the roads have been laggard for so long that they are a group that offers above-average yields and, in the event of any sustained demand, could rebound sharply and still not be overvalued as some of the recent favorites in other sections.

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A measure of the disinterest in rails, particularly those with high yields and others where improving operations are already established, might be the play that carried Fruehauf Trailer to a new peak for the year this week although this is a dividend-less item. And a big part of the play in Fruehauf stems from its line of trailers to be used in the piggyback operation of carrying motor truck trailers on rail cars for the long hauls. Fruehauf's dividend was omitted last year but its fortunes have improved to where earnings this year of some $1.75 to $2 should permit a resumption of payments.

Opportunities in the Oils

Like the rails, the long neglected oils offer better-than-average yields running up to around 4% in Ohio Oil. Even in the case of Texaco which is planning to acquire Superior Oil, the merger news caused only momentary interest in the two, at a time when merger news in other areas contributed importantly to market price.

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Texaco is one of the giants of integrated oil companies and its yield runs around 3½%. Superior Oil's shares have the highest price tag currently of any issue on the Stock Exchange but a 24-for-1 proposed exchange for Texaco shares, indicating a price of above $1,800, was able to lift the Superior stock to that level only briefly before it again subsided to the mid-1700's.

A Capital Spending Beneficiary

The important sustaining influence for the economy, which is capital spending by industry, is nearly unanimously agreed to be on an upswing that shows no signs of abating in 1960 although normally advance planning isn't usually definite too far ahead. A leading candidate for reflecting these higher expenditures which will aim at more and more mechanization is Clark Equipment which once was largely dependent on truck parts but since has become an important entity in the materials handling field equipment as well as construction machinery and—even newer addition to the line—truck trailers. Clark has had little chance to show the benefits which truck trailers can add to results since it only acquired Brown Trailer last year. This year this division is expected to produce about an eighth of total sales and from there on out should start to contribute importantly to earnings.

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Like other suppliers to industry, Clark Equipment had a bit of a downturn last year because of the recession. Without a long steel strike, the earnings improvement this year could come close to doubling the per share earnings of $2.70 last year and set a record above the 1955 peak, when the company earned $4.23. That automatically makes the $2 dividend a candidate for liberalization although dividend prospects aren't excessive since it is believed that the company aims to increase working capital which is only adequate at present.

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The company that has had a mundane market life for years is Allied Mills, currently holding in an area where it was as long ago as 1954. In part this might be because its trade name of Wayne for its animal feeds has little connection with the corporate title. The company's dividend payout has varied from $2.25 to $2 over the last five years. The fact that earnings for the fiscal year that ended this week are expected to be well above the $3.86 earned in the last fiscal year makes a higher dividend than the 25-cent extra paid in the good years possible. In any event, an extra of at least that amount is assured which would boost its yield at recent prices to around 5½% which is decidedly above average.

Renewed Interest in Motors

The auto picture was one of renewed interest in Ford and Chrysler as well as in American Motors which was back in action this week as various earnings projections pointed to some $11 to $12 per share which would give it an earnings ratio of four-times or less. The followers of American were quick to point out that the company could still show sizable earnings even if the compact cars of the Big Three do offer considerable competition. Nevertheless, the impact of the new competition is something that cannot be charted accurately at the moment.

* * *

Chrysler is the candidate for a rebound and a dividend boost since in one of its more lush years the shares did reach the 100 mark, a third above recent levels. Ford, on which interest centered mostly because of its auto business, was in a bit more demand as a space age contributor when the fanfare of absorbing its Aeronutronic Systems subsidiary pointed up its important contributions to missile and electronic systems. In addition some earnings estimates range upward to $8 a share which would give this important member of the Big Three a times-earnings ratio of less than 10 at recent levels.

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

American Securities Official Changes

William Rosenwald, Chairman of the Board of American Securities Corporation, 25 Broad Street, New York City, has announced the


Joseph W. Dixon Wm. N. Bannard, III


William Rosenwald H. T. Freeland

election of H. Theodore Freeland as President, effective July 1. Formerly Executive Vice-President, Mr. Freeland succeeds Joseph W. Dixon who has been elected Vice-Chairman of the Board and will continue as a member of the executive committee.

At the same time, Mr. Rosenwald announced that William N. Bannard, III, has been named Executive Vice-President of the firm. Mr. Bannard is also a director of the corporation, and will continue to supervise its sales and research activities and the Public Utilities Department.

Mr. Freeland joined the firm in 1950, was elected Vice-President in 1955, a director in 1956, and Executive Vice-President in 1958.

Ira Haupt to Handle $25 Million Financing For Dade County, Fla.

The Board of County Commissioners of Metropolitan Dade County, Florida, advise that it has entered into an agreement with Ira Haupt & Co. of New York City, for that firm to handle the financing of the County's $25,000,000 Mid-Bay Drive revenue bond issue.

Final engineering plans and specifications will be under way at an early date so that completion of the project will not be delayed. The fifteen mile causeway will traverse Biscayne Bay in a North-South direction from North Miami to the McArthur Causeway with interchanges to connect to all East-West causeways that run between Miami and Miami Beach.

$10 Million Issue of Montecatini Debs. Offered to Investors

An underwriting group managed by Lazard Freres & Co., Lehman Brothers and Kuhn, Loeb & Co., offered July 1, in units, $10,000,000 Montecatini Societa Generale per L'Industria Mineraria e Chimica Anonima (Montecatini) 5½% Sinking Fund Dollar Debentures due June 15, 1979 and non-detachable warrants to purchase 1,030,000 capital shares of the company. Each unit, consisting of a debenture in the principal amount of $1,000 and a warrant to purchase 103 outstanding capital shares of Montecatini with a present aggregate market value of approximately $500, is priced at $1,000 and accrued interest on the debentures. Debenture principal and interest are payable in United States currency.

The warrants are exercisable on or before Dec. 31, 1963 at a price equal to the mean between $500 and the market value of the shares on the date the warrant is exercised. Of the amount due on exercise of the warrant, $500 will be payable by surrender of $500 principal amount of the debentures, and the balance in United States currency. The Montecatini capital shares purchasable under the warrants are owned by Banca de Credito Finanzario (Mediobance), Milan, Italy. American shares of Montecatini (each American share is equivalent to five capital shares) represented by American Depositary Receipts, which are listed on the New York Stock Exchange, will be delivered in lieu of capital shares upon exercise of the warrants.

Net proceeds from the offering will be applied to finance construction by Novamont Corporation, a Montecatini subsidiary, of a new plant in the United States for the manufacture of the new synthetic resin, isotatic polypropylene, and other petrochemicals. Construction of the facility is scheduled to commence during the second half of this year and be completed in approximately two years. Present plans call for an annual plant capacity of about 5,000 metric tons, but this quantity is subject to change as the development of the project proceeds.

Sinking fund of the debentures will commence in 1964 and will be sufficient to retire 100% of the issue by maturity. The debentures are also subject to redemption at the option of Montecatini on and after June 15, 1964 at prices ranging from 105½% to 100%.

Montecatini was incorporated in Italy in 1888. In the production of both chemicals and nonferrous metals it is the largest company in Italy and one of the largest in Europe.

Twin City Inv. Women Summer Meeting

MINNEAPOLIS, Minn.—The next "Summer Party" meeting of the Twin City Investment Women's Club which will be held at the University Club, 420 Summit Avenue, Saint Paul, Minn., Wednesday, July 8, 1959.

A social hour 5:30 p.m. to 6:30 p.m., followed by dinner at 6:30 p.m.

The theme will be "A NIGHT IN VIENNA". Three-piece Orchestra and music in the Viennese tradition.

Miss Jeanette Rystrom of First National Bank of Saint Paul, Investment Department, Chairman of party arrangements. Miss Gwen Nicholson of First National Bank of Minneapolis, Trust Department, President of the group will preside.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

European operations of **Morgan Guaranty Trust Company of New York,** will be headed by Julian Allen and Tupper Barrett as Vice-Presidents—European offices, it was announced June 29 by Henry C. Alexander, Chairman.

Designation of the two European heads followed consummation last week (June 26) of the merger of **Morgan & Cie. Incorporated,** a wholly owned subsidiary of Morgan Guaranty conducting a bank ing business in Paris, with the parent company. Morgan & Cie. had been a subsidiary of **J. P. Morgan & Co. Incorporated** prior to merger of that company with **Guaranty Trust Company of New York** last April 24 to form Morgan Guaranty.

Mr. Alexander also announced the election of Pierre Meynial and Maurice St. Germain to the position of Vice-President and general manager, Paris. A. Talbot Peterson has been elected Vice-President and General Manager, London. Elie Delville has been elected Vice-President and General Manager, Brussels.

Morgan & Cie.'s location, at 14, Place Vendome, will become the branch office of Morgan Guaranty in Paris, Mr. Alexander said. Operations of the Bank's branch at 4, Place de la Concorde in Paris fill be transferred to the Place Vendome location, where Morgan Guaranty's Paris facilities are to be centralized.

Mr. Allen and Mr. Barrett will supervise operations of Morgan Guaranty's offices in London and Brussels as well as Paris. Their headquarters will be in Paris.

Mr. Allen had been President of Morgan & Cie. since 1955. He has been active in Paris banking since shortly after World War I and has been with the Morgan banking establishment there since 1933.

Mr. Barrett had been Vice-President in charge of Guaranty Trust Company's European operations. Almost his entire banking career has been spent abroad, chiefly in France, since he became associated in 1922 with **National Bank of Commerce,** which later merged with Guaranty.

Mr. Meynial joined the Morgan banking establishment in France in 1925. He became Vice-President of Morgan & Cie. in 1948. Mr. St. Germain has served with the Guaranty Trust Company in France since 1922, first at Le Havre and later at Paris, where he became a Vice-President in 1958.

Bernard S. Carter, Chairman of Morgan & Cie. since 1955, has retired from active bank officership and will serve as Chairman of a newly formed twelve-member policy committee to advise on operation of Morgan Guaranty's European offices. From 1946 to 1955 he was President of Morgan & Cie., after being a partner in its predecessor firms since 1924.

Morgan & Cie., with the partnerships which preceded it, traces a history of 91 years on the French financial scene. It began in 1863 as **Drexel, Harjes & Co.,** with J. Pierpont Morgan becoming a partner three years later. That firm was succeeded in 1895 by **Morgan, Harjes & Co.,** which in turn was succeeded by Morgan & Cie. in 1927. The business of the partnership was taken over in 1945 by Morgan & Cie. Incorporated.

Guaranty Trust Company in 1917 established the Paris branch office now located at 4, Place de la Concorde.

Clifford G. Woods has been appointed an Assistant Vice-President by **The First National City Bank of New York.** Mr. Woods is assigned to the Central Atlantic District of the bank's National Division.

At the same time the bank announced the promotion to Assistant Cashier of Michael J. Horgan, George H. Roberts, III, and Richard Webber, Jr., all members of the National Division.

Edward J. O'Callahan was promoted to Assistant Manager at the bank's Chelsa branch, which moved to a new location at 23rd St. and Ave. of the Americas on June 29.

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Seven officers have been promoted to Assistant Vice-Presidents by **Chemical Corn Exchange Bank, New York,** it was announced July 2 by Harold H. Helm, Chairman. They are: Theodore Frothingham, III; William J. Galligan, Jr.; Mirjan Ivanetic; Raymond H. Paradise; Alan B. Purdy; Michael Serven, and Harold S. Swan, Jr.

Messrs. Frothingham and Galligan, both former Assistant Secretaries, are associated with the bank's metropolitan division. Messrs. Ivanetic and Serven, also former Assistant Secretaries, are with Chemical's term loan division. Mr. Paradise was formerly Assistant Personnel Director; Mr. Purdy, former Assistant Treasurer, is in charge of the bank's electronic research staff, and Mr. Swan, former Assistant Secretary, is with Chemical's international division.

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Chemical Corn Exchange Bank, New York, on June 29 opened an ultra-modern banking office to serve the important Westchester Square area. The new quarters are strategically located at the intersection of Williamsbridge Road and East Tremont Ave., Bronx.

Chemical Corn Exchange Bank, founded in 1824, with resources in excess of $3,000,000,000 now has 95 offices in all five boroughs of New York City, including 13 in the Bronx. It has correspondent banks throughout America, and its foreign correspondents maintain more than 50,000 offices abroad.

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Appointment of Matthew R. Ciancimino as an Assistant Secretary of **Manufacturers Trust Company, New York,** and his assignment to the Latin-American Division of the International Banking Department was announced today by H. C. Flanigan, Chairman of the Board.

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David S. Meiklejohn, has been appointed a member of the Advisory Board of the Fifth Avenue Office of **Manufacturers Trust Company, New York,** it was announced by Horace C. Flanigan, Chairman of the Bank's Board of Directors.

Mr. Meiklejohn is a Director of the **Putnam Trust Company, Greenwich, Conn.**

The appointment of Morris Gartner as an Assistant Vice-President was also announced by Mr. Flanigan.

Mr. Gartner joined Manufacturers Trust in April, 1946 and is presently assigned to the Bank's Empire State Office.

Announcement was also made of the appointment of Arthur C. Langsdorf as an Assistant Treasurer. Mr. Langsdorf has been with Manufacturers Trust since 1932. He is assigned to the Bank's National Department, his territory being a portion of New York State.

Other appointments were Joseph A. Horn as branch manager, Jackson Heights Office, Richard E. McGowan as assistant branch manager, 39th St. Office, and Grace H. Busch as assistant branch manager, 23rd St. Office.

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Irving Trust Company, New York, announces the election of Stanley W. Sipe to Assistant Auditor. Mr. Sipe joined Irving in 1958.

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IRVING TRUST COMPANY, NEW YORK

	June 30,'59	Mar. 31,'59
	$	$
Total resources	1,385,675,541	1,864,902,940
Deposits	1,677,146,752	1,651,691,843
Cash and due from banks	470,618,970	487,475,234
U. S. Govt. security hldgs.	412,635,951	389,285,956
Loans & discts.	868,306,530	842,568,179
Undivid. profits	27,873,421	26,602,812

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The Hanover Bank, New York, has appointed five new members to its branch advisory committee: Floyd W. Jefferson, Jr., Louis C. Lustenberger, William E. Reid, Martin J. Schwab, and Sidney L. Solomon.

* * *

THE HANOVER BANK, NEW YORK

	June 10,'59	Mar. 12,'59
	$	$
Total resources	1,741,915,749	1,800,676,374
Deposits	1,435,248,174	1,506,289,873
Cash and due from banks	385,250,922	426,309,600
U. S. Govt. security holdgs.	346,715,571	395,410,663
Loans & discts.	899,571,419	856,685,700
Undiv. profits	34,482,693	32,329,650

* * *

Howard M. Koster, Daniel M. Lucy, Edgar A. Manning, Jr., and William E. Pelley, all formerly Assistant Vice-Presidents, have been named Vice-Presidents at **Bankers Trust Company, New York,** it was announced June 29 by William H. Moore, Chairman of the Board.

Coincident with the announcement, Mr. Moore made known the elections of John A. Allen, eastern division, J. Ashley Brown, Jr., investment research, W. E. Ekman, personel trust operations and George Klugherz, Wall Street branch office as Assistant Vice-Presidents. Named officers of the company were: Richard M. Bliss, western division, Michael F. Page, investment research and Garrot Sanderson, Manager of the 161st Street office.

Mr. Koster joined the pension trust division of Bankers Trust Company in 1942. Elected an officer of the bank in 1950, he was named an Assistant Vice-President in 1957.

Mr. Lucy, in charge of the Wall Street branch office of the bank, joined the company in 1946. He was named an officer of the company in 1950 and an Assistant Vice-President a year later.

Mr. Manning heads the bank's amusement industries group. He joined the company in 1945 doing general credit and loan work. Elected an Assistant Treasurer in 1947 and an Assistant Vice-President in 1950.

Mr. Pelley is in charge of the bank's petroleum group. He joined Bankers Trust Company in 1952. Mr. Pelley was named an Assistant Vice-President in 1954 and was named head of the petroleum group this year.

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THE MARINE MIDLAND TRUST COMPANY, NEW YORK

	June 30,'59	Mar. 31,'59
	$	$
Total resources	651,902,658	624,853,463
Deposits	577,488,908	551,110,900
Cash and due from banks	193,622,894	166,297,377
U. S. Govt. security holdings	116,640,271	132,738,414
Loans & discounts	303,547,045	281,225,576
Undivided profits	13,899,092	13,278,890

* * *

THE BANK OF NEW YORK

	June 30,'59	Mar. 31,'59
	$	$
Total resources	577,237,321	547,671,606
Deposits	503,635,296	474,846,489
Cash and due from banks	165,085,632	146,828,321
U. S. Govt. security holdings	98,492,770	97,595,784
Loans & discounts	271,021,788	257,143,620
Undivided profits	6,748,679	6,460,219

GRACE NATIONAL BANK OF NEW YORK

	June 10,'59	Mar.31 '59
	$	$
Total resources	206,930,698	206,274,934
Deposits	181,081,322	181,978,825
Cash and due from banks	42,220,213	45,853,445
U. S. Govt. security holdings	51,377,722	47,751,135
Loans & discounts	86,645,038	88,379,032
Undivided profits	3,241,723	2,930,434

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The Fiduciary Trust Company of New York, announced the election of John P. Humes as a Director.

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The Bank of Nova Scotia Trust Company of New York, a wholly owned subsidiary of **The Bank of Novia Sotia, Canada,** began operations at 37 Wall St. The Trust Company, which will not compete with U. S. banks here, has been organized to meet the growing needs for U. S. fiduciary services (such as transfer agent, registrar and fiscal agent) on the part of the parent bank's customers in Canada, the Caribbean and overseas. The Bank of Nova Scotia has approximately 500 offices in Canada, 40 offices in the Caribbean, and offices in London in addition to agency facilities in New York and a representative's office in Chicago.

The chairman of the board is F. William Nicks, President of The Bank of Nova Scotia; the Trust Company President is C. G. Webster, assistant general manager of The Bank of Nova Scotia and senior agent of its New York office since 1948; G. L. Wark, assistant BNS agent here is Vice-President; Frederick S. Gross, BNS staff in New York, is Trust Officer.

The board of directors of the Trust Company includes F. William Nicks, C. G. Webster, Henry Harfield, Norman B. Woolworth, Captain Nicholas Kulukundis, K. Helstern, agent of the bank in this city.

The company has paid-up capital of $1,000,000, and a paid-up surplus of the same amount.

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Alfred S. Mills, President of **The Bank for Savings in the City of New York** announces the following official appointments, effective July 1, 1959:

Dolson W. Rauscher, Executive Vice-President; William C. McCrea, Treasurer; W. Douglas Knapp, Assistant Vice-President; Victor J. Masseboeuf, Assistant Vice-President; John L. Westney, Assistant Vice-President; John A. Baker, Assistant Vice-President.

* * *

July 3 will mark the 140th Birthday of New York State's first mutual savings bank, **"The Bank for Savings," New York.**

Among the men who spearheaded the movement for this non-profit institution were Richard Varick, William Few and Brockholst Livingston, Colonels of the Revolutionary War and associates of Washington when, as first President, he lived in New York.

On opening day, July 3, 1819, in a basement room in the Old Alms House in City Hall Park, 80 New Yorkers banked a total of $2,807. The safe in which deposits were kept was a little leather trunk, no bigger than a women's overnight case. This nail-studded trunk, now 140 years old, is on exhibit in the main banking room at 4th Ave. and 22nd St. with other intriguing reminders of the quill pen and tallow candle era.

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Edward H. Remmert, President of the **National Ulster County Bank, Kingston, N. Y.,** died June 23, at the age of 61.

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John G. Yawger, Trust Officer and Assistant Secretary of **Trust Company of Morris County, Morristown, N. J.,** will retire July 31 after 37 years in banking it was announced by George Munsick, President.

Mr. Yawger started his banking career with the Trust Company Dec. 1, 1922, serving in various capacities in the bank. He was appointed Assistant Trust Officer in 1935, Assistant Trust Officer and Assistant Secretary in 1942, and was elected Trust Officer and Assistant Secretary in July 1957.

* * *

The Hunterdon County National Bank of Flemington, Flemington, New Jersey, with common stock of $540,000; and **The Union National Bank of Frenchtown, Frenchtown, New Jersey,** with common stock of $100,000, were merged effective as of the close of business June 12. The consolidation was effected under the charter and title of "The Hunterdon County National Bank of Flemington," with capital stock of $660,000, divided into 132,000 shares of common stock of the par value of $5.00 each.

* * *

A. Earl Coatsworth, Assistant Vice-President of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** has been named manager of the Bank's Wilmerding Office, according to an announcement by Frank R. Denton, Vice-Chairman of the Bank.

Mr. Coatsworth had served as manager of that office from 1951 until 1957, when he was named manager of Mellon Bank's Squirrel Hill Office, the position he held until his present appointment. He began his banking career in 1924 at the **First National Bank of Wilmerding,** and in 1939 he was named Assistant Cashier. He joined Mellon Bank in 1947 when the First National became the Wilmerding Office of Mellon Bank, and in 1953 he was appointed Assistant Vice-President.

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The common capital stock of **The Lancaster County National Bank, Lancaster, Pennsylvania,** was increased from $750,000 to $1,000,000 by the sale of new stock, effective June 17. (Number of shares oustanding, 100,000 shares, par value $10.)

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Adolph Lorch, Vice-President and Director of **The Broad Street Trust Company, Phila., Pa.,** died at the age of 74.

Mr. Lorch had been Executive Vicee-President of the trust company from 1954 until this April.

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The office of the Comptroller of the Currency granted a charter to the **National Bank of Bethesda-Chevy Chase, Bethesda, Montgomery County, Maryland.** The Bank has a capital of $600,000 and a surplus of $400,000. The President is Frank Stemple and the Cashier George L. Moore, Jr.

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Arthur A. Blymeyer, passed away June 26, at the age of 72. He was President and Chairman of the Board of the **Bank of St. Louis, Mo.**

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Citizens Fidelity Bank & Trust Co., Louisville, Ky., elected Henry V. Graves as Vice-President in charge of business development.

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Appointment of Russell A. Foust to the new business development department of the **Hialeah-Miami Springs Bank, Hialeah, Fla.,** is announced by Charles E. Buker, President.

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The First National Bank of Anthony, Anthony, El Paso County, Texas, was granted a charter by the Office of the Comptroller of the Currency. The bank has a capital of $75,000,000 and a surplus of $83,437.24. The President is Charles N. Haner and the Cashier Ralph D. Hartman.

This is a conversion of Anthony State Bank, Anthony, Texas, that took effect as of the close of business on June 13.

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The Great Falls National Bank, Great Falls, Montana, increased its common capital stock from $700,000 to $800,000 by a stock dividend, effective June 15.

(Number of shares outstanding, 8,000 shares, par value $100.)

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Roland Pierotti has been named Coordinator of International Banking Activities of **Bank of America, San Francisco, Calif.**, it was announced June 24 by President S. Clark Beise.

In this new role, Pierotti, who is assistant to the President, will assume responsibility for the coordination and condust of the bank's international activities and their integration with domestic operations of the Bank.

Pierotti is a member of the Advisory Council of the Board of Directors of Bank of America and on the Board of Directors of Bank of America (International) in New York and **Banca d'America e d'Italia in Milan, Italy.**

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Walter E. Bruns, Vice-President in charge of **Bank of America's** governmental relations for the past 12 years, retires at the head office July 1 after 30 years service with the bank.

Mr. Bruns headed the northern division of the bank's trust department from 1940 to 1947 as a Vice-President and Trust Officer.

He joined the bank as an Assistant Trust Officer at Fresno.

In 1932 he was promoted to Assistant Vice-President in the trust department at Fresno and three years later to Trust Officer at the head office. He was assigned to the San Jose Trust District in 1937 and returned to the head office in 1940.

* * *

Shareholders of **Citizens National Bank, Los Angeles, Calif.**, approved a stock dividend of one for each two shares held and authorized a new issue of 210,000 shares of common stock. Shareholders will be entitled to purchase one new share at the price of $37.50 for each five held after the stock dividend.

* * *

The common capital stock of the **City National Bank of Beverly Hills, Calif.**, was increased from $1,638,000 to $2,730,000 by the sale of new stock, effective June 17. (Number of shares outstanding, 273,000 shares, par value $10.)

* * *

The Canadian Bank of Commerce, Toronto, Canada announced on June 26 the appointment of C. B. Currie as its European representative with headquarters in Zurich, Switzerland, Mr. Currie has been an assistant general manager at the Bank's head office in Toronto since 1955, and prior thereto he was an assistant manager of the Hamilton and Toronto, main branches.

Fund Distributors Formed in Wichita

WICHITA, Kans. — Fund Distributors Inc. has been formed with offices in the Central Building to engage in a securities business. Officers are John P. Jennings, President; Dave E. Davidson, Secretary; and Albert L. Brokes, Treasurer. Mr. Jennings was formerly President of Bonds Incorporated. Mr. Davidson and Mr. Brokes were officers of Milburn, Cochran & Co.

Joins National Securities

Karl A. Kaschewski has become associated with National Securities & Research Corp., 120 Broadway, New York City.

Burgess & Leith Opens Branch in N. Y. City

Burgess & Leith, members of the Boston Stock Exchange, have opened a branch office at 40 Broad Street, New York City, under the management of Gordon R. Peel, resident partner.

British-American Wage Offensive And World Industrial Competition

By PAUL EINZIG

Neither cost-of-living stability, threat of causing unemployment, absence of profit, nor industrial decline seems to deter British labor unions from vigorously pressing for higher wages. That wage inflation is proceeding also in the United States conveys to Dr. Einzig these conclusions: one, it tends to weaken resistance to wage drive in Britain as it removes immediate concern over sterling and, two, both English-speaking countries are likely to be disadvantaged in international competition. Only the non-political character of American unionism is found to offer grounds for envy.

LONDON, Eng.—Britain's economic prospects are likely to be decisively affected by the outcome of the printers' strike. At present it only affects provincial newspapers and periodicals, but it is threatening to spread over the London newspapers, so that quite possibly Britain will be without any newspapers in a matter of days or weeks. The result is bound to produce a profound effect on the general industrial situation.

Paul Einzig

Even though a number of small firms of printers gave way to the Trade Union demands, the big firms employing some 90% of the labor involved are holding firm. Printers are among the highest-paid workers in the country. What is worse, they are among the least hard-worked, owing to the prevailing restrictive practices under which the output of each man is kept down to a fraction of what he would be able to do without undue exertion. The combined effect of unduly high wages and unduly low output has been the closing down of a number of newspapers and periodicals. In the book trade the high prices resulting from high printing costs resulted in growing consumer resistance.

The contest in the printing trade is awaited with great interest by employers and employees, and, last but not least, by the general public. Even though the number of workers involved is only some 300,000, the strike is widely regarded as a test case, the outcome of which is liable to affect the attitude of employers and employees in more important industries. In particular the wage claim of the engineering and shipbuilding unions, and their demand for the 40-hour week, is liable to be affected by the way in which the printers' strike will be settled eventually. If the employers give way, the floodgates will be opened for wage demands of between 10 and 15%, and for claims of adopting the 40-week week. The latter claim is nothing but an additional wage claim. In prosperous industries the reduction of working hours simply means more overtime at considerably higher wage rates, resulting in a considerable increase in the cost of production per unit of output.

The short-sighted indifference of the Trade Unions towards the prosperity of their industries is really amazing. Printers must surely be aware that if their claims are conceded it would mean the end of a number of periodicals and provincial newspapers, and possibly even of one London newspaper, and that the resulting fall in the demand for books would bankrupt a number of weaker publishers and printing firms. But they just could not care less. They hope that by limiting the entry of new workers into the industry they would maintain full employment at the higher wages. Shipbuilding workers, too, must be aware that even on the basis of the existing wage level, British shipyards have been losing many orders in favor of their foreign competitors. But the threatening unemployment in their industry does not deter them from diverting even more orders to foreign shipyards by raising the cost of British shipbuilding. The only effect of the menace of unemployment is a crop of inter-union disputes as to which union's members are entitled to do certain work. These disputes have caused quite a number of strikes lately.

Nor does the stability of the cost of living affect the vigor with which wage demands are pressed forward. Last month the cost of living index actually declined by one point and it is now exactly where it was 12 months ago. For the first time in 20 years 12 months of stability has at long last been achieved. If only organized labor could restrain its greed for a while we should witness a moderate decline in prices as a result of increasing productivity. It would mean that the entire public would derive a fair share from technological progress. But the trade unions have totally different ideas on the subject. They want to secure for themselves the entire benefit from the adoption of labor-saving machinery.

Profits' Absence Also Means Nothing

Some unions press their wage demands on the ground that profit margins are wide. But the absence of profits, and even the existence of heavy losses, does not prevent the unions in static or declining industries from pressing their claims with equal vigor. The nationalized transport and coal mining industries closed the past year with very heavy losses. The railway employees are of course in a position to demand that freight rates and passenger fares should be raised. But coal miners know only too well that higher coal prices would mean a further decline in demand and further accumulation of unsold coal supplies. Yet both unions are pursuing their wage claims relentlessly. An increase in transport charges and coal prices would inevitably bring the period of price stability to an end. Together with the increase in the wages of engineering workers, it would mean the resumption of inflation on the same rate as it was proceeding before the disinflationary measures of 1957 were adopted.

The fact that wage inflation is proceeding also in the United States will tend to weaken resistance to wage inflation in Britain, because there is no immediate cause for worrying about the effect of wage increases on sterling. Yet American industries are not the only rivals of British industries. In Western Germany coal miners have accepted wage reductions, while British coal miners are pressing forward with wage demands. In France the de Gaulle Government's firm measures prevented a railway strike, while the possibility of such strike, foreshadowing heavy losses to industries, is very much present in Britain. In Japan, shipbuilders manage to keep costs down and capture orders for tankers. So it seems that the attitude of trade unions in the United States and Britain is likely to place the English-speaking world at a grave disadvantage in the industrial sphere.

Praise for Non-political Aspect of U. S. Unionism

Britain has good cause to envy the United States for the essentially non-political character of their trade union movement. In Britain the trade unions are simply the industrial branch of the Labor Party and are essentially politically-minded. In recent months they have intensified their efforts to dictate the defense policy and foreign policy of the Labor Party. Instead of the elected representatives of the people, the Communist-infiltrated unions want to rule the country.

Moons, Asst. Mgr. of Manley, Bennett Office

BLOOMFIELD MILLS, Mich.—Manley, Bennett & Company, members of the New York Stock Exchange, have announced that their long time associate, Robert J. Moons, will now assist in the management of the Bloomfield Hills office, Barbour Bldg., under the direction of the resident partners, Bennett and Zoellin. Mr. Moons will also continue to service the investment accounts of his clientele.

Robert J. Moons

Mr. Moons is a past President of the Securities Traders Association and has been an investment broker for 11 years the last 8 of which with Manley, Bennett & Company.

Red Cross Blood Drive In Wall Street

The American Red Cross Blood Donor Program for the New York Stock Exchange is conducting an all-out drive for donations in Wall Street. Red Cross Bloodmobile will be at Federal Hall (formerly the Sub-Treasury Building) on Wednesday and Thursday, July 15th and 16th.

New Courts & Co. Branch

SOUTHERN PINES, N. C.—Courts & Co. has opened a branch office on Country Club Drive under the direction of John A. McPhaul.

Courts Opens New Branch

KNOXVILLE, Tenn.—Courts & Co. has opened a branch office in the Hamilton National Bank Building under the management of Harry Human.

May & Co. Branch Opened

COOS BAY, Ore.—May & Co. has opened a branch office at 1330 Anderson Avenue under the direction of Thomas R. Hillstrom.

Two With Proctor, Cook

(Special to The Financial Chronicle)

BOSTON, Mass.—John A. Hines and Myer M. Lipkind are now affiliated with Proctor, Cook & Co., 10 Post Office Square, members of the New York and Boston Stock Exchanges. Mr. Hines was formerly with du Pont, Homsey & Company.

Dean Witter Absorbs Laurence Marks Co.

Dean Witter & Co., members of the New York Stock Exchange and other leading security and commodity exchanges, announce a consolidation with the partners and employees of Laurence M. Marks & Co.

David W. Lovell, Carl C. Brown and Edmund E. Barrett, Jr., formerly partners in the Marks organization, have been admitted to partnership in Dean Witter & Co.

Mr. Brown will continue to head the Marks' Institutional Research organization as a partner of Dean Witter & Co. at the Marks premises, 48 Wall Street, New York, which has been made a Dean Witter branch.

The firm also announces the formation of Dean Witter International and its consolidation with Laurence M. Marks International and Rencemark, S. A. Mr. Lovell has been elected President and managing director of Dean Witter International.

The merger of this important eastern and international research and sales organization with Dean Witter & Co.'s West Coast research organization and national investment banking activities should result in the accrual of many complementary advantages to the clients, of both firms. At the present time Dean Witter has 41 offices running from Honolulu in the west to Boston, Philadelphia and New York in the east.

J. R. Williston & Beane In New Quarters

J. R. Williston & Beane, New York Stock Exchange firm, celebrated its 70th Anniversary by moving to new headquarters at Two Broadway, New York City. Alpheus C. Beane, directing partner, said the modern office was "an anniversary present to our customers and ourselves, as it will provide better service for our clients and better working conditions for our employees."

The firm was founded in July 1889 by James R. Williston, a young Boston broker. The present name was adepted when Mr. Beane joined the firm in April 1958.

Mr. Beane said the new main office doubles working space and is scientifically designed for maximum speed and accuracy in executing securities transactions. It includes the latest electronic equipment, a conveyor belt system, and one of the most complete communications centers in the financial district, he added.

"This is another step in modernizing our facilities," Mr. Beane said, "and represents the third major improvement in the past year. Earlier, we moved our Broadway branch and opened a Fifth Avenue office. All of these are evidence of our confidence in the future of the securities business."

Wm. B. Robinson Branch

TEMPLE, Texas—Wm. B. Robinson & Company has opened a branch office in the First National Bank Building under the direction of Joe B. Sissom.

J. E. Schramm Branch

SPRINGFIELD, N. J.—John Edward Schramm & Co., Inc. has opened a branch office at 90 Lyons Place under the management of Wilbert W. Laying.

Merrill Meadows Opens

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Merrill Meadows is conducting a securities business from offices at 1490 Main Street under the firm name of Meadows & Co. Mr. Meadows was formerly with J. Clayton Flax & Co.

Continued from page 3

Rugged Competition Facing Nation's Commercial Banks

critical of any of the financial institutions which compete against commercial banks. I shall be factual in commenting on the competition afforded by other types of financial institutions, and hope that no one will prove to be sensitive or allergic to the cold facts.

Mr. Webster defines competition as "The effort of two or more parties, acting independently, to secure the custom of a third party by offering more favorable terms." In order to compete successfully, a commercial bank must provide, above all, an experienced and competent personnel. It must provide competitive interest rates for loans and, if possible, deposits, a full range of banking services, and convenient facilities, that will attract and hold public support against able and effective competitors. At the same time, it must be operated soundly and profitably. Its maximum interest rates on savings and time money are established by Federal or State laws at rates below those of its competitors for savings funds, but higher than some of the commercial banks can afford to pay. The commercial bank must pay substantial Federal income taxes. The character and composition of its asset structure must be maintained within the boundaries of progressive yet adequately conservative deposit banking standards. It must observe many restrictive laws and regulations.

Member banks of the Federal Reserve System with 84% of commercial bank deposits are the basic instrument used in the application of monetary policy by the Board of Governors of the Federal Reserve System through maintaining legal reserve requirements in the form of non-earning cash assets. These commercial banks must sacrifice earnings and bear the burden of expanding and contracting credit so that all, including their competitors, may benefit from a flattening out of the hills and valleys of our economic life.

Commercial banks must maintain an appropriate measure of liquidity. This is essential to assure their ability to meet deposit withdrawals upon demand. Failure on this score constitutes an act of insolvency — withdrawal demands must be met! Adequate capital funds must be maintained to permit the undertaking of risks, inherent in the business of lending and investing, with the funds of depositors.

Sea Anchor for the Economy

These policy, legal, monetary, restrictive or protective measures serve as a sea anchor in times of economic stress. They serve as an anchor during normal or growth periods to the competitive efforts of commercial banks, particularly for the funds of savers, in relation to mutual savings banks and the several non-banking types of specialized financial institutions.

When President Lincoln approved the National Currency Act on February 25, 1863, there were slightly more than 1,500 commercial, savings, and private banks in the United States. In 1882 there were 7,302 commercial banks with total deposits of $2.8 billion. By 1904 the number of commercial banks had grown to a total of 18,844 with total deposits of $10.4 billion. This represented one bank for every 4,344 people! The banking laws at that time were relatively broad; however, as the economy of the nation grew and the need increased for a better coordinated banking structure and greater flexibility in currency powers, further legislation became advisable. In late 1913 Congress enacted the Federal Reserve Act. By 1921 the number of banks reached the highest point in our history, 30,800, and from then on began to decline as a result of failures, consolidations, and voluntary liquidations. Competition flourished! Many towns with economies scarcely adequate to support one bank profitably were served by two or more banks. Practices and policies which proved to be unsound were adopted to enhance earnings or to attract business from competitors. Fifty-five hundred bank failures occurred during the "roaring twenties" from 1921 to the end of 1929.

Bank Failures and Chartering

It is important to note that during this same period, 1921 to 1929, the new bank chartering policies of State and Federal bank supervisory authorities were seemingly as competitive and unsound as those of some of the banks they supervised. Thirty-three hundred and fifty new banks were chartered between 1921 and 1929. Thus the economic forces tending to cure a severely overbanked condition in the nation through failure of unneeded and weaker units were largely offset by the issuance of new charters. Between 1930 and the end of 1933, sixty-five hundred additional banks closed their doors. At the end of 1933, the total number of banks had dropped from the high point of 30,800 in 1921 to less than half, 14,440. Other even more important causes were involved, but it is crystal-clear from this sad history that banking can not soundly exist under conditions of unwise and unrestrained competition.

During the early years following the bank holiday, the demand for credit began to increase. New types of credit demands developed. Some bankers, in retrospect, were too conservative, but who can blame them after the difficult experiences of the depression and the bank holiday. Bank supervisors, I am positive, were similarly too conservative during this period. The inclination to take even a reasonable risk had been temporarily—I repeat—temporarily — dulled. Federal agencies were created to make, participate in, guarantee, or insure various types of loans regarded as having risk characteristics not acceptable to banks without governmental support.

Banking steadily strengthened its position and expanded explosively in deposits and United States bonds during World War II. At the end of the war the pent up demand of individuals for consumer goods and homes and just about everything else under the sun immediately became a force of major significance and importance in banking and the entire economic life of the nation. The postwar period up to the present time has been one of major change in the competitive forces confronted by commercial banks. The demand for loans has been almost insatiable.

Loans More Than Doubled Since 1950

Since Jan. 1, 1950 the loans of commercial banks alone have increased from $43 billion to $100 billion. Yet during this same period other types of lending institutions have forged ahead with as great or even greater strides. The competition for deposits and loans, and for the privilege and profit of serving the financial needs of every segment of the economy has been intensive and keen. I do not believe, however, that commercial banks have permitted their competitive efforts to be characterized by unrestrained, unwise, or unsound policies and practices. To a minor extent some of this has occurred and is occurring, but in the main it has been held within reason, although liberally tempered by, shall I say, an undulled willingness to assume risks.

No Exclusive Preserve

Commercial banks do not enjoy an exclusive preserve in any field of credit. Their closest approach to this status is in the field of short-term credit to commercial and industrial concerns. Constant and aggressive work is necessary to maintain or extend their participation in all of the recognized lending areas. Commercial banking must expect continued and increased competition from all of the other types of financial institutions. There will be no letup on this score. Let us now consider the various competitors of commercial banking and how they compete.

Savings and Loan Assns.

Federal and State-chartered savings and loan associations are zealous and highly effective competitors for the funds of savers and for real estate mortgage loans. During the past year the 13,124 insured commercial banks increased their savings deposits $2.2 billion. Six thousand, three hundred savings and loan associations increased their share accounts $6.1 billion. At the end of December, 1958, they held nearly $48 billion in share accounts or withdrawable balances. Their loans amounted to $45.6 billion. Ten years ago the share account holders numbered 8,850,000. By 1958 the number had increased to 23 million, a gain of 160%.

Their competitive efforts are not confined simply to a local trade area. Some associations go far afield to attract funds by mail. One sees advertisements in the newspapers of eastern and midwestern cities of associations domiciled usually in western states offering share account dividends up to 5%. Unlike commercial banks limited to 2½% or 3% maximum legal interest rates on savings deposits, there are no legal limitations on their dividend rates. As mutual associations, they may add earnings to reserves for bad debts without payment of Federal income taxes so long as surplus and reserves are less than 12% of the aggregate share accounts. They are not required to maintain reserves as an instrument of monetary policy. On the average, they maintain fully invested positions in real estate mortgage loans which greatly enhance their earnings in relation to those of commercial banks. As a specialized type of financial institution with their major investment in real estate mortgage loans, normal administrative costs are less than those of all purpose commercial banks. Because of a favored earnings position, they can and do spend substantially more on advertising.

Regardless of the branch laws governing State-chartered savings and loan associations, Federally-chartered institutions may be authorized by the Home Loan Bank Board to establish branches in all of the states. In a relatively recent decision of the Court of Appeals for the District of Columbia commercial banks were held not to be local thrift and home financing institutions within the meaning of the Home Owners Loan Act and, therefore, had no standing to question the right of the Federal Home Loan Bank Board to charter a new savings and loan association.

The multiple advantages of savings and loan associations place them in a strong position as a competitor for the funds of savers. In this field, they hold a majority of the trump cards. After paying dividends, Federal Savings and Loan Associations increased their surplus and reserve funds 15% from retained earnings in 1957. After the payment of taxes, national banks earned 9.15% on capital structure and reserves in 1957. After the payment of dividends that averaged about 4%, the retained earnings of national banks increased their capital structures and reserves 5.2%.

Credit Unions

There are now 18,750 Federal and State-chartered credit unions in the United States—double the number 10 years ago. They have nearly 11 million members—triple the number 10 years ago, and the total of their withdrawable balances or share accounts is estimated at $4.3 billion, six and a half times more than 10 years ago. About 15,000 or 80%, of the credit unions are located in manufacturing plants. Employees of such plants account for 90% of the total membership.

Credit unions hold 8% of the nation's consumer instalment credit, 17% of all personal loans, and 6% of all automobile loans. They make real estate mortgage and other secured loans, cash payroll checks in some cases. In many instances the participant credit union members receive life insurance equal to double the amount of their shareholdings. Some credit unions provide credit life insurance.

Credit unions pay no taxes since they are exempt from State, Federal and local taxes on their property, franchise, capital, reserves, surplus and income.

The dividend rates paid on funds of participants range from 4% to 5%. After paying dividends, Federal Credit Unions increased their surplus and reserve funds 25% from retained earnings in 1957. Their share accounts are not insured and it would appear that the spokesmen for the credit union movement do not desire insurance. For the most part they operate in space provided by the companies whose employees make up their membership. They are now an effective, aggressive, and the fastest growing competitor for the funds of savers. Their loan activities are substantially broader than those of savings and loan associations. They are a competitive force of growing consequence.

Life Insurance Companies

Life insurance companies are competitive with commercial banks on a nation-wide basis chiefly for intermediate and long-term loans to commerce, industry and agriculture. Policyholders have increased from 78 million to 112 million in the past ten years. The policy reserves have more than doubled since 1946 and amounted to nearly $88 billion in 1958. Thirty-seven billion dollars of this amount was in real estate mortgage loans, an additional $4 billion in other types of loans.

Short-term Governments

Many bankers have told me that their strongest competition today in the corporate field is the high yield on short-term obligations of the U. S. Government. The high yields are attractive to the officials of large corporations having excess funds, to Central Banks of foreign countries maintaining reserve accounts in the United States, to savings and loan associations for a portion of their "liquidity reserve" funds, and to some individuals who have drawn their demand balances down to minimum figures short of incurring service charges. Very recently a bank having total deposits of several hundred million dollars made a full scale survey to determine the amount of funds it would otherwise have on deposit except for the competitive impact of Government bond yields. It discovered that an amount equal to 20% of its present total of demand and time deposits had been short-circuited from its deposit totals into U. S. obligations by the attractive rates. At the end of 1958, 32% of corporate cash assets of $53 billion were held in U. S. obligations. This is indeed rugged competition!

Mutual Savings Banks

The 518 mutual savings banks, largely located in the northeastern U. S., had total resources of $37.4 billion at the end of 1958, up from $20 billion since 1948. An increase of $2.3 billion occurred in 1958. Loans of $23 billion were largely real estate mortgage credits. As mutual institutions, they occupy the same favorable Federal income tax position as savings and loan associations. During 1958 the insured mutual savings banks (resources $30.2 billion) allocated $125.6 million to reserves, undivided profits or surplus while paying $511,000 Federal income taxes. Insured commercial banks paid income taxes of $1.2 billion during 1958 while paying dividends and adding to reserves and undivided profits from net earnings after taxes of $2.1 billion.

Mutual savings banks are easily able to pay higher rates for savings funds than commercial banks. The services provided by them cover a wide range in some states. I quote from an advertisement of a mutual savings bank in Connecticut:

"For all your family banking needs—safe deposit boxes, night depository, savings accounts, Christmas and vacation clubs, save by mail, collateral loans, savings bank life insurance, travelers' checks, personal money order checks, personal loans, automatic loan privilege, mortgage loans, mortgage insurance, home improvement loans."

Once again, this is rugged competition for commercial banks seeking the deposits of savers at 2%, 2½%, or 3% rates, and sometimes unable to afford even those rates.

Finance and Personal Loan Companies

There are in excess of 8,000 Finance and Personal loan companies in the United States operating approximately 19,000 offices. They held loans of more than $17 billion at the end of February, 1959. Thirteen billion dollars was in consumer credit loans, the remainder largely commercial credit including a substantial amount of automobile floor-plan paper. It is estimated that between 30% and 40% of the funds used in connection with the $17 billion of loans were borrowed by the Finance and Personal loan companies from commercial banks. The competitive effect of the operations of these companies on commercial banks is, to this partial extent, reduced or nullified.

Many of the offices of Finance and Personal loan companies are open for business on Saturdays, several evenings during the week, and almost all from 9 to 5 each week day. Just last month the nation's second largest sales finance company (Universal C.I.T. Corporation) announced plans to make repair and modernization loans to home owners. At the present time this lending field is served in an important way by commercial banks which hold about 75% of the $2.1 billion of such loans outstanding. Mutual savings banks and savings and loans associations hold most of the remainder. It would seem probable that other sales finance companies will enter this field.

Needless to say, the Finance and Personal loan companies have been important competitors for consumer, commercial and personal credit for many years. They will continue so, and very likely in an even broader and more effective way.

Corporate Pension and Profit-Sharing Plans

Corporate pension and profit-sharing plans are becoming increasingly competitive with commercial banks despite the fact that commercial banks frequently act as trustee for the plans. Bankers from various areas of the country have told us that a sizable number of corporations now borrow from their own pension or profit sharing funds, thus depriving their banks of the loans. At the end of 1958 there were 48,000 Treasury approved pension and profit sharing plans, many of which were funded. The impact of the growth in retirement fund accounts on the economy was noted by the Securities and Exchange Commission in a very recent report. The Commission reported that at the end of 1958 the resources of corporate retirement trust funds totalled $22.1 billion, the reserves in insured pension plans, $15.5 billion. The combined total of $37.6 billion reflects an increase of $4.3 billion since the end of 1957.

Federal Savings Bonds

The deposit banks of the nation, commercial and mutual savings, and the non-bank types of specialized financial institutions, have for many years rendered outstanding service to the United States Treasury Department through fostering the sale of savings bonds, and handling their issuance and redemption, frequently at a loss to their respective organizations. They have done this despite the fact they too were competing for savings funds, the commercial banks at rates less attractive than those offered by savings bonds. At the end of December 1958 the cash value of E and H savings bonds in the hands of investors was $42.6 billion. Our deposit banks and the non-bank types of specialized financial institutions deserve the thanks of every citizen for their outstanding service to our government and their willingness to disregard the conflicting competitive considerations that are involved.

There are about 40 Federal Agencies and their instrumentalities which have authority to make, guarantee, and insure loans. Based on fairly recent estimates they hold $22.7 billion of direct loans, and guarantee or insure $59.8 billion of additional loans. Banks and other lenders hold the $30.7 billion of loans insured by the Veterans Administration and the $23.4 billion insured or guaranteed by the Federal Housing Administration. For the most part the direct loans of these agencies —$9.5 billion, Agriculture; $4.7 billion, Housing; $3 billion, Export-Import Bank; $2.5 billion, International Cooperation Administration — are not the type of credits desired by banks. Other than in a very negligible and unimportant way, I do not consider government lending agencies in general are competitive with commercial banks. If they are competitive in some areas, such as the Production Credit Corporation, banks are believed to be in a position to compete effectively if they are so inclined.

Inter-Commercial Banking Competition

The various competitive elements I have mentioned combine into a potent force that is reckoned with daily by commercial banks. However, I have not mentioned the strongest competitive force of all—the fierce and unending struggle that goes on between commercial banks for every type of banking business. This is not limited to the two or more banks in a single town or city. A recent survey made in a city with a population exceeding 500,000 revealed that of the 50 largest banks in the nation with total deposits of $81 billion, forty-one of them were actively soliciting business in that city.

I shall not outline the techniques employed by commercial bankers to strengthen the competitive impact of their banks. Commercial banks compete with one another and with many other types of financial institutions, near and far. They accept risks of a nature unlike those faced by many other businesses, regulated or not. Their net profit depends on the ultimate successful collection of outstanding loans, as well as on the interest yield. If they are to be adequately competitive, they must pursue a policy of progressive and warranted credit liberality and the assumption of reasonable risks. This is not a simple thing to do. It is easy to veer too far into ultra-conservative fields, or permit the competitive urge to lead into fields of unsound credit liberality that are of benefit to neither the borrower nor the lender. Commercial banks must be alert to every need for banking service and provide it in a manner that will merit the support of public opinion—or lose the business and profit to a competitor.

Unequal to Savings Fund Competition

I think commercial bankers are doing a difficult job very well. They are able to compete effectively in the major banking fields with the very important exception of attracting savings funds. Here they are steadily and even rapidly losing ground to savings and loan associations, credit unions, and mutual savings banks. This is true largely because of a drastic Federal income tax differential in favor of the mutual associations which enables them to outcompete the commercial banks in the all important rate of return paid to the saver. Unless and until this competitive imbalance has been adjusted and the tax differential substantially or wholly eliminated, commercial banks must continue to occupy an inferior position in seeking to attract the funds of savers. This is an important weakness in the commercial banking system, particularly for the many thousands of small banks that have always been nearly 50% "savings" in their deposit and loan composition. If relief is not forthcoming, their well-being is bound to suffer. Moreover, many medium- and large-sized commercial banks hold proportionately large amounts of savings deposits. Almost all commercial banks have need for savings funds in conducting their lending operations in the consumer, mortgage, and term loan fields. May the early future see an easing or correction of this major banking problem!

I have not commented on the numerical, locational and serviceable adequacy of commercial banks and the relationship of these factors to competition among the 13,514 commercial banks and their 8,789 branches. That is another story. It is my opinion, however, that the public interest is being well served on these important points.

I sincerely believe competition will be adequate in banking provided its management and policies are in the hands of bankers operating within sound and equitable statutory guide lines. Inequitable regulation by government is, in my judgment, the shortest and most direct route to a breakdown of the advantages which accrue to all of us through banking competition.

With C. H. Abraham

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Harvey M. Simon has joined the staff of C. H. Abraham & Co., Inc.

Goldman, Sachs Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Samuel R. Robinson III has been added to the staff of Goldman, Sachs & Co., 75 Federal Street.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

FIDELITY & DEPOSIT COMPANY OF MARYLAND

Organized in 1890 as Fidelity Loan & Trust Company, this unit had power to transact a banking and trust business. But during its first year of operations the present title was adopted in connection with charter amendments permitting the writing of fidelity and surety bonds. The banking and trust business was discontinued in 1905. The initial capital was $500,000, par value $50 a share, on the 10,000 shares. This was increased to $3,000,000 by five changes and the merger of American Bonding Company. Recently completed financing consisted of a 2-for-1 split, followed by a stock dividend of 2½%, and brought the outstanding shares to 900,000, the holder of the old stock receiving 2¼ shares of new for each share of old.

Fidelity & Deposit has adhered quite closely to the major categories of writings that, over the years, have served it so well in underwriting operations, the following tabulation breaking down premium income for several years past:

Distribution of Premium Income

	1955	1956	1957	1958
Surety	47%	50%	48%	53%
Fidelity	29	27	31	27
Burglary and Theft	13	12	11	10
Personal Property Floater	9	5	3	4
Other	2	6	7	6

By-and-large, these lines have been extremely profitable over the years for Fidelity & Deposit, and have enabled the company to turn in an exceptional record of underwriting results. The average combined loss and expense ratio over the decade ended with 1958 was around 84%, indicating an underwriting profit margin for the period of about 16% on average, an exceptional showing in the industry. Thus it has paid F. & D. well to avoid the much more hazardous lines that have been so costly to the general run of casualty and fire companies in the recent past.

Turning to the investment part of the company's business, we get the following breakdown of assets, at the end of 1958:

Cash and Government Securities	22.9%
Real Estate and Mortgages	4.7
Bonds, other than Government	24.6
Insurance Stocks	1.3
Preferred Stocks	5.7
Other Stocks	40.8

In dollar amount, approximately 65% of the common stock holdings are industrials, and the general quality is excellent. Approximately 47% of the bond holdings matures within ten years. To a large degree, since 1943, retained underwriting profits have been used to increase common stock holdings. This has also had the effect of enlarging the company's underwriting capacity. Among the larger common stock holdings are 7,200 shares Aluminum Co.; 4,400 National Lead; 7,070 Gulf Oil; 20,295 Standard Oil of New Jersey; 7,000 Shell Oil Co.; 4,080 Firestone Tire; 4,278 Goodyear; 6,000 Continental Can; 25,728 Fidelity Baltimore National Bank; 1,050 Aetna Casualty. Investment income, after Federal taxes, was 7.6% greater than in 1957; due mainly to higher interest rates and increased holdings of tax exempts and common stocks. The former category was increased approximately $1½ million, almost entirely at the expense of the U. S. Government holdings. And some $1,340,700 was placed in equities. The wisdom of this move is shown when we realize that the market value of bond holdings declined 3.5%, while that for common stocks increased 32.6%.

Ten-Year Statistical Record — Per Share*

	Liq. Value	Adj. Und.	Invest. Income	Federal Taxes	Net	Div.	Price Range High	Price Range Low
1949	$32.88	$2.77	$1.00	$1.34	$2.43	$0.87	25	13¾
1950	34.52	2.84	1.18	1.35	2.67	1.00	23¾	19¼
1951	35.50	2.46	1.29	0.94	2.81	1.13	25½	21¼
1952	37.89	1.97	1.37	1.03	2.31	1.08	28¾	23¼
1953	39.20	2.50	1.54	1.67	2.37	1.00	36¼	25¾
1954	46.35	3.00	1.62	1.67	2.95	1.33	40	32¾
1955	50.27	3.02	1.73	1.53	3.22	1.46	40¾	36¼
1956	49.92	2.79	1.95	1.73	3.01	1.60	39¾	32¼
1957	49.94	2.68	2.04	1.37	3.35	1.78	39½	32¼
1958	59.00	2.07	2.19	1.17	3.09	1.78	44	35¼

*Adjusted for 33⅓% stock dividend in 1951; and for 2-for-1 split and a 12½% stock dividend in 1959.

In this decade liquidating value increased about 94%; dividend approximately 115%. Earnings were up relatively little, but it is important to bear in mind that this company came through the decade (and, indeed considerably longer) without a deficit in the net earnings column. Few leading companies can boast as long a favorable record as Fidelity & Deposit. The stock ranks among the very top grades in the insurance field. The company is licensed throughout the United States, and is represented by about 15,000 agents.

The management has indicated that the split stock will be put on a 50¢ quarterly dividend rate, which would be about 12½% higher than the rate preceding the split. The shares are quoted currently about 53½-55.

Leitner V.-P. of Schneider, Bernet & Hickman, Inc.

ABILENE, Texas — George N. Leitner, Resident Manager of the Abilene office of Schneider, Bernet & Hickman, Inc., in the Wooten Hotel, became a Vice President of the firm effective July 2.

Four With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Thomas A. Malloy, Jr., Francis J. Melville, Jr., Albert E. Saunders and James H. Taurasi, Jr. are now connected with Keller Brothers Securities Co., Inc., Zero Court Street.

Frank L. King Honored By So. Calif. University

Frank L. King

LOS ANGELES, Calif.—Frank L. King, chairman of the board of directors of the Firstamerica Corporation and President of California Bank, has received the honorary degree of Doctor of Laws from the University of Southern California.

The degree was conferred at the University's 76th annual commencement exercises by Dr. Norman Topping, President, in recognition of Mr. King's leadership in the fields of banking and finance.

Asa V. Call, chairman of the board of Pacific Mutual Life Insurance Company, presented Mr. King as a candidate for the honorary degree. Mr. Call is chairman of the University's Board of Trustees.

The citation accompanying Mr. King's degree read, in part: "One of the nation's most respected bankers, his outstanding abilities have been recognized by many organizations. He has served this University as a Trustee, as its Treasurer and as its chief fiscal counselor for the past 13 years, giving unselfishly of his time during a period of significant growth for the University. His highly valued advice and counsel have contributed immeasurably to the educational, civic, and cultural growth of the Southland and he continuously receives wide recognition for these contributions and achievements."

Joins Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Irwin Silver is now with Hayden, Stone & Co., 332 Main Street. He was formerly with H. L. Robbins & Co.

With Eldredge, Tallman

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Clarence E. Holzkamp has been added to the staff of Eldredge, Tallman & Co., 231 South La Salle Street.

Funds Now Have 4,200,000 Accounts

"Investment companies, both mutual funds and closed-end companies, now are serving the long-range investing needs of investors holding more than 4¼ million shareholder accounts," George A. Mooney, executive director of the National Association of Investment Companies, announced June 30.

Mutual funds represent a total of approximately 3,990,000 accounts, and closed-end investment companies 275,000, for an estimated total of 4,265,000, Mr. Mooney said.

At the same time, Mr. Mooney announced total net assets of the 155 mutual fund members of the association as of June 30, were estimated at $14,800,000,000, compared with $13,242,388,000 at the close of 1958 when there were 151 member mutual fund companies and $10,609,839,000 on June 30, 1958, when the Association had 145 mutual fund members.

The 24 closed-end member companies of the association were estimated to have total net assets of $1,740,000,000 as of June 30, Mr. Mooney said. The figure at the end of 1958 was $1,632,860,000. As of June 30, 1958, it was $1,373,866,000.

Purchases by investors of mutual fund shares for the first six months of 1959 totaled approximately $1,100,000,000, compared with $922,392,000 for the previous six months and $697,376,000 for the six months ending June 30, 1958.

Redemptions for the six-month 1959 period came to $430,000,000, compared with $308,102,000 for the last six months of 1958 and $203,161,000 for the first half.

The total number of accumulation plans in force continued to increase substantially as more new plans were started than were canceled. These plans—by which investors acquire mutual fund shares on a regular monthly or quarterly basis—now total more than a million, Mr. Mooney said. The number in force at the end of 1958 was 878,147 and, as of June 30, last year, there were 765,159. Approximately 175,000 new plans were started in the first 6 months of this year, 129,791 in the last half and 113,286 in the first half of 1958.

With Provident Bank

CINCINNATI, Ohio—Frederick D. Dodson is with the Provident Bank, 7th & Vine Streets.

Mutual Funds

By ROBERT R. RICH

The NAIC and the SEC

Considering the multi-billion-dollar stake of the owners and operators of mutual funds, too little publicity has been given to the Senate bill that would amend the Investment Company Act of 1940, especially its impact on hundreds of management investment companies.

When the law was adopted 19 years ago it barred interference by the Securities and Exchange Commission with the free exercise of investment judgment by the managers of the funds. Now a Senate bill (S. 1181) would make important changes in the law. One of these amendments would, in effect, subject investment policy of fund managers to the surveillance and control of the SEC.

The National Association of Investment Companies, which consists of 180 investment firms registered with the SEC and whose assets comprise over 95% of the publicly-held companies, is strongly opposed to this change. Charles F. Eaton Jr., President of Boston's Eaton & Howard, Inc., investment manager for Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund, open-end companies, has stated the case for the NAIC.

Mr. Eaton has told Senators that the history of the industry, going back over nearly two decades, has fully justified the original decision of Congress to permit free exercise of managerial investment judgment. Nor did Mr. Eaton, a veteran in the field, blink the fact that there have been instances in which fund managers have made unwise investment decisions. But he emphasized that the curb now proposed would not have altered the situation.

As the law now stands, any company may, either by charter provisions or by recital of fundamental policies under the law, restrict to any extent that it sees fit the investment discretion of management. Said Mr. Eaton: "In some instances this course has been followed, usually to meet the requirements of State laws, occasionally for voluntary limitation of objectives, but in the areas covered by this proposal the general pattern has been not to restrict the exercise of management discretion. It is perhaps of some weight that this course has not met with any investor resistance."

Here Mr. Eaton turned to the specific areas in which the proposed amendment would restrict management discretion. First, a company would be called on to recite the extent to which it intends generally to invest in bonds, preferred stocks and common issues. The word "generally," he notes, may exclude the idea of an inflexible mathematical formula. Moreover, there is a provision permitting reservation of freedom of action "for the protection of investors" which the SEC has characterized as permitting purchase of "defensive securities."

What troubles the NAIC is how these words are to be interpreted and by whom. Mr. Eaton outlined a hypothetical instance in which a company says: "It has always been our policy and it still is our policy that the management shall have complete discretion to invest in any or all types of securities and to shift from one type to another as we think we see opportunities to benefit our shareholders." This is substantially the position of many highly-regarded funds and, indeed, the basis on which numerous investors have bought shares.

If the law is amended, as proposed by the SEC, it may well be, says Mr Eaton, that the Commission would say: "That won't do. You must adopt a more restrictive policy. You must devise some form of words to describe what course of action you will take in the face of circumstances which you cannot now foresee."

The Commission may insist that "the extent" to which it intends to invest requires maximum and minimum limits for each class of securities. This, in Mr. Eaton's view, would force on a company the adoption of a policy "which is not and never has been its policy and which is not understood by its shareholders to be its policy."

Or assume that a recital has been devised which the SEC will accept. Says he: "Consider the problems of management in shaping its day-to-day and year-to-year investment activities so as not to deviate or appear to deviate from the policy . . ." For those with the duty of carrying on the business of investing other people's money, he reasons: "It is not a pleasant prospect—especially the continuing threat that the SEC may at any time in the future express its disagreement with your interpretation."

Porges & Co. Partner

Harold Weinstock was admitted to partnership in Porges & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, on July 2.

Richard J. Buck Branch

SPRING LAKE, N. J.—Richard J. Buck & Co. has opened a branch office in the Essex and Sussex Hotel under the management of Joseph M. La Motta.

The Mutual Funds Report

Diversified Investment Fund reports net assets at May 31 totaled $97,876,034 compared with $89,251,292 on Nov. 30, 1958 and $64,820,863 on May 31, 1958. Net assets per share meanwhile rose to $9.47 on each of the 10,336,221 shares against $8.90 and 10,030,595 on Nov. 30 and $8.05 on each of 8,048,653 shares on May 31, 1958.

Bullock Fund, Ltd., the growth fund in the Calvin Bullock group, reports total net assets reached a record peak at May 31. Total net assets were $52,555,069, Hugh Bullock, President, stated in the semi-annual report. This figure, he said, reflects a gain of $16,693,128, or 46½%, over total net assets at May 31, 1958. For the 12 months ended May 31, 1959, gain in net asset value of Bullock Fund shares, adjusted for a distribution of 60 cents a share from capital gains in November, 1958, was 26%. The five largest common stock holdings of Bullock Fund are in petroleum, chemicals, steel, drug and electronic-electric equipment groups, Mr. Bullock said. Total net assets at May 31 were equal to $14.19 a share against $13.07 on Nov. 30, while shares outstanding rose to 3,704,202 from 3,449,126.

The Capital Growth Fund of Group Securities, Inc. reports that on June 1 it had $1,693 of each $10,000 of assets in electronics shares with chemical and drug shares in second spot at $1,474. Aircraft and airline issues were third with $1,038 of each $10,000 of assets. Not far behind was petroleum with $975 and mining and metals with $943. The stake in railroads was $923 and industrial machinery $807. Building industry shares had $670, paper and container $428 and textiles $389. The fund had a mere $265 of each $10,000 of its common stock assets in the highly cycle railroad equippers (American Brake Shoe and Westinghouse Air Brake—both getting away from prime dependence on their traditional business). Automotive got a mere $191 (Chrysler, Fruehauf Trailer and U. S. Rubber) and was at the bottom of the ladder.

American Business Shares, Inc. reports for the first six months of the fiscal year that started Dec. 1 there was an increase of 14 cents a share, or 3%, in the value of its capital stock. This is after adjustment for an 8 cents capital gain on each share distributed in December. At the end of May net assets were $26,900,753, equal to $4.31 a share compared with Nov. 30, 1958 value of $4.25. The company, a conservative balanced investment fund, keeps at least 25% of its assets in high-grade bonds and preferred stocks selected for stability.

Supervised Shares, Inc. reports the following increase in holdings: 500 shares of Ford Motor Co., 500 shares of General Dynamics Corp., 500 shares of Philip Morris and 20 shares of American Telephone & Telegraph. It also disclosed sale of 642 shares of Philco Corp. The fund realized $36,300 from redemption of 660 shares of Maytag Co. preferred.

American Mutual Fund, Inc. of Los Angeles declared a dividend of six cents, payable Aug. 3 to stock of record July 8. It represents the 38th consecutive quarterly dividend.

As in 1957, residents of the District of Columbia in 1958 invested a greater portion of their personal income — $10.51 per $1,000 — in shares of mutual funds than did residents of any state, according to the National Association of Investment Companies. They were also the highest per capita investors, with $26.62 per individual invested in the year. South Dakota residents, who invested $9.69 per $1,000 of income, came next, followed by Montana ($8.93), Minnesota ($8.12) and Missouri ($7.96). The national average was $4.63.

Television-Electronics Fund, Inc. reports for the six months to April 30 new records in assets, asset value per share and in the number of shareholders and shares outstanding. Total net assets during the period reached $297.2 million, an increase of 91.2% from resources of a year earlier and 40.3% above the level attained at the close of the fund's last fiscal year (Oct. 31, 1958). This gain reflected not only increased portfolio values but also record gross sales of new shares amounting to $42.8 million. Net asset value per share of the fund on April 30 was $16.12, 58.4% above a year ago and 37.8% higher than the $12.75 recorded on Oct. 31, 1958. This increase takes into account the 45 cents distributed last November from realized capital gains. Shares of the fund outstanding at the 1959 fiscal mid-year were at the record level of 18,432,342, an increase of 24.1% and 14.8%, respectively, over shares outstanding at mid-year 1958 and the close of the fund's last fiscal year.

Massachusetts Investors Growth Stock Fund reports net asset value of each of its shares gained more than 41% in the 12 months ended May 31. Net assets reached a new high on that date. Assets on May 31 were placed at $273,357,459, equal to $14.14 a share on 19,336,501 shares outstanding. This companies with $158,249,112, or $10.01 a share on 15,814,330 shares oustanding a year earlier.

Puritan Fund, Inc. declared a year-end dividend of nine cents, payable July 25 to stock of record July 2.

International Resources Fund, Inc., in its semi-annual report, announced each share increased in net asset value to $4.48 on May 31 from $4.09 at the start of the current fiscal year, a rise of 9½%. Net investment income also increased and for the six months ended May 31 was $245,416, equal to 5.58 cents on the average number of shares outstanding. This compares with net investment income of $218,939, or 4.77 cents a share, for the similar period a year ago. Total assets at May 31, 1959, were $18,516,147, compared with $18,828,728 on Nov. 30, 1959. Shares outstanding on those dates were 4,137,048 and 4,602,398, respectively.

Chicago Inv. Women Elect Officers

CHICAGO, Ill.—Mrs. Lucille Guenther, The Northern Trust Company, was re-elected President of The Investment Women of Chicago for 1959-60. Miss Doris Kempes, Harris Trust & Savings Bank, was re-elected Vice-President and Miss Doris Nagel, Carl McGlone & Co., Inc., Recording Secretary.

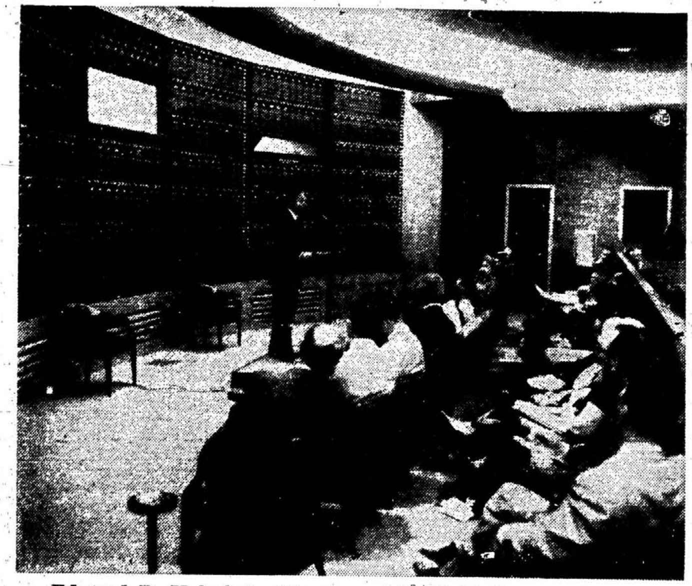
Lucille B. Guenther

Other officers elected were: Mrs. Lois Mooney, Corresponding Secretary; Mrs. Marjorie Rosen, Mullaney, Wells & Company, Treasurer; and Miss Pearl Seamonson, Asst. Treasurer.

Form Glenn Arthur Co.

Glenn Arthur Co., Inc. is engaging in a securities business from offices at 450 Seventh Ave., New York City (c/o Mackler Brothers). Officers are Arthur Shulman, President and Treasurer; Claire Shulman, Vice-President; and Marvin E. Pollock, Secretary.

Vermonters Begin Six-Week Course on Wall St.



Edward B. Holschuh, Manager of E. F. Hutton & Company's Investors' Service Department, explains the role of a brokerage office at the firm's 650 Madison Avenue branch to a group of thirty students from the University of Vermont. The visit to New York was part of the Ninth Annual Course on the Nature and Operation of Security Markets. The six-week course is being conducted in the Hepburn Room of the New York Chamber of Commerce, 65 Liberty Street, under the direction of Professor Philipp H. Lohman, Chairman of the University's Department of Commerce and Economics.

$195 Million Grant County, Washington Public Utility Dist. Revenue Bonds Offered to Investors

One of the largest financings of its kind took place July 1 with the public offering of $195,000,000 Wanapum Hydro-Electric Revenue Bond of Public Utility District No. 2 of Grant County, Washington, by a nationwide underwriting group of 300 members headed by Dillon, Read & Co. Inc.; Kuhn, Loeb & Co.; John Nuveen & Co. Incorporated; B. J. Van Ingen & Co. Inc., and Foster & Marshall.

The offering comprises $181,350,000 of 4⅞% term bonds due July 1, 2009 and $13,650,000 of 4%, 4¼% and 4.40% serial bonds maturing July 1, 1967-1979.

The term bonds are being offered at 100% and the serial bonds at prices to yield 3.80% to 4.45%, in each case plus accrued interest.

Bonds maturing after July 1, 1970 will be redeemable on and after Jan. 1, 1970 at 104% to July 1, 1976, declining thereafter to 100%, plus accrued interest, and the term bonds will also be redeemable on and after July 1, 1966 from the sinking fund and certain excess moneys in the Bond Fund at 100% and accrued interest.

All of the term bonds will be retired by maturity in 2009 under the provisions of a mandatory annual sinking fund which commences in 1980, but may be retired earlier by the application of certain excess moneys in the Bond Fund expected to be available to accelerate the retirement of the issue.

Interest on the bonds will be exempt from Federal income taxes.

Net proceeds from the sale of the bonds will be applied by the District to the cost of construction of the Wanapum Development on the Columbia River in Grant County, Wash. The site of the Development is in central Washington about 18 miles upstream from the District's Priest Rapids Development and 415 miles above the mouth of the river. The site also is about 150 air miles northeast of Portland, Ore., 130 air miles southeast of Seattle, Wash., and 140 air miles southwest of Spokane. Work on the Development is expected to be started by August 1959.

The Development will consist of a dam 8,540 feet in length, a ten-generator powerhouse, and related facilities. The maximum height of the dam will be about 186 feet. Total installed name plate rating of the ten generators will be 831,250 kilowatts. The construction contract requires that six of the generators be installed and ready for commercial operation by Sept. 1, 1964 and that all ten be ready for operation by Jan. 1, 1965. Initial generation of power is expected to commence by Sept. 1, 1963.

Contracts for the sale of 98.2% of Wanapum power have been signed with public utility companies and municipalities and a public utility district. The District will initially retain 1.8% of the power for the electric system it operates in Grant County. The contracting public utility companies include the four largest investor owned electric utilities in the Pacific Northwest, and five smaller publicly owned systems. The companies are Pacific Power & Light Co.; Portland General Electric Co.; Puget Sound Power & Light Co. and The Washington Water Power Co., and the municipal purchasers include Public Utility District No. 1 of Cowlitz County, Wash., and the Eugene Water and Electric Board of the City of Eugene, Ore.

Silloway Director

Stuart F. Silloway, president of Harriman Ripley & Co., Incorporated, New York City, has been elected a director of Newmont Mining Corp. He will fill the vacancy on the board caused by the resignation of Carroll Searls, who is retiring after 32 years of service with Newmont.

Now With Mason Bros.

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Robert K. Miller has become affiliated with Mason Brothers, First Western Building, members of the Pacific Coast Stock Exchange. Mr. Miller was formerly with Reynolds & Co. and Harris, Upham & Co.

With E. F. Hinkle

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Herbert Ostroff is affiliated with E. F. Hinkle & Co., Inc., Equitable Building.

Public Utility Securities

By OWEN ELY

Texas Gas Transmission Corporation

Texas Gas Transmission, with annual revenues of over $100 million, operates an integrated natural gas system in the south and middlewest. The 3,714-mile pipeline system extends from the east Texas Carthage field and southwestern Louisiana Gulf Coast fields to Middletown, Ohio, with feeder lines in Indiana, Illinois and Kentucky. About 1.5 billion cf gas is sold to 70 utilities servicing communities in Louisiana, Arkansas, Tennessee, Mississippi, Indiana, Illinois and Kentucky along with the Mississippi River and Ohio River valleys. The company also sells gas at wholesale to Columbia Gas, American Natural Gas and Texas Eastern Transmission. It sells gas directly to 13 industrial customers, although most industrial plants in the area are served through customer companies. Most of the direct sales are in the southwest Louisiana Gulf Coast area which is a growing industrial and petro-chemical center.

The company buys most of its gas supply and at the end of last year had dedicated gas reserves estimated at 6.4 trillion cf, of which 100 billion cf were held by its subsidiary, Texas Gas Exploration. The latter also owned oil and condensate reserves estimated at 8,600,000 barrels, and had a 45% interest in a hydrocarbon plant. Texas Gas Exploration had 1958 sales (gas, oil and liquids) of over $5 million and contributed about 32¢ per share to consolidated earnings after crediting tax savings from drilling costs and statutory depletion. Texas Gas Exploration International was incorporated in 1957 to acquire acreage in Guatemala, Alaska, etc.

In recent years all increases in dedicated reserves have been a result of purchases from field suppliers. Gas supplies are diversified by substantial purchases from other major pipeline suppliers in Louisiana which have extensive gathering systems in South Texas. The system is connected to 35 fields on the Louisiana Gulf Coast and nine fields in North Louisiana and East Texas. These fields provide about two-thirds of requirements, the other third being purchased from other pipeline companies, principally in Louisiana.

The management is confident that the South Louisiana area will continue to be a very productive region for further gas discoveries, especially in the on-shore and off-shore regions. The company's supply system extends across almost all of South Louisiana, and has ready access to off-shore reserves.

The company is gradually developing underground storage fields and will have six in service by the end of the year. Current peak day capacity is about 141 million cf. Storage operations are expected to grow considerably as other fields are developed.

Rapid system expansion is continuing with two major programs costing about $60 million planned for this year. Last October the company received FPC permission to construct $20 million of facilities which will increase deliveries about 113 million cf daily, providing for customers' estimated increased needs through the next heating season. This program had been financed through private sale of $17 million debentures, with the remaining $3 million from internal cash.

Last December the company applied for permission to build $40 million new pipelines, a compressor station, etc., to gather and transport up to 100 million cf of gas daily for delivery to a subsidiary of Consolidated Natural Gas in Ohio. FPC hearings on the project were scheduled for early June.

Like some other integrated natural gas systems which have followed a policy of expansion the company's revenues have increased more than ten-fold in the past decade. The largest annual increase was in 1950 when revenues were three times those of 1948 and 1949. Share earnings rose from 73¢ in 1949 to $1.77 in the following year, dropped to $1.03 in 1952, and recovered to $1.67 in 1955 and $2.13 in 1956. They declined to $1.83 (adjusted) for 1957 and recovered to $2.06 in 1958 (they were the same for the 12 months ended March 31, 1959.) Cash dividends paid have increased gradually from 91¢ in 1952-53 to $1.00 in 1958 and $1.20 currently.

Two major rate cases pending at the beginning of 1958 were settled satisfactorily by the company through negotiation with customers, and about $1,173,000 of increased rates collected in 1957 were refunded to customers. The company's rates were increased in October, 1958 to offset higher taxes in the State of Louisiana, which the FPC permitted suppliers to include in their selling price. A filing was made with the Federal Power Commission on April 30 this year for a rate adjustment to offset increases in the average cost of gas from the company's suppliers. The adjustment amounts to about $5.4 million annually and the new rates are expected to become effective late in 1959.

Texas Gas common was listed earlier this year on the New York, Midwest and Pacific Coast Stock Exchanges. At the recent price around 29 the stock yields 4.1% based on the cash dividend rate of $1.20. Cash dividends have been supplemented by year-end 2% stock dividends in each year, beginning with 1953, and including this payment the yield would exceed 6%.

Form Hechler Weingrow

Hechler Weingrow Securities, Inc. has been formed with offices at 375 Park Avenue, New York City, to engage in a securities business. Officers are Ira J. Hechler, President and Treasurer; Howard L. Weingrow, Vice-President and Secretary.

Two With W. E. Hutton

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Richard A. Jackson and Alvin H. Morrison have been added to the staff of W. E. Hutton & Co., 120 Exchange Street.

With Goldman, Sachs Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Gene R. Deuser has become affiliated with Goldman, Sachs & Co., 314 North Broadway. He was formerly with the Security-Mutual Bank of St. Louis.

With Edward D. Jones

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—LeRoy L. Kohn has joined the staff of Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

V. G. Paradise With Sutro & Co.

BEVERLY HILLS, Calif.—Victor G. Paradise, former President of Paradise Securities Company is now associated with the Beverly Hills Office of Sutro & Co., 275 North Canon Drive as a registered representative, it was announced by Maurice Schwarz, resident partner. Berenice F. Chinberg, also formerly with Paradise Securities, is also associated with Sutro & Co. Prior to joining Sutro, Mr. Paradise conducted a general securities business in Beverly Hills, specializing in the shares of life insurance companies. A recognized authority in that field, he is the author of four books on the subject, the most recent of which was released last month. His long career includes many years as a partner in a New York Stock Exchange member firm in New York and a lengthy association with Morgan & Co. in Los Angeles prior to forming his own firm in 1957.

Chicago Bankers Group Elects Officers

CHICAGO, Ill.—Harry R. Spellbrink, President, Commercial National Bank of Chicago, becomes President of the Chicago District (Group One) of the Illinois Bankers Association for the year beginning July 1. Other officers for the coming year are Henry Barton, President, Western National Bank of Cicero, Vice-President; J. F. Wanberg, President, First National Bank and Trust Co. of Evanston, Treasurer; and Margaret Hadley, Secretary.

Members of the Chicago District Board of Governors are Eugene F. Cronin, President, Ashland State Bank; George J. Fitzgerald, President, Michigan Avenue National Bank; Donald D. Magers, President, Cosmopolitan National Bank; and John E. O'Shaughnessy, President, Mercantile National Bank. Ninety-five Chicago area banks are members of the group. Mr. Spellbrink succeeds J. Ross Humphreys, President, Central Natl. Bank.

Jay Bacharier Co. Opens

Jay Bacharier & Co., Inc. has been formed with offices at 82 Beaver Street, New York City, to engage in a securities business. Officers are Jay Bacharier, President and Secretary; and Sheldon Berler, Treasurer. Mr Bacharier was formerly with Oppenheimer & Co.

Hooker & Fay Add

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Paul W. Galyen has been added to the staff of Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Continued from page 4

Transportation in 1999 Will Be Rationalized

quent industrial expansion of the 1880s.

Inter-connection may be declining in importance, but it still is vital for today's railroads, since each line contributes to and receives traffic from all the other rail carriers. It follows that no one American common carrier railroad can entirely escape the effects of the two adverse trends of recent years, selective liquidation and increasing resistance against progress. By selective liquidation is meant such necessary "survival" actions as abandonment of thousands of miles of branch lines made unprofitable by truck competition, closing of stations yielding little or no traffic, elimination of unprofitable passenger trains, and so-called "deferred maintenance practices" that have the effect of wearing out track and equipment faster than it is replaced or repaired. By resistance against progress is meant such developments as railroad industry inability to revise inter-change rules so as to prevent the offering of "jalopy" freight cars for loading; failure to accomplish voluntary pooling or merger even in instances known to offer important cost reductions; and acceptance of government and labor decisions and agreements that perpetuate costly "feather-bedding" practices.

Ironical Recourse to Government Aid

It is often true that businessmen are opposed to bigger government and particularly to more state socialism, yet find themselves forced to turn to government as the only source of needed assistance. For example, the Reconstruction Finance Corporation, during the desperate 1930 depression, assisted over one-third of the railroads, measured by miles of track, with loans and reorganization assistance. Today some railroad managements are again looking to government, particularly for help in solving the commuter loss problem.

Railroad executives who now find commuter service burdensome can correctly claim that the metropolitan area transportation of persons is already largely a government problem. It consists in most cities of the United States of small and dwindling rail and bus services performed by private enterprise common carriers; and a large and growing group of government services consisting of thruways, traffic police and signals, public parking facilities at the curb and off-street, and sometimes also of bus and subway services.

Continuance of private enterprise rail and bus commuter service is already becoming difficult because of present and prospective losses. Hence it may be forecast that, by 1999, government will have responsibility for every aspect of urban transportation of individuals, that is for commuter services as well as provision of facilities needed and used by private automobiles. This means nationalization of commuter services. It does not mean nationalization of the railroads as a whole, since fortunately only a small part of the total railroad mileage of the United States is used by short-haul urban passenger trains.

The private enterprise railroads of the United States, viewed as a whole, are no longer well adapted to the needs of freight. This unbalanced situation can become the economic pressure forcing rail common carriers into government ownership. Railroads must be rationalized to avoid being nationalized if they are to do their freight carrying work effectively in the future.

Prior to the World War I period of Federal control and operation, railroad freight lines and services were in balance and were not in need of rationalization. On the contrary, up to about 1920, they were well adapted to the needs of the nation. Since then they have become gradually more maladjusted and more obsolete when viewed as a national system and not as individual railroads.

Causes for Rails Imbalance

Three major factors that have created this unbalance have been, first, the relative shift of population and industry away from the northeastern states, second, the impact of competitive modes of transportation throughout the nation, and third, the financial problem of adjusting particular railroads built for both passenger and freight service to the decline or disappearance of passenger trains.

In the northeast, the railroad system has become relatively too extensive because of these trends. Fortunately in the south and west, this problem of relative size of plant in relation to demand is less acute.

Throughout the United States there is today the problem of effectiveness of railroad competition against the other competing modes of transportation. To some extent this is a government or political question, since differences in government spending on behalf of each of the modes of transport and differences in the kind and degree of regulation do have their effect upon competitive opportunities.

Also throughout the United States railroad managements must deal with the gradual increase in effectiveness of resistance against change. This trend away from and against progress has become a serious problem in the railroad industry. For instance, if car interchange or rental rules are the issue, the majority of the freight cars can be expected to be voted in favor of low per diem charges between railroads that discourage construction of new freight cars and thus help to bring about continued interchange of "jalopy" freight cars. Another example is that if merger proposals to save millions of dollars are suggested, the familiar cry of stockholders, bondholders, union leaders and community agencies will be heard that "we are in favor of mergers, except this one". There is ample evidence that, if state or local government agencies are asked to reduce railroad taxes or to permit discontinuance of unprofitable railroad service, their characteristic reply is to create indefinite delays in the courts or before regulatory agencies. Small wonder that labor unions also act in the same way, striving to obtain Railway Labor Board decisions that give a day's pay for a few minutes of a different class of work, or insisting on continuance of labor-management contract clauses that perpetuate what is no longer a fair day's work long after installation of better and safer devices.

Rationalization Completed by 1999

To rearrange and improve the railroads, that is to rationalize them so that they will continue to be a major mode of transportation, requires planning for future needs, followed by accomplishment. My forecast is that by 1999 both these steps in the rationalization process will have been accomplished.

The immediate problem is to get the planning phase started as a voluntary rather than a government effort. Underlying the planning there must be research. It is encouraging that a start in this direction has been made in one of the important areas that must be rationalized, namely, freight rates. Research committees with competent personnel are now attached to the major ratemaking bureaus. This is a bold change since some of these committees have operated without benefit of thorough and careful research for seventy or more years. The main research objective is to find out what kinds of freight rates attract and retain desirable traffic. The current interest on the part of railroads in contract-type freight rates, the so-called "agreed rates" used in Europe and Canada is an example of this new research viewpoint.

Rationalization is not an untried fad idea. It is a technique that has been used in other countries, for example, in Great Britain after the First World War. It is necessary because it provides for a broad approach to railroad problems that are themselves nation-wide in character. Solution of national problems requires a national approach. If voluntary rationalization is not accomplished, then compulsory nationalization of our railroads will become inevitable. Nationalization is the costly socialistic way to force nation-wide solution of the railroad problem and that does so by destroying private enterprise. Nationalization must be avoided and can be avoided only by rationalization of American railroads to modernize them and bring them into economic balance with tomorrow's transportation needs.

Turns to Highways

We turn now to the second mode of transportation on our list, namely, use of highways by common and contract carriers. Use of city streets and rural highways by common and contract stagecoach and wagon operators preceded the railroad era; highway activities became limited to urban cartage and omnibus services that supplemented railroads; the bus and truck have now again developed into a nation-wide competitive mode of transportation.

Forty years from now, in 1999, highway congestion will have forced the rail-truck partnership called "piggy-back" or "trailer-on-flat-car" to develop to its economic maximum. Common and contract truckers will offer, at distances over about 300 miles, the advantages of origin to destination movement, but will load their trailer on a rail flat-car for part or all of the distance, excluding as a minimum only the metropolitan area trip over city streets at each end. It is my forecast that this use of "piggy-back" will result in gradual decline in intensity of competition between rail and truck, as each finds its own best economic sphere, and as each learns how to use the inherent advantages of the other mode of transportation in its own behalf. Thus my forecast for 1999 for common and contract carriage of freight by truck is that much rationalization will have been accomplished.

Navigation Channels

The third mode is the use of navigation channels. On the Great Lakes and coastwise there has been in recent years an increase in the dimensions and cargo capacity of vessels. Bulk cargo vessels have been designed for their intended traffic, particularly to reduce time spent in port when loading or unloading. Another important development is that vessels carrying railroad cars or trailers have come into use. These eliminate the physical handling of merchandise, box by box, at ports. Barges and their towboats likewise have been improved in design and economic efficiency.

Forty years from now, in 1999, the domestic water carriers by barge and vessel will have developed and further effectuated their own rationalization. They will continue to be well adjusted to their potential market. My belief is that there will be even greater and more efficient use of navigation channels, and less political "hue and cry." The question of "user charges" will by 1999, have lost its political overtones and will have been settled. Settlement, even if it means partial or complete reimbursement of Federal expenditures on behalf of navigation, will not lessen or greatly retard the growth of freight transportation by barge or vessel in competition with railroads and highways.

Pipelines

Since about 1880 pipelines, the fourth mode, have become an inter-connected network resembling the national railroad system. In addition to water and crude oil, pipelines carry refined petroleum products, natural gas, and certain finely powdered solid materials suspended in a suitable liquid. The number of miles of pipeline and the variety of materials carried will continue to increase. The pipeline will continue to be the only mode of transport that moves in only one direction. There is no costly return movement of empty or partly loaded equipment to deal with. There is no rationalization problem, either now or 40 years from now.

Pipelines have been built only to meet known demands. When the demand disappears, they go out of existence. When improvements, such as larger diameter pipe, become available, the obsolete pipelines are not forced to remain unchanged as a result of use of regulatory or court procedures that contrive to bring about indefinite delays. Government agencies do not provide "promotional" funds for acquisition of rights-of-way, construction of terminal storage tanks or creation of new subsidized pipelines. Because of its unique characteristics, the pipeline mode of transport, in 1999, will still be following its rational private enterprise policies and actions.

Rationalizing Commercial Aviation

The fifth major mode of transportation is commercial air navigation. Its development dates from about 1930. Its technical evolution has been extremely rapid, yet further great changes are at present in sight. The use of jet power and the development of commercial helicopters and other hovering airplanes that require only a small landing strip are opening new commercial possibilities for both freight and passenger service. Both for defense and national development reasons there has been a bountiful flow of government "promotional" funds into airplane design, airway lighting and control, airport construction and operation. These promotional activities, coupled with the concurrent evolution of domestic and international civil air law and regulation all have combined to produce and maintain an irrational and unbalanced pattern.

The railroad mode of transport, as we have pointed out, is no longer rationally in economic balance with national needs, because it has been to some extent, prevented from adjusting itself during the 40 years since the rise of rival competing modes of transport. Commercial aviation, in the United States during its 30 years of existence to date has never been rationally in economic balance. The basic concept of government has been to promote, that is, to hasten commercial air development in advance of proven need. Thus, but for quite a different reason, commercial aviation is as much in need of rationalization as are the railroads. And like the railroad problem the failure to rationalize will inevitably lead to nationalization by the Federal Government, already a major partner through its past and present subsidies. Like the railroads, commercial aviation can and should fear nationalization, already the pattern in most of the nations of the world.

In 1999, 40 years from now, in my belief the commercial aviation common and contract carriers will have accomplished voluntary rationalization, and thus averted the undesirable socialistic alternative, nationalization. Aviation will have come of age. It will have made further competitive gains at the expense of other forms of transportation, particularly in the field of passenger transport.

Cableways and Belt Conveyors

Although by no means as yet of major importance, the sixth mode of transportation, namely, growing use of cableways and belt conveyors, should not be overlooked. The ski tow and other mountain or canyon cableways have opened up otherwise inaccessible areas for passenger travel or for mining operations. The belt conveyor and its passenger counterpart, the moving stairway or platforms, already perform gigantic daily tasks of moving materials or persons. To date both cableways and conveyors are relatively short haul transportation devices, but this is an economic rather than a technical limitation. Because local in present-day application, there is as yet no Federal regulation. Outside of some defense interest, there has been no Federal activity. Hence, these devices are making their way solely for rational economic reasons. In 1999, this rational development will have continued, largely as desirable supplementation but also to some extent as a competitive mode of transport.

More than a century ago, express messengers began to pay their fare on passenger trains in order to carry messages and parcels. After lengthy evolution the present-day forwarder obtained Federal regulatory recognition as a distinct kind of transportation, different from parcel post, express, less-than-carload and truckload or carload traffic. The distinguishing feature of the forwarder is his use of common or contract carriage supplied by others in any combination and to whatever extent desired. To this distinctive characteristic there has recently been added improved containers that are interchangeable between different modes of transportation. These containers vary in size up to 40 foot van-type truck bodies. Two truck bodies, or two complete truck trailers can be carried on an 85-foot flat car. They can also be loaded quickly into a barge or vessel. For example, merchandise loaded in a factory that does not have a rail siding can be trucked to a railroad yard, moved by rail, thence by barge, thence by vessel, to a destination in our 49th or 50th state. In Alaska or Hawaii the container and contents can be moved by truck or rail or air to destination. In the entire journey there has been no transfer of lading. The original container door seals will still be intact at the customer's door.

New Kind of Forwarding

This new kind of "forwarding" is truly a seventh mode of transport since it uses the other modes as required and thus furnishes new through routes and services not otherwise available without costly and damaging transfer. From the standpoint of the shipper and receiver, the container becomes the vehicle for transportation. Forty years from now, in 1999, forwarder transportation using carrier-furnished containers will be available from anywhere to anywhere. This new mode of transportation will develop because it fills an economic need. To the extent that it does, it obviously is rationalized, that is, it is and will continue to be in economic balance.

Government Supplied Transportation

By 1999, government furnished transportation will be recognized as an eighth and distinct mode of transport. Today the growing pains involved in emergence of government direct participation in two kinds of transportation are apparent. The vital question that will be answered during the next 40 years is how much further this participation will extend. This direct participation is, of course, in addition to provision of highways and other facilities.

Government in local areas already is operating streetcars, busses and subway trains, and also is providing subsidy assistance to some railroad commuter services. The school bus is becoming universal, not only in metropolitan but also in rural areas. The municipal airport is a transportation device similar to the privately-owned rail or bus terminal. Another local area activity is Federal operation of a large fleet of trucks to handle mail and parcel post.

For defense reasons, the Federal Government now operates a railroad in Alaska. Throughout the world extend the regular routes of Military Air Transportation Service and the Military Sea Transportation Service. Passenger automobiles, busses and trucks are supplied for military use in and near military bases.

In recent years the "yardstick" concept has disappeared as a reason for government operation of transportation. The most famous yardstick, The Federal Barge Line on the Mississippi River, has been sold and is now a successful private enterprise. The costly lesson of World War I operation of the railroads by the Federal Government played a major part in teaching Congress that private enterprise can do the best job of transporting persons or freight. President Roosevelt's effort to turn over the flying of the mail to military planes and aviators taught the same lesson.

Both local transportation and defense transportation have become logical areas for limited governmental activities, the former because of the minority status of trains or bus transportation as compared to the private automobile; and the latter because of the specialized nature of military support transportation. In both areas, the danger to our private enterprise common and contract carriers lies in possible unfairness by government agencies rather than in their performance of their limited transportation activities.

One distinctive characteristic of government transportation, both in local areas and of defense type, is that the user is not expected to pay the full cost. The general taxpayer makes up the difference or "foots the entire bill." Herein lies the possible unfairness. If a government-operated subway system gives a 25 cent ride for 15 cents, the private enterprise bus line or railroad offering commuter service in the same area may not be able to charge an adequate fare for its services. Similarly if a military airplane or steamship takes all of the most desirable cargo, the private enterprise steamship or air operator may find his operation unprofitable for lack of sufficient traffic.

If my detailed forecasts are correct, then by 1999, the rationalization approach to the problems of competitive transportation will have developed within each mode. In the area of government transportation my forecast is that local transportation will be almost exclusively performed by appropriate government agencies with the exception of the private automobile and private truck. Defense transportation, however, will not have become a government monopoly. Instead it will have reached a situation of rational balance, with government providing a nucleus or "hard core" of service, and encouraging private enterprise to supply the rest.

Private Transportation

The ninth mode is private transportation. Like forwarder and government transport, this mode is not identified as a technically distinctive kind of transportation, since it uses all kinds as required. The private automobile now dominates passenger transportation and will continue to do so. The private truck now dominates local freight transportation and it will continue to do so. Hence the importance of private transport cannot be exaggerated.

By 1999, forty years from now, the use of private means of transport will be greater than ever. Wherever sufficient volume of freight exists, a private railroad, or truck operation, or pipeline, or barge or vessel operation may become appropriate. Many such private transportation activities will come into existence. This is another way of saying that private transportation of freight will compete wherever possible with common or contract carriers. From the standpoint of the established carrier for hire, private transportation will continue to skim the cream, that is, the most desirable freight.

However, rationalization must become the rule in this area also. We know that increasing population will result in congestion of available highways, railroads, waterways and airways. Additional routes are becoming more difficult to create. Hence the great future opportunity for expansion of private transportation is not in built up communities but in sparsely settled areas.

Already it is obvious that private transportation must do much of the economic pioneering in undeveloped or underdeveloped areas, for example, Alaska. It follows that, though potentially competitive with all the established modes of transportation, private carriage of freight over long distances will tend more to supplementation than to competition with other modes.

The predictions discussed up to this point covering each of the different modes of transportation are, I believe, conservative and reasonably certain to come about. There is one large and ominous element of uncertainty, namely, the political climate of the United States.

The Political Climate

If during the next 40 years the trend continues to be towards socialism, then the term, nationalization, must be substituted for rationalization in my discussion of and prediction about each of the nine individual modes of transportation. Transportation, particularly common carriage, is already regulated by the Federal Government. It would be a short step for the socialists, if in power, to change from regulation to ownership and operation. If the political control of our country at some future time falls into the hands of a socialist majority, common carrier transportation will undoubtedly become the first or one of the first major industries to be nationalized. This is exactly what happened in Great Britain when the government of that country fell into the hands of a socialist majority after World War II. There can be no doubt that nationalization will be the fate of American common carrier transportation under similar governmental conditions.

Economic forecasting, particularly over a long period of time such as the 40-year period between now and 1999 necessarily describes future possibilities rather than certainties. As just pointed out, nationalization can be made to happen and will happen in event of capture of our Federal Government by the socialists. It likewise follows that the opposite possibility of rationalization of each of the nine modes of transportation will not happen without effort. Like nationalization, rationalization must be made to come about. To the extent that rationalization is accomplished, it will stem from the fact that the trend toward socialism will have been lessened.

The week point in the structure of private enterprises engaged in transportation is not within the individual separate enterprises but rather is in the twilight zone between the enterprises. Socialistic doctrine makes much of this point, claiming that only its compulsory government approach to economic problems can bring about planning and development along industry-wide lines. Rationalization of railroads, commercial airlines, and the other modes of transportation can only be accomplished if private enterprise develops within itself the ability to plan for economic adjustment on a national and industry-wide basis.

Outlines Steps to Take

The example of municipal zoning is an apt one because zoning combines community-wide voluntary acceptance by land owners of a plan for efficient land use backed to the necessary extent by the police power of the government. There is no reason that I know of, other than the larger size of the problem, to prevent these same zoning type principles from being applied to railroad and other transportation problems on a nation-wide basis. The steps involved are first, employment by the private enterprises concerned of expert researchers to prepare the necessary plans, for example, for a rational nation-wide railroad system to be operated as at present by numerous independent common carriers.

Assuming such a plan to be in existence the next step as in municipal zoning would be to secure majority approval and acceptance of such plan. The final step would be to implement the plan through voluntary means, backed and supported by the necessary governmental instructions and requirements.

Socialism as a world-wide political phenomenon is at or near its crest, in my belief. The extra costs of a sluggish and bureaucratic government operation are apparent. Socialism's defects are beginning to be understood by the general public. These include the loss of personal liberty such as happened in Germany under Hitler and exists today in Russia under Khrushchev. The argument that socialism is necessary because private enterprise is not capable of developing a rational nation-wide plan for transportation, mode by mode, simply assumes that what has not been done as yet cannot be done.

Conclusion

In conclusion, therefore, I stand firm in the belief that forty years from now, that is at the end of the present century, transportation in the United States will still be in the hands of efficient and profitable private enterprises. It will be well adjusted to the needs of a very much larger nation, populationwise and industrywise, than at present. But achievement of this goal will not occur without, as Winston Churchill used to tell the British people during World War II, "blood, sweat and tears".

Joins Ball, Burge

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Howard R. Evans is now with Ball, Burge & Kraus, Union Commerce Building.

Railroad Securities

Chicago & North Western

The Chicago & North Western is asking holders of its first 3% mortgage bonds and second mortgage income 4½% bonds to assent to amendments of the bond indenture provisions with respect to sinking fund requirements. In the case of the first mortgage 3s, 50% of available net income must be used to retire fixed interest debt if the ratio of debt to capital stock exceeds a specified ratio.

Under the road's plan, it is proposed that surplus be added to capital stock in computing this ratio. This is the usual provision and over 66⅔% of the first mortgage holders have agreed to it, provided holders of 66⅔% of the second mortgage income 4½s agree that after the current arrears in the income sinking fund has been satisfied, the company may cancel bonds subsequently purchased for the sinking fund.

The new contingent sinking fund would amount to $1,115,098 a year, equivalent to 1.65% annually on the $67,525,000 bonds outstanding. The carrier has more than $22,000,000 of bonds which it could use to meet future sinking fund requirements. An important factor is that this plan would free 50% of net income from the first mortgage sinking fund purchases, thus obviously improving the position of the junior securities.

Reports in the territory served are that grain crops this year will be under the large harvest of 1958 which was a banner season. However, the carryover of grain in storage still should provide the road with a heavy movement of this important revenue producing commodity. In addition, industrialization in the service territory continues to grow. The management continues active in attracting new industries which adds to the long-term growth possibilities of the carrier. The Pacific Northwest in particular has shown good gains in attracting new industries and plants mainly because of the development of low-cost hydro-electric power.

In common with most of the nation's railroads, the carrier has been eliminating unprofitable passenger trains. This has been done to a great extent on branch lines with low density and consequently high operating costs.

With its sinking funds rearranged and less burdensome on earnings, the road should be able to show better income available for the equity, especially since traffic is expected to show improvement. Currently, this carrier is enjoying a large part of the movement of iron ore and, while this may decline in the third quarter because of the steel labor situation, the drop should be made up by a seasonable pickup in commodity shipments.

Draft Completed for Rival European Trading Group

Seven peripheral countries surrounding European Common Market conclude drafting a second European trading group. The proposed plan allows for subsequent negotiations with the European Economic Community and the O.E.E.C.

Another meeting of officials from Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom was held in Stockholm from 1st to 13th June, 1959.

The officials had been charged by their governments to discuss the problem of economic cooperation in Europe and to examine, on a non-committal basis, methods of reopening negotiations with the European Economic Community and the other members of O.E.E.C., in order to remove trade barriers and establish a multilateral association embracing all members of O.E.E.C. In particular, they had been charged with examining the problems involved in creating intimate trading arrangements between the seven countries, what the rules and institutional arrangements of such an association should be, and whether it could be so devised as to promote negotiations for a wider European settlement.

Accordingly, officials have elaborated for the consideration of Ministers a draft plan to create, in conformity with their international obligations, such a trading association.

In respect of industrial products, the plan deals with the abolition of tariffs and quantitative restrictions, rules to ensure fair competition, and rules for identifying the goods which would move freely between the members.

20% Tariff Cuts by July, 1960

The immediate objective would be a reduction of tariffs by 20% on 1st July, 1960.

The plan provides for a special agreement on agriculture as a first step towards the elaboration of that agreement: there will be discussions as necessary between interested countries on trade in specific agricultural products of importance to exporting countries. Fish and marine products would be treated as an independent problem separately from agriculture. Proposals for a special agreement to achieve freer and increased trade in these products were made, and these will be given careful consideration.

The main scope and function of the institutional arrangements within an association have been delineated. The officials have sought to draw up the plan in such a way as to facilitate subsequent negotiations, within the O.E.E.C., with the European Economic Community and the other members of O.E.E.C., some of whom have particular problems calling for special solutions.

The report of officials will be submitted to governments. It is expected that there will be a meeting of Ministers of the seven countries in Stockholm about the middle of July to consider the report, and take decisions on it.

Two With Semple Jacobs

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Warner A. Isaacs and Eugene S. Kahn have become connected with Semple, Jacobs & Company, Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges.

With F. P. Ristine

F. P. Ristine & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, announce that Gervais Ward McAuliffe, Jr. has become associated with the firm as a registered representative.

Continued from first page

As We See It

can fail to applaud. These measures—with deep regret be it said—appear to have been designed to win votes in a Democratic political campaign next year similar to the Truman "whistle-stop" preachments in 1948 about pitchforks in the backs of farmers. The President seems to have met that challenge face to face.

Wanted: Constructive Ideas

We, for our part, would feel still more encouraged about the outlook were there better evidence that the President himself had more constructive ideas on this subject. At another point in his message vetoing the wheat bill the President reminded Congress that "in my Jan. 29, 1959, special message on agriculture, I recommended that price supports be related to a percentage of the average market price during the immediately preceding years. In this message I also stated that if in spite of the tremendous increases in yields per acre the Congress still preferred to relate price supports to existing standards then the Secretary should have discretion in establishing support levels in accordance with guide lines now in the law." This same Jan. 29 message carried suggestions about legislation concerning tobacco, and they showed no more determination to begin the long, hard process of ridding ourselves of the burdens we now carry in foolish farm legislation than did those referring to wheat.

Our farm problem in its present extreme form dates back to the New Deal, of course, but it has its root much farther back in history. It is probably not too much to say that the people of this country, or many of them, have always held physiocratic notions about the role of agriculture in our economic life. Certainly the idea has prevailed for a half of a century that the farmer was somehow due special treatment. Politically special treatment was often defended on the ground that manufacturing was granted favors in the form of high tariffs, while farm products, being so largely destined for export, could not gain from this type of subsidy. At any event, at the turn of the century politicians and teachers in the land grant colleges seldom lost an opportunity to preach the doctrine that farming was somehow the backbone of the country, and should have various kinds of special aid.

The Wilson Administration bestirred itself in an effort to supply farmers in remote areas with funds at interest rates normally ruling only in the large financial centers. It did not originate the idea, but it had a good deal to do with the effort to give practical effect to the notion that interest rates should be uniform. It was, however, during World War I that the real trouble began, when wheat prices were fixed at extraordinarily high levels which naturally encouraged a vast increase in wheat acreage—and gave rise to the dustbowl problems of later years. But due in substantial part at least to unwise legislation, the plight of the farmer, particularly the wheat growing farmer, grew worse instead of better in postwar years, and the 'Twenties were marked by feverish and usually futile efforts on the part of the national government.

The New Deal on the Farm

Thus the political ground was laid for the extraordinary proposal of Franklin Roosevelt and his New Dealers that the farmers themselves be given the privilege of deciding what the national government should do for them. The result was, at least in broad outline, inevitable. We have been shouldered ever since with almost incredible financial burdens to carry programs which, far from curing the underlying difficulties, have tended persistently and acutely to make them worse and worse. And no politician to our knowledge has had the temerity to state the facts plainly and to draw the necessary conclusions—namely that the whole structure of agricultural subsidy, by whatever name it may be called or by whatever means it seeks to accomplish its purposes, must be brought to an end.

Technological advances of many sorts have complicated the situation, rendering the bungling attempts of the politicians to bring any real help to the farmer all the more certain not only to end in failure but to make matters worse. As a result of this progress American agriculture can perform all the functions required of it and at the same time release a great deal of manpower to other tasks. The old "way of life" as the politicians of another day described agriculture is vanishing and will continue to vanish as the years pass no matter what the politicans or any one else attempts to do to prevent its passing.

The time has come for a new look at our agriculture and our farm problem, so called. If and when that can be accomplished and a better understanding of our current situation achieved by the rank and file, we should soon hear a different song from the politicians.

Continued from first page

Impediments to Economic Growth and Employment

ment problem than if our thinking continued along the lines of the ideas propounded by the theorists of the so-called "stagnation" or "mature-economy" schools. We can begin to realize that consumer wants are virtually unlimited, that investment is at least as necessary as consumption, that increasing investment would not only provide more jobs for a growing labor force, but that it would provide an ever-increasing standard of living with more leisure for our growing population. We can begin to understand that the formation of a business involves a large expenditure of funds for all the capital acquisitions and for considerable payments in wages and salaries—all prior to the sale of the new final goods or services to consumers, thereby creating purchasing power through the investment itself.

What Stops Job-Creation?

Our problem is, therefore, to analyze the reasons for insufficient job-creating investments. That there is a need for this analysis is attested to by the existence of an excess number of unemployed and the wide fluctuations of employment in the capital goods industries. Washington, as well as the country-at-large is concerned by and with this situation. Several high-level government and private studies have been suggested, initiated, or begun. The present contribution in this area of effort it is hoped will provide some added intellectual clarity and perhaps accelerate the timetable of actions in the interests of the unemployed in particular and of the nation in general.

The proposition that *excess* union power has been largely responsible for *excess* unemployment has been recognized in many quarters. The logic of this contention derives from a few basic facts. There is general acceptance among economists and businessmen that the active agent in the present inflation is the "wage-push," although the supportive factor is "demand-pull." There is general acceptance that one way of stopping the wage-push is to stop supporting it by excess government expenditures and resulting credit expansion. The result of withdrawing such support would be to permit the existence of increasing numbers of unemployed whose unemployment has been caused by pricing their services out of the market. Such unemployment would increase the difficulty on the part of unions to gain public and membership support for future wage increases and would also increase the difficulty on the part of business to pass on wage increases by increasing prices. The wage increases which have to be passed on to consumers through higher prices are the wage increases which cannot be financed out of productivity increases. These wage increases are also precisely those wage increases which reflect excess (monopoly) union power. Thus, it follows that excess union power makes for excess wage increases and excess price increases; and excess unemployment in the absence of government deficit spending.

The proposition that excess union power has been largely responsible for excess unemployment is probably unacceptable to a man who is preoccupied with the idea of maintaining purchasing power without regard to the importance of maintaining the rate of investment. By ignoring the vital role of investment it is not difficult to also ignore the vital role of profits in the economy. In such a case, it is not a big step to conclude that profits are excessive and that business could be stimulated by wage increases financed not out of increases in productivity but financed out of profits. In other words, consumption could be increased to the extent that profits were drawn down to finance wage increases which would not have been granted otherwise and which profits would not otherwise have been invested anyway.

This line of reasoning appears convincing by using Keynesian formulations of the relationships between total savings, investment, consumption, income, the interest rate, and various average psychological tendencies to consume, to save, and to invest. Such reasoning based on national totals and average relationships, however, are more useful in post-audits of social accounting statistics of national product, etc., than in an analysis of the real causes, of say, uninvested funds.

Causes for Insufficient Investment

To get into the real causes of insufficient investment, the analysis of the relationship between costs and prices, not only on the average, but also for each firm and industry, becomes necessary. This is referred to as marginal analysis as distinguished from aggregate analysis. More and more businessmen are beginning to realize that an analysis of the problems of an individual firm can prove more fruitful than an analysis of the over-all economy, although over-all conditions prevailing in the economy are important. Against these conditions, only as a setting, however, the proximate causes for recession and changes in unemployment must be analyzed by reference to individual firms, individual plants, individual producing departments, consumers, and potential investors. Investigation of their behavior and motivation should reveal rather surprising findings.

For example, it might prove surprising to some that high prices were not due to so-called "administered prices," with the implication of restricted output, but to administered wages with associated restricted output and employment. Arbitrary industry-wide wage increases resulting from the exercise of union power rather than general economic forces will put a squeeze on many firms and even force some to curtail their operations or go out of business.

In terms of economic effects, such a situation would be similar to business collusion to lower prices to squeeze out the weaker competitors and to prevent the entry of potential competitors with the end result of protecting monopoly profits through a monopoly situation. The only difference is that instead of monopoly profits, there are monopoly wages.

Irony of Industry-Wide Wages

The irony of the situation can be seen from the fact that the stronger companies become an accessory to this monopolistic restriction of output when they absorb wage increases by not raising prices. Since the weaker companies have little absorptive capacity, they would be put out of business by an excessive wage increase just as by a price cut. Thus when strong unions bargain on an industry-wide basis, the real squeeze is on smaller companies.

More irony is revealed when the larger companies hesitate to absorb the weaker companies which fall by the way for fear of becoming anti-trust political footballs, as anti-trust actions often are. This leaves middle-sized companies the chance to pick up the business casualties after the smaller companies have incurred heavy losses. The net after-tax cost of such company acquisitions is greatly reduced by tax-loss advantages to the surviving companies.

The most serious effect of this phenomenon, however, is that new businesses are not formed when promoters see the possibility of being squeezed out, not so much by action of competitors in cutting prices, but by the action of the unions in wage-bargaining on an industry-wide basis. Thus, we have not only the problem of business failure aggravated by excess wage increases but also the greater and unmeasurable problem of discouragement to new-job creating investments.

Technology That Creates and Displaces Jobs

There is a big difference between the incentives necessary for new-job-creating investments and the investments in existing companies for cost-reducing and labor-displacing equipment. Wage increases in existing companies have to be financed in the struggle to remain as competitive as possible by new machines to increase productivity. However, for nonexistent companies, nothing has to be done and consequently no jobs are created by potential investors, despite the fact that investors already receiving large incomes and paying high progressive tax rates have proportionately smaller after-tax risks than lower-income potential investors. Excessive business uncertainty simply results in investment outlets in tax-free municipals. In fact, many a company owner sometimes wonders why he continues to operate a business when the return on his investment could be higher by investing in tax exempt securities. Such investments are not job-creating and a persistent tendency to such investments will only result in a serious correction when it begins to appear that the growing labor force has insufficient productive job opportunities through a lack of sufficient job-creating investments.

The primary proof to support the contention of insufficient job-creating investment is the existence of excess unemployment. In addition to such unemployed there are perhaps millions of other individuals who are not actively seeking employment but who would like to be gainfully employed if there were job opportunities at satisfactory earnings. Such individuals include housewives whose children are grown, retirees who cannot manage to live comfortably on their pensions and others who wish to supplement their incomes. In addition, there are other categories of the disguised unemployed, who are in subsidized operations such as are found in agriculture and government, and in other industries under "featherbed" rules, such as in railroads. The total number of all such underutilized individuals probably runs into several million.

The proof of the squeeze on existing business is suggested by figures on business failures. They have been rising steadily during the past decade. There were 15,000 in 1958 compared with 3,500 in 1947. In addition, the proportion of failures in older businesses has increased steadily and markedly. The proportion of failures in businesses over 10 years old increased from 9% in 1947 to 18% in 1956. Finally, most of the business failures were attributed to insufficient sales and competitive weakness rather than to improper management. These figures appear to suggest rather strongly that there is an external squeeze on business in the form of high prices choking off sales and high costs cutting away profits. A profit squeeze will naturally mean that the company is incapable of generating capital for expansion and/or increases in productivity.

Squeezes Suppliers

A spill-over squeeze effect of industry-wide wage agreements is revealed in the case of the automobile industry, wherein the final assembly plants decided to lessen the pass-through of their wage increases by threatening to make rather than buy parts from outside suppliers. This has forced workers in these supplier companies to take wage cuts to help keep the companies in business, and incidentally to help finance the wage increase for the workers in the major assembly plants.

In the case of industries producing semi-manufactured parts for other fabricators, as in the case of the principal steel plants, wage increases have put a squeeze on the users of steel, where their competitive positions *vis-a-vis* the consumers did not permit the full pass-through of the increase in steel costs. In such cases, indirect and support labor considered the most dispensable had to be cut as a cost-reducing measure. Cost reduction by contraction of the company labor force rather than by expansion of output is a reflection of a cost-price squeeze—and cannot continue for long.

Even modernization of plants with cost-reducing equipment cannot continue for long. One reason is that there is a "bottoming-out" of the technological improvement. Another reason is that the workers displaced by machines should be absorbed by job-creating investments. An increase in productivity which results in unemployment is not an increase in general productivity at all. In a similar manner, an increase in productivity which is offset by disguised unemployment in the form of a reduced workweek does not contribute at all to the general increase in the standard of living except as an increase in enforced leisure is considered a part of the standard of living. The basic idea in increasing productivity is to increase real wages for workers and real incomes for all other factors of production as well as for the country as a whole. This cannot be achieved by defensive job-displacing investments in the absence of expansive job-creating investments. An interesting example of this phenomenon is the bituminous coal industry.

Cites Example in Coal Mining

Although wage rates in mines affiliated with the United Mine Workers doubled over the past 10 years, the tremendous mechanization increased productivity and made possible the payment of the wage increase without price increases. As a matter of fact, the unions in this case actively cooperated with management to increase productivity in order to finance the wage increases and still remain competitive with fuel oil and gas. Employment was cut in half over the past 10 years. These employment cuts occurred in the form of reduced labor forces in operating mines and also in the form of the closing down of marginal mines which could not generate the income to finance the mechanization costs.

Many marginal mines which have not affiliated with the UMW were able to continue to operate largely because of the lower wage rates paid. The process of organizing these mines and requiring that the miners in them receive the same wage rates as in the more efficient mines has imposed a cost-price squeeze on the mines with the result that many of them had to go out of business. This is an example of the inability of less efficient businesses to absorb an industry-wide wage increase.

The experience in bituminous coal serves also to illustrate the importance of having new business formation. Only by job-creating investments can the technologically unemployed miners be absorbed into new industries. The various reasons for insufficient job-creating investments are, therefore, the reasons for unemployment in the coal areas. In other words, except for the situation of marginal mines going out of business for having to pay industry-wide wage rates, the unemployment resulting from mechanization could not be avoided. It can be considered a reflection of technological progress in the coal industry. Nevertheless, progress for the country as a whole requires that increased productivity make possible the absorption of released workers into new productive engagements.

Naturally, this shift of released miners to other industries necessitates a coordinated process of new-job-creating investments, retraining, and relocation. However, most important is the investment. This would increase the general standard of living. With job-creating investments miners would not subsist on doles; farmers would not continue under the cover of agricultural subsidies; and workers in railroads could be disengaged from their highly unproductive featherbed rules.

Lists Other Reasons for Unemployment

We have stated the case against excessive wage increases, but we do not wish to leave the impression that they are the sole causes of excessive unemployment. There are a whole complex of reasons which contribute to a lack of optimum employment. Virtually nobody is blameless. Many of the reasons go rather deep into human nature. However, one way of enumerating some of the reasons is to list them as for or against the stimulation of private capital formation.

There are those who push for public encroachment in the private economy. Some attempt to impose pleasant-sounding ideologies and reforms at a rate which forces costs to rise and investment to be restricted. Moreover, instead of attacking the problem of insufficient investment, they push for unproductive employments which further burden business and discourage real job-creating investments. They believe that by spending other peoples' money, they can give the impression of improving the general welfare. The irony is that the forceful transfer of funds from one group to another affects adversely the voluntary and cooperative process involved in the creation of enterprises.

The list of things which discourage investment, contrasted with those which encourage investment, can be continued almost indefinitely. It is sufficient for the present to add one which relates to emotional maturity. When restraint and consideration for others is lacking or is inadequate, there is great danger of having restraint imposed from above. Any school teacher knows that until students mature discipline imposed from above is absolutely necessary. This simple principle should be of some concern. If labor power is not restrained from within through a consideration of others and of the long run, the appearance of a political demagogue will be an ever-present danger.

It is not that individuals cannot exercise self-restraint and consideration for others. The labor federation in the Netherlands not so long ago asked for a 2% wage increase. The explanation given privately for such a modest request was that the union leaders were religious enough to believe in the "Golden Rule" and in not wanting to take income from others that they were sufficiently patriotic after the harrowing German occupation to avoid actions which were not in the long-term interests of the country generally and, finally, that the union leaders were of an educational level to understand and appreciate the impact of excess wage increases on firms, industries, and the economy—including foreign trade.

Sums Up Argument

A general increase in wages even though resulting in a general increase in prices is going to squeeze firms at the margin. These firms are already squeezed by having to pay uniform wages and cannot afford the same wage increases as other firms. These firms tend to have the greatest wage cost proportions and have the least capacity of increasing prices as compared with other firms in the industry.

A public service is not performed by economists of high repute taking a defeatist's position regarding the problem at hand. That there are restrictions to economic growth is generally recognized. However, increasing purchasing power through widespread wage increases does not constitute a solution to the growth problem, as evidenced by experience to date. Moreover, it is reckless to belittle the danger sign of: (1) capital going abroad, (2) exports declining relative to imports, (3) the tendency to ignore the marginal net revenue product of each firm separately, (4) the tendency to advocate the generating of funds for investment from forced savings resulting from price increases rather than from voluntary savings, and finally, (5) belittling the potential responsiveness of the demand for workers to changes in wage rates.

Industry-wide bargaining, of course, reduces the extent to which workers are hired or released in response to decreases or increases, respectively, in wage costs, especially in the short run. Prior to the prevalence of industry-wide bargaining a 1% decrease in wage costs tended to result in a 3% increase in hirings. Industry-wide bargaining has reduced this responsiveness, in the short-run at least. However, a reversion to collective bargaining on a company basis would tend to give workers more opportunities for reemployment. A 1% wage cut resulting in a 3% increase in employment could be restored and could help the presently unemployed, indeed.

Other recommendations have been made to curb excessive wage increases. One, by an economist of the highest calibre, is to abolish all tariffs and thereby create enough unemployment to discourage labor from asking for wage increases. However, this suggestion would put marginal industries as well as marginal firms out of business. It seems unfair to cause unemployment among workers, who are not leading the push for wage increases in order to restrain those who are setting the pace. In this regard it is similar to advocating the attempt to relieve unemployment through increasing the purchasing power of the organized and higher paid workers rather than through more selective and direct measures.

This paper makes no recommendation for specific action to be taken. Nevertheless, extending anti-trust legislation to cover labor unions would help. Moreover, perhaps there is much that unions themselves can do to minimize the effects of industry-wide bargaining. It appears that the business community is in the most natural position to assume the responsibility at hand of protecting the market economy and taking the initiative in helping to restore more individual economic freedom. It is, therefore, for business to decide how to develop counter-measures against industry-wide bargaining and all its harmful effects.

Thus, finally, management should encourage intellectuals wherever they may be to help educate the public about some of the plain laws of economics. It is ironic indeed that the nonmanagement intellectuals are for the most part neutral or partial to labor and government as a result of a 20-year lag in thinking. Business should employ more and more of the communications media and encourage intellectuals who believe in economic and political freedom and truly optimum employment and output to clarify public thinking.

The principal detriments to industry-wide bargaining are the squeeze on below-average firms and the discouragement of new business. There is not sufficient growth in new as well as in old businesses. It is not enough to have the few newcomers in luxury-type consumer items, such as gadgets and water skiis. Industry-wide collective bargaining is choking our potential economic growth.

LETTER TO THE EDITOR:

Analysts Are Chided for Inflating Insurance Companies' Earnings

Contributor upbraids investment analysts for making unearned premium reserve do double duty in those fire and casualty companies that do not exclude realized and unrealized capital gains from their stockholder dividends. He discusses definition of earnings, liquidating value and net assets, and implies fire and casualty stocks are too high.

Editor, Commercial and Financial Chronicle:

Would you add to the reported earnings per share of an industrial stock the expected profit (without allowance for Federal taxes) on the year's increase in the backlog? Isn't that the principle used by the investment service analysts in appraising the earnings of the insurance companies?

There is a mandatory regulation for the life insurance companies which does not exist for the fire and casualty companies but which is followed by those more conservatively managed, and that is that both realized and unrealized capital gains shall not be used to pay dividends to the common stockholders. Instead it is kept as a Security Fluctuation Reserve for the protection of the policyholders.

Accordingly, I maintain that the earnings per share for a fire and casualty company is the actual operating earnings after taxes divided by the number of shares outstanding.

Liquidating Value Per Share

The Liquidating Value Per Share is another term which I think bears reconsideration. I feel that the viewpoint should be that of the common stockholder rather than the considerations which go into a merger with another company. Therefore I prefer the term Net Assets per share determined by subtracting the excess of market value of securities over cost from the Policyholder Surplus. Generally speaking this will roughly approximate the invested capital plus earned surplus (accrued and undistributed earnings).

THE UNEARNED PREMIUM RESERVE is made to do double duty by the analysts—first, the year's increment is used to inflate the earnings picture and second, the total Reserve is used to inflate the liquidating value per share. Furthermore, with the underwriting experience what it has been in recent years it seems to me questionable as to the value of the earnings prospects on these contracts.

Now with my definition of terms used in mind let us look at the record of one of the outstanding companies in this field. The Insurance Company of North America in the past 20 years has averaged 3.89% earned on the net asset value per share and the dividends paid have averaged 71% of the earnings over the past 20-year period. That seems like a much closer resemblance to the type of comparisons we are familiar with in the industrial classifications. Furthermore, capital gains and unrealized capital gains were not necessary to substantiate the dividend record of Insurance Company of North America.

Over Priced Shares

Applying this same yardstick to most of the other companies in this category they look ridiculously over priced.

C. H. HAINES

136 Goden Street,
Belmont 78, Mass.

New York Bd. of Trade Div. Elects Officers

Peter F. Lynch, President of A. Sulka & Co., has been elected Chairman of the New York Board of Trade's Mercantile Section. Mr. Lynch succeeds Kenneth P. Steinreich, President of Jacob Ruppert.

Other officers re-elected are: Robert V. Cronan, Vice-President of Charles F. Noyes Co., Inc.; Mrs. Dorothy R. Davega, Vice-President, The White Turkeys; Arthur Flynn, President, Art Flynn Associates; Philip Milner, Vice-President, Manufacturers Trust Co.; Patrick L. Ryan, Attorney at Law; and Isidor S. Schweitzer, President, Nathan Schweitzer & Co., Inc., as Vice-Chairmen; James M. Irvine, Vice-President, The Chase Manhattan Bank, as Treasurer; Arthur J. Bretnall, A. M. Pullen & Co., Assistant Treasurer; and Robert T. Walsh of the New York Board of Trade, as Executive Secretary.

Mr. Steinreich, Henry L. Lambert, Vice-President, Lambert Bros. Jewelers, Inc., and James M. O'Brien, General Sales Manager, New York Telephone Co., continue as honorary Chairmen of the unit.

E. A. Britton Opens

LOS ANGELES, Calif.—Eugene A. Britton is engaging in a securities business from offices at 4811 Angeles Vista Boulevard under the firm name of Eugene A. Britton Co.

With Courts & Co.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Louis W. McLennan is now affiliated with Courts & Co., 11 Marietta Street, N. W., members of the New York Stock Exchange.

Continued from page 11

What We Stand to Lose Unless We Support Science

number of inorganic chemicals. We have noticed that the wholesale adoption of new methods too quickly has disadvantages, but we have also noticed that this method lets the entire country benefit—not just a segment.

Rapid Translation of Articles

Now, by no means is all of this rapid technical progress native to Russian science. The Soviets are soaking up all they can of the world's scientific produce. Even Khrushchev pocketed everything he could lay hands on in the U. S. exhibit in Moscow. He walked off the other day, saying with a smile, "Little by little we steal!" In a more serious way they are trying to skim the cream from the whole world's R & D efforts, and they're doing this thoroughly and with dispatch. Their central technical information service employs over 2,000 full-time people and 20,000 part-time workers, who abstract and translate technical articles from the outside world. The Express Information Service has these articles ready for Russian scientists about 4-6 months after initial publication. Now this is efficient. The best of our own diverse services— the Chemical Abstracts, for instance —has only 1,700 part-time workers, and takes a year to prepare foreign articles for us.

Here is one well-defined area in which we obviously must integrate our activities, and think as a nation instead of as separate technical groups.

What are some of the other areas? Power sources are being thoroughly investigated by the Soviets. They are working on solar power; producing electricity from geothermic energy; and investigating atomic power and unusual chemical sources. In space technology and in weather control, they are our contestants. They, too, are talking of placing a communications satellite in orbit to be used as a fixed TV transmitter for the entire Soviet Union.

We should neither over-estimate their claims nor wait to be shocked by the next startling advance. It took the first sputnik to push us into an evaluation of our nation's science. Our first positive step was to appoint Dr. Killian as Science Advisor to the President, and to install the Science Advisory Committee. Sputnik jolted us into restoring government research funds which had been cut during postwar economy measures. We appropriated more money for our National Science Foundation. We passed a $1 billion student-loan bill, and thus recognized that gifted youngsters were an asset to capitalize. Indeed, we have recently seen science gain full stature for the first time in government deliberations. We have recognized that our future depends upon intellectual leadership.

Decries Failure to Appreciate Basic Research

These are forward steps, but we now see many areas in which we have lacked vision. Being human, and comfortable, we have held back our support from many scientific areas which did not promise obvious and prompt rewards. In an article in the March 27 issue of *Science*, L. V. Berkner lists some examples. First, we have not been hastening the avenue of research which would lead to weather modification, although, if achieved on a large scale this would have deep social, military, and economic consequences. An adequate laboratory for such research would require about $15 million a year, yet our meteorological research goes along on $3 million a year. It is said that even a 10% improvement in seasonal weather *forecasting* alone would save the petroleum industry $100 million yearly not to mention the savings for agriculture, transportation and other business.

Our oceanographic endeavors are small. The Soviet Union now has 22 superbly fitted oceanographic vessels, while we use a half-dozen old yachts. And the Russians, according to the New York "Times," have a complete oceanographic map of our Pacific Coast.

Our Geological Survey is meagerly supported. The Soviets are said to be coring their continental strata at the rate of 200 deep holes each year. A three-dimensional map of a continent would mean that its resources could be assessed reasonably quickly.

In these and other areas, large-scale, long-term planning is needed with the kind of support demonstrated by the I.G.Y. Global meteorology can be understood only when studied on a global scale. Many of the projects we need to undertake require funds and organizational machinery we do not now have. To acquire it, we must evaluate the impact of science on the government in all aspects—social, military, and economic — and assess the national program of science to insure adequate support for all areas of research. In short, we must think of research and development as a national matter. We must not squeeze out fundamental or new areas of research under the pressure of immediate needs.

Meetings of our nation's top scientists and administrators, followed by public discussion, should excite wider understanding of basic research. This is all to the good, for science today is a big, complex venture, and our full support of it will require a spirit of cooperation.

During World War II, we all cooperated with the best we had, concentrating on the goal of victory. Now we must learn to cooperate again. Research is our instrument. We must enhance the free exchange of ideas and knowledge, for this is the first requirement of progress. Only by the cross-fertilization of brains do we breed great thinking. . . . Since great ideas are the treasure of no one nation, we must admit ourselves to the benefits of international exchange. In research, as in trade, we must integrate the free world.

We must find the means to utilize our scientific personnel. High competence is rare, and we cannot afford to waste it. We cannot afford to waste the talents of our next generations. Only a small percentage of our college graduates work for doctorates in natural science. Despite the increasing emphasis on science, the ratio of doctorates in natural science to doctorates in other fields has not changed since 1932!

Right now we know that there are about 35 universities in the Soviet Union, and half of these are of high level, and equipped with modern research laboratories. About 170,000 students are enrolled, and about 30,000 of them are natural scientists. This is impressive, but if we need to improve our educational programs it is not by imitating the massive Soviet system. Indeed, they have told us as much. A leading Russian scientist, in polymer chemistry, gave this comment to a visiting American professor. He said:

"We are building up an organized educational system to train a large number of youngsters who represent a respectable level of scientific initiative and knowledge, but we do not know whether we shall succeed to develop at the same time, the leaders for this new generation. The only country which has been able to produce a generation of future leaders in our field is the United States; we are, therefore looking forward to profit from your educational experience, and shall not hesitate to adopt the methods which have been so successful in your country."

Whatever the difficulties with the Russian education system, its magnitude already shows what heavy bets they lay on science. Without going into more detail, it should be obvious that our science and technology is our biggest asset for the future—and why we must consider our scientific effort as a whole.

Calls for National Support-Policy

In this direction many people are suggesting that we establish a Department of Science and Technology. Some people feel that this is the only way we can have a national policy for the support of science in our many government departments, in education, in nonprofit institutions, and industry. Not that such a department would be the sole coordinator of scientific activity in the government—but it would give us an agency to serve as a central source for scientific information, for letting of contracts, and decision making. Whether a science department could do all that people claim, I am not sure. Before a bill goes to Congress, all of the pros and cons will be discussed. It is quite plain that we *must* have a national policy supporting science. This is very clear. It is going to take extensive planning, and *funds*. Some people will claim that we cannot afford such a science program. However, such a program is our defense. We *must* be able to afford it! And not only within our own boundaries. The productive strength of the entire free world must be integrated.

As Vannevar Bush has said: "If we lose our liberties it will be because we abandon them. It is a hazardous world; it has always been a hazardous world, beset by the perils of harsh nature, and the greater perils of harsh men." Those harsh men have thrown us the challenge, and the United States is answering.

Phila. Secs. Ass'n to Hear

PHILADELPHIA, Pa.—William Elliott, Chairman and Joseph E. Boettner, President of Philadelphia Life Insurance Company, will be guest speakers at a luncheon meeting of the Philadelphia Securities Association on Tuesday, July 14 at the Warwick Hotel.

Henry McK. Ingersoll of Smith, Barney & Co. is in charge of arrangements.

Form Stock Trading Corp.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Advance Chartists Stock Trading Corp. has been formed with offices at 228 West Fourth Street to engage in a securities business. Officers are Edward Theodore Abrahms, President; Robert L. Moore, Vice-President; and Anne Abrahms, Secretary.

Dempsey-Tegeler Branch

SAN FRANCISCO, Calif.—Dempsey-Tegeler & Co. has opened a branch office in the Russ Building under the management of John C. Lackey, Jr.

Oppenheimer Branch

FLEISCHMANNS, N. Y.—Oppenheimer & Co. has opened a branch office in the Takanassee Hotel & Country Club under the management of Mrs. Edith Narzisenfeld and David Narzisenfeld.

Savings Bank Head Praises Federal Housing Administration

On all counts, including no cost to taxpayers, banker hails the FHA which is about to celebrate its 25th anniversary. Mr. Johnson praises this example of government and business cooperation permitting extensive home ownership with monthly payments equivalent to rent.

The Federal Housing Administration "has been the greatest single boon ever conceived to benefit home buyers, the building industry, and the nation's economy," it was declared today by George C. Johnson, Chairman of the board of The Dime Savings Bank of Brooklyn, which originates and holds more home mortgages than any other savings bank in the world.

George C. Johnson

Mr. Johnson's comment was made as the FHA prepared to observe its 25th Anniversary on June 27th.

Pointing out that "the FHA is one of the very few Federal agencies that has cost taxpayers absolutely nothing, and, in fact, has operated at a profit," the banker stated:

"Due to the philosophy and principles established by the FHA, nearly two-thirds of the families in America today either own their homes free and clear or have substantial equities in the homes in which they live. This has been accomplished through low down payments, low interest rates and long-term self-amortizing mortgages, all of which were developed by the FHA as one of its cardinal policies. It was an entirely new concept of mortgage financing and has made home ownership possible for millions of families.

Made Sizable Home Buying Possible

"Until establishment of the FHA in June of 1934, the purchase of a home was extremely difficult for the average family. Usually, it was necessary to scrimp and save for many years to accumulate the high down payments of 35 to 50% until then required. When this money was finally accumulated, a three- or five-year straight mortgage was written at high interest rates. When the mortgage came due at the end of that short term, few home buyers were able to pay it off and the mortgage had to be renewed, for which large fees were charged.

"The FHA changed all this. After a down payment of as little as 3%, an FHA-insured mortgage is written for a term as long as 30 years. Equal monthly payments on principal, interest, taxes and insurance are made by the home buyer. In this way, his monthly payments are no more than rent for comparable living quarters, and every month he increases the equity in his property. At the end of the mortgage term, he owns his home free and clear without hardship.

"It must be remembered that the FHA does not lend money. It simply insures the mortgage lender against loss in the transaction. Because of this insurance, it is possible for lenders to write mortgages with lower down payments and for longer terms than possible under most State banking laws.

First-Rate Partnership

"The FHA is a first-rate example of government and business working in partnership with absolutely no cost to taxpayers. Because of the approximate 40 cents per month per $1,000 of mortgage insurance which the FHA receives from the borrower, the FHA has operated at a profit throughout its 25 years. Since 1940, the agency has been entirely self-supporting and has paid all expenses out of earnings. Five years ago, the FHA repaid to the U. S. Treasury the $65,497,000 advanced to set up its insurance program, plus $20,350,000 interest.

"The Dime Savings Bank of Brooklyn is proud of the fact that we have supported the FHA program from its very inception. We are proud of the fact that we made the first FHA-insured loan ever granted to an operative home builder on Long Island. We are proud of the fact that we have made 25,601 FHA-insured home mortgages totaling $229,330,333. Relatively few of these home buyers would have been able to embark on home ownership had it not been for the FHA.

Cornerstone in Home Building

"The home building industry is a cornerstone in the American economy. It is said that one out of every six persons gainfully employed depends upon that industry for his livelihood, either directly or indirectly. In turn, the FHA is a cornerstone in home building, and has been for a quarter of a century. This agency must never be allowed to become a political football, nor allowed to be shoved aside into some minor position in the Federal Government. I hope that by the end of another quarter-century, the FHA will have helped make home ownership possible for millions more American families."

Form Lakeland Securities

(Special to THE FINANCIAL CHRONICLE)

MADISON, Wis.—Lakeland Securities, Inc. has been formed with offices at 1500 Beltline Highway to engage in a securities business. Officers are Eugene C. Wulff, President; and Charles H. Kennedy, Vice-President and Secretary. Mr. Wulff has been with Phillips Securities, Inc.

New Empire Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — New Empire Investors Corporation has been formed with offices at 3100 West Jefferson Blvd. to engage in a securities business. Officers are Edwin R. Colligan, President; Rose M. Colligan, Secretary-Treasurer; and Mark Kiguchi, Assistant Secretary.

Reisman, Mannelly Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Reisman, Mannelly, Gordon Securities Corp. has been formed with offices at 453 South Spring Street to engage in a securities business. Officers are Samuel Reisman, President; Milton M. Gordon, Vice-President; and R. N. Nickels, Secretary.

New Shumate Branch

SHERMAN, Tex.—Shumate & Company has opened a branch office at 900 South Fairbanks Street under the direction of Thomas S. Miller.

Now Practical Investors

The firm name of Systematic Investors Company, 106 Fort Washington Avenue, New York City, has been changed to Practical Investors Company.

Securities Salesman's Corner

By JOHN DUTTON

Hitting the Right Target

Sylvia Porter, widely syndicated financial writer, last week wrote in her column which was headed "Reforms Needed in Stock Market" that, we quote: "Many brokerage firms could obey the rules a lot better than they do." Also, "the various policing agencies aren't stopping stock market swindles." I am of the opinion that there is widespread disagreement throughout the investment business with such generalized and sweeping statements. In this era of mass communication through the press and radio, a popular writer on such serious and technical subjects as the extent of overspeculation and rule violation by the securities business, can adversely brainwash a lot of people who think emotionally and who reason with their adjectives.

We Cannot Afford Another Stock Market Collapse

The lady is right when she says, "Today, with millions of ordinary folk involved, it would be hard to exaggerate what a market collapse might do to psychology, to spending, to business in general." And then she says, "Awareness of this leads to a second implication that we must curb *lunatic* (italics mine) speculation and declare all-out war on stock manipulators." This type of writing, to say the least, leaves something to be desired. Where is the lunatic speculation? If a small minority of gamblers pick up some cat or dog and start to play follow the leader because Joe Schmo who owns 500,000 shares says it's going to move from two bucks to 20, this isn't going to wreck and ruin the United States or its economy. We've had these stock operations before and we will have them again—they come in every bull market and there isn't a thing big government, financial columnists, or Wall Street can do about it as long as trading is conducted according to the rules of the exchanges, or the organized, Over-the Counter market.

The people who buy uranium ventures during a uranium stock craze for a few pennies a share don't create depressions (except for themselves). We've had promotional stocks to contend with in every bull market, some people get burned; many of them can afford it, some cannot. But try and stop some of these people from buying one of these long shot trips to the moon when greed and emotion take over what little judgment they possess. Attempt to sell this type of individual a sound investment program, when they want to have a fling. After a long stretch in this stock selling business I can give you a bit of advice — if you are selling investment securities to people who know the meaning of the word, and who live sensibly, don't waste your time on those who want a "free ride", something for nothing, or ten for one. And don't worry about the economy of the country if and when these people get their tails twisted, as they always will.

Overspeculation—Where?

Where is the overspeculation in the stock market? Stocks are about the only property you can acquire for which you must pay cash. Hundreds of stocks are still selling below their 1946 and 1956 highs. Some stocks are selling at historically high ratios of current earnings to price but they are in the great growth fields of automation, chemistry, drugs, electronics, and applied physics. The current tax laws of 52% on corporate earnings and the high individual income tax rates reduce the attractiveness of further equity financing and encourage reinvestment of cash flow. Add the iniquitous capital gains tax to the scrambled tax muddle and you have "locked in" stock selling at fifty times earnings. Whether or not some of these stocks should sell at fifteen times earnings I do not know, but if someday this happens it also won't bring on chaos in this country, and Mr. and Mrs. Little Investor will probably continue to hold such stocks and hope that some day they will go back up again (as most of these people have done in the past).

There Is Overspeculation

There is overspeculation in this country but it is in Washington more so than it is in Wall Street. What is going on in the stock market is only a reflection of the unsound fiscal policies which have been pursued by our lawmakers ever since 1932. Let's review part of the record:

(1) We continue to spend more than we collect in taxes in good years and bad. We finance the deficit through the sale of short-term bonds to the banks.

(2) We encourage monopolistic labor unions to continually seek higher and higher wages, thereby increasing production costs which must be reflected in higher prices for everything (and why not stocks?).

(3) We tax corporations up to 52%. Bond interest at 5% only costs the borrower (in 52% bracket) 2½% because interest is a business expense deductible before the tax on net profit. Dividends must be paid after the 52% tax is charged against net. It is cheaper to borrow than it is to sell equity capital. Hence more bonds less stocks.

(4) We penalize the seller of stocks upon which a profit is realized, as regular income subject to tax if the holding period is under six months; and as much as twenty-five percent if held for a longer term. This freezes the supply of stocks.

The current level of stock prices is only the mirror which reflects these unsound governmental policies.

Widely syndicated writers on such important subjects as investments, economics, federal finance, and the business cycle have an obligation to the public to refrain from overemphasizing the less important aspects of the situation and of placing the bullets where the target lies.

Hensberry-Malloy Opens

ST. PETERSBURG, Fla.—Hensberry-Malloy, Inc. is conducting a securities business from offices in the First Federal Building. Officers are Robert E. Hensberry, President; Bernard C. Malloy, Vice-President. Both were formerly with R. F. Campeau Company, Inc.

Named Director

The election of James A. Elkins, Jr., President of the First City National Bank of Houston, Texas, as a director of Eastern Air Lines, has been announced by Captain E. V. Rickenbacker, Chairman of the Board.

Jerome Sampliner Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Jerome M. Sampliner is conducting a securities business from offices at 211 South Beverly Drive.

EBSCO Inv. Service Formed in Birmingham

BIRMINGHAM, Ala.—EBSCO Investment Services, Inc. has been formed with offices at First Avenue and North 13th Street to engage in a securities business. Officers are John S. Jemison, Jr., Chairman; Elton B. Stephens, President; Paul H. Augspach, Executive Vice-President and Treasurer; Thomas W. Herren, and Alco L. Lee, Vice-President; Marjorie M. Dabbs, Secretary. Mr. Jemison was formerly an officer of Jemison Investment Co. and was with Marx & Co. and Goldman, Sachs & Co.

Century Chemical Corp. Offering Completed

The offering on June 26 of 100,000 shares of class A common stock (no par) of Century Chemical Corp. has been completed, all of the said shares having been sold. Singer, Bean & Mackie, Inc. underwrote the offering.

Land Equities, Inc. Offering Oversold

Land Equities, Inc. announced on June 29 that its offering of 200,000 shares of common stock was oversubscribed. Ross, Lyon & Co., Inc., members of the New York Stock Exchange and the American Stock Exchange, made the offering.

Hubert J. Quinn With Wilson, Johnson Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Hubert J. Quinn has become associated with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the Pacific Coast Stock Exchange. Mr. Quinn was formerly San Francisco representative for New York Hanseatic Corporation.

R. C. Valpreda Opens

EL CERRITO, Calif.—Rex C. Valpreda has opened offices at 305 El Cerrito Plaza, to engage in a securities business.

Reeves, Nuss Formed

CHICAGO, Ill. — Reeves, Nuss & Associates has been formed with offices at 919 North Michigan Avenue to engage in a securities business. Robert C. Nuss is a principal of the firm.

Atkinson Branch

SALEM, Ore. — Atkinson and Company has opened a branch office at 541 Court Street under the management of Robert H. Atkinson.

E. R. Davenport Branch

FALL RIVER, Mass. — E. R. Davenport & Co. has opened a branch office at 373 New Boston Road under the management of Clifford L. McFarland.

Davenport Opens Branch

NEW HAVEN, Conn. — E. R. Davenport & Co. has opened a branch office at 250 Church St. under the management of Clarence F. Andrews.

Lester, Ryons Office

OCEANSIDE, Calif. — Lester, Ryons & Co. has opened a branch office at 607 Third Street under the direction of James P. Ellis.

Jaffe, Leverton Partner

Jaffe, Leverton, Reiner Co., 2 Broadway, New York City, members of the New York Stock Exchange, on July 15 will admit Donald H. Peters, member of the Exchange, to partnership.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market had the Treasury's new money raising operation pretty well tabbed and, since the Government had only one choice, it had to be short-dated issue, hence there was not much effect upon the financial markets as a whole. It is evident that the Treasury is not going to be able to issue long-term obligations unless it meets the existing capital market conditions. This means a yield of much more than 4¼%, and the only way in which this can be done now, is to offer a discount bond with the 4¼% coupon at a price low enough to attract buyers. It is not likely this will be done until some kind of a meeting of the minds between the Congress and the Administration has been reached.

The somewhat improved tone in the capital market seems to be attributed to the lull in offerings of corporate bonds. However, not too much of an uptrend is looked for as long the Treasury is a potential seller of long-term bonds.

Size of Borrowing Only Surprise

The Treasury in its first financing in the new fiscal year, which began July 1, decided to borrow $5 billion, consisting of $3 billion of 253-day tax anticipation bills which will be dated July 8th and will mature March 22, 1960. The $2 billion of one-year Treasury bills will be dated July 15 of this year and will come due July 15, 1960. Both of these offerings will be payable through the Treasury tax and loan account in commercial banks.

It had been very generally expected that the Treasury in its July new money operation would not only stay in the money market or the short-term sector, but that the borrowings would not be in excess of $4.5 billion. The additional money above what the financial community has been looking for was about the only surprise, however, which the Treasury had for the money market in its first new operation of the 1959-1960 fiscal period.

Market Sets Own Rate

By continuing to make use of discount obligations the Treasury is letting the buyers of these securities or the open market set the borrowing rate. This takes some of the interest rate burden away from the Treasury. In addition, when an issue is sold at a discount and is within the near-term classification as these two are, they are not likely to show a price decline for the time they are outstanding since they must move up from the less than 100 price originally paid for them to 100 the maturity price. The passage of time gradually raises the discount price up to par, and no price losses will have to be reported during the life of the issue by the buyers of discount bills, whereas an issue with a similar maturity (say one year) and a set coupon rate that would not be in line with existing or future money market conditions, could still sell at a discount from 100, if it were offered at par.

It is evident that the Treasury will run a seasonable deficit in the June to December period because income tax payments are at the low points in this period. Therefore a modest amount of new money borrowings are to be expected in the first half of the new fiscal year, with some money market specialists of the opinions that needs will run as high as $10 billion. This means that the Treasury will be back in the new money market sometime in August, with another fairly sizable figure to be raised at that time.

Possible Debt Extension

Also, between now and August the Treasury has some $14 billion of debt coming due, of which about $5.7 billion is held by the public with the balance of it in the hands of the Federal Reserve Banks and Government investment accounts. It is the job of the monetary authorities to keep as much as possible of this maturing debt with the ultimate investor, and this may be an opportunity for the Treasury to attempt to extend the maturity of the Federal debt by offering attractive yielding long-term Government obligations to the owners of the issues that will be coming due.

The controversy between the Congress and the Administration over the question as to whether or not the interest rate level for Government securities with a maturity of more than five years should be raised or eliminated entirely should be settled one way or another by that time so that longer-term issues at a competitive rate could be offered by the Treasury in its coming refundings.

It may be that the Government, in its future operations, whether they be for new money raising ventures or for refunding purposes will be in a position, through the direct changes or implied procedural modifications in the interest rate level for bonds, to get more of the debt on a longer-term basis.

Out of the Mouth of the Nationalist Kremlin, too!

"Here (in the supposition that the Kremlin is disturbed about the rapid growth of Chinese population) you have an example of typical bourgeois psychology. Why should the quick growth of population in brotherly People's China or any other country frighten us? If all peoples will direct their creative efforts, their minds and their possibilities so as to increase the output of material goods and cultural values, then the needs of the peoples of the entire world will be satisfied abundantly and the so-called over-population problem on our planet will seem absurd."—Nikita S. Khrushchev.

If only the Kremlin's acts accorded with such a disavowal of nationalism!

Continued from first page

Shape of Things to Come

close to two years now, we Americans have been indulging in an orgy of brutal self-evaluation. We have been doing a lot of soul searching about our performance in just about every phase of our national life. And in the barrage of criticism which we Americans have fired at ourselves, business management has naturally come in for a major share of attention. I might say—incidentally—that we in the automobile business have not been neglected. We have been attacked for a variety of reasons which I see no particular advantage in repeating at this time.

Now this mood of self-criticism has had its points. To the extent that we Americans had become complacent, we needed some shaking up. At the very least, it proves that our free democratic tradition is still very much alive and in good health. But it is possible to carry self-criticism too far. You can carry it to the point where it begins to sap your confidence and where it begins to slow down your forward motion.

In my opinion the time has come for a change of mood. The time has come to switch from the minor key and to find some better words and more attractive tunes to sing. That goes for Americans in all walks of life. But here today we are talking more especially about business management. And I submit that with the battles we in management have ahead of us, we're going to need a new mood of confidence. We need a renewed faith in our role in American life, and we need to communicate that faith to others.

Battles That Lie Ahead

What are those battles that lie ahead? First there is the usual competitive struggle to get our costs down and our share of market up. As in the past, that will continue to take most of our time and energy. Now something new has been added to the form of European competition that's getting tougher every day. But in addition to fighting our competitive battles we're going to have other work to do. More specifically, we're going to have our hands full resisting the efforts of some very important and very powerful groups who would like to see our responsibility reduced and our place in the American system radically changed.

Efforts of this kind have become very familiar to us. Over the years we have fought against a long series of offensives aimed at invading the area of private management decision, authority, and responsibility. This attack has taken many different forms, depending upon the issues and problems of the day. Just recently, for example, when everyone in the country has been deeply concerned over the problem of inflation, we have seen strong efforts to transfer decisions on prices away from the area of private management decision and into the area of public debate. And once again, management has appeared on Capitol Hill to argue the case for private decision - making on matters vital to the survival of private enterprise. It is not my purpose to re-argue that case before this audience. I will say only that business management must be prepared to go on holding the line against this kind of attack upon its responsibility and authority.

It has been easy enough to understand this kind of outright attempt to cast business in a new and different role. But it is not so easy to spot the attempts of many others who are attacking business in less obvious ways. As part of the national mood of self-criticism I mentioned earlier, a brand new and very subtle kind of attack is being directed our way.

Spartan Life Advocates

The attack comes in the form of a plausible argument that goes something like this. Our way of life is being seriously challenged by Soviet Russia and her friends. Russia has found a way to concentrate economic effort in those parts of her economy that will do her the most good in the cold war against us. But some of our critics say that while this has been going on we have been preoccupied with designing and providing, advertising and merchandising consumer goods and services that have little to do with defeating Russia in the cold war. They say we have persuaded too many people to live too high on the hog. And they say it is time to divert a large part of the country's economic energies away from the consumer area and into areas which—according to this school of thought—would do us more good in fighting the cold war. In short, it is claimed that to make any headway against the Russians we must begin to sacrifice many of the things we enjoy — we must give up the frills—and, in effect, we should live more like Spartans.

This argument is coming from many directions. And it is being expressed by a number of people in the public eye. One of them, in a commencement address last June, said this: "We shall have to face the distasteful fact that there is something more important than comfortable family life, a split-level ranch house, Social Security and three cars in the garage."

All of you have read or heard statements in this vein—that we should buy less, spend less, or get along with less. These statements have come from important and respected people in all walks of life —from newspaper columnists, ministers of the gospel, members of Congress, and from very high places in the government.

Means State Planning

Just what is meant by these statements? Do they mean we ought to have a government agency to plan cutbacks in civilian production? Do they mean the government ought to follow up that kind of planning by putting heavy sales taxes on the civilian goods which they determine to be luxuries? Do they mean there ought to be higher income taxes? Or do they mean that we Americans should give up our comforts voluntarily—go without that new car—stop planning that new house in the suburbs — or maybe even start substituting hamfat for bacon?

For those of us who are businessmen, the logical outcome of the argument for sacrifice and frugality would seem to be more government planning, more regulation, more economic decisions made in Washington and fewer made by the normal competitive operation of the free market. Those who subscribe to the new school of economic Spartanism might be slightly shocked to be told that what they are saying plays right into the hands of those who would like to see more state planning and control. But in my opinion that is precisely what is threatened. And in the long run the Spartan school of thought may present a greater danger to the preservation of our free enterprise system than some of the more obvious and evident attacks we have learned to resist effectively over the years.

Now, you and I know that if we cross-examined the people who are advocating the Spartan way of life—if we asked them exactly what it is that they want to change—we would find that they don't really want to move away from private enterprise at all. We would probably find out that what they want is not really less of a n y t h i n g. Being thoughtful Americans they know, like the rest of us, that our system is geared to growth. They know—we all know—that we stand the best chance of solving most of our economic problems by increasing our efficiency and developing new products and services—which mean new jobs and opportunities. But the talk about sacrifice and the simple life is widespread. And it could easily lead to a type of thinking that would fundamentally change what is still a relatively free and open business system.

Stresses Goal of Growth

One way to fight this potential menace to the free market economy is to make an all-out offensive in favor of growth. Right now the country is in the throes of another "great debate" — this time on the subject of growth. Some people are saying that if we grow too fast — faster, say, than 2% or 3% a year—we won't be able to control inflation. Others are saying we ought to grow at least 5% a year to provide jobs for the expanding labor force and to enable us to keep pace with Soviet Russia. Still others split the difference, coming up with pinpoint figures like 4.2% a year. And of course there is the school that says damn the torpedoes; let's have lots of growth by having lots of government spending.

I suggest that business management cannot appropriately become involved in this debate about **how much and at what rate** the country ought to grow. It is our responsibility **to keep the pressure for growth strong and steady.** We can't afford to think in terms of limits or ceilings on growth. As managers competing with other managers it is our job to research and develop new products, to search out new markets at home and abroad, to invest in new plants and ever-more-efficient machinery and processes to help increase productivity — and in short to keep costs and prices low and consumption high. If we do this job well, with the help of healthy competition at home and abroad we can keep this country growing fast enough to remain strong. We can keep it growing fast enough to serve the civilian economy and to provide for an adequate defense. We have helped provide both guns and butter in the past, and we can keep on doing it.

Denies We're Rich

As part of the school of thought that has grown up around the ideal of the Spartan life, many people have been spreading the idea that as a nation and as a people we have become very rich —maybe too rich. It has become stylish to use phrases like "the affluent society." You hear that our productive capacity is overbuilt. If you believed everything you hear, you might think the country's growth curve had flattened out—or ought to flatten out.

Big and productive as this country is, we are far from having all the things we need. With the many serious problems that face us at home and abroad, the only logical way to think about this country is to think in terms of growth in all areas—growth on a broad front and of such a magnitude that all its needs, private and public, can be met. The time has certainly not come to think of arbitrarily dividing the product of a static and stabilized economy —though at times the Spartan line of thinking seems to indicate just that. It reminds you pretty strongly of the school of economic maturity back in the 30's, when people were saying that all the big expansion had taken place and we would have to run the country on a replacement basis.

Maybe we're seeing another example of the surprising tendency of our poeple to sell the American economy short. But it's hard to sell an economy short that is accomplishing as much as ours is right now. We are devoting $45 billion a year to defense, another $50 billion to the other needs of Federal, state and local government, and we still have $358 billion left for private expenditures. And we are doing all this without too much strain, and with more than 5% of the labor force unemployed.

How to Finance Necessary Services

The way to finance more education, more defense, more research, more public health and other necessary services is to keep the **whole economy growing** as it has been growing. By so doing we can have a better chance of keeping public expenditures down to at least their present **proportion** of total expenditures. But let's not talk about reducing private expenditures on the ground that we consumers have more than we need right now. Ask the heads of the 50 out of every 100 families with family incomes under $5,000 a year if they consider themselves rolling in dough. Ask the people living in the nine million dwelling units that have only cold water if they think our country is overbuilt. One look at the slum areas of any American city or good-sized town will smash the stereotyped idea that the American people are relaxing fat and contented in their split - level ranch houses—all with a three-car garage.

We in the automobile industry are proud that we have helped to bring car ownership to the great majority of American families. And we are proud that the number of families owning two or more cars is increasing year after year. But we are far from believing that we are getting anywhere near close to the ceiling of car demand.

Of the more than 50 million households in this country, close to 13 million, or 25%, own no car at all. And of the 37 million families that do own cars, only six and a half million own two cars or more. With the pattern of modern living requiring more and more mobility, those figures mean that the great majority of families are under-equipped in the transportation department. Maybe this point of view shows a certain amount of Detroit bias—but that's the way we see it.

We believe the time is rapidly approaching—if it hasn't already arrived — when people will look upon a car not as a family bus but as a means of **personal** transportation that gives them the freedom as individuals to go when and where they wish. And if this is true, the growth potential of the automobile industry is far greater than many people have been thinking. The public interest in the smaller cars may be a first tipoff to a trend in this direction.

We are still a long way from the time when all or most adults will have their own personal cars. In spite of what seems to be a nearly universal ability to drive a car, over 31 million of the 104 million Americans between the ages of 15 and 65 do not have drivers' licenses. To us in the automobile business, that fact is another indication of the size of our potential market.

Wherever you look in the private sector of the economy you can see similar potentials. And when you look at the country's industrial facilities you see needs that are equally great. It has been estimated, for example, that to bring industrial facilities up to the best modern standards we would have to spend $95 billion and spend it soon.

So there is plenty of work to be done—and plenty of opportunity and challenge for all. The way to get it done is to rely on the same free and flexible economic system that has brought us to where we are today. And one of the best ways for business management to help keep that system free and flexible is to push for growth all across the wide front of the private economy. Growth means more jobs, more opportunity, more revenue from a broader tax base — it means a stronger country and a better life.

Whether we like it or not, the survival of our system depends upon politics — in the broadest sense of the word. The free enterprise system will survive if people like what free enterprise does. So far they have liked what it has done. By preaching and practicing the gospel of growth we can see to it that they will continue to like the free enterprise system and support it.

What Business Must Do

To maintain its role as catalyst and creator in the American society, business management would do well to take the offensive and to put the accent on the positive. Too often in the past, business management has given the public the impression it was **against** many of the things that the public is **for**—things the public believes in. More specifically, it has given the impression it was against government and most governmental activities. Now you and I know that government—big government and big taxes—are here to stay. One of our main jobs, as I have mentioned in my remarks here today, is to see to it that government does not begin to play a bigger role than it has today. We don't want business management to be crowded off the stage! But we all know, if we face the realities of the times we live in, that the **size** of government and total size of the tax revenues are bound to grow with the growing population, with the size of the economy, and with the stepped up pace of the cold war—especially the economic cold war.

In my opinion we can't afford to run the risk of helping to create in the public mind the false image of business management as a group that is opposed to government **on principle and in the abstract.** This is a n e g a t i v e image. And it's highly dangerous. It's dangerous because if people think business is against government and taxes on principle, the opportunistic politician can play on their sympathies and point out the imperative need to impose even tighter regulations and higher and more discriminatory tax levies. It can be used by social reformers to get public support for inflationary government programs and subsidies. It can even blight the growth of markets by feeding the fires of criticism directed against the products and selling methods of business.

If it is important to emphasize the positive—and find some activities of government we can be **for** instead of **against**—where do we start?

Stand on Taxes

We might start with the big one —taxation. For too long a time people have talked about taxation in negatives. It has been mentioned in the same breath with poverty, death, and tyranny. It is true that the power to tax is the power to destroy. But in a broad sense it is also the power to give men new incentive to explore, discover, and create. Used in such a way as to keep in proper balance the incentives of individuals and the sound progress of the country as a whole, tax laws and tax administration can tap the greatest of all resources—the will of men—and put it to work in the nation's interest.

In the long run business management could serve both the nation and itself by taking a strong stand for constructive reform in tax laws and tax administration, and by explaining how this reform can stimulate growth in the economy, provide new jobs, and generate new investment opportunities. In this connection, there is a great opportunity in arguing for the continued liberalizing of depreciation allowances covering expenditures for plant and equipment. With business investment in plant and equipment being as important as it is to the growth of the economy and improvements in productivity, businessmen can perform a public service by continuing to present the inherently strong and logical case for encouraging this kind of investment through more realistic tax laws and tax administration.

Similar positive positions could be taken on excise taxes, on corporate tax rates, on special tax incentives for private foreign investment, and even, perhaps, on some aspects of the personal income tax. We can never afford to let the public forget that tax reform can help the country grow. And we should keep pounding away at the point that even in some periods of governmental deficits, tax cuts should be given serious consideration as a way of generating sufficient new investment and business expansion to cover those deficits over the long pull.

Government Programs to Support

Another way for businessmen to accentuate the positive is to find governmental projects that they can whole-heartedly support, and then go all out in beating the drums for them. We in the automobile business found just such a project in the President's highway program. This wasn't hard for us to support. Our own interest in better highways was evident. But that didn't stop us from going full blast in arguing for a big and adequate highway program. We knew it would be good for the nation as well as for ourselves, and all of us who participated in the promotion of the idea are proud to remember that we helped in our way to get it enacted into law.

Management can take the same positive attitude toward education, and it can offer its good services in helping school systems get the most out of every tax dollar. It can find sound programs to support in resource conservation and development, and in foreign economic aid. The important thing is to transmit the image of management as a driving, constructive, positive force in the American community.

If we succeed—who knows?—in another ten years it may no longer be popular for writers to point to the management of business as a materialistic occupation.

In another 10 years it may not be necessary to argue that business management is a profession which has a social worth equal to that of any other profession. By then management may be accepted not only as a profession but as the **basic profession.**

In another ten years we may have made some real progress toward eliminating from our society the concept of class struggle. By then the relations of labor and management may be greatly improved by a growing realization that both these major parties to the fundamental economic compact must be dedicated to growth through increased efficiency.

With the right attitudes and the continued absence of all-out war, we can help achieve these and many other desirable objectives. I say let's move forward in the belief that we can build the great human society we have gone so far toward achieving in this century. As professional businessmen let's look for more big, positive, popular issues we can support—and let's not throw all the good tunes to other groups. Let's keep on explaining our problems and our aims—patiently, persistently, and in good spirit. Above all—let's remember that we'll do the most for ourselves and for our country by pouring our main effort into the efficient performance of our jobs.

American business management, taking it by and large, is seriously dedicated to building an ever-growing, ever-improving society. We in business know this. Many of our fellow citizens know this. In the years to come we can make sure the entire world knows it by seeing the fruits of our ideals and our work.

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against $25,953,720,869 for the same week in 1958. Our comparative summary for the week follows:

Week End. June 27—	1959	1958	%
New York	$12,542,487,044	$14,688,692,780	—14.6
Chicago	1,202,210,327	1,112,891,548	+ 8.0
Philadelphia	1,149,000,000	1,136,000,000	+ 1.1
Boston	815,311,843	779,344,240	+ 4.6

May Building Permit Values Set Record for That Month

Although the total value of building permits for 217 cities fell moderately in May from April, the level was the highest for any May on record, reports Dun & Bradstreet, Inc. The total came to $660,634,096, a decline of 6.8% from the $708,497,180 of the prior month, but an increase of 2.1% over the May 1958 total of $647,007,924.

There was a decline from both the prior month and a year ago in plans filed in New York City in May. The total was $81,002,065, down 27.3% from April's $111,475,157, and 31.7% below the $118,626,434 of May a year ago.

Permit values for the 216 outside centers declined 2.9% in May to $579,632,031 from the $597,022,023 of April, but were up 9.7% over last year's $528,381,490.

May Construction Contracts 4% Above 1958 Month

Continued gains in housing, manufacturing buildings, and commercial buildings boosted construction contracts in May in the United States to $3,541,858,000, an increase of 4% over the same month last year, F. W. Dodge Corp., construction news and marketing specialists, announced June 26.

Commenting on the latest figures, Dodge Vice-President and Economist Dr. George Cline Smith said, "So far in 1959, housing has been the chief source of strength in the construction picture. However, sharp gains in contracts for manufacturing and commercial buildings in the past several months reflect growing business optimism and indicate increased activity in these vital sectors in the months ahead."

The Dodge Index of Construction Contracts, seasonally adjusted, was reported at 259 in May (1947-49=100), down somewhat from the all-time peak reached in April of this year. Nevertheless, the Index in May continued at a level above last year's average.

Residential building contracts in May totaled $1,677,324,000, up 25% over the May 1958 level. Within this category, contracts for single-family houses scored the largest increase—33%. The number of dwelling units represented by total residential contrast in May was 129,717, a gain of 25% over the same month last year.

Contracts for non-residential buildings in May were valued at $1,071,520,000, down 5% from a year ago. Sharp gains in contracts for commercial, manufacturing, and religious buildings were more than offset by declines in the other non-residential building types.

May contracts for heavy engineering construction amounted to $793,014,000, down 15% from the like 1958 month. Within this category, both public works and utilities were down from a year ago.

Cumulative totals of contracts for the first five months of 1959, with percentage changes from the comparable 1958 period, were as follows: non-residential building at $4,669,710,000, up 3%; residential building at $7,126,054,000, up 39%; heavy engineering at $3,434,570,000, up 4%; and total construction at $15,230,334,000, up 17%.

Purchasing Agents Predict Second Half Price Increase

The nation's purchasing agents have joined the growing list of experts who predict a continued rise in prices during the second half of 1959, reports "Purchasing Week," a McGraw-Hill publication.

Only 11% of the buyers polled by the magazine in a nationwide survey expected prices to remain stable. Thirty-two per cent predicted a slight increase of from 1-2%, 48% thought prices would be up 2-to-4% and 9% thought the increase would be still higher.

Almost two-thirds of the purchasing agents said current prices on commodities they bought were up above a year ago, while 30% reported little or no change for the period. Four per cent of the agents said current quotations were below year-ago levels.

Steel was named by the buyers as the product most likely to cost more during the second half of the year, followed by metallic products generally, aluminum, copper, rubber, chemicals and paper, in that order.

Bright Future Expected for Aluminum Industry

Booming is the only way to describe the future of the aluminum industry, "Steel," weekly metalworking magazine, reported.

Some companies think U. S. consumption alone will reach 4.2 million tons annually by 1965 and 10 million tons by 1975. This year, consumption will be somewhere between 2 million and 2.3 million tons. (The record: 2,050,000 tons in 1956.)

New uses for aluminum, the second most used metal, are spiraling—in the home, on the farm, in office buildings and factories, in highway and bridge use, and in transportation.

Steel Contract Bargaining Climate Improved

A peaceful settlement of the steel labor dispute is still probable, according to "The Iron Age," national metalworking weekly.

"Iron Age" said on July 1 that steel labor and management are still far apart in terms of what constitutes a "non-inflationary" agreement. But it pointed to these developmens as evidence of a more hopeful collective bargaining climate:

President Eisenhower's last-minute "intervention" which led to a two-week extension of contracts by the union without any strings attached.

The union's apparent readiness to take a more realistic attitude in scaling down its original demands.

The desire in some steel circles to avoid a steel strike if at all possible.

"Iron Age" added:

"High Administration officials do not want a steel strike even though they are reluctant to step into actual bargaining. But they have done and will do everything just short of sitting at the table to force a 'non-inflationary' settlement"—that is, a settlement that will not necessitate a steel price increase.

The metalworking weekly commented that the union's settlement offer of last week was still much too high for the companies to consider seriously. The union estimated the cost at 15 to 16 cents an hour. The companies figured the cost at 20 to 22 cents an hour. The difference is accounted for by the fact that the steel companies talk in terms of total cost, including incentives, taxes, and so on.

"One thing is certain this week," said "Iron Age." "The union side is still selling the steel management team short in terms of management's determination to resist a settlement that would call for a price increase by any steel company.

"The industry's idea of a settlement is so far below what the union has come up with that more hard-headed bargaining is in store between now and midnight July 14—or to a later date, if another contract extension is made."

Regarding the steel market outlook, "Iron Age" said the two-week "breather" will give steelmakers a good chance to clean up most order "carryovers"—shipments promised in one month but carried over to the next.

The magazine predicted whirlwind output and shipments of steel products in the first two weeks of July.

"Iron Age" said that if there is a steel strike at mid-July, steels users will have to revise their subsequent order pattern in line with the duration of the strike.

If there is no strike or only a token one, there will be a sharp falloff in the steel ingot rate in August and part of September. This will be due to heavy inventories, summer letdown, and vacation schedules.

Steel Users Well Prepared for Steel Strike

Steel users are well prepared for a steel strike, "Steel" magazine, the metalworking weekly, said on June 29.*

Nearly all can maintain normal operations for a month. After six weeks, many would experience difficulties because of unbalanced inventories. After eight weeks, shortages would force mass shutdowns and widespread unemployment among steel consuming industries.

The magazine says there is still a possibility of a last minute settlement if the union capitulates to the industry's solid front. In that event, it expects steelmaking operations would average 65% during the third quarter.

Importers hope to capitalize on a strike situation. More foreign steel has come into Chicago already this year than in all of 1958. The Seaway accounts for only part of the great influx. Some 50,000 tons of imported steel have been stockpiled in the Houston area by speculators. Import agents for Japanese steel mills are offering west coast users up to 500 tons a month during the anticipated strike if they'll contract to keep buying the same amount for at least six months.

The U. S. Government will set in on talks if the USW strikes, "Steel" said.

Mediation action by the Federal Mediation & Conciliation Service will probably be the only official machinery the Government will use. Labor observers think it unlikely that the President will invoke the 80-day cooling off period allowed under the Taft-Hartley Act. Unofficially, the President may exert pressure on both sides from behind the scenes, as in 1956.

U. S. officials are considering what they'll do about steel distribution in case of a long walkout. They see no call for drastic action unless the strike goes beyond 30 days. Then they are likely to take a leaf from their action in 1956 when they limited the amount of aircraft and other special steels nondefense users could get each week from warehouses.

Last week, scheduled steelmaking operations fell 2.5 points to 90% of capacity as wildcat strikes hit the industry and management prepared to shut down July 1. Production was about 2,548,200 net ingot tons of steel.

U. S. automobile sales were up 24% at midyear compared to this time last year, "Steel" said. Automakers will have sold 3,000,000 cars in the first half of 1959 versus 2,600,000 in the corresponding period of 1958, according to estimates based on registrations and daily sales rates. This includes imports, but Detroit will dispose of 5,500,000 domestically built autos in 1959.

"Steel's" price composite on No. 1 heavy melting scrap is unchanged at $36.50 a gross ton despite the cutting off of incoming shipments by many steelmakers preparing for plant shutdowns.

*This review by the magazine was issued prior to the two-week "truce" beyond the June 30 contract termination date agreed to by the union and steel industry at request of President Eisenhower.

Steel Output Based on 84.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *149.7% of steel capacity for the week beginning June 29, equivalent to 2,405,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *154.8% of capacity and 2,486,000 tons a week ago.

Actual output for the week beginning June 22, 1959 was equal to 87.8% of the utilization of the Jan. 1, 1959, annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 84.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *165.2% and production 2,653,000 tons. A year ago

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the actual weekly production was placed at 1,376,000 tons, or 85.7%.

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

June Auto Production Highest Since 1955

U. S. passenger car producers will wind up its assembly on June 30 with a monthly total surpassing 560,000 units, "Ward's Automotive Reports" said on June 26.

The trade publication said activity will continue at a strong rate in July—though not quite as robust as June—to be followed by a heavy slash in output in August, when a major part of the 1960 model changeovers will take place.

The estimated June total represents the highest count for the month since 1955, when 649,000 cars were turned out. "Ward's" said July's effort also will be the best in four years.

Production for week ended June 27 was programmed at 130,621 automobiles compared to 130,927 previous week and 92,277 in the corresponding week in 1958. The week ended July 4 will see a decline to about 115,000 units, "Ward's" forecast, as factories take a breather for the July 4 holiday.

The statistical publication said four car-making plants scheduled six-day operations this week. They were Rambler in Kenosha, Wis., Pontiac in Pontiac, Mich., Lincoln-Thunderbird in Wixom, Mich., and Ford in Dallas, Texas. Putting in a limited four-day week were three sites—Dodge Main and Imperial in Detroit, and Studebaker in South Bend, Ind.

Truck volume for week ended June 27 was slated at 27,670 units, "Ward's" said, as this segment of the industry breezed along at its best clip for four years. Earlier week's output was 27,539 units while the 27,925 total the week before set a 1959 record.

Electric Output 16.9% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 27, was estimated at 13,749,000,000 kwh., according to the Edison Electric Institute.

For the week ended June 27, output increased by 418 million kwh. above that of the previous week and showed a gain of 1,992,000,000 kwh. or 16.9% above that of the comparable 1958 week.

Car Loadings 15.2% Above Corresponding 1958 Week

Loading of revenue freight for the week ended June 20 totaled 723,738 cars, the Association of American Railroads announced. This was an increase of 95,728 cars or 15.2% above the corresponding week in 1958, but a decrease of 23,026 cars or 3.1% below the corresponding week in 1957.

Loadings in the week of June 20 were 14,599 cars, or 2.1% above the preceding week.

Lumber Shipments Were 3.0% Above Production For June 20 Week

Lumber shipments of 475 mills reported to the National Lumber Trade Barometer were 3.0% above production for the week ended June 20. In the same week new orders of these mills were 10.7% 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 41 days' production.

For the year-to-date, shipments of reporting identical mills were 2.1% above production; new orders were 2.6% above production.

Compared with the previous week ended June 13, production of reporting mills was the same; shipments were 4.8% above, new orders were 3.8% above. Compared with the corresponding week in 1958, production of reporting mills was 4.5% above; shipments were 1.2% above; and new orders were 9.5% below.

May New Business Incorporations at Highest Level For the Month

The number of new business incorporations in May declined somewhat from April, but the level was the highest for any May on record, reports Dun & Bradstreet, Inc. At 16,660 in May, the total was 5.1% below the 17,554 of the prior month, but 39.5% higher than the 11,943 of May 1958 and 26.8% above the prior May record of 13,142 set in 1956.

During the first five months of this year the aggregate of new business incorporations was 86,890, for a gain of 48.6% over the 58,438 of the similar period a year ago.

May Failures Down in Number and Size

Business failures, in the steepest decline of the post-recession period, fell to 1,135 in May, according to Dun & Bradstreet, Inc. This 12% downturn, as against a usual seasonal dip of 2%, pushed casualties below their comparable levels of 1958 and 1957. With fewer concerns failing in all size groups, dollar liabilities dropped to $50.9 million.

Casualties occurred at an apparent annual rate of 48 per 10,000 listed enterprises. This was the mildest rate for any month in almost two years and for any May since 1955.

Although the construction toll rose mildly among general builders, month-to-month declines prevailed in other industry and trade groups. Only half as many food wholesalers, building materials wholesalers, and apparel retailers succumbed as in April. In manufacturing, there was a sharp drop in the textile-apparel industry total, but food industry casualties moved upward.

Fewer businesses failed than in May a year ago in all types operation. The most noticeable decrease, 26%, occurred in wholesaling, and the least change, a 4% dip, in commercial service. Marked improvement was noted in iron and steel manufacturing casualties, only one-fourth those last year, and in textile, apparel, and machinery, which were only one-half as numerous. Among retailers, considerable year-to-year declines appeared in the apparel, furniture, appliance, and drug trades.

In the six of the nine major geographic regions, failures ran lower than in the preceding month. The East and West South Central and Pacific States (notably Oregon) accounted for the contrasting upturns. Casualties slipped below 1958 level in all areas save the Mountain Region. The South Atlantic States reported the steepest decline, with the Florida toll down considerably. Also, mortality was markedly lower in Connecticut, Illinois, and Louisiana. Large city tolls dropped more sharply from 1958 than the non-metropolitan tolls. Chicago, Detroit, Philadelphia, Baltimore, and Los Angeles reported appreciable declines.

Wholesale Food Price Index Advances Fractionally

There was a fractional rise this week in the Dun & Bradstreet Wholesale Food Price Index, but it remained noticeably below a year ago. On June 23 it stood at $6.11, up 0.3% from the prior week's $6.09, but down 8.0% from last year's $6.64.

Commodities quoted higher this week were butter, coffee, cocoa, eggs, and steers. Lower in cost were flour, wheat, corn, rye, oats, lard, cottonseed oil, 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 Dips Appreciably From Prior Week

Reflecting lower prices on most grains, lard, butter, hogs, steers, rubber, and tin, the general commodity price level fell appreciably from the prior week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., declined to 276.87 (1930-32=100) on June 29 from 278.92 a week earlier, and was well below the 279.45 of the corresponding date a year ago.

There was a noticeable decline in rye prices this week, and trading was down noticeably as time for the new crop neared. Although purchases of corn were sustained at high levels, prices dipped moderately, reflecting heavy supplies. With harvesting underway, wheat buying slackened and prices were fractionally lower. Influenced by shutdowns of processing plants, soybean prices declined from the prior week.

Purchases of flour lagged this week, and prices remained at prior week levels. Although both export and domestic buying of rice moved up and supplies were reduced, rice prices remained steady this week. There was a moderate decline in sugar trading, but prices were unchanged.

Coffee wholesalers reported a moderate decline in transactions this week, but prices were close to the preceding week. Another slight decline in cocoa prices occurred, and buying was sluggish again.

Although hog prices in Chicago picked up at the end of the week, they finished noticeably below those of the prior week, although hog receipts rose substantially during the week, trading was down moderately.

Cattle receipts in Chicago rose to the highest level in six weeks, but purchases lagged and prices were moderately lower. There was little change in lamb turnover and prices were unchanged from a week earlier; sheep receipts in Chicago were down fractionally. Following the downward movement in hog prices, lard prices slipped from the preceding week.

Later Father's Day Helps Boost Retailing Over Year Ago

Despite cold rainy weather at the beginning of the week, total retail trade advanced from the prior week and was up noticeably from a year ago. Much of the rise was due to Father's Day falling a week later this year than last. Besides marked year-to-year increases in men's apparel, volume in women's merchandise, furniture, and floor coverings showed slight gains. Interest in new passenger cars held close to a week earlier and sharp increases over last year remained, according to scattered reports.

The total dollar volume of retail trade in the week ended June 24 was 6% to 10% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Pacific Coast +11 to +15; West North Central +7 to +11; Middle Atlantic, South Atlantic, and Mountain +6 to +10; East North Central +5 to +9; West South Central and East South Central +1 to +5; New England —1 to +3.

The most noticeable increases from last year in men's apparel occurred in knit sports shirts, pajamas, neckwear, walking shorts, and beachwear; volume in lightweight suits was close to the similar 1958 week. Increased buying of women's cotton dresses, sportswear, and accessories helped boost over-all sales of women's apparel slightly over last year. Although purchases of children's merchandise remained close to the prior week, moderate year-to-year gains were reported.

Although Father's Day sales promotions helped sales of power mowers, barbecue goods, and electric shavers climb over last year, over-all appliance volume was down moderately, reflecting declines in laundry equipment, lamps, and refrigerators. Sales of air conditioners were close to last year. While volume in linens advanced substantially from a week earlier, sales remained close to a year ago.

Nationwide Department Store Sales Up 22% For June 20 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended June 20, increased 22% above the like period last year. In the preceding week, for June 13, an increase of 2% was reported. For the four weeks ended June 20, a gain of 10% was registered and for Jan. 1 to June 20 a 9% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended June 20 showed an increase of 14% from that of the like period last year. In the preceding week, June 13 did not show any change. June 6 was 10% higher than the 1958 week. On May 30 sales increased 5%, four weeks ending June 20 a 7% gain over 1958 was recorded and Jan. 1 to June 20 showed a 4% increase.

Bache & Co. Opens Office in Frankfurt

Bache & Co. July 1 became the first member firm of the New York Stock Exchange to establish a branch office in Western Germany in the postwar period, when modern brokerage quarters were officially opened in the heart of the Frankfurt financial district. Previously, the world-wide investment firm had representation in Germany via its branch in Geneva and through its agents in Hamburg, Bremen and Frankfurt.

The new Frankfurt office is located at Rossmarket 23, almost directly opposite the Frankfurt Stock Exchange.

The new outlet marks the return of the Bache organization to Germany for prior to World War II a branch office was maintained in Berlin. It also brings to Bache the distinction of operating more offices in Europe than any other New York Stock Exchange member firm.

M. J. Meehan to Admit

Edward B. Schnell on July 9th will acquire a membership in the New York Stock Exchange, and will become a partner in M. J. Meehan & Co., 30 Broad Street, New York City, members of the New York Stock Exchange.

With Harris Upham

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Claude L. Ives, Jr. has joined the staff of Harris, Upham & Co., Johnston Building.

H. W. Johnston Forms Co.

SARATOGA SPRINGS, N. Y.—H. William Johnston has formed H. William Johnston & Co. with offices at 423 Broadway to engage in a securities business.

Warburton, Barnett Partner

On July 1 Salvatore G. Zaino became a partner in Warburton, Barnett & Greiner, 72 Wall Street, New York City, members of the New York Stock Exchange.

Louis Kagan Opens

JACKSON HEIGHTS, N. Y.—Louis R. Kagan is conducting a securities business from offices at 35-11 Eighty-fifth Street.

First Southeastern Adds

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Kenneth R. Woods has joined the staff of First Southeastern Company, Trust Company of Georgia Building.

Forms Manhattan Secs.

William Downey is engaging in a securities business from offices at 140 Pearl Street, New York City, under the firm name of Manhattan Securities Co.

Forms Mitchell Co.

LITTLE NECK, N. Y. — Marvin Hershman is engaging in a securities business from offices at 58-32 251st Street under the firm name of M. H. Mitchell Co.

Jack Powell Opens

BRONX, N. Y.—Jack Powell is engaging in a securities business from offices at 1520 Crotona Park, East.

R. Ragazzi Opens

CORONA, N. Y. — Raymond A. Ragazzi is engaging in a securities business from offices at 112-09 Roosevelt Avenue.

With Joseph, Mellen Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—James C. Cullen is now affiliated with Joseph, Mellen & Miller, Inc., Union Commerce Building, members of the Midwest Stock Exchange.

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)	July 4	§84.9	*87.8	93.7	51.0
Equivalent to—					
Steel ingots and castings (net tons)	July 4	§2,405,000	*2,486,000	2,653,000	1,376,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 19	7,016,825	7,009,975	7,215,975	6,345,385
Crude runs to stills—daily average (bbls.)	June 19	†8,000,000	8,020,000	7,891,000	7,522,000
Gasoline output (bbls.)	June 19	28,584,000	28,667,000	27,569,000	26,701,000
Kerosene output (bbls.)	June 19	1,864,000	1,952,000	1,488,000	1,851,000
Distillate fuel oil output (bbls.)	June 19	12,731,000	12,287,000	12,114,000	11,317,000
Residual fuel oil output (bbls.)	June 19	6,310,000	6,605,000	6,614,000	6,575,000
Stocks at refineries, bulk terminals, in transit, in pipe line—					
Finished and unfinished gasoline (bbls.) at	June 19	200,624,000	201,508,000	203,610,000	187,973,000
Kerosene (bbls.) at	June 19	26,600,000	26,151,000	23,212,000	23,738,000
Distillate fuel oil (bbls.) at	June 19	111,930,000	106,505,000	94,088,000	99,883,000
Residual fuel oil (bbls.) at	June 19	54,439,000	54,612,000	54,484,000	63,596,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 20	723,738	709,139	685,745	628,010
Revenue freight received from connections (no. of cars)	June 20	592,001	583,562	588,962	528,998
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 25	$491,900,000	$546,100,000	$679,700,000	$483,128,000
Private construction	June 25	250,700,000	228,000,000	335,600,000	126,297,000
Public construction	June 25	241,200,000	318,100,000	344,100,000	356,831,000
State and municipal	June 25	201,800,000	184,600,000	165,500,000	233,969,000
Federal	June 25	39,400,000	133,500,000	178,600,000	122,862,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 20	9,255,000	*9,110,000	8,410,000	8,873,000
Pennsylvania anthracite (tons)	June 20	400,000	408,000	320,000	535,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 20	143	*141	139	117
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 27	13,749,000	13,331,000	12,778,000	11,941,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 25	256	267	264	335
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 23	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	June 23	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	June 23	$38.17	$38.17	$35.83	$35.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 24	31.100c	31.100c	31.175c	24.775c
Export refinery at	June 24	27.075c	27.675c	29.325c	23.850c
Lead (New York) at	June 24	12.000c	12.000c	12.000c	11.500c
Lead (St. Louis) at	June 24	11.800c	11.800c	11.800c	11.300c
‡Zinc (delivered) at	June 24	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	June 24	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	June 24	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	June 24	103.375c	104.750c	103.500c	94.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 30	83.27	83.65	83.77	94.04
Average corporate	June 30	85.98	86.11	86.51	96.23
Aaa	June 30	89.23	89.37	89.78	102.13
Aa	June 30	87.59	87.72	88.40	99.04
A	June 30	85.98	85.98	86.11	96.07
Baa	June 30	81.66	81.38	82.03	88.27
Railroad Group	June 30	85.07	85.33	85.59	91.62
Public Utilities Group	June 30	85.07	85.07	85.46	97.78
Industrials Group	June 30	87.99	87.86	88.54	99.36
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 30	4.16	4.12	4.10	3.02
Average corporate	June 30	4.71	4.70	4.67	3.99
Aaa	June 30	4.47	4.46	4.43	3.62
Aa	June 30	4.59	4.58	4.53	3.81
A	June 30	4.71	4.71	4.70	4.00
Baa	June 30	5.05	5.04	5.02	4.54
Railroad Group	June 30	4.78	4.76	4.74	4.30
Public Utilities Group	June 30	4.78	4.78	4.75	3.89
Industrials Group	June 30	4.56	4.57	4.52	3.79
MOODY'S COMMODITY INDEX	June 30	385.9	386.5	389.5	398.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 20	295,404	308,729	297,960	253,065
Production (tons)	June 20	327,830	330,025	317,985	270,117
Percentage of activity	June 20	98	98	95	88
Unfilled orders (tons) at end of period	June 20	495,750	528,417	468,806	366,756
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 26	110.53	110.15	110.30	109.85
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 5	2,213,060	2,342,330	3,031,490	1,688,870
Short sales	June 5	377,580	339,770	474,190	397,700
Other sales	June 5	1,898,780	1,964,580	2,546,041	1,324,530
Total sales	June 5	2,276,360	2,304,350	3,020,231	1,722,230
Other transactions initiated off the floor—					
Total purchases	June 5	389,850	355,620	468,400	431,670
Short sales	June 5	42,200	19,500	87,900	39,130
Other sales	June 5	458,220	487,650	480,183	332,190
Total sales	June 5	500,420	507,150	568,083	371,320
Other transactions initiated on the floor—					
Total purchases	June 5	654,933	653,696	835,594	573,064
Short sales	June 5	107,180	128,737	130,590	165,060
Other sales	June 5	843,413	714,591	863,625	737,655
Total sales	June 5	950,596	843,328	994,215	902,715
Total round-lot transactions for account of members—					
Total purchases	June 5	3,257,843	3,351,646	4,335,484	2,693,604
Short sales	June 5	526,960	488,007	692,680	601,890
Other sales	June 5	3,200,416	3,166,821	3,889,849	2,394,375
Total sales	June 5	3,727,376	3,654,828	4,582,529	2,996,265
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	June 5	1,842,689	1,699,004	2,278,440	1,200,171
Dollar value	June 5	$106,482,864	$102,830,427	$125,781,158	$55,372,289
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 5	1,540,429	1,540,555	1,933,379	1,195,675
Customers' short sales	June 5	12,170	8,114	14,167	9,709
Customers' other sales	June 5	1,528,259	1,532,441	1,919,212	1,185,966
Dollar value	June 5	$83,459,923	$85,730,911	$104,855,472	$50,269,197
Round-lot sales by dealers—					
Number of shares—Total sales	June 5	400,520	463,170	485,180	387,660
Short sales	June 5				
Other sales	June 5	400,520	463,170	485,180	387,660
Round-lot purchases by dealers— Number of shares	June 5	670,280	579,690	774,890	405,740
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	June 5	636,980	585,290	1,173,650	814,810
Other sales	June 5	15,144,600	15,179,860	18,311,340	13,206,140
Total sales	June 5	15,781,580	15,765,150	19,484,990	14,020,950
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 23	119.6	119.4	119.5	119.1
Farm products	June 23	90.7	*90.0	91.0	96.2
Processed foods	June 23	107.9	107.8	107.6	112.8
Meats	June 23	103.9	103.1	107.9	115.2
All commodities other than farm and foods	June 23	127.9	127.9	127.8	125.2

*Revised figure. ¶Includes 1,003,000 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
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of January	156,700	152,301	139,910
Stocks of aluminum (short tons) end of Jan.	175,108	145,721	176,069
AMERICAN GAS ASSOCIATION—For month of April:			
Total gas sales (M therms)	7,736,900	8,955,100	7,126,900
Natural gas sales (M therms)	7,503,500	8,651,500	6,876,200
Manufactured gas sales (M therms)	22,700	26,900	21,100
Mixed gas sales (M therms)	210,700	276,700	229,600
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of May (000's omitted)	$215,964,000	$226,367,000	$195,116,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of March 30:			
Imports	$285,603,000	$291,951,000	$296,197,000
Exports	350,432,000	347,864,000	396,429,000
Domestic shipments	14,818,000	13,793,000	15,709,000
Domestic warehouse credits	28,599,000	33,842,000	355,238,000
Dollar exchange	102,892,000	77,792,000	129,732,000
Based on goods stored and shipped between foreign countries	255,904,000	263,283,000	247,295,000
Total	1,038,248,000	1,028,525,000	1,440,600,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of May:			
Manufacturing number	199	202	242
Wholesale number	93	132	125
Retail number	567	671	659
Construction number	172	166	207
Commercial service number	104	121	108
Total number	1,135	1,292	1,341
Manufacturers' liabilities	$10,835,000	$16,501,000	$17,912,000
Wholesale liabilities	4,846,000	13,950,000	5,472,000
Retail liabilities	19,638,000	22,837,000	18,279,000
Construction liabilities	12,262,000	8,623,000	10,771,000
Commercial service liabilities	3,336,000	9,996,000	3,812,000
Total liabilities	$50,917,000	$71,907,000	$56,246,000
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of May	702,362	716,620	600,256
In consuming establishments as of May 30	1,485,625	1,587,497	1,587,497
In public storage as of May 30	8,763,270	*9,542,520	8,423,299
Linters—Consumed month of May	101,603	102,796	82,226
Stocks May 30	731,687	797,245	893,904
Cotton spindles active as of May 30	17,591,000	17,945,000	17,625,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on May 30	20,356,000	20,402,000	20,971,000
Spinning spindles active on May 30	17,591,000	17,945,000	17,625,000
Active spindle hours (000's omitted) May 30	8,781,000	8,776,000	7,503,000
Active spindle hours for spindles in place May	439.1	438.8	375.2
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of May:			
Sales (average monthly), unadjusted	124	118	122
Sales (average daily), unadjusted	126	116	120
Sales (average daily), seasonally adjusted	130	126	124
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of May:			
All manufacturing (production workers)	$12,266,000	*$12,167,000	$11,245,000
Durable goods	7,121,000	*7,022,000	6,269,000
Nondurable goods	5,145,000	*5,145,000	4,976,000
Employment indexes (1947-49 Avge.=100)—			
All manufacturing	169.2	*167.0	140.9
Payroll indexes (1947-49 Average=100)—			
All manufacturing	90.2	*98.4	90.9
Estimated number of employees in manufacturing industries—			
All manufacturing	16,135,000	*16,029,000	$5,023,000
Durable goods	9,414,000	*9,309,000	8,480,000
Nondurable goods	6,721,000	*6,720,000	6,543,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of May:			
Weekly earnings—			
All manufacturing	$90.32	$89.87	$82.04
Durable goods	98.23	*97.75	88.37
Nondurable goods	79.80	79.00	73.91
Hours—			
All manufacturing	40.5	40.3	38.7
Durable goods	41.1	*40.9	39.1
Nondurable goods	39.7	39.5	38.1
Hourly earnings—			
All manufacturing	$2.23	$2.23	$2.12
Durable goods	2.39	2.39	2.26
Nondurable goods	2.01	*2.00	1.94
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of April:			
Death benefits	$261,400,000	$278,000,000	$259,200,000
Matured endowments	54,200,000	58,400,000	60,700,000
Disability payments	10,000,000	10,000,000	10,400,000
Annuity payments	54,200,000	52,900,000	49,600,000
Surrender values	131,900,000	137,500,000	132,700,000
Policy dividends	113,500,000	137,200,000	111,600,000
Total	$625,200,000	$674,000,000	$624,200,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of May (000,000's omitted):			
Ordinary	$4,274	$4,353	$3,976
Industrial	633	539	637
Group	686	702	961
Total	$5,593	$5,594	$5,574
MONEY IN CIRCULATION—TREASURY DEPT. As of April 30 (000's omitted)	$31,349,000	$31,250,000	$30,565,000
NEW YORK STOCK EXCHANGE— As of May 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,549,000	*$3,567,000	$2,997,689
Credit extended to customers	164,000	166,000	141,032
Cash on hand and in banks in U. S.	364,000	359,000	311,919
Total of customers' free credit balances	1,188,000	1,205,000	979,013
Market value of listed shares	299,044,482	294,255,796	216,773,150
Market value of listed bonds	106,395,664	106,004,286	116,026,980
Member borrowings on U. S. Govt. issues	543,000	556,000	541,930
Member borrowings on other collateral	2,329,000	2,332,000	1,972,784
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of March	3,933	3,307	3,477
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of April (000's omitted):			
Exports	$1,465,000	$1,456,300	$1,529,800
Imports	1,220,900	1,300,900	1,056,800

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.

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.

★ **All-State Properties, Inc.**
June 26 filed 38,697 outstanding shares of capital stock (par $1). **Proceeds**—To selling stockholders. **Price**—To be offered from time to time in the over-the-counter market or (if the shares are listed) on the American Stock Exchange at the then prevailing market price. **Office**—30 Verbena Ave., Floral Park, N. Y. **Underwriter**—None.

★ **Aloe Creme Laboratories, Inc.**
June 19 (letter of notification) 75,000 shares of common stock (par $1) to be offered for subscription by stockholders of record June 1, 1959 at the ratio of one new share for each seven shares held. **Price** — $2 per share. **Proceeds** — To increase inventory and to pay accounts payable. **Office**—1612 E. Sunrise Blvd., Fort Lauderdale, Fla. **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.

★ **America Mines, Inc.**
June 29 filed 150,000 shares of common stock. **Price**—$5 per share. **Proceeds**—To assume and pay an option held by its Mexican subsidiary to purchase certain mining claims in the State of Durango, Mexico, owned by Compania Minera La Eufa, S. A., by paying to such company $50,000; to construct and place in working operation a mine, mill and accessories capable of processing 100 tons of gold ore per day estimated to cost $350,000; payment of about $15,000 of other obligations; to carry on with the balance of the proceeds an exploration program for additional gold and mineral properties both in Mexico and the United States. **Office** — Bank of the Southwest Building, Houston, Tex. **Underwriter**—None.

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 & Foreign Power Co., Inc.**
June 30 filed $22,500,000 of convertible junior debentures, due 1982. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the repayment of outstanding bank loans, and the balance will be used for general corporate purposes, including investments in subsidiary companies, to aid in their construction programs. **Underwriter**—The First Boston Corp. and Lazard Freres & Co., New York.

American Hospital Supply Corp.
April 20 filed 20,610 shares of common stock (par $2) to be offered in exchange for common stock of Massillon Rubber Co. on the basis of nine shares of American common for one share of Massillon common. **Office**—2020 Ridge Avenue, Evanston, Ill. **Underwriter**—None.

★ **American Investors Syndicate, Inc.**
June 25 filed 600,000 shares of common stock (par 10 cents), and 200,000 shares of 6% preferred stock (no par value, $9 stated value). **Proceeds**—For construction and related expenditures. **Office** — 513 International Trade Mart, New Orleans, La. **Underwriter**—Lindsay Securities Corp., New Orleans, La.

★ **American Photo Copy Equipment Co.**
June 29 filed 1,200 participations in the company's employees' common share purchase plan, together with 200,000 common shares which may be acquired pursuant thereto.

★ **American-Saint Gobain Corp. (7/29)**
June 26 filed $11,221,500 of subordinated convertible debentures, due 1983, and 544,314 shares of common stock. The debentures are to be offered to common stockholders on the basis of $100 principal amount of debentures for each eight shares of common stock held on or about July 29, 1959; rights to expire on or about Aug. 12, 1959. The common shares are to be offered to present stockholders on the basis of one new share for each 3⅓ shares held on or about July 29, 1959; rights to expire on or about Aug. 12, 1959. **Price**—To be supplied by amendment. **Proceeds** — For payment of long-term debt and, in part, for plant construction. **Underwriter**—F. Eberstadt & Co., New York.

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) being offered to stockholders of record June 16, 1959, on the basis of one new share for each five shares held. Rights expire July 17, 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, to residents of Ohio only.

● **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. Name changed to Wyoming Oil & Uranium Co., and Bruno-Lencher, Inc., Pittsburgh, has withdrawn as proposed underwriter.

● **Astronautics Engineering Corp. (7/13-17)**
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. (7/14)**
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. **Office**—1 Kennedy St. N. W., Washington, D. C. 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.

● **Big Apple Supermarkets, Inc. (8/10)**
June 24 filed 425,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—Expansion and working capital. **Underwriter**—Simmons & Co., New York.

★ **Bostic Concrete Co., Inc. (7/6)**
June 19 (letter of notification) $250,000 of convertible debentures due July 1, 1969 and 10,000 shares of class A common stock (par $1) to be offered in units of one $500 debenture and 20 shares of class A common stock. **Price**—$600 per unit. **Proceeds**—To pay obligations and for working capital. **Office** — 1205 Oil Centre Station, Lafayette, La. **Underwriter**—Syle & Co., New York, N. Y.

● **Brew (Richard D.) & Co., Inc., Concord, N. H. (7/20-24)**
June 23 filed 110,000 shares of common stock (par $1), of which 40,000 shares will be sold for account of two selling stockholders and the remaining 70,000 shares for the company's account. **Price**—To be supplied by amendment. **Proceeds** — To repay outstanding indebtedness. **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. (7/15)**
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.

★ Brockton Taunton Gas Co. (7/29)
June 29 filed 37,268 shares of common stock, to be offered for subscription by common stockholders of record July 29, 1959, on the basis of one new share for each eight shares then held; rights to expire on or about Aug. 13, 1959. **Price**—To be supplied by amendment. **Proceeds**—For repayment of short-term bank loans incurred under the company's 1956-1958 construction program. **Office**—178 Atlantic Ave., Boston, Mass. **Underwriter**—The First Boston Corp., New York.

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.

★ Capital Fund of Canada, Ltd., Toronto, Canada
June 30 filed 1,000,000 shares of common stock. **Price**—At net asset value. **Proceeds** — For investment **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

Central American Mineral Resources, S. A.
May 27 filed 620,000 shares of common stock, of which 500,000 shares are to be offered for the account of the company and 120,000 shares for the account of certain selling stockholders. **Price**—$1 per share. **Proceeds**—To finance acquisitions and to increase working capital. **Office**—161 East 42nd St., New York, N. Y. **Underwriter**—None.

Central Telephone Co. (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.

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.

★ Citizens' Acceptance Corp.
June 29 filed $600,000 of series F 6% five-year subordinated debentures, to be offered to the present holders of the company's subordinated debentures in exchange, at face value, on the maturity dates of those securities so long as there are bonds remaining unsold in this offering. No bonds will be reserved for this exchange offering. **Price**—100% of principal amount. **Proceeds**—To increase or maintain the working capital of the company but will be initially applied to the reduction of

Continued on page 36

NEW ISSUE CALENDAR

July 1 (Wednesday)
Buckingham Transportation Inc.__________Common
(Cruttenden, Podesta & Co.) 250,000 shares

July 2 (Thursday)
Rosarita Mexican Foods, Inc.__________Common
(William R. Staats & Co.) $299,999

July 3 (Friday)
Griggs Equipment Inc.__________Common
(Eppler, Guerin & Turner, Inc.) 18,891 shares

July 6 (Monday)
Bostic Concrete Co., Inc.__________Com. and Debs.
(Syle & Co.) $250,000 units
Clifton Precision Products Co., Inc.__________Common
(W. C. Langley & Co.) 120,000 shares
DIT-MCO, Inc.__________Common
(Midland Securities Co., Inc.) 16,000 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
Michigan Seamless Tube Co.__________Common
(Paine, Webber, Jackson & Curtis) 100,000 shares
National Citrus Corp.__________Common
(R. F. Campeau Co., Inc.) $300,000
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
Precon Electronics Corp.__________Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $875,000
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
Superior Window Co.__________Preferred
(Cruttenden, Podesta & Co.) $500,000
Superior Window Co.__________Class A Common
(Cruttenden, Podesta & Co.) $500,000
Tang Industries, Inc.__________Common
(David Barnes & Co., Inc.) $330,000
Tape Cable Electronics Co., Inc.__________Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $412,500
Templeton Damroth Corp.__________Common
(Hecker & Co.) $135,000
Tollycraft Corp.__________Common
(Zilka, Smither & Co., Inc.) $286,000
Wellington Electronics, Inc.__________Common
(Charles Plohn & Co.) $1,440,000
Worthington Products, Inc.__________Debentures
(B. Fennekohl & Co.) $150,000

July 7 (Tuesday)
Central Telephone Co.__________Preferred
(Paine, Webber, Jackson & Curtis and Loewi & Co., Inc.) $2,000,000
Crosby-Teletronics Corp.__________Common
(Myron A. Lomasney & Co.) $843,750
Fanon Electronic Industries, Inc.__________Common
(L. D. Sherman & Co.) $450,000
Mission Insurance Co.__________Preferred
(Shearson, Hammill & Co.) $1,500,000
Narda Ultrasonics Corp.__________Common
(Torpie & Saltzman) 20,000 shares
Northern Pacific Ry.__________Equip. Tr. Ctfs.
(Bids noon EDT) $6,015,000
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
Taft Broadcasting Co.__________Common
(Harriman Ripley & Co. Inc.) 483,332 shares

July 8 (Wednesday)
First Charter Financial Corp.__________Common
(Eastman Dillon, Union Securities & Co. and William R. Staats & Co.) 3,000,000 shares
Mallinckrodt Chemical Works__________Debentures
(Newhard, Cook & Co.) $6,000,000
Micronaire Electro Medical Products Corp.__________Com. and War.
(General Investing Corp.) $5,500,000
Newport Electric Co.__________Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 13,101 shares

July 9 (Thursday)
Financial Federation, Inc.__________Common
(Kidder, Peabody & Co.) 300,000 shares
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
Astronautics Engineering Corp.__________Common
(Charles Plohn & Co.) $300,000
Dilbert's Properties, Inc.__________Debens. & Com.
(S. D. Fuller & Co.) $4,505,600
Industrial Leasing Corp.__________Debentures
(May & Co.) $200,000
Jefferson Wire & Cable Corp.__________Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $375,000
Lieco, Inc.__________Common
(Netherlands Securities Co., Inc. and J. A. Winston & Co., Inc.) $300,000
Radar Design Corp.__________Common
(Charles Plohn & Co.) $360,000
Trans-Sonics, Inc.__________Common
(Kidder, Peabody & Co., Inc.) 90,000 shares
Voss Oil Co.__________Common
(Hill, Darlington & Co.) $1,000,000

July 14 (Tuesday)
Azalea Mobile Homes, Inc.__________Common
(Palombi Securities Co., Inc.) $300,000
Baird-Atomic, Inc.__________Common
(White, Weld & Co.) 180,000 shares
Consolidated Cigar Corp.__________Common
(Eastman Dillon, Union Securities & Co.) 75,000 shares
Jersey Central Power & Light Co.__________Bonds
(Bids 11 a.m. EDT) $8,000,000

July 15 (Wednesday)
British Industries Corp.__________Common
(Emanuel, Deetjen & Co.) 75,000 shares
Funds for Business, Inc.__________Class A
(Joseph Mandell & Co., Inc. and Robert L. Ferman & Co., Inc.) $750,000
Hamilton Cosco, Inc.__________Common
(City Securities Corp.) 50,000 shares
Hofman Laboratories, Inc.__________Common
(Myron A. Lomasney & Co.) $300,000
Hunter Mountain Development Corp.
Debentures & Common
(Myron A. Lomasney & Co.) $690,000
Investors Funding Corp. of New York__________Debens.
(Offering not underwritten) $500,000
Marshall Industries__________Common
(D. A. Lomasney & Co.) $250,000
Quebec Hydro-Elec. Commission (Canada)__________Debs.
(The First Boston Corp. and A. E. Ames & Co., Inc.) $50,000,000
Rowe Furniture Corp.__________Common
(Francis I. du Pont & Co.) 165,000 shares
Seeburg Corp.__________Debentures
(Offering to stockholders—underwritten by White, Weld & Co.) $5,135,000
Tuboscope Co.__________Common
(Glore, Forgan & Co. and Rowles Winston & Co.) 200,000 shares
United States Plywood Corp.__________Debentures
(Eastman Dillon, Union Securities & Co.) $15,000,000
Varian Associates__________Common
(Dean Witter & Co.) 20,000 shares
Varian Associates__________Debentures
(Dean Witter & Co.) $4,000,000

July 16 (Thursday)
Missouri Pacific Ry.__________Equip. Tr. Ctfs.
(Bids to be invited) $3,600,000
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 20 (Monday)
Brew (Richard D.) & Co., Inc.__________Common
(Lee Higginson Corp.) 110,000 shares
Dunn Engineering Associates, Inc.__________Common
(Schirmer, Atherton & Co.) $300,000
Faradyne Electronics Corp.__________Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $1,320,000
Park Drop Forge Co.__________Common
(Fulton Reid & Co., Inc.) 43,590 shares
Neiman-Marcus Co.__________Common
(Lehman Brothers) 133,800 shares
Strategic Materials Corp.__________Common
(Offering to stockholders—underwritten by S. D. Lunt & Co. and Allen & Co.) 368,571 shares
Wilcox Electric Co.__________Common
(Lee Higginson Corp. and Stern, Bros. & Co.) 318,736 shares

July 21 (Tuesday)
Transcontinental Gas Pipe Line Corp.__________Preferred
(White, Weld & Co. and Stone & Webster Securities Corp.) $15,000,000

July 22 (Wednesday)
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
Pall Corp.__________Class A
(L. F. Rothschild & Co., Paine, Webber, Jackson & Curtis and Hayden, Stone & Co.) 40,000 shares
Pall Corp.__________Debentures
(L. F. Rothschild & Co., Paine, Webber, Jackson & Curtis and Hayden, Stone & Co.) $750,000

July 23 (Thursday)
Raytherm Corp.__________Common
(Blyth & Co., Inc. and Schwabacher & Co.) 150,000 shares

July 27 (Monday)
Hudson Radio & Television Corp.__________Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,000,000

July 28 (Tuesday)
Colonial Energy Shares, Inc.__________Common
(White, Weld & Co. and Dean Witter & Co.) 1,100,000 shares
Seiberling Rubber Co.__________Debentures
(Eastman Dillon, Union Securities & Co.) $3,000,000

July 29 (Wednesday)
American-Saint Gobain Corp.__________Common
(Offering to stockholders—underwritten by F. Eberstadt & Co.) 544,314 shares
American-Saint Gobain Corp.__________Debentures
(Offering to stockholders—underwritten by F. Eberstadt & Co.) $11,221,500
Barton Distilling Co.__________Notes
(Fulton Reid & Co., Inc.) $2,000,000
Brockton Taunton Gas Co.__________Common
(Offering to stockholders—underwritten by The First Boston Corp.) 37,268 shares
Hexcel Products, Inc.__________Common
(F. S. Smithers & Co.) 50,000 shares
Magnuson Properties, Inc.__________Common
(Blair & Co., Inc.) 500,000 shares
Matronics, Inc.__________Common
(Vermilye Brothers) $750,000
Paco Products, Inc.__________Common
(A. M. Law & Co. and Clark, Landstreet & Kirkpatrick, Inc.) 200,000 shares
Pan American World Airways, Inc.__________Debentures
(Offering to stockholders—underwritten by Lehman Brothers & Hornblower & Weeks) $46,962,100
Public Service Co. of New Hampshire__________Bonds
(Bids 11 a.m. EDT) $3,000,000

July 30 (Thursday)
Hickerson Bros. Truck Co., Inc.__________Common
(Birkenmayer & Co.) $285,000
International Tuna Corp.__________Common
(Gates, Carter & Co.) $175,000

August 3 (Monday)
Interstate Life & Accident Insur. Co.__________Common
(Equitable Securities Corp.) 350,000 shares
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

August 10 (Monday)
Big Apple Supermarkets, Inc.__________Common
(Simmons & Co.) $850,000

August 28 (Friday)
I C Inc.__________Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000
Great Western Life Insurance Co.__________Common
(Offering to stockholders—underwritten by G. J. Mitchell Jr. Co. and Purvis & Co.) 500,000 shares

September 17 (Thursday)
Georgia Power Co.__________Bonds
(Bids to be invited) $18,000,000

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short-term notes due within one year. Part of the proceeds may also be used to retire outstanding subordinated debentures not exchanged. **Office**—Georgetown, Del. **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. (7/28)
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.

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.

★ **Community Credit Co.**
June 22 (letter of notification) 12,000 shares of 6.12% senior cumulative sinking fund preferred stock, series A. **Price**—At par ($25 per share). **Proceeds**—To retire the presently outstanding preferred stock. **Office**—3023 Farnam St., Omaha, Neb. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

● **Consolidated Cigar Corp. (7/14)**
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.

Cree Mining Corp. Ltd.
April 17 filed 260,000 shares of common stock. **Price**—60 cents per share. **Proceeds**—For exploration program. **Office**—2100 Scarth St., Regina, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., also of Regina.

Crescendo Oil Co., Inc.
June 1 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For lease, labor, equipment, etc. **Office**—309½ S. Third St., Las Vegas, Nev. **Underwriter**—None.

Crescent Petroleum Corp., Tulsa, Okla.
May 26 filed 43,460 shares of 5% convertible pfd. stock ($25 par) and 12,559 shares of common ($1 par), 34,460 shares of the preferred and 9,059 shares of common are issuable upon the exercise of stock options granted when the assets of Norbute Corp. were acquired on Aug. 6, 1958. **Underwriter**—None.

● **Crosby-Teletronics Corp. (7/7)**
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 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter** — To be supplied by amendment.

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.

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.

★ **Development Corp. of America**
June 29 Registered issue. (See Equity General Corp. below.)

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. (7/6-10)**
April 15 filed 30,000 outstanding shares of common stock, only about 16,000 shares are to be offered. **Price**—$10.50 per share. **Proceeds**—To selling stockholders. **Office**—911 Broadway, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). Price—$3 per share. Proceeds—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. Underwriter — Investment Service Co., Denver, Colo., on a best efforts basis.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

● **Dunn Engineering Associates, Inc. (7/20)**
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.

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.

★ **Ellis Research Laboratories, Inc.**
June 8 (letter of notification) $195,000 of 5-year 6% convertible debentures to be offered in denominations of $100, $500 and $1,000 each. Debentures are convertible into common stock at any time at $5 per share. **Price**—At par. **Proceeds**—For working capital. **Office**—8 First National Bank Bldg., Butte, Mont. **Underwriter**—None.

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 ... **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.

★ **Equity General Corp.**
June 29 filed together with Development Corp. of America, registration statements seeking registration of securities, as follows: Equity General, 500,000 shares of common stock and 149,478 shares of preferred stock; and Development Corp., 500,000 shares of common stock. The Equity Corp. is the owner of 5,343,220 shares of Equity General common stock and proposes to offer 500,000 of such shares to the holders of Equity common in exchange therefor, on a one-for-one basis. Equity General is the owner of 2,399,504 shares of Development Corp. common and proposes to offer 500,000 of such shares to the holders of Equity General common in exchange therefor, on a one-for-one basis. The Board of Directors of Equity General has authorized the issuance of a maximum of 149,478 shares of Equity General preferred stock in exchange for shares of preferred stock of Development Corp., on the basis of one share of Equity General preferred for two shares of Development Corp. preferred. **Office**—103 Park Ave., New York City.

★ **ESA Mutual Fund, Inc.**
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Ave., N. W., Washington, D. C.

● **Fanon Electronic Industries, Inc. (7/7)**
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. (7/20-24)**
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.

● **Federal Equipment Co.**
May 22 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To acquire all of the capital stock of Byer's Lumber Co., Inc. and for working capital. **Office**—North West & Lincoln Sts., Carlisle, Pa. **Underwriter**—Winslow, Cohu & Stetson, Inc., New York, N. Y. **Offering**—Postponed indefinitely.

★ **Fidelity Investment Corp., Phoenix, Ariz.**
June 29 filed 1,799,186 shares of class A common stock, of which 1,700,000 shares are to be offered publicly, and the remaining 99,186 shares have been subscribed for in consideration for services rendered in organizing the company as an incentive to management. The company has agreed to issue to the organizers 200,000 shares of class B common stock; and 100,000 class B shares have been set aside for issuance to keep personnel other than the organizers. **Price**—To public, $3 per share. **Proceeds**—To be applied to pay interest due on properties and to pruchase new properties and for working capital. **Underwriter**—None.

● **Financial Federations, Inc. (7/9)**
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 stock-

holders and employees. **Price**—At the market. **Office**—304 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 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. (7/15)**
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.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1) Proceeds—To the Attorney General of the United States. Underwriter—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). Bids—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Union Securities Investment Co., Memphis, Tenn. Statement effective April 24.

● **General Precision Equipment Corp.**
May 26 filed a minimum of 105,928 shares of ($2.98) cumulative convertible preference stock ($50 liquidating value) being 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**—$50 per share. **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.

★ **Georgia International Life Insurance Co., Atlanta, Ga.**
June 30 filed 1,665,000 shares of common stock. **Price**—$5 per share. **Proceeds** — To increase capital and surplus. **Underwriters**—The Robinson-Humphrey Co., Inc., Atlan, Ga., and The Johnson Lane, Space Corp., Savannah, Ga.

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.

★ **Great Western Life Insurance Co. (8/28)**
June 29 filed 500,000 shares of common stock and options to purchase 200,000 additional shares of outstanding stock, to be offered in units, each consisting of five shares of common stock and an option to purchase two additional shares, the units to be offered for subscription by holders of the 1,500,000 outstanding common shares at the rate of one unit for each 15 shares held, on or about Aug. 28, 1959; rights to expire on or about Sept. 28, 1959. The options evidence the right to purchase the 200,000 outstanding shares owned by Great Western Building & Loan Corp. **Price**—To be supplied by amendment. **Proceeds**—For loan to the subsidiary (Great Western Building & Loan Corp.); and the balance will be used to increase capital and surplus. **Office**—101-111 N. W. Second St., Oklahoma City, Okla. **Underwriters**—G. J. Mitchell, Jr. Co., Washington, D. C.; and Purvis & Co., Denver, Colo.

● **Griggs Equipment Inc., Belton, Texas (7/3-6)**
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. (7/15)**
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.

★ **Hancock (J. W.) Inc.**
June 25 filed 200,000 shares of 6% cumulative convertible preferred stock (par $2) and 100,000 shares of common stock (par 10 cents). The company proposes to offer 200,000 preferred shares and 50,000 shares of the common in units consisting of 4 shares of preferred and one share of common. The remaining 50,000 shares of common stock are to be offered to holders of outstanding 4% subordinated debentures at the rate of one share for each $.50 face amount of such debentures surrendered for cancellation. **Proceeds**—To be used for working capital and general corporate purposes. **Underwriters**—Kenneth Kass, Nassau Securities Service and David Barnes & Co., Inc., all of New York; and Palin Securities, West Orange, N. J.

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.

★ **Heartland Development Corp.**
June 24 filed 22,820 shares of 5% convertible preference stock (par $12). **Price**—Par. **Proceeds**—For general corporate purposes. **Office**— 40 Beaver Street, Albany, N. Y. **Underwriter**—None.

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.

★ **Hexcel Products, Inc. (7/29)**
June 26 filed 50,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Office**—Berkeley, Calif. **Underwriter**—F. S. Smithers & Co., San Francisco and New York.

● **Hickerson Bros. Truck Co., Inc. (7/30)**
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.

● **Hofman Laboratories, Inc. (7/15)**
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.

● **Hudson Radio & Television Corp. (7/27-31)**
June 3 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.

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★ Hyak Skiing Corp.
June 23 (letter of notification) 8,000 shares of common stock and $140,000 of debentures to be offered in denominations of $50 each. **Price**—Of stock, at par ($10 per share); of debentures, at par. **Proceeds**—For expenses for operation and equipment of a ski resort. **Office**—1504-1411 4th Ave., Seattle 1, Wash. **Underwriter**—None.

★ I C Inc. (8/28)
June 29 filed 600,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

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.

★ Independent Telephone Corp.
June 29 filed 13,080 shares of 5% cumulative convertible preferred stock, series A ($10 par), and 806,793 shares of common stock, together with warrants for the purchase of 50,000 common shares. According to the prospectus, 80,000 common shares are to be offered to nine payees of non-assignable convertible notes outstanding in the amount of $500,000 for conversion of such notes into common shares at a conversion price of $6.25 per share. The 13,080 preferred shares and 8,175 common shares are to be offered in exchange for the outstanding 327 shares of common stock of Farmers Union Telephone Co., a New Jersey corporation, on the basis of 40 shares of preferred and 25 shares of common for each share of common capital stock of Farmers Union. The issuing company further proposes to offer 96,604 common shares to holders of its outstanding stock of record June 30, 1959, for subscription at $6.25 per share on the basis of one new share for each two shares then held. **Proceeds**—For working capital. **Office**—25 South St., Dryden, N. Y. **Underwriter**—None.

● Industrial Leasing Corp. (7/13-17)
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 Plywood Co., Inc., Jamaica, N. Y.
June 25 filed 60,000 shares of 6% cumulative preferred stock ($10 par—convertible until Aug. 31, 1969), with common stock purchase warrants. Each share of preferred will have one "A" and one "B" warrant attached, entitling the holder to purchase one share of common (for each two "A" warrants) at $12 per share, expiring June 30, 1961; and for each two "B" warrants held at $14 per share, expiring June 30, 1961. **Price** — $10 per share. **Proceeds**—Toward reduction of short-term bank loans; to liquidate long-term debt; and the balance for additional working capital. **Underwriters** — Standard Securities Corp., Irving Weis & Co., and J. A. Winston & Co., Inc., all of New York; Bruno-Lenchner Inc., Pittsburgh, Pa.; Netherlands Securities Co., Inc., New York; and Plymouth Bond & Share Corp., Miami, Fla.

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. (7/30)
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.

★ Interstate Life & Accident Insurance Co. (8/3-17)
June 26 filed 350,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—to selling stockholders. **Office**—540 McCallie Ave., Chattanooga, Tenn. **Underwriter** — Equitable Securities Corp., Nashville and New York.

● Investment Life & Trust Co.
June 12 (letter of notification) 56,185 shares of common stock (par $1) being offered first to stockholders; unsubscribed shares will be offered to the public. Record date is June 30, 1959; rights expire July 14, 1959. **Price**—To the stockholders, $3.80 per share; to the public, $4 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 (7/15-20)
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.

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. (7/13-17)
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.

★ Jewel Tea Co., Inc.
June 26 filed 28,902 shares of common stock, to be issued pursuant to stock purchase plan for employees of the company and its subsidiary corporations.

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.

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.

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.

★ La Voz Publishing Co.
June 16 (letter of notification) 2,000 shares of class A common stock. **Price**—At par. **Proceeds**—For expenses for promotion and publication of the newspaper "La Voz." **Office**—1831 Vallace St., Philadelphia, Pa. **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.

● Lieco, Inc. (7/13-17)
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.
May 28 filed $25,000,000 of first mortgage bonds series K, due 1989. **Proceeds**—To be used for construction of utility plant and to pay short-term bank loans made for such purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co., and Smith, Barney & Co. (jointly). **Bids**—Expected to be received sometime in July.

★ Magnuson Properities, Inc. (7/29)
June 26 filed 500,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—$443,071 is to be expended during the period ending Aug. 31, 1960, for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $350,000 will be used to pay off an existing loan secured by a mortgage on the Florida Shores properties in Edgewater, Fla., and an assignment of a lot contract receivable; about $150,000 for the construction of the first four stories of the company's proposed office building in Miami (the balance estimated at $150,000 will be secured by a mortgage on the building), and $93,200 to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area. The balance will be added to the company's general funds and will be available, together with funds received from payments on lot sales, principally for the development of the Palm Shores properties (at Eau Gallie) and for further acquisitions, and for use as working capital. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co., Inc., New York.

● Mallinckrodt Chemical Works (7/8)
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.

★ Marshall Industries, San Marino, Calif. (7/15)
June 23 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To be used for company's expansion program. **Underwriter**—D. A. Lomasney & Co., New Yok.

★ Matronics, Inc. (7/29)
June 29 filed 200,000 shares of capital stock (par 10¢). **Price**—$3.75 per share. **Proceeds**—For sales promotion, production test equipment, research and development, demonstrators for special systems, receivables, inventories, prepayment of notes and other purposes. **Office**—558 Main St., Westbury, L. I., N. Y. **Underwriter**—Vermilye Brothers, New York.

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.

★ Meg Products Co., Inc.
June 24 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For inventories, machinery and equipment, retire existing loan and promissory notes and additional working capital. **Office** — 3340 W. El Segundo Blvd., Hawthorne, Calif. **Underwriter**—First Angeles Corp., Beverly Hills, California.

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. (7/6-7)
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. (7/8)
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.

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. **Pro-**

ceeds — For additional working capital. **Underwriter** — Shearson, Hammill & Co., New York.

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.

● **Narda Microwave Corp. (7/27-31)**
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. (7/7)**
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. (7/6-10)**
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 Lead Co.**
June 29 filed 28,863 shares of common stock. On June 23, 1959 National Lead entered into an exchange agreement providing for the acquisition of the assets of Goldsmith Bros. Smelting & Refining Co., of Chicago, subject to the requisite approval of the stockholders of Goldsmith, and the dissolution and liquidation of Goldsmith. Under the agreement, National Lead will acquire the assets, property and business of Goldsmith in exchange for 30,000 shares of National Lead common stock (or such lesser number as provided for in the agreement) and the assumption by National Lead of certain liabilities of Goldsmith. The prospectus lists a number of persons who will receive and may sell the National Lead stock received by them under the agreement.

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., has withdrawn as proposed underwriter.

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.

★ **Neiman-Marcus Co. (7/20-24)**
June 29 filed 133,800 shares of common stock, of which 31,200 shares are to be offered for the account of the company and 102,600 shares for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Main and Ervay Sts., Dallas, Tex. **Underwriter**—Lehman Brothers, New York.

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.

★ **Newport Electric Co. (7/8)**
June 22 (letter of notification) 13,101 shares of common stock (par $10) to be offered first to stockholders on the basis of one new share for each ten shares held on or about July 7; rights to expire on or about July 23. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Office**—159 Thames St., Newport, R. I. **Underwriter**—Stone & Webster Securities Corp., New York.

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. (7/21)**
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.

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., New York, N. Y.**
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. **Offering**—Expected in July.

● **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 20. Unsubscribed shares may be offered July 21. **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.

★ **Pacific Power & Light Co. (8/5)**
June 29 filed $10,996,000 of convertible debentures, to be offered on the basis of $100 principal amount of debentures for each 40 shares of common stock held of record Aug. 5, 1959; rights to expire on or about Aug. 25, 1959. **Proceeds**—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.

● **Paco Products, Inc., Pacolet, A. C.**
May 11 (letter of notification) 2,000 shares of 7% preferred stock to be offered first to stockholders at rate of five shares for each 1,000 shares held; unsubscribed shares first to holders of 7% short-term notes in ratio of amount on notes and then to public. **Price**—At par ($50 per share). **Proceeds**—To pay bank loans and for general corporate purposes. **Underwriters**—A. M. Law & Co., Spartanburg, S. C.; and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn. Statement withdrawn. See new listing.

★ **Paco Products, Inc., Pacolet, A. C. (7/29)**
June 30 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **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.

★ **Pall Corp. (7/22)**
June 25 filed $750,000 of 5½% subordinated convertible debentures, due July 1, 1974, and 40,000 outstanding shares of class A stock. The 40,000 shares of class A stock will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To liquidate short-term bank loans; to retire $115,000 of 7½% debenture bonds and $15,000 of 8% debenture bonds; to be applied to repayment of loans owing to principal stockholders on open account; chattel mortgages on machinery will be retired; and for working capital. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., N. Y. **Underwriters** — L. F. Rothschild & Co., Paine, Webber, Jackson & Curtis, and Hayden, Stone & Co., all of New York.

★ **Pan American World Airways, Inc. (7/29)**
June 29 filed $46,962,100 of convertible subordinated debentures due 1979, to be offered on a basis of $100 of debentures for each 14 shares of capital stock held on June 29, 1959; rights to expire on Aug. 11. **Price**—To be supplied by amendment. **Proceeds** — To be used as an addition to working capital, or as a portion of the funds required in connection with the acquisition of jet-powered aircraft, including all cargo aircraft and related flight and ground equipment, or both. **Underwriters**—Lehman Brothers and Hornblower & Weeks, both of New York.

★ **Park Drop Forge Co. (7/20-24)**
June 25 filed 43,500 outstanding shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds** —To selling stockholders. **Office** — 777 East 79th St., Cleveland, Ohio. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland, Ohio.

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.

★ **Penn Square Mutual Fund, Reading, Pa.**
June 29 filed (by amendment) an additional 500,000 shares of beneficial interest in the fund. **Price**—At market. **Proceeds**—For investment.

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.

★ **Philip Morris Inc.**
June 25 filed 104,699 shares of common stock, for offering to employees of the company and its subsidiaries pursuant to its Stock Option Plan.

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.

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. (7/6-10)**
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 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 (7/22)**
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. **Under-**

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writer—Kidder, Peabody & Co., and Blyth & Co., Inc., both of New York, N. Y.

● **Public Service Co. of New Hampshire (7/29)**
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. **Bids**—To be received until 11 a.m. (EDT) on July 29.

★ **Quebec Hydro-Electric Commission (Canada) (7/15)**
June 25 filed $50,000,000 of debentures, series X, due July 15, 1984 guaranteed by the Province of Quebec, Canada. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and for refunding. **Underwriters**—The First Boston Corp., and A. E. Ames & Co., Inc., both of New York.

Queenstown Gardens, Inc.
June 5 filed 140 units, each unit consisting of 700 shares of class B non-voting common stock. **Price**—$5,000 per unit. **Proceeds**—To acquire a 1061 apartment development known as Queenstown Apartments in Prince Georges County, Md. **Underwriter**—None.

★ **Quinby & Co., Inc.**
June 25 filed an amendment to its registration statements seeking registration of additional Quinby Plans for the accumulation of common stock in the dollar amounts and in the corporations listed herewith; $3,500,000 — Eastman Kodak Co.; $250,000—E. I. duPont de Nemours & Co.; $750,000—General Motors Corp.; $500,000—Standard Oil of N. J.; $250,000—American Telephone & Telegraph Co. **Office**—Rochester, N. Y.

● **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**—2600 W. Colfax Ave., Denver, Colo. **Underwriters** — Amos C. Sudler & Co., and Purvis & Co., both of Denver, Colo. Offering expected in August.

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.

★ **Raytherm Corp. (7/23)**
June 29 filed 150,000 shares of common stock, of which 118,000 shares are to be offered for the company's account and the remaining 32,000 shares are to be offered for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — To retire bank loans, to expand plant capacity and research facilities through purchase of machinery and equipment and through leasehold improvements; and the balance for working capital. **Office**—Oakside at Northside, Redwood City, Calif. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and Schwabacher & Co., San Francisco, Calif.

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.

● **Rehcis 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 manufacturers, and cosmetic manufacturers. **Underwriter**—Aetna Securities Corp., New York.

★ **Republic Resources & Development Corp.**
June 29 filed 1,250,000 unit shares of capital stock. **Price**—$2 per share. **Proceeds**—To be used in the company's oil exploration program for the purchase of oil exploration and drilling equipment, supplies and materials; to contract with U. S. geophysical contractors for technical services; and to pay its pro rata shares of the dollar exploration expenses under its agreement with three other companies for joint exploration of concessions held in the Philippines. **Office** — 410 Rosario St., Binondo, Manila, Philippines. **Underwriter**—John G. Cravin & Co., Inc., New York.

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.

★ **Rosarita Mexican Foods, Inc. (7/2)**
June 16 (letter of notification) 42,857 shares of stock (par $1). **Price** — $7 per share. **Proceeds** — To pay off loans and for working capital. **Office**—310 S. Extension Rd., Mesa, Ariz. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● **Rowe Furniture Corp., Salem, Va. (7/15)**
June 9 filed 165,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Francis I. duPont & Co., Lynchburg, Va., and New York.

Royal Dutch Petroleum Co./Shell Transport & Trading Co.
May 27 Royal Dutch filed 794,203 shares (nominal par value of 20 Netherlands Guilders each), and Shell Transport filed 1,191,304 ordinary shares (£ nominal value). According to the prospectus, an offer has been made by Royal Dutch and Shell Transport to Canadian Eagle Oil Company Limited, for the whole of its assets and business. Pursuant to the offer, there would be allotted to Canadian Eagle, for distribution in kind to its shareholders, 3,971,012 fully paid shares of Royal Dutch and 5,956,518 fully paid ordinary shares of Shell Transport. Bataafse Petroleum Maatschappij, N.V., a company of the Royal Dutch/Shell group of companies, which owns about 21% of the issued share capital of Canadian Eagle, will waive its right to participate in such distribution. Canadian Eagle shareholders owning the remaining 23,826,072 ordinary shares of Canadian Eagle will therefore receive two Royal Dutch shares and three Shell Transport ordinary shares in respect of every 12 shares of Canadian Eagle held. The offer is to be voted upon by Canadian Eagle shareholders at a meeting to be held July 21, 1959. After the shares of Royal Dutch and Shell Transport have been distributed to Canadian Eagle shareholders, Canadian Eagle is to be dissolved. Statement effective June 17.

★ **St. Clair Specialty Manufacturing Co., Inc.**
June 29 filed 30,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To be applied in partial payment of 5% note due April 1, 1961. **Office** — 120 Twenty-fifth Ave., Bellwood, Ill. **Underwriters**—Stifel, Nicolaus & Co. Inc., St. Louis, Mo.; and Walston & Co., Inc., New York.

★ **St. Regis Paper Co.**
June 26 filed 30,000 shares of common stock. The company proposes to offer this stock in exchange for outstanding shares of common stock of Lone Star Bag and Bagging Co. on the basis of 0.6782 of a share of St. Regis common for each share of Lone Star common. St. Regis will declare the exchange offer effective if 95% of the outstanding shares of Lone Star common are deposited for exchange, and may elect to do so if a lesser percent, but not less than 80%, of all the Lone Star common will enable it to control the business operations and policies of Lone Star.

★ **St. Regis Paper Co.**
June 24 filed 20,000 shares of common stock (par $5) to be offered by the company to the holders of the common stock of Chemical Packaging Corp. on the basis of one share of St. Regis common for each five and one-half shares of common stock of Chemical. **Office** — 150 East 42nd St., New York. **Underwriter**—None.

● **Seeburg Corp. (7/15)**
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. Record date July 15, 1959; rights expire on or about July 29. **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.

★ **Seiberling Rubber Co. (7/28)**
June 29 filed $3,000,000 of 20-year subordinated debentures, convertible into common stock during the first 10 years. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including additional working capital and "further modernization" of plant and equipment. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

● **Service Life Insurance Co.**
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price**—$18.75 per share. **Proceeds**—To go to a selling stockholder. **Office**—400 W. Vickery Blvd., Fort Worth Tex. **Underwriter**—Kay & Co. Inc. Houston, Tex. **Note**—"Letter of notification" has been withdrawn and a full registration has been/or will be filed.

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.

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.

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 8 (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.

★ **Strategic Materials Corp. (7/20-24)**
June 29 filed 368,571 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each five shares held on or about July 20, 1959; rights to expire on or about Aug. 12, 1959. **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans; for payment of a note; for working capital; for expenditures by Strategic-Udy Metallurgical & Chemical Processes Ltd., which owns and operates a pilot plant at Niagara Falls, Ontario, and is a subsidiary of Stratmat Ltd., Strategic's principal subsidiary, and by its other direct subsidiary, Strategic-Udy Processes, Inc., which owns and operates a laboratory at Niagara Falls, N. Y.; as working capital for a mining subsidiary; for payment of a mortgage; and as working capital for another subsidiary. **Underwriters**—S. D. Lunt & Co., Buffalo, N. Y.; and Allen & Co., New York.

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.

● **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. Statement effective June 24.

● **Superior Window Co. (7/6-10)**
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. (7/7-8)**
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. (7/6-13)**
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.

● **Technical Operations Inc. (7/7)**
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.

● **Templeton, Damroth Corp., New York (7/6-7)**
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**
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. The offering has been postponed indefinitely.

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. (7/6-10)**
June 9 (letter 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.

★ **Transcontinental Gas Pipe Line Corp. (7/21-22)**
June 24 filed 150,000 shares of cumulative preferred stock (without par value—stated value $100 per share). **Price**—To be supplied by amendment. **Proceeds**—For prepayment of notes outstanding under revolving credit agreement, balance to be deposited with the trustee under the company's mortgage as the basis for issuance of a portion of new bonds. The amount so deposited is to be withdrawn by the company against property additions and used to prepay additional notes. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., both of New York.

● **Trans-Sonics, Inc., Lexington, Mass. (7/15)**
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.

★ **Triboat Plastics, Inc.**
June 18 (letter of notification) 20,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For the manufacture and sale of the company's products. **Office**—Juan Rosado St., Arecibo, Puerto Rico. **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.

★ **Tuboscope Co. (7/15)**
June 26 filed 200,000 outstanding shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Office** — 2919 Holmes Road, Houston, Tex. **Business**—The non-destructive testing and inspection of drill pipe and other oil field tubular products. **Underwriters** — Glore, Forgan & Co., New York; and Rowles Winston & Co., Houston, Tex.

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 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. (7/15)**
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.

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. Statement withdrawn.

Utility Appliance Corp., Los Angeles, Calif.
April 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5.75 per share. **Proceeds**—To selling stockholders. **Office**—4851 South Alameda Street, Los Angeles 58, Calif. **Underwriter** — Dempsey-Tegeler & Co., Los Angeles, Calif.

★ **Val Vista Investment Co., Phoenix, Ariz.**
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co.

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.

★ **Varian Associates (7/15)**
June 24 filed 20,000 shares of capital stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—611 Hansen Way, Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

★ **Varian Associates (7/15)**
June 24 filed $4,000,000 of convertible subordinated debentures, due July 15, 1974. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes and to increase working capital. **Office** — 611 Hansen Way, Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

★ **Vector Manufacturing Co., Inc.**
June 22 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds**—To be used for purchase of land, new building, furniture and fixtures, and for working capital. **Office**—Keystone Road, Southampton, Pa. **Underwriters**—Marron, Edens, Sloss & Co., Inc., New York; L. B. Schwinn & Co., Cleveland, Ohio; and First Albany Corp., Albany, N. Y.

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.

● **Voss Oil Co. (7/13-17)**
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.

★ **Vulcan Materials Co., Inc.**
June 29 filed 10,000 shares of 6¼% cumulative preferred stock and 560,000 shares of common stock, to be offered to the stockholders of Ralph E. Mills Co., Talbott Construction Corp. and Talco Constructors, Inc., in exchange for all the outstanding capital stock of these three corporations, and to the owner of Sherman Concrete Pipe Co., Chattanooga, Tenn., for the business and assets of that company. **Office**—Mountain Brook, Ala.

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.

★ **Warren Dental Laboratories, Inc.**
June 4 (letter of notification) 10,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For expenses for construction and operation of a dental laboratory. **Office**—214 W. Monument St., Baltimore 1, Md. **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. (7/6-10)**
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.

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.

★ **West-Wood Processing Corp.**
June 22 (letter of notification) 56,000 shares of common stock, to be offered only to USAF officers stationed at Mountain Home AF Base. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—555 S. Center Street, Reno, Nev. **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 Empire Life Insurance Co.**
June 29 filed 212,000 shares of common stock and options to purchase 172,701 shares (plus the underlying shares). The company proposes to make a public offering of three blocks of stock in amounts of 40,430, 38,570 and 36,935 shares, at prices of $1, $2 and $3, respectively. The remaining 96,065 common shares and options for the 172,701 shares (together with shares underlying such options) are to be offered by the present holders thereof. The options permit purchase of the underlying shares at $1 per share. **Proceeds**—For general corporate purposes. **Office**—2801 East Colfax Ave., Denver, Colo.

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.

★ **Wilcox Electric Co. (7/20-24)**
June 24 filed 318,736 shares of common stock (par $3), of which 175,000 shares are to be offered for the account of Jay V. Wilcox, President, and 143,736 shares are to be offered for the account of the company. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding short-term bank loans and for working capital. **Office**

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—1400 Chestnut Avenue, Kansas City, Mo. **Underwriters**—Lee Higginson Corp., New York, and Stern Bros. & Co., Kansas City, 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. (7/6)
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.

★ Appalachian National Life Insurance Co.
July 1 it was reported that the company plans some additional common stock financing. **Proceeds**—For expansion. **Underwriter** — Cumberland Securities Corp., Nashville, Tenn. Offering expected in September or October.

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. (7/29)
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**—Momentarily.

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.
May 4 it was reported that the company is seeking early ICC approval for the issuance of 250,000 shares of class A common stock. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill. **Offering**—Expected about July 29.

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.

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.

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.

★ Federation Bank & Trust Co.
June 30 the Directors approved, subject to stockholder approval on July 14, the offering of 108,904 shares of new capital stock to stockholders of record Aug. 7, 1959; rights to expire on Aug. 28, 1959. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

★ Federated Investors, Inc.
July 1 it was reported that the company is contemplating the issuance of 65,000 shares of common stock. **Underwriter**—Hecker & Co., Philadelphia, Pa.

★ General Time Corp.
July 1 it was reported that the company plans issuance and sale of $6,000,000 convertible debentures. **Underwriter**—Kidder, Peabody & Co., New York. **Registration**—On or about July 2.

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.

★ Maritime Telegraph & Telephone Co., Ltd.
June 4 it was announced that the company has decided to raise a substantial portion of the capital required by an issue of common stock to be offered to both preferred and common stockholders. It is expected that rights to purchase these share will be available during the latter part of August. **Proceeds**—For capital expenditures.

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 $6,015,000 equipment trust certificates maturing on July 30 from 1960 to 1974 inclusive. 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 stockholders on the basis of $100 principal amount of debentures for each 40 shares of common stock held of record Aug. 5; rights to expire about Aug. 25. **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.

Puget Sound Power & Light Co.
May 15, Frank McLaughlin, President, announced company plans to issue and sell first mortgage bonds later in the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; The First Boston Corp. and Smith, Barney & Co. (jointly).

★ Southern Nitrogen Co., Inc.
July 1 it was reported that the company plans some additional common stock financing. **Proceeds**—To selling stockholders. **Underwriter**—Harriman Ripley & Co., Inc., New York. **Registration**—Scheduled for sometime in July. Offering expected in late August.

• 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. **Registration**—Sometime in August.

★ Supercrete Ltd.
July 1 it was reported that the company plans early registration of 200,000 shares of common stock of which 100,000 shares will be sold for account of the company and other 100,000 for account of selling stockholders. **Proceeds**—Reduction of bank loans and to add to working capital. **Underwriter**—Strauss, Blosser & McDowell, Chicago, Ill. **Registration**—On or about July 2.

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.

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The Implications of The Common Market

munity countries introduced external currency convertibility. The Netherlands, Belgium, and Luxembourg have announced to GATT that they intend to harmonize their quantitative import restrictions vis-a-vis the whole free world, and no longer invoke dollar discrimination. Germany has practically completed the liberalization of its imports in basic materials and industrial products. Italy has liberalized basic materials and half-finished products as well as many manufactures. France has liberalized her imports of basic materials. At Jan. 1, 1959, dollar liberalization in the basis of the year 1953 has reached, for example, 86% for Belgium and Luxembourg, 77% for Germany, and 60% for Italy.

Tariffs

So much, very briefly, for the quota problem. What about tariffs? As you know, the common external tariff will be based on the arithmetical average of the existing customs tariffs of the six countries. The Benelux tariff, surrounding some 20 million consumers, will go up a little. The German tariff, surrounding some 50 million, will remain about the same. The French and Italian tariffs, surrounding about 90 million consumers, will be considerably lowered.

The common tariff on some products has already been decided upon, while for others, for which special provision was made in the treaty, it will be decided upon before the end of this year. Broadly speaking, I think it can be said that the latter will be close to the arithmetical average.

For very many products, the situation will be unchanged or changed for the better. With the exception of energy products and agricultural products, about 31% of present American exports into the Community consist of raw materials, such as ores, textile fibers, vegetable oils, and basic chemicals—all of which will be subject either to very low duties or to no duty at all.

How about manufactured products? Even within the United States, as I need not remind you, there is very sharp competition in this field. In 1958, the United States exported some $9.4 billion worth of manufactures and imported only some $3.9 billion worth. Obviously, there are many American goods which are highly competitive in Europe.

Yet, of course, we have as much interest in exporting manufactures as you have. We, too, have an export problem, and a tariff problem, in selling to you. And just as you sometimes express anxiety about our external tariff, so we sometimes wonder whether the successes which some of our exporters have had in the American market may not lead to a raising of the American tariff through the exercise of your escape clause.

We know from the representations made by certain American firms that there is pressure upon you to limit imports. But I think it is true to say that the climate of opinion both in Europe and in America is in favor of freer trade, and I am convinced that on both sides liberal counsels will prevail.

It is a matter of history that trade has always been most intense between highly industrialized regions; and in the European Community, at least, a liberal philosophy has been written into the law by the Common Market treaty.

The "Dillon Proposals"

That is why we welcome the now famous "Dillon Proposals" for a new round of tariff negotiations in GATT with the stated object of making a worldwide reduction of tariffs over the next two and a half years. The Dillon proposals seem to us of very great importance, for the two and a half years in question coincide exactly with our own time-table in the Common Market, and they open encouraging prospects for a systematic attack on world trade restrictions.

Since 1934, your Reciprocal Trade Agreements Act has been the keystone of American trade policy, and it has been an instrument for shaping the trade policies of other countries as well. Under the Dillon proposals it can now be used to achieve important joint action with the European Community.

We shall complete the determination of our own external tariff by the end of this year, or at the latest in the spring of 1960. And as one of your statesmen has put it, the height of the European Community's common tariff will depend upon the American Government's authority to make reductions on a reciprocal basis. We hope for our part that negotiations can begin in GATT at the latest by next summer, and that together we can bring about a general and substantial reduction of tariffs in the world.

American Interest Welcomed

Meanwhile, we are pleased with the growing interest that the American business community is showing in the Common Market. We welcome American investment, and I am confident that American firms that develop sources of production in Europe will not regret their decision.

Perhaps I would not go quite so far as a leading American industrialist, who said to be not very long ago, "any big business without a factory or partner within the Common Market will in five years not be big business." But I have always admired the imagination of American business and your ability to rise to new opportunities. I am gratified that many of you see in the Common Market a new economic frontier with the same vast potential for growth that your own frontier provided during so much of your history.

And I can promise you this: You will be treated fairly. Any American investment in the Common Market will be governed by the same rules as our own investments.

So I can say categorically: The Common Market is here to stay. It is something more than a simple customs union. It is a political force. It is a reaction against the past, and one which could start a chain reaction.

Our aim is more than just to free trade: it is more than just to bring about a redistribution of resources. For the world economy, I am convinced, is not a cake to be cut and divided, but a vehicle to be set in motion. The industrialized regions of the world are its motor, and the Common Market will play its full part in helping to dirve the vehicle and to steer it along the road to freedom, progress, and peace.

Walls Assoc. Add

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Charles C. Poplin has joined the staff of Walls Associates, Inc., Candler Building.

With B. C. Ziegler Co.

WEST BEND, Wis.—Richard P. DeBruin has joined the staff of B. C. Ziegler and Company, Security Building.

Our Reporter's Report

Decision of the Treasury to borrow at short-term to provide for its immediate cash needs, though pretty much in keeping with expectations, seems to have given the investment markets something of a fillip.

This is so despite the fact that the Treasury decided to raise $5 billion instead of the $4 billion that had been anticipated. By and large, there was little else it could do at the moment, since Congress still had not voted the lifting of interest rate ceiling asked by President Eisenhower.

Chances are that once the ceiling is raised or eliminated entirely, the Treasury may be expected to move into the market for long-term money at least on an exploratory basis. How much of a "bite" the exchequer might be tempted to undertake the first time out likely will be the subject of considerable educated guessing once the way or action is cleared.

But for the present the behavior of the secondary investment market has been encouraging to those corporations which may be waiting for a more definite line on money rate prospects over the near-term. The Treasury list has been holding its own rather well.

And among recently issued corporates there has been marked recovery from the lows reached immediately after syndicate support was withdrawn. In fact, most of the top grade utility and industrial obligations of recent vintage have succeeded in chalking up sizable premiums.

Tax Exempts Take Over

The corporate new issue market slowed to a walk this week as the Fourth of July double holiday cut the number of working days to a bare four. Several issues made market but none of any large proportions.

Meanwhile at mid-week tax-exempt entries took over with a bang. Topping the list in this field was the $195 million of term and serial bonds put on the market through negotiation by the Grant Co. Public Utility District No. 2, Washington, yesterday.

New York State went through the routine procedure of marketing $50 million of general obligation bonds. But the City of Montreal, on its offering of $20 million debentures really gave the market a whirl. It took considerable time to figure out the winner. One group bid 98.80 for 5⅜s for a cost basis of 5.5314% while the second offered 97.67 for a 5¼% coupon for and interest rate of 5.5541%.

Schedule Is Light

There is little nourishment in the prospects for the corporate new issue market next week judging from the calendar. (See page 35.) Once more there is a veritable host of potential starters lined up for Monday.

But all of them are relatively small in proportions and chances are that the bulk will be held in abeyance pending more sanguine market prospects.

Northrop Corp. has $10 million of convertible debentures slated for Tuesday, to be underwritten while on Thursday Union Light, Heat & Power will open bids for $6 million bonds.

Fairly Busy Month

Considering the circumstances, June was a relatively busy month as far as raising of new corporate capital was concerned. Though substantially behind the previous month the volume was well above that of a year ago.

Public utilities again led the parade with a total of $124 million of bonds, or debt securities against $69 million a year ago, but new equity offering for the utilities dipped to $26 million from $43 million a year earlier.

Industrial bond issues ran behind a year ago at $64 million down from $86 million, but here, stock offerings mounted to $85 million about matching the total of a year ago. Railroads raised $11.4 million via bonds in the month.

Now With Josephthal

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Gerald S. Curhan is now affiliated with Josephthal & Co., 19 Congress Street. He was formerly with Keller & Co.

Three With Westheimer

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Fred W. Klewitz, Mrs. Evelyn J. Wertheimer, and Merrill R. Zenner are now associated with Westheimer & Company, 134 South La Salle Street.

John W. Cornwell, Jr.

John Wesley Cornwell, Jr., passed away June 24th at the age of 68. Mr. Cornwell was a partner in Hardy & Co.

In Kansas City Office

KANSAS CITY, Mo.—Archie L. Drake and Frank A. Hawkins are with First Securities Company of Kansas, Inc. in the Kansas City office, 21 West 10th Street.

J. R. Jamieson Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John R. Jamieson is conducting a securities business from offices at 219 West Seventh Street.

F. W. Klatt Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Frank W. Klatt is engaging in a securities business from offices at 3905 Brillant Way.

New Ranson Branch

NEW ORLEANS, La.—Ranson & Company, Inc. has opened a branch office in the Civic Center Building under the management of Arthur A. Maxwell.

Taylor, Rogers Office

ELGIN, Ill.—Taylor, Rogers & Tracy, Inc. has opened a branch office at 20 Woodland Avenue under the direction of F. Robert Vierling, Jr.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Business is good and the economy is advancing under considerable momentum. Just about every section of the country is witnessing substantial gains with increased sales and larger payrolls.

The Department of Commerce's Office of Business Economics has just printed a very optimistic report. Several Federal Reserve Banks likewise have been impressed by the accelerated business pace and the decline in unemployment in the past few months.

The United States Chamber of Commerce is impressed by what it sees ahead for the next year. A survey conducted by its publication, "Nation's Business," showed marked confidence by businessmen. The businessmen believe there will be greater sales and relative stable prices and profits.

Seventy percent of the large businessmen plan to carry out "more vigorous" cost-cutting programs in the year ahead, and about half of the smaller firms plan concerted efforts to keep fat from edging back into their operations. The results of the survey came from 160 large-company executives, and 86 executives of smaller companies. Slightly more than 50% of the companies in all classifications predict their profit per dollar sales will remain about the same as of today.

Personal Income Up 7%

The Commerce Department's Office of Business Economics reported that personal income at $376 billion annual rate in May recorded another sizable advance. Thus it is now 7% above a year ago. The gains reflect most increases in payrolls associated with further expansion in employment.

A marked employment increase was recorded in May, and May employment other than nonagricultural establishments was 52,000,000 or 2,000,000 more than the recession low of April 1958.

The march ahead of business has been underway for more than a year, and the rise has maintained its momentum as it has spread over an ever-widening circle, Commerce Department economists declare. However, there has been one lag-export trade. It has not moved forward.

Reserve Board Optimistic

The Board of Governors of the Federal Reserve System concurs with the Commerce Department in the overall business picture. In a summary of condition, the Board began: "Expansion in industrial activity continued in May, employment increased further, and the decrease in unemployment was again considerably larger than seasonal. Consumer incomes and buying attained new highs . . . Commercial bank loans and the seasonally adjusted money supply continued to increase. Security yields continued upward in May and early June . . . Yields on long-term Treasury and State and local government securities have remained relatively stable since mid-May, but those on corporate bonds and on short and intermediate-term Treasury issues have increased further."

Business Spending

The Commerce Department says business expects to spend $32½ billion on new plant and equipment in 1959, about 7% more than in 1958, and 12% less than was spent in the record year of 1957. Manufacturing companies expect to spend more than $12 billion this year or 8% more than 1958.

On the other hand public utilities are now planning to invest about 3% less than in 1958. A slight decrease from early programs has been made by the electric companies, and a greater decrease by natural gas companies. The reduction in the programs of the gas companies "is attributable to the lowering of the sights of a few large pipeline companies."

The expanding jet airline programs continue to dominate investment in the nonrail transportation group. Oil pipeline companies are going to increase capital expenditures. Investments by trucking companies is undergoing considerable recovery. After a two-year decline, communications firms are going to spend more the last half of this year.

Because of the high-rate of overall construction activity, construction contractors are increasing their equipment purchases. Retail trade companies are also expanding store modernization programs and plans for new shopping centers.

All Lines Thriving

The Federal Reserve Bank of of Philadelphia says it is now clear that business conditions in the first half of 1959 exceeded expectations of the majority, and matched the most optimistic projections made at the turn of the year. Practically everyone who sells anything from cars to carpet tacks is doing better this year, it observed.

The Bank's publication, "Business Review," asks that with more of the burden for economic advancement resting on the consumer, how likely is it that this spending will increase rapidly?

In the 27 of the last 30 quarters consumer spending on food and clothing has risen. For 62 quarters in a row spending on services has edged higher. The increases have been responsive to the business climate. The spending patterns that have been established are expected to continue upward.

Rise in Interest Rates Forecast

The Federal Reserve Bank of St. Louis agrees in its current "Review" that one of the outstanding features in the economic expansion has been the steady growth in consumer spending. The Bank reports that employers are again willing to take on trainees and to be searching for salesmen, stenographers and other white-collar workers.

The Bank went on to observe that interest rates, which have risen sharply the past year, may be returning to higher levels which have commonly prevailed in periods of high productivity of capital.

The Federal Reserve Bank of Dallas reports that conditions in the Southwest are favorable. The four biggest cities of Texas—Houston, Dallas, San Antonio and Fort Worth — which continue to grow, are the subject of a series of articles in the Bank's "Business Review." Incidentally, the quartet of cities are also the largest cities of the Eleventh Federal Reserve District. Houston has been one of the fastest growing cities in North America for years.

Rains increased prospects for pastures and ranges over a large part of the district in May, especially in eastern sections of New Mexico and Western Texas. Additional moisture is needed for crops and cattle raising in Far Western sections of the Eleventh Reserve District.

Mid-West Gains Cited

The Federal Reserve Bank of Chicago in its June report on business conditions said that automobile dealers and building materials dealers reported increases of about 20% in the spring months, and food stores have been recording modest gains.

Employment gains have been evident in nearly all Midwest centers. In May, new claims for unemployment compensation were only about half as large as the corresponding month of 1958.

"Factory shipments of all types of major household appliances participated in the uptrend," said the Bank's review of business. "During the first quarter, the number of washing machines shipped by producers, as reported by 'Electrical Merchandising', was up 17% from 1958, dryers were 30% higher, electric ranges 28%, refrigerators 15%, freezers 42% and dishwashers 36%."

The June Monthly Review of the Federal Reserve Bank of New York agreed that business activity across the country has been expanding vigorously. The Bank, like other sources, pointed out that the lone exception has been the absence of any recovery from exports. It is worthy of emphasizing, said the institution, that roughly three-fourths of the drop in the value of United States exports between the first quarters of 1957 and 1959, was concentrated in only five commodity groups: cotton, wheat, coal, iron-steel, and petroleum.

[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

"I wish there were less general and more partner in our new general partner!"

Lentz-Newton Sponsors Space Age Program

SAN ANTONIO, Tex.—Lentz, Newton & Co., Alamo National Building, sponsored a special space age forum in cooperation with the Chamber of Commerce and the San Antonio College. Speakers included Dr. Martin Summerfield, professor of jet propulsion at Princeton University; and William S. Palmer, Templeton, Dobbrow & Co.

Business Man's Bookshelf

Federal Deposit Insurance Corporation—annual report for the year ended December 31, 1958—Federal Deposit Insurance Corporation, Washington, D. C. — paper.

How to Evaluate an Analytical Method With the Aid of Radio Isotopes—Bulletin No. 5— Nuclear-Chicago Corporation, 233 West Erie St, Chicago 10, Ill. (paper).

Liquor Handbook 1959 — Market Source & Data Book—Davidson Publishing Company, 405 East Superior St., Duluth, Minn. (paper), $6.00; hard cover, $8.50.

Mutual Competition—Reprints of an address by Gaylord A. Freeman, Jr., before the Association of Reserve City Bankers—First National Bank of Chicago, Chicago 90, Ill. (paper).

Nederlandsche Bank N. V.—Report for the year 1958—De Nederlandsche Bank N. V., Amsterdam.

Nuclear Insurance—A series of three publications — "Financial Protection Against Atomic Hazards" (paper, $2.00); "Nuclear Liability Insurance and Indemnity (paper, $1.10); International Problems of Financial Protection Against Nuclear Risk (paper, $6.00) Atomic Industrial Forum, 3 East 54th St., New York 22, N. Y.—the three reports available as a unit for $7.50.

Philadelphia Financial Report for 1958 — City of Philadelphia, City Hall Annex, Philadelphia 7, Pa.

Plain Talk From A Campus—John A. Perkins — University Publishers, Inc., 59 East 54th Street, New York 22, N. Y. (cloth), $4.00.

Property Insurance Fact Book, 1959—National Board of Fire Underwriters, 85 John Street, New York 38, N. Y. (paper).

Turkey—Annual Statement of the Industrial Development Bank of Turkey-Necatlbey Caddesi Galata, Istanbul, Turkey (paper).

University of Chicago Press — catalogue for Fall 1959 — University of Chicago Press, Chicago 37, Ill. — paper.

Wages, Prices, Profits and Productivity—Proceeds of the 15th American Assembly — The American Assembly, Columbia University, New York, N. Y. (cloth).

Who's Who in Public Relations—PR Publishing Co., Inc., Meriden, New Hampshire, $25.00