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EDITORIAL

As We See It

Both the President and the Vice-President have expressed the opinion that inflation will be one of the issues in the 1960 national elections. The President feels that the American people are now ready to support vigorous action to prevent inflation. The sort of excessive expenditures that were so often advocated last year when the keynote of all songs was the stimulation of recovery and the reduction in unemployment are now looked upon with much less favor, he thinks. These sentiments on the part of high officials come to the voters accompanied by the news (if it is news) of a national deficit in the fiscal year just closed running to $12.5 billion. They are likewise closely related to a report of the so-called Nixon committee report on "Price Stability for Economic Growth," which warns of the dangers of inflation and cites the good things that may be ours if we avoid inflation. [See page 12 for text of report.—Ed.]

There can be no doubt that all these pronouncements by the powers that be are making a more favorable impression upon the rank and file of the voters than would have been the case a year or so earlier, when recession and unemployment were uppermost in the minds of so many. "The devil is sick; the devil a monk would be," a cynic of many years ago remarked. When unemployment is large, and the economic outlook not particularly encouraging, the rank and file may have no particular yearning for the cloth but they are certain to be all too ready to take patent medicines in quantity on the advice of quacks or

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The Bear Market In Bonds Will Continue

By WILLIAM M. B. BERGER*

President, Centennial Fund, Inc., Denver, Colo.

Mr. Berger's chiding analysis of and advice to bankers who know investing rather than managing indicates his unswerving interest in bank bond portfolios. The former banker deplores failure to discern the bear market trend from the rallies and doubts bull market will return until private savings expand or debt declines. Until bonds become a better inflation hedge than stocks, Mr. Berger believes bank bond accounts should be: (1) cleaned out and reconstructed during 1959-60 excellent earning years, for which losses can be taken, to be ready for the bond market low to lengthen maturities; (2) a true reserve account as liquidity lessens; (3) flexible and leveraged, and (4) cognizant that "loss" includes money that could have been earned by better management.

After 10 years or so we finally seem to be discovering that we have been in a bear market for bonds during the postwar period. Very few bankers would disagree with this statement, but there seems to have been, and there still seems to be, remarkable persistence in placing the burden of proof on the "bears," and the strange lingering feeling persists that it just can't happen. "They" can't let it happen.

W. M. B. Berger

Most errors in the management of bond accounts in the postwar period can be attributed to not realizing that the long-term trend has been down, and not being mentally conditioned so as to understand that the rallies in the bond market during this period, such as November '57 to June '58, were merely rallies against this downward trend, rather than a return to "normal." Perhaps this reluctance to recognize that we

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*Address by Mr. Berger before Denver Society of Security Analysts.

The Gold Rush of 1959

By PETER L. BERNSTEIN

Executive Vice-President

Bernstein Macauley, Inc., Investment Counsel

Mr. Bernstein urges realistic conclusions be applied to the gold question. Maintains the prevalent concern over the decline in our exports is unwarranted, since it is in good part based on temporary factors; while our imports are not abnormally high. Points out we still have a favorable trade balance, higher in 1958 than in four of last 10 years. Believes there is no indication of a flight from the dollar. Denying that gold outflow could threaten our credit structure or make the dollar a soft currency, he maintains our present gold stock is far in excess of currently required Reserve holdings. Concludes that main cause of our excess of payments to foreigners is due to capital and government transactions which are helping to restore international liquidity.

In 1958, the United States lost more than 2,500 tons of gold to foreign countries. It doesn't sound like much. The American steel industry pours that much tonnage in less than three minutes out of an eight-hour day. Two normal size freight trains could carry it with ease. A large freighter would hardly move in the water as it was lowered aboard. Yet, this was more than 10% of our total gold stock and more than one out of every 17 tons of monetary gold in the whole free world. It was the largest loss of gold we have ever sustained in any one year of our history. It had a value of more than $2 billion—the combined annual income of nearly 400,000 American families. Now, after a respite of a few months, the gold outflow has started again at a rate almost as heavy as last year's. Is this a fatal hemorrhage? Does it mean that the dollar is becom-

Peter L. Bernstein

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

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

EARLE C. MAY
May & Co., Portland, Oregon

Oregon Metallurgical Corporation

Better missiles, more powerful rocket engines, faster airplanes and spaceships, improved automobiles, safer, purer food processing—indeed, matters of great concern to all of us, ranging from assurance of our very survival to improving the simple amenities of everyday life, demand better metals. From jet and rocket engines capable of using tremendously powerful fuels our scientists have already developed, to "permanent" razor blades, the key is **better metals**.


Earle C. May

Oregon Metallurgical's only business is developing and producing better metals, and better methods and processes of working with better metals.

Organized in 1956, Oregon Met continued as an incorporated business the work which its President, Stephen Shelton, and his associates had been pursuing for a decade as the staff of the U. S. Bureau of Mines Laboratory in Albany, Oregon.

Addressing themselves to the toughest problem facing workers in rare metals, that of obtaining a product of extremely high purity, the Oremet scientists soon came up with a revolutionary—and highly successful — vacuum melting process. With the help of this process and a strong titanium market, the company got off to an auspicious start and was soon making money. This, together with a strong stock market, pushed the price of the stock in the then very thin local market up from the initial offering price of $1 to a high of $4 in the Spring of 1957. Then came the break in both the titanium market and the stock market, and the price of the stock slid back to $2.

Having foreseen this break in the titanium market, however, Mr. Shelton quickly shifted the company gears and by mid 1957 was concentrating on zirconium, the nuclear reactor metal, thereby escaping the very costly grief suffered by the titanium giants. By September he had accomplished the incredible feat of landing for his young company a contract to supply Westinghouse Electric $4,000,000 worth of zirconium ingots over a 12 month period. With near capacity operations thereby assured for the near future, even though at a low margin of profit, Mr. Shelton began exploring various means of developing sales and markets on a long range basis, and by January of 1958 he had negotiated a deal with the Ladish Co., of Cudahy, Wisconsin, by the terms of which the Ladish Co.'s wholly-owned subsidiary, Northwest Pacific Co., bought 500,000 shares of Oregon Met stock directly from the Company for $1,000,000 cash, and agreed to serve Oregon Met as marketing agent. In this transaction the Ladish Co. also received options expiring in 1963 on an additional 750,000 shares at $2 a share, which options, if exercised, would give Ladish 1,250,000 shares, or just 50% of Oregon Met's authorized 2,500,000 shares. (Shares presently issued and outstanding total 1,633,000.)

As one of the world's leading manufacturers of valves and fittings for sanitary districts and the food processing industry, as well as jet engine assemblies, Ladish itself is an important user of titanium and other rare metals and alloys. This, plus what Ladish has arranged as sales agent and the Oregon Met staff themselves have generated, has taken up the slack left by the successful completion of the Westinghouse contract in September of last year. So effectively has this been accomplished, in fact, that Oremet's earnings of $112,827, or nearly $.07 a share for the six months ended March 31, 1959, exceeded earnings of $98,000, or only $.06 for the entire year ended Sept. 30, 1958—this in spite of the fact that earnings for the six months just ended were after taxes of $115,542, or $.07 per share whereas 1958 earnings were nearly tax free. Earnings for the fiscal year which will end Sept. 30, 1959 should triple last year's earnings.

Oregon Met researchers also have discovered a way to cast titanium parts — a patented process with very considerable potential, according to preliminary indications of extensive investigations being conducted by leading aircraft manufacturers.

Soon to be tested by a leading rocket engine manufacturer is a new tungsten alloy recently developed by Oremet. If successful, it could make possible extensive use of some of the highly potent new fuels recently developed, and could result in a substantial increase in business for Oregon Met. And this is only one of many highly significant — and profitable—developments possibly close at hand.

For an infant company, finances are unusually strong: cash and equivalent exceeds a million dollars, and credit standing is excellent, meaning that the company will be financially able to take full advantage of any favorable technical developments it manages to engineer.

In short, here we have a unique combination of an extremely able scientist who is at the same time a top flight businessman — and salesman — vigorously leading a financially strong young company in a promising field on the frontier of science; a field that may easily steal the limelight from electronics and produce next year's speculative favorites. It is a company whose "bread and butter" business provides a tidy profit sufficient, perhaps, even to justify a small dividend in the not too distant future, and at the same time to finance extensive research and development which any day could pull the lever that releases a real "jack pot."

Price at this writing, in the now active West Coast Over-the-Counter market, is about $3 per share. This is a speculative stock suitable for individuals, but probably not as yet for institutional accounts.

JOHN P. O'ROURKE
J. P. O'Rourke & Co., Chicago, Ill.

Portable Electric Tool

Home work-shop enthusiasts will appreciate the forthcoming Fall 1959 addition to the line of Portable Electric Tool. Many of us have struggled for fifteen minutes unscrewing a jammed saw blade and attachment from our power tools, perhaps merely to drill a few holes. Then we have to remove the drill and later, after relocating misplaced screws, reattach the saw or sander etc. The answer to this ever-vexing problem is PET's new trade market "TWISTLOCK." A patent is pending on this item which, by means of a snap-lock device, enables the long suffering "do-it-yourself" addict to instantly change tools on his power equipment.

Other recent Portable Electric Tool exclusives include:

(1) The only stationary radial arm saw with the option of portability ever offered. This machine provides all the flexability of a portable saw with all the cuts and accuracy of a radial saw. Model UP-16, retailing at one-half the price of competitive, non-portable saws, appears to be a major first in the industry.

(2) The only electric impact wrench with built in adjustable torque. By simplifying design and engineering and the elimination of excess parts, PET has marketed a tool retailing for 10% to 15% less than standard models, while being immeasurably easier and cheaper to repair.

(3) The only two-speed, same-chuck drill made today. This revolutionary and patented item enables the worker to change the speed of this drill without removing the bit. You actually obtain two drills for the price of one.

Portable Electric Tool was formed in 1946. The company makes the most reasonably priced, complete line of power tools available. Principal products are drills, sander-polishers, paint sprayers, grinders and saws for home, shop and industrial use. The Company has two lines, PET and SHOPMATE and also sells to large retailers.

The Company has shown remarkable growth. Recorded below are per share earnings figures for the past six years:

1954	$0.37
1955	0.50
1956	0.50
1957	0.73
1958	1.19
1959 (estimated)	2.25

At 20 the stock is selling at less than 9 times estimated earnings of $2.25 per share for the year ending June 30, 1959, an unusually low ratio for a company with such strong growth characteristics.

Most of the officers and other supervisory personnel have been with the company since its forma-

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How Can We Improve Our Foreign Economic Policy?

By WALTER H. DIAMOND*
Editor, McGraw-Hill "American Letter"
Director, Foreign Economics Department,
McGraw-Hill International Corp.

Ten facets of U. S. foreign economic policy said to demand constructive action now receive Mr. Diamond's remedial proposals ranging from countering Soviet dumping to revitalizing our foreign aid approach. Not at all upset by his prediction that our gold outflow in 1959 may reach $2.5 billion, the international trade editor avers we need not price ourselves out of the world market if we pursue aggressive sales and less restrictionism. He terms the "dollar scare" grossly exaggerated but adds this does not mean we can continue inflation and higher labor costs. Mr. Diamond finds fallacies overlooked by advocates of East-West, two-way trade with Russia; deplores our highest protectionist wave since the 1930's; favors passage of Boggs' bill and mediation of French-British economic integration dispute; inveighs against our dumping deeds; and sees reaction to Nixon's treatment leading to better Latin American good neighbor policy.

If the United States is to maintain its rightful role of leadership in the economic development of the Free World, our Government cannot afford to lose any more time in devising measures to correct ill-advised policy already adopted or in taking quick action to strengthen our position. In order of their importance, here are the ten facets of U. S. foreign economic policy that demand an immediate and careful plan of constructive action:

Walter Diamond

(1) Russian economic warfare; (2) growing protectionism in the U. S.; (3) preparation for regional market trading areas; (4) outflow of private investment; (5) Latin American good neighbor policy; (6) increasing foreign competition to American business; (7) East-West Trade; (8) foreign aid; (9) U. S. Anti-Dumping Act, and (10) education of the American consumer.

Number one of these ten points, the Russian economic offensive, means that the future of American industry as well as foreign trade is at the mercy of a powerful external force never before encountered. Khrushchev's declared "economic war" with the U. S. through dumping, barter, stepped-up financial aid and longer repayment terms, particularly to Latin America, means that Moscow eventually hopes to be able to manipulate world trade, including that of the U. S., simply like a faucet. Despite denials, the Kremlin intends to wiggle itself into a position where it can turn on or off international exchange of goods through such methods as dumping or stockpiling of commodities. Needless to say, this artificial interference could get right at the roots of our industrial foundation by cutting off U. S. raw material sources or throwing employment schedules out of kilter.

Sucess Now Seems Remote

While the possibility of Soviet success may appear remote at the moment, the groundwork already has been firmly laid through a three-pronged program that is hurting our overseas sales of America's industry and weakening the credit position of nations friendly to the U. S. Including the 40 bilateral trade pacts negotiated last year, Moscow now has arranged a total of nearly 200. By the far the bulk of these were barter deals in Latin America.

In Africa, the Far East and Middle East, Moscow's main line of attack has been long-term loans of from 15 to 20 years, in most cases at non-competitive interest rates no higher than 2½%. In the past two years Russia has arranged a total of only $1.5 billion of these credits in contrast with the $65 billion of aid, loans and grants the U. S. has made to the Free World since end of World War II. As is well known, the Kremlin made the most with propaganda by what it calls "saving" Afghanistan through its $150 million loan to build roads and railways.

Factories in Iraq were beginning to resume full production capacity after the 1958 revolution when Communist-inspired uprisings again hit the country. Khrushchev now regards Iraq, with her 225 million barrels of oil shipments to the West each year, as a richer prize than Egypt. Moscow's recent $137 million long-term loan to Iraq at 2½% dispels all hopes American exporters have of regaining this market. Now that Egypt's President Nasser really has decided to become a neutral, the Kremlin's new target as an alternative foothold in North Africa is Libya. Already Soviet aid and arms to Libya are oblit-

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*An address by Mr. Diamond before the Rotary Club of Chicago during World Trade Week.

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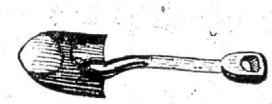

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Observations . . .

By A. WILFRED MAY

BIBLE READING

FOR BOTH THE BARBER AND THE ANALYST

With purchases of investment company shares running at a $181 million monthly rate, and with the investor's befuddlement over choosing a policy midst the current "inflation"-slanted record bull market, the maximum of investment education is called for. This is now again supplied by the 19th annual edition of "INVESTMENT COMPANIES," a 416-page tome compiled and published by Arthur Wiesenberger & Co. ($25). The volume is both a reference Bible covering mutual funds, and an overall guide to sound investing. For example, this 1959 edition has added new material on "Common Stocks and Inflation." The theory is advanced that what people really have in mind when they discuss inflation is "a marked speeding up of the wholly natural growth process." The text goes on to contend that "actually inflation calls for no change in the *rules* of investment, although it may involve a change or modification of *attitude* on the part of the investor. . . . Like the muscian under the influence of marijuana who thinks he is acting normally, but is actually moving several times his normal speed, an economy, industry, corporation or individual under the influence of inflation is induced to act with greater than normal tempo. So it is that during periods of inflation a premium is placed on sound judgment and penalties on the reverse." Our fund spokesman interprets this as enhancing the value of the professional management provided by investment companies during inflationary periods. (Omitted, unfortunately, is mention of the two-way course of dollar depreciation, as well as the overemphasis of the "inflation" bugaboo as practiced by the eager-beaver fund peddlers at retail.)


A. Wilfred May

Insurance and Investment

Also manifesting the broadening of the book's scope is this year's expansion of the treatment accorded to the insurance area. A chapter on "Life Insurance and Your Investments" gives a thorough explanation of what life insurance really is, maintaining that it is thoroughly compatible with the investment company concept. Particular emphasis is placed on the conclusion that "any type of life insurance policy should be easier to understand once the simple idea of an *unvarying* cost per $1,000 of pure insurance, at any given age, is grasped." It is pointed out that at any selected age, assuming satisfactory health, the pure cost of insurance is exactly the same, regardless of the type of policy or the age at which it was taken out. Premiums differ in two types of policies, primarily because one man is building up his savings more rapidly than the other.

The Over-Insured

Wiesenberger further shows the fallacies in certain types of reasoning about life insurance. These fallacies have probably led many people to pay for far more insurance than they need, and still get less protection than their circumstances require — and also have steered people away from putting money into common stocks.

Realistic observations regarding the true cost of insurance are also offered. It is shown that in the case of a man of 65 who has a paid-up policy, his insurance is still costing him something, in the form of interest which could be gotten on the surrender value. In any event, at an advanced age, the individual must examine whether there is need for the costly actual remaining insurance.

Fund Data

Also included in this tome are detailed data on 329 United States and Canadian investment companies, including their background and history, investment policy and objective, portfolio turnover, management performance and volatility, asset values, earnings and dividend records, tax status, expense ratios and management fees, withdrawal and accumulation plans, and 10-year records of hypothetical $10,000 investment programs.

Also, there is discussion "in depth" of the following: common stocks and inflation, advantages of systematic investing, how to choose among investing companies, use of investment companies by fiduciaries, appraisal of managements (it is stated that last year 66% of the funds "outperformed" the D. J. Average), and portfolio holdings (with a listing of the most popular 50 issues).

Clarifying Income and Yield

Particularly commendable is Wiesenberger's setting forth of management expenses, and clarification of the true nature of income and dividend payments. Expenses, averaging 0.47% of assets and 14.3% of gross income last year, of course further reduce the already low yield generally available to the common stockholder; and accentuate the emphasis placed on capital gains. The fund holder in most instances gets less than 3% in ordinary income, which is below the return available from the stocks in the Dow Jones Industrial Average which he could (but doesn't) sit on without any management; and little more than half of the yield on U. S. Treasury obligations.

In his detailed and forthright explanation of investment company distributions Wiesenberger fills a basic gap in the public's concept. He emphasizes that fund distributions are made from two "signally different sources," one being distributed from the "relatively stable" source of investment income; and the other, concerning which the public is so befuddled, from capital gains (i.e., profits realized from the sale of securities). In characterizing such profits as "a less stable source" of income and "not necessarily recurring," Wiesenberger goes unusually far in meeting your columnist's minority view that capital gains are *fortuitous*. Even the tax regulations of some States, including New York, classify capital gain dividends as ordinary income.

In any event, the Wiesenberger explanation is highly constructive in revealing some fund managements' abuses in deliberately "sweetening" the apparent income by unnecessarily garnering capital gains via portfolio switching operations; and even more importantly, in debunking fund salesmen's misrepresentations regarding their fund's true yield (as 10% or so in lieu of an actual real yield of 2½%).

Full coverage is also given to accumulation plans, which are now being bought by more than 800,000 investors. There are now over 200 of these plans available, and 33 funds now offer Optional Plan—Completion Life Insurance. Another feature covered, concerning so much of the public, are withdrawal plans which are now being offered by 87 different funds.

Truly the Wiesenberger opus uniquely is a must for both the barber-shop fund buyer as well as the top-level professional specialist.

* * *

MORE ON THE PERFORMANCE RECORD

A smaller, but highly valuable tome dealing with the investment company situation comes to hand from the American Institute of Economic Research (INVESTMENT TRUSTS AND FUNDS—From the Investors' Point of View; by C. Russell Doane and Edward J. Hills; American Institute for Economic Research, Great Barrington, Mass.; 1959 ed.; 96 pp.; $1). This 18th annual edition, besides bringing up to date comprehensive charts, tables and information concerning investment companies, makes a highly valuable contribution to the current thinking about the use of performance records in evaluating trust management. The authors approach this nettlesome question with a warning about the reliance on past performance (which we sometimes feel resembles doping the ponies from minute scrutiny of the past performance records track-wise). Specifically they cite the frequent neglect to take into account the absolute and comparative amounts of the loading-charge; the omission of allowance for the reinvestment of dividends; the failure to use a representative period of time, which should include at least one and preferably several—complete major cyclical movements.

The Requirements

Affirmatively, the following constructive requirements for proper comparison of management ability are emphasized:

The period covered must be long enough to reflect the results experienced in both prosperity and depression.

In order to reflect the investor's actual experience, the various purchase premiums should be included.

Dividends paid should be taken into account, as increases or decreases in net-asset value per share.

Comparisons should be made with several companies jointly, as well as with some standard or average performance for the industry. The latter should represent a broad cross-section of the industry and, therefore, should include all types of diversified, management funds. This has been done by the Institute's researchers, who have combined 44 representative open- and closed-end funds into a so-called American Average.

The Realistic Results

A charted record of the comparative records of this American Average of funds with Moody's 125 Industrial-Stock Average since 1925 shows quite equal performance, with an early deviation favoring the Moody general index attributable to the funds' loading charge. This is in line with the funds' unfavorable showing *vis-a-vis* the Dow Jones Average in latter years.

Interesting also is the volume's comparison of the funds' performance with the results that would have obtained from investments of similar amounts left to accumulate at indicated rates of interest, compounded annually. From 1924 to 1929 the results shown for the American Average of representative funds far exceeded the 20% compound interest accumulation rate; in the bear period 1929-1932 it declined to a 6% interest level; and from 1947 on, has nearly paralleled the 10% interest rate line.

Another interesting table shows the comparative performance of each representative fund with others and with the composite of the selected group from June, 1946 to December, 1958. These are dates which encompass a complete major cycle; that is, from a market peak through a trough to a succeeding peak.

Closed-End versus Open-End

Particularly interesting is the "unmistakable evidence" that the closed-end companies, both individually and as a group, have provided far more favorable results than the open-ends. Since each fund was calculated from the first day its shares were bought by the public, the loading-charges which apply to most of the open-end's and the Exchange's commission charges for buying the closed-ends, would have been minimized in being amortized over long periods.

Over a span of more than two decades, encompassing four major cyclical movements, the study shows that representative closed-end companies have provided consistently more favorable results than those obtained by the better open-ends—in periods of advancing as well as declining stock prices. The authors attribute this superiod record of the closed-ends to their substantially greater earning of ordinary income, combined with the differential between the discounts from asset value available to the closed-end companies and the premium paid for the open-end shares at the time of purchase. The discount provides the closed-end buyer with substantially greater working assets per dollar of investment than does the open-end-with-load. "In summary," conclude the authors, "our studies and analyses, which cover long periods and short periods, prosperous times and recession years, all indicate that the closed-end companies have in the past provided more favorable investment results than those obtained by the open-end funds."

With this conclusion, alleging the advantage of the closed-enders' discount, your reviewer entirely agrees. We explain the anomolous situation of their "reduced price" by their unpeddled existence on an Exchange in a country where the consumer must be actively "sold."

* * *

THE CONTROVERSY OVER FLEXIBILITY

The highly controversial issues involved in the SEC's currently proposed changes in the Investment Companies Act of 1940, will be clarified in this Thursday's (July 9) hearings before the Commerce and Finance Subcommittee of the House Interstate & Foreign Commerce Committee. (Interested parties unable to attend can secure a transcript of the proceedings.) At issue is the SEC's suggested amendment to insure continuity of basic portfolio-management policy in the absence of the stockholders' formal permission to change.

To prevent decisive change of a fund's character "in mid-stream," the registration statement would be required to recite the investment policy in respect to the class of security management intends to hold. The Commission maintains that needed flexibility is provided by a clause stating that the fund may make "appropriate" reservations for freedom of action for the appropriate "protection" of investors.

The industry's leaders are up in arms, holding that such flexibility safeguards mean little, because of the vagueness of the terms "appropriate" and "protection," and the impracticability of spelling out in advance precise definition of "defensive" or "growth" as applied to securities, or "balanced" in categorizing a portfolio; hence involving the supplanting of management's interpretation by Commission officials.

With both sides professing agreement on the need for portfolio flexibility, it is our conclusion that a mutually satisfactory textual compromise can and will be worked out.

Labadie Exec. V.-P. Of Govt. Devel. Bank

Juan Labadie Eurite has been appointed Executive Vice-President of the Government Development Bank for Puerto Rico, effective Aug. 1, Dr. Rafael Pico, President of the Bank, announced today. Mr. Labadie succeeds Roberto Montalvo who has resigned to go into private business. Mr. Labadie has been Assistant Secretary of the Treasury of Puerto Rico in charge of financial affairs since 1955.

Juan Labadie Eurite

Mr. Labadie was graduated from the College of Agriculture and Mechanical Arts of the University of Puerto Rico, following which he attended Cornell University where he received his master's degree in agricultural economy. He was head of the social science department of the College of Agriculture and Mechanical Arts from 1941 to 1947, and head of the statistical division of the Bureau of the Budget until 1951. He was appointed Director of the Bureau of Tax Collection of the Treasury Department in 1953.

Is There a Substitute for Irrigation in the Offing?

By ROGER W. BABSON

Mr. Babson explores tomorrow's possible replacement of high-cost irrigation making it commercially practical to farm much of our arid but fertile farm land. This invention would mix controlled hydrogen with oxygen as part of the farming process and, thus, provide water or its equivalent necessary for successful crops. The present stumbling block is said to be in controlling the highly volatile hydrogen gas.

We all know that arid lands produce the finest crops when they finally get water. Our most beautiful lettuce and similar table vegetables which come from California are now grown from land which was absolutely sterile a few years ago. The reason is that these lands which had no rains during the past century, are very rich in vitamins and minerals, while our normally fertile lands have had these washed away down the rivers and into the oceans. When I was in Africa last year I was told that the Sahara Desert will "blossom like a rose" when it has water.

Roger W. Babson

Present Irrigation Very Wasteful

The only way we are now able to give these "no rain" lands sufficient water is by irrigation. This usually means building an expensive dam, together with canals to the area. These canals are, of course, open and the water is subject to serious evaporation. As a result, all present forms of irrigation are very wasteful, even if the water is obtainable. I believe that very few new irrigation systems will be built.

The lands, however, must have some equivalent of water, but this will be "synthetic" water. I am certain of this after my few weeks spent in New Mexico and Arizona, from which states I have just returned. There you can buy "no rain" land for $10 an acre; but to have it irrigated—even if that is possible—will cost you over $100 per acre.

How Water May Be Manufactured

Those of us who have studied chemistry know that water consists of two elements, hydrogen and oxygen. In the chemical laboratory we were taught how to decompose water into these two gases of hydrogen and oxygen; in fact, this is now being done in a commercial way by means of a beam of light. I remember, however, that it was dangerous to reverse the process. It created much heat and sometimes an explosion. This in rough, is the process which will take the place of present systems of irrigation; but it will be greatly simplified and costs cut. This new process can be used for all land, however far away from water it may be in this country or in any part of the entire world.

Oxygen gas can now be secured quite cheaply, but hydrogen gas is expensive and tricky. We may need a "trigger" to combine the two, but this will not long be true. Moreover, I am convinced that it will soon be easy to buy diluted hydrogen gas which will work with oxygen. This will be shipped directly to the farmer and he will make the mixture in his furrow. Furthermore, he will want a limited explosion so as to loosen the earth before he plants his seeds.

How These Gases Will Be Applied

The "no rain" farmer, after plowing and leveling the land, will disk or harrow it preparatory to planting his seed. The disking machine which he rides will carry two tanks, one containing the hydrogen and one containing oxygen, both under pressure. These gases will be led in very small tubes to be applied to the ground directly after the disk or the harrowing machine passes. If all goes well, after or accompanying a small explosion, the hydrogen and oxygen will form water or its equivalent. This will be automatically covered with soil after the seed is dropped. This planting should result in marvelous crops.

Please do not write me for further particulars as I am neither a farmer nor a chemist. Write the company from which you buy the insecticides you use for spraying. They will be the manufacturers and distributors of these gases. Otherwise, write the company from which you buy your fertilizers. The simplest thing would be to cut out this column and send it to such manufacturer of insecticides or fertilizers, asking him if my forecast is crazy!

Two With Keller Brothers

(Special to The Financial Chronicle)

BOSTON, Mass. — George V. Gage and Robert Shaine are now associated with Keller Brothers Securities Co., Inc., Zero Court St.

Joins Townsend, Dabney

(Special to The Financial Chronicle)

BOSTON, Mass. — Carl C. Wu has joined the staff of Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges.

With DiRoma, Alexik

(Special to The Financial Chronicle)

SPRINGFIELD, Mass. — David H. Shutt is now connected with DiRoma, Alexik & Co., 1387 Main Street.

S. Romanoff Adds

(Special to The Financial Chronicle)

WORCESTER, Mass. — Irving Gottlieb has been added to the staff of S. Romanoff Co., Inc., 340 Main Street.

The State of Trade and Industry

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

The business expansion that has carried economic activity to new records through the first half of 1959 is proceeding with no evidence of a slow-down in momentum, according to the July "Monthly Review" of the Federal Reserve Bank of New York.

Measures of industrial production, personal income, and retail sales all set new highs in May and these levels appear to have been maintained or improved in June. Employment, which lagged in the earlier stages of the business recovery, has risen briskly in the past several months while unemployment has been cut sharply. Looking ahead, a recent survey suggests a firmly rising trend of business capital expenditures over the balance of this year.

The "Monthly Review" article also notes that broad price aggregates have held about steady in recent months, although it mentions the possibility of stronger upward pressures on prices emerging in some lines as rapid reemployment of industrial facilities and manpower press against capacity.

A second article, "Growth Without Inflation in Britain," suggests that Britain may well be on the threshold of a period of sustained growth without inflation. The article, one in a series that began in June with a study of "Creeping Inflation" surveys Britain's problems in attempting to reconcile economic growth with price stability and the views of British observers as to how this reconciliation might better be achieved in the future.

To an American, the Bank observes, one of the most significant aspects of these views is the absence of any serious suggestion that creeping inflation holds an answer to the problem of economic growth.

The pitfalls of a prolonged—even though gradual—rise in prices have become painfully clear to British observers. Price inflation contributed to the 1949 revaluation of sterling, to the squeeze on pensioners and others on fixed incomes, to ever-increasing wage demands as workers sought to maintain the purchasing power of their incomes, to complications in the management of the government debt and consequently in the maintenance of monetary control and to periodic bouts of speculation against sterling.

Out of this experience, the "Review" states, have come policies that have brought a strong revival of confidence in sterling and a degree of price stability that has not been known in Britain since the '30s. Moreover, the conditions exist for continued price stability. The rise of investment in recent years has greatly increased both the capacity and the efficiency of British industry. Hence, there is room for a considerable rise in total output and in productivity per man, which would in turn act to maintain stability or perhaps even to reduce unit costs of production.

Having achieved the requisite price stability, the British Government, the "Review" says, has moved rapidly toward facilitating economic re-expansion. The lifting of controls on instalment credit in the autumn of 1958 and the reduction in income and purchase taxes in the April budget have stimulated personal consumption. The investment programs of the public authorities have been accelerated, and special tax incentives for private investment have been strengthened.

Nationwide Bank Clearings Up 23.7% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, July 4, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 23.7% above those of the corresponding

Continued on page 34

International Reconciliation Of Expansion Sans Inflation

By HON. DERICK HEATHCOAT AMORY*

Chancellor of the Exchequer, Great Britain

British exchequer head credits world confidence in the dollar and the pound for aiding world recovery and making free working of international market economy possible, and he outlines factors responsible for this including primary role played by U. S. A. Looking to the problems of the future, Mr. Amory avers continuation of world confidence in these two currencies and satisfactory economic evolution depend on his and our country's ability to reconcile "economic expansion and price stability." Stressing the impetus given to inflation by wages outpacing productivity, the British official says no solution will be found unless and until the general public understands fully the problem.

It is one of the inescapable facts of life that those of us who are concerned with the practical conduct of economic and monetary affairs spend the greater part of our time wrestling with unsolved problems and anxiously looking for new difficulties coming up over the horizon ahead. I do not complain of this myself; life would be dull if there were no problems. And Ministers of Finance are fortunate indeed in never getting a dull moment. But this occupational hazard carries with it the danger that we and others will come to see the world as perhaps a more sombre place, more fraught with dangers of disaster, than in fact it is.

Derick H. Amory

Encouraging, Reassuring Events

It is with that thought in mind that I want to begin by conveying some of the reassurance which I personally have drawn from the economic events of the recent past. The group of free countries making up the Western world is now emerging from a test of its ability to withstand the onslaught of recessionary forces. It has so far emerged with success. Susceptibility to economic fluctuations is the price we pay, because we think it well worth paying, for maintaining the market economy as the basic form of our economic organization. There have been times in the more distant past when the price paid has been large; too large; indeed, it was so large in parts of the inter-war period as to lead some countries to abandon democracy, both political and economic. What our postwar experience now shows, I believe, is that this price need never be so large again.

This time last year, the United States economy appeared, on the evidence then available, still to be contracting. Throughout Western Europe production was also contracting, or, at best, expansion was faltering. The prices of primary products had fallen, and the reserves of many primary producing countries were being eroded. We had seen, not long before, a substantial drawing in of world reserves by the United States, and fears were already being expressed that dollar shortage would develop in the course of the year. More generally, it was being suggested that the Western world faced the danger of a cumulative downward spiral of production and trade, accompanied by an intensification of trade restrictions, as primary producers were forced to reduce their imports to stem their reserve losses; while this in turn would lower production further in the industrial countries.

Recovery Hand-in-Hand With Liberal Trade

In the event, these fears have proved to be shadows. The outflow of dollars continued at a high rate throughout the recession in the United States. I am glad to have this opportunity of paying my tribute to the calm and enlightened United States policies which did so much to prevent the spread of serious recession throughout the world. United States production has now fully recovered and continues to expand beyond previous peaks. In Western Europe also, the trend is now upward, and indeed the recession in production has never amounted to more than what will appear, in retrospect, as a ripple on the trend. Primary product prices in general have been strengthening since the beginning of the year, and reserve positions, in both industrial and primary producing countries, have generally been stabilized or strengthened.

All this has been achieved without any general retreat from the liberal trade policies which all of us have been endeavoring to promote throughout the postwar period.

It is worth reflecting for a moment on some of the reasons why the Western world has surmounted its difficulties so well. The first is the pursuit, by all major countries, of sane, informed, and responsible economic policies. In using the term "responsible," I have particularly in mind the sense of responsibility which countries have shown in taking into account the effects which their policies have on other countries.

The real measure of international economic co-operation is the second of the main reasons for our success. Nowhere has this co-operation been more evident, or more valuable, than in the field of relations between developed and underdeveloped economies. In this field things have moved very fast indeed over recent years. I refer in particular to the large increase in the flow of long-term capital from richer to poorer countries which we saw in 1958, and which still continues.

Flow of Investments

No one will be more conscious than bankers are of the practical problems inherent in this field of investment, such as the importance of finding means of financial assistance which will be effective in their purpose while not overstraining the recipient country's ability to service the loans. It is this, perhaps above all, which helped to block the cycle of recession at the start, by greatly easing the balance of payments problems with which, otherwise, many primary producing countries would have been faced.

This finance has flowed from many sources; from private capital markets and banking channels; from governments, individually and in co-operation; and from the great international institutions like the I. B. R. D. The International Monetary Fund has also played a most valuable part in relieving the stresses of fluctuations in balances of payments. It is a further comfort to observe that the steps which were initiated last year to expand the resources of the I. M. F. and the International Bank for Reconstruction and Development are now nearing completion. I regard this as most important. The Bank under Mr. Black, and the Fund under Mr. Rooth and Mr. Jacobsson have had great roles to play in the past. In the future I think the importance of the Bank and the Fund may be even greater. Here I think I should pay a most sincere tribute to the contribution of the United States in enabling these institutions to do what they have in the postwar world. Many nations co-operate in their activities, but without the contribution of the United States they could not even have begun to function.

But, important as all these factors were, none of them could have been of great avail had the world not been able to maintain its confidence in the two great reserve currencies, the dollar and the pound. These, by supplementing the world's gold stock on a massive scale, make the free working of an international market economy possible.

Future Problems

It is at this point perhaps that I may most suitably turn from contemplating the success of the past to discussing the problems of the future. The continuance of world confidence in these two great currencies, and more generally a satisfactory economic evolution in the future depend essentially on the degree to which we, in our two countries, succeed in a reconciliation of economic expansion and price stability. We in England shall be watching with the greatest of interest the great economic debate on this issue which has now opened in the United States, for I am sure you have much to teach us. It may in turn be of interest to you if I say a little about the development both of our thinking and of our experience on this issue in this country.

We have certainly been aware of the issue for a long time. It emerged clearly to our minds in the first years after the end of the war. It also became clear at that time that a central part was played in the process of price inflation by the movement of wages. We learned that, if we had full employment and widespread confidence that it would be maintained, under our system of free industrial collective bargaining there was a tendency for average wages to rise faster than productivity per head. This led to an increase of unit cost of production which in turn pushed up prices.

At certain times in the postwar period the main stimulus to the rise in wages seemed to come from the outside world in the shape of higher import prices, which have a big effect on our cost of living. But, even at times when this was not so, there seemed to be a strong tendency to price inflation in consequence of the more or less annual process of rising wages. In the period before 1957 the measures of persuasion which were employed to reconcile price stability with full employment and the growth of output proved ineffective. The result was a rise in prices averaging about 4½% per annum over the period. Naturally enough, as people observed this continued decay in the value of money, they came more and more to feel that the process was an inevitable one and that its continuance in the future could be counted on.

Tight Credit in England

Faced with this critical situation, the present Conservative Government decided that drastic action was necessary, not merely to beat off the immediate threat to the international position of sterling, but also to break the steady inflationary trend. Hence the series of sharp monetary restrictions, with the 7% Bank Rate and so on, which were put into effect in September, 1957. Aided by general economic trends at home and abroad, these measures had a considerable degree of success. The drain on the reserves was brought to an end and reversed. In the somewhat longer term, there was a very considerable slowing down in the pace of price inflation, though it was not completely stopped. One important factor in this better trend of prices was the decline in the cost of our imports arising from the change in world raw material and food markets. There was, however, another factor, a considerable slackening off in the pace of wage increases, which was undoubtedly in some degree the result of the policies adopted by the government.

By the middle of 1958 the change in the general position was also sufficiently great for it to make it possible for the government to begin dismantling the various restrictive measures and gradually move over toward the encouragement of a cautious and steady rate of expansion. The budget which I presented last April gave further effect to this new policy. In taking steps the effect of which will be to cause a limited expansion of demand, I have acted in the belief that this can now take place without causing a resumption of the inflationary process as we knew it before two years ago. For, like last year, prices have remained practically stable. And we have every reason to hope that they will remain so in the months ahead.

This does not mean that I think we have come to the end of our struggles with the problem of reconciling expansion with price stability. And we must be ever vigilant to see that the conditions of inflation are not allowed to creep back. It only means that we are at present well below the level of pressure of demand which would ensure a satisfactory high level of employment of labor and of utilization of the national productive capacity. We have been, however, extremely careful to assure ourselves that what we have done is not likely to re-create the degree of pressure of demand on resources which we had in the boom periods of the past.

Inflation's Lessons

It is one of the clearest lessons of our experience that, if you want to avoid price inflation, it is essential to keep the pressure of demand within bounds. If you have conditions in which expenditure on goods and services is so high in relation to the capacity to produce them that most producers have long order books and can sell practically everything they produce without difficulty, pressure on the price level will be irresistible.

On the other hand, I think it is

*An address by Mr. Amory before the American Bankers Association's annual monetary conference, London, Great Britain.

most important not to exaggerate what we can hope to achieve by the control of the level of demand. I do not think in a modern community it is possible to solve the problem entirely by this means if the competitive process by which wages and other incomes are raised continues completely unrestrained. People nowadays expect their governments to maintain a high and stable level of employment, and this demand is one which I find reasonable and right. Avoiding boom levels of demand is one thing; accepting heavy unemployment would be quite another.

The existence and strength of these ideas about levels of unemployment means that, in our control of demand, we have to work within narrow limits. We cannot be sure yet that operating within these limits we can secure price stability by the control of demand alone. Even though we avoid the extremes of boom demand there may still be a tendency for wages to rise faster than productivity and so generate an upward pressure on costs and prices.

Public Must Be Fully Informed

How is this to be dealt with? Well, I have no magic solution. But I am quite sure that no solution will be found unless and until there is some degree of understanding by the general public of the nature of the problem and of what is involved in a solution.

That is why we have in England laid a lot of stress on efforts to enlighten public opinion on the inter-relations of prices, incomes and employment. And that is why we welcome the new venture of the National Institute of Economic and Social Research, the production of authoritative reports every two months on what is actually going on in the economy—a venture made possible, by the way, by the generous help of the Ford Foundation.

And as for the government itself, quite apart from what it has done in White Papers and other public statements, we have set up a special independent body — the Council on Prices, Productivity and Incomes—whose function it is to report to the public from time to time on the state of the economy and problems arising therefrom. Though the two reports they have published so far have not been free from controversy, I am sure they have done good service in bringing home to people the importance of these problems to the nation at large.

The vital need is by some means to introduce into the process of wage negotiations a fuller appreciation of the broad social and economic consequences to the nation of decisions taken in a particular industrial sector; and the harm to the whole nation in the long-term of continuing increases in the price level. This I fancy is easier to inculcate in some countries which have known the tragic consequences of rampant inflation in an extreme form than it is in England, where we have only experienced it in a milder form. How fast we shall succeed in making progress I am not going to try to forecast, but I am sure that the more we can keep such questions out of the hurly burly of party politics the better and the more lasting the progress will be.

It may be of interest if I conclude my remarks by giving an impression of the general economic prospect in England as it looks from my particular standpoint. The economy of this country is wide open to all the winds that blow, and so we take a great interest in economic conditions overseas. With our great dependence on international trade our economy is very sensitive to fluctuations in economic activity and commodity prices. We are also the banker to a great many countries, especially those associated with us in the sterling area, and so we are always watching their economic fortunes.

Sober Confidence of the Future

My general impression is one of sober confidence in the future. It seems to me that we can hope that the United States, so dominant in the world economy, will continue her encouraging economic recovery from the recent recession, and will continue to stimulate the growth of trade in the world by importing freely and making generous contributions to the development needs of the poorer countries.

On the Continent of Europe a gradual resumption of expansion seems to be taking place, which we may hope will be hastened by the easier credit policies of recent months. Nearly all the European countries have greatly improved their reserve positions in the last year or so, and therefore governments should not find it necessary to inhibit expansion on that account.

We in the United Kingdom have been urging the desirability of stimulating economic growth for some time now, since it became clear in the middle of last year that inflationary pressures had subsided. As I explained in my budget speech I felt that the U. K. had a contribution to make to the re-expansion of production and employment in the world generally, and I hope and expect that our friends on the Continent will march in step with us.

The position of the primary producing countries is also improving. Commodity prices are tending to harden, and most of the producing countries can look forward to higher earnings in the period ahead. When they have rebuilt their reserve positions to a prudent extent they will no doubt step up their imports from industrial countries. So the beneficial circle of exchange will be completed.

I expect the position of sterling to remain strong. While the United Kingdom's surplus on current external account will be smaller this year than the exceptionally large figure reached in 1958, the other countries of the sterling area are expected to improve their position. We and other industrial countries shall be buying more from them, probably at higher prices. The sterling area as a whole should be in much the same underlying position as last year.

The picture for the reserves is much affected, of course, by our repayment to the I. M. F. and the new subscriptions of all the sterling area countries. We are very glad to pay out of our gold reserves to strengthen this institution, which has provided such a valuable stabilizing factor in the international monetary system; and in strengthening it, we are really strengthening ourselves too.

We are concerned in making policies and taking decisions which lead to the twin aims of steady economic growth coupled with stability of prices. I believe we have acquired much valuable experience and learned a lot over recent years.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter No. 48—Discussing four new projects with probable beneficiaries—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Automobile Industry—Discussion—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Bond and Money Market — Review—First National Bank of Chicago, Dearborn, Monroe & Clark Streets, Chicago 90, Ill.

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

Candidates for Stock Splits—In current "Market Review"—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Automatic Canteen Co. of America** and **Minerals & Chemicals Corp. of America.**

Coppers, Golds and Base Metals—Booklet—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Corporate Yield Gap—Discussion—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Equities for Investment—Suggested issues arranged according to industry—Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

Europe and Latin America — Analysis in current issue of "Latin-American Business Highlights"—Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y.

Few Shares or Many?—Comparison of issues with many shareholders and those with a small number of shares outstanding In the July issue of "The Exchange"—Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20c per copy ($1.50 per year). Also in the same issue is a study of the nation's shareowners and an article on capital gains tax policies of other countries.

Investment Issues—Stocks which appear attractive at current levels—Stanley Heller & Co., 30 Pine Street, New York 5, New York.

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

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

Life Insurance Stocks—Comparative analysis of 65 issues showing 20-year progress record, comparative earnings for 1954-1958; book values for 1957-1958 and current price-times earnings ratios—$1.—Ralph B. Leonard & Company, Inc., Dept. CHRON 7-9, 25 Broad Street, New York 4, N. Y.

Mid Year Review & Forecast—Market analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

New York City Banks — Comparative figures on 10 largest banks in New York City—Bankers Trust Company, 16 Wall Street, New York 15, 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.

Power & Progress from Petroleum—Review—National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.

Public Utility Common Stocks — Comparative figures — G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Rail Stocks—Bulletin—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Tax Free Municipal Bonds—Analysis of yield—Scharff & Jones, Incorporated, 219 Carondelet Street, New Orleans 12, La.

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

Trucking Industry—Analysis with particular reference to **Associated Transport Inc., Consolidated Freightways, Continental Transportation Lines, Cooper-Jarrett, Denver Chicago Trucking Co., Interstate Motor Freight System, McLean Trucking Company, Pacific Intermountain Express Co., Roadway Express, Inc.** and **Ryder System**—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is an analysis of **P. Lorillard.**

What Is the True Interest Rate for Long-Term Governments—Analysis—Saunders Cameron Limited, 55 Younge Street, Toronto, Ont., Canada.

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

Allegheny Ludlum Steel—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

American Cement Corporation—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **W. T. Grant Company** and **Hollinger Consolidated Gold Mines** and a list of interesting **Convertible Preferred Stocks.**

Argus Corporation — Data — Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Federal Pacific Electric Company, Illinois Central Railroad Company, International Silver Company, Link Belt Company** and **Union Carbide Co.**

Art Metal Construction Company—Bulletin—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y. Also available is an analysis of **Avondale Mills.**

Blossman Hydratane Gas Inc.—Analysis—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Detroit Harvester Company—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available is a study of **Tax Free Municipal Bonds.**

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

Ex-Cell-O Corp.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

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

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

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

Great Northern Railway Co.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Hanna Mining Company—Analysis—Harriman Ripley & Co., Incorporated, 63 Wall Street, New York 5, N. Y.

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

Howe Sound—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Inland Cement Co.—Memorandum—W. C. Pitfield & Co., 30 Broad Street, New York 4, N. Y.

Inland Steel Company—Data in current issue of "ABC Investment Letter"—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. In the same issue are data on **White Motor Co., Southern California Edison Company, Koehring Company** and **Lone Star Steel Co.** Also available is the current issue of the Amott, Baker **Real Estate Bond and Stock Averages.**

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

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

Keystone Custodian Funds, Inc.—Analysis—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Lake Ontario Portland Cement Company Ltd.—Analysis—R. G. Worth & Co., Inc., 160 Broadway, New York 38, N. Y.

Newmont Mining Corporation—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Northwest Airlines — Review — John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Northwest Engineering Company — Analysis — The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

Packard Bell Electronics Corporation — Bulletin — Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

Red Owl Stores Inc.—Memorandum—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

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

Stepan Chemical Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Stewart Warner — Analysis — Gerstley, Sunstein & Co., 121 South Broad Street, Philadelphia 7, Pa.

United Western Minerals — Memorandum — James P. Speer & Co., 2826 Central Avenue, S. E., Albuquerque, N. Mex.

Vitro Corporation of America—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 5, N. Y. Also available is an analysis of **American Seal Kap Corporation.**

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 at the Hotel Schroeder.

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. 1-5, 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.

New York Savings Banks Association Resigns From ABA

The Savings Banks Association of the State of New York has resigned the membership in the American Bankers Association held in the name of its managing director, George M. Penney.

Edward J. Pierce, President of the Savings Banks Association, said the resignation results directly from ABA sponsorship and support of the Mason Bill (H. R. 7950), which would "discriminate against thrift institutions in favor of commercial banks in the field of federal taxation."

"It is a deep disappointment to find the American Bankers Association lending its support to this bill which is favored by such groups as the Independent Bankers Association, the Bankers Committee for Tax Equality, and the Arthur T. Roth Committee, all of which have espoused punitive taxation of mutual thrift institutions," Mr. Pierce said.

"These groups claim to be advocating tax equality," Mr. Pierce continued. "Actually, they are doing no such thing.

"This bill would lower the taxation on commercial banks, and increase the taxation on mutual thrift institutions," the savings bank leader said. "The supporters of this bill are seeking competitive advantages for their institutions, and are ready to 'soak the saver' to gain those ends."

From Washington Ahead of the News

By C. BARGERON

The old Supreme Court isn't what it used to be, either in its decisions and its personal conduct.

Back in the days when Roosevelt was trying to purge the Court, and finally succeeded through death and retirements, there was no more austere group of citizens anywhere. One never ran into a Supreme Court Justice at a Washington cocktail party.

Carlisle Bargeron

The Chief Justice, Charles Evans Hughes, was the soul of dignity.

Now you have one of the members, Justice Douglas, trying to go to China when he knows very well that it is against the policy of our government to grant passports to that country.

The Chief Justice, Charles E. Warren, became so aroused at a cocktail party given by a newspaperman and with other newspapermen guests, that he calls the author of a book on Vice-President Nixon a damned liar and accused him of trying to build Nixon up for the Presidency over his body.

The dislike of Warren for Nixon has been long known, but it seems as though a man in his dignified position could have restrained himself. The feeling against Nixon began in the 1950 campaign when he was running for the Senate against Helen Gahagan Douglas. After the campaign Nixon said that Warren had not helped him a bit. Nixon was raising the Communist-association issue against Helen and this was something too controversial for Warren to get into.

It is commentary on something that when Warren became Chief Justice, he was instrumental in bringing about the most controversial decision since the famous Dred Scott decision, but in politics, he was neither for nor against anything. He was a friend of everybody.

It is strange, however, that he should harbor such bitter feelings against Nixon. One of the first things Nixon did as Vice-President was to suggest Warren for the Supreme Court judgeship. His influence had no little to do with Warren getting the job.

Nixon undoubtedly had a purpose. He wanted to get him out of California politics, out of his way, so to speak. Nevertheless, it was a service rendered Warren.

The Supreme Court is less informal in a lot of ways than were the Nine Old Men. Just before Pearl Harbor, Frankfurter was sticking his nose into every branch of the government. As he has grown older, he has become less accessible. Also, he has become more conservative in his opinions. In the New Deal he was here, there and everywhere.

All the justices, except the new ones on the bench, have their particular newspaper friends, except for Justice Black. He got badly burned with publicity shortly after his appointment, with the publicity that he had been a member of the Ku Klux Klan. He went into a shell and lives a most cloistered life. He has remained decidedly to the left in his opinions, too. He and Douglas will usually be found voting together. Douglas was divorced after becoming a member of the bench.

* * *

The Senate Foreign Relations Committee gave a luncheon for First Deputy Premier Kozlov of the USSR when he was in Washington.

Senator Capehart, of Indiana, was brash enough to ask him what the United States could do to convince the Russians that they should withdraw to their borders and then the United States would withdraw from Europe.

The Russian Deputy Minister was incensed and made no effort to disguise his feelings.

It was an unfair question, he replied, and should not have been asked.

Russia was in Rumania, Czechoslovakia, Poland, Bulgaria, and the other Eastern European countries because the people of those countries wanted them there, he said.

It was none of the United States business. After all, Russia could take care of itself. Russia, he said, had everything, has all kinds of materials, is self-sustaining, self-supporting, and "we can support ourselves, we can defend ourselves, and we can protect ourselves."

Capehart said his whole attitude was one of cockiness and over-confidence.

With Ohio Company

(Special to The Financial Chronicle)

COLUMBUS, Ohio — James H. Weixel is with The Ohio Company, 51 North High Street, members of the Midwest Stock Exchange.

With R. J. Steichen

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Jack C. Hutchinson is with R. J. Steichen & Company, Baker Building.

Now Inv. Planning Corp.

SACRAMENTO, Calif. — The firm name of Rudd & Company, Incorporated, 2608 El Paseo Lane, has been changed to Investment Planning Corporation.

Coast Correspondent For Dominick Firm

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, is now New York correspondent for Stern, Frank, Meyer & Fox, Los Angeles, also members of the New York Stock Exchange.

Named Officer of Nuclear Writers

At the annual meeting of the Nuclear Energy Writers Association in New York, Friday, June 26, 1959, Stephen Hartwell, Treasurer, Atomic Development Mutual Fund, Inc., was elected Vice-President, Nuclear Energy Writers Association for the 1959-1960 Fiscal year.

Edward Siegler Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Lawrence C. Schmelzer is now affiliated with Edward N. Siegler & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With Estabrook & Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Edward F. O'Rourke has been added to the staff of Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges.

With R. J. Steichen

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — John D. Lynch has become associated with R. J. Steichen & Co., Baker Building. He was formerly with J. A. Lynch Co., Inc. of St. Cloud.

How Wall Street Affects Throgmorton Street

By PAUL EINZIG

Dr. Einzig credits Wall Street for countering the upsetting factors occurring in England and, thus, keeping equities on Throgmorton Street steady to firm. He notes less evidence of U. S. buying and selling as against a few months ago, which at most was marginal, and outlines the reasons for Wall Street's influence on the London Stock Exchange — albeit he finds there is no reason why this should be so. The columnist concludes that London rises will be more pronounced than those in Wall Street and falls will be less pronounced until a new equilibrium is reached.

LONDON, Eng.—During the last week or two the London Stock Exchange was holding its own remarkably well in face of influences which were anything but encouraging to investors or speculators. The printers' strike, by itself a relatively small affair, is pregnant with far-reaching possibilities liable to affect the national economy. For one thing, the reduction of advertising facilities through non-appearance of newspapers is liable to curtail consumer demand. What is more important, should the strike become prolonged the resulting shortage of labels and various printed boxes, bags, etc., in which commercial articles of most kind are packed might gravely handicap retail trading.

Paul Einzig

Any serious setback in retail trade would discourage capital expenditure which is only just getting into its stride as a result of the recovery from the recent recession. The issue of equities and loans is likely to be suspended in the absence of adequate advertising facilities.

There appeared to be at least a possibility at the time of writing that the strike might spread over other industries, as indeed it has already spread over the manufacturing of printers' ink. Transport in particular is liable to become involved as a result of the refusal of transport workers to handle newspapers printed abroad. Moreover, the striking printers display an unusually aggressive temper, staging a number of violent scenes, the frequent recurrence of which possibly on larger scale would not help Stock Exchange sentiments.

The international political outlook is not very encouraging. On the eve of the resumption of the Geneva discussions the prospects of an agreement over Berlin are not viewed with optimism, and the possibility of a deadlock and war scares during the summer tends to induce many investors to liquidate their commitments before departing for their holidays. The chances of a general election in the early autumn seem to have increased, which again is a reason for investors to be out of the market, even though Conservative prospects are now considered more hopeful than they were a few months ago.

In spite of this, equities have been steady to firm. The main cause for this has been the influence of the steady to firm tendency in Wall Street. The degree to which Throgmorton Street follows Wall Street is indeed remarkable. Even on occasions when all other influences operate in the opposite direction, the influence of Wall Street is decisive. The opening on the London Stock Exchange usually reflects the Wall Street tendency at closing time on the previous day. This is so even on Mondays, although sentiments in Wall Street might well have changed since closing time on the previous Fridays.

Not So Much U. S. Activity

And yet, American buying and selling has not been so much in evidence lately in London as it was a few months ago. Earlier this year hardly a day passed on which financial commentators did not make reference to the influence of American operations on equity prices. In more recent weeks, on the other hand, one only comes across occasional references to that factor. In any case American transactions never accounted for more than a fraction of the total turnover on the London Stock Exchange, even though they were at times relatively substantial in some half dozen to a dozen favorite equities. It seems that the presence or absence of American buyers or sellers tends to affect the markets psychologically rather than otherwise. It is not so much the material effect of the actual volume of buying or selling orders cabled from New York that matters as the fact that New York is buying or selling British stocks.

This circumstance indicates the degree of prestige that Wall Street enjoys in Throgmorton Street. For some inscrutable reason it is widely assumed in London that American operators know that they are doing, even though they are thousands of miles away while their British opposite numbers are on the spot. Or it is perhaps assumed that, even though the actual volume of orders from New York is small, potentialities for an increase in their volume are considerable.

Last but by no means least, the London Stock Exchange looks towards Wall Street as a barometer indicating the business trend in the United States. In spite of the experience of recent years which proved that business trend in Britain need not necessarily follow that of the United States, considerable importance continues to be attached to any indication pointing towards expansion or contraction of American business. It is widely assumed that, should inflation develop in the United States. Britain would also experience a boom. On the other hand another setback resulting from disinflationary measures by the United States authorities is expected to affect British economy in a similar direction. This assumption seems to be grossly exaggerated. But the fact that it is widely held goes a long way towards confirming it.

Expects Change to Cross the Ocean

It is certain that, should a slump develop in Wall Street, there would be a slump also in London. In theory there is no reason why this should be so. After all, the level of yields on equities in the United States is some 2% below the corresponding figure in Britain. Owing to the consolidation of sterling during the past 12 months there is no justification any longer for such a wide gap. Which means that there would be justification for stable prices in the London Stock Exchange in face of a fall in Wall Street, or for a sharp rise in London prices in the absence of a fall in Wall Street, in order to reduce the difference between yields to more normal proportions.

In practice, however, such sharply conflicting trends in Wall Street and Throgmorton Street do not now appear likely. The discrepancy between yields may narrow down sooner or later, but not through a spectacular movement in either market unaccompanied by a similar movement in the other market. The adjustment will probably take place gradually over a long period, without preventing the basic tendency of the London Stock Exchange to follow Wall Street. What will probably happen is that rises in London will be more pronounced than those in Wall Street, and falls will be less pronounced until a state of equilibrium is reached.

Henry Grady Wells, Jr. Forms Municipal Firm

Formation of Henry G. Wells & Co., Inc., 70 Pine Street, New York, N. Y., to underwrite and deal in state, municipal and revenue bonds has been announced by Henry Grady Wells, Jr., president.

Henry G. Wells, Jr.

Mr. Wells was co-founder in 1949 of Andrews & Wells, Inc., of which he has been a vice president. He started his business career in New York in 1936 with Graham, Parsons & Company and in 1943 joined the New York office of Harris Trust & Savings Bank.

A past president of The Municipal Forum of New York, Mr. Wells also has served as a governor of The Municipal Bond Club of New York.

Impact of Common Market on Latin America Analyzed

Chase Manhattan Bank study sees short-run negligible and long-run beneficial impact of ECM on Latin America. It doubts Latin America chances, however, for evolving its own common market when, for example, it has as yet been unable to set up a payments mechanism.

What effect will the development of the European Common Market have on Latin-American trade?

"The short-run impact will be negligible in the long run Latin America stands to benefit — on balance—from the new arrangement," says the current issue of The Chase Manhattan Bank's quarterly review, "Latin-American Business Highlights."

"Business Highlights" reports that some exports to Europe, particularly food and beverage products, will grow less rapidly than they have in the past, while mineral exports should gain.

AOT Will Benefit

"An aspect of the Common Market Treaty that will directly affect Latin America is that the Associated Overseas Territories (AOT's) of France, Belgium and Italy will be able to export to the Common Market with no tariff or quota barriers." The Chase Manhattan publication says. "These Territories produce coffee, bananas, cacao, tobacco and sugar —all competitive with major exports from Latin America. Preferential tariffs will tend to direct all AOT exports that formerly went to other areas to the Common Market. Thus there will be some shifts in the trade patterns."

"Business Highlights" adds that the general effect of this on some Latin-American commodities will be to lessen the increase of such exports to Europe. "However," the bank's report continues, "Latin America is still in a position to expand European exports where her natural advantage in soil, climate and technology can override the tariff walls."

The Chase Manhattan publication then turns to the question whether some such arrangement as the European Common Market will be possible for Latin America.

Doubts Latin America Common Market

"It is clear by now that full economic integration as that envisaged for the European Common Market is very far off for Latin America," "Business Highlight" says. "There is not the same sense of unity—of joined destinies—that inspired the framers of the Common Market Treaty. Moreover, Latin America has yet to work out a payments mechanism that will help solve the balance of payments problems as effectively as the European Payments Union helped the European countries. It is probably with the balance of payments problem that Latin America could make a real start."

Preston L. Phipps With June S. Jones & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Preston L. Phipps has become associated with June S. Jones & Co., U. S. Bank Building. He was formerly manager of the trading department for E. M. Adams & Co.

Preston L. Phipps

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Porter W. Tumy, Jr. has been added to the staff of Bache & Co., 1000 Baltimore Avenue.

Joins Newhard, Cook

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Catherine E. Ebert has been added to the staff of Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges.

Stewart-Warner Corporation: Diverse and Dynamic

By DR. IRA U. COBLEIGH

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

A rapid review of a distinguished company, stressing particularly the development and broadening of its earning power through diminished dependence on the automotive industry.

Many people today still think of Stewart-Warner Corp. as essentially a supplier to the automotive industry and, for some of us oldsters, the first time we ever motored at sixty miles an hour we got the reading from a Stewart-Warner speedometer. But, to appreciate the quality of Stewart-Warner common stock today, it is essential to understand that the earlier cyclical characteristics of the company, and its major dependence on the motor trade, have disappeared; and there are today few industrial corporations whose diversification is more complete.

Ira U. Cobleigh

Just to document this it might be a good idea to jot down some of the product lines. The best known is the Alemite list widely advertised over radio networks. Alemite makes quality additives for modern cars for motors, transmission and radiator; it makes complete centralized lubricating systems; industrial material-handling pumps; air line lubricators, filters and controls, automotive lubricants and chemicals, and wheel aligners. Alemite accounted for about 20% of 1958 sales.

The Bassick division has been famed for casters for decades. There is not only the most complete line of rolling equipment for home and office furniture, but products include industrial heavy duty casters, and casters for business machines, hospital equipment and supermarkets; plus a new line developed especially for the Post Office Department. Bassick-Sack division makes a broad variety of furniture trim and appliance hardware.

Stewart-Warner Instrument Division turns out not only the traditional speedometer but, instrument panels, tractor instrumentation, instruments for household appliances; and piston-type electric fuel pumps.

Stewart-Warner Electronics does a considerable business in militronics, produces, as well, complex electronic systems for use on railways and air lines, Datafax facsimile systems, and electronic package sortation systems.

These last three divisions just mentioned each accounts for roughly 15% of sales.

Rounding out the product line are gas and oil fired furnaces for small homes, air conditioning units and systems produced by Stewart-Warner Heating and Air Conditioning Division; heat exchange products for aircraft and a new Instant Heat passenger car heater (rumored to go into the new Corvair) made by South Wind; Hobbs meters, and Stewart die cast products.

Thus you see in Stewart-Warner a panoramic product mix, and a diversification so broad spread that for the first quarter of 1959 the furnishing of original equipment to passenger car manufacturers accounted for but 9½% of sales; and for trucks, but 8½%.

All of this sets the stage for new magnitudes and stability of earning power at Stewart-Warner. What is even more significant, however, is the improvement in cost controls, bringing down a substantially larger portion of net sales to net earnings. For example, in 1953 net sales attained an all-time high of $128.8 million and delivered $4,080,810 to net earnings. Yet in 1957, on net sales of only $112 million, the net earnings were $5,985,157; and in 1958, a depressed year in which sales fell to $91.4 million, net earnings were relatively well sustained at $5,144,307.

Obviously management here has been doing a good job, and the Chairman and President, Mr. Bennett Archambault exudes confidence: "For the longer term, I am most enthusiastic about our prospects, . . . We have great opportunities for further expansion in every major field in which we are engaged—and we shall continue to do our best to remain alert to opportunities in other fields."

With such a record of corporate progress, and such managerial optimism what is in store for Stewart-Warner (and its shareholders) in 1959? The year started well, with first quarter sales up 16% over 1958, and net up 48%. The first half is expected to show a 70% improvement over 1958. For the year, we would expect a substantial rise from the $3.19 per share reported last year. Our guess would be $4 a share on the basis of which STX (The New York Stock Exchange symbol) is selling at only 13 times earnings—remarkably low for an equity of this quality.

About dividends, STX has paid, without interruption, for 20 years. The present rate is $2 in cash, and 2% extra was declared in stock last year. Custom has been to pay out, in cash, about 54% of net. So, for this year we should expect maintenance of the $2 rate plus possibly a 5% year-end dividend in stock (5% was paid in 1955-57).

Capitalization and financial position of Stewart-Warner are excellent. There are no bonds or preferred stocks—merely 1,633,000 shares of common which, in the last four years, has ranged in price from a low of 27¼ to a high of 53¾. So, at around 52 currently, Stewart-Warner could scarcely be regarded as selling at an inflated level. Working capital, at the 1958 year end, was at an all-time high of $37,332,431, equivalent to $23.17 per share on the common.

Stockholders in Stewart-Warner have fared well in the past five years. $1,000 invested in Stewart-Warner at the end of May, 1954 would have grown to $3,423 by the end of May, 1959. Of this total increase, $530 represents cash dividends received, and $1,893 the increase in market value. The stock is held in substantial amounts, by all key members of management; and, totally, by over 15,000 shareholders including many of the 6,700 employees.

Among elements calculated to brighten the year 1959 are full-year earnings from the Bassick plant at Spring Valley, N. Y. acquired last year, and from new manufacturing facilities at Belleville, Ont., which also went into operation last year. The quite new Alemite industrial paint spray, a unique new aircraft landing device, the potential earnings from complete panel board and car heater units for a new "compact" car (rumored to be the Corvair) add zest to the picture at Stewart-Warner. And the radio advertising is the most intense in the company's history. The Alemite 1959 line of lubricants and chemicals will be beamed 21 times a week over the CBS network of about 200 stations to a listening audience of some 47,000,000. So if you don't already know about, and use, Alemite products you are pretty likely to, before the year is out—that is if you listen to news, sports or music on radio!

For those investors dubious or hesitant about making stock market purchase at the 640 Dow Jones level, perhaps a look at STX might be worthwhile. It offers many things that sophisticated investors have always been on the prowl for—efficient, sales minded, imaginative and cost-conscious management; a sturdy balance sheet; intelligent diversification into profitable new product lines; a simple capitalization; a rising trend in earning power; a rewarding dividend policy; and a legitimate expectation of capital gain over time.

No one should expect Stewart-Warner to be a flamboyant or volatile market performer. But there is much logic in the viewpoint that STX is not overpriced currently, and that it possesses many of the elements usually found in mature, investment type equities of quality.

A. Norman Bennett

A. Norman Bennett, partner in Stern, Frank, Meyer & Fox, Los Angeles, Calif., passed away June 27th following a long illness.

Joseph Cosentino With John J. O'Kane & Co.

Joseph A. Cosentino has become associated with the trading department of John J. O'Kane Jr., & Co., 42 Broadway, New York City. Mr. Cosentino was formerly with Wm V. Frankel Incorporated, specializing in mining securities.

Joins L. F. Rothschild

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Lawrence S. Halpern is now connected with L. F. Rothschild & Co., 111 Devonshire Street.

The Time of Decision Is Now As to the Economy's Future

Interim report by Cabinet Committee on Price Stability, headed by Vice-President Nixon, finds that the continuing inflationary situation still leaves us with the "serious risk" of further price rise. Positing several examples of the current tinder-box situation, the report singles out possibility that a steel wage increase might lead to boost in price of steel, and to Congressional sentiment disposed toward "irresponsible spending." Hitting hard against what it terms are "misconceptions" that inflation stimulates growth and a small amount offers no cause for concern, the report rejects price-wage control solution; endorses a three-fold general curative prescription already given to Congress; and outlines the Committee's future study topics.

The Cabinet Committee on Price Stability for Economic Growth submitted to President Eisenhower an interim report underscoring the threat of inflation. Under the Chairmanship of Vice-President Nixon and technical guidance of the only non-cabinet member, Professor W. Allen Wallis, the Committee unanimously concludes we are at a "critical juncture," asks for proper decision be made now as to our future course, and holds that the proper antidote to inflation is increased efficiency and productivity of the economy.

Pres. Eisenhower

The report is a summary of what the present Administration has asked Congress, Business and Labor to do. In submitting it to Congress, the President asks that the recommendations made be translated into statutory law.

The texts of President Eisenhower's Letter of Transmittal to Congress and of the Committee's report follow:

President's Statement

The Interim Report submitted to me by the Cabinet Committee on Price Stability for Economic Growth, of which Vice-President Nixon is Chairman, contains recommendations for checking inflation that are important to all Americans. I am therefore making the Report public and sending copies of it to all members of the Congress. I urge that the Congress consider anew the Committee's three recommendations, all of which require legislative action. Each of these recommendations has been previously submitted by me to the Congress.

The Committee is continuing its work and will issue statements from time to time to inform the public on questions related to economic growth and price stability. A sound public understanding of the facts bearing on these questions is needed if we are to find constructive answers to them.

Text of Interim Report

It is th unanimous opinion of the Cabinet Committee on Price Stability for Economic Growth that our economy is now at a critical juncture urgently requiring action to forestall inflation and insure sound and sustained economic growth and progress.

It is the purpose of this interim report to give an appraisal of the current state of the economy, to make recommendations for immediate action which we believe is essential if inflation is to be checked, and to indicate those areas to which the Committee is presently directing its studies for the purpose of developing long run, positive recommendations to increase efficiency and productivity and thereby assure maximum economic progress.

Current State of the Economy

The economy has recovered from the recent recession and is now breaking into new high ground. Though unemployment persists in some areas and industries, the evidence of recovery is unmistakable:

Overall output is the highest in history and rising vigorously.

MEMBERS OF CABINET COMMITTEE ON PRICE STABILIZATION AND ECONOMIC GROWTH

Richard Nixon

Robert B Anderson

A. E. Summerfield

Ezra Taft Benson

Lewis L. Strauss

James P. Mitchell

Dr. R. J. Saulnier

Dr. Allen Wallis

Employment is rising sharply and unemployment is falling steadily.

Average weekly earnings, personal consumption expenditures, and private investment are at record levels and are continuing to rise.

Threat of Inflation

For more than a year the average prices of the things families buy have been remarkably stable, but the Committee has reached the conclusion that our ability to maintain reasonable price stability will be seriously threatened unless affirmative action is taken now. Danger signs that cannot be ignored are:

Prices of industrial commodities and many other goods have been rising in wholesale markets and this is usually followed by rises at retail.

While the average level of consumer prices has been relatively stable, prices of many consumer goods and services have continued to go up in the past year.

The multi-billion dollar Federal deficit of the budget year just ending (fiscal '59) is creating sizeable inflationary pressures.

While prospects for holding the line on expenditures for the budget year just starting (fiscal '60) appear much brighter than they were before such wide and strong public support developed in the fight against deficit spending, there still remain strong pressures for irresponsible spending. To yield to these pressures, either through appropriations for next year or through authorizations for later years, would create serious inflationary forces. The Committee has noted an alarming tendency in the Congress to work toward only an illusory balance in the budget, by substituting for current appropriations commitments for later years which will make it exceedingly difficult to avoid future deficits.

There are strong tendencies toward increased spending by State, county, and local governments.

Wage settlements have been made recently which raised wages substantially; wage agreements negotiated in earlier years provide for increases in rates this year; and wage agreements to be negotiated this summer or autumn in many industries (steel, aluminum, other metals, construction, rubber, lumber, railroads, paper, longshoring, meat packing, and metal containers are among them) could result in wage increases of such magnitude as to lead to price increases.

The Choice Before Us

We are confronted, in summary, with overwhelming evidence that we have arrived at a time of decision as to the future course of our economy.

The Committee's conclusions can be stated in two sentences:

We face a serious risk of price increases which not only would be directly harmful to American families but would seriously endanger the healthy prosperity now developing.

If, on the other hand, inflationary forces are substantially checked, we can move forward into the greatest and soundest period of economic progress and prosperity in history—a period of sustained economic growth with reasonable price stability.

Effects of Inflation

The Committee rejects three misconceptions that are sometimes heard:

That a small amount of inflation is no cause for concern;

That inflation will stimulate economic growth;

That "a little inflation is inevitable, relax and enjoy it."

Moderate price rises in the period of vigorous economic expansion which is now well under way would not be cause for alarm if these price rises were simply offsetting declines in the recent recession. In the recent recession, however, there was no decline in the overall average of prices. The record shows, in fact, that for the past quarter of a century the price increases which characterize periods of rising prosperity have not been offset at other times. Thus, moderate increases even for short periods cumulate in the course of years to immoderate increases in the cost of living.

Increases in the cost of living:

Inflict unjust hardships on the many families whose incomes or pensions are fixed in dollars, or do not rise in proportion to prices.

Violate our standards of fair play by harming families whose incomes are average or below-average more than families whose incomes are above average.

Contradict promises implied when people put aside income in insurance, government bonds, retirement funds, and other forms of saving; for when the money is returned it fails to buy the goods and services that people were led to expect when they put the income aside.

Resistance to inflation is bound to cause temporary inconvenience to some and to limit the gains of others, but price stability will powerfully promote the welfare of all.

Fallacies of Price and Wage Control

The Committee rejects government control of prices and wages as a method of controlling inflation. Such controls would not only fail completely to achieve any good but would do more harm than any amount of inflation that we have ever experienced or are likely to experience in peacetime.

While reasonable stability of the **average level** of prices is desirable, variability of **individual** prices is essential, because that controls the efficiency and the progress of our dynamic economy. Differences in prices reflect the priorities attached by consumers to different products: they thereby guide productive efforts, which seek the best returns for their effort, into useful activities. Differences in prices show the scarcities of different raw materials, machines, and personal skills, and thereby induce managers, who seek to produce at least cost, to use methods and materials which are most abundant and to conserve those which are most scarce.

If prices are regulated they cannot reflect accurately the relative priorities of various goods and services, or the relative scarcities of various means of producing goods and services. The result will always be—as history shows clearly that it always has been—waste, inefficiency, and slowing down of progress.

Furthermore, price control inevitably leads to wage control. The two together inevitably lead to rationing goods and regulating jobs and working conditions. The resulting loss of freedom would ultimately prove even more disastrous than the loss in living standards.

Recommendations for Immediate Action

There is no panacea, no easy way, to control inflation. As a minimum course of action to meet the problems the Committee recommends that the following steps be taken promptly:

(1) The Congress should make it clear that the Federal Government intends to use all appropriate means to protect the buying power of the dollar. Recognition by the Congress of reasonable price stability as an explicit goal of Federal economic policy was proposed in the State of the Union Message last January and repeated in the Economic Report. The Congress should give the highest priority to this proposal. By speaking out clearly on this issue during this session it can effectively support the Adminis-

tration and the public in the fight against inflation.

(2) Not only is it imperative that the budget be balanced in the fiscal year starting next month, but it is important that the national debt be reduced. Any effort to increase expenditures beyond the levels recommended in your budget should be vigorously resisted. Holding the line on expenditures, together with improved revenues from prosperous business conditions, would make possible some reduction of the debt. Not only must the line be held on the total of next year's appropriations, but it is important that the greatest restraint and selectivity be exercised in authorizing programs for later years. Excessive authorizations, by making deficits or higher taxes likely in the future, could create permanent inflationary forces.

(3) Without firm control of the quantity of money and credit, all other measures to check inflation will be futile. Sound monetary policy requires that the Federal Government avoid making its bonds, other than those of comparatively small denomination designed for famliy savings, the equivalent of money. Government bonds are the equivalent of money if they can always be changed into actual money at virtually face value, not only when they are due and payable but any time before. This is the case if the Treasury is forced to issue only very short-term bonds, or if the Federal Reserve System stands ready to buy at a pegged price all government bonds offered to it in advance of the date when they are due to be paid by the Treasury. There is only an imperceptible difference between the government's issuing bonds that are equivalent to money, and the government's just cranking up the printing presses and rolling out greenbacks. The government will be forced to continue issuing large additional amounts of short-term bonds that are the near-equivalent of money until the Congress allows the Treasury sufficient flexibility to achieve a balance in our debt structure by inducing people of their own free will to invest their savings in long-term government bonds. Thus, to avoid inflation it is essential that the present limitation on the interest rate on long-term government bonds be removed, as the Administration has already recommended. The issue is whether we want price stability or whether we want, in a concealed way, to do the equivalent of printing money—something the American public would not stand for if done openly.

Actions Needed to Promote Economic Progress

The preceding three steps are direct defenses against the present danger of excessive price rises. The Administration has already recommended all of them to the Congress. We emphasize them in this Interim Report because these actions are needed without further delay.

In the long run, however, the most effective antidote to inflation is increased efficiency and productivity of the economy. This is one of the reasons why a major part of our work is directed toward actions to promote sustained economic growth. Furthermore, such growth is necessary for maintaining our increasing standard of living and our national security.

Among the subjects on which we are working because of their importance to the efficiency and productivity of the economy are:

Tax reform. A certain amount of revenue raised in one way may interfere far more with efficiency and productivity than the same amount raised in another way. Some taxes make it profitable for people to devote energy and ingenuity to avoiding tax liabilities, rather than to devote their efforts to doing the most useful things they can in the most efficient ways. Tax reforms are needed to promote economic growth. The "time in the foreseeable future when needed tax reforms can be accomplished", to which you looked forward in your State of the Union Message, can perhaps be realized soon; for, if the line can be held on the Administration's budget, tax revenues should more than meet current expenditures. This will provide the margin needed to provide for reduction in the debt and absorb any temporary losses of revenue caused by shifting to rates which, by improving incentives, will enlarge the tax base. Studies are now under way with a view to proposing changes in our tax laws at the appropriate time.

Our competitive position in foreign markets. A significant part of our total employment depends on exports. If we price ourselves out of foreign markets we price ourselves out of jobs, and our prosperity and economic growth will be hampered. Several government agencies are studying tihs problem, including the Departments of State, Commerce, and Labor, the Federal Reserve Board and the Council of Economic Advisers. On the basis of these and other studies the Committee will issue a report with recommendations.

Government regulations affecting industry. Many government regulations, formulated by regulatory agencies, by administrative agencies, or by legislation, were originally established under very different conditions to protect the public against exploitation that is now virtually eliminated by technological developments. Some of these regulations have costly side effects, by seriously reducing productivity or causing inefficiency. There is need for a thorough review looking toward elimination of regulations which retard economic growth. Several studies have been initiated to explore the modifications needed to encourage economic growth.

Farm price support programs. Under existing obsolete laws, price supports on a few favored crops are inflationary through their enormous costs. They also contribute to raising the prices that consumers must pay for food and for goods made from agricultural raw materials. Our export subsidies required by law handicap our own industries by making American-grown raw materials available more cheaply to foreign competitors than to American manufacturers. The expenditures of the programs go largely to comparatively few large producers, and to industries only remotely connected with farming. The Committee will conduct special studies leading to recommendations for changes designed to alleviate the major inflationary effects of existing programs.

Practices of labor and business. Excessive concentration of power in the hands of labor or business results in practices which are contrary to the public interest. Such practices reduce efficiency and productivity, and they create inflationary pressures. Remedies for these practices should be sought through eliminating the power to injure the public interest, rather than through public control or review of the decisions of businesses, of unions, or of collective bargaining. The Committee will examine and report on the extent to which concentrations of power in labor and business contribute to inflation or impede economic progress.

Public understanding. One of the functions assigned to this Committee in the State of the Union Message is to "strive to build a better public understanding of the conditions necessary for maintaining growth and price stability." As part of our work on that assignment we shall from time to time issue reports on various facets of the broad problem of economic growth and price stability.

Respectfully submitted,

CABINET COMMITTEE ON PRICE STABILITY FOR ECONOMIC GROWTH

Richard M. Nixon (Chairman)
Vice-President

Robert B. Anderson
Secretary of the Treasury

Arthur E. Summerfield
Postmaster General

Ezra Taft Benson
Secretary of Agriculture

Lewis L. Strauss
Secretary of Commerce

James P. Mitchell
Secretary of Labor

Raymond J. Saulnier
Chairman, Council of Economic Advisors

W. Allen Wallis (Executive Vice-Chairman)
Special Assistant to the President

White Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Floyd T. Taylor, Jr., is now with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

Goodbody & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Harvey D. Gordin has been added to the staff of Goodbody & Co., National City East Sixth Building.

With Bishop-Wells

BOSTON, Mass.—Harry S. Ross has been added to the staff of Bishop-Wells Co., 185 Devonshire Street.

Billig and Sears With Kirkpatrick-Pettis

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Lloyd A. Billig and Nathan H. Sears have become associated with Kirkpatrick-Pettis Co., Omaha National Bank Building.

Mr. Billig was formerly Assistant Secretary and Cashier of the National Company of Omaha, in charge of the investment department, with which Mr. Sears was also associated.

Goodbody Co. Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Carmen M. Cafasso has become affiliated with Goodbody & Co., 140 Federal St. He was formerly with Keller & Co.

Marketing's Job for the 1960s

By J. W. KEENER*

President, The B. F. Goodrich Company, Akron, Ohio

In view of the likely impact of certain and probable changes in the 1960s, according to Akron industrialist, production, finance, research and development and, in fact, all other business functions must become totally market minded if there is to be profitable marketing. In his hypothesized 1970 economy, Mr. Keener anticipates severer competition and dramatic changes in the product-mix to make the most of a startling rise in consumer discretionary income reaching 200% above the 1957-58 average and an increase in real disposable income for the age 20 to 39 group somewhat faster than the 45% national average. The B. F. Goodrich head sees the need for marketing to assume a much greater responsibility for adequate profits. He would rename Market Research to Market Research and Development, and apply the whole field of Research and Development more directly to the market place.

The first requirement of marketing is people, in their role as customers. By 1970, we will have many more people. I have found predictions of a 1970 U.S.A. population ranging all the way from 203 million to 220 million. A fair and conservative average would be 210 to 212 million. This would represent an increase of about 40,000,000 consumers, or 23% over the 171,000,000 population level of 1957. It foretells an increase in total consumption in the United States in excess of the present total consumption of an England, a France, or a West Germany.

J. W. Keener

Importance of Population Structure

There are many kinds of people, however, and the kinds of people who will compose the U. S. A. population in 1970 are important to marketing. For one thing, there are male people and female people. I certainly hope Providence won't change that approximate 50-50 ratio that we have come to depend on so much. There are also older people, middle-aged people and young people. These age differences have a direct and forceful impact on marketing.

What will changes in age distribution of our population be by 1970? What age groups will dominate in population growth? Round number averages of U. S. Census estimates of population growth to 1970 would run about like this:

From 20 to 21 millions of our total population increase of 40,000,000—over half—will still be under age 20 by 1970. The increase in this under 20 age group will be about 32% — almost a third. The years of reproduction and family building — roughly ages 20 to 39—will show a population growth of about 7 million, or 15%. The years we might designate as those of property accumulation and security building—ages 40 to 59—will show a population increase of 6 million, also up about 15%. The years of tapering off and retirement—ages 60 and up—will evidence a population increase of about 6½ million, or about 30%.

Thus, of the 40,000,000 total population increase from 1957 to 1970, about 27 million, or two-thirds, will occur among the youngest and the oldest age groups. This is the dominant fact about numbers of people to Marketing in the 1960s.

After looking at people by age groups, Marketing's interests turn to the levels of their total needs and wants. Those of us who have wives and children have plenty of evidence that there is no measurable limit to some people's needs and wants. Market Research has taught us, however, that there is a fairly direct correlation between educational levels and levels of human wants.

I think we may take it as certain that the growing emphasis on education from grade school through college and graduate school will continue to accelerate. It has been estimated by **Fortune Magazine** that, by 1970, nearly one-third of all household heads may be college graduates. **Fortune** was assuming that those household heads would be husbands instead of wives. Regardless of that contingency, however, the level of the average individual's presumed needs and wants will be considerably higher than today because of the average higher level of education, as well as for other reasons.

Needs and wants do not create large markets unless there are products in sufficient volume. As measured by Gross National Product, conservative estimates place the 1970 level of output at about $650 billion in constant 1957 dollars. Some estimates go as high as $750 billion and above. Even at a $650 billion level, the anticipated percentage increase in physical output of total goods and services would be about 50% above 1957-58 levels. Fifty percent more goods and services for 23% more people would indicate an increase in total real income on the order of 2% a year.

Financing Tomorrow's GNP

To get this large potential volume of added goods and services distributed will require that elusive and fleeting ingredient—money! This will be generated in the form of incomes, personal and business, developed from the enlarged production and commercial activities of our economy. In terms of the major income recipient groups, such total income will consist of taxes collected from the economy by governments, of the retained earnings of business establishments, and of the disposable incomes of consumers.

True to past form, it is expected that governments' appetites for taxes and spending will continue to increase at faster rates than GNP or National income. The need of industry and agriculture to secure a 50% increase in physical output over a period when the **working age** population—ages 20 to 59—is growing by only 15% can only be met by stepped-up mechanization and automation. This will require large capital expenditures by business, financed with their retained earnings, and with new investment from national savings.

With government and business both likely to account for more than their present shares of our national income, the remaining major income category—disposable consumer income—will probably increase at a slower rate than GNP. But the total sum of disposable incomes should still be up on the order of 45% or more by 1970. This would be an increase in real terms of about twice the estimated 23% increase in population. Thus, total real disposable income should be up by more than 1½% a year.

Now, we must add another money element. That is the element of monetary inflation that will occur if government financial practices follow their patterns of the last thirty years, and if unions continue to hold the power to create cost-push inflation that the American people have granted them. Conservative economists estimate the rate of such inflation at 1 to 2% a year.

Adds in Inflation Factor

Should our compounded annual rate of monetary inflation average only 1¼% a year, our **real** GNP economy of 1970 of $650 billion or more would become a **dollar** GNP economy of nearly $750 billion. Thus the **dollar increase** in the size of our 1970 economy would be about 70% above the 1957-58 average. This 70% increase should be Marketing's minimum target for sales growth in the decade ahead. Companies in the growth industry category should set their sights higher still.

And now, one final factor. This is the distribution of income by age groups in our hypothesized 1970 economy. Some of those under age 20 will of course be employed and will have something in the way of incomes. With pension plans, Social Security, investment income, and some productive work, those age 60 and above will likely have considerably more income than at present. But the great proportion of the 45% increase in real disposable consumer incomes will go to the primary group of income producing people between the ages of 20 and 59. With all of those children, they will certainly need it.

This leads us to two conclusions. First, the age 20 to age 59 group, which will be the big earning and the big spending group, will have **real** disposable income increases somewhat above the 45% national average increase, and, of course, dollar income increases even higher than this. Second, the increase in the total amount of money available for **discretionary** consumer spending will snowball since need levels will not increase as rapidly as will the means of satisfying those needs. I hesitate even to put a percentage figure on the increase in discretionary consumer income that we may expect by 1970, but it will certainly approach 200% above 1957-58 averages, and could be higher.

This is an outline of the major elements of our hypothesized 1970 economy. Taken as a whole, it forecasts a revolution in technology, in production and in marketing. We will get from 1959 to 1970 in evolutionary steps, however—each filled with risk, each offering opportunities. What are the marketing implications of this revolution?

Changes in Product Mix and Competition

First, there will be dramatic changes in the product mix of our economy. Several forces will be at work to bring this about. For one thing, those products and services that are required mainly for the youngest group and by our eldest citizens will have a rate of demand increase, on a per capita basis alone, of more than twice the potential increase rates for products used mainly by the age 20 to 59 groups.

For another thing, there will be a per capita increase in real incomes that will support higher per capita spending for consumption goods, and higher per capita savings for capital goods expenditures by those industries in which such savings are invested. And, as we have already said, discretionary disposable incomes, being the marginal amounts above real need levels, will rise much more rapidly than will total disposable incomes. Hence, those goods and services outside the food, clothing and shelter categories, particularly those in the recreation, entertainment, and "niceties of life" fields, will have dramatic opportunities for growth.

A second marketing implication, growing out of the changes to occur between now and 1970, will be the varying impacts of competitive pressures on different industries and on different companies within industries.

Those companies having businesses that are mainly in the slower growth fields will have the jobs of defending old product lines and of seeking ways to participate in more rapid growth fields. Those companies having businesses in the rapid growth fields will have the jobs of accurate prediction of growth rates for specific product lines, and of providing adequate means of distribution and adequate production facilities at the right times. They will also have the job of defending their own growth opportunities against additional competitors, who may be, first, entirely new enterprises, or second, established companies from the slower growth fields attempting to step up their own sales growth and profit increase rates.

Now, another new element of severe competition is being added. That is the element of foreign competition. Under our Reciprocal Trade Agreements Acts we have become so reciprocal that, in many industries, other countries are getting more and more of the trade. This, and the excessive wage and employee benefit cost increases that have continued in the United States for fourteen successive years, have brought about the loss of many of our export market potentials, have brought what is beginning to be a major invasion of USA markets by foreign producers, and are starting to result in the export of many American jobs. Thus, a new facet of competition has been added that can well snowball during the 1960s. It carries with it many disturbing implications for thousands of American Marketing organizations and their companies, and for employees, generally.

It follows from these facts of competition that one traditional job of Marketing—that of being a winner in share-of-market growth—could be even more difficult over the next decade than it has been. The changing market trends, the stepped-up competitive tempo between companies within an industry, still further inter-industry competition for the consumer's dollar, and competition from abroad all will place a tremendous premium on creative, aggressive Marketing.

Practical Research and Development

A third implication of the changes of the coming decade to Marketing is the impact these

*An address by Mr. Keener before the 42nd National Conference of the American Marketing Association, June 17, 1959.

pronounced market trends and competitive pressures will have on the whole field of Research and Development. Product improvements and innovations will play a major part in the success probabilities of companies and of industries. Much more Research and Development money will be spent to gain market advantages. This means that much greater proportions of Research and Development efforts will have to be moved from ivory towers and applied directly to the needs of the market place.

It has also been proven time and again that a company that is first with a product improvement or innovation has a tremendous advantage if its better or new product is intelligently merchandised. Hence, the setting of realistic but tight target times for completion of Research and Development projects will be essential if a company expects to come up with the "firsts" that can mean so much to its future.

Successful Research and Development work in the process, machinery, equipment, and methods fields will be just as vital to company, employee and stockholder prosperity as it will be in the product field. This is so because by 1970 we will have to depend on an increased working population of a little more than 15% to oversee higher total physical output of goods and services of about 50%. Marketing organizations that can benefit from superior company performance in all of the means of increasing individual productivity will have big competitive advantages.

Good military intelligence is vital to success in wars, either hot or cold. Good market intelligence will be absolutely essential to business success in the 1960s. The function we have traditionally called Market Research should, I believe, be renamed Market Research **and Development** to emphasize its fundamental importance to successful marketing, planning and actions.

Companies with the best market intelligence over the next decade will be able to exercise better judgments as to how to spend product Research and Development money to best advantage, and as to the completion target dates that should be set for product development projects. They will be better able to know the production facilities that will be needed, at what times, in what size production units, and in what locations. They will know better how to plan and how to achieve optimum distribution of existing and new products by areas, cities, and sales territories. These, and many other problems of marketing logistics and tactics, will be possible of reasonably accurate solutions, and will give those companies having such superior market intelligence great competitive advantages.

Marketing Responsibility for Profits

A fourth implication of the economic changes of the coming decade to Marketing is the need for Marketing to assume a much greater responsibility for adequate profits. In 1948, profits after taxes for all industries were about $20 billion, and equalled 9.2% of national income. In 1957, profits after taxes were just $22 billion, and were only 6% of national income. Between these years there was a 40% increase in gross national product. At the same time, compensation of employees increased by $114 billion and in 1957 was 81% over the 1948 level of $140 billion.

Over these same ten years, American industry invested $270 billion of new capital for modernization and for additional plants and equipment. At the end of the period, there was practically nothing in the way of added profit income to compensate for this enormous new investment. The comparison would be even worse for 1958. This has been the big failure of Marketing and of American business generally over the past decade.

How can Marketing go about assuming greater responsibility for netting an adequate profit return on invested capital? Though the specific possible contributions are numerous, they all fall under three headings:

Through Pricing
Through Volume
Through Costs

We all recognize that, in most large volume lines, pricing must be realistic and competitive. Yet there is a great deal of pricing discretion exercised in many lines of business. In too many cases the discretion involves an extra 10% or 15% discount that good salesmanship would make unnecessary. It is very easy for some Marketing managements to give away, through hasty price decisions, much more than manufacturing and financial control managements can save in an entire year. Good Marketing management can do much to improve recovery, and hence the profit return on invested capital, through wise exercise of its pricing authority and discretion.

As every good Marketing manager knows, incremental profits on added volume increase at a rapid rate—provided such volume is secured without price concessions that undermine the whole pricing structure. Thus, good advertising, good sales promotion and good salesmanship that result in sound additions to volume can do much to improve Marketing's contribution to higher returns on invested capital.

Marketing can also do much to contribute to profitability through its influence on costs. Marketing's interest in costs must be in the direction of continually seeking means of reducing **ratios** of costs to sales. Such reductions in ratios can be achieved by wise spending that brings sales increases of sufficient size, as well as by wise savings in the Marketing field and eleswhere. Marketing's sales successes will exert a large and beneficial influence on unit cost reductions that may be possible in manufacturing and through corporate financial control.

American industry must and will earn larger returns on investment than it has in the recent past. The trend of the last eleven years cannot continue without stifling economic growth and progress. Such continued retrogression in rates of return on industrial and commercial investments could seriously sap our industrial strength, would make almost certain the loss of the Cold War, and would, in time, bring our American way of life to a disastrous end. Marketing can make a major contribution toward reversing this trend. Marketing can do this by assuming more responsibility for restoring adequate profits to our American profit and loss system.

Marketing Fundamental

I could mention other implications of the changing decade of the 1960s to Marketing. I shall limit myself, however, to one more. This one is the sum and substance of all I have been saying so far, and it is this: That those product lines, those companies, and those industries that make the greatest contributions in the coming decade will be those that are completely dedicated to, and successful in, **profitable** Marketing.

Everything starts with the needs and wants of the ultimate user of a product. The nature of the product — its specifications, its style, its color, its size, its quality, its quantity, its price — all must be suited to what the ultimate user thinks he needs and wants. Those who are in tune with this Marketing fundamental are those who will be the growth leaders in the coming decade.

This means that everything that business does must be pointed to the Market. It means that every business function must be directed toward and be in tune with the Market. Research and Development, Production, Finance and Control, Personnel, all and more, must, at all times, have their eyes on the Marketing ball.

To accomplish this requires that each and every employee must be conscious of the fact that his interests lie in direct parallel with the customer's interests, and that his on-and-off-the-job actions reflect to the credit or to the detriment of his Company with its customers, present and potential. Thus, Marketing, along with Personnel, has a big selling job inside its corporate home, as well as outside.

Some speak of this fact of business life as "The Marketing Concept". Some call it "Total Marketing". In B. F. Goodrich we merchandise it inside the organization by the phrase "every B. F. Goodrich man must be a B. F. Goodrich Customers' Man". Call it by any name you will, it adds up to the same thing—that Market Oriented Organizations will be the winners in the exciting, risk-filled and opportunity-filled decade ahead. That is Marketing's job for the 1960's and the job of every other function of business as well.

Lee Higginson Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John H. Finley III has been added to the staff of Lee Higginson Corporation, 50 Federal St.

With Di Roma, Alexik

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—John P. Kelly, Jr. has become affiliated with Di Roma, Alexik & Co., 1387 Main St.

Joins Keller Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Alfred S. Lindberg has been added to the staff of Keller Brothers Securities Co., Inc., Zero Court St.

Precon Electronics Common Stock Being Offered to Investors

A total of 175,000 shares of Precon Electronics Corp. common stock was offered July 9 by Charles Plohn & Co. and Netherlands Securities Co., Inc. priced at $5 per share.

The company proposes to use the proceeds of the sale for equipment for subcontractors, for research and development and for working capital.

The company was organized in February 1959. In exchange for all of its then outstanding capital stock it acquired from an established California company a patent, patent applications and inventions in the electro-mechanical, electronic and photographic fields.

Upon completion of this sale the company will have 500,000 shares of common stock of 75c par value issued and outstanding.

Bigger Business Than Ever Seen for Tax-Exempts

The unprecedented attractiveness of tax-exempt income for individuals' taxable incomes over $15,000, as well as for many institutional and corporate investor groups, is one of the principal points made in Halsey, Stuart's mid-year survey of tax-exempts. The "Survey" says the continually growing financing volume may mean higher interest costs but the yields' attractiveness will offer a wider and wider appeal in the expected continued strong competition for funds. Halsey, Stuart finds that April's market reached a record high of $940 million, the first half of 1959 just barely missed last year's all-time high of $4.4 billion, and 20-year maturity range in average yield is still less than one-half of 1%.

One of the largest underwriters of municipals shows why the large market will continue to expand with greater appeal to investors. In its "Mid-Year Survey of the Tax-Exempt Bond Market," Halsey, Stuart & Co., Inc., New York City, observes that "in recent years it has ceased to be much of a surprise when you mention that another record of some kind has been broken in the tax-exempt bond market. The records have been falling by the wayside with almost monotonous regularity.

"In the first half of 1959 the market did its bit to maintain the high volume monotony. It produced a new issue total of $940 million in April to set a new monthly record that crowded the billion dollar mark. With this new high figure and another heavy month in June, the six month supply built up to a total of $4.3 billion and barely missed equalling last year's all-time first half record of $4.4 billion.

"The high volume maintained a steady pressure on the market, and the market in turn continued to demonstrate that its saturation point had not been reached—but prices had to give ground. This phenomenon—the market's ability to absorb huge amounts year after year—as usual drew its share of head shaking, but not too much since this sponge-like capacity, too, is becoming a commonplace.

Yields at 25 Year High

"Today's volume of new issues is twice that of a decade ago, and 1959's first half supply kept a pressure on prices which brought yields to the highest point in a quarter century. While the market for tax-exempts at times reflected a certain amount of confusion, it also appeared to have a more solid foundation under it than the markets for other bonds, including the market for governments. The range in average yield, based on a 20 year maturity, broadened a little as compared with the same period last year, but still was less than one-half of 1%. A year ago the average yield of 20 year bonds varied about one-fourth of 1%. And yields of the so-called dollar bonds, which are principally the large revenue issues whose market is influenced by current and prospective earnings, actually fluctuated less than did the average 20 year yields.

"Inventories of unsold tax-exempts in the hands of dealers built up rather consistently through the first quarter and the Blue List count reached a peak of $340 million on April 24, making 1959 the sixth straight year in which the high has exceeded $300 million. From the April 24 high, new issues came a little slower, bonds moved off the shelves a little faster and inventories gradually declined to a less top-heavy $243 million at mid-year. Thus, in the first half at least, inventory fluctuations were relatively narrow as compared with last year when the low was $155 million and the high set an all-time record of $392 million."

Large Issues in Market

"The first six months saw several substantial issues go to market, led by two New York Power Authority offerings totaling $400 million (this authority has been a large borrower before, as in 1954 when it financed its St. Lawrence River plant to the tune of $335 million). Chicago's O'Hare Airport came up with a $120 million issue, California sold three issues totaling $200 million, financing in Los Angeles City and County totaled $142 million, and the Massachusetts Port Authority had a $71.7 million issue. Grant County Public Utility District No. 2 (Washington) nearly made the first-half list with a $195 million issue, but the latest word is that this big one will go to market early in July.

"As has been the trend in recent years, the size of individual issues generally showed an increase. In the first five months the number of issues actually declined—from 2,954 last year to 2,700 this year—but the average 1959 issue was $1.33 million as against $1.28 million in the same period of 1958.

"Schools continued to be the top beneficiaries of tax-exempt financing, with school issues making up 26% of the five month total. On previous performance that was pretty much to be expected. Probably more remarkable was the high volume of sewer and water bonds—16% of the total—reflecting the tremendous development and expansion of towns and cities and the accompanying need for facilities of this nature. Highways and related projects such as bridges and tunnels accounted for 9% of the total, with big issues in this category including $62.5 million from Connecticut, $52.8 million from Massachusetts, $25 million each from Maryland, Michigan and Florida, and $20 million each from Alabama and Louisiana. Veterans aid issues, tremendous in volume a few years back, were still a substantial $203 million in the first six months.

"There was a withdrawal or postponement of some issues as borrowers decided to await more favorable market conditions. The New York Thruway, for instance, rejected bids on a $50 million issue because of the prices presented. This and other offerings may come to market later in the year.

"It is evident that the tax-exempt market is big business and will become still bigger business. In 1958 the $6.3 billion total of corporate bonds publicly offered actually was exceeded by the $7.4 billion of tax-exempts that were marketed. And the corporate volume included all publicly offered bond issues of all segments of the market—manufacturing, utilities, all transportation, communication, etc."

Demand Continues

"Continued demand for public improvements, civic buildings, schools, highways, thruways and other projects is reflected in the voters' willingness to approve most of the bond financing presented to them. In the first five months of 1959 they approved over $816 million of new tax-exempt bond proposals while rejecting some $209 million; in the like period a year ago they had approved $684 million and turned down $273 million. And there are increasing numbers of projects in the works that will be financed by revenue bonds requiring no public vote.

"All expectations are that the tax-exempt market will continue to expand, and there are ample and sound reasons for these expectations. Taxes certainly are not going to be cut in the foreseeable future, no matter how much wishful thinking there may be in that direction. Many state and local governments are having their financial problems, yet increasing populations and community growth continue to exert a heavy pressure on them to expand their facilities and render more and more services. This means more and more taxes.

"The fact is, state and local governments are, and have been for some time, hunting for new ways to drum up a tax dollar. This year's forecast indicates the heaviest state tax legislation since 1955, and state efforts to build up revenues are being matched by counties, cities and even many relatively small communities caught between expanding needs and inadequate incomes. It is very probable that the future will see some state and city income taxes where none existed before, in addition to increased and extended sales taxes, where the public will stand for them, and other entirely new and sometimes ingenious applications of the taxing power.

"An increase in Federal taxation of life insurance companies was highly probable as this Survey went to press, with legislation having passed both houses of Congress and awaiting only the executive signature. These companies have long been modest buyers of tax-exempts and have increased their holdings every year since 1952. The new tax formula will make tax-exempts more advantageous to them, and for a long time some companies have been making purchases in anticipation of the increase. These purchases have an important influence on the price level of tax-exempt bonds."

Tax-Exempt Values Widen

"Taxes, more taxes, and the generally high cost of operating a nation, state, county or city all are combining at mid-1959 to greatly enhance the value of tax-exempt income. Never in history has the comparative advantage of tax-exempt income over taxable income been as attractive as now for the individual in the $15,000 Federal income tax bracket. And a proportionately greater advantage is available to investors in the higher tax brackets. This undoubtedly is a significant reason why in the first half of 1959 there were reports of sizable transfers of funds out of taxable investments and into tax-exempts.

"The volume of new tax-exempt offerings in the first six months had its effect on prices, but the biggest market influence was exerted by the government bond market where pressures on the price structure were more persistent than ever before in the memory of old-timers. Government bonds that only a year ago were speculative favorites took the brunt of the selling and, at one time, sold to yield 4½%. And late in the period the Treasury's problems were further aggravated by announcement of the need for higher debt limits (subsequently granted) and removal or easing of restrictions on longer term interest rates."

The Outlook

"The outlook in the months ahead is for continued strong competition for funds among three principal contestants: (1) industry, where management sights are being raised on modernization expenditures; (2) the various states, counties, cities, districts, commissions and other governmental units, which in 1957 numbered close to 100,000; and (3) the Federal treasury which, in addition to substantial refundings, will have to raise new money estimated at from $5 to $10 billion in the second half of 1959.

"Further increases in volume of financing may result in higher interest costs, but the attractive yields already available from tax-exempt bonds are making a wider and wider appeal to individuals and to the many institutional and corporate investor groups."

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association has announced a change in the dates of the Annual Convention to be held in Boca Raton, Fla. The Convention will run from Nov. 1 through Nov. 5.

Special Pullmans will leave Chicago, Cincinnati and Pittsburgh on Friday, Oct. 30 arriving in Washington Saturday morning. A short sightseeing trip has been arranged visiting the Capitol, Mount Vernon and other principal points of interest.

Special Pullmans leaving New York and Philadelphia on Saturday morning Oct. 31 will arrive in Washington at 1:00 p.m. The Special Train will leave Washington at 2:00 p.m. arriving Boca Raton Sunday, Nov. 1 at 9:30 a.m.

The cost of the All Expense Trip, which will include Round Trip Rail and Pullman, meals on train enroute to Boca Raton, five days at Boca Raton on American Plan (Two in Twin Bedroom), and transfers of individuals and baggage between train and hotel, will be approximately:

	Two in Bedroom (Each)	One in Roomette
From Chicago	$320.00	$340.00
From New York	305.00	315.00
From Philadelphia	290.00	300.00

Returning: Special Pullmans will leave Boca Raton on Friday morning, Nov. 6 for Chicago, New York, Philadelphia and the North.

Arrangements have been made for a Post Convention Trip by Boat to Nassau, leaving Miami at 5:00 p.m. Friday, Nov. 6 arriving Nassau Saturday morning where the group will stop at the British Colonial Hotel. Leaving Nassau on Sunday at 5:00 p.m. arriving Miami at 8:30 a.m. Nov. 9.

The cost, which will include all meals on the Boat, rooms with bath (Two in Twin Bedroom) at British Colonial on European Plan will range from approximately $65.00 to $85.00 each depending upon the stateroom selected.

Upon returning to Miami, it will be optional to return directly north or stop over two days in Miami Beach and then return directly home or via New Orleans.

For reservations communicate with:

CASPAR ROGERS
Caspar Rogers Co., New York, N. Y.

JOHN M. HUDSON
Thayer Baker & Co., Philadelphia, Pa.

EDWARD H. WELCH
Sincere and Company, Chicago, Ill.

Continued from page 2

The Security I Like Best

tion and yet the average age of the management would probably not exceed 42 years. A few have spent their entire business life with PET. It is believed that this is an extraordinarily healthy and unique situation to have top management so young, but still with so many same-company years of experience behind them. The higher profits of recent years have been due a great deal to product redesigning and re-alignment of manufacturing facilities. As an example, PET is now working with duPont on the development of a plastic that would be suitable for tool casing. The substitution of plastic for aluminum would, of course, mean a sizable reduction in material, labor and shipping cost.

The Company recently initiated a new sales program, by naming six regional representatives, who will promote PET Products exclusively as opposed to the old manufacturers representative method.

PET is currently capitalized as follows:

Long-term debt	$561,000
Pfd. stock ($100 par)	2,800 shs.
Common stock	357,000 shs.

Finances are strong, the current ratio being approximately 3.3 X 1. Officers, directors and trusts (including the Company's Pension Fund) own over 50% of the common. Dividends are running at a 40c annual rate, as management is extremely acquisition conscious and consequently trying to conserve cash. However, a 25% stock dividend was paid last fall and it is believed that the cash dividend will be supplemented with stock in the future. PET recently purchased Drake Electric Works, Inc., a Chicago manufacturer of soldering irons and related equipment. This acquisition will broaden its products line and its distribution channels and will contribute to its growth.

For two reasons, it appears that the home workshop industry is on the threshold of a period of great growth:

(1) The always increasing charges of the service and repair industries. It is simply the smart thing for every household to have a complete set of tools on hand and a working knowledge of their use, rather than to be preyed on by greedy repairmen

(2) The gradual reduction in the working day and the increase in leisure time. This fact cannot help but set more people to looking for means of filling up these extra hours There are few hobbies other than the home workshop that offer the possiblity of saving money along with both participation and the satisfaction of accomplishment.

White Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Albert R. Van Gels has been added to the staff of White and Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market continued to demonstrate its new strength this week, industrials forging ahead steadily to levels never before seen in history, while the new note was the rails in action to nudge their average to its best posting in about three years.

Rails Come to Life

The rails, which had sat out earlier surges by the industrials, came to life when the industrials showed signs of tiring. The need for one average to "confirm" a bull swing by the others has been in doubt in recent years as the senior section went its way without important help from the carriers. But it was heartening in any event to see them in favor and it was all that was needed to spark a new drive in the blue chips.

* * *

Up to here the rails have pretty consistently ignored the good carloading figures streaming along, the theory being that a long steel strike could cut drastically into the carrier business. But their new show of strength came while odds still favor some kind of steel strike and, in fact, was in the face of a lagging demand for the steel shares themselves because of the strike implications. So the rail performance was doubly impressive.

* * *

Like the rails, General Motors has been the near-dormant item in the blue chips as American Motors, Ford and Chrysler took turns in the spotlight. But GM worked away at the best price seen since the shares were split in 1955 and once that peak of '54 was breached, the stock leaped into action. There wasn't much in the news to bolster it except that its Chevrolet division claimed an all-time high for any monthly production by any auto maker in June. Ford also continued to post new highs since the shares were sold publicly and its June production at a peak since 1926 was the steadying influence.

Well-Yielding Ignore Strike Threat

U. S. Steel was prominent at a new high for several sessions, so its faltering could normally be laid to the need for a rest. For steels generally, the outlook was equally as good as for the economy generally despite a strike. They demonstrated superior earning power at low-level operations through the recession. At the moment the possibility of a lag in orders as high inventories are worked off if there is no strike has been keeping some steel followers cautious but the overall pattern for at least a year and a half in the future seems to be one of expanding demand. Moreover, on a yield basis, the steels are far from being as overpriced as, say, some of the electronics or the chemical shares.

* * *

Acme Steel among lesser known companies was showing a yield of well past 3½% despite its recent strength and the fact that the recently increased dividend could be boosted once more if, as expected, earnings cover the indicated payment twice or better. The company has been working hard toward complete integration with the new, efficient additions benefiting profits. The company weathered the recession in good style to contribute to its history of above average stability through good times and bad.

* * *

What doubts were still rampant over the general market centered on the fact that common stocks have, on average, shown a return below that of corporate bonds for around a year now. But the high-soaring issues used in most of the stock yardsticks are more responsible than the general equity market where yields of above 4%, or in line with or above those of the corporate bond indices, are plentiful and in such well-known names as Montgomery Ward, First National Stores, Philip Morris, Sinclair Oil, Santa Fe and International Harvester. At recent levels some of these yields approached 5%.

Defense Award Stimulating

A defense award to one of the subsidiaries of Kaiser Industries induced some good price action in this rather mundane item, where some good reports from companies in the group were largely ignored in the past. In fact, ever since the company's disastrous experience in the highly-competitive market, and the need for a reverse split in the stock, it has been little in investment favor. However, the company today is a radically different one than when it was Kaiser Motors.

* * *

The drastic realignment of Kaiser Motors into Kaiser Industries entailed putting important holdings of Kaiser Steel, Kaiser Aluminum, Permanente Cement and other holdings into Kaiser along with its thriving Willys Motors. Permanente Cement, to choose a random example, has a record of steady growth and the 90-cent profit reported five years ago was up to $1.65 last year, which makes its modest current dividend a candidate for an increase shortly. Some 39% of the Permanente stock is held by Kaiser and it will participate to that extent in any improved payout.

* * *

International Harvester, similarly, is coupled far more closely in popular conception with farm equipment than motor trucks although nearly half of its business is in trucks. About a third of its output is occupied with farm equipment. Moreover, its dividend is comparatively modest in view of earnings running well over twice the distribution requirement. And in an era when stock dividends, extras and such are the rage, Harvester has maintained the same rate for more than half a dozen years and hasn't changed the capitalization for a decade. This more or less automatically makes it a candidate for something extra this year.

A Recession Survivor

Typical of a rebound from last year's recession is Ex-Cell-O which had a consistently higher sales pattern for a dozen years until last year's recession caught up with it and trimmed sales by about a fourth. The stock had a quiet life this year until recently when it appeared that its services to the tool and metal-working industries would benefit by the extensive changes in auto models this Fall. Until it broke out of its trading range on the upside, the stock had held in little better than a spread of half a dozen points. It has still to reach the peak posted by the present shares in 1957 after the old shares were split on a 2-for-1 basis.

* * *

The seemingly neglected item in the electronic group where certain issues have been downright sensational would seem to be P. R. Mallory, which has held in a range of a dozen points throughout the frenzy elsewhere in the section. In fact, the stock has yet to reach the peak it posted in 1957 in its first year of listed trading. The company is headed for record sales and earnings if current projections work out, which should spur a resumption of the yearend stock dividend last paid in 1957.

[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.]

With Russell McConnell

(Special to THE FINANCIAL CHRONICLE)

DORSET, Ohio — William A. Porter is with Russell McConnell.

Business in Politics

By HON. ALLAN SHIVERS*
Former Governor of the State of Texas, Austin, Texas

Business should not yield the spotlight to big labor and big government but should participate in politics. To buttress this advice, former Governor Shivers briefs four areas he believes are of singular concern to businessmen. He also reminds businessmen there are two fundamental concepts necessary to the nation's survival and of what our Founding Fathers envisioned as to limited powers. To the more "practical-minded" businessmen, with no time for intangibles, the Governor asks them if they are interested in the expense of government, our monetary policies, international economic position, and other problems requiring answers that do not go away or disappear at the sound of high sounding resolutions. He lays down the ABC's of political action and warns against forming a "Businessman's Crusade" limited to pursuit of narrow self interest.

The businessman in politics has been an intriguing figure, to me, for many years. My own personal experience has been varied: first, a businessmen myself; then part-time in business *and* in politics; eventually, for seven and a half years, *full-time* in politics — and now, back in the business world, with only an *interested citizen's* stake in politics and government.

This experience has caused me to recognize the value of a wholesome association between business and politics.

Business should be alert in protecting its own legitimate interests—and equally alert to the best interests of the nation at large. These interests do not always coincide in detail, but they surely will in substance.

Former Defense Secretary Charles E. Wilson was widely maligned for what he was *supposed* to have said on that point. What he *actually* said was a great truth: "What is good for the nation is good for General Motors, and vice versa,"—that is, what is bad for the nation is bad for all of us, whatever temporary advantage it might seem to bring to our little segment of the economy.

*An address by Gov. Shivers before the California Group Conference, Investment Bankers Association, Santa Barbara, Calif., June 30, 1959.

Business Belongs in Politics

I suggest this great truth as one premise for saying that the businessman should participate in politics. Another premise is this: Politics, translated into government action, is the strongest single determining force in American business today.

Whether business *wants* to be in politics is a moot question. We *are* in politics, up to our respective necks. And politics is here to stay. Are We?

It is an understatement of the obvious to note that we live in a time of great change—*some* of it for the better. All of us here, in our lifetime, have witnessed a series of revolutions—in technology, in transportation, in communication, in world relations, and in human relations.

We are only half a century removed from the heyday of the great industrial barons who could and did tell the public—*and* the government—"Be damned."

Businessmen whose immediate predecessors were shocked by Henry Ford's $5-a-day wages are getting their present-day concussions from men named McDonald, Reuther and Hoffa.

Big business has yielded the spotlight to big labor—and big government.

Our homes, once protected by oceans and mountains and thousand-mile barriers of distance, are now only a rocket's throw from anywhere.

We are even seriously contemplating a trip to the moon. The only question at the moment seems to be whether we will be *shot* there or *blown* there.

The businessman, in evaluating his political position, surely has to take cognizance of the fact that "times have changed."

Yet not everything has changed. There are elements of this country, this government, this people which remain unchanged. It is most important to us, as businessmen in politics, to recognize what has changed—and what hasn't—what may safely be discarded and what *must* be kept. Your findings on that point will have a lot do with your politics—*and your business*.

What *has* changed, beyond reversal or recall, that affects the American businessman today? I speak now of general conditions and attitudes rather than of specific innovations. I want to suggest four areas of peculiar concern to the businessman.

Our Free World Role

The first relates to *America's new role as the military and economic leader of the Free World*.

The assumption of this role, or at least the impact of it, is a post-World War II development. The United States is, today, the acknowledged defender and financial "angel" of nearly every country outside the Iron Curtain—and a beneficent foster uncle to some of those behind it.

Far from *avoiding* "entangling foreign alliances," as Washington advised, and minding our own hemispheric business, as Monroe proposed, we have been forced to *seek out* alliances all over the world. This has cost us some $70 billion in foreign aid, not counting the $50 billion publicly and privately invested abroad, or the multiplied billions we have spent on our own defense establishment.

Times have changed, so that we can no longer hope to form effective alliances after the shooting starts. The seeking of *permanent alliances* has been, and will continue to be, an expensive if necessary process.

We are parties to more than 65 international organizations. Needless to say, in most of these organizations, our *annual dues* run high.

There is no longer time to argue whether we *should* be where we are, internationally. We must simply recognize that we *are* there, right in the middle, and make the best—and the most—of it.

Government Economic Intervention

A second fact of change to be recognized, if not cheerfully accepted, is that of *vastly increased governmental control and regulation of business*.

Some of this increase has been inevitable, due to the growing complexity of our economy. Some of it has been due to the equally inevitable reaching out of government for more power—often with the acquiescence, or even at the invitation, of industry itself. The point, for the moment, is simply that there is more government in business today than there was 50 years ago—20 years ago—or *yesterday*.

It is no longer, then, a matter of business fighting against *all* governmental "interference." That war is over. The government won it.

A third significant change in the face of our country and our economy—and this one, on balance, is a wholesome change — might be described as *the emergence of a vast middle class in America*—a class to which most of us are satisfied and even proud to belong.

Half a century ago the *few* were very rich—the *many* were very poor. Great leveling influences have been at work. I mention, with approval, our seven-league strides in education, working conditions and wages, public health, mass communications, transportation and travel, housing, and general social enlightenment. I mention also, with less enthusiasm, the progressive income and estate taxes.

At any rate, the "average man" is no longer content to *remain* average—and we don't want him to. This is progress.

Welfare State Trend

But the coin has a reverse side, as always, and this is the fourth point I mention concerning a changed America. The new economic structure is threatened by a pronounced trend toward acceptance by the traditionally self-reliant and independent-minded American people of *a "welfare state" concept*. This has been described as a growing conviction that God helps those who help themselves—and the government ought to take care of the rest.

Certainly the term "social security," in its broadest and not always its best sense, has been firmly installed in the American language.

There have been many other changes, of course, but I will rest the case on these: (1) global responsibilities, irrevocably accepted, to protect the Free World against an overwhelming surprise attack, (2) increasing governmental regulation of business, (3) the emancipation of most Americans from ignorance and dire poverty, and (4) an accelerating willingness, if not eagerness, to accept the bounties—without the burdens—of the "government."

These are fundamental changes when viewed in the context of our nation's history. What has not changed?

Two Enduring Foundations

I submit that there are two concepts, abstract but basic, which have endured, and which must endure if this nation is to survive. I refer (1) to the *unique American system* of government, and (2) the *Judeo-Christian moral laws* upon which it is based.

It is well to pause now and then to reconsider what the Founding Fathers had in mind when they gave us this wonderful system of government. It is, of course, a system of *dual sovereignty*, in which the State and Federal Governments share authority — and responsibility.

At both levels there is a division of that authority and responsibility among the executive, legislative, and judicial branches. This power is further apportioned and spread out through the political sub-divisions of the state: the county and the municipality.

Federal-State Limited Powers

Properly functioning, this system dilutes the power of each level and each branch, to the end that none shall *dominate*.

Thus is preserved a system of checks and balances that leaves the individual with a maximum of liberty, incentive, and opportunity. These, in turn, are the basic elements of free enterprise.

The conservation of this system offers a fundamental reason for the businessman to be interested in his government.

To the extent that he believes in the system, according to his own interpretation of its meaning, he ought to be on the firing line resisting such threatening trends as:

(1) The progressive encroachment of the Federal upon the State and local governments; and,

(2) The progressive encroachment of the United States Supreme Court upon the legislative prerogatives of Congress.

These fundamentals of what we call our American democracy — although it is actually a republic —are consistent with the precepts of our religion. American government, for the most part, is an elaboration in legal context of the simple, powerful, straightforward precepts of the Bible.

When we deviate from or fall short of these principles, either in our laws or the execution of them, we are in trouble. I shall make no lengthy exposition of this point; I merely leave it with you for your own evaluation.

At this juncture someone might well say: "Sure, I'm for Mother, Home and Country, the United States Flag, the Constitution, and the Holy Bible. But give me some *more specific reasons* why I should neglect my business, alienate my customers, raise my blood pressure, and bump my head against the rough wall of partisan politics. Frankly, I'm just *not interested* in politics."

Looks at the Practical Side

Then let me ask *you* a few questions.

(1) *Are you interested in the expense of government?*

This is a *specific political question*: for governmental expenditures are made by people *you* elect to office.

At the beginning of this century the United States Government was spending about a half a billion dollars a year. Now we are battling to balance the budget at $77 billion.

Some of our Senators and Congressmen are helping in this fight. Others are sneering at the President for even suggesting that a balanced budget is important.

Having been in both a legislative and executive position in state government, I know from experience that it is not easy to say categorically how much public spending is *enough*. I daresay that none of us here is qualified to determine how much we should spend this year on national defense, for example.

Government, unlike business, cannot keep an accurate balance sheet. We put down taxes collected, and appropriations spent—but what of the returns?

Consider the lives that have been saved by the Salk vaccine for polio. How many dollars are they worth?

How much would it be worth for your son not to have to go to war, as you and I did? What would be a reasonable valuation of a dam that kept a great city from being flooded in the rainy season and thirsty in the day? You see, there are many intangibles in this government business.

This makes it all the more important, for your interest and mine, to elect public officials who are sound and sensible as well as honest persons; who have the capacity for recognizing facts and working from them to logical conclusions; who do not seek to punish any group or unduly favor another, and who will remember that *a government should not attempt more good than the people can afford*.

Concern About Our Money Policies

A second question I would ask you is this:

(2) *Are you concerned with the money policies of your government?*

Do you have an opinion about inflation, soft currency, public debt, interest rates, balanced budgets—and taxes?

These are economic problems, of course, but don't forget—*they will have to be solved by people in politics*.

In 1900 the public debt of the United States was one billion dollars. Today it is almost $286 billion.

From 1789 through 1949, the Federal Government collected $410 billion. During the decade of the 1950's it has collected $612 billion

—one and a half times as much as in its entire previous history.

Yet — during those same ten years, our public debt has *increased* by $38 billion.

Does that worry you? It worries me.

Running deficits in times of prosperity is one of the classic ways in which governments contribute to inflation. Does it concern you that we are some $12 billion overspent this year, and it is touch-and-go for next year? Of course it does.

This is a political issue. It will be debated, and decided by politicians—the ones *we* elected.

An important reason, it seems to me, for the businessman to be interested in politics.

We should be interested in electing to Congress persons who are willing to face up to the harsh facts of our financial conditions:

Redemptions of government E bonds exceeding purchases;

Gold flowing out of this country at an alarming rate;

Tax rates near the point of diminishing returns in many cases;

The Government forced to set higher rates or see its bonds go begging on the open market.

Indeed, to quote Senator Harry Byrd, the United States seems to have nearly exhausted both its capacity to tax and its capacity to borrow.

Of course there are heroes in the Congressional halls eager to step forward with the answer:

"Spend more . . . keep money cheap . . . cut taxes . . . let everybody make more . . . keep big business in line with price controls."

Proponents of this blithe philosophy usually include an attack on "hard money."

The complete answer to that one was made by President Eisenhower when he said:

"The human values in America are not going to be promoted unless we are sane and sensible in our fiscal policies."

A recent article in the "Wall Street Journal" discussed the danger of our currency's going "soft," that is, ceasing to be freely convertible into the money of other countries. This sentence caught my eye: ". . . This sort of thing, a familiar story to most Europeans, has never touched America in modern times."

This is something, then, that happens to the "funny money" of other countries, not ours. And yet—

In mid-May I happened to be in Paris, France, and I found the storekeepers there unwilling to accept American currency *except at a discount.*

Thus the "familiar story" of depreciated currency is beginning to be an American story, too.

Does this concern you, as businessmen? Of course it does.

Here is what the Secretary of the Treasury, my distinguished fellow Texan, Robert B. Anderson, says:

". . . If we run continuing large deficits in prosperity and so almost inevitably drive up prices, we may price ourselves out of the world market. How are we to discharge our worldwide responsibilities if our international economic position weakens?"

And that brings us to the third question:

Our World Competitiveness

(3) *Are you concerned with our international economic position?*

Translate that into Bob Anderson's fear that "we may price ourselves out of the world market." Actually, this has already happened to an alarming degree.

One example is described in this recent statement by one of your prominent Californians and my good friend, Reese Taylor, Chairman of the Board of the Union Oil Company:

"The nation's recent losses in export markets are extremely disturbing. During 1958, for example, steel exports from the United States decreased 40%. Our own company had a first-hand illustration of why this is happening. We can purchase from either Japan or Europe pipe to be delivered in the Argentine for $23 a ton *less* than the same pipe costs delivered at the mill in Pittsburg. . . ."

Similar statements could be made about a great many other products: barbed wire, bicycles, sewing machines, glass, cameras, fabrics, turbine generators—you name it, and foreigners will make it cheaper.

All this, you might say, is not the government's concern. These are the forces of international commerce at work.

If this was ever entirely true, it is no longer true today. Questions involving international trade are *political,* as well as economic: Should tariffs be established for protection of domestic industries? What of the effect, then, on our relations with other countries in our farflung and numerous alliances? Is the national security being impaired by excessive imports? The President thought so when he placed mandatory controls on foreign oil.

We do not have all the answers. Thus we need, all the more, persons in political office who have the inclination and the capacity to find the *best* answers.

Other Problems That Do Not Go Away

Not all of us will like the answers. We need to remember that in business and politics, as in the rest of life, our choice is rarely between *good* and *bad.* It is the choice of the *greater good* or, more often, the *lesser evil.*

The businessman, as a good citizen, must recognize that all these and many other problems—labor-management relations; the development of natural resources for the greatest good; the building of highways, hospitals, and schools; the creating of some 40 million more jobs in the next 25 years—these problems will not "just go away." They are with us, and we are with them.

Before the end of this century the present population of the world will double. Our own population will increase by an estimated 100 million. The demands upon our government at every level—and our government's demands upon *us*—will grow, instead of declining.

And at every turn, the crucial and conclusive decisions will be *political* decisions.

That is why I am so firmly convinced that business is *in* politics—that businessman *must* be interested in politics — and that this interest must be manifested in a program of political participation that is both *broad*—in a sense of understanding and evaluating public issues—and *specific,* when it comes to being *for* candidates who come closest to sharing your principles.

Remember that the politician has to function in a *climate of opinion* which we help to create. If we, as businessmen and citizens, pass high-sounding resolutions favoring economy and budget-balancing—then, the next day or the next week, wire our legislators on behalf of some local pork-barrel project—small wonder that the legislators are inclined to grow cynical about "the voice of the people."

Small wonder that they are inclined to evaluate a vote by the good it will do *them,* rather than good it will do the nation. For this, we the people are to blame.

Corrupt Unionism

In a recent address in Chicago, Senator Barry Goldwater of Arizona said it this way:

". . . We have come pretty far along in bad government when a bill to end flagrant corruption in labor unions has to have a 'sweetener' in it to make it palatable to labor leaders. . . .

"Our public men are affected by this corruption of democracy. They compete in out-promising each other, and elections become little more than a trade of favors for votes. . . .

"Public debt mounts and cannot be paid except by ruinous inflation or repudiation. The Federal debt is a time bomb hanging over the security of our people. . . .

"Many Americans believe this can't happen here. Look around you. Have you ever seen such outrageous taxation; such staggering national debt; such waste of public money; such a pyramid of government subsidies; dangerous inflation; so many lavish political promises; such a gigantic Federal bureaucracy; so much government favoritism to special groups; such moral laxity, and so little responsibility in public life? . . .

"We pamper criminals and subversives when we should punish; we want more money for less work, less production; we want government to take care of us when we should take care of ourselves; we condemn those among us with the traits of our forefathers as *reactionary.* Our crisis is within ourselves. . . ."

Are you *really* "not interested" in politics?

You'd *better* be.

Finally—how can we effectively show our interest?

The "Businessman's Crusade," as some have termed the national resurgence of political fervor in industry, will not succeed unless it is more than merely an attempt to protect narrow self-interests or "beat labor" in a glorified class conflict. The arena is broader than that—the issues more vital—the result more conclusive for all of us.

Sums Up Suggestions

To the American businessman in politics, I offer these few suggestions:

(1) Keep informed about your government, at national, state and local levels.

(2) Have the courage to take a stand on important issues and to make your views known on legislative and governmental policies.

(3) Participate personally in political affairs in your community, and encourage your employees to do the same.

(4) Make an effort to see that others are informed of the fundamental issues in politics.

(5) Cooperate with likeminded citizens, in and out of business circles, in *political action.*

(6) And finally—remember that the election of sound Congressmen, State Legislators, Aldermen and other *law-making* officials is quite likely to be more important to *you* than the election of Governors and Presidents.

Political action—even the choice of a President — begins in your own ward or precinct. Doing your part for the candidates and the causes in which you believe, in your own neighborhood, is a genuine contribution to good government.

Do this! Even if you can do no more, you can hardly afford to do *less.*

Elected Director

Paul Mazur, a partner of Lehman Brothers, has been elected a member of the Board of Directors and of the Executive Committee of Federated Department Stores, it was announced by Fred Lazarus, Jr., Chairman of the Board. Mr. Mazur is also a Director of Radio Corporation of America, Lehman Corp., Collins & Aikman Corp., The One William Street Fund, and the National Broadcasting Company, Inc. He has written many articles and several books and has contributed to a number of anthologies.

White, Weld Forms Internat'l Subsidiary

White, Weld & Co. announce the formation of a wholly owned subsidiary, White, Weld International Inc., a Panamanian corporation, for the purpose of coordinating their foreign activities.

Officers are: Jean Cattier, Chairman; Dimitri Yassukovich, President; Ray G. Craerin, Executive Vice-President; Jury J. Haveman, Vice-President, Treasurer, Secretary; and John Fountain, John Rasch, G. T. Yuan, and Fred Schwarzkopf, Vice-Presidents.

Directors are: Alexander M. White, Francis Kernan, Jean Cattier, Dimitri Yassukovich, Benjamin S. Clark, David Weld, Henry W. Meers, Ogden White, Jacques Appelmans, Robert L. Genillard, and Harold Mandelson.

Form Samson Assoc.

BRIARCLIFF MANOR, N. Y.—Samson Associates, Inc., is engaging in a securities business from offices at 23 Hazelton Circle. Officers are Mirek J. Stevenson, president; Harles H. Townes, vice president; Lorraine C. Stevenson, vice president and treasurer; Gerald M. Grosof, secretary; and Mark H. Berger, assistant secretary.

World Shipping Prospects For American Flag Operators

By SOLON B. TURMAN*

President, Lykes Bros. Steamship Co., Inc.

Prominent Texan world shipping head covers the not too favorable near term foreign commerce trends and discusses the favorable long term prospects particularly, as he sees it, affecting shipping in the Gulf Coast area. Noting that the U. S. competitive position in world commerce is serious, and that maintenance and expansion of present markets will not be easy, Mr. Turman avers we should make our capacity to compete in world trade a paramount objective since economic growth and full employment depends on our success here. The common carrier shipper notes that fully one-half of export decline in leading commodities from 1958 to 1959 was in raw cotton and he looks to return to competitive cotton pricing and diverse Gulf Coast growth to recoup exports to historical markets

As I summarized to our stockholders on April 21, last, we are faced with an imbalance in world shipping due to the interacting effects of an excess supply of ships coupled with reduction in the level of foreign trade.

Surplus Ship Tonnage

As a consequence of the greatest shipbuilding effort in world history, the devastation which World War II inflicted on the merchant fleets of the world has been completely overcome and the world today has more merchant ships than at any time in history.

Intensified first by the Korean War and then by the Suez crisis, free-world shipyards, and particularly those in Japan and West Germany, have accomplished prodigious feats of production. The year 1959 will probably be the third largest year in worldwide shipbuilding, being surpassed only by the boom years of 1957 and 1958.

Shipbuilding has proceeded in spite of the present surplus of world tonnage.

At the present time the excess of the free-world's ship capacity over available cargo, amounts to between 5 and 7½ million deadweight tons for each of the dry cargo and tanker fleets. This imbalance between the supply and demand for ships has been aggravated by (1) the reluctance on the part of shipowners to retire old and obsolete tonnage, due, in part, to a combination of continued hopefulness as to future prospects and the relatively low prices of world steel scrap, and (2) the continued high production of new ships.

While most of this idle tonnage falls in the category of the bulk carriers, it does have a dampening effect on the volume and rates of cargo available to liner companies.

A common carrier in the foreign trade is distinct from a tramp or contract bulk carrier. However, competition and cargo carryings are intertwined to some degree, and continued unemployment in the tramp fleet inevitably affects liner operators. This is doubly true at the present time because of the worldwide recession in volume cargo movements and, in particular, because of the lag in recovery of the foreign trade of the United States.

Foreign Trade of the U. S.

After a decade of unparalleled expansion, the foreign export trade of the United States reached an annual rate of about \$20.5 billion in 1957, or about \$19.5 billion for commercial exports alone.

During 1958, our commercial export shipments totaled about \$16¼ billion, or a reduction of about \$3¼ billion from 1957. The downward trend continued into the first quarter of 1959, with export shipments now moving at the annual rate of about \$15¼ billion, or about a 6% decline from the 1958 levels and about 21% below 1957.

Estimates of the movement of foreign trade for the entire year 1959, prepared by the Department of Commerce and other Government agencies, don't give much reason for encouragement. These estimates forecast exports at between \$15 and \$16 billion for all of 1959, or at about the level of the first quarter. Imports are expected to reach \$14 billion or slightly more, which would give the United States a trade surplus from commercial activities of about \$1½ billion.

Most of the leading export commodities showed early decline in the first quarter, but a few items accounted for the bulk of decrease in the total cargo movement. *Fully one-half of the decline from the year 1958 to the year 1959 was recorded for raw cotton.*

The sharp variations in the volume of cotton exported from the United States and from the Gulf area is shown by the following comparison:

Bale Exports of Cotton From Ports in the United States

Crop Year August-July	All U. S. Ports	Gulf Ports	%
1953-1954	3,905,000	2,125,000	54.4
1954-1955	3,563,000	2,337,000	65.6
1955-1956	2,128,000	1,387,000	65.2
1956-1957	7,694,000	5,654,000	73.5
1957-1958	5,732,000	4,473,000	77.3
1958-1959 (Estimated)	2,750,000	2,062,000	75.0
1959-1960 (Projected)	5,000,000 to 6,000,000	3,750,000 to 4,500,000	75.0

During the six years ending with July, 1959, cotton exports have ranged from a low of about 2,130,000 bales in the 1955-56 year to a high of about 7,700,000 bales in 1956-57; the current year of about 2¾ million bales is the second lowest in this period.

In February, 1959, the Department of Agriculture declared that beginning with the August, 1959 crop year, it intended to keep prices of U. S. Cotton competitive in world markets. Representative cotton shippers have estimated that this new policy should increase exports for the new crop year to about 5 to 6 million bales, or about twice the current level.

Changing Patterns in World Trade

During the immediate postwar years one of the principal concerns of the United States was for the relief and economic rehabilitation of our allies and friends in the free world. In one of the most generous moves in history, the United States dedicated a substantial portion of its national income to these ends. From July 1, 1945 to Dec. 31, 1958, military assistance, nonmilitary grants, loans and credits, and other short-term aids amounted to a total of \$72.3 billion.

During these years, one of our primary national concerns was to narrow the "dollar gap." This has now been accomplished, and the balance of international payments is now a deficit. These deficits in the balance of international payments are estimated to be about \$3.3 billion for 1958 and between \$3 and \$4 billion for 1959.

In substantial part, the elimination of the "dollar gap" has been due to the increased volume of our import trade. For the year 1959 this import trade is estimated to approximate something more than \$14 billion as compared with exports of about \$15½ billion.

In addition to elimination of the postwar "dollar gap," two other major developments stand out in their importance on the future of our foreign trade: (1) the prices of American goods in world markets, and (2) the increasing development of overseas operations by American corporations.

The rapid internal inflation in the United States during the postwar years has undoubtedly affected and narrowed our normal export markets. This continued disability is primarily attributable to our higher wage costs.

In general, the prices of raw materials vary within relatively narrow limits in the major industrial markets of the world. This is not true of wages. In the United States, for example, the average hourly earnings of workers in the steel industries are about \$3.04—about \$3.26 in coal. These wages compare with about 65c per hour in West Germany and 35c per hour in Japan. While it is difficult to make direct comparisons because of fringe items and other benefits, it is plain to all competent observers that the wage differential betwen the United States and its principal foreign commercial competitors is not less than a factor of three to one.

Overseas Investments

Western Europe, particularly West Germany, and Japan have rebuilt their capital plants and are operating from much stronger and more competitive industrial bases than before World War II. Economic integration in Europe through the common market is increasing the competitive pressure on industry and forecasts more efficient industrial combinations in the future.

The overseas operations of American business are increasing rapidly. Undoubtedly this tendency has been stimulated by the European common market as well as by the competitive disadvantage of American goods in the world market place. The U. S. Department of Commerce estimates that United States industry has more than doubled its investment in foreign operations since 1950 and that the total investment is now approaching \$30 billion.

It has been estimated that this total investment will double in the next decade and approximate about \$60 billion at the end of 1968. During that same period it is estimated that U. S. exports will increase from present levels. However, this projected increase in American investment in industrial plants abroad could result in increased two-way trade.

In this shifting pattern of world trade, the developments are not all discouraging. Some encouraging signs are that the current dip in exports may be due, at least in part, to the tapering off during 1958 of the European boom which resulted in a lessened demand for U. S. capital goods. The elimination of the "dollar gap" and the ability of foreign countries to sell their imports in the United States may permit the accumulation of more adequate dollar balances, thus enabling expanded purchases of U. S. materials and manufacturers.

There are indications that foreign labor, particularly in Western Europe, is becoming more militant and that over the years it will seek and obtain substantial increases in real wages. It is likely that such wage increases will tend to narrow the pressent wage advantage of these countries as compared with the United States, and thus permit American goods to maintain and improve their competitive position in world markets.

In addition to these normal economic forces, there are other underlying economic factors which apparently will continue to require the export of our large agricultural surpluses. At the present time the United States has on hand major surpluses in wheat, corn, coarse grains and cotton—which will increase during 1959. Present indications are that our Government will follow a more competitive policy with respect to pricing these surpluses at world price levels.

Recent pronouncements on the pricing of export cotton are encouraging and may be indicative of policies to be adopted in other directions.

Lykes is a major carrier in the foreign trade of the United States and, in large measures, the volume and profitability of its operations are dependent on the level of the foreign trade. When American trade thrives and prospers, Lykes participates in the carriage of that trade and shares in its benefits.

Long-Term Favorable Gulf Coast Situation

While in the foregoing I have endeavored to briefly but factually present the trends in our foreign commerce, which admittedly, from a near-term view are not too favorable, it would seem appropriate at this point that I discuss some of the favorable long-term aspects as they may affect the Gulf Coast area:

(1) The tremendous industrial expansion along the Gulf Coast and its great hinterland during the past ten years has generated many new sources of cargo, many of these products being required by the foreign countries.

(2) The great abundance of oil, gas, fresh water, sulphur, phosphate and other mineral and forest products in the Gulf Coast area makes possible a continued expansion of industry in the Gulf Coast area and the Mississippi Valley, all of which portends a continued production of products susceptible to export.

(3) The wide foreign trading area and flexibility of operation, enables a firm such as our own to share in any improvement in the flow of foreign commerce betwixt the United States and any one of these areas by reasonably increasing or decreasing its service to any area concurrent with the shifting pattern of our foreign trade.

(4) The continued growth of import traffic during the past few years provides a sound basis for believing that this trend will continue and enhance results of future operations.

Conclusion

The near-term prospects for world shipping, for international trade, and particularly for the export trade of the United States, are far from clear.

Presently we are in a period of transition. United States imports and exports are almost in balance. For the first time in recent years, the balance of international payments is running against us. The "dollar gap" seems a problem of the past. Industries in the free world have been rebuilt and they are highly competitive with American industry.

The United States has very large agricultural surpluses which must find their way into the world market place by one means or another.

The export of American capital and American know-how is proceeding at an accelerated pace.

Foreign currencies have been stabilized, the European common market has been created, and the dominant supply position of the United States in world markets has been reduced.

Presently there is a surplus of ships, world shipbuilding continues, and the scrapping of old and obsolete tonnage has not yet commenced on a scale necessary to balance supply and demand.

Further, the Gulf Coast has a new, expanded industrial base which seems destined to create new types of cargo which will find their way into world trade. Competitive pricing of export cotton will permit recoupment of historical markets and imports probably will hold at present high levels, and may even increase. These considerations, and the eco-

*From a talk by Mr. Turman before the Houston Society of Financial Analysts, nomic diversity of the area, are encouraging, long-range factors.

The competitive position of the United States in world commerce is serious. We have to accept the fact that as a nation we are going to be increasingly dependent on the international economy, while the international economy is likely to be far less dependent on us. Maintenance and expansion of present markets will not be easy. We must make the maintaining and strengthening of our capacity to compete in world trade a central objective of national and business policy — an objective as important as the goal of internal economic expansion and growth, and more important than the goal of full employment. Indeed, both economic growth and full employment will depend increasingly on success in competing in the international economy.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Treasury has been able to meet its current money needs through the sale of short-term issues, but because of the heavy demand for funds had to pay the going rate of return, which is the highest that has been reported in the last two years. As was expected, the commercial banks because of the tax and loan account accommodations were the principal underwriters of the Treasury new money offerings. However, the resale of these obligations in the open market pushed the return on the new money bills up to levels that are attractive to short-term buyers, mainly corporations.

The long-term government market still has more sellers than buyers and as a result these bonds in many instances have gone to new all-time lows. However, when the interest rate level on Government bonds is finally settled—and it will be some day—the more distant issues will be able to meet competitive conditions and then will attract the attention of investors.

Liquidation by Commercial Banks

The Government sector of the money and capital markets have been on the uncertain and defensive side, not only because the supply of short-term issues of the Treasury have increased but also because of the lack of demand for the more distant obligations. There evidently seems to be a rather persistent liquidation of nearly all Government issues with a maturity of more than three years by the commercial banks. This is because these institutions are not only taking tax losses, but they are also obtaining funds which can be loaned out at much higher rates of interest than was the case with the Government securities that have been disposed of.

Due to these disposals, some of the intermediate-term Government obligations have been selling at prices which would mean that a new long-term Treasury issue would have to have a very fancy yield, one that would be very considerably in excess of the current limit of 4¼%.

It's Only a Question of Time

The question as to whether there will be a complete abolishment of the long-term interest rate ceiling for Government bonds or some kind of a compromise worked out is a matter of not a little bit of conjecture. Nonetheless, it appears to be the current opinion in most quarters of the financial district that the Administration, with time, will get pretty much what it asked for, even though there may not be a permanent lifting of the long-term interest rate level for Government bonds. Irrespective of how and when this change in rates for long Treasury bonds comes along, it will have to come one of these days because the Government cannot sell a new issue of its bonds with the existing interest rate level of 4¼%.

To be sure, it is not expected that the Treasury will be doing much as far as the long-term market is concerned in the immediate future. Most money specialists believe that practically all the new money will be raised through the sale of short-term obligations, which have gone almost entirely to corporations, because they have had funds which they invested in near-term securities.

This use of the most liquid issues for new money purposes by the Treasury has not added to the money supply to any extent, and as a result there has not been an inflationary increase in deposits. This has been a very favorable development as far as the monetary authorities are concerned since it has enabled them to keep the controls tight on the money market without carrying these measures to the point where it would have an adverse effect on the economy.

Long Government Bond in the Offing

The use of long-term Government bonds as part of the refunding operation by the Treasury before the year is over appears to be very much of a possibility. It is believed by many money market followers that the Treasury will use either or both intermediate and long Government bonds, if only in a token way, in its refundings as soon as the leeway is obtained for a higher interest rate level for such securities. There appears to be very little question but what the Treasury is anxious to make some kind of showing on its debt extension ideas, and the sizable refundings that are coming along affords just such an opportunity.

Slezak, Leadingham Named By Milw. Co.

MILWAUKEE, Wis.—G. Edward Slezak, executive vice president of the Milwaukee Company, 207 East Michigan Street, members of

G. Edward Slezak Harry P. Leadingham

the Midwest Stock Exchange, has been elected to the board of directors, according to an announcement today from Joseph T. Johnson, president.

Mr. Slezak, who has been in the securities business for 31 years, has been associated with The Milwaukee Company since 1955. Prominent in national investment banking circles, he has served as a member of the district committee of the National Association of Securities Dealers and also on the board of governors and executive committee of the Midwest Stock Exchange.

Harry P. Leadingham, a registered representative, has been named a vice president of The Milwaukee Company. Before joining the firm in 1955, he served with the Associated Press, news agency, in a number of executive assignments including chief of the AP bureaus in both New Orleans and Milwaukee.

Isthmus Steamship Stock Being Marketed

Robert Edelstein Co., of New York City, on June 1 publicly offered 146,912 shares of common voting stock (par 10c) of Isthmus Steamship & Salvage Co., Inc. at $2 per share.

The net proceeds will be used for the purchase of a 5,000 deadweight tons vessel and for working capital.

The company was incorporated under Delaware law on March 8, 1956 for the purpose of engaging in the business of salvaging the cargoes of sunken ships and the general steamship business.

Form Sheboygan Inv. Co.

SHEBOYGAN, Wis. — Sheboygan Investment Co., Inc., has been formed with offices at 607 North Eighth Street to engage in a securities business. Officers are Harold A. Gottsacker, president and treasurer; William A. Gottsacker, vice president and secretary.

IDAC Investment Courses Completed

TORONTO, Canada — 365 employees of members of the Investment Dealers' Association of Canada have successfully completed courses in Investment Finance in the past year, the Association reports. The students, employed by Investment Dealers from coast to coast and in London, England, Brussels, and New York City, wrote examinations covering all aspects of the Investment business, under the direction of the Association's Education Committees.

James O. Finlay of James Richardson and Sons, Toronto, was awarded the Association's gold medal for top standing in the advanced course, while F. J. Bradley of Harris & Partners Limited, Toronto was awarded the silver medal as runner-up. In the introductory course J. P. Gannon, James Richardson & Sons, Winnipeg won the silver medal for top standing while P. W. Speller of Equitable Securities Canada Limited, Toronto was bronze medallist for second standing.

Now a Corporation

LEXINGTON, Ky. — Security & Bond Company, Security Trust Company Building, is continuing its investment business as a corporation. Officers are Roger Springate, Jr., president; W. Roger Springate, Sr., vice president; and Mrs Katherine I. Youmans, secretary.

With Gaston Roberge

(Special to THE FINANCIAL CHRONICLE)

LEWISTON, Maine — Maynard P. Piper, Alfred G. Bernier, Maurice O. LeBlanc, Paul P. Grimmel, Roland A. Rodrigue, Gerald W. Judkins, David Silverman and John G. Marcous, have joined the staff of Gaston J. Roberge & Co., 124 Lisbon Street.

Billard, Partner In Carreau & Co.

Carreau & Co., members of the New York Stock Exchange, have announced the admission of Gordon Y. Billard to general partnership. The investment firm also announced the removal of its offices to new and larger quarters at 115 Broadway, New York.

Gordon Y. Billard

Mr. Billard was formerly a general partner in the member firm of J. R. Williston & Beane, in charge of research, until 1956, and subsequently became a limited partner specializing in oil and gas operations. He is an alumnus of the Massachusetts Institute of Technology, the New York University Graduate School of Finance and Business Administration, and the Long Island University Law School.

He is a Fellow of the New York Academy of Sciences and is a member of the council and chairman of the Committee on Development and Expansion for the prospective $20 million dollar Science Center to be located in New York City.

Brown Bros. Harriman Appoints Farley

The appointment of Terrence M. Farley as an assistant manager has been announced by the banking firm of Brown Brothers Harriman & Co., 59 Wall St., New York City, members of the New York Stock Exchange.

Mr. Farley, a graduate of the College of the City of New York, has been with the bank since 1951 and is in charge of the Credit Department. He is a member of the Bank Credit Associates of New York as well as the New York Chapter of The Robert Morris Associates, the national organization of bank loan officers and credit men.

Clohessy Mgr. of Dept. For Vilas & Hickey

Vilas & Hickey, 26 Broadway, New York City, members of the New York Stock Exchange, announced that James F. Clohessy is now associated with their firm as manager of the Investment Research Department.

To Represent Lehman

Lehman Brothers announces the appointment of Edouard Cornu to represent them in Switzerland. Mr. Cornu will make his office at 8 Rue Du Marche, Geneva Switzerland.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The Chase Manhattan Bank, New York, announced plans July 8 for building a new branch in Brooklyn at Bush Terminal.

A land lease has been signed and the bank has taken possession of the site at 41st Street and Second Avenue.

The new branch, the ninth to be located in Brooklyn, is expected to be open about March of 1960 at 4023 Second Avenue.

At present Chase Manhattan has 103 offices in New York City.

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THE CHASE MANHATTAN BANK, NEW YORK

	Jun. 30, '59 $	Mar. 31, '59 $
Total resources	8,053,250,556	7,947,306,039
Deposits	7,134,234,194	7,030,685,657
Cash and due from banks	1,902,792,164	1,908,718,770
U. S. Govt. security hold'gs	1,379,789,639	1,461,598,390
Loans & discts.	3,770,838,031	3,613.837.814
Undiv. profits	79,478,104	73,621,249

* * *

Sidney W. Davidson, Jr. has been appointed Vice-President by **The First National City Bank of New York.**

Mr. Davidson, formerly an Assistant Vice-President, is assigned to the bank's Indiana-Michigan District in its National Division.

William R. Knapp of the Real Estate Department was appointed Assistant Vice-President.

* * *

THE FIRST NATIONAL CITY BANK OF NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	7,871,134,909	7,926,482,441
Deposits	6,966,148,289	7,009,693,334
Cash and due from banks	1,781,904,990	1,767,601,412
U. S. Govt. security holdgs.	1,226,842,463	1,511,901,738
Loans & discts.	4,078,243,244	3,836,340,391
Undiv. profits	99,385,774	93,179,280

* * *

James E. Kennedy, former trust officer, has been appointed pension trust officer of **Chemical Corn Exchange Bank, New York**, it was announced July 6 by Harold H. Helm, Chairman. Mr. Kennedy is with the bank's Fiduciary Division and is in charge of the administration of its pension and profit sharing accounts.

William M. Baldwin, James P. King, Conrad E. Kluger and Chandler L. Mahnken, former Assistant Managers, have also been appointed Assistant Secretaries, it was announced July 3 by Mr. Helm. All are with the bank's Metropolitan Division.

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FIRST NATIONAL CITY TRUST COMPANY, NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	142,073,495	161,661,402
Deposits	100,362,891	118,117,786
Cash and due from banks	33,558,659	45,698,850
U. S. Govt. security holdings	66,353,131	76,101,396
Loans & discounts	3,598,547	2,372,043
Undivided profits	4,919,268	14,595,373

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CHEMICAL CORN EXCHANGE BANK OF NEW YORK

	Jun. 30, '59 $	Mar. 31, '59 $
Total resources	3,449,509,100	3,422,882,448
Deposits	3,049,723,114	3,015,327,240
Cash and due from banks	805,415,697	791,316,998
U. S. Govt. security holdgs.	473,971,195	603,393,418
Loans & discts.	1,635,685,623	1.468.808,689
Undiv. profits	52,068,653	48,715,518

* * *

Directors of the **Federation Bank and Trust Co., New York**, have approved a plan to give stockholders the right to subscribe for 108,904 new shares of capital stock at the subscription price of $30 a share, it is announced by Thomas J. Shanahan, President.

Under the plan, stockholders will have the right to subscribe to the new stock, at the rate of one shares for each five shares held of record on July 24.

Mr. Shanahan also announced that directors had declared a special stock dividend of 2.5% on the present outstanding shares, payable on Aug. 7 to stockholders of record on July 24.

This dividend will be paid by the issuance of 13,613 capital shares which would bring the shares outstanding to 667,035.

A special meeting of stockholders to act on the financing has been called for July 14. Rights for the new issue will be dated Aug. 7 and will expire at the close of business on Aug. 28.

The financing operation will bring the bank's total capital funds to $15,000,000. New capital to be raised by the sale will aggregate $3,267,120. The plan is subject to stockholders, and the Superintendent of Banks of the State of New York approval.

* * *

The Gotham Bank, New York, has elected Laurence R. Marchini, a Director, as Vice-President, it was announced July 1 by Ira Hirschmann, Chairman. The bank also has named George J. Gross as acting President.

* * *

Dolson W. Rauscher has been elected Executive Vice-President of **The Bank for Savings in the City of New York.** Mr. Rauscher is assigned to the real estate department. He joined the bank in 1944.

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The Bowery Savings Bank, New York, on July 2 appointed John W. Larsen, Vice-President and Treasurer and elected Fred K. Cordes, Vice-President and General Auditor.

Mr. Larsen was formerly Vice-President and General Auditor and Mr. Cordes, Vice-President, Mortgage Department.

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MORGAN GUARANTY TRUST COMPANY OF NEW YORK

	Jun. 30, '59 $	Apr. 27, '59 $
Total resources	4,044,999,163	3,915,858,600
Deposits	3,334,011,968	3,237,691,331
Cash and due from banks	963,890,933	775,885,120
U. S. Gov't security holdgs.	703,831,645	804,440,158
Loans & discts.	1,984,116,036	1,931,725,098
Undiv. profts	91,803,971	87,376,429

* * *

MANUFACTURERS TRUST COMPANY, NEW YORK

	Jun. 10, '59 $	Mar. 31, '59 $
Total resources	3,418,432,609	3,367,460,478
Deposits	3,007,982,103	2,984,566,837
Cash and due from banks	921,594,831	854,124,836
U. S. Govt. security holdgs.	844,146,533	815,910,419
Loans & discts.	1,267,675,919	1,208,591,326
Undiv. profits	25,167,783	23,354,969

* * *

BANKERS TRUST CO., NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	3,006,165,989	3,127,664,879
Deposits	2,656,615,528	2,779,132,984
Cash and due from banks	770,186,655	903,774,811
U. S. Govt. security holdgs.	505,481,163	629,521,625
Loans & discts.	1,524,439,154	1,391,104,667
Undiv. profits	74,229,225	67,962,118

* * *

THE NEW YORK TRUST COMPANY, NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	859,453,200	1,001,086,409
Deposits	748,579,714	891,732,353
Cash and due from banks	193,354,603	354,909,179
U. S. Govt. security holdgs.	168,064,008	198,850,744
Loans & discts.	417,540,556	375,045,181
Undiv. proifts	16,659,893	14,849,211

* * *

BROWN BROTHERS, HARRIMAN & COMPANY, NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	247,394,573	259,432,408
Deposits	209,339,208	226,590,876
Cash and due from banks	52,052,905	63,070,969
U. S. Govt. security holdings	50,195,057	56,388,999
Loans & discounts	74,392,433	67,348,464
Capital & Surplus	18,765,284	14,725,284

* * *

COMMERCIAL BANK OF NORTH AMERICA, NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	171,842,128	165,965,841
Deposits	152,418,228	146,561,390
Cash and due from bangs	24,142,023	23,373,539
U. S. Govt. security holdings	47,301,451	45,904,231
Loans & discounts	83,079,176	78,914,020
Undivided profits	2,430,198	4,384,270

* * *

The common capital stock of **The National Bank of Liberty, New York**, was increased from $100,000 to $200,000 by a stock dividend and from $200,000 to $250,000 by the sale of new stock effective June 23, (Number of shares outstanding—25,000 shares, par value $10)

* * *

THE STERLING NATIONAL BANK & TRUST COMPANY, NEW YORK

	Jun. 30, '59 $	Mar. 31, '59 $
Total resources	152,380,843	160,984,943
Deposits	136,726,745	140,663,635
Cash and due from banks	28,876,052	32,477,129
U. S. Govt. security holdings	33,134,688	45,939,529
Loans & discounts	87,235,971	79,495,870
Undivided profits	1,832,296	1,800,288

* * *

J. HENRY SCHRODER BANKING CORPORATION, NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	122,708,872	121,200,971
Deposits	85,602,408	84,696,048
Cash and due from banks	17,453,589	14,005,184
U. S. Govt. security holdings	42,060,018	44,872,178
Loans & discounts	1,673,277	33,075,850
Surplus and undivided profits	7,655,514	6,001,021

* * *

SCHRODER TRUST COMPANY, NEW YORK

	Jun. 30, '59 $	Dec. 31, '58 $
Total rsources	102,857,949	97,686,043
Deposits	94,311,368	88,806,909
Cash and due from banks	12,264,100	16,212,461
U. S. Govt. security holdings	53,353,181	47,682,178
Loans & discounts	30,524,849	26,725,378
Surplus and undivided profits	4,003,369	2,900,775

* * *

UNDERWRITERS TRUST COMPANY, NEW YORK

	Jun. 30, '59 $	Mar. 31, '59 $
Total resources	51,018,936	42,369,715
Deposits	44,882,272	37,933,539
Cash and due from banks	8,449,253	7,057,610
U. S. Govt. security holdings	20,801,967	20,802,079
Loans & discounts	18,252,727	10,962,838
Undivided profits	1,652,571	1,651,599

* * *

KINGS COUNTY TRUST COMPANY BROOKLYN, N. Y.

	June 30,'59	Dec. 31,'58
Total resources	$80,636,946	$84,037,971
Deposits	69,635,079	73,103,585
Cash and due from banks	7,038,705	11,943,116
U. S. Govt. security holdings	15,440,875	19,631,059
Loans & discounts	25,081,774	23,560,660
Undivided profits	1,123,957	1,242,000

* * *

THE MEADOW BROOK NATIONAL BANK OF FREEPORT, N. Y.

	June 30,'59 $	Dec. 31,'58 $
Total resources	394,215,184	384,054,916
Deposits	359,901,869	350,636,774
Cash and due from banks	34,374,555	28,527,091
U. S. Govt. security holdings	108,657,776	109,386,353
Loans & discounts	166,259,507	163,754,455
Undivided profits	1,618,534	1,898,027

NATIONAL BANK OF WESTCHESTER, WHITE PLAINS, N. Y.

	Jun. 30, '59 $	Mar. 31, '59 $
Total resources	172,709,586	164,603,469
Deposits	159,395,405	151,237,371
Cash and due from banks	18,091,301	19,596,116
U. S. Govt. security holdings	52,167,259	47,644,216
Loans & discounts	55,888,500	51,789,060
Undivided profits	1,508,849	1,233,066

* * *

Robert W. Purcell was elected a Director of the **Northern New York Trust Company, Watertown, N. Y.**, a unit of the Marine Midland system. Mr. Purcell represents the third generation of his family to serve as a Director of the bank.

* * *

LINCOLN ROCHESTER TRUST COMPANY, ROCHESTER, N. Y.

	Jun. 10, '59 $	Dec. 31, '58 $
Total resources	376,762,616	391,772,343
Deposits	326,490,336	357,104,232
Cash and due from banks	70,165,912	93,971,490
U. S. Govt. security holdings	104,605,461	106,904,141
Loans & discounts	179,281,108	118,386,421
Undivided profits	5,369,446	4,996,557

* * *

Directors of **The Merchants National Bank of Boston, Mass.** have voted to recommend to shareholders an increase in capital through the sale of an additional 72,500 shares of capital stock.

A special meeting of shareholders has been called for July 15, 1959 to vote on the proposal. If approved by shareholders and the Comptroller of Currency, it is intended that the new stock will be offered to shareholders of record on July 15 on the basis of one new share for each 6¼ shares then held.

The offering will be underwritten by a group of investment bankers headed by The First Boston Corporation.

Capital stock of the bank now consists of 452,500 shares. The issuing of 72,500 shares will result in outstanding capital stock of 525,000 shares.

* * *

RHODE ISLAND HOSPITAL TRUST COMPANY, PROVIDENCE, R. I.

	Jun. 30, '59 $	Mar. 12, '59 $
Total resources	315,179,723	315,709,813
Deposits	279,900,984	274,825,618
Cash and due from banks	42,542,203	46,499,467
U. S. Govt. security holdings	80,147,350	82,565,711
Loans & discounts	171,111,376	162,544,646
Undivided profits	3,315,163	3,198,238

* * *

NEW JERSEY BANK AND TRUST CO. PATERSON, N. J.

	June 30,'59 $	Dec. 31,'58 $
Total resources	283,445,449	286,874,791
Deposits	257,822,850	262,268,974
Cash and due from banks	42,117,029	46,251,729
U. S. Govt. security holdings	60,490,300	63,162,664
Loans & discounts	61,757,370	61,738,701
Undivided profits	3,655,464	3,462,701

* * *

THE NATIONAL BANK OF PASSAIC COUNTY, PATERSON, N. J.

	Jun. 30, '59 $	Mar. 12, '59 $
Total resources	238,011,222	231,220,412
Deposits	216,745,849	212,246,348
Cash and due from banks	29,189,991	32,253,532
U. S. Govt. security holdings	62,361,141	56,427,459
Loans & discounts	111,067,941	107,733,487
Undivided profits	4,159,518	4,193,899

* * *

William H. Goodlin has been appointed Manager of the Turtle Creek Office of **Mellon National Bank and Trust Company, Pittsburgh, Pa.** Frank R. Denton, Vice-Chairman of the bank announced.

Mr. Goodlin came to the bank in 1941 and has been associated with both the Wilmerding and Pitcairn Offices since that time. In 1941 he was named Assistant Manager of Mellon Bank's Wilmerding Office, and in May of 1957 he was appointed Manager of that office.

* * *

Thomas E. Wilshire, Jr. of Pittsburgh, has been appointed Supervisor of **Western Pennsylvania National Bank's McKeesport, Pa.** Data Processing Center.

The WPNB Data Processing Center will be housed in the bank's new building at Sixth and Walnut Streets, McKeesport.

* * *

Western Pennsylvania National Bank, McKeesport, Pa. on July 7 announced plans for its 20th community office, to be located in Great Valley Shopping Mart, near East McKeesport.

Permission for establishment of the office has been received from the Comptroller of the Currency, according to M. A. Cancelliere, President.

* * *

SOCIETY NATIONAL BANK OF CLEVELAND, OHIO

	Jun. 30, '59 $	Mar. 31, '59 $
Total resources	409,402,760	401,112,060
Deposits	373,440,156	363,924,996
Cash and due from banks	42,114,192	38,607,609
U. S. Govt. security holdings	90,580,783	95,618,952
Loans & discounts	220,319,947	209,856,873
Undivided profits	1,624,979	1,551,648

* * *

Stockholders of **American Fletcher National Bank & Trust Co.** and **Fidelity Bank & Trust Co., Indianapolis, Ind.**, will hold special meetings July 21 to consider a merger of the banks. American Fletcher would be the surviving institution.

The plan calls for shareholders of Fidelity Bank to receive seven shares of the merged bank for each 10 shares held. American Fletcher shareholders will retain present shares.

* * *

By a stock dividend the common capital stock of **The Citizens First National Bank of Storm Lake, Iowa** was increased from $150,000 to $250,000 effective June 24, (Number of shares outstanding—12,500 shares, par value $20).

C. C. Oliver, Jr., was elected

Vice-President and Trust Officer of the **Traders National Bank, Kansas City, Mo.**

* * *

The First National Bank of St. Joseph, St. Joseph, Mo., has increased its common stock from $500,000 to $1,000,000 by a stock dividend. Effective June 22, (Number of shares outstanding —10,000 shares, par value $100).

* * *

CITIZENS FIDELITY BANK AND TRUST COMPANY, LOUISVILLE, KY.

	Jun. 30, '59 $	Dec. 31, '58 $
Total resources	246,447,721	285,160,587
Deposits	221,578,922	261,944,530
Cash and due from banks	75,270,246	92,912,460
U. S. Govt. security holdings	47,056,190	74,128,953
Loans & discounts	112,240,002	105,639,600
Undivided profits	3,127,221	2,620,470

* * *

First National Bank of Dunedin, Fla. increased its common capital stock from $425,000 to $450,000 by a stock dividend and from $450,000 to $600,000 by the sale of new stock, effective June 23, (Number of shares outstanding — 24,000 shares, par value $25).

* * *

The common capital stock of **The Calcasieu - Marine National Bank of Lake Charles, La.** was increased from $2,500,000 to $3,500,000 by a stock dividend, effective June 22, (Number of shares outstanding—35,000 shares, par value $100).

* * *

ZIONS FIRST NATIONAL BANK, SALT LAKE CITY, UTAH

	Jun. 10, '59 $	Mar. 12, '59 $
Total resources	140,227,857	138,704,583
Deposits	118,287,101	123,694,255
Cash and due from banks	24,158,055	23,259,552
U. S. Govt. security holdings	40,630,569	39,840,785
Loans & discounts	66,035,506	65,176,591
Undiv. profits & reserves	3,648,400	3,433,813

* * *

Vice-President Ben F. Edwards, Jr., has been selected as President's Assistant-Personnel at Bank of America's Calif. head office it was announced in San Francisco, July 2.

As a member of President Beise's personal staff Edwards will represent him as special personnel counsellor, particularly with senior branch and administrative officers, and as his personnel liaison officer.

Mr. Edwards joined Bank of America in 1917 and during the 1920s filled managerial posts in several San Francisco branches. He was named a Vice-President in 1931 at the bank's Los Angeles headquarters, returning to San Francisco the next year as Vice-President and Manager of the Loan Administration department. In 1946 he was placed in charge of the Loan Supervision department.

Dallas Analysts Elect New Officers

DALLAS, Tex. — New officers elected by the Dallas Association of Investment Analysts for the coming year include R. Bruce Thomas, Jr., Dallas Rupe & Son, president; J. C. McCormack, Eppler, Guerin & Turner, vice-president and program chairman; Harold Achziger, Fort Worth National Bank, vice-president, and James R. Crews, New York Life Insurance Co., secretary-treasurer.

The Dallas association which includes more than 60 members in Dallas, Fort Worth, San Antonio, Oklahoma City, and Tulsa is affiliated with the National Federation of Financial Analysts' Societies of New York City.

Word has been received that Dallas has been selected as the 1964 site for the group's national convention, which is expected to attract more than 2,000 financial analysts to the city.

Frank Russell Branch

CENTRALIA, Wash. — Frank Russell Co., Inc., has opened a branch office at 111 West Magnolia under the direction of George Browning.

NAM Opposes TVA Bond Issue Proposal

Industrialist group explains opposition to allowing government agency to borrow money directly from the market in a recently issued study.

Enactment of pending proposals to authorize the Tennessee Valley Authority Corporation to issue and sell $750 million of its own bonds would be a long step toward nationalization of all American industry, according to the National Association of Manufacturers.

In a report—"TVA—Full Steam Ahead?" — prepared by its Economic Problems Department, the association warns that the manner in which the Congress disposes of the issues raised in those proposals "will have profound and far-reaching effects on the future conduct of governmental affairs and on the future character of our economic system."

Says It Frees TVA from Control

As drawn, the report asserts, the proposals would free the TVA from any effective Congressional or Executive control and would authorize and encourage the uncontrolled expansion of the agency at the expense of taxpayers and of privately owned electric utilities.

The association emphasizes that the TVA, originally created in 1933 as a Tennessee River flood control and navigation aid project with hydro-electric power a by-product, is now "the largest generator of electric energy in the Free World and the largest individual purchaser of coal in the world, and in fact, 75% of the electricity now generated by TVA is produced by steam-powered plants."

Authorization to issue its own bonds—by passing the Congressional appropriations committees—could and probably would be interpreted by TVA as a "mandate" for a 30% expansion of its power service area with obvious results for privately owned and operated electric utilities.

Poses Questions

The issues posed in the legislation which must be faced by the Congress, according to the NAM, are:

Should Federal Government ownership and operation of productive facilities be expanded?

Should a governmental agency be permitted to act as its own Treasury Department and create its own public debt of $750 million by issuance of its own bonds?

Should a governmental agency be permitted to engage in large-scale construction of productive facilities without prior exercise of the historic law-making power of Congress?

Should a governmental agency be permitted to make large-scale expenditures independent of the President's budget?

Should a governmental agency engaged in competition with investor-owned business enterprises be permitted to operate without effective territorial limitations on its potential expansion?

Should Congress create in a governmental agency a special group interest that is adverse to the interest of the people of the United States as a whole?

The NAM report quotes extensively from reports submitted to the Congress by the Comptroller General of the United States, and from the views of minority members of the House Public Works Committee opposing the legislation.

Quotes Comptroller General

"We do not think," wrote the Comptroller General on July 26, 1955, "that agencies of the government, other than the Treasury Department, should be authorized to borrow from the public for purposes of the character involved in this legislation, nor do we believe that the fiscal and debt management responsibilities of the department should be weakened by authorizing other government agencies to enter a field which is a normal function of the Treasury Department. . . .

"The only limit on expansion would be its (TVA) ability to borrow. We do not believe that any agency of the government should be granted such freedom from the normal controls exercised over government activities. . . ." Similar opposition was expressed by the Comptroller General in 1956 and 1957 when the TVA proposals were reintroduced.

Last August minority members of the House Public Works Committee, attacking the proposals, said, in part:

Refers to Minority Report

"Annual Congressional scrutiny through the appropriations process is essential to promote responsibility, efficiency and honesty. . . . The American system of government is one of laws and not of men. This leaves the Congress with little choice. It cannot avoid its obligation to the people of the nation and relinquish its authority over any executive agency. The authority sought for TVA in this legislation could easily make any group of men drunk with power and lead to serious abuses. . . . Whether we like it or not we have an obligation which we cannot forfeit to assure workers and the American people that every Federal agency conducts its operations in the interest of all the people. . . .

"Whether the House of Representatives Appropriation Committee shall continue to exercise control over the funds of this agency or whether this important House committee is to be completely bypassed is a question that the House of Representatives cannot treat lightly. . . . Control over the public purse was one of the first rights achieved by the people in their centuries-long fight for liberty and freedom. . . . If Congress enacts this bill without restricting TVA to the area in which it now serves customers, it will have failed to protect our free-enterprise system upon which the government depends for many millions of dollars in taxes. Individual taxpayers will be called upon to make up the taxes thus destroyed by government competition with private business."

J. C. Bradford Adds

(Special to The Financial Chronicle)

ATLANTA, Ga. — Robert L. Russell has joined the staff of J. C. Bradford & Co., William-Oliver Building.

Public Utility Securities

By OWEN ELY

Gas Service Company

Gas Service Company, with annual revenues of $71 million, distributes natural gas at retail in 255 communities in Missouri, Kansas, Oklahoma, Nebraska—an area termed "The Heart of the Nation." A population of over 2,000,000 is served, of which half is in greater Kansas City; other major cities include Wichita, Joplin, St. Joseph and Topeka. The company competes with other gas utilities in Hutchinson and Wichita, and municipal systems in two other small communities.

The area is largely agricultural, but includes oil and gas production and oil refineries as well as a lead and zinc mining section (the so-called Tri-state area). Industry is well diversified and is growing, including such companies as Phillips Petroleum, American Foods, Goodrich, etc.

Gas revenues in 1958 were about four-fifths residential and commercial, and one-fifth industrial—and one-third of the latter is boiler fuel for electric generating plants. The heating load is of primary importance. The average sale price of gas in 1958 was around 40c per mcf. The company buys nearly all of its gas requirements from Cities Service Gas Company which has reserves of about 8.5 trillion cf. in Kansas, Oklahoma and Texas, together with eight underground storage fields.

Gas Service Company has enjoyed a good rate of growth, revenues increasing steadily from $26 million in 1948 to $71 million recently. Total customers last year were 566,000 a gain of nearly 13,000 during the year, and the company is expected to take on about 20,000 new customers annually over the next few years. These gains reflect regular growth, plus new franchises which are being obtained—last year four municipalities voted service franchises to the company and new distribution systems are being built in these communities. Also, the company bought from another utility company the gas distribution system at Excelsior Springs, a famous health resort visited by over a quarter of a million people annually.

Plant additions and acquisitions last year cost nearly $8 million, and system improvements will continue this year to take care of the large number of new housing starts, etc. Construction of service center facilities and remodeling of some existing buildings was completed at Kansas City last year. These modern facilities occupy three entire city blocks and consolidate all service quarters of the Kansas City, Kansas, property in one area.

The company maintains a residential sales organization in all but one of its operating divisions and also cooperates extensively with gas appliance dealers. As the result of active promotion of these appliances, the sale of gas clothes dryers by dealers and the company increased 24.3%, and gas range sales were up 5.7%, in 1958. With emphasis on use of gas in kitchen, home laundry, water heating, and summer air conditioning, a substantial increase was realized in the number of new homes equipped permanently with gas appliances. Outdoor gas lighting is enjoying a new vogue, not only for residences, but also for patios, swimming pools, drives, motels and other commercial establishments.

Air conditioning is now gaining rapidly both in residential and commercial fields and about $1 million of air conditioning equipment was sold through all channels last year. Sales of domestic air conditioners improved dramatically during the year with an increase of approximately 400% over the preceding year. Commercial installations included U. S. Post Office and Court House buildings and new facilities at the Kansas City municipal airport.

Capitalization at the end of 1958 consisted of 64% long-term debt, and 36% common stock equity. The company's outstanding bond issues all have low rates of interest ranging from 2⅞% to 4.15%; last year the company placed $11 million 4.15% 20-year bonds (non-callable for five years) with institutions.

Since the company is engaged only in retail distribution it is not subject to regulation by the Federal Power Commission. In November 1957 the Kansas State Commission granted a rate increase equivalent to about 30c a share. In order to offset a pending increase in the cost of gas (as proposed by Cities Service Gas in a filing with the FPC) the company is asking the regulatory authorities in Missouri, Kansas and Oklahoma for $8 million rate increases.

The company's earnings record was rather unfavorable during the period 1948-1953, when it was under control of Cities Service. However, in 1954, with the stock in the hands of the public, earnings increased to $1.86 vs. $1.41 in the previous year. There was a further increase of $2.31 in 1958, and this year with the help of cold weather during the heating season, $2.30 a share was reported for the 12 months ended March 31. Since the first quarter contributes most of the company's annual earnings, it appears likely that calendar 1959 will make a similar showing.

The dividend was increased from $1.36 to $1.52 about a year ago and the current yield is nearly 5%. The stock is selling at only about 11 times recent earnings, one of the lowest ratios in the group of retail gas distributers, comparing with the recent average for that group of 15.5.

M. A. Kirschenbaum Opens

Marvin A. Kirschenbaum is conducting a securities business from offices at 40 Wall Street, New York City. Mr. Kirschenbaum was formerly a partner in Joseph E. McKenzie & Co.

Nationwide Family Plans

Nationwide Family Plans, Inc., is conducting a securities business from offices at 377 Fifth Avenue, New York City. Officers are Ben Wolf, president and secretary, and Lee Wolf, vice president and treasurer.

Form Monarch Secs.

HEMPSTEAD, N. Y.—Monarch Securities Corporation has been formed with offices at 362 Washington Street to engage in a securities business. Officers are Seymour Pollack, president; Febo Troilo, vice president; and Bertram Deaner, secretary-treasurer.

Wm. Rayne Forms Co.

GREENLAWN, N. Y. — William G. Rayne is engaging in a securities business from offices at 37 Broadway, under the firm name of William Rayne Company.

THE *FORWARD* LOOK

ALMOST 20 MILES PER GALLON—ON LOW-COST DIESEL FUEL!

In a recent road test, Chrysler Corporation's experimental Gas Turbine Engine averaged 19.39 mpg on diesel fuel. Simple, lightweight, almost vibration-free, the Gas Turbine is the only true multi-fuel engine. While it "likes" some fuels better than others, it will run on almost any liquid that will flow through a pipe and burn with air. The big question: can the Gas Turbine be mass-produced at competitive costs? Our engineers are working hard to find the answer. They're making sure that . . . You get the good things first from

CHRYSLER CORPORATION

Gerald Loeb to Head March of Dimes Drive

Gerald M. Loeb, a partner in E. F. Hutton & Company, members of the New York Stock Exchange, has been appointed general chairman of the 1960 New York March of Dimes, it was announced by Basil O'Connor, President of the National Foundation. The noted securities broker served as co-chairman of the last two March of Dimes drives.

G. M. Loeb

As general chairman he will coordinate all fund-raising activities and enlist the support of business, industrial, professional and civic leaders.

In accepting the post, Mr. Loeb declared that rehabilitation of victims of crippling polio must remain an integral part of the new National Foundation program while conducting a vigorous fight against arthritis and birth defects. He said:

"The March of Dimes has already contributed extraordinary service in the fight against crippling disease. The Salk vaccine has ably demonstrated the organization's ability to carry out such a program.

"I am confident the dedication this great organization has shown for 21 years, and the tremendous data it has accumulated in its research in virus diseases will help ultimately to defeat arthritis and birth defects, two other cripplers plaguing the world."

IBA Correspondence Course in Inv. Banking

WASHINGTON, D. C. — The Investment Bankers Association of America is offering a correspondence course in the Fundamentals of Investment Banking in cooperation with the Home-Study Department of the University of Chicago. Included in the course are studies of The Financing of Business Enterprise; Security Analysis; Problems in the Financing of Corporations; Marketing of Securities; and Investment Policy. Tuition is sixty dollars, and certain text material is required.

The IBA is also offering a four-week resident summer course for investment banking trainees at Northwestern University, August 9th to September 4th. Registration fee, covering all costs (instruction, room, meals, text materials and notebook) is $475. Registrations may be made until July 15th. Additional information may be obtained from Erwin W. Boehmler, Educational directory of the IBA, 425 Thirteenth Street, N. W., Washington 4, D. C.

John Sodano Opens

FLUSHING, N. Y. — John J. Sodano is engaging in a securities business from offices at 42-45 Kissena Boulevard under the firm name of John Sodano & Company.

Uehara Opens Office

HONOLULU, Hawaii—Richard K. Uehara is conducting a securities business from offices at 1226-B Emma Street. He was formerly with Hart Wood & Co. and Waddell & Reed, Inc.

John L. Wray Opens

NORTON, Kans.—John L. Wray is engaging in a securities business from offices at 609 North Jones. He was formerly with Goffe & Carkener, Inc.

Continued from first page

Bear Bond Market Will Continue

were in a long-term bear market in bonds stems from the natural desire on the part of the American businessman and bankers to build . . . to be accustomed to seeing deposits, assets, values, capital, the value of collateral . . . all growing, none declining. Or, perhaps it is because very few bankers and investment managers can remember anything but a bull market, or a pegged market in bonds. After all, for a man to have managed a bank bond account during a previous bear market, he would now have to be over 65 or 70 years of age today, since the last bear market in bonds was 1899 to 1920. And, unfortunately, most of these men have retired from active portfolio management.

It is perfectly understandable that with only the short bear markets in bonds in 1931 and 1953 offsetting a 33-year experience with a rising or stable bond market, it is hard for many to switch their thinking and to understand why it is perfectly reasonable that we should be in a period of rising interest rates, and that there is nothing unnatural or particularly unpleasant about it. After all, why should we be so apologetic or embarrassed about higher rates on bonds? People have been writing more and more books recently on how they have made millions, generally in real estate, by borrowing other people's money to finance their operations. Why shouldn't the investor who puts up the money, who has saved rather than consumed, get a larger share of the earnings resulting from the use of his capital? I doubt very much if the holders of $45 billion, or so, in E Bonds are going to complain greatly about the President's request yesterday for higher interest rates on E Bonds. In fact, if the technological revolution forecast by many economists is going to open the new frontiers that they foresee, why shouldn't we once again be a capital-hungry nation, just as we were when we had new frontiers of land to open?

It is true that the political and market experience of the last 30 years makes the present ground rules hard to understand. But, if experience from the past is valuable, why not go further back? Many people don't realize that there is nothing unusual historically about short-term rates being as high or higher than long-term rates. This was true in most years from the Civil War to 1929. Why shouldn't it be true once again?

A large part of the battle for correct management of bank bond accounts will be won when the bond portfolio manager and his committee change their point of view and realize that more flexible attitudes must be adopted to be successful against the heavy odds working against the investor in a bear market. There is no point in trying to fight the basic monetary facts of life. The banker has enough problems fighting factors which have quite unfairly given him a reputation as a poor bond buyer. This, of course, stems from the fact that he only has money to place in bonds when prices are high and rates are low. When money is in demand and rates are high, he is forced to sell his bonds at a loss to provide funds for his borrowing customers. Basic principles of investing have been forgotten and these lessons need to be relearned from the experience of the last several years.

Investment and Investment Management

One must make a distinction between investing and investment management. To the investment manager, the best defense is a good offense, and a good offense in a bond account requires much action, much flexibility and much care, and is vital to success in markets such as we have seen in the past five years. Merely to buy with the idea of holding to maturity has not been enough. Witness the U. S. Treasury $3\frac{1}{2}$s of 1990, for example. If the portfolio manager, or his committee, cannot explain the difference between managing and investing to their directors, then for the good of the shareholders and the public, they should not be permitted to have a bond account with an average maturity of over two years. Managing is harder work than investing, and it is hard to imagine a successful bond portfolio manager who has not had considerable experience investing for his own account . . . and investing for his own account under a highly leveraged situation.

I know it will shock many bankers to think that their investment man ever borrowed to make an investment, but they simply forget the fact that they, too, are borrowing the depositor's money when they buy Governments. For how else can a man be expected to handle an account as highly leveraged as most bank bond portfolios with shareholders' capital equal only to perhaps a third, or a quarter, of the value of the total account if that man has not learned, by risking his own funds in the market on margin, the necessary sensitiveness to be able to get out at the right time and cut his losses short? Such flexibility as this was needed last June after the U. S. Treasury $2\frac{5}{8}$s were obviously doing so poorly.

I do not mean to suggest that a Government bond portfolio manager should be trading in bonds for his own account at the same time he is trading the same issues in a bank's portfolio or anyone else's portfolio. This he must not do, since he must never place himself in a position where his own emotions might influence his judgment with regard to his client's funds or needs.

Secondary Reserve Account

At the beginning of the postwar period, the bond account was an investment account, providing needed income and, indeed, accounting for a major portion of the income of most banks. During the last few years, however, the bond account has become again what it once was, a true reserve account. At the present time, in the face of a very strong probability of increased demands for loans once again, it would seem definitely appropriate for bank portfolio managers, their investment committees, and boards of directors, to re-examine their investment policies in the light of the decreased liquidity of their banks, and of the whole banking system. Particularly, since it probably will not be necessary to give up much income, they should make whatever sacrifices are necessary to be sure that they have provided the requisite strength in their bond accounts, as we move further toward a condition of lessening liquidity in the banking system.

Tax Laws

The tax laws take into account the fact that the banker may, of necessity, have to sell his Government bonds involuntarily to return deposits to his customers of they are demanded. For this reason, bankers are allowed to charge off losses in their bond accounts against ordinary income, to the extent that such losses exceed capital gains. Long-term capital gains are taxed to the extent that they exceed losses, as for other corporations, at the capital gains rate. This is why bankers like to take capital gains and capital losses in separate years. While this tax arrangement is of great benefit to banks, it has probably led to more errors in the management of bank bond portfolios than almost any other one thing. In a rapidly moving market such as we have seen over the past few years, it is absurd to say that one cannot cut one's losses short simply because one is in a profit year, or, that one should not take arbitrage profits just because one is in a loss year. The investment manager cannot afford to be blinded by tax considerations.

Losses

It is perfectly obvious that no bank will have a loss in its Governments if it buys them at par or less and holds them to maturity. It is equally obvious, however, as one examines the comparison between cost and market value of a Government bond portfolio, that in many cases losses represent income which could have been earned for the bank's shareholders, had the bond account been better managed. A perfect example of this, and one which denies the question, "But, we had to have the income!", is that of the U. S. Treasury $2\frac{1}{2}$s of 1963, which appeared so tempting in November of 1954 when they were offered in exchange at a price around par, but which, if sold in the summer of 1957, would have resulted in a loss in excess of the income received during the nearly 3-year period.

Too many bankers keep hoping, even if only subconsciously, for a bull market in bonds which will wipe out their losses, and thus they become lemon collectors. Look at the horrible example of 1958, when such a market came and did, indeed, wipe out many losses in bond accounts. Many banks extended their accounts in the hope of capturing even more profits, or because of a lack of knowledge of the money market. And, then because, they were in a profit year, most banks were unwilling to sell and shorten up when it became obvious through August that we were returning to a bear market in bonds. And, thus in 1959 most banks find themselves again in the same position they were in in 1957, a position which they swore they would never let happen again.

There is no point blaming the losses in a Government bond account on the Government, or on the Federal Reserve System. The only correct place for the blame is on the men who lack the necessary acquaintanceship with the monetary forces which characterize the climate in which losses are apt to occur and who lack appreciation of the opportunities, and also the great dangers, which exist in leveraged bond accounts.

Make 1959 and 1960 Loss Years

In 1959, and probably in 1960, most banks will be able to report excellent operating earnings. 1959 will be a loss year for most banks, and it may well be the course of common sense for them to make 1960 a loss year as well, so that during this two-year period of good operating earnings, they can clean out the losses in their bond portfolios and reconstruct those portfolios to serve more accurately and prudently the reserve and income needs of 1959, and not those of 1946. Such adjustments as these should be made now, so that the banks will not be caught in a highly depressed mood at the lows of the bond market at the very time when bond maturities should be lengthened. Human psychology in individuals, or committees, or boards, is a powerful force. It is always tragic to see some group wait so long to take action that no one will buy anything but 90-day Treasury bills when the time comes for prudent extension of maturities, based on facts rather than opinion.

Measuring Performance

The Government bond portfolio manager is in an enviable position when it comes to measuring performance. There are only some 50-odd Government issues. There are no external factors such as management quality and productivity differentials affecting Government issues, as is the case between one stock and another. Unlike stocks, one issue of Government bonds doesn't invent a new drug, nor another issue produce an unattractive new automobile. It is perfectly possible for a bond portfolio manager to set up a number of imaginary portfolios against which to check the performance of his account for the purpose of producing provocative questions. An imaginary portfolio might be invested all in treasury bills, or might be one in which an equal amount of the portfolio comes due in each of three or five years, or more. Or, the manager can compare his account with the portfolio he maintained one year previous, or two years previous. Such measurements of performance are not for the purpose of beating the market, although, of course, that is very pleasant for the shareholders. These measurements are made in order to provide the investment committee and the board of directors with the same sort of material that the investment manager himself would wish to have were he only on the committee, or on the board, and not behind the investment desk.

Such studies should be used to provoke questions as to why the account is not performing well, or to provide an explanation of why, in periods of seemingly poor performance, the account has been set up in such a way as it has.

The men who will do the best job in this bear market will be those with the best knowledge of money and banking. And, these men do not necessarily have to be in New York, or in the bigger cities. They can be anywhere from Columbus, Indiana to San Diego, Calif. Remember for example, the advantages of the smaller bank in the present thin Government bond market, where the flexible manager can take advantage of arbitrages, stemming from the huge transactions of the bigger and more inflexible institutions, who face great difficulties in moving large amounts of their Government bonds.

Shareholder Reporting

Measures of performance should also be expressed in reports to shareholders. It is impossible for the analyst of bank stocks to assess properly the performance of a bank, unless he has suitable details of the current situation in the bond account, and of the action that has been taken over the past few years. An idea of performance can be gathered from figures on year-end average maturity and yield, but it is much more effective to place the whole story in the report. After all, the shareholders have put up a portion of the capital used to buy the bonds, and should be entitled to have some idea of how management is performing with its margin account. Indeed, many banks may have to ask for new capital over the next few years in view of rising loan accounts, and the wise bank will prepare its bond account in such a way that it can adequately answer shareholders' questions at that time, and not be in the embarrassing position of asking for capital in an amount not dissimilar in size to the loss in the bond portfolio.

The Market

The long-term bear market in bonds may end tomorrow. It can end at any time that the public suddenly decides to consume less and save more. But, at the moment, no matter how hard one delves for indications that the long-term trend may reverse itself, the burden of proof is still on the bulls. Bond market cycles are usually of substantial duration. After the Civil War there was a bull market in bonds for 33 years, or so, then a bear market for 20 years, from 1900 to 1920, and then a bull market for the 26 years from 1920 to 1946, leaving the present bear market a youngster of only 13 years.

It would seem early to change the trend, particularly in the light of new developments over the past few years. Our tax laws, for example, heavily favor debt financing, and even though there is nothing high about current interest rates historically, when one takes the tax laws into account, interest rates are still remarkably low the the large borrower. It is hard to see how we can have a bull market in bonds again, until the privately held money supply begins to expand, or debt decline, in relation to gross national product.

One thing is certain; were we to go back to a pegged bond market for political reasons, the rewards for having a long position in bonds would be minimum compared to the risk of loss in the absence of such a development and would amount to nothing compared to the impact of the rapid expansion of bank deposits which would take place in view of the present state of public sentiment. Assuming no political interference, the bear market looks strong and healthy.

This does not mean that we should not have further rallies against the trend, and it does not mean that anyone should be surprised if, for a certain portion of the 1960's, bonds may well prove to be a better inflation hedge than stocks, but the time has come to recognize that this is a bear market in bonds and to stop pretending that it is only a temporary decline in a bull market.

With Sutro & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Wayne P. Davis has been added to the staff of Sutro & Co., 460 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Form Consolidated Inv.

MERRICK, N. Y.—Consolidated Investors Company is engaging in a securities business from offices at 224 Lincoln Boulevard. I. Judah Lefer is a principal of the firm.

New Bernstein Branch

McKEESPORT, Pa.—Bernstein & Co., has opened a branch office at Peoples Union Bank Building under the direction of Louis Young.

Moore, Leonard Branch

WASHINGTON, Pa. — Moore, Leonard & Lynch has opened a branch office in the Hotel George Washington under the management of Herbert B. Parry.

With Stifel, Nicolaus

(Special to THE FINANCIAL CHRONICLE)

BLOOMINGTON, Ill. — Jordan J. Childs is now connected with Stifel, Nicolaus & Co., Incorporated of St. Louis. He was formerly with the local office of White & Co.

Comex Elects Three To Trading Privileges

The Board of Governors of Commodity Exchange, Inc., has announced the election of three new members to full trading privileges on the exchange.

Elected were: Barclay McFadden, general partner, Geo. H. McFadden & Bro., commodity brokers; David Rubin, commodity trader; Romie Shapiro, Vice-President, Herman Hollander, Inc., dealers in hides and skins.

Commodity Exchange, Inc. is the marketplace for futures trading in copper, lead, tin, zinc, hides, rubber and burlap.

Taft Broadcasting Common Stock Offered to Investors

Harriman Ripley & Co., Inc. heads an underwriting group which on July 8 offered publicly 483,322 shares of common stock of Taft Broadcasting Co. at a price of $15 per share.

This is the first public offering of stock of the company, which owns and operates television broadcast stations, AM radio stations and FM radio stations in both Cincinnati, Ohio and Birmingham, Ala.; a TV and AM station in Columbus, Ohio and a TV station in Lexington, Ky. Taft Broadcasting also holds a 30% interest in a company which operates TV and AM-FM broadcasting facilities in Knoxville, Tenn.

Taft Broadcasting was formed last month to acquire by merger the business operated by Radio Cincinnati, Inc. and its subsidiaries. The latter company and its predecessor had been in the broadcasting business since 1939.

All of the net proceeds from the sale will be received by a group of selling stockholders, who, following the sale, will continue to own 66⅔% of the 1,449,972 outstanding shares. The majority of the selling stockholders are members of the Taft and Ingalls families, all of whom are descendants of, or related to, the late Charles P. Taft, founder of the former Cincinnati Times Star Company.

Directors of the company have declared a quarterly dividend of 10c per share on the common stock, payable Sept. 1, 1959 to stockholders of record, August 15. A stock dividend will be paid on March 1, 1960 in the ratio of one additional share for each 40 shares held of record on Feb. 15, 1960. Directors have expressed their intention, over the next several years, to supplement cash dividends with an annual stock dividend.

Net revenue of Radio Cincinnati and subsidiaries for the year ended March 31, 1959 amounted to $8,973,000 and pro forma net earnings to $1,137,000, equal to 78c per share, compared with $7,873,000 and $1,039,000, or 72c per share, in the preceding fiscal year.

Fred Lange 40 Years With Mitchell Hutchins

CHICAGO, Ill. — An office boy back in 1919 when Mitchell Hutchins & Co., 231 South La Salle Street, was founded, Fred E. Lange is celebrating his 40th anniversary with the firm.

Mr. Lange has been a registered representative since 1938.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Cornelius G. Ryle has become affiliated with B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange.

Continued from first page

The Gold Rush of 1959

ing a "soft" currency? Or is it only a temporary phenomenon which will soon dry up and lose its importance? What should we do about it? Should we start thinking about going back to high tariffs? Would curtailing our foreign aid program stem the tide?

These questions are beginning to agitate bankers and Congressmen, financial editors and economists. Once again, a debate is springing up over terms we have not thought about for many years—terms like "flight from the dollar" or "pricing ourselves out of world markets."

And, as usual, the non-banker, non-economist layman finds himself baffled by the debate. What is going on here? he wants to know. What is the debate about? This article is an attempt to answer the questions he has in mind.

1. Why are we losing gold to foreign countries?

One country loses gold to another because gold is a customary and generally acceptable means of settling up international indebtedness. Thus, if France sells us more goods and services than she buys from us, we shall have to pay the French the difference. If the French Embassy in Washington spends more than the American embassy spends in Paris, the French will end up owing us money. If Americans are investing more heavily in French companies than French investors are putting into American companies, we will also have to manage to transfer that difference to France.

One way of settling these differences is by sending gold from the debtor country to the creditor country. This is just the same as the settlement of differences among Americans by payments in dolars: in both cases something generally accepted as a means of payment is used to even up the debits and credits.

Therefore, we are losing gold to foreign countries because we owe them money, or, to put it a little more precisely, because our payments to them are outrunning our receipts of payments from them.

This may seem to be a surprising state of affairs, although actually this excess of payments on receipts has prevailed in every year since 1950, except for 1957! How can it be that the United States can be transferring more money abroad than it is receiving?

A look at our exports and imports actually shows that we are selling more to foreigners than we are buying from them. Last year, American exports of goods and sales of services to foreigners amounted to $23.1 billion, about $2.5 billion more in goods and services than we bought abroad. This favorable trade balance has also prevailed for a long time and, as a matter of fact, was higher in 1958 than in four out of the last ten years.

However, international transactions are not limited just to purchases and sales of goods and services. American individuals and corporations are substantial buyers of foreign securities and also make large direct investments abroad. If an American investor buys stock in Royal Dutch Petroleum or Imperial Chemical Industries from a European investor, funds have to be transferred abroad. If Standard Oil of New Jersey is going to dig a well or build a refinery in Venezuela, the same thing will be true.

In addition, our government also lends money in large sums to foreign countries, and also makes grants to foreign governments under our aid programs. Government agencies, as well as individuals and companies, also remit money abroad in the form of pension payments or just sending money back to the folks "in the old country".

Foreigners make similar types of payments to us. They are very small, however, and virtually negligible next to the very large capital transfers made by the United States.

Thus, on balance last year, we made the following non-trade payments to foreigners:

	Billion
Remittances and pensions	$0.8
Government non-military grants	2.4
U. S. private and government investments abroad	3.1
Total non-trade payments	$6.3

If these payments of $6.3 billion are compared with our net receipts of $2.5 billion from our export surplus, then it is clear that our **total** payments to foreigners exceeded our receipts from them by $3.8 billion. The transfer of funds in the form of foreign aid and increased American investments abroad caused the "deficit" in our international transactions, not any fundamental deficiency in the world demand for or need for dollars.

Now what actually happened to the money which we paid over to foreign countries in excess of our receipts from them? Nothing at all mysterious. As a result of this "deficit", the checking accounts of foreigners in American banks increased. New deposits (i.e. our payments to them) in those checking accounts exceeded withdrawals (i.e. their payments to us). Then foreigners used $2.3 billion of the $3.8 net inflow of funds from us to purchase gold from the United States Treasury. The rest of their additional dollars was either left in checking accounts or invested in short-term American securities to earn interest on their money.

2. Does this represent a "flight from the dollar"?

The answer to this question is unequivocably no. If foreigners questioned the soundness of our currency or if they anticipated sharply reducing their future purchases of American goods and services, the figures just shown would have looked very different indeed.

If a flight from the dollar were under way, foreigners would have converted **all** their net receipts of dollars in 1958 into gold and, in addition, they would have drawn down **previous** accumulations of dollars and converted them into gold also. In other words, foreigners at the end of 1958 would have been holding less in dollar checking accounts and dollar securities, with the entire increase going into gold.

But we have seen that they actually converted into gold only a **part** of last year's net gain in dollars. In fact, they substantially **increased** their dollar assets during the year — as they have done in every year since 1950. Even in 1957, when our receipts from them actually exceeded our payments to them, foreigners still increased their dollar holdings: they liquidated more than enough gold to cover their deficit with us. That is one reason why they have been so eager to rebuild their gold stocks during the past 18 months*.

Obviously, the dollar is still considered a prime asset throughout the world.

3. Does the gold loss mean we are pricing ourselves out of world markets?

Not necessarily, or at least not yet. The trend, however, is somewhat disturbing at first glance.

Last year, our export surplus was about $2.5 billion — about average for the years since 1950 but much smaller than the $6 billion we rang up in 1957. Our exports in 1958 dropped by more than $3 billion from 1957, while our imports were steady. This was all the more remarkable, because 1958 was a year of decreased industrial production in the United States, and imports usually decline under such conditions. And so far in 1959, our excess of exports over imports has not widened.

The problem is attracting increasing attention by businessmen, government officials, and some trade union leaders. For example, we now import more of certain iron and steel mill products than we export, although we had always exported more in previous years. The same thing has happened with automobiles. Textiles, chemicals, drugs, nonferrous metals, and many kinds of industrial machinery are all feeling the pinch of foreign competition. A growing list of American companies are building plants abroad to take advantage of lower labor costs and taxes: this is one reason for the large size of the item "U. S. private investments abroad" shown in the table earlier.

However, while the localized impact of foreign competition may be painful—and even evoke some fairly audible outcries, the problem is easily exaggerated. Seen in broader perspective, the situation is not nearly so serious as it appears superficially:

(a) The comparison of 1958 with 1957 is not altogether fair, as our exports in 1957 were swollen by shipments of oil to Western Europe while the Suez Canal was out of operation. Our trade surplus in 1957 was therefore abnormally large; our export surplus in 1958 compares favorably with other postwar years.

(b) Western Europe began to feel the effects of a recession in business activity during the latter half of 1958, and is only now beginning to pull out. As a result, our exports of raw cotton, wheat, coal, copper, and steel scrap fell off sharply, but they should now begin to revive to earlier levels.

(c) The combination of European and American recession caused a very sharp drop in the prices which the underdeveloped countries received on their raw material exports. Lacking adequate foreign exchange reserves and immediately affected by lower earnings on their exports, these countries had to reduce their purchases from us correspondingly. This situation is also turning around now.

(d) As a matter of fact, our shipments of finished manufactures have held up very well indeed. For example, electrical machinery and undustrial chemicals made in the U. S. were sold abroad in rising quantities last year, even though these two industries are especially vocal about foreign competition.

(e) America's exports as a share of total world exports have held at around 18% over the past 10 years and show no sign of declining. Clearly, our merchandise is still rated high throughout the world.

(f) Although we have tended to buy increasing amounts abroad, we are expanding even more rapidly our purchases of domestically produced goods and services. In other words, imports have shown no tendency to rise as a percentage of our total output but merely reflect a generally expanded demand for goods and services in the United States.

(g) Foreign prices and wages, although still considerably lower than ours, have actually been rising faster. From 1953 to 1957, the rise in our hourly wage rates was exceeded in Canada, Italy, West Germany, France, the Netherlands, and the United Kingdom. In the same period, the increase in consumer prices was greater in the United Kingdom, Sweden, the Netherlands, Austria, West Germany, Japan, and Belgium.

4. Is the gold drain endangering the safety of our currency?

The soundness or safety of the dollar is not threatened by these trends.

The dollar will be considered safe and sound as long as people at home and abroad continue to be willing to accept dollars in payment for goods and services. This acceptibility of the dollar as a means of payment depends fundamentally upon expectations as to what the dollar will buy — in other words, upon the general stability of our price level and (essentially much the same thing) upon an abundant supply of goods and services which people can buy with dollars.

The soundness of a country's currency is destroyed when the capacity to produce goods and services has been destroyed or seriously disrupted and when existing supplies of goods are inadequate to take care of the situation until production can be resumed. Under these circumstances, everyone wants goods, and no one wants money. The price level then rises astronomically and one day's prices have no real meaning for the next. Then one can say that the soundness of the currency has been destroyed — as in our own South after the Civil War, France after the Revolution, Germany after World War I, and Greece and Hungary after World War II.

Barring a nuclear war, nothing even vaguely resembling this is likely to occur in the United States. Our capacity to produce goods and services is enormous and growing every year. Even after the very substantial rise in our price level over the past 13 years, the dollar is still treasured throughout the world because there is so much one can buy with it. As we have already seen, foreigners still want to buy more from us than we buy from them, and they are also content to add to their holdings of dollar assets year after year.

Furthermore, the effect of foreign competition is likely to be healthful. The expanding inflow of lower-priced foreign goods is a deflationary influence which will tend to keep our price level from rising. Clearly, a stable price level is a primary condition for a sound and acceptable currency.

There is one serious problem. The capacity of our commercial banking system to make loans to business and to purchase government securities is reduced when foreigners draw down their bank accounts to buy gold. While this trend can be offset by action on the part of the Federal Reserve Banks to replenish the reserves of the commercial banks, the capacity of the Federal Reserve Banks themselves to come to the aid of the banking system is in turn limited legally by the size of our gold stock.

The real question, therefore, is whether the outflow of gold could threaten the fabric of our credit structure by forcing wholesale liquidation of securities by banks and by leading banks to refuse to renew maturing loans of business firms. This would indeed create a crisis of the first magnitude, comparable only to the tremendous deflation in credit and business activity during the Great Depression.

Happily, we are a long way from anything as drastic as that. In the first place, our present gold stock of about $20 billion is far in excess of the currently required Federal Reserve holding of less than $12 billion. This very substantial cushion of safety is, incidentally, much greater than similar safety margins in other countries active in world trade.

Second, if the gold stock did get down close to $12 billion, there is nothing to prevent Congress from authorizing a lower Federal Reserve holding relative to its liabilities. This is, in fact, exactly what was done during World War II, when the government wanted to be certain that the financing of our war effort would not be impeded in any way.

5. What would happen if we raised the price of gold?

At the present time, the United States Government stands ready to buy all gold offered and to sell gold to foreign countries at a fixed price of $35 an ounce. What would happen if the Treasury increased that price by, say, 20% to $42 an ounce?

With gold at $35, you can buy just under three ounces of gold for $100; at $42, however, you could buy less than two and a half ounces for $100. In other words, the value of the dollar in terms of gold would be reduced: the dollar would be "devalued".

In the short run, this would have a very electrifying effect on our economy. American goods and services would suddenly seem much cheaper to the rest of the world, just as though we had cut all our prices. An Englishman would find that an ounce of gold, for which he must pay 12 pounds, 10 shillings, will now bring him $42, whereas formerly he received only $35 for the equivalent of 12 pounds, 10 shilings. Or, to put it a little differently, he will find that he can now buy $35 worth of American merchandise for 10 pounds and he would be two pounds, 10 shillings ahead of the game. Obviously, he would find American goods and services more attractive. Our exports would begin to expand.

But Americans would find foreign goods more expensive, and our imports would tend to decline. An English car priced at £700 now costs us just about $2,000. But if we devalued the dollar by 20%, we would have to give up $2,400 to get the £700 we need to buy the car. Clearly, we would buy fewer foreign cars and more American ones.

Then, the United States Government, which owns all our gold, would have a complete windfall. More than 500 million ounces of gold are buried at Fort Knox. After devaluation, each ounce would be worth $7 more than it was before—and about $3.5 billion would have been created out of thin air. Following the usual procedure, the government could then deposit $3.5 billion in its account at the Federal Reserve Banks and draw checks against this deposit to finance regular expenditures or to repay part of the national debt or to permit a tax cut.

Finally, because of the increase in gold certificate holdings at the Federal Reserve, the entire credit-creating capacity of our monetary system would be significantly expanded.

All of this would be very exhilarating. We would be selling more abroad, foreign competition would cut less into some of our domestic markets, credit and money would be easier, and our government would be flush with newly-found dollars.

But how long would it last? Would foreign countries sit by and accept this deterioration in their trade position by a stroke of the pen? Would the American price level remain steady in the face of the inflationary push of freer government spending and excessive credit supplies?

The probabilities are that the short-run advantages of the devaluation would have exhausted themselves before too long:

(a) Most foreign countries would probably also devalue by about the same amount, restoring exchange relationships to the **status quo ante**. Our English friend would once again have to give up

*Incidentally, a large part of these gold hoards is actually maintained five stories underground in an old Florentine palance—which happens not to be in Florence at all, but on Liberty Street in New York City's financial district. There the Federal Reserve Bank of New York provides safe-keeping facilities for about $8 billion of foreign gold (including part of the USSR's gold stock).

12 pounds, 10 shillings to buy $35 worth of American merchandise, so our exports would decline again. The £700 English car would drop in price from $2,400 to $2,000, so our imports would pick up again.

(b) At the same time, the impact of inflationary forces (and the higher cost of our raw material imports) would probably lead to a rise in the American price level. Thus, even if foreign countries did not devalue, American goods would tend to seem more expensive and foreign goods would tend to become attractive again.

In short, there would be no lasting advantage to anyone—except to one very small group: the gold miners. In fact, labor and resources would probably move into the gold mining industry in response to the lure of a higher selling price for gold.

If the world had nothing better to do than mine gold, then devaluation would be a most appropriate policy to pursue. But when millions of people are ill-fed, ill-clothed, and ill-housed, and when many more millions live on the edge of subsistence, the diversion of economic activity to the mining of gold would be foolishly wasteful.

6. Have these trends any favorable implications for us?

Curiously, yes. Even if the loss of gold should carry on somewhat further, the United States would be helped in a number of ways.

In the first place, the increase in the gold holdings of our friends abroad has done a great deal to restore confidence in their currencies. People who do business with most Western European countries can now be sure of receiving payments in gold or dollars—and therefore may be willing to hold foreign currencies instead of rushing to convert them into dollars.

Second, foreign countries will now be much better able to maintain their purchases of American goods and services or their payments on their debts to us. In the past, they used to say that, "When America sneezed, the rest of the world caught pneumonia." Now that foreigners' gold reserves have increased, a decline in our expenditures abroad will not so drastically or immediately result in a decline in the payments foreigners make to us, as they could finance these payments by drawing on their comfortable and substantial accumulations of gold and dollar balances.

In fact, what has happened is nothing more than a redistribution of America's excessive concentration of the world's gold stock. We still hold about half the free world's gold as a result of the veritable flood of gold sent here during the 1930's. But now that the economic and political cataclysms of the depression and the war have subsided and stability and vitality have been restored, abroad, it is perfectly natural to see this reflected in a restoration of financial soundness among our foreign friends.

But in a very fundamental sense, the United States is richer than it was. We are enjoying the reverse of the Midas legend. Gold has gone from Fort Knox (where none of us can enjoy its physical beauty) into the hoards of foreign countries — but in exchange we have more automobiles, finer clothes, cheaper vitamins, delicious wines, and inexpensive cameras.

Admittedly, some American businesses are hurt and some American workers lose their jobs if we buy our cars, clothes, drugs, food, and cameras for less money abroad. But at the same time, the American consumer can afford to buy more than he could have bought otherwise, and therefore other businesses and their employees will benefit accordingly. Thus, if we can save on the cost of a camera, we can spend more on film; if we can buy an automobile for less, perhaps we can then afford a better dishwasher or television set. By this process, the indirect benefits of our imports help to offset the painful effects on those American companies and workers who cannot meet the foreign competition.

7. What—if anything—should we do about it?

The first and most important thing to do is to keep our heads. There has been no indication of any flight from the dollar. Excluding our capital transactions, the dollar remains a hard currency very much in demand throughout the world. American goods are still highly prized; our imports are not abnormally high. These are vitally important and fundamental facts. If we forget these facts and through fear, take hasty action to curtail our payments to foreigners we might indeed cause the rest of the world to lose confidence in us and start a headlong plunge from dollars into gold and other foreign currencies.

Should we reduce our foreign aid program? The answer to this is definitely no. The poorer countries in the world, particularly in the East and in Latin America, do not have enough dollar assets and current dollar earnings to buy as much from us as they would like and need. Therefore, if we cut back on our dollar grants and loans to them, they will immediately reduce their purchases from us. In other words, the advantage to our balance of payments in cutting our payments to foreigners would be simultaneously offset by a drop in our receipts from them. We would have no net gain. There is some question as to whether foreign aid to Western Europe still makes much sense. Last year, all the gold we lost went to former recipients of Marshall Plan aid, and, for the first time, our payments to Western European countries for goods and services exceeded our sales of goods and services to them. This suggests that we should shift all of our foreign aid to dollar-proof countries and, in fact, that Western Europe is now in a position to share more fully with us the burden of building up the struggling economies of the underdeveloped nations. Parenthetically, it is worth noting that our European friends will continue in any case to receive substantial payments from us as long as we maintain such a large military establishment on their territories.

Should we then attempt to curtail our imports through tariffs, quotas, etc.? Again, the answer would seem to be pretty strongly negative. Action of this sort is almost certain to result in retaliation by the countries we sell to, just as we should expect if we devalue the dollar. If our customers are going to impose tariffs and quotas against our goods, we will gain nothing in cutting down our purchases from them.

The opposite policy, as a matter of fact, is probably the one that we should push most strongly. Many countries still discriminate against American goods and services through tariffs, exchange restrictions, and import quotas. These are vestiges of the early postwar days when the dollar shortage was desperately serious, but such obstacles to trade are anachronisms in many instances today. We should therefore do our best to persuade foreign governments to remove these restrictions and to encourage purchases of American goods and services.

And obviously we must be sure that our merchandise continues to be attractive in terms of both price and quality. The battle against inflation and the need for flexibility and efficiency in business are the areas where this issue will ultimately be decided. Although we are still a comfortable distance from being in serious trouble, we should recognize that the matter will not right itself without any action on our part.

In short, if the loss of gold has served to dramatize some of our problems, our increased awareness will be all to the good. But if it is used to spread fear or to deprecate the fundamental strength of the dollar, we shall lose through panic a battle which can be readily mastered through common sense and truth.

H. C. J. Russell With Talmage Wilcher, Inc.

WEST PALM BEACH, Florida — H. C. John Russell, former Press Officer for the Department of Health, Education, and Welfare, in Washington, D. C., has been elected a vice president Talmage Wilcher, Inc., Harvey Building.

H. C. John Russell

In making the announcement, Tad Wilcher, President of Talmage Wilcher, Inc., said Mr. Russell would represent the firm in the Washington, D. C., metropolitan area.

Mr. Russell retired from Government service on June 30, 1959. He is past post commander of the American Legion, and a member of the VFW and the DAV, and Past National Commander of the Army and Navy Union, U. S. A.

J. C. Fisher Opens

CHAPEL HILL, N. C.—Jesse C. Fisher, Jr. is conducting a securities business from offices at 317 West University Drive.

L. L. Kjeldgard Opens

WEST HOLLYWOOD, Fla.—Leih L. Kjeldgard is engaging in a securities business from offices at 6921 Northwest 22nd Court.

Form Oil Investors Co.

BEVERLY HILLS, Calif.—The Oil Investors Company has been formed with offices at 232 North Canon Drive to engage in a securities business. Partners are Lionell Bell, Burt Kleiner, Eugene M. Miller, general partners, and Gerald Cantor, limited partner. All are officers of Cantor, Fitzgerald & Co., Inc.

M. Ploshnick Opens

CLIFTON, N. J.—Morton Ploshnick is conducting a securities business from offices at 291-B Pershing Road under the firm name of Planned Estates & Investments.

Retirement Equities Opens

INGLEWOOD, Calif. — Richard J. Watkins is engaging in a securities business from offices at 4843 West 111th Street under the firm name of Retirement Equities.

Joins Burton J. Vincent

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Joseph E. Blitstein is now affiliated with Burton J. Vincent & Co., 105 South La Salle Street.

With Spencer Trask

Reginald H. Worthington has been added to the staff of Spencer Trask & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

Mary Del Vecchio

Miss Mary Del Vecchio, partner in Peter P. McDermott & Co., New York City, passed away July 1st following a brief illness.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

FROM THE ANALYSTS' NOTEBOOK

Notes of interest on the New York City banks could well start off with an indication that second quarter 1959 earnings from operations would be entirely satisfactory. This department's estimate puts the average increase over the like period of 1958 at about 8%, this, of course, giving no effect to any securities profits or losses, which are non-recurrent. Contributing to this better showing are the higher interest rates that have ruled (indications lately have been the increase in the prime loaning rate and the increase in the discount rate) and the fact that the banks are fully loaned.

The four or five New York banks that have published condition statements thus far have shown loan volume between 40% and 50% of total assets. These ratios coupled with going loan rates give us the makings of better earnings from operations. And it is well to remember that although the prime rate is 4½%, rates to borrowers other than prime names are scaled upward from the prime figure, so that average rates at this juncture are probably well above the prime figure. Quite a volume of consumer loans, for example, is done by the banks with widespread branch systems, at rates well above the prime.

So it is probable that the loan business of the banks will make a very substantial contribution to the total earnings figures as we go along, for as time passes, more and more loans will come under the higher rates as old borrowings run off. Also, volume should be sustained with the general economy hitting new highs.

In a word—don't get bearish on bank shares yet.

* * *

One cannot but wonder at the attitude of those members of Congress who oppose increasing the rate of interest on the longer-term issues of governments. Why do they fight higher interest rates when we are in a period of tight money and heavy demand for loan accommodation? Historically we have experienced high rates on numerous occasions. The Federal Government is in competition with general business so far as money rates are concerned, whether the "liberals" recognize the fact or not; and when they refuse to be realistic and insist on keeping money cheap, they merely make it more difficult for the Treasury to finance the debt. There is today an altogether too great a proportion of the Federal debt due within a year or thereabout, when the major portion of it ought to be funded.

And what if interest rates refuse to behave? On this score, the President of New York's largest bank was recently quoted as follows: "A higher prime rate is a possibility if, as I expect, business activity continues to accelerate. Greater business activity historically leads to increased business borrowing."

At present it is not possible for the Treasury to issue a bond of over five years' maturity bearing an interest rate of more than 4¼%. Yet present markets give yields as high as 4.4%. Who, in the circumstance, will pay an issue price to yield only 4¼% when he can go into the open market and buy a like bond at the higher return? One wonders how much of the personal funds of the soft money advocates is being placed at the 4¼% figure when the 4.4% is as easily available to them. The alternative seems to be, among the soft money fraternity, some method of adding to the inflationary trend. One such would have new issues of Treasury bonds bought up by the Federal Reserve.

* * *

A move that may well be quite helpful to the New York and the Chicago banks is to take them out of the "Central Reserve City Banks" category. The large banks in both cities have right along been designated as such for purposes of determining the amount of deposit reserves required to be sterilized from time to time. Lately the difference between the reserve requirement of the central reserve city banks and the reserve city banks has been ½% of deposit volume, there being several hundred reserve city banks.

Now, with a substantial measure of reserves of the large New York and Chicago banks to be released, these banks will have more funds to work with. The bill has passed both houses of Congress with only several minor differences to be resolved.

Joins Field & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Doris Spencer is now affiliated with Field & Co., Inc., Cascade Building.

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Robery G. Hilken is now with Dean Witter & Co., Equitable Building.

Semple, Jacobs Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Dale J. Meyer has joined the staff of Semple, Jacobs & Co., Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges.

Now With Weber, Mitchell

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Frank O. Widbin is now with Weber, Mitchell & Olson, Inc., 411 North Seventh Street. He was formerly with Alm, Kane, Rogers & Co. of Chicago.

Two With Westheimer

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Allen A. Brown and William B. McKaig are with Westheimer and Company, 322-326 Walnut Street, members of the New York and Cincinnati Stock Exchanges. Mr. Brown was formerly with Bache & Co.

Mutual Funds

By ROBERT R. RICH

Problems Create Opportunities

During much of the spring the stock market was, in the vernacular of Wall Street, "sloppy." Day after day lows for the year outran highs and the majority of stocks dealt in failed to advance. The failure of pivotal stocks (used in the various indexes) to attain new peaks stirred widespread anxiety over the future of equity markets.

But with the summer less than a fortnight old the share list took on a firmer tone. Aside from the preferred issues (money-rate stocks), there were few stocks bobbing up among the new 1959 lows, advances were being scored by a plurality, and even a majority, of stock and the indexes were setting all-time peaks.

Still, the ragged nature of the advance scored thus far in 1959 must be apparent to the most casual observer. Whereas 1958 was a year in which the odds were 41 to 1 that you held a stock in the plus column, this year has marked a decline for utilities (money-rate stocks), a moderate advance for railroads (by no means uniform) and buoyancy in the industrial segment (the oils have stumbled badly).

If the problem of spotting market trends has become a more difficult chore for professional investment managers, entrusted with over 4,000,000 mutual-fund accounts and 275,000 closed-end accounts, it is extremely hazardous for the individual who must stake his fortunes on one, two or even three selections. Many small investors who bought conservative, well-managed, dividend-paying equities now are asking themselves why these issues have failed to reflect the strength manifested in other sections of the list. Many of these people have no understanding of money rates, credit trends, powers of the Federal Reserve Board and the rest of the elaborate financial apparatus that often govern market movements.

Yet there is much glib talk that "the public" has done even better than "the professionals" in this stock market. While there is no doubt that some people have turned quick profits in volatile electronics and space-age issues, for most small investors the changing pattern of the market has been frustrating and a good deal less than fruitful. And, of course, there are no statistics to show the number of people, noting the changed nature of the market, who have withdrawn from the field altogether.

Investment managers can hardly be oblivious to these phenomena. Redemptions among the mutual funds in the first half of 1959 totaled $430,000,000 compared with $308,102,000 in the last half of 1958 and $203,161,000 in the initial six months of last year. At the same time, a well-heeled public has been buying more mutual funds too: $1,100,000,000 worth in the first half of 1959, up from $922,392,000 in the prior six months and $697,376,000 in the first half of 1958.

From here to the end of 1959, and beyond for that matter, the gains could be even sharper, regardless of the trend in the stock market. For the public has large sums of money to invest and wants to invest, so the determining factor must be the zest with which investment management communicates with the people. Tapeworms, to be sure, will hibernate when adversity strikes, but they are not representative of the 4,000,000 holders of mutual-fund shares. Unlike the generation that went before, the small fry today want investment management that gives promise of steady growth of invested capital. There is no lack of problems for fund managers today, but they may very well create unprecedented opportunities, not least for the trustees of the people's capital.

Joins McCarley & Company

KINGSPORT, Tenn. — William E. Kibler has joined the Sales Staff of McCarley & Company, Inc., members of the New York Stock Exchange, in their Kingsport, Tennessee Office, 129 East New Street. He was formerly with Investors Diversified Services.

With First Cleveland

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John L. Sampson and Thomas G. Woods have become connected with The First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange.

The Mutual Funds Report

Adams Express Co. reports net assets at June 30 totaled $101,892,-507, equal to $32.11 a share. This compares with $85,656,216 and $26.99 a share a year ago.

American International reports net assets on June 30 amounted to $42,575,779, or $18.92 a share, against $35,868,380 and $15.93 a share at midyear 1958.

Commonwealth Income Fund on May 31 had net assets of $12,-264,919, equal to $9.99 a share, compared with $8,602,322, or $9.14 a share, at November 30 1958.

Delaware Income Fund had net assets on May 31 of $4,583,975, equal to $10.67 a share, on the 429,512 shares outstanding. This compares with $3,771,726, or $9.56 a share, on 394,602 shares at November 30, 1958.

Petroleum Corp. of America net assets at June 30 totaled $35,884,-574, or $18.21 a share, against $36,616,888 and $18.58 a share a year ago.

Institutional Income Fund, Inc. reports net assets at May 31 were $33,206,130, or $7.10 a share, compared with $26,787,614 and $6.67 a share on November 30, 1958. Capital gains distributions amounting to 15 cents a share were paid out during the six months ended May 31, 1959. Shares at the close of the latest period totaled 4,667,633, compared with 4,019,168 last November.

Institutional Shares, Ltd. reports net asset value per share of its individual funds as follows: **Institutional Bank Fund** $12.46 at May 31, compared with $11.53 on November 30, 1958, and $10.32 on May 31, 1958; **Institutional Foundation Fund** $11.03 at May 31, $10.47 at the end of November and $9.32 on May 31, 1958; **Institutional Growth Fund** $11.73 at May 31, compared with $10.75 in November and $9.49 a year ago, and **Institutional Insurance Fund** $12.80 at May 31, $12.38 at the end of November and $10.94 on May 31, 1958.

Canada General Fund, Ltd. reports net assets on May 31 of $98,-174,742, equal to $15 on each of the 6,546,644 shares outstanding. This compares with assets of $98,-933,788, equal to $15.03 a share, and 6,583,401 shares on February 28, 1959. On May 31, 1958 assets were $78,312,770, equal to $12.15 a share on 6,445,899 shares.

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 were at a new high on that date, according to the quarterly report. The report placed assets on May 31 at $273,-357,459, equal to $14.14 a share on 19,336,501 shares outstanding. This compares with $158,249,112, or $10.01 a share on 15,814,330 shares a year earlier. Main additions to investments during the last 12 months were in electronics, insurance, drugs and business machines. New positions were taken

Fund Shares Held Ineligible for Common Tr. Funds

The Board of Governors of the Federal Reserve System, in a ruling relative to its Regulation F, asserted that investment by a common trust fund in the shares of an investment trust would be in violation of the stated purposes and uses of the fund. The ruling was issued June 16 and published in the following day's issue of the "Federal Register." The Federal Reserve officials said it would involve delegating management powers and "payment of compensation for investment management services." In its opinion, this would be at variance with the stated purposes and uses of the fund.

In defining common trust funds and indicating the purpose of their authorization and limitations on their use, it was stated that the law "makes it clear that such funds are authorized as investment trusts for a special and restricted fiduciary purpose, under the exclusive management of the bank maintaining such funds." The Federal Reserve said it was "impressed with the administrative inconsistency of investing any portion of such funds in investment trust shares."

"This opinion," it concluded, "only concerns itself with the investment of the funds of a common trust fund in investment trust shares and is not intended to express any view as to the propriety of such an investment for individually invested trusts."

in the past quarter in Gulf States Utilities, Robertshaw-Fulton Controls, Southern Company and Washington Insurance. The 5,000 shares of Connecticut General Life Insurance Co. were eliminated.

Group Securities, Inc., representing five separate funds and 15 industry share groups, reports as of May 31 net assets amounting to $167,309,637, against $145,996,350 at November 30, 1958.

Investors Selective Fund, Inc. reports net assets on May 31 totaled $26,364,464, or $10.13 a share, against $24,611,831 and $9.84 on November 30. Shares at the close of the latest reporting period were 2,602,489, compared with 2,501,758 outstanding on November 30.

Managed Funds, Inc., of St. Louis reports realized net earnings from investments of $2,784,496 in the six months ended May 31, up from earnings from that source of $2,631,687 in the year-earlier period. Unrealized appreciation of investments rose to $7,838,963 from $4,919,557 on May 31, 1958. Net assets at the close of the latest period were $80,448,874, against $54,037,133 a year earlier. Managed Funds has had difficulties with the Securities and Exchange Commission, which recently announced it had started proceedings against Managed Funds, questioning the accuracy of a registration statement. The fund halted sale of stock shortly thereafter. The fund's directors ended a contract with Slayton Associates, Inc., manager and investment adviser of the fund. Actions of the Slayton group were brought into question by the S.E.C. John Brouk, acting president of Managed Funds, informed holders there was "no question about the ability of the fund to fully discharge all of its contractural obligations." All assets are held by Mercantile Trust Co., a St. Louis bank, acting as custodian.

Delaware Income Fund's net assets rose 21½% to reach a new high of $4,583,975 on May 31, against $3,771,726 six months earlier, according to the semi-annual report. In the same period net asset value a share climbed to $10.67 on 429,512 outstanding shares from $9.56 on 394,602 shares. Railroads replaced machinery as the fund's largest single industry position during the past six months and accounted for 12.83% of total resources on May 31. Household was next with 9.08% and entertainment third with $8.63%. Other large industry positions included: steel, 7.71%; machinery, 6.77%; automotive, 5.72%; building, 5.16; steamship, 4.97%; retail, 4.17%, and tobacco, 3.35%.

Keystone Custodian Funds, Inc. sales reached a new high of $8,919,000 in June, the best month in the 27-year history of the $469,000,000 mutual fund organization. A one-day record of $1,477,000 was made on June 10 and six-month sales of about $47,000,000 were running 71% ahead of the corresponding 1958 period.

Closed-End News

Carriers & General Corp., the closed-end fund in the Calvin Bullock group, reports a 22% increase in per-share net asset value for the 12 months ended May 31, according to Hugh Bullock, president. Per-share net asset value at that date was $32.17, compared with $26.26 a year earlier.

Bullock said net assets at May 31, 1959, computed at market value, were $19,917,888 before deducting the principal amount of outstanding debentures.

The portfolio at the latest reporting date indicated 85.93% invested in common stocks, 8.21% of net assets in corporate bonds and preferred stocks, and the remainder (investment reserves) in government bonds and cash.

Largest group holdings were petroleum with 17.52%, utilities with 14.05%, chemicals and drugs 13.61%, and retail trade 9.56%.

Continued from first page

As We See It

others who are not able to show evidence that their prescriptions will do what is wanted.

Less Pressure Now

But now the devil is well, and the pressure for various costly nostrums is weaker—somewhat to the dismay of those politicians who last year were so insistent upon various nostrums, some of which now appear both silly and dangerous, even possibly to their former advocates. The ogre of unemployment has largely vanished. Wage earners, their unions and other spokesmen who had been so vociferous in their demands for wild spending programs by government are now occupying themselves for the most part in taking advantage of the budding boom to get all they can from their employers and the public. The politicians who had been planning to use bad times as campaign material next year are hastily and somewhat forlornly looking around for other issues which may be more useful next year—assuming that the general business climate is what it now appears likely to be.

It would be heartening if the situation could safely be left with these observations. Such, however, does not seem to be the fact. There are forces at work which not only threaten inflation but definitely would limit the life span of the prosperity that is ours at this moment, and they are often forces which are amenable to governmental action but which no one seems eager to undertake or initiate. Obviously, the labor monopoly is out to get whatever it can out of the situation, and is not particularly disposed to defer to what appears to be the wishes of the Washington authorities. There is abroad a nascent spirit of financial recklessness which is always likely to accompany prosperity and which is also likely to bring it to a premature end. Some of this state of mind is traceable to the reckless spending at Washington and to various other endeavors which tend to stimulate such a psychology. While the Administration is now working toward a balanced budget (and even a surplus) during the current fiscal year, all too much of its hope is based upon expectation of business improvement and consequent higher tax receipts.

The real question is: Has the government reached the point where it is willing to take the drastic steps necessary to make sure that the inflation it fears will not come upon us, and are the rank and file ready to support the government in such vigorous action and also willing themselves to avoid those things which bring us into danger? The Administration talks vigorously if somewhat vaguely about balancing the budget and going further to obtain a surplus; it would have Congress include price stability as one of its goals in the so-called full employment act; and it avows determination to maintain a sound money policy—which it was not so ready to do when the recession was upon us.

Ready to do the Needful?

So far so good, but there is little evidence that the Administration or either of the major political parties is ready even to make a beginning in eliminating the major items of expense which, if allowed to continue, must keep Federal outlays at figures that were never dreamed of in peacetime prior to World War II. True, of course, it is that the President has complained about the utter abandon with which Congress has year after year sought to buy the farm vote. Apparently his prescription would make some appreciable reduction in this extravagance, but his proposals bear about the same relationship to a really sound farm policy as a five fingers exercise do to a Beethoven symphony. No one at all has had the temerity even to suggest that anything be done about the cost of the Veterans Administration and its various activities. These are but a few of the instances where action is needed to set our fiscal situation under control.

It is still obvious—as it has been for a long while past—that no politician dares even to suggest that the wage earner be placed on a footing of equality with the rest of us before the laws of the land. Here it is not only a matter of labor's virtual immunity to the anti-trust laws, not only a question of it having favored status under special legislation allegedly designed to protect the wage earner from exploitation, and not only a problem of protecting the wage earner himself from his own leaders who in all too many instances have plainly shown themselves to be hardly above the ordinary racketeer when it comes to dealing with the members of their own union or with the public. It is also and fully as important a problem of requiring wage earners, whether members of a union or not, and their representatives to obey the ordinary laws of the land. Unfortunately, few realize the fact that the picket line and the way it is now commonly employed is in outrageous violation of law as it has in the past been interpreted and of traditional conceptions of fair play—and it would hardly be an exaggeration to say that it is one of the mainstays of unionism today.

It is also disquieting to many to note the degree in which all sorts of things are in this day and time carried on the cuff by the consumer. We must not be understood to be condemning consumer credit in general. What disturbs us is the evident tendency to abuse rather than to use this type of credit. It, too, can promote inflation, and its attendant ills. The Nixon committee is on sound ground when it looks forward with uneasiness to possible inflation, but we can not suppress a doubt as to whether it realizes what is really necessary to ward it off.

Schwabacher Office In Honolulu

Schwabacher & Co. extended its operations to the Hawaiian Islands on Wednesday, July 1.

Ross & Co., of Honolulu has joined Schwabacher as its Hawaiian Islands division effective that date. Richard F. Guard, general partner of Ross & Co., becomes resident manager of the new Schwabacher division.

The two firms have had a close working relationship for years. Schwabacher & Co., has been the mainland correspondent for Ross & Co., and for its predecesor firm, Andrade & Co., since 1941.

Ross & Co., was formed after World War II by the late Findlay Ross as a successor to Andrade & Co., on the death of managing partner Joe Andrade. Andrade & Co., was organized in the middle 1800s, after Mr. Andrade had served as a partner of the old island firm of A. J. Campbell, Ltd., and as an officer of the old Union Trust Company.

Mr. Guard, who becomes resident manager of Schwabacher's islands office, became a partner in Ross & Co., in 1956 and general partner in 1957. From 1946 until 1956, he was associated with the Hawaiian Trust Co. He was assistant vice president and head of the brokerage department when he left to join Ross.

Mr. Guard is a member of an old island family. He was president of the Honolulu Stock Exchange in 1958. His staff includes registered representatives Albert Chang and K. C. Luke.

Schwabacher & Co., is one of the largest investment banking and brokerage firms on the West Coast. Its headquarters are in San Francisco and it has offices in Fresno, Los Angeles, Monterey, Oakland, Palo Alto, Sacramento, San Jose, Santa Barbara, Santa Rosa, Calif., as well as offices in Salt Lake City and New York.

Schwabacher is now in its fortieth year. The firm is a member of the New York Stock Exchange, Pacific Coast Stock Exchange, Chicago Board of Trade and other leading securities' and commodities' exchanges.

With Reinholdt & Gardner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — James L. Johnson, Jr. has become affiliated with Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

Essential to Growth

"When I assumed office as President of the Bank deutscher Lander 10 years ago, monetary conditions in Germany were in a desperate state. Several experts, both German and foreign, with world-wide reputation and extensive experience declared frankly that the Deutsche mark had virtually no prospects of ever becoming a hard currency. That these well-meant opinions proved wrong, as time has shown, is no doubt in part due to a good deal of luck and favorable circumstances. But I, for one, never wavered in my conviction that a monetary policy, consistently and energetically pursued in order to establish and maintain a stable currency, must succeed.

"There are perhaps two principal lessons to be learned from the German experience. The first is that currency stability can be achieved and preserved even under the most adverse circumstances. The second, and even more significant, is that a monetary policy, firmly committed to currency stability, not only does not conflict with a high rate of economic growth but indeed is essential to its achievement. Germany's remarkable economic recovery and expansion over the past decade was closely linked to the restoration and preservation of a strong and stable monetary unit."—Dr. Wilhelm Vocke, President of the Deutsche Bundesbank in a recent address in this country.

Of course it is essential. Who But Keyneseans, Neo-Keyneseans and New Dealers ever doubted it? But how hard it seems for many of us to accept the notion now.

Continued from page 3

How Can We Improve Our Foreign Economic Policy?

erating U. S. trade with this market.

Why U.S.S.R.'s Ruble Hopes?

The second part of the Russian scheme to cripple America's commercial relations with friendly nations is the Soviet intention to place a freely convertible ruble in the world markets where it will be universally quoted and traded. While there is some possibility that Moscow may be able to put its projected ruble bloc for Iron Curtain countries alongside sterling and dollar areas, there is less chance that the ruble gradually will replace the dollar in world markets as the Kremlin recently has emphasized.

The boast that the East bloc will produce more than half of the world's total industrial goods by 1965 is responsible for the Kremlin's reasoning. It also must be remembered that Russia's $8 billion of gold holdings are the largest in the world after the U. S. and that today she has surpassed South Africa as the greatest annual gold producer because of scientific advancement in being able to work Siberia's once frozen mines all year long.

By far the most important of the three tenacles of Khrushchev's economic war is the dumping of Russian metals and other commodities in world markets. Last year this technique was successful at times in crippling distribution channels for Bolivian and Malayan tin, Colombia platinum and Canadian aluminum. Recent Communist-inspired riots and disorders against the U. S. in Bolivia can be traced to the hardships brought on by the tin stalemate resulting from Soviet economic and political penetration in Bolivia.

Large-scale Soviet exports of copper, lead, zinc, manganese, mercury, nickel, iron, sulphur, asbestos and arsenic, which are likely in the future, could also harm the economies of Brazil, Chile, Cuba, Mexico, Peru and Venezuela.

Inasmuch as leading trade experts who visited Russia during the past year were openly told of what we can expect from Khrushchev's "economic war," the U. S. Government must not sit idly by in the hopes that the Kremlin might change its course. The Administration should call on the businessmen of America to work out a cooperative plan with the Government to reduce prices in emergencies, if necessary, when a particular commodity appears on the world market in quantity as a result of Russian dumping. This would be somewhat similar to the procedure that England threatened to resort to when British industry could no longer confront Soviet dumping of aluminum last year. However, London did step in officially and successfully negotiated the so-called "gentlemen's agreement" with Moscow to limit the Russian aluminum sales.

Surveys show that if American industry were forced to undercut Soviet prices in such times of emergencies they could offset some losses by gaining new customers in the underdeveloped countries. For instance, aluminum experts point out that an increase in per capita consumption of only two-tenths a pound of aluminum annually from the present seven-tenths a pound in the less developed nations of the wold would provide enough business to keep the world's aluminum capacity at 100% operation. These efforts of private concerns should be synchronized with the Administration's program to aid the economies of the less-developed areas.

How to Cope With Dumping

To cope with the hazards of Moscow's dumping moves it is also recommended that the U. S. State and Commerce Departments fight for the adoption of multilateral system of tariffs, quotas or embargoes against Communist exports when they become troublesome. This collective action should be established within the scope of the General Agreements on Tariffs and Trade—the effective multilateral trade pact created to limit tariffs and other forms of discrimination by 37 countries who account for 85% of world trade. Specific steps would be implemented only as temporary measures until the menace is overcome. When Communist China was stealing textile markets from our Southeast Asian Allies early this year by undercutting and dumping, some Western nations did successfully impose emergency restrictions on imports from Red China.

In addition, as the less-developed nations suffer from this Russian trading technique from time to time, the U. S. should rush technical assistance to the stricken country from money allocated under the President's Emergency Fund or under the International Cooperation Administration appropriation. Objective of the technical aid would be to stimulate exports of other industries not affected by the dumping in order to tide our Ally over the exchange crisis. This would prevent the Kremlin from following up with political infiltration, which always is the sequel to its economic squeeze.

Experience recently proved that when American technical and economic help is available to a friendly country, the Soviet Union can overplay its hand. Last year it geared for an economic offensive in Argentina and Mexico and as usual stepped up Communist activity in the trade unions of these two Republics. However, when Communist-inspired riots broke out recently in these two countries where U. S. loans have been frequent and constructive to the industrial development, each Government quickly expelled Soviet diplomats on charges of directly fomenting the strikes.

Number two of the ten points in U. S. foreign economic policy demanding immediate improvement is the growing wave of protectionism in this country which is now at an all-time high since the "Thirties." History has proven time and again that the only certain way to "world peace is through world trade." Not one war since Biblical times ever started between two nations that understood each other's trading necessities and did not live in the fear of the other's commercial restrictions. Yet today every country in the Western world as well as in the Communist bloc outwardly proclaims its greatest fear is the spreading protectionist policies of the U. S. At the recent Congress of the International Chamber of Commerce in Washington, leading businessmen from each of the 53 nations sending delegations bitterly attacked our Administration for its narrow-sighted program.

Protectionist Left Versus Free Trade Right Hand

At that very Conference Eisenhower reminded the 1,500 delegates that "trade follows the flag," pleading for greater movement of international commerce. But our business friends from abroad were left all the more confused for they realize that the mandatory oil import quotas indicate the President is leaning more toward protectionist policies than any time during his term in office. At the same time there are now more than 100 bills in Congress to impose or raise tariffs or quotas. In addition, the lead, zinc, steel, textile, toy and other industries will be demanding more protection before long.

Certainly some protective action may be justified from time to time and Congress has provided the necessary avenues for relief. But to declare that oil restrictions are required for national security proves that the White House can be grossly misguided. This forced consumption of our steadily dwindling domestic oil resources, already greatly encouraged by the 27½% depletion allowance, only hastens the time when we will have to depend 100% on foreign sources.

Every time the U. S. imposes a quota or tariff we lose an Ally who quickly retaliates with comparable controls against American products. Is this the two-way trade that Washington preaches is our goal? Within the short span of the last two years the State Department has received nearly 50 official protests from Governments sharply attacking our restrictive action on lead, zinc, wool, textile and oil imports.

There is no better example of planned retaliation than the course adopted by Canada after she realized protests to Washington and pleas by England's Prime Minister Macmillan to alter the oil quota decision were fruitless at first. Shipments to Canada this year by U. S. exporters were certain to have recouped more than half of the $750 million drop in 1958 had it not been for the mandatory curbs on imports of petroleum. The Canadians, who represent this nation's number one foreign market, were so angered by this Administration's serious mistake that American business was not likely to have shown more than a 5% rise in sales to Canada because of retaliation, as against a 10% jump predicted earlier this year. Eisenhower's decision finally to exempt Canada and Mexico from controls removed a distressing source of irritation so that trade with the Dominion should now return to normal. Venezuela, this country's largest Latin-American customer, is also adopting similar restrictions against U. S. goods.

Raw Material Quotas

Imposition of lead and zinc quotas by Washington in 1958 will lead to a 25% drop in Bolivia's dollar earnings this year. Peru counts on loss of about $70 million in 1959 sales to the U. S. and Mexico figures about half of that amount. Here are three friendly nations in Latin America alone whose purchases from the U. S. in 1959 will be down $150 million because of the quotas. Australia also reacted quickly to the lead and zinc curbs not only by cutting imports from America but by stepping up trade with Communist China in several manufacturing lines. Further action last month by the President in raising wool quotas prompted Britain's President of the Board of Trade, Sir David Eccles, to warn the U. S. that he was cautioning the sterling area to take necessary countermeasures.

In view of the enemies we have made abroad and the dollar losses suffered by American businessmen because of retaliation against our goods, there is a desperate urgency to eliminate or at least reduce quotas and replace them with subsidies where feasible. The alternative of subsidies was thoroughly aired in Congress last year and almost approved. Studies show that the cost of the subsidies annually for lead, zinc and oil would have been far less than the taxes paid to the Government from profits lost on overseas sales due to quotas. Since shipments of Rumanian petroleum to the U. S. played an important part in the supplanting of voluntary oil controls with mandatory, it is also strongly recommended that the Administration resort to already available authority to restrict imports from the Communist bloc that are related to so-called national security industries.

Number three of the ten points the U. S. must face up to without delay evolves from the operation of the European Common Market and the preparation for regional market trading areas. The momentous economic integration of six leading Western European countries, with the eventual elimination of tariffs and quotas for the members of their colonies, is bound to bring hardships upon the American businessmen before the 15-year experimental period elapses. Once the coordinated policies of the Common Market nations are in full operation, about 35% of U. S. exports to that area will be adversely affected. A McGraw-Hill "American Letter" survey reveals that small business here will lose as much as 80% of its current European markets while the medium-sized exporter will sell 60% less. Although the average large U. S. corporation anticipates a 30% drop in sales, it will more than offset this drop by additional business gained from direct manufacture or licensing arrangements within Euromart.

ECM Leads to Regional Imitation

But the European Common Market is only the start of a new trend in trade that eventually will lead to many regional marketing areas throughout the world. First of all, there is little doubt that the six Common Market members will join with the other 11 Western Euorpean Allies to form some sort of a free trade area group, probably in 1960. Already we have a Central American Common Market and several smaller groups in Latin America such as the Hague Club, Paris Club and "Little South American Market." An overall Latin American Common Market is a certainty by 1961 and the Far Eastern regional trading area recommended by the Randall Commission is only a matter of time.

There are two steps that the U. S. must take to prevent discrimination against American goods by the Euromart members and to prepare for the day when more than 75% of world trade will be on an area-to-area basis. It is absolutely imperative that the Administration make full use of the authority it is empowered with under the Reciprocal Trade Agreements Act to negotiate for lower tariffs up to 20% with the Common Market members at the Geneva meeting of the General Agreement on Tariffs and Trade in 1961. This bagaining will be the most severe the U. S. ever confronted since the six Euromart countries will act together as a single negotiator. In fact, it is quite possible that by 1961 the U. S. will have to swap tariff concessions with the 17 nations representing the entire free trade area instead of the six.

Should the 17 nations of Western Europe by chance not be able to compromise sufficiently to form some sort of a trading area, then you must count on a period of economic warfare unknown to a peacetime Europe. Of course this could have serious consequences on American industry and trade. Already the Germans, and particularly Chancellor Adenauer, are fearful that the British will make concessions to Khrushchev on Berlin in the hope of increasing trade with the Soviet bloc because Bonn supported France instead of England in recent free trade area negotiations. The British resent their exclusion from the benefits of the Common Market, with the added economic strength resulting to Germany.

Greatest worry today for the people of Denmark, Norway and Sweden is discrimination from the Euromart and their Governments are prepared to take necessary curbs. Switzerland openly promises such retaliatory measures as withdrawing from the new European Monetary Agreement. It is naive to believe that these threats could not have serious repercussions. Thus Washington should assume its roles as a leader and certainly offer to mediate the British-French dispute regarding the proposed economic integration. Not only should the U. S. send unofficial observers to coming free trade area talks but it should present a carefully designed plan to end the wrangling through the Organization for European Economic Cooperation, an offshoot of the original Marshall Plan and now Mutual Security Administration.

Number four of the ten points is that the Administration must stop talking about the need to encourage the outflow of private investment abroad and do something about it. Of course we all agree that foreign aid eventually must be replaced with funds invested abroad in sound ventures by American business. There is now in Congress a bill entitled H.R. 5, or the "Foreign Investment Incentive Tax Act of 1959," which actually will provide the proper stimulus to nearly triple the present outflow of private overseas capital from $2.5 billion annually to approximately $7 billion.

Favors the Boggs Bill

Ten of this country's leading trade organizations, including the widely respected Chicago Export Managers Club and the National Foreign Trade Council, have passed formal resolutions supporting this bill introduced by Congressman Hale Boggs of the House Ways and Means Committee. Among the salient features of the Boggs Bill are proposals not to tax earnings of American companies doing business abroad until they are brought back to this country and to extend the present 38% tax on Western Hemisphere Trade Corporations to profits of all U. S. corporations on their worldwide business operations outside this country.

At the present moment there are some 200 American companies waiting for this 14% tax reduction from the 52% regular corporate rate before they will invest abroad. If this bill were to pass, annual tax receipts would be cut by the relatively small amount of no more than $250 million a year. Yet the Secretary of Treasury opposes this legislation on the grounds that the budget must be balanced and this is not the time for tax cuts.

It is generally recognized by Government officials and U. S. businessmen that H.R. 5 in realty is a defense measure and consequently would be a vital weapon in combating the cold war on the economic front. One of our best answers in the past to the Soviet challenge of capturing underdeveloped markets has been the actual operations of American business abroad where peoples of other lands can see for themselves the display and workmanship of our private enterprise economy and system. With these facts in mind, it is an absolute necessity that the President use his authority in instructing the Treasury to support the legislation and to stop throwing roadblocks in the way of the House Ways and Means Committee, which cannot hold hearings on H.R. 5 because of Treasury interference.

Number five of the ten points is that we must find a new concept for the long outworn Latin-American good-neighbor policy of World War II. Until the demonstrations against U. S. economic policies were manifested just a year ago with the vicious attacks on Vice President Nixon, Washington paid no attention to the persistent Latin American accusations of bitter neglect. To many of us who were in daily contact with Latin American businessmen, there was little shock about the riots, for we had long listened to continual complaints about our economic short-comings regarding the Republics.

Nixon's Treatment Woke Us Up

Since the world-resounding trip when the Vice President called for his now-famous "agonizing reappraisal" of our policies, Washington has taken a series of constructive moves to win back many of our Latin friends. These included stepped-up Export-Import Bank loans, support and membership in the new Inter-American Development Bank and a more liberal attitude toward stabilization of Latin America's dollar earning commodities. In short, the U. S. finally learned that it cannot give aid to the more remote areas of the world without first cooperating in its neighbors' economic development.

But we have a long way still to travel to cultivate the lasting friendship of a region whose annual trade with the U. S. amounts to $8 billion, or 27% of our total, and whose products, if denied to us, would reduce the U. S. to a second-rate power. We must let the Latin nations sell us their lead, zinc, copper, petroleum, sugar and other raw materials upon which they depend for a livelihood without putting such handicaps in their way as quotas and tariffs. This is mostly a matter of educating our Senators and Congressmen from the Western and Southern states. We must remember that stockpiling of Latin American metals essential to our economy is not a political tool that can be used at the expense of the Latin Republics. We must never again show undue friendliness toward a Latin American dictator, or especially harbor an exiled one in the U. S. One of our greatest postwar feats in gaining friends was when the U. S. supported the invasion of Guatemala from Honduras in order to get rid of a Communist-backed dictator.

We must be more selective in choosing our Ambassadors and other diplomatic representatives, regarding appointments just as important as those made for Europe. We must have better liaison between the White House and all Government agencies on Latin American affairs. We must support a Latin American Common Market, as so intensely desired by several of the Republics. We must initiate a considerably broader plan for educational exchange of students and politicians. We must encourage business itself to improve its public relations program in Latin America. We must increase our technical assistance program for the Republics.

Number six of the ten points is a question one hears nearly every day now: Does increasing foreign competition to American business mean we are pricing ourselves out of world markets? Of course, inflation and higher labor costs in the U. S. have placed us at a distinct disadvantage in selling some of our goods overseas in the face of great mass-producing and technological advancements made in the past few years by Japan and several Western European countries, particularly Germany, Italy, England and France. Moreover, our high costs of financing imports and exports compared with other nations certainly have played a role in impeding our sales abroad.

Does Not Fear Gold Outflow

But we must remember that the 16% drop in U. S. exports last year was a natural reaction to the abnormal circumstances of 1957 when the Suez blocking and Western Europe drought caused extraordinarily heavy purchases of American products. Already there are signs the downward trend in exports is reversing itself and there is confidence the second half of 1959 will show a moderate rise over the last six months of 1958. True, the U. S. lost $3.3 billion in gold and dollars to foreign countries last year. In all probability these nations will take another $2.5 billion from us in 1959.

There are many economists, including myself, who believe the building up of gold by our Allies is a healthy situation. After all, did not the extremely lopsided favorable trade balance of the U. S. cause grave concern for 12 years from 1945 to 1957? Was it not the critical dollar shortage throughout the world that inspired the Marshall Plan, Truman Doctrine and the continuation of our many foreign aid programs?

The dollar scare today is grossly exaggerated. Make no mistake about it, the dollar is well fortified and we could absorb many years of adverse balance of payments. Nevertheless, it is tremendously important to watch our costs for if they do go much higher, then we will price ourselves out of the market without any doubt.

As in the domestic market, the foreign consumer does not always buy goods that sell at the lowest price. But if our superior quality demands higher prices, then we must be prepared to offer service, technical help, new products or lines, credit, long-terms, and export insurance guarantees. We priced ourselves out of the world markets in the "Twenties" because we did not adapt our products to each individual market nor did we promote international business through aggressive sales.

These are all key problems that the U. S. Department of Commerce and Congressional Investigation Committees are now studying. Let us hope that their reports bring some constructive conclusions and that a detailed plan to meet future competition be recommended to American businessmen. At the same time weakness on the part of a Government can become a significant factor in confronting foreign competition. Statistics prove that when imports rise, competition usually decreases. Therefore, should the U. S. practice a restrictive policy on imports, then competition would increase in foreign markets, thus encouraging lower prices by our overseas competitors.

Number seven of the ten points, East-West trade, is the most heated trade issue of our day. Leading advocates say we cannot hope to win a trade war with the Soviet bloc without greater contact with the Communists through increased trade. Opponents, including the Secretary of Commerce, emphasize that a free enterprise and state trading cannot coexist in international commerce. There is no doubt in my mind that as long as the cold war continues, it is imperative that we exercise some control over trade with Russia and her satellites. The answers lie in a happy medium. Washington should continue to free non-strategic items, particularly consumer goods, from the restricted list from time to time. Greater consumption by the average Russian worker in the end would mean increased desires for the amenities of life, thus reducing pressure to produce war materials.

Terms Mikoyan's Propostions Absurd

But the fact remains trade is a two-way affair and therefore it is impractical for the U. S. to step up commerce on a large scale unless the Kremlin will use its gold holdings to pay cash for our goods. All that we can buy from the Russians are tin, bauxite, manganese and a few more minerals also produced by our Western Allies. As soon as we do this, then such friends as Bolivia, Brazil, Jamaica, Mexico and Malaya rightfully become angry as we squeeze them out of their dollar earnings.

Propositions like those of Russia's Deputy Premier Mikoyan are absurd. The Kremlin wants to pay for our exports with long-term, low-interest credits instead of using their $8 billion of gold. It is all right for West Germany to do nearly $1 billion worth of trade with the Communist bloc, as it did last year. This is the prime example that proponents of greater East-West trade use to bully the Commerce Department into relaxing curbs. It must not be overlooked that sales to the Germans approximately balanced purchases since the latter, unlike the U. S., can use a long list of Soviet manufactured goods and raw materials. Moreover, the State and Commerce Departments are to be commended for recently denying an export license to a U. S. firm to sell strategic steel piping to Moscow. This same steel piping could have been obtained from East Germany but the Kremlin was out to test what it thought was a weakening stand under influence of Britain and West Germany.

Number eight of the ten points is one with which many are familiar, namely foreign aid. Let us assume everyone agrees that financial assistance through direct aid must be on a diminishing basis in future years. Certainly Congress is aware of this and definitely will adopt some retrenchment program in the face of substantial unemployment at home.

Revising Foreign Aid

However, the same results can be obtained by putting the taxpayer's money to work so it earns a return. This is exactly what Government officials and businessmen of every foreign country now receiving aid not only prefer but repeatedly demand from Washington. Thus, it is essential not to further alienate our friends with gifts they do not want. It is strongly suggested that our "trade through aid" program, which actually in practice has been aid not trade, be completely revitalized into a long-range operation consisting of (1) technical assistance; (2) private investment; and (3) straight untied loans. First, foreign aid allocations should be used principally for maintaining American technical experts and ingenuity abroad. The Russians have yet to make an aid commitment to a foreign country unless the sending of an efficiency team preceded the start of the venture and stayed long after it was operating. Second, the U. S. has made little progress in helping underdeveloped nations through private investment because of an outdated foreign tax system. As a result of the tax credit allowed on overseas earnings, we encourage other countries to raise taxes by literally saying: You increase your rates or we will take the taxes that ordinarily would belong to you. Lastly, the Development Loan Fund in Washington should be allocated the bulk of the foreign aid appropriation in order to grant development loans that would stimulate domestic private investment. These credits should be repayable in both local currencies as well as dollars. All foreign exchange received by the U. S. should be used to defray Government expenses abroad or be reloaned to domestic enterprises in the borrowing country.

Criticizes Dumping and Anti-Dumping Acts

Number nine of the ten points is our anti-dumping legislation, which is extremely underestimated in our international trade relations and in the alienation of our Allies. Last year Congress tightened the law and since then the number of dumping investigations carried out by the Treasury has risen steadily. The 1921 Dumping Act is designed to prevent foreign manufacturers from injuring U. S. producers by selling goods here at less than "fair value." Under the 1958 amendment a split decision by the Tariff Commission automatically becomes a finding of import injury. This is indeed dangerous and should be revoked.

Conversely, the U. S. frequently is as great an offender of the dumping principal as our Allies. We also criticize the Russians for dumping yet sometimes our policy varies little except for the motive. Moreover, we pay the farmer to grow our produce and then take it off his hands. When the price is right, we dump it in world markets despite the protests of friendly nations. Certainly we should not use it to antagonize such nations as Canada, Mexico, Argentina, Australia, Denmark, New Zealand and others.

Of course England has suffered consistently and severely enough from our "Buy-American Act" so that it has been attacked repeatedly by Downing Street and the British press. In practically every case that the U. S. Government ruled a violation of the law, the foreign bid did not actually differ much from the U. S. price. Consequently, it would be wise to raise the 6% cost differential limitation to at least 10% for contracts not falling under the national security category.

The last of the ten points is the drastic need for education of the American consumer in regard to his understanding of anything foreign, trade whether or not it has to do with international trade or economic policy. Scarcely a day passes that we do not hear of complaints from our overseas visitors about the way they are mistreated when in the U. S. The pet peeve is that of the Canadian who is usually stunned upon his arrival in this country by the complete ignorance of the man in the street regarding the value of his Canadian currency. Nine out of ten taxi drivers, news vendors or drug store clerks in New York City refuse to take Canadian exchange, which of course they are unaware is worth more than U. S. currency. Canadian businessmen and tourists say they dislike coming to our country for this reason alone and consequently prefer spending vacations in the Dominion.

There is no reason why a concerted promotion campaign cannot be undertaken by the U. S. Government and foreign trade associations to educate the American consumer. Certainly, the U. S. Office of Information, which has done a commendable job in carrying our image abroad, could well put to work some of its funds here for this purpose.

The ten points analyzed on what's wrong and "How Can We Improve U. S. Foreign Economic Policy" underscore the tremendous need for American businessmen to discharge their responsibilities in the rapidly changing world of today. Businessmen should take the lead in correcting present inefficiencies in our foreign economic policy, thus alleviating the hardships brought upon our overseas friends. A sound and steadfast course as recommended surely can bring "world peace through world trade" while at the same time maintaining increased profits for American business.

Nat'l Bank Women to Hold Annual Convention

Charlotte A. Engel, president of the National Association of Bank Women and trust officer at National Savings and Trust Company, Washington, D. C., announces the 37th annual convention of the Association will be held in Milwaukee, Wisconsin, September 23-25, with headquarters at Hotel Schroeder.

Appointed general convention chairman by the Association's national board of directors is Miss Marie B. Loeber, cashier, Wisconsin State Bank, Milwaukee.

Plans for a well diversified program are being completed and will be available later this month. Prominent guest speakers of national reputation and Association members will be featured at the various sessions. With 10,500 women in bank officer positions in the United States today, there has been a steady growth in Association membership. A large number of these women bank executives are expected to attend this national convention in September.

Other convention chairmen appointed to key posts are: **Program**—Miss Catherine B. Cleary, Vice-president, First Wisconsin Trust Company, Milwaukee; and co-program chairman — Miss Arline Laedtke, assistant cashier, First National Bank, Oshkosh, Wisconsin: **Registration**—Mrs. Verna V. Van Uxem, West Allis State Bank, West Allis, Wisconsin; **Hospitality** —Mrs. Lorraine R. Houkom, Assistant vice president, American Bank and Trust Company, Racine, Wisconsin; **Arrangements** — Miss Regina Timmer, assistant vice president and trust officer, Marine National Exchange Bank, Milwaukee; **Entertainment** — Miss Mary A. Ralston, assistant personnel director, First Wisconsin National Bank, Milwaukee; **Printing** — Mrs. Evelyn Wilkinson, assistant cashier, Farmers and Merchants Bank, Menomonee Falls, Wisconsin; **Publicity** — local — Miss Florence V. Campbell, assistant vice president, The Bank of Commerce, Milwaukee and **National** — Miss Emily M. Kener, Lincoln Rochester Trust Company, Rochester, New York; **Treasurer** — Miss Laura E. Roth, vice president, Cudahy State Bank, Cudahy, Wisconsin; **Secretary** — Mrs. Gladys C. Kirchner, assistant cashier, Milwaukee Western Bank, Milwaukee; **Post Convention Tour** — Miss Loraine M. LaChapelle, vice president, Kellogg Citizens National Bank, Green Bay, Wisconsin.

James C. Warren

James C. Warren, vice president of A. M. Kidder & Co., Inc., New York City, passed away July 6th at the age of 62 following an extended illness.

Continental Tobacco Offrg. Oversubscribed

Best Securities, Inc., New York City, on July 1 publicly offered at $1.25 per share, 100,000 shares of common stock (par 10c) of Continental Tobacco Co., Inc. This offering was quickly oversubscribed.

The company was organized on Jan. 15, 1959, under Delaware law. Its principal office is at 607 Twelfth Ave., Huntington, W. Va. The company was organized to engage, primarily, in the business of selling cigarettes by mail.

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The State of Trade and Industry

week last year. Our preliminary totals stand at $26,461,344,573 against $21,387,937,830 for the same week in 1958. Our comparative summary for leading money centers follows:

Week Ending July 4—	1959	1958	%
New York	$14,584,143,427	$11,652,699,223	+25.2
Chicago	1,412,148,724	1,044,273,471	+35.2
Philadelphia	1,296,000,000	913,000,000	+41.9
Boston	882,641,867	621,938,806	+41.9

Expects Non-Inflationary Steel Contract

A non-inflationary settlement of the steel labor dispute—without a strike—continues to be probable, according to "The Iron Age," national metalworking weekly.

"Iron Age" said the odds are 7 to 4 that both sides will bow to the wishes of President Eisenhower for an agreement that would not require a steel price increase that might touch off another round of inflation.

The magazine said the negotiators are walking a tight rope but still are managing to maintain a delicate balance that suggests "a meeting of minds soon that would result in an agreement which would be less than either wanted but just about what the White House would like to see."

"Iron Age" continued:

"The steel side was busy most of late last week and early this week weighing the cost of a long strike against making a moderate settlement. The labor side was weighing the future cost to Dave McDonald and to the union if a strike was called against accepting a small wage or fringe increase along with some other concession such as retention of the cost-of-living clause.

"Neither side was off the wire, but neither had stumbled to the point both fear—a point of no return which might erupt into something not foreseen by either union or management. But since time is running short and since the President spoke more than a week ago, there could be a 'break' before the early part of next week."

"Iron Age" said that failure of efforts to bring about a peaceful settlement would be a source of embarrassment for President Eisenhower. "He came into the picture expecting a settlement. If that doesn't come, Ike's next move could be away from the steel companies."

The two-week contract extension provided a much-needed break for the mills and their customers. It relieved the pressure on those steel users whose inventories were running low and who would not have received tonnages promised for June delivery.

In spite of their best efforts, some mills were running behind on their delivery promises. The contract extension meant that they could come through with most of the steel on the books for June shipment—and perhaps some of the tonnage promised for early July.

Extension Improves Chance of a Peaceful Steel Settlement

Steel consumers are using the extension of the strike deadline to balance out and augment inventories, "Steel" magazine said July 6th.

Because of high metalworking operations, many steel consumers were unable to acquire adequate stocks before July 1. Most mills hope to catch up on carryovers of orders on some steel products during this two week extension period. But some mills in the East and Midwest are too far behind to catch up (three or four weeks). A Chicago steelmaker expects to clean up its June orders for all products except sheets and plates.

Automakers regard the extension as a godsend, but they're still going on the assumption there may be a strike. Although they have accumulated 70 to 90 day steel inventories at their plants, some of the automakers (notably Ford and American Motors) are worried about suppliers' stock. Just before the contract extension, a carbuilder found that one of its fastener suppliers had only a 20 day steel inventory.

The extension improves the chance of a peaceful settlement, "Steel" said. The union now will be willing to settle for a much smaller package than it asked for earlier. Producers continue to press for a noninflationary contract.

Many labor observers believe a sensible solution is available. It lies in the revision of certain contract provisions, particularly Section 2-B, sometimes called the featherbedding provision.

Elimination of the featherbedding provision is estimated by steelmakers to hold potential savings of 7 to 8 cents on hour. Under such conditions, steelmakers could offer a modest wage increase which would enable a peaceful settlement.

Mill operations last week slipped 4 points to 84% of capacity (lowest rate since the middle of February), mostly because of wildcat strikes and the July 4 holiday. Production was about 2,378,000 ingot tons.

Service centers did a land-office business from June 15 (when consumers began to fear they wouldn't get steel ordered from the mills) until Friday, June 26. Sales for the month were 25 to 30% ahead of May month. Business will remain dull for the first half of July as consumers take belated delivery of June mill tonnage.

The construction industry will sustain the summer economy, "Steel" said. It has just marked up one of the biggest first halves in history, both in terms of work put in place and in contracts for future construction. The only doubt about the second half is whether the industry can maintain its pace for new contracts. Jobs already on the books guarantee another record for work put in place.

"Steel's" price composite on No. 1 heavy melting scrap rose 33 cents to $36.83 a gross ton as the market firmed up following the steel strike extension.

Steel Output Based on 83.2% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *146.7% of steel capacity for the week beginning July 6, equivalent to 2,357,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *137.9% of capacity and 2,215,000 tons a week ago.

Actual output for the week beginning June 29, 1959 was equal to 78.2% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 83.2%.

A month ago the operating rate (based on 1947-49 weekly production) was *162.1% and production 2,604,000 tons. A year ago the actual weekly production was placed at 1,442,000 tons, or 89.8%.

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

Changeover to 1960 Car Models Near at Hand

The auto makers, in rapid-fire order, will begin to phase-out their 1959 assembly several days after the present July 15 steel industry contract deadline and will have built the last such car by Aug. 26.

Ward's Automotive Reports said on July 3 that Chrysler Corp. will lead off the industry's 1959 model runout with DeSoto and Chrysler output closing about July 17 and the sprawling Plymouth and Dodge sites by July 31. Ford Motor Co. will wind up its 1959s Aug. 11-26 and GM Corp. Aug. 5-21.

Ward's said Detroit will be the first area to feel the brunt of the industry's model changeover shutdowns, but will also be the first to snap back, with return to work for many Chrysler Corp. employees looked for by late August. It will mark the earliest 1960 model "start up" date for any of the Big Three producers.

Ward's forecast September as a month of furious new model activity and high level auto employment, barring complications on the steel front; it added that all of the industry's 17 auto nameplates are scheduled to be in production by Sept. 18 or shortly thereafter: Last year this was not accomplished until October 15.

Holiday operations in the week ending July 4 cut car scheduling 16% to 107,110 units from earlier week's 127,217, Ward's said.

The first closeout of 1959 model production took place when Chrysler Corp.'s division Imperial shut down its Detroit assembly plant July 1 to begin a model changeover that is expected to extend into August.

Down all the week ended July 4 for scheduling adjustments, according to Ward's, were Chevrolet's Atlanta, Ga., plant and Buick-Oldsmobile-Pontiac factories in Atlanta and Framingham, Massachusetts.

In keeping with the model year runout plant, Oldmobile's Lansing, Mich., plant ran only two days the holiday-shortened week. Four days were worked by Studebaker in South Bend, Ind., Dodge Main in Detroit, Plymouth-Dodge in Newark, Del., Buick in Flint, Cadillac in Detroit, Ford in Dallas, Kansas City and Los Angeles, Mercury in Metuchen, N. J., Wayne, Mich., and Los Angeles and Chevrolet in Baltimore, Md., Bloomfield, N. J., Norwood, Ohio, Oakland, Calif., and Tarrytown, N. Y.

Ward's said truck production was programmed at 23,661 units in week ended July 4, down 13% from last week's 27,231 total.

Plastics Use in Cars Abroad Growing Faster Than in U. S.

Plastics are replacing steel and other conventional materials at a faster pace in European cars than they are in U. S.-designed cars. But even abroad, acceptance varies from country-to-country, and is determined by economic conditions, consumer tastes, status of the plastics industry, and even national temperament.

"Product Engineering," a McGraw-Hill publication, asked its overseas editors in seven key countries to make a survey of automakers in their respective countries and to find out how and why foreign cars are ahead of Detroit in the amount of plastics being used. Foreign designers, they found, outstrip Detroit not only in pounds of plastic per car but also in rate of usage.

Plastics in 1959 U. S. cars average 20 pounds per car; in 1959 foreign cars (Britain, Italy, Japan, Germany, U. S. S. R., Sweden and France) about 30 pounds per car.

Electric Output 17.8% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 4, was estimated at 13,200,000,000 kwh., according to the Edison Electric Institute.

For the week ended July 4, output decreased by 549 million kwh. below that of the previous week but showed a gain of 1,990,000,000 kwh. or 17.8% above that of the comparable 1958 week.

Car Loadings 11.2% Above Corresponding 1958 Week

Loading of revenue freight for the week ended June 27 totaled 697,683 cars, the Association of American Railroads announced. This was an increase of 70,443 cars or 11.2% above the corresponding week in 1958, but a decrease of 35,100 cars or 4.8% below the corresponding week in 1957.

Loadings in the week of June 27 were 26,105 cars, or 3.6% below the preceding week.

Intercity Truck Tonnage 12.2% Above 1958 Week

Intercity truck tonnage in the week ended June 27 was 12.2% ahead of the corresponding week of 1958, the American Trucking Associations, Inc., announced July 3. Truck tonnage was 0.8% ahead of the previous week of this year.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at over 400 truck terminals of common carriers of general freight throughout the country.

Lumber Shipments Were 0.1% Above Production For June 18 Week

Lumber shipments of 467 mills reported to the National Lumber Trade Barometer were 0.1% above production for the week ended June 27. In the same week new orders of these mills were 6.2% below production. Unfilled orders of reporting mills amounted to 41% of stocks. For reporting softwood mills, unfilled orders were equivalent to 18 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 2.0% above production; new orders were 2.7% above production.

Compared with the previous week ended June 20, production of reporting mills was 0.5% above; shipments were 2.1% above, new orders were 5.8% above. Compared with the corresponding week in 1958, production of reporting mills was 7.8% above; shipments were 2.5% below; and new orders were 0.7% above.

Business Failures Continue Decline

Commercial and industrial failures continued down to 244 in the week ended July 2 from 256 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level since the beginning of this year, casualties were moderately below the 292 in the comparable week of last year, but they exceeded the 190 in 1957. Also, some 17% more businesses failed than in prewar 1939 when the toll was 208.

Liabilities of $5,000 or more were incurred by 215 of the week's failures as against 223 in the previous week and 258 a year ago. Small casualties, those involving liabilities under $5,000, dipped to 29 from 33 a week earlier and 34 last year. Nineteen of the concerns failing had liabilities in excess of $100,000, as compared with 25 in the preceding week.

Casualties fell off in wholesaling, down to 22 from 32, in construction, down to 31 from 39, and in manufacturing where the toll dipped to 40 from 46. Contrasting increases occurred among retailers, up to 127 from 122, and among service businesses, up to 24 from 17. Mortality remained below 1958 levels, however, in all groups except wholesaling and commercial service.

Most of the week's decline appeared in the East North Central States where casualties dropped to 34 from 58. Four other regions reported slight declines, including the Middle Atlantic States where the toll dipped to 91 from 99. On the other hand, failures rose from the previous week in four regions, with the South Atlantic States turning up to 24 from 16 and the Pacific to 64 from 52. In seven of the nine regions, fewer concerns failed than a year ago; the most noticeable decline was in the East North Central States. While South Atlantic casualties held even with 1958, the toll in the Pacific States exceeded last year's level.

Wholesale Food Price Index Down Moderately

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc. moved moderately lower this week to stand at $6.08 on June 30, down 0.5% from the $6.11 of the prior week. It compared with $6.66 on the corresponding date a year ago for a decrease of 8.7%.

Higher in wholesale price this week were flour, oats, milk, and eggs. Lower in cost were rye, hams, bellies, lard, butter, cottonseed oil, cocoa, steers, and hogs.

The Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Up Moderately in Latest Week

There was a moderate rise in the general commodity price level this week, with increases in some grains, flour, hogs, steers and steel scrap offsetting declines in lambs, rubber and tin. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., climbed to 278.37 (1930-32 = 100) on July 6 from 276.87 a week earlier, but remained below the 279.11 of the corresponding date a year ago.

Wheat prices picked up appreciably at the end of the week and finished moderately higher than the prior week. Offerings were light and both domestic and export buying expanded substantially. Although trading in rye was steady, prices moved fractionally lower.

Supplies of corn moved up during the week, but domestic and export purchases remained at the levels of a week earlier; corn prices slipped somewhat. There was a slight rise in oats prices due to reports of some crop damage, light offerings and increased buying. Moderate declines in soybeans prices occurred and transactions lagged behind the prior week.

There was a noticeable rise in flour prices as trading picked up and stocks in some markets were limited; export buying of flour was sluggish. Purchases of rice were limited during the week, but prices were unchanged.

Sugar wholesalers reported little change in sugar trading from the prior week, and prices were steady. Sugar deliveries in the week ended June 27 came to about 179,350 tons, compared with 172,162 in the prior week and 185,959 in the comparable week a year ago; deliveries for the year to date were 4,199,000 tons, as against 4,042,000 in the similar period last year.

Coffee prices moved up appreciably, reflecting increased trading. January to May imports totaled 1,288 million pounds, compared with 1,153 in the similar 1958 period. There was a slight decline in cocoa prices, and trading was down somewhat.

Hog receipts slipped somewhat in Chicago and buying remained at the level of the prior week; hog prices were slightly higher. Prices on steers rose fractionally as trading expanded moderately. There was a slight decline in lamb prices and trading, and receipts were light.

Cotton prices on the New York Cotton Exchange rose slightly, but trading was close to the prior week. United States exports of cotton for the week ended Monday were estimated at 56,000 bales, compared with 40,000 a week earlier and 108,000 in the similar 1958 period. For the current season through June 29 exports came to about 2,553,000 bales, as against 5,248,000 during the corresponding period last year.

Mid-Year Commodity Trading Volume Up 168%

Commodity Exchange, Inc. reported that trading volume for the fiscal six months from Dec. 1, 1958 to May 31, 1959 was 168% higher than the volume in the corresponding period of 1957-58. During the first half of the current fiscal year, "Comex" stated that 53,065 contracts were traded, compared with 19,741 in the same six months of the previous year.

The total of 53,065 contracts traded is the largest recorded for any six month period since resumption of trading after World War II. Previous record was 49,991 contracts which changed hands in the second half of the 1955 fiscal year.

In the individual commodities, copper and lead futures showed the largest increase in turnover, with both jumping 344%. Trading in the red metal totaled 35,782 contracts (894,550 tons) in the 1958-1959 six-month period, versus 8,055 contracts (101,375 tons) in the first half of 1957-1958. Lead showed 2,660 contracts (79,800 tons), against 599 (17,970 tons); rubber increased 6%, or 8,093 contracts (80,930 long tons), compared with 7,607 (76,070 long tons); hides were up 90%, or 3,294 contracts (131,760,000 lbs.) versus 1,733 (69,320,000 lbs.); zinc jumped 120%, or 3,183 contracts (95,490 tons), against 1,442, contracts (43,260 tons).

Retail Trade Moderately Up Over Year Ago

Although consumer buying slackened in the post-Father's Day week from the prior week, over-all retail trade moderately exceeded that of a year ago. The most noticeable year-to-year increases occurred in women's Summer apparel, outdoor furniture, and air conditioners. Scattered reports indicate that sales of new passenger cars matched those of the prior week, and remained sharply over a year ago.

The total dollar volume of retail trade in the week ended this July was 3 to 7% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: West North Central +6 to +10; East North Central and Pacific Coast +4 to +8; Mountain +3 to +7; Middle Atlantic and South Atlantic +2 to +6; New England and West South Central —1 to +3; East South Central —2 to +2.

Purchases of women's cotton dresses, sportswear, and fashion accessories were sustained at the high levels of the prior week, and over-all sales of women's apparel noticeably exceeded a year ago. While interest in men's apparel fell from the prior Father's Day week, sales of sports shirts and furnishings showed marked year-to-year gains. The call for straw hats and lightweight suits was close to a year ago. Volume in children's Summer merchandise advanced from both the prior week and a year ago.

Sales promotions helped volume in Summer metal outdoor tables and chairs climb over both a week earlier and the similar 1958 week; there were slight increases over a year ago in upholstered lines and case goods. Despite cool weather in some areas, the buying of air conditioners and fans remained appreciably over last year and interest in television sets, laundry equipment, and dishwashers was up slightly. A moderate rise over last year occurred in floor coverings and draperies, while volume in linens was down somewhat.

Grocers reported moderate increases from the prior week in sales of frozen foods, canned fish, fresh produce, and some dairy products, while the call for fresh meat, poultry, and baked goods was sluggish.

Nationwide Department Store Sales Up 7% For June 27 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended June 27, increased 7% above the like period last year. In the preceding week, for June 20, an increase of 22% was reported. For the four weeks ended June 27, a gain of 10% was registered and for Jan. 1 to June 27 a 9% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended June 27 showed an increase of 1% from that of the like period last year. In the preceding week, June 20, a 14% gain was reported. June 6 was 10% higher than the 1958 week. June 13 showed no change. Four weeks ending June 27 a 6% gain over 1958 was recorded and Jan. 1 to June 27 showed a 4% increase.

Securities Salesman's Corner

By JOHN DUTTON

Meeting The Important Client

There are times when it is not possible to meet investment prospects through the recommendation of a friend or client. This should not present too great an obstacle to the salesman who has the proper mental attitude toward his profession. Many of these supposedly difficult people to reach are most accessible. I have just picked up the telephone in some cases and asked for an appointment and have geen granted an interview. The man who has something valuable to offer in the way of research, contacts, ideas, and securities should never hesitate to place himself before the largest and most substantial investors in his community. Those who have established connections, and who do not wish to enlarge their contacts in the investment business, will tell you so. There are many others that will be only too pleased to meet with you if your house has stature and you approach them from strength instead of as a grateful salesman who is indebted to them for the opportunity of making their acquaintance. The bigger the man the less the snob. The bigger the man the more he will admire a salesman who carries himself with dignity, and who approaches him with confidence and specific ideas which may be of interest to him.

Prestige Approach

Following is a sample letter that I have used which has been valuable in opening the door to the larger account where I have had no direct introduction. Note that it offers a service and that it sells but also is reserved and dignified.

"Dear Mr. Prospect:

"In this rapidly growing area, investment opportunities are occasionally available that are exceptional. Certain of these 'special situations' have resulted in substantial profit for some of our more important clients.

"For this reason I would like to telephone you in the next few days to ask you for an opportunity to meet with you and to make your acquaintance. We may have contacts in this community that our long established business connections have developed that someday may be of value to you. If we can be of any service in this connection we would be pleased to cooperate with you.

"In addition to the negotiation for the purchase and sale of 'whole businesses,' we specialize in the personalized handling of investment accounts, with a broad service in securities traded on all the major stock exchanges, municipal bonds, underwritings, and unlisted stocks and bonds.

"Yours very truly,

__________________"

This letter should be followed by a telephone call within three days if it is sent to a post office out of your city. Within your mailing area the morning of the third day after you make your mailing is about the right time to follow up.

Use Letter on "Tax Exempts"

Another effective aproach was recently used by a salesman who had some good contacts but who had entered the investment business from another field of activity. He wrote these people a short note mentioning that the firm he was with had specialized in tax-free municipal bonds for many years. He enclosed a generalized pamphlet explaining why people should own municipals. He also enclosed a chart showing tax exempt yields versus the equivalent yields from taxable securities. He asked for the privilege of placing the prospect's name on the firm's mailing list and enclosed a postage paid, return card for this purpose. His last paragraph was an example of confidence building "soft sell." It read as follows: "I know that we have mutual acquaintances in this area, and I will be happy to give you their names if you desire any information as to our reliability I will telephone you in the next few days and hope to have the privilege of discussing some of our offerings." This mailing brought a 15% response in return cards. The list, however, was handpicked.

Mayer Makes Gift — To Penn. University

PHILADELPHIA, Pa. — The University of Pennsylvania has received a gift which will defray a substantial part of the cost of erecting a new million dollar dormitory for students in the Graduate Division of the Wharton School of Finance and Commerce, it has been announced by President Gaylord P. Harnwell.

According to Dr. Harnwell the new building will be named in honor of the donor, Harold C. Mayer, senior partner in the New York investment banking firm of Bear, Stearns & Co. Mr. Mayer was graduated from the Wharton School with the Class of 1915.

His gift will finance the University's equity in the building. The remainder of the cost will be met through a long-term loan which can be amortized out of rentals, it was pointed out.

The new dormitory, which will accommodate approximately 125 students, will be constructed on a site at the northeast corner of 39th and Spruce Streets. It will be designed by the firm of Eshbach, Pullinger, Stevens and Bruder, architects and engineers.

The Graduate Division of the Wharton School has a current enrollment of 750 students, representing 25 countries and 250 undergraduate institutions.

Urges Steel Industry to Arrest Wage-Price Spiral

The ominous pattern of non-steel wage increases that have already occurred during and since the business downturn is cited by First National City Bank in a strong appeal to labor, business and government to restrain upward climb in wages, prices and spending, respectively. Turning specifically to the crucial precursive significance of steel, the Bank fears a wage rise here would knock the main prop holding out against the danger of inflation from the wage-cost side.

The July issue of *Monthly Bank Letter*, published by the First National City Bank of New York, indicates why it is so critically important for a pattern-setter in such a major industry as steel to set the trend for arresting wage-price spiraling.

The *Letter* points out "the threatened steel strike has been postponed for at least two weeks, as the companies and union accepted President Eisenhower's suggestion that they 'continue to bargain without interruption until all of the terms and conditions of a new contract are agreed upon.' The extension of the old contract through July 14 was agreed to on June 27 as mills were beginning to cool their furnaces.

"The steel wage negotiations have been under way for two months already. Skeptics may doubt that another two weeks will reconcile the differences. But no one really wants a strike. And the two months' negotiations have served to impress upon the union —and the public at large — the firmness of the resistance of the companies to more wage - price spiraling.

"The steel industry is having a good year and it would seem to the casual observer that the companies should be willing to negotiate a generous settlement. But a wage contract runs for an extended period. The last one required wage boosts in a depressed year, 1958. American steel wages are among the highest in U. S. industry, and far and away the highest steel wages in the world. The competitive power of our exports is at stake, as well as the confidence of the world in the dollar. Foreign observers, who fear that our economy may be caught in a nonstop inflationary cycle, look to the steel settlement, along with the Federal budget, Federal debt management, and monetary policy, as a significant test of our determination and ability to resist inflationary pressures.

"It should be understood that the issue in the steel case is not soley whether steel prices rise. The effect of an inflationary steel wage pattern on other wages, spreading through the industries and stepping up costs everywhere is the greater danger. Important contracts in copper, aluminum, rubber, and meat packing are now up for negotiation. The fresh impulse that a substantial boost in steel wages would give to inflationary pressures from the side of employment costs is the chief worry, shared throughout the business community and also among responsible leaders in government.

Wage Patterns of 1959

"President Eisenhower, though opposing direct government intervention, has repeatedly warned both sides of the dangers of an agreement which might greatly aggravate the spiral of wage and price increases. This spiral was not halted even by the recession. During the nine months of business contraction, industrial wages rose on the average by 4 cents per hour. Since the beginning of the upturn in April 1958, they have risen another 12 cents.

"During the first quarter of this year, the pattern of wage increases clustered around 7 to 9 cents per hour, according to the tabulations by the U. S. Bureau of Labor Statistics. However, 37% of the workers won boosts of 11 cents or more. Particularly substantial wage increases have occurred this spring in construction—an industry booming in many areas, *Engineering News-Record* reports that recent wage contracts in building trades provide average increases of over 14 cents per hour in 1959 plus deferred increases averaging 11.5 cents in 1960. These raises are on top of wage levels which are already high.

"Steelworkers' earnings averaged \$3.10 per hour in April. Among factory workers only flat glass employes averaged more. Before the negotiations began, David McDonald, President of the United Steelworkers, made it clear that the union aimed to get the largest increase in wages and fringe benefits in the union's history, and a widespread union advertising campaign implied that steelworkers were seeking a settlement which would give them a billion dollars more to spend.

"The steel companies have been adamant on resisting further additions to employment costs. In June, they suggested that if the union agreed to certain changes in working rules, the savings thus generated might provide the means for future wage increases. The union summarily rejected this proposal.

"One point figuring in the steel wage negotiations is the idea that, since a wage spiral seems already under way, the steelworkers should get their share. On the other side is the tremendous importance of steel as a pattern-setter. If wage-price spiraling is to be arrested, a major industry must set the example.

"Another point made by the union is the growth of productivity in the industry. Yet this has been the fruit of large capital investment in more efficient equipment directed at saving labor costs. If wages consume the gain the saving in labor costs is wiped out, and nothing is left as a return on added capital investment. There will be more job opportunities in the high-paid steel industry if the companies can hold down prices and compete more effectively with foreign producers and substitute materials.

The Inventory Build-Up

"Even since January, steel users have been building inventories as protection against a possible strike. The record-breaking 65 million tons of steel ingots and castings produced during the first half of 1959 was not only sufficient to supply the steadily rising activity in heavy industries, but also to nearly double stocks of raw and semi-finished steel in the hands of users. Steel inventories at midyear are estimated at the equivalent of 20 to 22 million ingot tons—roughly two months' production. If the industry achieves a peaceful settlement, a greater than usual summer letup in steel activity is indicated as these stocks are worked down.

"Such a letup would amount to no more than a surface distortion in an expanding economy. A steel strike, on the other hand, would cause hasty, unbalanced inventory liquidation. However, the strikes we have had, as in 1952 and 1956, have not been so paralyzing as popularly supposed: over-all production dipped less than 5% from prestrike highs. After each of the strikes, the economy rebounded swiftly. New production records were set within a few months. In the present situation the forces which have pushed the economy to its present high level appear too strong to be reversed either by a strike or by orderly liquidation of excess steel stocks.

* * *

Disciplined Prosperity

"The strong and nearly unanimous advance in activity during the first half of 1959 has led to widespread expectation that the upsurge will continue. The momentum for a renewed rise, once a steel settlement is reached, is certainly there, but the advance is unlikely to be so steep. While inventory accumulation will go on, the extra stimulus which comes with moving from liquidation to accumulation will be missing in the year ahead. Instead of the \$13 billion pumped into the economy by the fiscal 1959 Federal deficit there will be a more nearly balanced budget. There is still room before we reach the limits of manpower, materials, and industrial capacity, but each advance carries closer to those limits.

"Risks of price inflation reside in every period of business expansion. It was not many months ago that criticisms were being heard of the President for advocating a balanced budget and of the Federal Reserve System for permitting credit to tighten. It now becomes clear that these represented reasoned and correct appraisals of the developing situation. Symptomatically, the consumer price index is tending to probe into new high ground. It is time to recognize, as reserves of idle resources are drawn down, that there is need for restraint all around to keep excesses of spending power from fostering another wage-price spiral which may be difficult to control and impossible to halt without a painful shake-out.

"Speaking before the New York State Bankers Association last week, Raymond J Saulnier, Chairman of the President's Council of Economic Advisers, pointed out: 'Present labor costs have been rising at a rate not unlike increases in periods in which we have had either price increases or a substantial squeeze on profits.' These alternatives are equally unacceptable. Price spiraling can give us a boom leading to inevitable collapse; a squeeze on profits will lead directly into contraction in capital outlays of business and in business activity in general.

"The critical needs are for restraint: on the part of organized labor in seeking bigger wages and fringe benefits, on the part of business in advancing prices, on the part of government in programming expenditures, and on the part of the Federal Reserve in adding to the monetary base."

Export Decline Laid to Strong European Economies

Rebuilding of war devastated capacity and recovery abroad, greatly assisted by U. S. A., is held responsible for changing our predominant post-World War II share of world trade to a level slightly above the relative position enjoyed in 1928. This finding by Industrial Conference Board study notes the expansion, however, of our trade and foreign investments as well as growth of sturdy competitors for the world's markets.

The economic implications of America's changing position in world trade are explored in a chart study prepared by the National Industrial Conference Board and currently being released.

John S. Sinclair

In announcing the study, John S. Sinclair, President of The Conference Board, comments: "In the early postwar years, we were virtually the only major power with large, undamaged industrial capacity. The need to repair the devastation of war accented the importance of the United States.

"More recently, our relationship to the rest of the world has taken on a new aspect. Our domestic economy has expanded; so have our international trade and investments in foreign countries. But our predominant world role has receded. Today we face a growing number of foreign economies that are strong, vigorous, and able to produce sufficiently for themselves — and even more. In large part, through the aid and encouragement, financial and otherwise, that we have extended, one nation after another has been added to the roster of sturdy competitors for world markets—and our own."

Drop in Manufacturing Position

The chart study finds that in manufacturing production the U. S. position in relation to the rest of the world has dropped sharply since 1948, when most of industrial Europe had not yet recovered from the devastation of war, and today stands at a level only slightly above the relative position held in 1928. Furthermore, the shrinkage in America's share of manufacturing output has accelerated since 1953, when most European nations had regained their industrial position.

America's share of mining production was also at a high point in 1948. Despite its rather drastic shrinkage in the past 10 years, the U. S. today accounts for approximately two-fifths of the world mining output outside the Communist bloc.

U. S. Export Level Down From '48

Last year, roughly 19% of the non-Communist world's exports came from the U. S. This was only slightly above America's world export position in 1928, and represented a sharp drop from 1948 when U. S. exports, inflated by heavy shipments to a goods-hungry world not yet producing sufficiently for itself, accounted for almost one-fourth of the world total.

The NICB study notes, however, that because America's domestic market is so huge only 6% of her total output of goods and services is destined for overseas markets, and foreign trade is traditionally regarded as a somewhat secondary element in the total U. S. economy. For certain nations, by contrast, international trade is virtually a matter of survival. In the Netherlands, for example, nearly half of total output is intended for overseas sale; in Belgium, the corresponding portion is more than one-third.

America's imports of foreign goods came to 6.5% of her domestic commodity production last year. While this marked a peak for the postwar years, it was below the comparable ratio of three decades earlier, when imports represented 8.2% of domestic production.

America Leads World in Consumer Goods

In ownership of consumer durable goods the U. S. ranks substantially above every other nation in the world, according to the NICB study. A comparison of seven consumer durables—radios, motor cars, refrigerators, telephones, television sets, motorcycles, and washing machines—reveals that America's per capita ownership of these items is surpassed only in the case of motorcycles. While motorcycles are a primary means of transportation abroad, the automobile performs this function in America.

Several nations approach U. S. levels in specific items; for example, people in Sweden have almost as many telephones per capita as Americans, while Belgium and Denmark are virtually on a par with the U. S. in television sets. However, there is no uniformity in the overall level of consumer durables ownership abroad. Belgium, a leader in TV ownership among foreign nations, is well down the list in ownership of refrigerators.

Smaller Share Spent Here for Food and Drink

Nations, like individuals, devote a smaller portion of consumer expenditures to food, beverages, and tobacco as they raise their level of living, the NICB notes. Consumers in the U. S., generally conceded to have the highest material level of living in the world, devote the smallest percentage of their consumption expenditures to these items among the countries compared in the study.

Expenditures for services, such as transportation, communication, personal care, and recreation take an increasing part of a family's budget as its real income rises. Among the countries compared, the U. S. ranks first in the percentage allocated to transportation and communication, but Belgium and France show higher percentages than the U. S. in personal care and recreation expenditures.

In a comparison with 18 leading non - Communist nations of the world, the U. S. is surpassed by the United Kingdom and Australia in the amount of food calories available daily for each individual and ties for 11th place with the Netherlands in the number of pounds of food consumed per capita. Such a comparison based solely on calories and weight makes no allowance, however, for the variety of foods on the market, their availability at all times of the year, and the form in which they appear at the retail shops.

The Gap Narrows

On balance, while America's general level of living leads the world, it is significant that the U. S. is well down the list of nations in a comparison of the rate of increase of personal consumption. During the 1948-53 period, the U. S. ranked approximately midway among the major nations in this respect. Between 1953 and 1957, the rate of America's increase in per capita real consumption had slowed down, while virtually all other countries except Canada were increasing at a faster rate.

A portion of the foreign gains can be attributed to continued recovery from World War II, the NICB notes, but part must also be viewed as an additional improvement that has narrowed the gap in consumption levels between the U. S. and most other nations of the world.

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 11	§83.2	*73.2	92.0	53.4
Equivalent to—					
Steel ingots and castings (net tons)	July 11	§2,357,000	*2,215,000	2,604,000	1,442,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 26	7,025,075	7,016,825	7,202,625	6,373,335
Crude runs to stills—daily average (bbls.)	June 26	¶7,836,000	8,000,000	7,888,000	7,541,000
Gasoline output (bbls.)	June 26	28,682,000	28,584,000	28,501,000	27,061,000
Kerosene output (bbls.)	June 26	1,761,000	1,864,000	1,700,000	1,649,000
Distillate fuel oil output (bbls.)	June 26	12,487,000	12,731,000	12,372,000	11,229,000
Residual fuel oil output (bbls.)	June 26	6,786,000	6,310,000	6,663,000	6,625,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	June 26	198,271,000	200,624,000	203,140,000	186,486,000
Kerosene (bbls.) at	June 26	27,213,000	26,600,000	24,030,000	23,855,000
Distillate fuel oil (bbls.) at	June 26	115,991,000	111,930,000	97,544,000	103,353,000
Residual fuel oil (bbls.) at	June 26	53,840,000	54,439,000	54,669,000	63,697,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 27	697,633	723,738	687,726	627,185
Revenue freight received from connections (no. of cars)	June 27	588,643	592,001	579,559	522,387
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 2	$474,100,000	$491,900,000	$315,700,000	$466,263,000
Private construction	July 2	239,500,000	250,700,000	177,900,000	103,425,000
Public construction	July 2	234,600,000	241,200,000	137,800,000	362,838,000
State and municipal	July 2	177,200,000	201,800,000	104,300,000	192,504,000
Federal	July 2	57,400,000	39,400,000	33,500,000	170,334,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 27	8,585,000	*9,335,000	8,150,000	8,887,000
Pennsylvania anthracite (tons)	June 27	470,000	400,000	360,000	562,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 27	118	143	122	110
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 4	13,200,000	13,749,000	13,023,000	11,210,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 2	244	256	314	292
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 30	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	June 30	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	June 30	$38.50	$38.17	$37.17	$35.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 1	31.050c	31.100c	31.150c	25.000c
Export refinery at	July 1	26.700c	27.075c	29.400c	24.175c
Lead (New York) at	July 1	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	July 1	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	July 1	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	July 1	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	July 1	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	July 1	103.125c	100.375c	104.625c	94.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 7	83.88	83.27	83.10	93.36
Average corporate	July 7	85.98	85.98	86.38	96.23
Aaa	July 7	89.09	89.23	89.78	101.97
Aa	July 7	87.59	87.59	88.27	99.36
A	July 7	85.72	85.98	86.11	96.07
Baa	July 7	81.66	81.66	81.90	88.67
Railroad Group	July 7	84.94	85.07	85.46	92.06
Public Utilities Group	July 7	85.07	85.07	85.33	97.62
Industrials Group	July 7	87.99	87.99	88.40	99.36
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 7	4.21	4.16	4.17	3.08
Average corporate	July 7	4.71	4.71	4.68	3.99
Aaa	July 7	4.48	4.47	4.43	3.63
Aa	July 7	4.59	4.59	4.54	3.79
A	July 7	4.73	4.71	4.70	4.00
Baa	July 7	5.05	5.05	5.03	4.51
Railroad Group	July 7	4.79	4.78	4.75	4.27
Public Utilities Group	July 7	4.78	4.78	4.76	3.90
Industrials Group	July 7	4.56	4.56	4.53	3.79
MOODY'S COMMODITY INDEX	July 7	388.0	385.9	389.8	398.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 27	306,242	295,404	350,614	272,519
Production (tons)	June 27	323,657	327,830	326,467	277,429
Percentage of activity	June 27	93	98	97	89
Unfilled orders (tons) at end of period	June 27	478,629	495,750	497,831	356,484
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 3	110.58	110.29	110.53	109.99
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 12	2,358,080	2,213,060	2,828,290	1,706,210
Short sales	June 12	437,780	377,580	457,210	356,480
Other sales	June 12	1,996,090	1,898,780	2,407,610	1,290,360
Total sales	June 12	2,433,870	2,276,360	2,864,820	1,646,840
Other transactions initiated off the floor—					
Total purchases	June 12	394,570	389,850	558,870	429,240
Short sales	June 12	50,300	42,200	57,200	39,500
Other sales	June 12	393,500	458,220	446,100	385,260
Total sales	June 12	443,800	500,420	503,300	424,760
Other transactions initiated on the floor—					
Total purchases	June 12	731,272	654,933	930,640	550,780
Short sales	June 12	86,480	107,180	108,110	169,320
Other sales	June 12	984,781	843,416	877,390	610,562
Total sales	June 12	1,071,261	950,596	985,500	779,882
Total round-lot transactions for account of members—					
Total purchases	June 12	3,483,922	3,257,843	4,317,800	2,686,230
Short sales	June 12	574,560	526,960	622,520	565,300
Other sales	June 12	3,374,371	3,200,416	3,731,100	2,286,182
Total sales	June 12	3,948,931	3,727,376	4,353,620	2,851,482
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 12	1,913,313	1,842,689	2,018,040	1,131,478
Dollar value	June 12	$103,970,503	$106,482,864	$105,944,393	$51,566,564
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 12	1,491,388	1,540,429	1,846,943	1,185,643
Customers' short sales	June 12	13,985	12,170	7,176	10,219
Customers' other sales	June 12	1,477,403	1,528,259	1,839,767	1,175,424
Dollar value	June 12	$77,846,094	$83,459,923	$94,690,387	$51,758,079
Round-lot sales by dealers—					
Number of shares—Total sales	June 12	378,240	400,520	488,630	408,580
Short sales	June 12				
Other sales	June 12	378,240	400,520	488,630	408,580
Round-lot purchases by dealers—Number of shares	June 12	793,420	670,280	659,290	360,880
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 12	714,200	636,980	741,590	748,710
Other sales	June 12	15,565,060	15,144,600	18,386,510	12,805,500
Total sales	June 12	16,279,260	15,781,580	19,128,190	13,554,210
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 30	119.3	119.6	119.4	119.2
Farm products	June 30	89.4	90.7	91.1	96.5
Processed foods	June 30	107.3	*108.0	107.3	112.8
Meats	June 30	101.0	103.9	101.5	115.3
All commodities other than farm and foods	June 30	127.9	127.9	127.8	125.3

*Revised figure. ¶Includes 1,097,000 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
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of May	16,660	17,554	11,943
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of April (Millions of dollars):			
Manufacturing	$50,800	$50,300	$51,500
Wholesale	12,100	*12,000	12,200
Retail	24,400	*24,200	23,900
Total	$87,300	*$86,400	$87,600
CONSUMER PRICE INDEX—1947-1949 = 100— Month of May:			
All items	124.0	123.9	123.6
Food	117.7	117.6	121.6
Food at home	115.2	115.3	120.5
Cereal and bakery products	134.5	134.1	132.8
Meats, poultry and fish	111.6	111.5	116.6
Dairy products	112.6	112.9	111.8
Fruits and vegetables	125.6	123.6	137.4
Other food at home	102.8	104.7	111.5
Food away from home (Jan. 1953 = 100)	115.2	114.8	----
Housing	128.8	128.7	127.8
Rent	139.3	139.3	137.5
Gas and electricity	118.7	118.2	116.5
Solid fuels and fuel oil	135.3	138.7	131.6
Housefurnishings	103.7	103.8	104.0
Household operation	133.8	133.8	130.9
Apparel	107.3	107.0	106.7
Men's and boys'	108.2	108.0	108.9
Women's and girls'	99.0	98.9	98.4
Footwear	133.5	132.4	129.7
Other apparel	92.1	91.9	92.1
Transportation	145.4	145.3	138.7
Public	134.5	134.4	186.1
Private	192.7	192.6	128.0
Medical care	150.2	149.6	143.7
Personal care	130.7	130.0	128.5
Reading and recreation	117.8	117.7	116.6
Other goods and services	128.4	128.2	127.2
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of May:			
Cotton Seed—			
Received at mills (tons)	6,700	*6,300	5,001
Crushed (tons)	179,200	*323,500	179,741
Stocks (tons) May 31	233,100	405,000	340,786
Cake and Meal—			
Stocks (tons) May 31	170,500	166,400	182,734
Produced (tons)	85,900	*151,500	81,357
Shipped (tons)	81,800	*124,900	88,399
Hulls—			
Stocks (tons) May 31	83,400	104,900	128,501
Produced (tons)	44,100	*76,300	45,564
Shipped (tons)	65,600	*82,000	48,101
Linters—			
Stocks (bales) May 31	211,900	249,800	354,870
Produced (bales)	52,100	96,000	48,742
Shipped (bales)	90,000	133,000	60,142
MANUFACTURERS' INVENTORIES AND SALES Month of April (millions of dollars):			
Inventories—			
Durables	$29,159	*$28,846	$29,424
Nondurables	21,666	*21,477	22,062
Total	$50,825	*$50,323	$51,486
Sales	30,232	*29,106	24,945
METAL PRICES (E. & M. J. QUOTATIONS)— June:			
Copper—			
Domestic refinery (per pound)	31.162c	31.155c	24.689c
Exports refinery (per pound)	28.108c	28.214c	23.670c
††London, prompt (per long ton)	£230.045	£236.206	£194.613
††Three months, London (per long ton)	£230.017	£236.575	£196.185
Lead—			
Common, New York (per pound)	12.000c	11.897c	11.224c
Common, East St. Louis (per pound)	11.800c	11.705c	11.024c
††London, prompt (per long ton)	£69.668	£70.800	£73.277
††Three months, London (per long ton)	£71.281	£71.691	£74.155
Zinc (per pound)—East St. Louis	11.000c	11.000c	10.000c
§§Zinc, prime Western, delivered (per pound)	11.500c	11.500c	10.500c
††Zinc, London, prompt (per long ton)	£78.409	£77.353	£64.176
††Zinc, London, three months (per long ton)	£77.347	£75.875	£64.652
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	88.625c
Silver, London (per ounce)	78.330d	79.100d	75.274d
Sterling Exchange (check)	$2.81254	$2.81454	$2.81111
Tin, New York Straits	104.250c	103.060c	94.665c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$240.273	$245.000	$228.120
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound), bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound), boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$77.000	$77.000	$67.000
Cadmium (per pound, deliver ton lots)	$1.20000	$1.20000	$1.55000
Cadmium (small lots)	$1.30000	$1.30000	Not avail.
Cobalt, 97% grade (per pound)	$1.75000	$1.75000	$2.00000
Aluminum 99% grade ingot weighted average (per pound)	$26.800	$26.800	$26.100
Aluminum, 99% grade primary pig	$24.700	$24.700	$24.000
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of May in billions:			
Total personal income	$376.2	*$373.2	$351.4
Wage and salary receipts, total	255.8	*253.4	233.1
Commodity producing industries	109.0	*107.5	95.6
Manufacturing only	86.1	*85.0	74.6
Distributing industries	66.7	*66.2	62.6
Service industries	35.4	*35.2	33.4
Government	44.7	*44.6	41.5
Other labor income	9.6	9.6	8.9
Business and professional	33.5	*33.1	30.7
Farm	13.2	*13.3	15.2
Rental income of persons	12.5	12.5	12.1
Dividends	12.7	12.6	12.4
Personal interest income	20.5	20.2	19.3
Transfer payments	26.3	*26.3	26.4
Less employees' contribution for social insurance	7.9	7.9	6.7
Total nonagricultural income	359.0	*356.9	332.4
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Apr. (000's omitted):			
Savings and loan associations	$1,148,193	$1,040,000	$786,767
Insurance companies	114,793	117,000	105,521
Banks and trust companies	553,028	520,000	385,076
Mutual savings banks	124,498	120,000	103,294
Individuals	333,073	313,000	278,217
Miscellaneous lending institutions	502,096	480,000	363,308
Total	$2,775,681	$2,590,000	$2,022,283

¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne U. S. duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange. ‡‡Increase all stocks.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

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.

★ Alabama Gas Corp. (8/5)
July 8 filed $4,000,000 of series E first mortgage bonds, due 1984. **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). **Bids**—Expected to be received on Aug. 5.

★ Alabama Gas Corp. (8/6)
July 8 filed 30,843 series A cumulative preferred stock, par $100 (with attached warrants) to be offered to stockholders of record on or about Aug. 5, 1959, on the basis of one new share of preferred stock for each 30 shares of common stock then held. **Price** — To be supplied by amendment. **Proceeds**—To pay construction costs. **Underwriters**—White, Weld & Co., New York; and Sterne, Agee & Leach, Birmingham, Ala. **Offering**—Expected sometime during August.

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 Bufa, 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. **Offering**—Late this summer.

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-Saint Gobain Corp. (7/28)
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 July 28, 1959; rights to expire on Aug. 11, 1959. The common shares are to be offered to present stockholders on the basis of one new share for each 3⅓ shares held on July 28, 1959; rights to expire on Aug. 11, 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.

★ American & St. Lawrence Seaway Land Co., Inc.
July 8 filed 500,000 shares of common stock to be offered publicly. **Price**—$3 per share. **Proceeds**—To pay off mortgages and for general corporate purposes. **Underwriter**—A. G. Gabriel & Co., Inc., 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.

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.

★ Appalachian National Life Insurance Co.
July 1 filed 966,667 shares of common stock, including 160,000 shares reserved for option to employees and directors. **Price**—$3 per share. **Proceeds**—To be used for the conduct of the company's insurance business. **Office**—1401 Bank of Knoxville Bldg., Knoxville, Tenn. **Underwriters**—Abbott, Proctor & Paine, New York; Cumberland Securities Corp., Nashville, Tenn.; Davidson & Co., Inc. and Investment Corp. of Fidelity, both of Knoxville, Tenn. **Offering**—Expected sometime during August.

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.

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 notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

★ Barton Distilling Co. (7/29)
July 6 filed $2,000,000 of 6% secured notes due July 1, 1965. These are direct obligations of the company secured by whiskey warehouse receipts for not less than 2,500,000 original proof gallons of Kentucky bourbon whiskey produced by the company not earlier than Jan. 1, 1959. **Price**—To be supplied by amendment. **Proceeds**—To finance whiskey during its aging period. **Underwriter**—Fulton Reid & Co., Inc., Cleveland, Ohio.

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.

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. (7/14)
June 19 (letter of notification) $250,000 of 8% 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.

• British Industries Corp.
June 24 filed 75,000 shares of common stock (par 50 cents), of which 37,500 shares will be offered for the account of the company and 37,500 shares will be offered for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Emanuel, Deetjen & Co., New York.

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.

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. (7/10)
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.

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 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.

Civic Finance Corp.
May 21 (letter of notification) 11,116 shares of common stock (par $2) being offered on a share-for-share ex-

change 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.

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. (7/29)**
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 and a hearing has been scheduled for July 14 whether to make this order permanent.

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NEW ISSUE CALENDAR

July 9 (Thursday)

Union Light, Heat & Power Co. ---------- **Bonds**
(Bids 11 a.m. EDT) $6,000,000

July 10 (Friday)

Central Telephone Co. ---------- **Preferred**
(Paine, Webber, Jackson & Curtis and Loewi & Co., Inc.) $2,000,000

July 13 (Monday)

Airwork Corp. ---------- **Common**
(Auchincloss, Parker & Redpath) 175,000 shares

Astronautics Engineering Corp. ---------- **Common**
(Charles Plohn & Co.) $300,000

Elion Instruments, Inc. ---------- **Common**
(Harrison & Co.) $300,000

Ideal Precision Meter Co., Inc. ---------- **Common**
(Charles Plohn & Co.) $615,625

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

Reheis Co., Inc. ---------- **Common**
(Aetna Securities Corp.) $435,000

Standard Aircraft Equipment Co., Inc. ---------- **Common**
(Adams & Peck) $300,000

Tape Cable Electronics Co., Inc. ---------- **Common**
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $412,500

Wellington Electronics, Inc. ---------- **Common**
(Charles Plohn & Co.) $1,440,000

July 14 (Tuesday)

Azalea Mobile Homes, Inc. ---------- **Common**
(Palombi Securities Co., Inc.) $300,000

Baird-Atomic, Inc. ---------- **Common**
(White, Weld & Co.) 180,000 shares

Bostic Concrete Co., Inc. ---------- **Com. and Debs.**
(Syle & Co.) $250,000 units

Griggs Equipment Inc. ---------- **Common**
(Eppler, Guerin & Turner, Inc.) 18,891 shares

International Recreation Corp. ---------- **Common**
(Bear, Stearns & Co.) $17,150,000

Jersey Central Power & Light Co. ---------- **Bonds**
(Bids 11 a.m. EDT) $8,000,000

Micronaire Electro Medical Products Corp. ---------- **Com. and War.**
(General Investing Corp.) $3,500,000

Reading Tube Corp. ---------- **Debentures**
(Emanuel, Deetjen & Co. and Bache & Co.) $5,000,000

July 15 (Wednesday)

Crosby-Teletronics Corp. ---------- **Common**
(Myron A. Lomasney & Co.) $343,750

Dover Hotel Corp. ---------- **Common**
(Laird, Bissell & Meeds) $299,000

Fanon Electronic Industries, Inc. ---------- **Common**
(L. D. Sherman & Co.) $450,000

First Charter Financial Corp. ---------- **Common**
(Eastman Dillon, Union Securities & Co. and William R. Staats & Co.) 3,000,000 shares

First National Life Insurance Co. ---------- **Common**
(Blair & Co. Inc.) $900,000

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.) $630,000

Investors Funding Corp. of New York ---------- **Debens.**
(Offering not underwritten) $500,000

Mallinckrodt Chemical Works ---------- **Debentures**
(Newhard, Cook & Co.) $6,000,000

Marshall Industries ---------- **Common**
(D. A. Lomasney & Co.) $250,000

Seeburg Corp. ---------- **Debentures**
(Offering to stockholders—underwritten by White, Weld & Co.) $5,135,000

Superior Window Co. ---------- **Preferred**
(Cruttenden, Podesta & Co.) $500,000

Superior Window Co. ---------- **Class A Common**
(Cruttenden, Podesta & Co.) $500,000

Trans-Sonics, Inc. ---------- **Common**
(Kidder, Peabody & Co., Inc.) 90,000 shares

Tuboscope Co. ---------- **Common**
(Glore, Forgan & Co. and Rowles Winston & Co.) 200,000 shares

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

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

Quebec Hydro-Elec. Commission (Canada) ---------- **Debs.**
(The First Boston Corp. and A. E. Ames & Co., Inc.) $50,000,000

July 20 (Monday)

Brew (Richard D.) & Co., Inc. ---------- **Common**
(Lee Higginson Corp.) 110,000 shares

Dilbert's Properties, Inc. ---------- **Debens. & Com.**
(S. D. Fuller & Co.) $4,505,600

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

Neiman-Marcus Co. ---------- **Common**
(Lehman Brothers) 133,800 shares

Park Drop Forge Co. ---------- **Common**
(Fulton Reid & Co., Inc.) 43,590 shares

Rowe Furniture Corp. ---------- **Common**
(Francis I. du Pont & Co.) 165,000 shares

Silver Creek Precision Corp. ---------- **Common**
(Maltz, Greenwald & Co.) 1,550,000 shares

Strategic Materials Corp. ---------- **Common**
(Offering to stockholders—underwritten by S. D. Lunt & Co. and Allen & Co.) 368,571 shares

Voss Oil Co. ---------- **Common**
(Hill, Darlington & Co.) $1,000,000

Wilcox Electric Co. ---------- **Common**
(Lee Higginson Corp. and Stern Bros. & Co.) 318,736 shares

July 21 (Tuesday)

Northrop Corp. ---------- **Debentures**
(William R. Staats & Co. and Blyth & Co., Inc.) $10,000,000

Tennessee Gas Transmission Co. ---------- **Bonds**
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co.) $50,000,000

July 22 (Wednesday)

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

Public Service Co. of New Hampshire ---------- **Common**
(Kidder, Peabody & Co. and Blyth & Co., Inc.) 396,000 shares

Transcontinental Gas Pipe Line Corp. ---------- **Bonds**
(White, Weld & Co. and Stone & Webster Securities Corp.) $20,000,000

Transcontinental Gas Pipe Line Corp. ---------- **Preferred**
(White, Weld & Co. and Stone & Webster Securities Corp.) $15,000,000

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

Narda Microwave Corp. ---------- **Common**
(Milton D. Blauner & Co., Inc.) 50,000 shares

New York Capital Fund of Canada Ltd. ---------- **Common**
(Carl M. Loeb, Rhoades & Co.) 1,000,000 shares

North Hills Electric Co. ---------- **Common**
(D. F. Bernheimer & Co., Inc.) $300,000

Owens Yacht Co., Inc. ---------- **Common**
(Shields & Co.) 300,000 shares

St. Clair Specialty Manufacturing Co., Inc. ---------- **Common**
(Stifel, Nicolaus & Co., Inc. and Walston & Co., Inc.) 30,000 shares

Television Shares Management Corp. ---------- **Common**
(White, Weld & Co.) 206,500 shares

July 28 (Tuesday)

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

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

United States Plywood Corp. ---------- **Debentures**
(Eastman Dillon, Union Securities & Co.) $15,000,000

July 29 (Wednesday)

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

Buckingham Transportation Inc. ---------- **Common**
(Cruttenden, Podesta & Co.) 250,000 shares

Consolidated Cigar Corp. ---------- **Common**
(Eastman Dillon, Union Securities & Co.) 75,000 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

National Citrus Corp. ---------- **Common**
(R. F. Campeau Co., Inc.) $300,000

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) $8,000,000

Supercrete Ltd. ---------- **Common**
(Straus, Blosser & McDowell) 300,000 shares

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)

Crowell-Collier Publishing Co. ---------- **Common**
(Carl M. Loeb, Rhoades & Co.) 200,000 shares

Interstate Life & Accident Insur. Co. ---------- **Common**
(Equitable Securities Corp.) 350,000 shares

August 4 (Tuesday)

Pennsylvania Electric Co. ---------- **Bonds**
(Bids to be invited) $15,000,000

August 5 (Wednesday)

Alabama Gas Corp. ---------- **Bonds**
(Bids to be invited) $4,000,000

Pacific Power & Light Co. ---------- **Debentures**
(Bids to be invited) $10,996,000

August 6 (Thursday)

Alabama Gas Corp. ---------- **Preferred**
(Offering to stockholders—underwritten by White, Weld & Co., and Sterne, Agee & Leach) $3,084,300

August 10 (Monday)

Big Apple Supermarkets, Inc. ---------- **Common**
(Simmons & Co.) $850,000

August 18 (Tuesday)

Consumers Power Co. ---------- **Bonds**
(Bids to be received) $35,000,000

August 19 (Wednesday)

Republic Resources & Development Corp. ---------- **Common**
(John G. Cravin & Co., Inc.) $2,500,000

(August 25 Tuesday)

Douglas Microwave, Inc. ---------- **Common**
(Simmons & Co.) $300,000

Pacific Gas & Electric Co. ---------- **Bonds**
(Bids to be invited) $65,000,000

August 26 (Wednesday)

Pittsburgh & Lake Erie RR. ---------- **Equip. Tr. Ctfs.**
(Bids to be invited) $3,200,000

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 9 (Wednesday)

Community Public Service Co. ---------- **Preferred**
(Bids to be invited) $3,000,000

September 17 (Thursday)

Georgia Power Co. ---------- **Bonds**
(Bids to be invited) $18,000,000

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★ Controls Co. of America
July 8 filed 191,703 shares of common stock. The offering will be made after a 50% common stock distribution to be considered by stockholders at a meeting on July 21. Of the total, 50,000 shares will be sold for the account of the company and 141,703 shares for the account of a group of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company, with approximately $750,000 earmarked for acquisition of a Canadian plant for the production of motors and solenoids, construction of an addition to a plant at Folcroft, Pa., and acquisition of property and equipment in Arizona for production of rectifiers and other semi-conductor products. Approximately $170,000 will be used to retire notes and $250,000 will be invested in or advanced to a Swiss subsidiary. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith, Inc. and Lee Higginson Corp., both of New York.

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 48,460 shares of 5% convertible pfd. stock ($25 par) and 12,559 shares of common ($1 par), 34,460 shares of the preferred and 9,059 shares of common are issuable upon the exercise of stock options granted when the assets of Norbute Corp. were acquired on Aug. 6, 1958. **Underwriter**—None.

● Crosby-Teletronics Corp. (7/15)
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.

★ Crowell-Collier Publishing Co. (8/3-7)
July 2 filed 200,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Carl M. Loeb, Rhoades & 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. (7/20-24)
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.

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.

★ Douglas Microwave, Inc. (8/25)
July 2 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire loans, to purchase equipment, and to add to working capital. **Office**—252 East Third Street, Mt. Vernon, N. Y. **Underwriter**—Simmons & Co., New York.

★ Dover Hotel Corp., Dover, Del. (7/15)
June 26 (letter of notification) 149,500 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For working capital and to retire loans. **Underwriter** — Laird, Bissell & Meeds, Dover, Del. and New York.

★ Dresdner Bank Aktiengesellschaft
July 6 filed American depositary receipts for common capital stock. **Depositary**—The Chemical Corn Exchange Bank of New York.

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.

★ Edwards Steel Corp., Miami, Fla.
July 8 filed 140,000 shares of common stock. **Price**—$5 per share. **Proceeds**—To repay loans, to acquire property and equipment, and for working capital. **Underwriter**—Charles Plohn & Co., New York.

Educators Investment Corp., of Alabama
June 8 (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.

★ Elion Instruments, Inc. (7/13)
June 26 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To purchase equipment and for working capital. **Office**—Bristol, Pa. **Underwriter**—Harrison & Co., Philadelphia, Pa.

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 corporate purposes. **Office**—Carew Tower, Cincinnati, Ohio. **Underwriter**—None.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

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.

★ Extrudo-Film Corp.
July 2 filed 175,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For purchase of machinery and equipment for the Pottsville plant, to pay the principal on a 5% note due Sept. 1, 1960, and the balance will be added to the company's general funds and will be available for general corporate purposes. **Office**—36-35 36th Street, Long Island City, N. Y. **Underwriter**—Maltz, Greenwald & Co., New York. **Offering**—Expected in late August.

● Fanon Electronic Industries, Inc. (7/15)
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.

● First Boston Commodity Fund
See under Peerless Commodity Trust, new name of the Fund.

● First Charter Financial Corp. (7/15)
June 11 filed 3,000,000 outstanding shares of common stock, (no par). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 110 North Doheny Drive, Beverly Hills, Calif. **Underwriters** — Eastman Dillon, Union Securities & Co., New York; and William R. Staats & Co., Los Angeles, Calif.

First National Credit Bureau, Inc.
June 1 (letter of notification) 8,000 shares of common stock (par $1) to be offered for subscription by stockholders and employees. **Price**—At the market. **Office**—804 American Title Bldg., Detroit, Mich. **Underwriter**—None.

● First National Life Insurance Co. (7/15)
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.

★ Florida Water & Utilities Co., Miami, Fla.
July 8 filed 86,000 shares of common stock, of which 65,000 shares are to be offered for public sale for the account of the company and 21,000 shares for the ac-

count of two selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be used to reduce indebtedness and increase working capital. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

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.

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 Time Corp.
July 8 filed $6,000,000 of convertible subordinated debentures due 1979. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be used primarily to finance electric transactor system developed by its Stromberg division. **Underwriter**—Kidder Peabody & Co., New York.

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 (7/14)
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 otherwiso, 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., 11 Broadway, New York 4, N. Y.

★ Heller (Walter E.) & Co.
July 2 filed 226,000 shares of common stock, for issuance pursuant to options granted officers and key employees of the company under the company's Restricted Stock Option Plan.

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. Statement to be amended.

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.

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 8 filed 200,000 shares of capital stock, of which 125,000 shares are to be offered for the account of the company and 75,000 shares for the account of a selling stockholder. **Price**—$5 per share. **Proceeds**—To be utilized in reduction of obligations, the acquisition and/or development of additional inventory lines, warehousing facilities and sales outlets; the adoption of various sales promotional programs, and as additional working capital. **Office**—37 West 65th St., New York, N. Y. **Underwriter**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.

Hunter Mountain Development Corp., Hunter, N. Y. (7/15)
June 5 filed $690,000 of 6% subordinated debentures due July 1, 1969, and 69,000 shares of common stock (par 10 cents) to be offered in units, each unit consisting of a $50 debenture and 5 shares of common stock. **Price**—$50 per unit. **Proceeds** — For purchase of equipment, for building of lodge, and for other corporate purposes. **Underwriter**—Myron A. Lomasney & Co., New York.

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. (7/13-17)
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

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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.

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. (7/14)**
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**—Bear, Stearns & Co., New York.

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.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

Jamaica Development Co., Inc.
June 15 filed 105,000 shares of common stock. **Price**—$10 per share. **Proceeds**—To be used for the purchase of land, cattle, machinery and equipment, fishing lodge, and development expense. **Office**—1841 North Meridian St., Indianapolis, Ind. **Underwriter**—None.

Jefferson Wire & Cable Corp. (7/13-17)
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, at offices of General Public Utilities Corp., 67 Broad Street, New York City.

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.

★ **Loomis-Sayles Fund of Canada Ltd.**
July 6 filed 800,000 shares of common stock, to be offered initially at $25 per share through Loomis, Sayles & Co., Inc., to clients, officers, directors and employees of the latter. The shares also are to be offered to shareholders of Loomis-Sayles Mutual Fund, Inc., of record July 15, 1959. After July 31, 1959, the offering price will be net asset value. After Sept. 15, 1959, shares will be offered only to shareholders of Loomis, Sayles & Co., Inc., and its affiliated companies. **Proceeds**—For investment.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa. **Underwriter**—None. Statement effective.

Magnuson Properties, 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 (7/15)**
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 York.

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.
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.

★ **Metal & Thermit Corp.**
July 1 filed 45,000 shares of common stock, to be offered to employees of the company and its subsidiaries under its Restricted Stock Option Plan.

● **Micronaire Electro Medical Products Corp. (7/14-16)**
June 1 filed 200,000 common shares (par 10 cents) and 50,000 one-year warrants for the purchase of common stock, to be offered for public sale in units of 100 shares of common stock and 25 warrants. The registration also includes an additional 200,000 three-year warrants, exercisable at $3, of which 150,000 have been issued to certain stockholders and employees. **Price**—$275 per unit. **Proceeds**—To discharge indebtedness; for expansion of sales efforts; and for working capital. **Office**—79 Madison Ave., New York. **Underwriter** — General Investing Corp., New York.

★ **Microwave Electronics Corp.**
July 2 filed $500,000 of 10-year 5% subordinated debentures due July 1, 1969 together with 250,000 shares of common stock (par 10 cents) to be offered in units of $10,000 principal amount of debentures and 5,000 common shares. An additional 138,000 shares may be issued in connection with the company's restricted stock option plan. **Price**—$10,500 per unit. **Proceeds**—To purchase machinery, equipment and other fixed assets, for operating expenses, and the remainder for working capital. **Office**—4061 Transport St., Palo Alto, Calif. **Underwriter**—None.

Mid-America Minerals, Inc.
June 22 filed $921,852 of Working Interests and Overriding Royalty Interests in 26 oil and gas leases covering lands in Green and Taylor Counties, Kentucky, some of the interest being producing interests and some non-producing. The offering is to be made initially to participants in the Mid-America Minerals, Inc., 1959 Fund. **Price**—$2,221.33 per smallest unit. **Proceeds**—For investment in oil and gas lands. **Office**—Mid-America Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price—$1 per share. Proceeds — For additional working capital. Office—Siloam Springs, Ark. Underwriter—None.**

M. & S. Oils Ltd.
May 11 filed 390,000 shares of capital stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

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.

● **National Citrus Corp. (7/29)**
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 Sports Centers, Inc.**
July 2 filed $1,000,000 of 6% convertible income debentures cumulative due 1969, series C, and 100,000 common stock purchase warrants. **Price** — 100% of principal amount. **Proceeds**—To be used for completion of and/or payment of certain bowling alley and other properties, and the balance will be added to the company's general funds available for development of properties and the acquisition and development of additional bowling properties. **Office**—55 Broadway, New York. **Underwriter**—General Investing Corp., New York.

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.

● **New York Capital Fund of Canada, Ltd., Toronto, (7/27-31)**
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.

Newport Electric Co.
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.

North American Acceptance Corp.
April 29 (letter of notification) $300,000 of 6% 10-year subordinated debentures to be offered for subscription by stockholders in denominations of $100, $500 and $1,000 each. Rights will expire July 31, 1959. **Price**—At par. **Proceeds**—For working capital. **Office**—Suite 487, 795 Peachtree Street, N. E., Atlanta, Ga. **Underwriter**—None.

★ **North Hills Electric Co., Inc. (7/27-31)**
July 1 (letter of notification) 150,000 shares of common stock (par one cent) to be offered on an all or none basis. **Price**—$2 per share. **Proceeds**—To pay bank loans, redeem outstanding preferred stock, purchase additional equipment, build inventories and add to working capital. **Underwriter**—D. F. Bernheimer & Co., Inc., 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.

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.

★ **Owens Yacht Co., Inc. (7/27-31)**
July 2 filed 300,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Stansbury Road, Dundalk, Baltimore, Md. **Underwriter**—Shields & Co., New York.

Ozark Air Lines, Inc.
May 20 filed 132,944 shares of general common stock (par $1) to be offered to holders of class A and class B common stock (not including class B common held by voting trustees) and holders of voting trust certificates for class B common stock, on the basis of one new share of general common stock for each nine shares of class A common, class B common (not including class B shares held by voting trustees), or voting trust certificates for class B common. 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)**
July 7 filed $10,996,000 of covertible 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 July 29, 1959; rights to expire on Aug. 12. **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.

● **Peerless Commodity Trust Fund**
Fund, originally named First Boston Commodity Fund, filed June 2 (letter of notification) an undetermined number of shares of beneficial interest (no par). **Proceeds**—For investment in commodity futures. **Manager**—Commodity Counselors of Boston. **Address**—P. O. Box 67, Boston 1, Mass. Offering Circular dated June 26, 1959.

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.

● **Philippine Oil Development Co., Inc.**
April 10 filed 221,883,614 shares of capital stock, being offered for subscription by holders of outstanding stock at the rate of one new share for each two shares held. Record date June 2, 1959; right expire July 31, 1959. **Price**—1¾ cents per share. **Proceeds**—For working capital. **Office**—Soriano Building, Plaza Cervantes, Manila (P. I.). **Underwriter**—None.

Phototronics Corp., College Point, L. I., N. Y.
June 9 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—Purchase and installation of machinery; electronic and optical test equipment; purchase and installation of fixtures and for working capital. **Office** — c/o McNabb, Sommerfield & James, 40 Exchange Place, New York, N. Y. **Underwriter**—M. H. Woodhill, Inc., New York, N. Y.

Piedmont Aviation, Inc.
May 6 (letter of notification) 81,714 shares of common stock (par $1) being offered to stockholders at the rate of 1/14 of a share for each share held as of May 22, 1959. Rights to expire on June 30, 1959. **Price** — $3.50 per share. **Proceeds**—For working capital. **Address**—Smith Reynolds Airport, Winston-Salem, N. C. **Underwriter**—None.

● **Plastic Wire & Cable Corp.**
June 5 filed 40,000 shares of common stock (par $5) being 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.

Pressed Metals of America, Inc.
April 17 filed 90,000 outstanding shares of common stock. **Proceeds**—To selling stockholders. **Office**—Port Huron, Mich. **Underwriter**—None. Statement effective June 10.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

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. **Underwriter**—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.

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• Quebec Hydro-Electric Commission (Canada) (7/16)
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.

Radar Design Corp., Syracuse, N. Y. (7/13-17)
May 26 filed 120,000 shares of common stock ($1 par). **Price**—$3 per share. **Proceeds** — To liquidate notes and mortgages, and for new equipment and working capital. **Underwriter**—Charles Plohn & Co., New York.

Radinsky Investment Co.
June 1 filed 100,000 shares of common stock (par $1). Each purchaser of stock is entitled to receive one stock purchase warrant for each five shares of stock acquired. The warrants will entitle the holder to acquire one share of common for each five shares of stock acquired. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—2000 W. Colfax Ave., Denver, Colo. **Underwriters** — Amos C. Sudler & Co., and Purvis & Co., both of Denver, Colo. **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. (7/14)
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.

• Reheis Co., Inc. (7/13-17)
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. (8/19)
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.

Richwell Petroleum Ltd., Alberta, Canada
June 26, 1958 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter**—Pacific Securities Ltd., Vancouver, Canada.

Ritter (P. J.) Co., Bridgeton, N. J.
June 18 filed 4,827 shares of preferred stock, non-cumulative, voting, (par $100) and 60,018 shares of common stock (no par) to be offered to the holders of preferred and common stock of Brooks Foods, Inc., at the rate of one share of Ritter preferred stock for each share of preferred stock of Brooks and two shares of common stock of Ritter for each share of common stock of Brooks. The exchange offer is being made by Ritter in accordance with its agreement with Brooks and certain of its stockholders who own an aggregate of 18,805 shares of its outstanding common stock, or approximately 62.5% of such stock, and who have agreed to accept the exchange offer upon effectiveness of the registration statement.

• Rowe Furniture Corp., Salem, Va. (7/20-24)
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. (7/27-31)
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.

• Silver Creek Precision Corp. (7/20-24)
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 (par $4) being offered for subscription by common stockholders at the rate of one new share for each three shares held. Record date July 2, 1959; Rights expire July 29, 1959. **Price**—$14 per share. **Proceeds**—To be applied for costs incurred and to be incurred in connection with the introduction of a new line of office dictating equipment; payment of installment notes with interest; payment of a bank indebtedness; payment and interest on notes payable; and for general corporate purposes. **Office**—8 Middletown Avenue, North Haven, Conn. **Underwriter**—None.

★ Southern Nitrogen Co., Inc.
July 8 filed 136,400 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Business**—The company owns and operates a nitrogen plant at Savannah, Ga. **Underwriter**—Harriman Ripley & Co. Inc., New York.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

• Standard Aircraft Equipment Co., Inc. (7/13-17)
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.

★ Studebaker-Packard Corp.
July 1 filed 165,000 shares of $5 convertible preferred stock (par $100) and 5,500,000 shares of common stock (par $1). The 5,500,000 shares are reserved for issuance upon conversion of the preferred stock on and after Jan. 1, 1961, at the conversion price of $3 per share, (taking the preferred at $100 per share). The preferred stock was originally issued by the company in October 1958, to 20 banks and three insurance companies pursuant to a corporate reorganization. The largest blocks of preferred stock are now held by two insurance companies—the Metropolitan Life Insurance Co. and the Prudential Insurance Co. of America. The filing was made in order to provide a prospectus for use by the preferred shareholders who may wish to offer or sell shares of the preferred and/or common stock. Bear, Stearns & Co., one of the preferred stockholders, will initially offer for public sale 550 shares of preferred stock owned by it, at a price to be supplied by amendment.

• Sunray Mid-Continent Oil Co.
May 19 filed 525,000 shares of common stock to be offered in exchange for common stock of Suntide Refining Co. in the ratio of one share of Sunray for each three shares of Suntide. The offer is conditional upon the deposit by Aug. 7, 1959 of sufficient shares of Suntide so that Sunray will own at least 90% of the outstanding Suntide shares. Offering may be extended for additional 30 days. **Underwriter**—None.

★ Supercrete Ltd. (7/29)
July 2 filed 300,000 shares of common stock, of which 100,000 shares will be offered for the account of certain selling stockholders, and the remaining 200,000 shares will be sold for the company's account. **Price**—To be supplied by amendment. **Proceeds**—For reduction of bank loans and for working capital. **Office** — St. Boniface, Manitoba, Canada. **Underwriter**—Straus, Blosser & McDowell, Chicago and New York.

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. (7/15)
May 15 filed 50,000 shares of 70-cent cumulative convertible preferred stock (par $8) and 125,000 shares of class A common stock (par 10 cents). **Price**—For preferred stock, $10 per share; and for common stock, $4 per share. **Proceeds**—To purchase the assets of Superior Trucking Co.; for repayment of notes; and for general corporate purposes. **Office**—625 E. 10th Ave., Hialeah, Fla. **Underwriter**—Cruttenden, Podesta & Co., Chicago and New York.

• Tang Industries, Inc.
May 25 filed 110,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase machinery and equipment; for research and development; for certain expenses and for working capital. **Office**—49 Jones Road, Waltham, Mass. **Underwriter** — David Barnes & Co., Inc., New York.

• Tape Cable Electronics Co., Inc. (7/13-17)
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.

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.

★ Television Shares Management Corp. (7/27-31)
July 1 filed 206,500 outstanding shares of common stock (par one cent). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—135 South LaSalle St., Chicago, Ill. **Underwriter** — White, Weld & Co., Chicago and New York.

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.

★ Tennessee Gas Transmission Co. (7/21)
July 2 filed $50,000,000 of first mortgage pipe line bonds, due Nov. 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes issued in connection with the company's construction program; to finance additional capital outlays, and for general corporate purposes. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc., all of New York.

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.

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. (7/22)
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.

★ Transcontinental Gas Pipe Line Corp (7/22)
June 25 filed $20,000,000 of first mortgage pipe line bonds due Feb. 1, 1980. **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 the new bonds. The amount so deposited is to be withdrawn by the company against property additions and used to prepay additional notes. **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.

Union Light, Heat & Power Co. (7/9)
June 12 filed $6,100,000 of 30-year first mortgage bonds due July 1, 1989. **Proceeds**—To repay advances from its parent, the Cincinnati Gas & Electric Co., and to finance a portion of the company's construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Equitable Securities Corp.; Salomon Bros. & Hutzler; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc. and First Boston Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 9 at the office of the Irving Trust Co., One Wall Street, New York 15, N. Y.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5. **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

• United States Plywood Corp. (7/28)
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.

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 Hansey Way, Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

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. (7/20-24)
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**—$10 per share. **Proceeds**—To purchase additional machinery and equipment; research and experimentation; for initial contracts; and purchase of additional companies. **Underwriter**—None.

★ Wall Street Planning Corp., Boston, Mass.
July 8 filed (by amendment) an additional $6,000,000 of systematic investment programs with group creditor life insurance protection. **Proceeds**—For investment.

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. (7/13-17)
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.

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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. **Underwriter**—None.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price**—At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

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**—1400 Chestnut Avenue, Kansas City, Mo. **Underwriters**—Lee Higginson Corp., New York, and Stern Bros. & Co., Kansas City, Mo.

★ Wisconsin Fund, Inc.
July 2 filed (by amendment) an additional 400,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

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

Albertson's Inc.
June 23 it was reported that the company contemplates some additional financing, probably in the form of common stock. **Business**—Food stores concern. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah. **Offering**—Expected sometime this fall.

Bank of 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.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates an offering of $4,500,000 of common stock. **Proceeds**—For expansion program and additional working capital. **Business**—The company is engaged in the manufacture of aircraft and missile parts, aluminum containers and beer barrels, aluminum curtain wall sections for the building industry and other proprietary products. **Underwriter**—S. D. Fuller & Co., New York.

● Buckingham Transportation, Inc. (7/29)
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.
July 8 the bank offered 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 than held (after a 50% stock dividend); rights to expire on Aug. 3. **Price**—$37.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

★ Community Public Service Co. (9/9)
July 7 it was reported that the company contemplates the issuance and sale of 30,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on Sept. 9.

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.

★ Consumers Power Co. (8/18)
July 7 the company has asked the Michigan Public Service Commission for permission to sell approximately $35,000,000 of first mortgage bonds due Aug. 1, 1989. **Proceeds**—For expansion and improvement program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly). **Bids**—Expected to be received on or about Aug. 18.

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.

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.

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.

★ Merchants National Bank, Boston, Mass.
July 6 directors of the bank asked stockholders to approve plans to offer an additional 72,500 shares of capital stock to stockholders on the basis of one new share for each 6¼ shares held on the July 15 record date. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

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.

★ Pacific Gas & Electric Co. (8/25)
July 1 it was announced that the only financing operation the company will conduct this year will take the form of $65,000,000 of first and refunding mortgage bonds. **Proceeds**—To be applied in part, to retire temporary bank loans, and the balance to finance the company's continuing program of expansion for the remainder of the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Blyth & Co., Inc. Bids expected to be received on Aug. 25.

★ Pittsburgh & Lake Erie RR. (8/26)
July 7 it was reported that the company plans to receive bids on Aug. 26 for the purchase from it of approximately $3,200,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Puget Sound Power & Light Co.
May 15, Frank McLaughlin, President, announced company plans to issue and sell first mortgage bonds later in the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc. and Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; The First Boston Corp. and Smith, Barney & Co (jointly).

Speedry Chemical Products Co. Inc.
May 15 it was announced that the company plans an offering of 208,666 shares of common stock. **Underwriter**—S. D. Fuller & Co., New York. **Registration**—Sometime in August.

Union Electric Co. (Mo.)
Feb. 23, J. W. McAfee, President, stated that the company plans to sell about $30,000,000 of additional common stock later this year through rights to common stockholders. **Proceeds**—For expansion program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Lehman Brothers; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc. **Offering**—Expected toward the end of the third quarter of 1959.

Wayne Manufacturing Co., Los Angeles, Calif.
May 26 it was reported that this company plans a secondary offering of about 90,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriters**—Mitchum, Jones & Templeton, Los Angeles, Calif.; and Schwabacher & Co., San Francisco, Calif.

Our Reporter's Report

The secondary investment market is in the grip of usual summer inertia just now aggravated by uncertainty over prospects for the money market. Treasury obligations still display a tendency to ease further.

Close students of that segment of the market, it is more or less the "keystone" for the market generally, seem disposed to back away for the present, being unable to figure the scope of change which they anticipate in the money situation.

They do know, however, that the Treasury must raise additional funds and with banks being able to lend at rather profitable rates, the latter naturally are ready to sell Governments in order to increase their lending base.

Accordingly, it is not surprising that dealers who specialize in Government bonds, etc., should be dropping their bids a bit as a precautionary measure. In a word, the Treasury market has not been plagued by any heavy selling pressure but rather by a disposition of dealers and buyers to back away.

Again, banks, being able to make profitable loans as mentioned before, not only are disposed to reduce their Treasury portfolios but, in addition, are not in any rush to take on new commitments in such issues.

The only saving feature for the moment seems to be that underwriters and dealers have pretty well cleared their shelves of remnants of recent offerings.

Added to the weight of things bearing on the current Treasury and corporate bond markets is the apparently changed attitude of prospective corporate borrowers.

A while back, they, like some operating in the tax exempt field such as the New York State Thruway Authority, were disposed to balk if they figured rates were too high. But that attitude seems to have softened considerably.

Industry evidently figures it needs funds to finance expansion and is willing to recognize the change that has come about in the money picture and pay the going cost of funds it needs. So the tendency is to look for further adjustment in the secondary market as new issues offer somewhat better than current yields.

The new issue calendar remains slender for the near-term with next week's offerings to be topped by $50 million of debentures slated to be offered for the Quebec Hydro Electric Commission on Wednesday.

Monday has potential in a long list of small prospects and Tuesday will bring to market for bids Jersey Central Power & Light Co.'s $8 million of new bonds.

On Wednesday, in addition to the Quebec offering, there is the prospect of $15 million of debentures for U. S. Plywood Co. while on Thursday Reading Tube Co. has scheduled $5 million of debentures.

The cost of money to corporations has risen sharply within the past year as is clearly illustrated by the results of bidding yesterday for Long Island Lighting Co.'s $25 million of 30-year bonds.

Carrying a single A rating this issue drew a top bid of 101.489 for a 5¼% coupon rate and the successful group fixed a reoffering price of 102.291 for a yield of 5.10%.

Hardly a year ago the company borrowed $20 million on a coupon rate of 4⅛%. In 1956, when money firmed, it put out a similar issue as that mentioned previously with a 4¾% rate priced at 102.75.

Purchasing Agents Report Brisk Business Continues

There are no disquieting trends in the N.A.P.A. business outlook survey showing production is still very good with most members remaining "inventory conscious." Latest polling reveals members are not increasing inventory investments as a hedge against inflation: expect a normal seasonal summer leveling; and anticipate continued good employment in the next few months. In answer to a special question, 30% of the respondents state they are buying more from abroad than they did 5 years ago and the rest report on purchases or no change.

"Business remains brisk," is the composite opinion of purchasing agents. However, the National Association of Purchasing Agents Business Survey Committee states, "there are some indications of a normal seasonal Summer leveling. Our members say production is still very good, but only 46% report improvement, as compared to 60% so reporting last month. A small minority of 6% state their production has dropped in the last 30 days. New orders continue to be received in satisfactory volume, with 42% telling of increases, 48% no change, and 10% reductions.

"Commodity prices are still inching higher, but the movement is selective. Where the supply is abundant and the demand weak, certain items such as copper and fuel oil have dropped in price despite the general upward trend.

"Most of our members remain 'inventory conscious.' There is great reluctance to add to stocks on hand, except to protect against special situations as in the case of steel. Practically none are increasing their inventory investments to hedge against higher prices. Very few are willing to extend their purchase commitments further into the future.

"Employment has improved again, although college and high school students are having difficulty in finding Summer jobs.

Purchasing Agents Quizzed on Buying Abroad

"Our special question this month sought to determine the attitude of purchasing executives toward buying foreign materials and equipment. There is almost no argument that the purchase of foreign raw materials which are not readily available in the United States is quite in order. But, there are widely divergent views concerning the wisdom of buying fabricated materials and equipment from foreign sources. There is no doubt that, as a result of much lower labor rates, many items can be purchased from abroad at substantially less than domestic prices. Some are enthusiastic about buying foreign items, not only because of the dollar savings, but also because they believe these purchases will tend to retard inflation.

"Others are adamant in their belief that we should avoid foreign buying because of its possible adverse effect on our domestic production and economy. Statistically, the largest number, 39%, say they are not making any foreign purchases; 30% state they are buying more than they did five years ago, 29% report no change, and only 2% are buying less.

"There is a little more activity in the price situation this month. In addition to the usual fluctuations (a number up and a few down) on regularly reported commodities and services, several of our members told of increased costs of warehouse space. This would appear to be the result of buyers adding to steel inventories and the resulting scramble for places to store it. Generally, price increases are minor and there is no wave of inflation in any segment. For June, 32% report prices up, 65% say there is no change, and only 3% indicate prices are down.

"June reports again show very slight increases in purchased material inventories. Interestingly, several members reported difficulty in maintaining inventories of some raw materials sufficient to keep pace with expanding production schedules. On the other hand, some members still talk of 'living off inventories on hand.' A significant 45% say their June inventories are higher than May, while 16% say they are lower. The build-up of steel stocks continues to be the only major area where buyers are adding to inventory. The majority still are trying to keep inventories at the minimum necessary to meet current production needs.

Employment

"Employment continues to hold at high levels. Automobile production, road construction, new housing starts and agricultural demands have all added to the bettering of the employment situation. There is some hiring of Summer help by industry; but, in general, college students and high school graduates are finding it hard to get Summer jobs.

"This month, 43% report their employment up, 50% indicate no change, and 7% say their rolls are down for various reasons. The overall tone of the general comments is one of continued good employment for the next few months.

Buying Policy

"Even with the present optimistic business outlook, few are showing any desire to make extended commitments. Some comments reflect that suppliers are keeping spots in their production schedules open for their good customers.

	Per Cent Reporting				
	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
June					
Production Materials	7	27	32	27	7
MRO Supplies	20	43	25	10	2
Capital Expenditures	13	6	10	21	50
May					
Production Materials	3	26	35	25	11
MRO Supplies	25	49	19	5	2
Capital Expenditures	11	7	10	23	49

Specific Commodity Changes

"This month there are quite a few miscellaneous items reported up in price that are not shown here because only one or two committee members mentioned them. Also, the reports were widely dispersed geographically.

"On the up side are: Lead, scrap iron and steel, valves, warehouse costs, paper, cotton, drill bits, some electrical equipment, formaldehyde, oxygen, acetylene, butyl alcohol, electric light bulbs and rope.

"On the down side are: Fuel oil, copper and gypsum wall board.

"In short supply are: Steel in many forms (sheets, structurals, galvanized, stainless, plates, etc.) and steel castings and tubings for oil fields."

Joins Nelson Burbank

(Special to The Financial Chronicle)

BOSTON, Mass. — Robert L. Lurensky has joined the staff of Nelson S. Burbank Company, 80 Federal St.

Joins Livingston, Williams

(Special to The Financial Chronicle)

CLEVELAND, Ohio—James H. Baum has joined the staff of Livingston, Williams & Co., Inc., Hanna Building.

Joins Bache Staff

(Special to The Financial Chronicle)

RALEIGH, N. C. — Robert J. Young has joined the staff of Bache & Co., 130 South Salisbury Street.

With Hill & Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Eugene R. Henninger is with Hill & Co., Carew Tower, members of the New York and Cincinnati Stock Exchanges.

L. J. Lazarus Opens

Louis J. Lazarus is conducting a securities business from offices at 92 Leonard Street, New York City.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Although it will not be a wholesome thing from a strictly political standpoint because of the already lopsided Democratic majority in Congress, it appears Hawaii is preparing to increase the majority in its big July 28 general election.

The "Aloha State" as the 50th State is going to send three Congressmen — two Senators and one Representative — to Washington. The Democrats are favored to win. The party of Jefferson and Jackson now has such a political stranglehold on Congress that it may take years and years for the Republicans to regain control.

While Hawaiians voted nearly 18 to one for statehood June 27, it will not be until after the general election or sometime in August that President Eisenhower will issue the statehood proclamation. Then all formalities will be completed, and the group of "far away" islands 2,100 miles off the California coast, will have equal footing with her sister 49 states.

Race for Governor

Besides electing three Congressmen, the people will elect a Governor. Because of the importance, both the Democrats and the Republicans are pitting their best known political figures. John A. Burns, 50, who was elected in 1956 and again in 1958 as Hawaii's non-voting delegate to the House of Representatives, is the Democratic nominee, and the Territory's last appointed Governor, William F. Quinn, 39, is the Republican standard bearer.

President Eisenhower and the Republicans on Capitol Hill and elsewhere are pulling for Mr. Quinn. Mr. Eisenhower appointed him Territorial Governor in 1957. Observers in Hawaii predict that the race between Mr. Quinn and Mr. Burns will be the closest of the upcoming contests.

Either Mr. Burns or Mr. Quinn will head the Hawaii delegation as chief executive to one of the Presidential nomination conventions a year from now. Hawaii was regarded as a Republican stronghold until 1954, when Democrats captured control of the territorial legislature for the first time in history.

However, Democratic strength had been growing in the islands since World War II. Incidentally, Hawaii will be the only state with a non-white majority. Of the more than 600,000 people, approximately one-fourth of the number are Caucasians.

It is going to be politically strange in next year's big Presidential campaign when the candidates for President and Vice-President or their representatives will be flying more than 2,000 miles over Pacific waters to do some politicing. Of course, it is not a "must" that Presidential or Vice-Presidential candidates make stump speeches in every state.

For years neither major political party Presidential nominees campaigned in the South because it was regarded as a political cinch that it would be in the Democratic column. However, that has not been true in the last two nationwide elections in the region longtime described as the Solid South.

Relatively Large Population

The population of the "Baby State" is larger than Delaware, Nevada, Vermont, Wyoming or Alaska, and about equal to Montana or Idaho.

When the decennial census is taken next April, the count may show the City of Honolulu, the Hawaiian Capital, to have more people than Alaska and Nevada combined. Honolulu and nearby Pearl Harbor were the jumping off points for many, many thousands of Navy and Army men in the war against Japan.

Hawaii is already important politicaly, even before it officially raises the American flag with 50 stars over the islands. Sen. John F. Kennedy, regarded as a front running candidate for the Democratic Presidential nomination, flew to Honolulu several days ago, theoretically to help the Democrats in their campaign. At the same time, however, he is hopeful the Democratic delegates from Hawaii will go to Los Angeles next July prepared to cast their votes for his nomination.

Bridges a Powerhouse

Travelers have always loved the balmy Pacific islands, and more and more Americans will be traveling there from now on. But Hawaii has its troubles. The biggest single individual enemy of the island is the powerful radical leader of the International Longshoremen's Union, Harry Bridges. He is so powerful that he can tie up the island shipping overnight.

You could put all the Communists in the State of Mississippi in a couple of telephone booths. Not so in Hawaii. Hearings conducted before Senate the House committees in the past few years showed that Hawaii has many Communists.

Hawaii has other problems like high cost of living. Most of all it has an acute shortage of land. It will grow worse as the population increases.

U. S. Largest Employer

Uncle Sam is the No. 1 employer on the islands with its military forces. Pearl Harbor, one of the great natural harbors of the world, is the center of the Navy's Pacific operations. This far-flung defense stretches from the West Coast United States Mainland to the Aleutians and around the Pacific basin.

Operations of the United States Air Force in Okinawa, Japan, the Philippines and other islands are directed from Hawaii. From Schofield Barracks, just a short drive from Pearl Harbor and Honolulu the Army keeps in readiness some hard-hitting, combat-ready troops.

All of these military operations or defense activities cost a lot of money. That is why the Federal Government is the foremost employer on the Islands. There is also warm sentiment on the mainland for Hawaii. Many thousands of American soldiers who fell at Pearl Harbor, the Pacific islands, and in the Korean war are buried in Punchbowl National Cemetery.

Island's Economy

Of course Hawaii's economy is tied in closely with the sugar and pineapple industries. Secretary of Interior Fred A. Seaton presented testimony before the Senate Interior Committee earlier in the year asserting that more than 1,000,000 tons of sugar, worth nearly $150,000,000 are produced annually, from nearly 200,000 acres of cane. Capital investment in this industry amounts to nearly $200,000,000 of which about $50,000,000 is in irrigation facilities.

Hawaii produces 85% of the total United States supply of canned pineapple, or 65% of the world's production. Pineapple production utilizes about 75,090 acres of intensely cultivated land, and provides employment for more than 22,000 people annually. The annual value of the output, estimated at $115,000,000, gives pineapple second rank to sugar.

Of course the tourist trade, after agriculture and the processing of farm products, is a major source of income. In 1922, the total number of visitors was less than 10,000. Now that number visits famed Waikiki Beach every few weeks during the summer season. In 1958 more than 175,000 tourists visited Hawaii.

From the West Coast aboard a luxury liner it is only four and one-half days. When the jet commercial passenger planes start flying to Honolulu it will be less than five hours. The islands are already air-minded because of the island hopping that has grown at a fast clip since World War II.

Showcase of Democracy

Most of Hawaii's economic possibilities appear well-developed. Federal income tax collections in Hawaii last year amounted to $166,306,000. This sum was higher than collections in New Hampshire, Vermont, North Dakota, South Dakota, Montana, Idaho, Wyoming, New Mexico, Nevada and Alaska.

Secretary Seaton gave this description of the Pacific offshore islands: "Hawaii is the picture window of the Pacific through which the peoples of the East look into our American front room . . . Statehood will be particularly important in our future dealings with the peoples of Asia, because a large percentage of the population of Hawaii is of Oriental or Polynesian racial extraction."

Perhaps there are few places on earth, if any, that has a climate to equal Hawaii's. That is why it will always be a tourist attraction. The word "aloha," which means a warm hello or goodby, plus affection and kindness, will become a more common word for Americans in the future.

What happens on Capitol Hill or in Wall Street will affect the Wongs and the Smiths of Honolulu more in the future than it has in the past. And the two Senators that Hawaii will send to Washington will have the same voting strength that the two Senators that New York State sends to Capitol Hill.

Political Complexion of Congress

If the Democrats should elect two senators in Hawaii, it would give them a total of 66 senators, with only 34 Republicans. This would be only one short of two-thirds of the 100 Senators.

Hawaii will get only one House seat temporarily, and this would raise the House total to 437 seats. However, after the 1960 population census, the House will return to its traditional 435 seats.

Both Hawaii and Alaska will then have their House seats apportioned, like the other 48 states, on the basis of population. Hawaiians believe they will get two House seats after the 1960 census.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"Just WHAT do you mean I'm gaining more pounds every day?"

Business Man's Bookshelf

Atomic Power and Energy Resource Planning — Richard A. Tybout — Bureau of Business Research, Ohio State University, Columbus, Ohio (paper), $2.

Austria's Relationship to the Larger European Market — Creditanstalt Bankverein, Vienna, Austria (paper).

Berlin: Facts and Figures — Press Section, Consulate General of the Federal Republic of Germany, 460 Park Avenue, New York 22, N. Y. (paper).

Economic Survey of Denmark, 1959 — Embassy of Denmark, Washington, D. C. (paper).

Electric Utility Industry Statistics In the U. S. for the Year 1958 — Edison Electric Institute, 750 Third Avenue, New York 17, N. Y. (paper), $1.50.

Federal Reserve Bulletin, June 1959 — Containing articles on Public Debt Management, Member Bank Earnings, etc.—Board of Governors of the Federal Reserve System, Washington, D. C. (paper), 60¢ per copy ($6.00 per year).

General Theory of the Price Level, Output, Income, Distribution and Economic Growth — Sidney Weintraub—Chilton Co., 56th and Chestnut Streets, Philadelphia 39, Pa.

Gold in World Monetary Affairs Today — **Miroslav A. Kriz** — International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper), on request.