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EDITORIAL

As We See It

Apparently the President has succeeded in placing the fear of the voter in the hearts of at least certain of the leaders of the Democratic party about the inflation issue. Some of the more astute politicians in that party now appear to believe it wise, at the very least, to give the appearance of being as eager as the President, possibly more so, to keep Federal spending to lower levels than the opposition originally advocated, not to say demanded. Soothing syrup for the spenders in the Democratic party in the form of claims that it is essential as a practical matter to make a veto by the President difficult, if not impossible, has now in some instances given way to active claims that the Democratic party will outeconomize the President and his party. All this would seem to suggest agreement with the President and the Vice-President that inflation will be a vital issue next year, agreement, that is, on the part of the so-called conservative wing of the Democratic party even if the so-called liberal elements continue to shout their desire for more and more expenditures.

But let us not deceive ourselves. Neither the President nor most of the influential leaders in Congress have done more at most than to scratch the surface in this matter of creating a really sound fiscal situation. Nor have they shown any intentions or desire to do more in the months or years to come. The real test will come next year —or so we may all hope against hope—and its arrival and its outcome will depend not upon the Administration, the Congress or either of the major political parties so much as upon the American people themselves. Members of Congress will

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Implications for the U.S. Resulting from Gold Outflow

By CHARLES P. KINDLEBERGER*
Professor of Economics, Massachusetts Institute of Technology, Cambridge, Mass.

In analyzing our gold outflow, MIT economist sees no need to: contemplate devaluation, join in a world-wide gold price increase, alter our position in foreign aid, or go overboard in deflationary policies. Instead, the author shows that much of the short-run changes affecting our balance of payments *so far* is highly satisfactory, and that much of the present weakness of the dollar is self-correcting. He does suggest: shifting some of the foreign aid burden to others; Treasury issue exchange guarantees against loss from devaluation; and urges American business to improve productivity.

I wish to comment at some length on the recent outflow of gold from the Untied States and its implications for United States domestic economic policy and overall foreign policy. Three months ago the American press woke up with a start to the loss of gold through the balance of international payments in 1958 and the first quarter of 1959, and jumped to the conclusion that inflation in this country had outstripped that in the rest of the world with the result that we were "pricing ourselves out of world markets." Today, happily, there is a much better understanding of the real position. It is recognized that overall prices have risen in the United States just about as much as in European countries, and that wage rates have risen, on the whole, a smaller percentage here than there. It is true that the absolute rise in money wages in this coun-

Charles Kindleberger

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*Statement by Dr. Kindleberger before the Joint Economic Committee, Congress of the United States, Washington, D. C.

The Nation's Economy: Now and Later

By DR. RAYMOND J. SAULNIER*
Chairman of the President's Committee of Economic Advisers, Washington, D. C.

President's economist finds ominous the non-steel wage increase pattern taking place and quite encouraging the forces at work capable of sustaining present high level of activity well into 1961. He pleads for better public understanding to forestall upward cost-pace and, as for government spending, says the next 60 days will tell us if the budget will be balanced or not. Looking further ahead, Dr. Saulnier sees such complicated problems as absorption of about 1.5 million workers a year without boom and bust, keeping our Federal finances in order, and avoiding inflation to assure economic growth.

This is, of course, a very good time for the Chairman of the Council of Economic Advisers to be talking about the American economy. It is a much better time than May or June of last year, even though our economy was beginning definitely to recover at that time. Last year was a very exciting but in many ways a difficult time to be chairman of the Council. Things were rather blue at times. But nowadays things have changed. I get the impression that people are rather satisfied with the way things are going. This is all very well, but popular views about the economy, and sometimes even the consensus of expert opinion, are not too reliable. I have the feeling that our people—and maybe this is true of other people, too, though I cannot pretend to be an authority on others, let alone our own —have a tendency to let their views about the econ-

Dr. R. J. Saulnier

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*Text of remarks made by Dr. Saulnier before Annual Convention of the N. Y. State Bankers Assn., Spring Lake, N. J., June 27, 1959.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

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

GORDON Y. BILLARD

General Partner, Carreau & Co., New York City

Members New York Stock Exchange

Union Oil of California

Selling at a discount of nearly 30% from its 1956-57 high and about 4 times 1959 estimated cash flow and for about one-half its indicated asset value, Union Oil at prevailing prices is a prime example of a deflated growth equity in an inflated stock market.

Gordon Y. Billard

Union is the second largest integrated company in the fast growing western United States. Principal marketing areas outside of the Pacific Coast states are Arizona, Idaho, Montana, Nevada, Hawaii and Alaska. Last year the company was engaged in exploring for oil and gas in 21 states and 8 foreign countries and produced oil and gas in 9 states and Canada.

Proved oil and gas reserves approximate the equivalent of 670 million barrels which at $1 per barrel is equal to more than $80 per share after adjustments for long term debt and net working capital but without giving any value to its large unproven acreage holdings or its extensive marketing, refining and transportation properties. It holds large acreage spreads in Argentina, Costa Rica, Guatemala, Canada and Alaska. In addition, some sources estimate recoverable reserves from its Colorado shale holdings far exceed present stated reserves indicated above. Book value at the end of last year was around $54 but this is a gross understatement. Such accounting figures for an oil company do not reflect the value of underground reserves of oil and gas. The company's "Appraised Net Worth" including the value of oil and gas reserves is in excess of $100 per share.

Last year cash flow was equal to nearly $11 per share while net after non-cash writeoffs was $3.18, down about 18% and 35%, respectively, from 1957. In the past 4 years ended 1958, cash flow amounted to about $48 per share. Lower earnings in 1958 reflected not only the depressed level of general business activity but also the abnormal heavy inventory positions of petroleum products on the West Coast. Thus far this year substantial improvement has been witnessed. Cash flow this year should exceed $12 per share and net should approach $4-5 per share.

During the past twenty years Union Oil's assets have increased 4 times and earnings (both cash and net) about 6 times. Decline in 1958 earnings was not without precedent. During the 20-year period there were similar setbacks in 1949-50 and again in 1954-55. Yet each of these periods was followed by vigorous recovery to new peaks. In the past twenty years the company has spent nearly $1 billion on capital assets, equal to approxmately twice present market value of the equity. Nearly two-thirds of this amount was spent for finding and developing oil and gas reserves and most of the remainder for manufacturing, marketing and transportation equipment. Research has been a major factor in the growth of Union Oil. Under its program the company has continued to explore and develop new products, processes and techniques.

Real impact of many developments during the past year will be felt within the next year or two. In California, discoveries in Ventura and Kern Counties should add materially to existing stated reserves. In Canada, there are large acreage holdings in British Columbia where it appears that a major oil field is in the process of being developed. In Alaska, the company holds leases jointly with Ohio Oil on 600,000 acres. In Guatemala, the company controls 700,000 acres of great potential promise. In Costa Rica, further exploration with Gulf Oil has developed several projects. Exploratory work is under way in Venezuela and Peru. Under a contract with Argentina, the company has agreed to spend $5 million over a period of years for exploration and development of two undeveloped areas totaling 4 million acres in the Comodoro Rivadavia Basin. This agreement provides that Argentina will buy all of the oil produced at world prices and that Union will have the option to repurchase production in excess of the company's requirements. Several water floods are now in the planning stage in the United States for a potential of some 54 million barrels, none of which are included in the present reserve estimates. It is probable that the unstated reserves far exceed this figure.

Most significant area of operations from the standpoint of nearby future earnings is southern Louisiana and the immediate offshore region where 13 new discoveries were found last year. Aided by these and other discoveries, gas reserves, which doubled between 1952 and 1957, were increased an additional 10% in 1958. Louisiana natural gas is increasing in importance as gathering systems connecting long distance pipe lines to cities in the North and East become available. Natural gas revenues last year increased 20% to the highest level in the history of the company due primarily to a 29% gain in Louisiana sales. Gas sales now approach $12 million annually and may double this year. Furthermore, with large indicated reserves, this level may again double by the early 1960s. At this level, cash flow could easily approximate $15 per share. Even using the existing sub-normal yardstick for measuring cash earnings, a price equal to or exceeding the peak prices (64-65) reached in 1956 and 1957 should be witnessed.

Financial position is strong with net working capital approximating $167 million, as last reported, while long-term debt totaled about $183 million and was followed by about 8.2 million shares of common stock. Certain directors and officers hold large blocks of common.

Gulf Oil holds a potential 21% interest in Union through ownership of $120 million of 3¼% convertible debentures acquired in 1956. These debentures are convertible into Union Oil stock at $63.63 on or before April 1, 1961 upon payment of $19.61 per share and at higher prices thereafter. Subsequent to Gulf's investment in Union, the latter's cash dividend in 1958 was reduced from 60c to 25c quarterly supplemented by a 2% stock dividend. Dividends have been paid each year for the past 20 years and in fact in all but two years since the beginning of the century. Union was the only major oil company that slaughtered its regular dividend during the short-lived 1958 recession. Thus, there seems to be basis for the belief that the drastic dividend action was a prelude to an ultimate exchange offer by Gulf to Union shareholders. Such an offer, if and when made, could hardly be successful unless it provided an "out" for Union shareholders at prices far exceeding those now prevailing.

Intrinsic values in Union Oil will in due course be more widely recognized by trusts, estates, institutional and private investors. Astute management of Gulf Oil recognized such values long ago and at prices exceeding those now prevailing.

Price risks appear small in relation to the longer term price appreciation potentialities. Purchase is recommended at the market and particularly during price recessions for longer term holding by accounts in a position to accept the small cash return augmented by stock dividends.

BERTRAM SELIGMAN

Resident Manager, Straus, Blosser & McDowell, New York City

Cooper Tire & Rubber Company

Large capital gains appear imminent in this well managed company. I estimate 1959 earnings at a new all-time high of approximately $4.50 per share. Further substantial improvement is indicated for 1960, when the company will have the advantage of an approximate 25% increase in capacity over present levels. This stock is an outstanding value in an industry whose superior growth prospects are currently being recognized by price earnings ratios ranging as high as 20 to 1.

Bertram Seligman

Longer term prospects are further enhanced by the company's well-entrenched position in the replacement tire industry which possesses a built-in cumulative growth factor related to the steady increase in the number of vehicles on the nation's highways. The influence of this growth trend on Cooper's operations may be assessed from the fact that this year's estimated $36 million sales volume represents close to an 850% increase over the company's pre-World War II sales average. The pattern of outperforming the industry average is being maintained as reflected in consecutive annual gains in Cooper's tire shipments of 16.9%, 12.9% and 32.6% for the past three years.

Rising Sales

Substantial improvement in sales and earnings is expected this year in line with the continuing upswing in replacement tire sales. Since the beginning of the year, Cooper's sales have shown substantial gains over year earlier

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Meeting Inflation

By CHARLES J. COLLINS
Chairman, Investment Letters, Inc., Detroit, Mich.

Cynical of man's capacity to understand, and to deal with, his responsibility for currency debauchery and fiscal malpractices, Mr. Collins advises investors to meet inflation by judicious investments in common stocks. The Detroit investment adviser offers six criteria to guide selection; explains why companies with large debts should be excluded, and names the industries particularly favored as inflation hedges.

Today, the most important economic problem before the investor and the man of property is inflation. There could be no better introduction to this discussion of the subject than to revert to a letter written by Lord Macaulay of England to one, the Honorable H. S. Randall of New York, that is given at the conclusion of this article. In today's humanitarian atmosphere, some of Macaulay's opinions may seem harsh. But his views, expressed more than one hundred years ago, have an element of truth that can be taken to heart by the people of any country, particularly the people of this country at this time; an element of prophecy as to the future of the United States that, one hundred years after, cannot be brushed aside.

Charles J. Collins

The gist of the Macaulay message is not that man is unpatriotic, selfish, or evil. It is, rather, that the mass of men is uneducated and, being uneducated, becomes, at times of economic distress, the proselyte and tool of the demagogue and the agitator. It is then, under failse guidance, that the mass, if it possesses the power to choose its political rulers, votes in a manner to relieve its immediate want to the great harm of its permanent well-being and the welfare of its country.

History is replete with examples of the Macaulay thesis, of which no better period, in recent time, can be cited than France between 1789 and 1799; a period characterized by Andrew D. White, cofounder and President of Cornell University, in his "Fiat Money Inflation in France," as ending "in the complete financial, moral, and political prostration" of that country—a prostration from which only a man on horseback, Napoleon, could raise it. As Macaulay would put it, liberty gave way to despotism, but civilization was saved.

In the light of developments of the Twentieth Century, it may be said that the United States is traveling down the road that Macaulay envisaged for it a century preceding. The mass sways the ballot box. Thus, the nation's fiscal budget, mostly for so-called welfare need, has been largely unbalanced over three decades—24 yearly deficits in 29 years. Its currency unit, the dollar, within the past 20 years, has lost half of its purchasing value. Personal income, through a system of progressive, or advancing, rates, is being taxed to a point that is both confiscatory and destructive to individual enterprise and the creation of wealth. Its politicians are supine in the face of a labor monopoly and a labor crookdom that should be tolerated by no right-thinking legislative class; they have become amenable to lobbies of various groups, each working in its own interest to the detriment of the entire economy.

This is not to say that the country has passed the point in the road from which there can be no return. But time runs late and, in the interim, the retrograde pace is accelerating. Just now, in a period of relative prosperity, the nation is witnessing the greatest peacetime deficit in its history. And labor leaders, despite the year-by-year example of the inflationary effect of wage hikes on prices, are continuing to press management against the wall. Until there is evidence, certainly not yet apparent, of change in our Federal fiscal conduct and in the political attitude toward the labor monopoly, we must expect that the inflationary trend will continue.

Creeping or Galloping Inflation?

Following the inflationary price upheaval in this country coming with and immediately in the wake of World War II, the pace of inflation, while persistent, has been slow. The economics of the situation call for a continuation of this slow rate, with a year or two, now and then, when it may be arrested. This is termed a "creeping" inflation. But psychology, as well as economics, must be reckoned with during an inflationary period. At such point as the public becomes convinced that a permanent and major depreciation in the currency unit is under way, then a flight from currency, via the rushing of money into goods, takes place. At this point, the economics of the matter fall by the wayside and mass hysteria takes over. This is known as a "galloping" inflation, the end result of which is debauchery of the currency and financial chaos for the nation involved.

To date, there has been no real flight from the dollar, but there are evidences of some alarm over its shrinking value. This is seen in a number of ways. We will pass over the loss of two billion or more in gold during the past year as probably due to the resurgence of better times in Europe and a need there to supplement bank reserves. But we can't overlook the increased buying of common stocks and real estate throughout

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Observations . . .

By A. WILFRED MAY

MUTUAL FUNDS HERE AND ABROAD

The Battle in Washington

In a Washington occupied with such cosmic matters as Foreign Ministers' and Summit Meetings, a steel strike, an intramural party split, the black-balling of a Presidential Cabinet appointment—the Congressional hearings on mere proposals for amending the securities statutes can provoke relatively little interest. This is particularly regrettable now when some highly important changes are being asked of the Congress by the Securities and Exchange Commission. The product of long study, they have to do with the statutes passed in 1940 regarding investment companies, mutual funds and advisers.


A. Wilfred May

The proposed amendment to the Investment Company Act eliciting particular alarm in the industry would require a clear recital of basic policy, and adherence to such policy unless the change is authorized by a majority vote of the stockholders. The existing law requires every registered investment company to file a registration statement including a recital of the policy of the company regarding such matters as diversification, redeemability of its securities, borrowing money, concentration of investments in any particular industry and making loans—none of which policies may be changed in the absence of a majority vote of the company's stockholders.

The Controversial New Items

To the above-cited matters already requiring either advance disclosure in the registration statement, or subsequent stockholder approval by majority vote, the proposed controversial bill would add the following items: the types of securities in which the company intends to invest; investment objectives as to income or capital appreciation; geographical areas of investment, if any; and investment for control or management.

The SEC urges as basic the stockholder's right to protection against the possibility of management's unindicated switching from a self-established investing policy, as from a balanced fund to all common stocks. Furthermore, it foresees the possibility of a fund management, with or without dealer prodding, changing its objectives to exploit a new popular fashion; as in missiles, jets, electronics and the various items pertaining to the Space Age.

Loss of Flexibility Foreseen

The industry spokesmen, in opposition, deem such a rule disastrous because of loss of flexibility, the impossibility of determining policy in advance to hold up through unforeseeable circumstances and continuing administrative difficulties with the SEC through differences in definition and interpretation.

The Commission replies that the industry misunderstands the implications and is worried needlessly. It insists there would be no loss of flexibility within the area chosen by the company, with no interference by the SEC with that prescribed area of choice. The management can be permanently unrestricted as to the type of securities it invests in, by merely prescribing the widest latitude in advance. The fund can forestall trouble on this score by simply stating, as did One William Street on its original registration statement, that it shall be completely unrestricted. In any event, the SEC despite worries to the contrary, management can always buy "defensive" securities—an admittedly hazy term—without a stockholder vote, provided such policy is reserved in advance.

When a New England bond fund recently changed its portfolio to common stocks, several stockholders objected to being unilaterally switched into a more speculative medium. A stockholders' meeting was then held with the protestants being decisively over-ruled. It would seem that in such a drastic type of policy change, the stockholders are always entitled to such vote. The stockholder's "out" via the "if you don't like it, sell your stock" principle is particularly out of order in this fund area, because of the "admission charge" already paid by the holder in the form of the load (buying commission). The load further aggravates the "mid-stream" position of the "switched" shareholder in an open-end company.

As a practical matter, the necessity of a stockholders' vote should not overly worry management, with existing proxy machinery making an effective anti-management vote extremely difficult.

The Likely Outcome

With the Commission and fund management in professed verbal agreement as to what is desirable regarding the issues at stake, the drawing up of a satisfactory bill would seem to be chiefly a matter of semantics—with a revised text that is mutually satisfactory. Only in the matter of the handling of policy regarding "defensive securities" is there obscurity regarding the SEC's intent.

* * *

Other Proposals

Another legislative proposal having to do with SEC powers is embodied in a bill to eliminate the exemption from the Investment Companies Act companies which are subject to regulation by the Interstate Commerce Commission, which the SEC wants to amend in the case of such companies primarily engaged in investing activities (as Alleghany now).

Another recasting of the regulation in this area is directed at the Investment Advisory Act. The SEC wants a general tightening up of its supervisory functions, particularly seeking an enlargement of its powers of inspection. Also some of the large statistical services want the Act to include them as Investment Counsel, to enable them thus to describe themselves.

* * *

The SEC's Glaring Omission

Coupled with these legislative suggestions in the fund area is a glaring error of omission—on a matter which the SEC has been investigating since July, 1956, under Chairman Sinclair Armstrong, without any conclusion emanating. I refer to the frequent practice, particularly in the high stages of a bull market, of closed-end companies which are quoted at a discount, offering additional stock through rights, at a price below asset value.

Actually, for the benefit of their shareholders, the closed-end companies selling at a discount from their asset value, should choose one of the following two courses of action, to eradicate this differential. They can, as have some progressive closed-end managements, transform themselves into open-end bodies. Since the open-ended shares would be cashable at 100% or so of their asset value, this would close up the discount and bail out the stockholders. This way of permitting the existing shareholder to cash in on the true value of his assets legitimately restores his equity, with harm to no one; albeit possible "inconvenience" to the managers.

An alternative step, legitimate and a duty to the shareholders, would be the company's buying in of its own stock, on the Exchange or otherwise, when it sells at a discount. This they are expressly permitted to do, but in recent years have avoided. In their purchase of the run-of-the-market issues there is surely some risk (even in this New-New Era some fluctuations are downward as well as upward). But in the purchase of its own stock, an immediate automatic profit is assured (if the discount is 20%, the profit is 25%, and so on).

An Assessment on the Shareholder

Both of these constructive steps the funds have refused to take. But this is only part of the sad story. "Compounding the felony" of refusing to *buy* in their own cheap stock, some of them *sell* additional stock at a price lower than the prevailing discount. For those holders who do not want to subscribe (at a high point in the bull market) or cannot afford to

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The State of Trade and Industry

Steel Production
Electric Output
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Business Failures

At 12:01 p.m. yesterday (July 15), 500,000 steel workers began a strike after ten weeks of fruitless efforts by labor leaders and the steel industry representatives to reach an equitable settlement. As a result, representatives of steel industry management and labor are meeting today with the Federal Mediation and Conciliation Service, headed by Joseph F. Finnegan, on the second day of the steel strike.

The peace talks that commenced last Monday at the behest of President Eisenhower, and collapsed the following day, could not get around the impasse wherein labor denied it blocked efficiency, and management accused labor of resisting increased labor productivity used in combination with existing capital inputs.

Ironical Announcement of Employment High

A paradoxical coincidence is that a record employment high of 67,342,000 for June was announced by the Department of Labor on the same day as the above. The steel strike amounts to half-a-million unemployed and affects employment in the coal, river, trucking, railroad and other industries. Should this "no contract" walkout last as long as it is pessimistically predicted, it may in turn cause still greater unemployment over and above that resulting from reduced income-buying power of the strikers and those laid off because of the strike.

Locus of Dispute

The union's last wage demand came to a little over 15 cents an hour for each year plus continuation of the cost-of-living escalator clause, and an offer to have Benjamin Fairless, Clarence Randall and Clinton Golden arbitrate all local working conditions. Management offered to retreat from a one-year freeze if any rise in wages and fringe benefits was offset by increased plant efficiency resulting from modification of local work rules. This, apparently, is the locus of the dispute and, therefore, the area for settlement.

The issue is a grave one for the entire economy—i. e., should labor continue to appropriate all gains from technological improvement.

Steel production not affected by the strike is found in three small companies—Detroit Steel Corp. of Portsmouth, Ohio, Granite City Steel of Granite City, Ill., and Jessop Steel of Washington, Pa. and Owensboro, Ky.—who have agreed to make retroactive payment for any settlement finally obtained; and also in firms not affected by the United Steelworkers of America, such as Weirton Steel Co., Armco Steel, and the steel facilities of the Ford Motor Co. and of International Harvester Corp. The metal working industries will be seriously involved, inasmuch as the strike will cut off 85% of the production of the country's basic industrial metal.

This strike may outlast the worst tie-up in any industry since the 1956 steel strike. Observers believe President Eisenhower will not invoke the Taft-Hartley law at this time.

Fortunately, the country's auxiliary industries have accumulated steel supply reserves against a long strike, equivalent to three months' requirements.

Nationwide Bank Clearings 5.2% Below 1958 Week

Bank clearings this week will show a decrease compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, July 11, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 5.2% below those of the corresponding week last year. Our preliminary totals stand at $22,157,521,989 against $23,369,179,432 for the same week in 1958. Our comparative summary at the leading banking centers follows:

Week Ending July 11—	1959	1958	%
New York	$10,702,910,107	$12,379,626,956	—13.5
Chicago	1,139,973,485	1,115,845,307	+ 2.2
Philadelphia	946,000,000	948,000,000	— 0.2
Boston	660,093,349	660,784,404	— 0.1

For a detailed summary of bank clearings in U. S. A. refer to the Statistical Edition of the "Chronicle," issued Mondays. For

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The Coming Expansion In Canadian Natural Gas

By DR. IRA U. COBLEIGH

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

Containing some observations on the natural gas industry in Canada and the outlook for certain producers, pipe-lines and distributing utilities.

The uncertainties resulting from the publication of the first Borden Commission report, and the unsolved problems of gas exports have restricted most Canadian gas shares to a quite narrow trading range and a number of representative issues are, today, far below their 1957 highs. Which rather invites their present consideration first, because they seem neglected and second because, with a little luck, they might swiftly switch from being languid, to being dynamic market performers.

Ira U. Cobleigh

The key to the picture is the forthcoming and widely heralded appointment of Chairman and members to the National Energy Board. This matter would, no doubt, have already been attended to, but for the preoccupation of the Prime Minister with the Queen's visit and the ceremonies and pageantry attendant upon the opening of the St. Lawrence Seaway. However that may be, the National Energy Board will, in due course, (and we hope swiftly) be appointed, and we are pleased to note that the Energy Bill (authorizing the Board) provides that all tolls charged by pipelines shall be "just and reasonable"; and that both the Prime Minister and the Minister of Trade and Commerce have stressed that regulation must be such as to provide reasonable returns on pipe line investment, and sufficient to attract capital for replacement and expansion.

Apart from rates, the National Energy Board will be immediately faced with decisions on proposals of Alberta and Southern Gas Co., Ltd. and Westcoast Transmission Co., Ltd. to expand export to the United States; and, further it must consider the proposal of Trans-Canada Pipe Lines Ltd. to export about 200 m.c.f. daily into the United States from Emerson, Manitoba. It would seem reasonable to expect that N.E.B. would, in due course, approve these applications; and if that occurs, then natural gas in Canada will really start to zoom. Nobody questions any longer the supply of gas available for export. Known gas reserves, buttressed by enormous gas fields brought in within the past year, and by continuing sizable discoveries month after month — all these delineate a huge gas supply more than adequate for visible and foreseeable Dominion and export needs. Accelerating the flow of this "locked-in" gas would project new magnitudes of earnings power not only for producers, pipelines and distributors, but for such companies as Jefferson Lake Petrochemicals of Canada, Ltd. which produces and markets the sulphur which must be removed from "sour" gas before it becomes an acceptable pipeline commodity.

The opportunities for investors to participate in Canadian gas expansion (which now seems so imminent) are broad and diverse. At the producing end you might want to look at Canadian Husky which, with large gas reserves in Savanna Creeks, is in a position to benefit importantly from export. Canadian Husky is an integrated company with a fine management. Stocks sold at 23 in 1957; but can be bought for 10¾ today.

Home Oil, Ltd. is a respected producer and, in addition, owns 841,334 shares of Trans-Canada Pipe Line. Home Oil "A" and "B" shares are listed both on the Toronto and the American Stock Exchange, and currently selling around 17.

Canadian Delhi Oil has very sizable gas reserves plus major share holdings in Trans-Canada Pipe Line, Alberta Gas Trunkline (main Albertan supplier to Trans-Canada) and in Quebec Natural Gas, distributional franchise holder for Montreal. Canadian Delhi sells at 7½ against 15 two years ago.

Dome Petroleum is of special interest because it owns 37% of Provo Gas Producers which in turn owns 78% of the Provost gas field in Alberta. Dome sells around 10.

A low price share with fine reserves and huge acreage in Canadian Export Gas and Oil. About one-half of its reserves are dedicated to Trans-Canada. Increasing gas sales at higher prices over time should do something marketwise for Canadian Export which now sells at 2¼ in Toronto.

Pacific Petroleum was dominant in the formation of Westcoast Transmission (and is the largest stockholder) and identified with the development and marketing of gas from the Peace River Area. Stock sells at around 13¾ against a high in 1957 of 39. There's also a convertible 5½% bond now obtainable at 103, which you might want to look at.

As for pipelines there are of course the two big ones, Westcoast delivering gas to Vancouver and the Pacific Northwest, and Trans-Canada, a 2,290 mile line propelling gas east from Alberta to Toronto and Ottawa and into Quebec Province. Westcoast sold at 48 two years ago. You can buy it at 18 today. Trans-Canada sells at 28½.

Some of the liveliest vistas for expanded earning power are found among those companies dedicated to bringing all this gas to market. One such is Great Northern Gas Utilities Ltd., a large scale distributor not only of natural gas but of manufactured and propane as well. Through Plains-Western Gas & Electric Co., Ltd., natural gas is distributed in certain sections of Alberta and British Columbia and in the City of Brandon, Manitoba; and the company holds a natural gas franchise (until 1977) in Saulte Ste. Marie, Ontario. Great Northern Gas common sells in Toronto at 5⅞ and pays a 20c dividend. (There are also two series of warrants.) Great Northern is definitely in line for a rise in earning power.

The company to deliver gas in Winnipeg, Capital of Manitoba. is now called Greater Winnipeg Gas Co. It was formerly called Winnipeg and Central Gas Co. and got involved in a razzle dazzle franchise hassle with rugged political overtones. The thing has now been straightened out and Greater Winnipeg should develop as a strong property, particularly since low-cost hydro-electric power is not available there. Greater Winnipeg common sells at 11½.

There are a number of distributing companies in Ontario eager to expand their takings from the Trans-Canada Line. Northern Ontario Natural Gas serves a rapidly expanding industrial area including the big paper mills of Abitibi, Kimberly Clark, Minnesota & Ontario, and St. Lawrence Corp. The company also serves the copper industry at Sudbury and Coppercliff; and the cities of Port Arthur and Fort William. The company should grow rapidly. Common stocks now sell at 16 as against a 1957 high of 29¾. Technically it's a far better stock today than it was then.

A big and imminent utility is now very busy bringing natural gas to its old customers in Toronto, the Niagara Peninsula and Ottawa. It is Consumers Gas Co. whose common sells at 44.

Union Gas Co. has a series of franchises embracing most of the northern shore of Lake Erie and including the cities of Sarnia, Windsor, London and Hamilton, Ontario. Union Gas sells at 19.

Lakeland Natural Gas has franchises in an interesting group of thriving towns which should benefit from the St. Lawrence Seaway. The best known towns in the territory are Kingston, Cornwall, Port Hope and Trenton. An eager demand for natural gas here should provide some market stimulation for Lakeland Natural Gas common which can now be bought for $2.80 per share.

Turning to the West there are two natural gas distributors you might want to look at. The first is Mid-Western Industrial Ltd., formed in 1952 to acquire and develop gas reserves and to sell gas to industrial users. Biggest contracts are with Sherritt-Gordon at Fort Saskatchewan, Alberta, and Calgary Power Ltd. Mid-Western common sells around $1.65. Inland Natural Gas Ltd. owns gas reserves, some distributing pipelines and provides natural gas in a number of communities in Eastern British Columbia. Stock sells at $6.

The foregoing swift outline of natural gas in Canada is presented in the belief: (1) that this industry is now on the threshold of a dynamic expansion; (2) that a number of equities here are favorably priced for current purchase and (3) that the National Energy Board, when appointed and functioning, will remove some of the uncertainties, particularly with respect to regulation and export sales, which have been over-hanging the industry and (4) that here is a section of the North American equity market where bargains may still be found if you get all the facts, and exercise sound judgment in the right places.

Ira Haupt & Co. to Underwrite $6,650,000 Pensacola Financing

The City of Pensacola, Fla., has selected the firm of Ira Haupt & Co., of New York to act as investment banker with respect to the proposed $6,650,000 bond financing of the city's port facilities, according to Oliver J. Semmes, City Manager, Pensacola.

Preliminary engineering plans are now in hand and approval has been given to proceed immediately with final plans and specifications for the project. Legal details are to be concluded simultaneously by Caldwell, Marshall, Trimble & Mitchell, Bond Counsel to the City, so that the bonds can be validated and marketed without undue delay. The target date is set for about Nov. 15, 1959.

The complete financing program calling for a total of $6,650,000 consists of the following:

$3,500,000 Port Facilities; $1,500,000 Street & Highway Improvements; $1,300,000 Sewerage; $150,000 Public Works Depot, and $200,000 Central Fire Station.

Dempsey-Tegeler Absorbs McKendrick

MINNEAPOLIS, Minn. — The investment securities firm of McKendrick, Haseltine and Wilson, Inc., with offices in Minneapolis, Alexandria, Duluth and Faribault, Minn., and Rapid City, S. D., is joining Dempsey-Tegeler & Company it was announced by Jerome F. Tegeler, Senior Partner of Dempsey-Tegeler & Co., and Edward J. McKendrick, of McKendrick, Haseltine and Wilson, Inc.

Operations of the five offices as Dempsey-Tegeler & Co., begins July 17, 1959. The following of McKendrick, Haseltine and Wilson will serve as Managers: Edward J. McKendrick, Raymond W. Wilson and Fred S. Goth will act as co-managers of the Minneapolis office. Gerald R. Wilson will manage the Alexandria office; Haviland Gilbert will be in charge at Duluth; Joseph Wells and Antoinette Naber, will co-manage the Rapid City office and O. Page Tripp will manage the Faribault office. All staff members and personnel of McKendrick, Haseltine and Wilson also have joined Dempsey-Tegeler & Co.

Carl M. Loeb, Rhoades To Admit R. N. Beaty

On Aug. 1, Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, will admit Richard N. Beaty to general partnership, and Judith I. Beaty to limited partnership in the firm.

Kenneth Goodman With Sheboygan Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

SHEBOYGAN, Wis. — Kenneth E. Goodman has become associated with the Sheboygan Investment Co., Inc., 607 North Eighth St. Mr. Goodman, who has recently been with Wayne Hummer & Co., in the past conducted his own investment business in Sheboygan.

Joins S. Romanoff

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Myron J. Goodstein is now with S. Romanoff Co., Inc., 340 Main Street.

Banking in New York from A Supervisor's Viewpoint

By G. RUSSELL CLARK*
New York State Superintendent of Banks

New York's new banking superintendent is firmly dedicated to the need for an up-to-date banking law, particularly as to branch and holding company structure, and hopes efforts in this direction will bear fruit a year hence. Referring to state-federal cooperation so that his state's banks can develop in a reasonable and systematic fashion, Mr. Clark warns bank legislation and statutes must be exemplary to forestall expansion of federal powers. The superintendent reviews the highly controversial issues facing the banks, such as the interest rate for savings accounts, taxation and mergers, and suggests that in the light of the considerably known body of knowledge less time should be wasted on unproductive disputes so that the areas of disagreement can be minimized.

The 1959 legislative session was an exciting and interesting one no matter what your views on the controversial issues. Insofar as banking was concerned, there were 203 bills introduced to modify the Banking Law. Of this number, 31 were passed by the legislature, four of these were vetoed by the Governor, and 27 became law. Each of the 31 passed by the legislature required extremely careful scrutiny by the Banking Department prior to action by the Governor. This was exacting and time-consuming work, not only for us but for the Governor's office as well.

G. Russell Clark

Included in the bills introduced, and among those which fell by the wayside, was the widely discussed bill dealing with the banking structure—variously known as the omnibus, the octopus or the ominous bill—depending on the views of the observer. But more about this later. At this point I should like to state that the Banking Department's Legislative Summary for 1959 will contain detailed information on changes in the law effected by the last legislature.

Needless to say, a new Superintendent thrust into the midst of these numerous and complicated specific legislative proposals would have his hands full and go through an eye-opening experience in—shall we say—"political science."

At this point I would like to note that my comments on the tasks facing the Superintendent are simply based on the fact that there is a great deal to the job at any time. I must say that my predecessors did a good job in keeping the current work of the Banking Department up to date. That is to say, they did not sweep troublesome problems under the carpet nor pile them in the hall closet, so to speak, and leave them for the next man. And that is fortunate, because if left-over work were added to the current jobs, I don't know that we would ever see daylight.

There are, nevertheless, continuing problems which have been with us for some time and which probably will occupy much of our time and attention in the future. These are worthy of some comment.

I should like to state in the beginning that I have been exposed to most of the problems of banking and savings institutions for more than thirty years. It would be reasonable to assume that in that time I had formed some opinions on how the problems which confront us all should be resolved. Surprisingly enough, however, in some critical quarters amazement was expressed at an early date that I should have the temerity to express an opinion on a major issue soon after taking office. For my part, I should think those interested in banking problems would have cause to wonder if I did **not** have some opinions. Only a recluse, it seems to me, could be unaware of the problems and the differences of opinions which have develped in recent years among those interested in financial institutions in general and banking in particular.

I realize that bankers are understandably interested in learning the attitudes and views of a new Superintendent. Of course the specific policies and decisions of the Banking Department will, as time passes, provide you with the only valid means of judging my philosophy.

But it is not too early for me to make some general observations which will indicate the guiding principles which I expect to follow. These have been arrived at, as I say, not as a Johnny-come-lately to the work of financial institutions, but as the result of many years of familiarity with the objectives and problems of the active leaders in the various segments of our banking and savings business. Yet, I feel I am on the threshold of a new experience, and I am sure there is much to learn about supervisory responsibilities. I certainly do not presume to have "all the answers."

To begin with, there is the obvious fact that within the State of New York there are many agencies which have significant powers over our banking and savings institutions. The list is an impressive one. It includes the Comptroller of the Currency, the Board of Governors, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board—and we must include the Department of Health, Education and Welfare with its federal credit unions—all of these in addition to the New York State Banking Department.

This proliferation of supervisory agencies, of course, has been the result of our adherence to the dual banking system, and the growing importance of some of the federal agencies may be attributed to the rapidly increasing economic significance of such institutions as the savings and loan associations and credit unions operating under national charter.

The existence of these varied and potent supervisory agencies has important implications for all of us. This is so because each of them can exercise its powers independently and thus have either a direct or an indirect effect on the economic climate in which all of our institutions operate.

This is undoubtedly a matter which is well known but, I should like to list some specific matters which should make the general proposition more realistic. We can cite the fact that new branch authorizations granted to national banks or to federal savings and loan associations cannot help but have a direct effect on competing state-chartered institutions. In addition, we may recall that the power of the Board of Governors to pass on new branches of state member banks—incidentally considerably buttressed by a federal court decision recently in the Old Kent case—gives the Board of Governors significant power when state-chartered commercial banks seek a merger and desire to retain all existing facilities.

Many more instances in which decisions by federal authorities condition the effectiveness of our supervisory policies in the State of New York could be mentioned, but these suffice.

Achieving Systematic, Reasonable Development

We are all well aware of the fact, I am sure, that there are presently pending in Congress a number of major legislative proposals which would grant significant new powers to the federal supervisory agencies. One of these, of course, has to do with the approval of bank mergers on which bankers individually and through their associations have already expressed their views. Today, however, I should like to emphasize the fact that regardless of what Congress may or may not do in passing new legislation, we are faced with the fact that the federal authorities **now** have major powers. This is one of the facts of life. It is imperative that state and federal supervisory authorities work together with mutual respect and with some common aims if the various kinds of institutions which operate in New York are to develop in a reasonable, systematic fashion. It is for this reason that considerable time and effort has been spent in contacts with federal supervisory authorities to clarify the aims and objectives of our work in New York. I fully intend to continue this work and I may say at this time that I have been encouraged by the reception accorded me in Washington on my several visits there.

Naturally we in New York do not have a monopoly on good intentions and we do not stand by ourselves in desiring the maintenance and extension of our present sound system of financial institutions. Thus, if we are to be realistic, we must ackowledge that the continued existence of our state banking systems will depend in large part on the continuance of intelligent, effective supervision by state banking departments. State bank supervision must be so good that weaknesses do not provide reason for expansion of the powers of the federal government to protect the public interest. I am convinced that supervision in New York has been sound and enlightened and I propose to keep it so.

At this point I should like to take note of the fact that we are exhorted in some quarters to give careful consideration, for example, to anti-trust concepts in merger applications. The implied criticism seems to be that the New York State Banking Department deals with major applications as though they were routine matters and that such applications are apt to receive quick and superficial study. One misguided individual recently wrote in a bankers' magazine that supervisory agencies see only what the banking "giants" want them to see. I assure you that major policy decisions by the Banking Department, whether it be on mergers or any other important question, are preceded by painstaking study and research which incidentally is carried on continuously on some of our problems.

While we do not presume to be infallible, it cannot be stated too emphatically that our decisions will be based on as much factual data as can be obtained and this work will be accomplished in a conscientious effort to administer our state's Banking Law with full consideration for the objectives specified by the state legislature.

This leads me to the observation that, as a relative newcomer to the ranks of state superintendents I have been impressed by the tremendous amount of time and effort that must be devoted by bankers and by supervisors to planning for the future development of our financial institutions. This involves in many cases new legislation to modernize our banking laws when conditions have so changed that existing laws no longer effectively permit our institutions to realize their full potential for growth and service to the public.

Failure to Modernize Banking Law

It probably is not necessary to remind bankers that in the State of New York we have frequently made the headlines because of the failure of our repeated efforts to modernize our Banking Law which prescribes the merger and branching powers of our institutions, and which at the moment entirely lacks a permanent legislative policy on bank holding companies.

In the last few years our inability to enact new holding company and branch legislation has been caused primarily by a lack of agreement among the various

*An address by Mr. Clark before the 63rd Annual Convention of New York State Bankers Association, Spring Lake, N. J., June 26, 1959.

types of banking and savings institutions in New York State, and this in turn has made the task of our legislature a most difficult one.

We must bear in mind that any reasonable revision of banking law requires a broad knowledge of the present and foreseeable needs of the state economy coupled with an appreciation of the practical significance of suggested changes in the law, which we must admit is highly technical.

Members of our State Legislature must deal with a variety of important problems, such as taxation, housing, highways, public health, and education to name but a few. It would be asking a great deal of hard-pressed legislators to demand that they concentrate their efforts on those problems which are peculiar to banking. This should be apparent to all of us who work with banking problems day-by-day and constantly find there is something new for us to learn.

My point is that a legislature is entitled to have put before it only reasonable, workable and far-sighted suggestions and the banking industry should be prepared to demonstrate that it has weeded out any manifestly unfair, unworkable and self-seeking proposals which unfortunately appear all too frequently.

The Superintendent of Banks is in a uniquely favorable position to observe the operations and interactions of the varied types of institutions which are his responsibility. It is his duty to maintain all of them in sound financial condition and to anticipate their requirements for the future.

To me this means, as a practical matter, that a state supervisor is not only in a position to work toward the elimination of areas of disagreement among these varieties of institutions, but he has a positive duty to do so.

Presses for Branch-Holding Company Legislation

Translating this into something of immediate and practical significance I may state that my entrance into office, was with the firm conviction that our Banking Law needed to be brought up-to-date insofar as branching and holding companies are concerned. This explains the announcement that I made jointly with Senators Mahoney and Cooke recently. We have undertaken an extensive program to discuss legislative proposals concerning our banking structure with the leaders of the several trade associations in the State of New York. And I extend an invitation to everyone who is interested in these matters to submit to us views they would like to have weighed and considered.

Our program on this legislative matter has been undertaken in order to establish clearly and definitely the viewpoints prevailing in our banking and savings industries. It has also been initiated to eliminate, insofar as possible, misunderstanding of the practical effects to be expected from a revision of our Law. We have become convinced that misunderstanding and lack of knowledge of the content of bills proposed in the past have in too many cases caused unjustified fears in the minds of many bankers in New York. This is the basic reason for having commercial bankers, savings bankers and savings and loan representatives meet around a common table and we have been pleased to observe a narrowing area of disagreement.

Although I shall have more to say on this matter in the future, at this point I am hopeful that our efforts will bear fruit next year. At least we shall not be able to say that failure was caused by lack of effort.

My basic objectives are to safeguard the financial health of the institutions which come under our supervision and to build a framework of laws and policies which will enable our institutions to grow as they must do to serve the public properly. Growth, I submit, is essential because our economy is going to grow, and in our money and credit system, financial institutions must develop accordingly. In so doing, they will provide an essential ingredient for the success of Governor Rockefeller's program to improve and expand the economy of New York.

Outlines Current Problems

Growth and the problems associated with it, have unfortunately caused both here in New York State and throughout the nation, intense controversies between commercial banks, saving banks, savings and loan institutions and, as a matter of fact, between large banks, small banks, independent banks, branch bank systems and other groups which believe they have special provinces to protect. The root cause of these controversies is the highly competitive environment in which our institutions operate, but they build up disagreements on what seem to me to be basic economic problems. Just to cite a few, we may mention disputes about the effects of varying methods of taxation, the effects on the economy of shifts of deposits from savings institutions to commercial banks, or vice versa, and the effects on savers, borrowers and lenders which result from the growth of one type of institution as compared to others.

May I remind you that the role of banks and financial intermediaries in this country has received intensive study in recent years by qualified experts and that we now know a great deal about how our financial institutions affect the economy and each other. My point here is that with the knowledge we have already accumulated and which is being expanded almost daily, there is no longer—if, indeed, there ever was—any reason to tolerate false or misleading statements about the roles of our various institutions.

I could cite specific statements that have been made publicly by the proponents of one type of institution as against others but that is not necessary for my purpose here. My plea is for the utilization of the knowledge we have to establish the facts on how our system operates. When this is done, the areas of disagreement should be minimized. To be sure, we will still have differences of opinion as to the most desirable social and economic objectives but at least we will not be wasting our time and effort on unproductive dispute about how our banking and savings institutions affect each other and the economy.

Now if I may, I would like to call attention to some recent trends and developments on the national scene which have had, and will continue to have, important effects on our institutions and which, at the same time, point out to us a feasible means of attack-

Continued on page 29

Dealer-Broker Investment Recommendations & Literature

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

Auto Industry — Survey — Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

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

Business & Economic Review—Discussion—The First National Bank of Chicago, Dearborn, Monroe & Clark Streets, Chicago 90, Ill.

Business and Market Outlook — Report—Morgan, Rogers & Roberts, Inc., 64 Wall Street, New York 5, N. Y.

Capital Goods—The Key to the Market's Future—Study—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Hides Futures Market—Booklet—Commodity Exchange, Inc., 81 Broad Street, New York 4, N. Y.

How to Get Rich Buying Stocks—Dr. Ira U. Cobleigh—David McKay, Inc., 119 West 40th Street, New York, N. Y.—$2.50.

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.

1959 Summer List—Nine selected issues—Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y.

Ontario Wine Industry—Analysis—Doherty Roadhouse & Co., 335 Bay Street, Toronto, Ont., Canada.

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

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

Stocks Behind the Market — Report — Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

U. S. Banks—Comparative figures on 15 largest banks in the U. S.—Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

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American Can Company—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Sperry Rand** and comparative figures on **Telephone Companies.**

American Natural Gas Co. — Survey — Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are brief surveys of **National Gypsum** and **Quaker Oats.**

American Viscose Corporation—Circular—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Board of Regents of University of Texas Bonds—Analysis—Stern Brothers & Co., 1009 Baltimore Avenue, Kansas City 5, Mo. Also available is a circular on **City of Watertown, S. Dak., Bonds.**

Canal Randolph Corporation — Analysis—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Central Maine Power Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Century Chemical Corp.—Circular—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Chadbourn Gotham—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular is an analysis of **Erie Railroad.**

Champion Spark Plug Co.—Memorandum—Rauscher, Pierce & Co., Inc., Mercantile Dallas Building, Dallas 1, Tex.

Chicago & North Western Railway Company—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Coca-Cola—Bulletin—Bregman, Cummings & Co., 74 Trinity Place, New York 6, N. Y.

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

Drackett Co.—Memorandum—R. S. Dickson & Co., 30 Broad Street, New York 4, N. Y.

General Motors Corp. — Data — Purcell & Co., 50 Broadway, New York 4, N. Y. Also in the same circular are data on **Philco Corp., Atchison, Topeka & Santa Fe Railway, Standard Packaging Corp.,** and **Standard Oil of New Jersey.**

Godfrey Company—Analysis—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

Gold Seal Products Inc. — Analysis — S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Heyden Newport Chemical — Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Ilford Limited—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

International Paper—Review—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are brief surveys of **S. D. Warren Co., Nalco Chemical Co., Automatic Canteen Co. of America** and **Electric Utility Common Stocks.**

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

Johns Manville Corporation—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 4, N. Y.

Laboratory for Electronics, Inc.—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **Carter Products.**

Latrobe Steel Company—Bulletin—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y.

Maytag Company — Analysis — Bache & Co., 36 Wall Street, New York 5, N. Y.

Nationwide Corporation—Bulletin—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Olin Mathieson Chemical Corp.—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Pearson Corporation—Analysis—Walter R. Blaha & Company, Inc., 29-09 Bridge Plaza, North, Long Island City 1, N. Y.

Ralston Purina Company—Report—Yates, Heitner & Woods, Paul Brown Building, St Louis 1, Mo.

Revlon, Inc.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

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

Stokely-Van Camp Inc. — Analysis — Hardy & Co., 30 Broad Street, New York 4, N. Y.

Tilo Roofing Company, Inc.—Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

Topp Industries Inc. — Analysis — Adams-Fastnow Company, 215 West 7th Street, Los Angeles 14, Calif.

United Components—Report—Barius Incorporated, 90 Broad Street, New York 4, N. Y.

Wilson & Co. Inc.—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Coastal States Gas Producing Co.**

Securities Salesman's Corner

By JOHN DUTTON

The Educational Process

In most instances, it is the capacity of the salesman of securities to learn the lessons of experience that gives him the ability to profitably assist his clients in the handling of their investments. This requires first of all a certain maturity of personality. No man can learn very much if he believes that it is some sort of an unfavorable blemish on his mental capacity or his ability if he has to admit that he has made a mistake. Many times mistakes are made by everyone. The investment of capital is one of the most demanding tasks anyone can undertake if it is to be accomplished successfully. Yet there are some salesmen in this business and (some partners of investment firms as well) who have yet to learn that if they have made a mistake they are not unusual. The best in the business have made them and some of them have been "beauts."

Carried to the extreme, I have met men in this business who have even attempted to brainwash themselves into believing that a mistake was not made when a reversal of judgment was clearly indicated. They attempt to rationalize their own fumble, never admitting to themselves and to others that they did jump to conclusions, or they omitted some important factor in their original analysis. This type of individual can never successfully handle his own investment account or one belonging to anyone else. He may for a time hit luck, or make a big play in some promotional venture, but over the longer term he lacks the first fundamental of the ability to become educated in any difficult undertaking — and that is humility. *No man who rationalizes his own failures, either to himself or to others, is psychologically ready to learn anything.*

You Must Learn Before You Can Teach

Most of the very successful men in the investment business I believe will agree that they are constantly learning from their own experiences and from others. During the past few years alone, I have watched the market history of certain securities that I have sold to clients and I can assure you that the lessons I have learned from some of these rather trying situations have been most illuminating.

I have just witnessed the market career of some convertible debenture bonds that were sold several years ago at 100. They finally sold in the low 60s during the business recession of 1957-58 and today are selling at 113. This is quite a ride down and up during a short span of about two and a half years. The clients that have owned these bonds have varied in their reaction to these market gyrations. One man sold out in the sixties and became so enraged that he wouldn't even discuss the affairs of the subject company intelligently.

When the bonds started to advance again, after he had sold out, he became more indignant. He would not buy back, of course, and today no one can convince him that the president of this company, its board of directors, and the whole kit and caboodle are not a bunch of highbinders, charlatans, and thieves. Facts, earnings, strong financial statement, mistakes that were corrected, none of these things made any impression on this customer. I also know from experience (now that the same bonds are substantially above par) never to mention it to him. His hatred for himself would probably cause him to vent his spleen on me and, believe it or not, we still do business together occasionally.

I have some other customers who held on right through that dip of 40%, and back again, to more than they paid for their bonds. Several others averaged in the seventies and eighties when they saw that the market was turning and the affairs of the company were beginning to show substantial improvement. Others made the mistake of selling out (when they had a chance to get their money back) without taking into consideration that once these convertible bonds got through a resistance point (which was connected with a similar resistance point in the stock) that the profit potential was better than ever.

There are times when this cliche of "I'll sell when I get even" is just plain foolishness. There are usually a substantial number of people who get hooked into a stock at a market high. On a recovery these people wish to get out because they are tired emotionally. Most of them could not tell you whether the subject company's earnings are up, down or stationary, and they have certainly not analyzed the situation in the light of current facts. They just want to get out. When they do the coast is clear, and if the trend is upward the best profits of all can be made in such a recovery type situation.

It is from learning simple lessons such as this that a securities salesman increases his knowledge of human nature and of investments, markets, and trading technique.

From Washington Ahead of the News

By C. BARGERON

Senator Lyndon Johnson, the Democratic leader of the Senate, has a right to wonder about the manner of men.

Carlisle Bargeron

We were told and had every reason to expect that the new Congress overflowing with radical Democrats from the North and Middle West, were excessive spenders, that they would wreck the budget and bring on inflation. They reckoned without the leadership of Lyndon Johnson, and also Sam Rayburn, Speaker of the House. The prospects are that this Congress will appropriate less than the Administration asked for, certainly not much more. They have proven to be far from the reckless spenders that they were supposed to be.

But because politics is what it is, does Mr. Johnson get a pat on the back from the Administration or the Republicans for this? No, they are chiding him for not being able to accomplish what the Democratic party said it would accomplish.

They have coined a slogan "Can't do Congress," and every week their campaign literature carries this theme. Well, it so happens the Democrats with their overwhelming majorities in both houses can do pretty much as they please, if they stick together. Men like Johnson and Rayburn have exercised an admirable restraint.

Yet when they cut the foreign aid bill, Eisenhower denounces it as a catastrophe and threatens to call the Congress back in special session.

Johnson points out, and legitimately so, that every time the Democrats vote more money in a domestic appropriation bill Mr. Eisenhower screams to high heavens and either threatens to or does veto the bill. But let one penny be cut from a foreign aid bill and he threatens to call Congress into special session.

It doesn't make sense and Eisenhower and the Republicans will have a hard time selling it to the country. Some Republicans agree with this and have a hard if not impossible time defending it.

All the Republicans are accomplishing with their "Can't do" campaign is to undermine Johnson.

Chairman Paul Butler, of the Democratic National Committee, who has undertaken to be a policy maker instead of a paid employe, has launched a campaign against Johnson and Rayburn for not doing for the people "what they voted for in the last campaign." The Americans for Democratic Action, which represents a former group of New Dealers, particularly in Roosevelt's day and who find it hard to let go of their glory, small in numbers but strong in publicity, are after both Johnson's and Rayburn's scalp. They would adopt Butler as their leader. Butler has never been elected by anyone to public office.

Then there is the Committee for an Efficient Congress which is liberal as they come. They can issue a pontifical statement any time and get a front page play in the Washington "Post". It is amazing. The worth of their statement is about a Letter to the Editors item.

Instead of the Republicans helping along with the fight on Johnson and Rayburn they should thank their stars that the leadership of the House and Senate is held by them.

Both are compromisers and compromisers are needed in a Congress composed as it is today. Suppose they were of the Liberal stripe as Proxmire of Wisconsin, Humphrey of Minnesota, and Clarke of Pennsylvania. This country would be headed even more so for the welfare state.

Practically every observer was saying after the Democratic victory last November that the country was in for it. I think you can thank Lyndon Johnson and Sam Rayburn that it hasn't been.

When the record of this Congress is finally in, it will be shown they have done a very good job. Except for labor legislation, and here I doubt that anything will ever be passed.

With McDonald Evans

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Kenneth A. Sickle has joined the staff of McDonald, Evans & Co., 1009 Baltimore Avenue, members of the Midwest Stock Exchange. He was formerly with Bonds, Inc.

Building a Second U.S.A. In the Next Four Decades

By DR. GEORGE CLINE SMITH*
Vice-President and Economist, F. W. Dodge Corporation
New York City

After analyzing the bright short long-term construction outlook, and that for the Soaring Sixties coming up in but a few months, Dr. Smith previews the fantastic construction growth era from now to 2000 A. D.—a 40-year mortgage away. Residential construction alone is conservatively estimated to reach 64 million new housing starts—a figure larger than today's housing stock. The accompanying headaches of available premium land, strain on non-residential construction and on the taxpayers' pocketbook, inflation and other problems are said to be solvable. Moreover, the economist opines that most construction is non-speculative and much of the remainder is riskless—assuming good economic conditions; notes housing is significantly a function of legislative activity; and, though housing starts may decline in next half of 1959, gains in schools, hospitals, highways, electric-light plants, factory and office buildings will push total 1959 construction to a record high.

During the Korean war, the story goes, an American regiment was pushing rapidly northward when it paused to re-group. The colonel of the regiment was quite pleased with the performance of his men, and he wasn't worried when a report came in from one of his companies reporting that they were facing Chinese units on the North. That, after all, was where the Chinese were supposed to be.

Dr. George C. Smith

The colonel wasn't much worried when another unit reported it was receiving Chinese fire from the East. But when a third report told of one of his companies facing Chinese troops to the West, he began to wonder if he hadn't pushed a little too far forward in a salient.

Just as he was debating whether to pull back, another unit reported that it was facing Chinese troops to the South. The colonel immediately dashed to the nearest radio and got off a message to division headquarters. "Send help quick," he said, "we're hemmed in by the enemy on all sides!"

His general got the message, and studied the situation maps for a few minutes. It was indeed true that the regiment was facing Chinese in all directions. But the general saw no need to worry. He radioed back: "Relax. You've got a Chinese company completely surrounded!"

All of us, including the drunk who was surrounded by a lamppost and couldn't get out, have to be careful of inside-out reasoning. In construction forecasting, one example keeps recurring.

As many are well aware, construction has been in a boom since World War II. Every year since 1946 has set a new record, both in the Dodge contract figures and in the government's work in place series. Even three recessions have not been able to interrupt this steady upward movement.

This prosperous condition was a source of great satisfaction to most people concerned with it, but as always, a few expressed unhappiness. At any given time from 1946 on, you could find a handful of people plaintively asking. "Yes, but can it last?" The fact that it has lasted for 14 years has dampened the pessimism of some, but their places have been taken by others.

*An address by Dr. Smith before the New York Society of Security Analysts, New York City, June 30, 1959.

The most frequent question asked by the chronic pessimists is: Aren't we in great danger of overbuilding?" In 1955, I recall, the argument reached its peak at a Washington meeting. Housing was doing pretty well that year, and one man stoutly argued that since the nation simply couldn't sustain that pace, we should immediately begin restrictive measures to cut down the rate of home-building in 1955. When it was unkindly pointed out to him that in effect he was suggesting that we engineer an immediate housing decline in 1955 in order to prevent a possible decline in 1956, he took refuge in the statement that the nation couldn't absorb half the housing it was building anyway.

This all-too-frequent idea that the construction industry is building way out in front of its market, and is likely to fall flat on its foundation, seems to me to be in a class with the colonel's inverted reasoning. It is exactly the wrong point of view, and it stems, I think, from a mistaken theory on the part of people who should know better that the construction industry turns out a tremendous number of building projects and then sets about finding buyers for them.

Extent of Non-Speculation

And, of course, that isn't the way it works at all. Many of the major categories of construction have no speculative element whatever. The whole field of heavy engineering — highways, dams, public utilities — is non-speculative. So is much of the non-residential building: schools, hospitals, factories, churches, jails, public buildings, all are built on order for owners. There is a small speculative element in commercial buildings, but even here, it is a rare shopping center or office building that is put up before the owners have located at least their major tenants.

That leaves housing as the principal area where speculation may occur. But here, too, there is surprisingly little building out in front of the assured market. Many developers build from models, and undertake construction only when they have a buyer. Others build perhaps a month or so ahead of sales; if the flow of sales turns down, they curtail their flow of housing starts. Since a typical house can be put up in a few months, the builder can react quickly to market changes.

There are many factors which keep builders from getting too far ahead of the market. Common sense is one, but even if this should fail, there are others. Most builders depend on borrowed funds; new construction is financed out of past sales, and it is financially impossible for them to push ahead too far. And the generally conservative judgment of financial institutions is strongly present in most housing operations.

This doesn't mean that overbuilding is impossible. We have all seen unoccupied stores, vacant floors in office buildings, apartments which fail to rent, and houses which are slow to sell. But while some enterprisers may lose their shirts this way, their numbers are much smaller than one might suspect. While figures are hard to come by, I imagine that not over 5% of the construction projects under way at any given time could be characterized as speculative; and only a small fraction of these contain any serious element of risk.

What I have said, of course assumes the maintenance of reasonably good economic conditions. In a recession, it is entirely possible to have too much of anything—autos, TV sets, or houses. In this sense, construction is like any other industry. The point I want to make is that overbuilding—meaning building too far ahead of the market—is not an important consideration in the construction outlook. What lies ahead for construction is, however, strongly affected by general business conditions. Construction is by far the nation's largest fabricating industry; what happens to business in general affects construction, and vice versa.

Good Short Run Outlook

In relating construction prospects to the business outlook, it isn't necessary to spend much time on the short-term. For the rest of 1959 and for 1960, we seem assured of a very high level of prosperity. So many powerful influences are pushing upward right now that it would be extremely difficult for any real turnaround to occur in the next 18 months or so.

In general, construction activity should parallel the pattern of the economy. In normal times, new construction put in place runs around 11 or 12% of the gross national product, and there is no reason to expect a shift in the pattern now.

But construction is many different things, and not all parts of the industry behave in the same way as the aggregate. Housing, in particular, is sometimes out of step with the rest of the industry. If this seems paradoxical, you must remember that housing is in something of an artificial position, serving in changing capacities—sometimes as a first stage rocket, sometimes as a wet blanket, and always as a political football. I won't apologize for using this mixed metaphor, because these terms express the contradictory and unsatisfactory positon of home building in our political economy.

In recessions, housing is looked upon as a means of rocketing the economy upward. The most recent example was only last year, where all sorts of stimulants were applied to boost home-building as a recession antidote—stimulants which were highly effective, too.

In prosperous times, housing is used as the wet blanket to dampen booms. We don't have to go much further back in history to find an example of restrictive action, through tight money and tougher credit conditions. The paradoxical decline in housing activity during the prosperity of 1956 and 1957 will serve nicely to illustrate.

Housing a Function of Government

And, because housing is so highly dependent on government action (both legislative and administrative) it is always subject to political pulling and hauling. The ocean of tears spilled over proposals to make small increases in the 4¾% interest rate on G.I. home loans, at a time when the same veterans were perfectly willing to pay double that rate for auto and appliance instalment financing, is just a sample.

It is extremely difficult to forecast government actions, and it is therefore nearly impossible to be sure of the accuracy of housing forecasts. In the first half of 1959, home building has been going on at a satisfactory rate (not, mind you, at a really high rate) but there is some doubt whether it will remain at its current levels. If, as seems likely, housing starts do fall off somewhat in the second half of 1959, this will only be a repetition of the pattern of past periods of prosperity.

But I don't expect the decline in housing to be severe. The rate of starts might drop to a million and a quarter a year, but I think that is about rock bottom for this year and next. If favorable legislation is forthcoming, the record could be a lot better.

Sees Rise in Factory Building

Meantime, other important types of construction will be in a rising trend. The most spectacular improvement in the next couple of years should occur in factory buildings. The late lamented recession was heralded by a decline in contracts for new factory buildings that began early in 1957, and this category has only recently begun to perk up. As business increases its plans for spending on new plant and equipment, big percentage gains are to be expected for industrial building. Outlays for this type of building in 1960 could easily be 75% above last year's level, and even an increase of 100% is not impossible.

Commercial buildings, largest of the non-residential building groups, are continuing their steady post-war rise. Store buildings account for most of the increase this year, and prospects are that this pattern will continue in the short-range future, with perhaps some improvement also in office buildings after a decline early in 1959.

The second largest non-residential category, school buildings, is something of a puzzle. School contracts so far this year have been running behind last year, despite forecasts of increases. The reason probably lies in the financial difficulties of state and local governments, and some indications of reluctance on the part of voters to go along with higher local budgets, taxes and bond issues. Despite the decline, which can only be temporary, school building this year will still provide an enormous market of about two and three quarters billion dollars.

Hospital building this year will show very sharp gains over last year. Total contracts for hospitals in 1959 may come very close to a billion dollars.

In the field of heavy engineering, highway construction should provide an even bigger spur to the economy this year than it did in 1958. The value of contracts awarded this year will be about the same as last year, but the volume of work performed will rise more than 20%. Total outlays, including some non-construction costs, are estimated at $7.1 billion for 1959, and further expansion is slated for next year.

Contracts for electric light and power systems, the second largest of the heavy engineering categories, are running 11% ahead of 1958, and utility plans call for several years' expansion, at least.

All in all, the short-term outlook for construction is very bright indeed, with 1959 scheduled to set new all time records for total contracts and for total construction work performed.

Soaring Sixties

The short-term outlook will be followed by the Soaring Sixties. So much has been written, and so much is expected of the next decade that it hardly seems necessary to re-hash the prospects here. It is worth noting, however, that this long-awaited period is almost here—just a few months away, in fact.

The main feature of the Sixties will be quite like that of the Fifties, only more so—booming population growths. The groundwork was established in the bumper baby crops of the Forties: young people who will be reaching marriageable age in the Sixties, with new and larger baby crops to follow in due course. A fairly conservative estimate is that in the Sixties, our population will grow by about 34 million, roughly equivalent to the total present population of Canada, Cuba and Australia combined. This means a tremendous new market, not only for construction but for nearly everything else.

Now that the Sixties are almost here, and have been so thoroughly discussed by so many analysts, perhaps it's time to look even beyond them. Much of the investment we are now making or contemplating will be producing far beyond the next decade. The long-range future will be with us for a long time, obviously; now is the time to plan for it.

By the year 2000 (only a 40-year mortgage away) the population of the United States has been estimated (again conservatively) at 340 million. For every person alive today, we will have two in 2000 A. D.

This population explosion will not be an unmixed blessing. Before someone else makes the invidious comparison for me, I will observe that this 340 million population is pretty close to India's today. But while we will have problems, I don't for a minute believe that our case will parallel that of India. It hasn't so far, and it won't in the future.

The big difference, unquestionably, lies in our economic system, which gives us the incentive and the means to expand, to provide not only for more people but to give those of us already here a continually expanding standard of living. So long as we preserve and perfect this system, population growth can be a boon rather than a burden.

There's no question that expanding domestic markets will be the dominant factor in our future economy. To take only one example, look at the prospects for housing.

64 Million New Houses in 40 Years

To provide living quarters for our additional population, we will have to build 48 million new dwelling units by the year 2000. But this is only a starting figure, because there must also be some provision for replacement of houses for reasons ranging from highway building to obsolescence, from tornados to termites.

A modest estimate for replacement is 400,000 units a year. I say modest advisedly, because this is a replacement rate of only about ¾ of 1% a year; at this snail's pace it would take over 130 years just to replace our present housing stock.

Adding replacement needs to the requirement for new population, we find a total of 64 million new housing starts in the next 40 years. If we start the period at the rate of about 1.3 million a year, we will have to be at somewhere around 2 million a year by the end of the period to meet the need.

And it is entirely possible that we will find ways and means of increasing the replacement rate above the pitifully small 400,000 a year that I have assumed in this example. If we are to get rid of the enormous quantities of substandard housing that still exist, we will have to step up replacement somehow.

In short, we have the prospect of building far more new houses in the next four decades than the total housing stock that now exists. And housing is only one category of building.

In schools, we are just barely keeping abreast of the increase in school-age population now; prospective increases insure tremendous future demand for new classrooms. We have only begun to lick our present traffic problems; highway construction will be expanded far beyond the present program as traffic grows. Stores, factories, utilities—almost anything you can name — will have to keep up with population growth and technological change.

Headaches Galore

Headaches there will be. Available land will be at a premium. Community facilities will be strained—and so will taxpayers' pocketbooks. Mass transportation will be even more of a problem than it is now. There will be a constant threat of inflation. And the cold war will probably continue.

But can you name any 40-year period in the history of a nation as dynamic as ours which didn't have its serious problems? As always, the problems are challenges. And we have a huge arsenal of weapons to use against them — more than ever before.

We have the weapons of physical science; the early beginnings of the atomic age, the electronic age, the space age, and most important of all, the age of autologics—of machines that help man to think. In the social sciences, we know far more about man and his problems. In particular, we know more about what makes our economy sick, and how to keep it well, than we have ever known before.

We are on the threshold of the most fantastic era of growth and change the world has ever seen. Being constructive, the construction industry will occupy a prime position: as we build figuratively for the future, we must also build literally.

How much must we build? That's easy—we have to build a second United States, and then some. We will have to double all the structures, all the facilities, that now exist. And we'll have to do it before the babies born in 1959 reach middle age.

We are embarked on the biggest construction project of all time.

Spiegelberg & Co. Will Be Formed

Spiegelberg & Co., members of the New York Stock Exchange, will be formed as of August 3rd with offices at 37 Wall Street, New York City. Partners will be William I. Spiegelberg, member of the Exchange, Jess L. Geisman, and Beulah G. Barnard. Mr. Spiegelberg and Mr. Geisman are partners in Spiegelberg, Feuer & Co., which will be dissolved as of July 31st.

With Penington, Colket

READING, Pa. — Penington, Colket & Co., members of the New York Stock Exchange and other leading exchanges, announce that Jack Edward McNerny is now associated with them as a registered representative in their office at 12 North 5th Street.

2 With Weathers Morgan

(Special to THE FINANCIAL CHRONICLE)

SEDALIA, Mo. — William J. Frost and Beulah L. Sampson have become affiliated with Weathers-Morgan-Jones Co., 1806 West 11th Street. Mr. Frost was formerly with Scherck, Richter Co.

Joseph, Mellen Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Richard M. Brickman has been added to the staff of Joseph, Mellen and Miller, Inc., Union Commerce Building, members of the Midwest Stock Exchange.

A New Look at Equities as Pension Fund Investments

By PAUL L. HOWELL*

Partner, Paul Howell Associates, Financial Consultants to The Twentieth Century Fund Pension Investment Study
Treasurer, Welfare, Pension & Equity Plans Services, Inc.
Visiting Professor of Finance, University of California, Los Angeles, Calif.

Financial consultant contends today's high yield on bonds still is not match for stocks in building up a pension fund's benefits and/or lowering its cost. Prof. Howell discusses the competitive advantage of equities in terms of: (1) professional, systematic, diverse selections where earnings are likely to grow; (2) capital appreciation which can offset future market declines and also leave higher earning differential over bond funds; (3) long-term dollar cost averaged funds, and (4) danger of trying to outguess the market. The author states the case for independent, competent investment counseling; calls for more aggressive management of pension funds and holds current market situation should not panic people out of sound long-term policies.

With the Dow-Jones average soaring above 640; with the dividend yield on Moody's 200 industrial stocks yielding about 3.25%; with long-term government bonds yielding more than 4% and good grade corporate bonds more than 5%, it becomes necessary to pause and reconsider pension investment policy in the light of these market conditions.

Paul L. Howell

Does such a reversal of traditional relationships call for a revision of short- or long-term pension or profit-sharing investment policy? At these levels many trustees are wondering about the appropriateness of continuing to purchase or even hold common stocks for pension funds and profit sharing arrangements.

I
Investment Characteristics of Pension Funds

The basic question of policy, under current conditions, can be answered only after a careful analysis of the problem facing the pension investing officer, i.e., the characteristics and requirements of pension funds and the relative suitability of the various media for their rather unique needs.

Now let us examine the institutional framework surrounding the management of pension funds. First, there is an extremely long period of accumulation and distribution of funds. In fact, although employees come and go, there is no prospect that accumulating pension funds will ever be liquidated. Next, the inflow of money (contributions and earnings) will exceed outgo by a substantial margin for the foreseeable future. Sustained growth of pension funds is to be expected for the next generation.

Thirdly, a qualified pension program is completely exempt from income and capital gains taxation as a tax-exempt organization. Retirement plans are not subject to catastrophic hazards. Retirements and payouts can be forecast years in advance. Fifth, there are virtually no legislative investment restrictions for private corporate trusteed funds. Sixth, there is no need to distinguish between principal and income in recording capital appreciation and cash receipts as is required for life tenant or remainderman interests.

II
Objectives of Pension Funding

The objective of the employer in setting up a funded retirement plan is to accumulate an amount during the working life of the employee which will enable the retiree to live in human dignity during his declining years. Such a standard of living is frequently set at 50% of final average pay including social security.

Pension assets do not belong to the employer corporation. They are in fact "collateral" held in trust to achieve a particular business objective. As such, they are an important earning asset to help the corporation meet a modern business expense. It is, therefore, essential to the employer that these assets be used as productively as possible, the same as any other business resource. This should be done regardless of inflation. Increased earnings will either reduce the employer's costs or enable him to liberalize the benefits which may become imperative as wage levels rise and living costs increase. In fact, a 1% increase in earnings will enable benefits to be increased 25%.

III
Importance of Capital Appreciation and Growth

Although it is customary to think of yields in terms of current prices it is more important in long term pension investment policy to consider both return on cost and capital appreciation in achieving the objective of accumulating a specified sum by retirement date.

It makes no difference in accumulating this necessary terminal fund whether it is achieved by reinvestment of cash dividends received or is accomplished by market appreciation resulting from reinvested earnings. In both cases you get a compounded growth rate.[1]

An outstanding example of this growth principle is the somewhat poorly regarded Consolidated Edison whose stock was available in 1949 at an average price of $25 to yield approximately 6.4% on its then $1.60 dividend. At the 1959 dividend rate of $2.80 we now get a return of 11.2% on our 1949 cost. Thus, for the past 10 years this non-glamour stock has provided a profound investment improvement over pension funds placed in Con Ed's 3% bonds in 1949.

The crucial question facing portfolio managers is whether *today* (June 1959) investing in Con Ed stock at 64 to yield 4.40% is preferable to investing funds in the recent (May 1959) issue of 5⅛% Con Ed bonds. Here we must take into full consideration the long range prospects and not be led astray by temporary aberations of illusory gain. Although the credit of Con Ed is good, the purchase of its new 5⅛% bonds does not guarantee us any long term return of this rate because of the possibilities of being refunded at a lower coupon. On the other hand, even though situated in a high tax area, with low customer consumption and expensive streets to tear up Con Ed has shown ability to grow and translate that growth into increased earnings per share. There appears to be no reason why this should not continue in the future. At its annual meeting Con Ed announced that its first quarter earnings to be $1.53 per common share. Such earnings, on the basis of a conservative 70% dividend payout would easily justify another dividend increase in the near future. A modest quarterly increase of 15 cents (an annual rate of $3.40) per share would give a return on today's price of 64 or 5.30%, which is substantially in excess of the temporary high return on the bond. On 1949 cost this would give a dividend return of 13.6%. It would be quite possible by the time a 30 year bond matured or a 30 year employment period ended that a return in excess of 25% would be obtained on the 1949 price of Con Ed stock. The moral is clear. Analysts should concentrate on finding companies where earnings are expected to grow—a not impossible task.

IV
Market Timing

It is urged that the "market" is too high and that we could do better by buying high yielding bonds rather than low yielding stocks. But that is only part of the picture. That omits the capital gain aspects of stock ownership. It is true that if we knew the stock market were to fall and when, it would be more profitable to sell stocks and stay defensive in bonds until things were about to go up again. This assumes a degree of omniscience which is not present in most pension fund managers. Furthermore, pension funds as a whole cannot do any such volume of switching. The sums are just too large. A small amount of liquidation would soon defeat itself and eliminate the desirability of further sales. The picking of good common stocks is child's play compared with trying to outguess the market and the timing of its swings. Pension funds must of necessity be fully invested for the long pull.

The dangers of trying to outguess the market are well illustrated by the events of 1957 and 1958. In mid-1957 many thought the market too high (and they were right) and that stocks should be sold to take advantage of the then current high interest rates. This they did and bond prices improved for six months while stock prices declined. But then early in 1958 the market reversed itself and interest rates increased and bond prices fell and many were badly squeezed in the almost panic conditions of the government bond market of mid-1958. Prior to that some of the high coupons had already been refunded. The ones who got out of stocks in mid-1957 did not get back into stocks quickly enough in early 1958 and the market whipsawed them. The end result

Continued on page 26

*An address by Professor Howell before the Eighth Pension and Profit Sharing Seminar (Kennedy-Sinclaire) for Bank Trust Officers, New York City.

[1] For a detailed analysis of the long-term earning record of common stocks and their suitability for pension funds see the author's article, "Common Stocks and Pension Fund Investing," in the *Harvard Business Review*, November, 1958.

No Longer Can We Disregard Our Balance of Payments

By WILSON E. SCHMIDT*
Associate Professor of Economics
The George Washington University

Unfamiliar policy choices confront us in view of the elapsed time since we had to consider the effect of our domestic and foreign policy upon principal components of our balance of payments—if we are to avoid continued deficits. In pointing this out, economist Schmidt outlines the imponderables affecting our balance of payments which may restrict our freedom of action if we are to avoid abrupt action costly in terms of employment, output and benefits from trade.

Does the recent hemorrhage in the U. S. balance of payments portend a dollar glut? And if it does, why concern ourselves with it? When the United States spends, invests, or gives more dollars abroad than foreigners require to buy our goods, services and long term assets, they either use the surplus dollars to buy our gold or hold them in the form of liquid assets, creating short-term liabilities against us.

Wilson Schmidt

We obviously cannot rely on gold to balance our accounts forever since we have only a finite supply. And even though that supply seems large at present, we should remember that we have substantial short-term liabilities to foreigners which they can exchange for gold.

In the event of persistent deficits, perhaps we could rely on foreigners to finance our deficits by adding continuously and rapidly to their liquid dollar holdings. But this may be dangerous because, at some point, the continued deterioration which that would imply for our net reserve position (gold less short-term liabilities to foreigners) might occasion uncertainty, well-founded or not, over the stability of our exchange rate, particularly in times of difficulty such as 1958; this might cause foreigners to question the future value of their dollar assets and perhaps induce them to exchange those assets for gold.

Avoiding a Dollar Glut

A persistent tendency, therefore, for the United States to supply more dollars to foreigners than they require, with or without a flow of gold, may thrust policy changes upon us designed to prevent a drift toward a dollar glut. Some of the techniques selected could reduce our freedom of action in domestic and foreign policy. And if we are complacent in the face of such a prospect, we could eventually be forced into abrupt action which would be unnecessarily costly in terms of employment, output, and the benefits from trade.

Since the end of 1949, foreigners have accumulated an annual average of $1.5 billion of gold and liquid dollar assets from us. Whether this deficit will grow or shrink in the future is exceedingly difficult to predict because forecasts in this area are especially treacherous. One reason for this is that the net balance-of-payments position is the outcome of two large numbers—total receipts and total disbursements. A minor error in forecasting either magnitude can cause an extremely large error—in both size and sign—in the forecast of the difference between them.

*Statement by Dr. Schmidt before the Joint Economic Committee, Washington, D. C., June 30, 1959.

Evaluates Changes

Rather than attempt a prediction, let me offer some points which suggest that it could be difficult for us to avoid continued deficits without changing public policy. If convincing, they should serve to cause policy makers, at minimum, to scan some unfamiliar numbers in future years—the gold stock, short-term liabilities to foreigners, and the balance-of-payments deficit.

(1) U. S. merchandise imports could accelerate over the long pull. Two close students of international trade, Henry Aubrey and Sir Donald MacDougall, after painstaking analyses, have offered projection which support this. Aubrey thinks that U. S. imports might rise to 3.2-3.5% of the GNP when our output is twice its 1950 level. Sir Donald does not consider 3.2% to be impossible. With the recent ratio running slightly below 3% and remembering that minor changes in large components of the balance of payments cause major shifts in the balance-of-payments deficit, those changes alone would be sufficient to produce a substantial increase in the deficit.

(2) Investment abroad by American business may grow at increased rates. The Common Market is attracting intense interest and this may induce heavy U. S. investment in Western Europe. Petroleum investment, which accounts for half the rise in U. S. direct investment since 1950, may come under even stronger stimulus than it has in the past. The Chase Manhattan Bank petroleum experts suggest that world-wide capital expenditures for foreign oil development may rise between 1957 and 1967 to 2½ times their rate during the previous decade. Similar changes cannot be ruled out for certain other minerals.

(3) The purchase of foreign securities, which has been in the doldrums for much of the postwar period, may accelerate, barring high interest rates here, as U. S. investors gain confidence in and knowledge of the capacity of foreign countries to meet future dollar obligations. This is perhaps part of the explanation for the break-through in sales of new issues in the United States in 1958.

(4) An expansion of economic assistance to underdeveloped countries, as is strongly urged in certain quarters, may put heavier pressure on the balance of payments per dollar of aid than the postwar aid programs, at least so far as the direct effect is concerned. The reason is that the percentage of procurement undertaken in the United States has been much smaller for programs in the underdeveloped countries than in the more industrialized areas.

(5) U. S. exports may come under greater competitive pressure than experienced in the postwar period, if for no other reason than the recovery and dynamic growth of Western Europe and Japan. There were signs of this even before 1958 produced the fear that we were being priced out of world markets. The staff of the Economic Commission for Europe writes that "since the large-scale devaluation of Western European currencies in 1949, a process of substitution of Western European exports for those of the United States has been going on and there are as yet no definite signs that it is coming to a close."

Cites Piquet's Findings

The Common Market may add to U. S. export woes. The well-known analysis by Howard Piquet suggests that a third of U. S. exports to the members could be adversely affected. And Mc-Graw-Hill International reports that small U. S. exporters expect to lose 80% of their present business, medium-sized exporters 60%, and the large corporate exporters about 30%. Since the Common Market countries have taken an eighth or more of our merchandise exports since 1953, anything even far short of these shifts could still spell trouble.

(6) The overall trends point to deficits according to some experts. *Fortune Magazine*, with the aid of especially able people, made an item-by-item analysis of what might be expected for the components of the U. S. balance of payments in 1966. They concluded that U. S. expenditures would run about $35 billion and that "On the basis of current trends [this was before the events of 1958] it is hard to make a case for the proposition that a world with $35 billion to spend in 1966 will rush out and automatically spend it on U. S. goods and services."

The staff of the Economic Commission for Europe concludes, after careful projections, that, leaving aside military expenditures in Western Europe by the United States, ". . . it seems reasonable to suppose that Western Europe could by the 1970's have achieved balance in its direct transactions with North America on account of goods and services and private capital." If military expenditures continue at their recent average of $1.8 billion, this would suggest a large direct deficit for the United States. If correct, it is perhaps especially significant because, barring a general loss of confidence in the dollar, it is Western Europe that is most likely to draw on our gold reserves when it enjoys a surplus with us. The reason is that Western Europe includes most of the countries which appear to prefer to hold a major portion of their reserves for the settlement of international payments in the form of gold.

(7) World trade may grow more slowly in the future than it has in the postwar period, as suggested by the staff of the International Monetary Fund. If this is the case, the need for dollar balances to carry on international transactions may also grow at a slower pace. This makes it less likely that foreigners will finance any given U. S. deficit by accepting dollar balances and more likely that gold will flow.

Confidence in the Dollar

(8) It is hard to see how confidence in the dollar could become any stronger than it was for most of the postwar period, and it could become weaker, causing foreigners to convert their dollar assets into gold out of fear for the value of the dollar. There is little that can be said in this respect that does not fall in the class of a "hunch." The record of 1958, when foreigners added over one billion to their liquid dollar assets, indicates that confidence was not lost. But that may not prove much about the future. If the United States runs a deficit of $3 billion in 1959, our gold stock will exceed our short-term liabilities to foreigners by only a small margin. And the gold stock may fall below $20 billion. In some quarters, even these levels are thought to be confidence thresholds. I do not know whether they are or not. But we cannot expect to undergo a substantial deterioration in our net reserve position without creating doubts about the stability of the dollar, especially in periods of difficulty such as 1958. And we should note that sterling may become an increasingly competitive currency for reserve. This is particularly the case, as Professor Triffen reminds us, because, under the European Monetary Agreement, sterling held by members enjoys a firm exchange guarantee in terms of the dollar, but the dollar enjoys no such guarantee in terms of sterling. As Triffen suggests ". . . European central banks are now free to accumulate sterling, if they so choose, without taking any exchange risk in the case of a devaluation of the sterling with respect to the dollar. A substantial lowering of interest rates in New York compared to London might thus easily induce considerable shifts of short-term balances from dollar to sterling assets."

For each of the foregoing points there is a counter-argument; and for each counter-argument there is a rejoinder. But if the main thrust of this analysis is correct, we could face some unfamiliar choices of policy in the future. The abnormal state of the last 25 years in which we could fashion our domestic and foreign policy in complete disregard of our balance of payments will have passed.

Investing for Income and Safety

By ROGER W. BABSON

Dean of the financial writers sees much investment merit in electric utilities and, for income and safety, suggests looking up first preferred cumulative utility stocks issued locally—possessing convertible or non-callable features. The columnist considers the inflation threat sufficient reason not to go all-out in taking advantage of bonds' superior yield to stocks and, as for the latter, he judges the price of equities to be so high as to warrant the most conservative investment advice. Mr. Babson provides the income-seeking reader with names of some companies picked at random possessing a long history of continuous dividend payments.

The Dow-Jones Industrial Average is today about 660, compared with 350 five years ago and 170 ten years ago. Therefore, it is dangerous for one who does not have conservative recommendations from a long-established service, or from a trusted bank or brokerage official, to invest money today in common stocks. Like a trapeze artist in a circus, the higher up he gets, the more dangerous is his fall.

Roger W. Babson

Bonds Versus Stocks

In view of the continued threat of inflation, I am not now advising my friends to have all of their funds in bonds—even though bonds now yield much more than stocks. This applies not only to long-term bonds but also to short-term issues. Witness the recent issuance of one-year Treasury bills to yield 4¾%.

My father, who was a country banker in Gloucester, Massachusetts, used to tell me that preferred stocks are neither "fish nor fowl," "hay nor grass." As a rule, such stocks are redeemed if the company is successful, and wiped out if the company fails. This, however, was before President Franklin D. Roosevelt squeezed the water out of the utilities and when they were very competitive. Today, for income and safety, I believe that first preferred cumulative utility stocks are worthy of purchase, especially if issued by the local company to which you pay a monthly bill. If by any chance you can find such a local stock which is also either convertible or non-callable it is especially attractive.

Future of Electric Power

Whatever happens during the next few years, the output of electricity will continue to increase. This is due both to the fact that the cost of generating electricity is gradually decreasing and also to the fact that demand by municipalities, industries, and homes is constantly increasing.

Most readers of my column have seen house heating change from the use of coal to that of oil and gas. I believe that our grandchildren will see electricity take the place of oil and gas. This electricity will supply heat in the winter and air conditioning in the summer, as well as operate many home appliances not yet invented.

We do not see much direct advertising of electric power; but the newspapers are full of ads for all kinds of electric appliances—often with no down payment required. This means that there are hundreds of thousands of dealers who are selling electric appliances which will use more electricity. No other industry is in such a favorable situation. Although the rates of electric power are controlled by State Commissions, these Commissions allow rates which will pay the interest on bonds and the dividends on preferred stocks. Electric power companies are safest from labor troubles, which are destined to become more serious with all other industries. When going crazy about "electronics" stocks, remember that electronics always depends upon and uses electricity.

Stocks With Long Dividend Records

When a reader wants a stock for income, he is interested in the number of years that the company has paid dividends. As the electric utilities are young, they have not generally had a long record. Many insurance companies, gas companies, and the like have been paying dividends for about a hundred years. For instance, the New Haven Gas Company has been paying dividends for 110; the Travelers Insurance has been paying for 96 years; the New Haven Water Company 82 years; and the Home Insurance Company, in which I am a great believer, for 86 years.

The following are a few other such companies coming to my memory. Their stocks are all common shares as preferreds did not exist so long ago. The Aetna (Fire) Insurance Company has paid dividends for 87 consecutive years; the Hartford Fire Insurance, 87 years; National Fire Insurance, 88 years; Phoenix Insurance, 86 years; Southern New England Telephone, 69 years; and the Security Insurance for 66 years.

Frederick Lewisohn

Frederick Lewisohn, member of the New York Stock Exchange, passed away on July 4th.

Competing and Promoting Trust Services for Corporations

By O. E. BOULET*
Vice-President and Trust Officer
The National Bank of Commerce, Houston, Texas

Mr. Boulet explains how non-New York banks can compete successfully with New York banks for corporate trust business arising from growing sale of new securities to the public and the expanding need for transfer agents, registrars, corporate trustees and paying agents. He enumerates 14 services that can be performed by a good corporate trust department; warns against being used by promoters; recommends services be properly promoted and good relations be maintained with securities dealers. The banker specifically discusses competing for such such business as: stock transfer, profit and pension sharing plans and mutual funds. He points out transfer books need not be kept in New York and that, despite New York's near monopoly, banks can compete for appointments as trustees under indentures.

In looking over the programs and reading some of the papers presented at trust conferences of the last several years, I have noticed that except for the Mid - Winter Trust Conference in New York, it has been a rarity for much consideration to be given to the many services which our trust departments can and should perform for the corporate customers of our banks. In recent years, there has been a tremendous growth in the number of pension and profit-sharing plans all over the country, and the opportunities and problems in that field have begun to claim the attention of program committees, but other corporate trust activities have remained neglected.

O. E. Boulet

In recent years, the Federal Reserve Banks have begun to make surveys of the earnings and expenses from trust activities by national banks in their districts. The survey of the Atlanta Federal Reserve District for 1956 covering 24 banks indicates that 6.8% of total trust department fees were derived from corporate trusts, and 6.3% from corporate agencies. In 1957 the percentages were 5.4% from corporate trusts and 7.7% from corporate agencies. Corporate trust activity produced 13.1% of total trust department earnings in each of those years.

The 1957 survey of the Federal Reserve Bank of Dallas indicated that 18% of total trust earnings were from corporate business, and that approximately one-fourth of that amount was from corporate trusts, with the other three-fourths from corporate agencies. In the seven largest trust departments in the 11th District (measured by total fees collected), corporate business was more profitable than other trust business, since the cost of servicing it was only 65.9% of the income received.

In the 35 departments included in the Dallas District survey, there were 596 bond trusteeships (covering issues totaling $867 million), and a total of 3,835 corporate agencies.

By total number of corporate accounts of all kinds, the territory of the Southern Trust Conference compares favorably with the rest of the country. At Dec. 31, 1957, of a total of 45,699 corporate accounts of all kinds being administered in the United States by national banks, 13,372 of them were in this 13-state area; however, the average size of accounts seems to be much under the national average. I do not have figures on all types of corporate business, but Federal Reserve surveys indicate that the average size of a bond issue secured by an indenture administered by a southern bank is $1,153,600 as compared with a national average of $2,493,-900.

*An address by Mr. Boulet at the 2nd Southern Trust Conference sponsored by the Trust Division of the American Bankers Association, Birmingham, Ala.

Bank Transfer of Corporate Stock

Since in our bank, the largest single activity in the trust department is the transfer of corporate stock, I tried to develop some figures on the amount of such activity in our southern banks. In the transfer agent directory in the "CCH Stock Transfer Guide," I found listings of 46 southern banks acting as transfer agent on a total of 375 stock issues, and on 132 of these there were co - transfer agents in other cities. This business is largely concentrated in the larger southern cities, and the greatest development of it seems to have been in Dallas and Houston, where in each case the business seems to be fairly well distributed among several of the larger trust departments.

Not many years ago, there was not one trust department in Houston which had an officer whose primary responsibility was those trust services performed for corporations. Now, every trust department there has one or more officers specializing in one or more phases of that broad field. In some of the departments, the gross fees produced from this type of business have begun to approach or even surpass those produced by personal trust activities.

Numerous Services Performed

The list of services performed for corporations by trust departments is almost endless. In Houston, one or more trust departments are performing each of the following services:

(1) Trustee and paying agent under indentures securing bond issues, debentures, mortgage notes, etc.

(2) Trustee of thrift plans or savings plans, which, while considered by the Internal Revenue Service to be profit-sharing plans, are really quite different from anything else in the trust department.

(3) Transfer agent for corporate stock (including stock ledgers, mailings, proxy jobs, etc.).

(4) Registrar for corporate stock and bonds.

(5) Dividend disbursing agent.

(6) Subscription agent for security offerings.

(7) Exchange agent for security offerings.

(8) Tabulation of proxies for stockholders' meetings and acting as judges of election.

(9) paying agent for municipal corporations.

(10) A complete service (with the exception of selling and portfolio management) to mutual funds.

(11) A complete fiscal service to country clubs and other clubs.

(12) Bookkeeping and administrative service to labor union welfare plans.

(13) Bookkeeping service to family corporations.

(14) Bid depository for contractors' associations.

One obvious advantage of this type of business is a trust department over acting as executor and trustee under a will is that a new piece of corporate trust business becomes an active account, producing a fee, immediately, and not upon a subsequent death or the occurrence of some other event in the future. Such business, also, if set up on an acceptable fee basis, and efficiently administered, while producing a profit for the corporate trust department, almost inevitably produces collateral business for the bank itself. A satisfied corporate customer is likely to be a better deposit and borrowing customer, and individual officers and employees of the corporate trust customer often become customers of the bank and its personal trust department because of contacts with the corporate trust department.

Competing With N. Y. Banks

The largest volume of corporate business in this country is, of course, that pertaining to corporate securities, which has been for many years, and perhaps always will be, centered in New York, because of its being the financial capital of the country, and because of the location of the major securities' exchanges there. Those trust departments which conduct a stock transfer business are in effect in competition with the major New York banks, with certain factors obviously working to the disadvantage of the bank outside New York. In order to compete successfully with the New York banks, it is necessary that our service be comparable to theirs, and that our fees be competitive.

We have seen one after another of the corporations whose stock we transfer reach the stage in its development where they listed its stock on the New York Stock Exchange. While this has resulted in a much larger proportion of the stock being transferred by the New York transfer agent and a smaller proportion by us, it has not meant that we lost the business. In such cases, because of the location of the secretary of the company and its management in our city, available by local telephone and for frequent personal visits, the logical arrangement is for the New York transfer agent (and any other transfer agents in other cities) merely to transfer such certificates as may be presented to them, and forward their transfer reports to us by air mail. Consolidated stock ledgers are maintained by us; and we are in position to handle the disbursement of dividends, mailings of reports, proxies, and other communications to stockholders, and give a prompt answer by local telephone to the many questions that can be asked by corporations whose stock we transfer. We are enabled to know sooner about any plans for future financing which the corporation may have, and to assist in the planning where we are affected.

On the other hand, the registrar on such an issue is in no such enviable position. It, like the transfer agent, is paid on a piecework basis, and sees only the small percentage of the total transfer made locally; unless there is a stock dividend or a subscription offer to existing stockholders, its fee is likely to remain rather nominal in proportion to that which the transfer agent is able to earn.

Many widely held stock issues are transferable interchangeably by several transfer agents, particularly where they are listed on more than one exchange. These multiple transfer agencies exist for several reasons — the convenience of dealers active in the stock, the convenience of the stockholders, differences in state transfer taxes, and the convenience of the corporation itself. We have recently seen the appointment of a Houston transfer agent by a corporation whose stock is listed on several exchanges, and which is one of the most widely held securities in the United States and whose executive offices are in New York. The announced reason for the appointment was that one of the largest concentrations of holders of the stock is in our general area. We hope that other corporations will follow this example.

In our area, there are several corporations whose executive offices are in Houston, whose stocks are listed on the New York Exchange, and whose only transfer agents are in New York. While it is a requirement of the Exchange that there be a New York transfer agent, there is no requirement that the transfer books be maintained there. It is our position that the local bank is the proper place for the transfer books, dividend disbursing, and other mailings to stockholders.

On widely distributed issues of bonds, even though they are those of our own state, county, city, or school district, much of the distribution is in the East, and a great majority of the maturing bonds and coupons are presented for payment there. The result is that on almost any large issue, there is a New York paying agent as well as a local one, with the New York agent paying most of the maturities. In too many cases, while the local bank gets the benefit of the deposit business before bonds or coupons are presented for payment, it is also required by the obligor to account for all maturities paid both locally and in New York or Chicago, with the New York bank getting most of the fee, and the local bank, while having to rehandle the items paid in New York, receiving only a pittance. The result of New York dominance in this field is that we are left with only the small local issues, on which the fee is comparatively small, to handle alone, and that the more profitable larger issues are so handled that we are more likely to lose money than to make it on them.

In our own state, as well as some others, in recent years there has been a tendency for the state itself and certain state agencies to invite competitive sealed bids for paying agencies on the larger issues. The pattern in our state has been for the larger Texas banks and the New York banks to be invited to bid for the agency, with each Texas bank which bids naming its own New York co-paying agent, and each New York bank bidding naming a Texas co-paying agent. The prices bid on these issues have become ridiculously low—less than our cost of handling—so that the only saving feature to us has been the use of the money for the 10 or 15 days which are usually required for it to be deposited before each maturity date.

On one such issue recently where we were the low bidder and both a New York and a Chicago co-paying agent were involved, we were able to work out

Continued on page 24

Furore Surrounding Take-Over Bids in Britain

By PAUL EINZIG

England's principal topic of domestic interest is reported to center in the progress of competitive bidding for the control of some well-known business firms. Dr. Einzig calls attention to Socialist objections to take-over bids except when done by the publisher of the Socialist party's newspaper, "Daily Herald," to other types of better-grounded objections, and to the advantages in still other cases.

LONDON, Eng.—During this summer in Britain, take-over bids have become the favorite topics of conversation. This subject has overshadowed the impending crisis over Berlin, the controversy over the H-Bomb, the approaching general election, the threatening revival of wage inflation, and even that eternal British topic of conversation—the weather. When those interested in the Stock Exchange as investors or speculators open their morning papers they look for the latest news about take-over bids. Wherever people meet in London they comment or gossip about the latest developments in the struggle for the control of Harrods stores or some other firm which has been, or is assumed to have been, the subject of take-over bids.

Paul Einzig

It is true, those directly concerned as shareholders in any or all take-over bids constitute a small minority of the public. But a great many people who have no stake in the game, and have not the financial means or the temperament to take a hand, also take an interest in the progress of some competitive bidding for the control of some well-known business firm. They may be interested in the fate of the firm as customers worried about the possible effect of the impending change of control on the service they receive. Or they may be interested in the broader economic aspects of the transactions. Or they turn green with envy and yellow with spite at the evidence of big profits being made in connection with take-over bids, not only by those who make the bids but also by investors and speculators who were lucky or clever enough to acquire the right equities at the right moment. And the public at large takes a sporting interest in the frequent contests between rival bidders.

At the beginning of July the subject of take-over bids was debated at some length in the House of Commons. The Socialist Opposition delivered a major attack on the practice and on the Government for failing to devise means to stop it. Of course in the eyes of true Socialists it is one of the mortal sins to make a profit through any Stock Exchange transaction. On that ground alone they condemn take-over bids out of hand—except of course the successful take-over bid made recently by Odhams Press, publishers of the Socialist Party's newspaper, "Daily Herald," for two important groups of publications.

Unfortunately class-hatred is not the only basis on which take-over bids can be criticized. In some instances at any rate the hostile criticism, which is not confined to Socialists or trade unionists, is only too well founded. The changes resulting from successful bids are often not to the best interest of the firms taken over. Although the shareholders benefit by the high prices paid for their holdings, if they remain shareholders they are apt to come to regret it sooner or later. For the successful bidder may exploit the resources of the firm for his own purposes to the detriment of the firm he acquired. He is not bound in any way by traditions for good service, high quality, generous treatment of employees, etc. He may be out for quick profit and to that end he may pay out too high dividends instead of ploughing back into the firm a reasonable proportion of the profits. He may sell the real properties in which firms with many branches operate, in order to raise cash.

Contrasts Two Methods

There is undoubtedly a formidable case against take-over bids on the basis of recent experience. It is easy to marshall an impressive array of arguments against them. It is considerably more difficult to suggest measures that the Government could usefully take against the use of the device. After all, it always remains possible to buy up gradually a controlling interest in firms whose shares are held widely by the public. The difference between this method and take-over bids is mainly the dramatic character of the latter method in securing control with a single bold stroke instead of acquiring it in small parcels of shares. The ultimate effect is the same, whichever method is employed for securing the control.

Moreover, it is doubtful if it would be wise to prevent take-over bids altogether even if this were possible. Some of the recent changes in control resulting from take-over bids were on the whole justified by leading to increased efficiency and the elimination of less productive units. Replacement of inefficient or inactive managements by more dynamic managements is to the lasting benefit of shareholders, employees, consumers and the country in general. Even though in a great many instances traditional methods are an advantage, in a great many other instances they are a millstone around its firm's neck. British business is often gravely handicapped by its management being too tradition-ridden, and the introduction of new blood is in many cases useful and advantageous to all concerned.

Socialist opposition to take-over bids is most illogical in at least one respect. To some degree Socialist pressure tends to keep down the level of dividends. Many firms abstain from distributing a sufficiently large proportion of their profits, for fear of attacks by Socialist politicians and of steeper wage demands by trade unions. The low level of their dividends is responsible for the low valuation of their equities on the Stock Exchange. And it is the low level of Stock Exchange prices that provides opportunities for take-over bids.

Not New But the Pace Is

There is nothing new in the practice of take-over bids, but in recent months their number in Britain has increased considerably. This has introduced an atmosphere of restlessness on the Stock Exchange. Investment in any group of equities which are liable to be subject to take-over bids has become a gamble. Anticipation of such bids has raised the prices of many equities, even though only one or two of the groups concerned is likely to be subject to take-over bids. If nobody bids for the other firms their shares are likely to drop back to the level whence they had risen in anticipation of the bid. So the investment advisor's lot is not a happy one these days. The practice has resulted in substantial losses as well as profits.

Neale Elected President of New York State Bankers Ass'n

Scarsdale commercial banker, J. Henry Neale, succeeds Crandall Melvin as President of New York bankers group at its June 26-27 Sixty-third Convention.

J. Henry Neale, President, Scarsdale National Bank and Trust Company, Scarsdale, N. Y., was elected President of the New York State Bankers Association at its recent 63rd Annual Convention. He succeeds Crandall Melvin, President, The Merchants National Bank & Trust Company, Syracuse, N. Y.

Albert C. Simmonds, Jr., Chairman, Bank of New York, New York City, was elected Vice-President; and Robert H. Fearon, Sr., President, Oneida Valley National Bank, Oneida, N. Y., was elected as Treasurer.

The New York State Bankers also elected three Members-at-Large to its governing body, the Council of Administration, for three year terms:

J. M. Hodges, President, Exchange National Bank, Olean, N. Y.; Joseph P. Finnegan, President, First National Bank, Yonkers, N. Y.; Earle W. Allen, Vice-President, The Chase Manhattan Bank, New York City.

The New York State Bankers Association represents 528 financial institutions including practically all of the commercial banks of New York State, a number of savings banks, savings and loan associations, and investment banking houses. In addition it has associate members located in Alabama, Connecticut, Pennsylvania, Illinois, Massachusetts, New Jersey, New Hampshire, Canada and South Africa. Some 13 foreign banks with agencies in New York hold membership in the Association.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market, after helping the Treasury take care of its current new money needs, decided that these issues were not in an unfavorable light from the standpoint of yields and, as a result, aided in their digestion at better prices than they were taken at by the underwriters, mainly the commercial banks. It is evident that the high return which was available in the new money raising issues attracted funds not only from corporations, but also from pension funds and individuals. Even though these favorable yields on the two new Treasury bills is for only a very limited period of time, it does, nonetheless give those with near-term funds to invest a very satisfactory return during a period of growing uncertainty.

The lull in the offering of corporate bonds, and a somewhat less bulky tax-exempt offering schedule, may give a minor fillip to the market for these issues. Nevertheless, as long as the Treasury is a potential seller of bonds the non-Federal issues are not going to run away.

Huge Treasury Refunding Looms

The Treasury, after paying the highest rate for its new money borrowings since 1921, will be faced soon with the refunding of nearly $14 billion of securities which come due next month. The terms of the offer that will be made to the owners of the maturing issues will be made known shortly. One thing appears to be pretty much taken for granted as far as the impending refunding operation is concerned, namely, that the obligations which will be offered in exchange for those issues which are maturing in August will be short-term securities. It is obvious that the controversy over the future legal interest rate limit for Government bonds will not be settled one way or the other in time to be of any use to the Treasury in this impending financing.

Secondly, the Treasury cannot go into the long-term market, or the capital market and sell a bond without meeting the existing competition and to do that would mean a rate for a distant maturity of Government bonds of nearly, if not a full, 1% above the existing long-term interest rate limit of 4¼%. This would seem to rule out any immediate long-term operations by the Treasury whether it be for refunding or new money purposes unless there is a change in monetary policy or the Congress consents to a new long-term interest rate level, whether it be temporary or permanent.

Note Issue Too Costly?

The Treasury could, however, use securities with a maturity of longer than one year by going into the note classification without interfering with the legal interest rate on Government bonds. Up to five years, there are no limits on the rates of interest which the Treasury may put on the issues which are being floated. However, when consideration is given to the cost which the Treasury had to pay for the betterment which took place in these obligations marketwise, the rate which would have to be put on a refunding note would most likely not be taken to very kindly by the Treasury.

In addition, it appears as though the present owners of the August maturities are not going to be very much attracted to issues other than those with a near-term maturity and this particularly applies to the Federal Reserve Banks, the largest holders of the securities which come due next month. Accordingly, it appears as though the short-term sector of the Government market will have more securities to choose from when the August refunding has been consummated. This means that the pressure for higher short-term rates is continuing.

Government Bond Market Lackadaisical

The Government bond market—that is the long-term sector of it—has been showing signs of wanting to do better price-wise, but up to now this improvement has been very much of a professional nature via some trading and the taking in of short positions in certain issues. The amount of investment buying that is going on in the more distant maturities is still very small and shows no signs yet of being other than what it has been in the past, commitments which have to be made in Government bonds in order to meet legal requirements. Also, there is not likely to be more than a technical rally here and there in the Government bond market until more is known about the outcome of the struggle between the monetary authorities and Congress.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

Since 1934, the National Security Traders Association has grown from a small number of traders to a membership of over 4,700 members in 32 affiliates.

Alfred F. Tisch

P. Fred Fox

Celebrating its 25th anniversary at Boca Raton, Fla., in November of this year, the Association will publish its Silver Anniversary Year-Book and Convention issue as a supplement to the CHRONICLE. This edition will comprehensively cover the Convention, the committee reports, social events and related news developments of the Convention proceedings.

The Advertising Committee of NSTA this week salutes the Lone Star Brewing Company of Texas, and P. F. Fox & Co., Inc., of New York City, who have contracted for a half page each.

ALFRED F. TISCH, Chairman
National Advertising Committee
c/o Fitzgerald & Company
40 Wall Street, New York 5, N. Y.

Form Williams Inv. Corp.

SHREVEPORT, La.—Williams Investment Corporation has been formed with offices at 936 Candler Avenue to engage in a securities business. Officers are Clavis W. Williams, Jr., president; Clavis W. Williams, vice president, and secretary-treasurer.

With Robt. C. Kerr Co.

(Special to THE FINANCIAL CHRONICLE)

INDIAN ORCHARD, Mass. — Matthew S. Oleksak is now connected with Robert C. Kerr & Co., 103 Essex Street.

Challenge of the South

By W. W. McEACHERN*
President, The South Carolina National Bank, Greenville, South Carolina

South Carolina Banker construes the South as the leading contender to economic leadership having outpaced the economy in the past decade and possessing opportunities placing it at the beginning of a new industrial revolution. For example, Mr. Eachern points out that the present 22% share of national output is expected to top 30% by 1965; insurance companies there now hold 26% of the nation's insurance policies; cotton has been displaced by tremendous rise in such products as: foods, chemicals, textiles, oil and coal, and forestry; and the South in time should become the chief supplier of foods to the nation. Gaps still to be filled in the South, he says, are greater research efforts, improved food processing industries, and modern marketing methods. All this, he adds, is the big news and not the rash of bad publicity.

To us, and the interests we represent, it is not so much a matter of what the South has been that counts as it is a question of what the South is **going to be.** The past serves us as an introduction to the future and helps to explain and enables us to understand the point at which we have arrived, but the future depends entirely upon the imagination, the energy and the effort which we ourselves exert.

W. W. McEachern

Ever since the War between the States, the South has received much unfair publicity. These bad and exaggerated reports have been increased and intensified during the last few years, especially since the 1954 decision of the Supreme Court in the segregation cases. Perhaps it is only natural for people to speak of those things which are bad and to let those things that are good go unnoticed. Certainly this has been true with many events and matters concerning the South. Based on these reports, readers, listeners and viewers are inclined to pay more attention to stories of tragedy, race conflict and misfortune than to those of a more cheerful nature. We cannot control news media outside the South, or even the media within the South with which we disagree, nor would we wish to control any news media, because the story of the South now is beginning to break through the barriers. People all over the nation and all over the world are beginning to know and recognize the fact that the South is not simply a land of tragedy and conflict. The South is overcoming its rash of bad publicity and ultimately the nation and the world will be conscious of the tremendous advances we are making. Thinking people everywhere have little respect for editors or other newsmen who merchandise sensationalism in order to sell their product.

*From a talk by Mr. McEachern at Myrtle Beach, South Carolina.

Opportunity and Potential

My purpose is to discuss the real South, its opportunities and its potential. When I speak of these opportunities and potential, I am talking about great opportunity and potential. Already many sections of the country outside the South are awake to the fact that we are taking tremendous strides forward. The story of our growth and development is big news, as it should be.

We are at the beginning of a new industrial revolution. I say "at the beginning" in spite of the fact that this industrial revolution has new been going on for more than a decade. However, this first decade has only pointed the way. We have realized that we possess a great potential and that we must go forward or that, failing to advance, we will lose ground. The South is rapidly moving toward the position of economic leadership to which its climate, its geography and its natural resources entitle it. The attainment of this leadership depends upon the way we grasp the opportunity before us for leadership.

When I talk about the South, I feel that I am qualified to some limited degree because I was born and reared in Georgia, and I have spent the past 30 years in executive positions in banks in Florida, Virginia and South Carolina. Throughout these years during my business career, I have tried to develop an understanding of the problems which the people of the South have faced. I believe that I have learned something of these problems of the past and also learned something about the things which can insure our future progress. If we exhibit a small fraction of the courage and determination the people of the South demonstrated during these dark days of Reconstruction, the full development of the South is assured.

Not Just a State of Mind

You have heard it said that the South exits only as a state of mind, instead of as a place at all. Perhaps this is true. In fact, I am inclined to agree that the South does exist as a state of mind, but **not** just as one state of mind, but as many. I am convinced that the predominating state of mind of the South and in the South is a progressive one. However, the South also definitely exists as a large geographic area, in spite of what our critics say. Before we gave Alaska statehood, the South represented one-fourth of the land area of the United States. Also, approximately one-fourth of the population of this country lives in the South. The South, as a geographic area, has the best climate of the entire nation. Living is comfortable and operating a business pleasant and rewarding.

Following the debacle of the Reconstruction Period after the War between the States, the South's manufacturing facilities droped in 1900 to a point where they made up only 9% of the nation's facilities for industrial production. However, our manufacturing facilities now amount to 22% of the national total and it is predicted they will be more than 30% by 1965.

South's Population Grows

It is estimated that during the period between 1950 and 1975, the population of the South will increase by 16,000,000 people, or an average of one million additional people to each of the 16 states. This means the South must increase its efforts to fill the needs and meet the demands of an expanding population which must be fed, clothed, and provided with employment. On the other hand, it means new opportunities for the merchants, the manufacturers, and the farmers of the South to prove their ability to measure up to and exceed what is expected of them.

During my business lifetime, I have seen Southern banks, insurance companies and other financial institutions grow in capital, deposits and total resources to the extent that they are now able and eager to finance business, industry and homes with Southern capital. Two decades ago this was not true. Then we were forced, because of a lack of capital funds, to seek money from other sections of the nation. No section of the nation has grown more in financial resources than the South during these past 20 years. Southern banks now hold 20% of the total assets of all the banks in the country. Eighteen Southern banks are listed in the 100 largest banks of the nation. Southern insurance companies also have grown tremendously and now account for 26% of the insurance policies outstanding in the United States.

Per Capita Income Up 250%

Per capita income in the South has increased 250% since 1939. This is 64% above the average rate of income increase nationally.

While we, as Southerners, have to recognize that we had a long way to go 25 years ago, and that we still have a long way to go, our critics must recognize that we have come a long way during this period, and that all of our progress is not accounted for by the fact that we were so far behind the rest of the nation economically.

As you ride through the South today and compare it with the twenties, you find pine trees growing where cotton once was planted.

Agriculture is now going through the revolutionary change in the South which has been witnessed in industry and in the development of additional natural resources. If you think back 25 years or more and visualize the lack of diversified farming in the South at that time, you will recognize the major strides made through the application of scientific methods and more efficient business procedure. These factors are reshaping and will continue to reshape entirely the agricultural situation in the South.

The Southern States comprise the fastest growing cattle-raising section in the entire country. The poultry industry has increased 800% in 15 years. However, diversified farming is still in its infancy in the South. We must continue to encourage well-kept farms, supply capital for research through our agricultural colleges and experiment stations, not only to produce food and clothing for the people of the South, but also for the people of the nation as a whole. We can and should produce more fruits, more vegetables, more meat and much more of many other foodstuffs. With our climate and our abundant water supply, we should become the chief supplier of foods to the dinner tables of America.

Processing, Marketing Needed

Two principal factors must be improved if we are to continue to advance agriculturally. We must improve processing industries for foods and we must employ modern marketing methods to sell our products. There are almost 12,000 food processing plants operating in the South, employing nearly a half million people, but we need more. Food production in this section has multiplied five times in 50 years, with the same farm labor force. This is a prime illustration of what increased technical knowledge will enable us to accomplish. Yet, in spite of this tremendous increase in food production, we still do not produce enough food for our own use.

We have only begun to develop the many natural resources found in the Southern States. We have rainfall amounting to 40 inches per year and we are using only 4% of the available water. This compares with a national average rainfall of 30 inches per year and

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THE MARKET . . . AND YOU

By WALLACE STREETE

The pros and cons of the steel strike — how big inventories are and how long it will take to use them up—weighed on the stock market this week and kept action restrained except for a handful of items that were able to stage wide gains not necessarily contingent on any specific news.

Electronics were able to do some wild soaring on occasion but without threatening too many of the year's highs because of the sizable corrections some of the issues have gone through recently. Litton Industries was an exception and made its high in convincing style.

A Sensational Performer

The newcomer to sensational action at times was Motor Products with only merger rumors to help it carve out fat gains, one daily improvement running well past a dozen points on only a few trades.

Some of the drug items were able to show pinpoint demand at times and metals in general fared well, although coppers had to weather some new cuts in the price of the metal that brought momentary selling. They rebounded well. Aluminums showed persistent demand and were in the forefront in the metal group.

Steels' Uncertain Action

Steels were both sold and bought prior to the strike deadline, the evidence a bit cloudy whether the followers of the steel issues were encouraged or chagrined by the prospect of a strike. This group was prominent on heaviness on one deadlock in the negotiations and, in fact, paced the list to its hardest one-day setback in over a month. But they showed little new demand when negotiations were resumed and rallied when the strike picture again turned black. It was a confusing showing.

The big play in the autos that was underway last week had died down a bit abruptly, except for American Motors which was able to keep up its appearances on the new highs lists. The Big Three had a mundane time of it after Ford and General Motors had posted historic peaks, with Chrysler well below anything approaching a record.

An issue sometimes grouped broadly with automotive ones is Briggs & Stratton which has been making the new highs lists quietly. This company is not identified with autos but with engines for various machinery, notably power lawn mowers where it is a leading figure. The company apparently has done a remarkable job of increasing efficiency to where its motors have shown constantly lower price tags despite the higher costs of materials and labor. Some projections indicate that the company has an earnings potential in the nature of $6 a share this year and if achieved would leave the present market price at around 11-times earnings. This is a modest figure compared with some of the fabulous ratios of the premiere growth companies. More importantly, it would probably make the management scrutinize the adequacy of the current $2 dividend which has been in effect since the stock was split last in 1956. So the shares are usually included in the lists of higher dividend possibilities.

An Expanding Chemical

In the chemical section the item that was subject of much discussion was Olin Mathieson which has been taking something of a respite after good action earlier this month. Olin, when it was formed in 1954 through merger of Olin Industries and Mathieson Chemical, was immediately grouped with promising growth companies. But it lost some of the luster in last year's recession.

Some ambitious expansion plans bumped into poor timing, such as its joint aluminum venture with Revere Copper which was drawing on the company's cash last year when the recession caught up with Olin's general business. The company had to halve its dividend and, while about this disagreeable chore, decided to take some sizable writeoffs and be done with them, including the aluminum losses and start-up costs of various other ventures. This alone shaved $1.82 per share from earnings.

* * *

The plus side of Olin is that it is still a very diverse operation, ranking fifth in the chemical field, owns Squibb which is a well-known name in drugs, is a leading producer of arms and ammunition, will share in one of the nation's lowest-cost aluminum producing organizations and participates in exotic fuels developments. Moreover, with its house cleaning already over, there is little doubt that the earnings reports this year will continue to show good progress. Projections give the company a good chance of showing between $2.50 and $3 a share for the year with the profit growth accelerating. This makes a return to the old $2 dividend mostly a matter of guessing when it will take place.

* * *

The low-priced chemical item that has its fanciers is Heyden Newport Chemical available lately in the $20 bracket. This company seems destined for a good earnings improvement this year over last year and some estimates are that the final figure could double the 62-cent profit of last year. Here, again, the current dividend of 40 cents would be subject to management review if the profit picture turns out as expected.

Lagging Retail Issue

The group that has had little sustained following for long is the retailing one, notably such an old and known name as Woolworth. This issue, despite occasional demand, has yet to stretch its year's range to as much as 10 points. And, where yields elsewhere are down to levels where they obviously are not being considered important, Woolworth's return is still well into the 4% bracket.

The chain, largest variety one, has been striving aggressively for efficiency and increased sales and, apparently, succeeding in both. It has important and profitable foreign interests including the German operation which fared well enough last year to nearly quadruple its dividend paid to the American operation. The British subsidiary, which paid $11½ million in dividends to Woolworth, has authorized an increase that will produce an additional $2 million. The chain is rounding out a dozen years with an unchanged dividend of $2.50 which not only is well covered by the $3.75-$4 earnings estimates for the company but leaves room for eventual liberalization as its foreign and domestic results continue to grow.

Airlines Favored

Airlines generally are favored in many quarters after their long spell in the doldrums of profit-less prosperity. The laggard in this section in competitive enterprise is United Air Lines which chose to wait on Douglas Aircraft's jet planes, enabling both American and Trans World to jump into the lead with coast-to-coast jet service using Boeing planes. Nevertheless, United has been able to increase revenues although not profits, and still faces the benefits of the traffic upsurge that should come when jet equipment goes into operation later this year.

[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.]

Railroad Securities

New York Central

New York Central Railroad recently applied to the Interstate Commerce Commission to obtain a federally guaranteed loan of $40 million for capital improvements. This loan, if so guaranteed, would be made by a group of eight insurance companies.

The ICC was authorized by Congress last year to guarantee private loans that railroads obtain for capital improvements or maintenance. New York Central's application is for a loan some ten times as large as the total of loans the Commission already has approved for guarantee.

The eight insurance companies which would participate include: Equitable Life Assurance Society of the U. S., Aetna Life Insurance Co., John Hancock Mutual Life Insurance Co., Mutual Benefit Life Insurance Co., Phoenix Mutual Life Insurance Co., Travelers Insurance Co., Mutual Life Insurance Co. of New York, and Connecticut General Life Insurance Co.

The railroad stated it would use the fund to construct three modern classification yards for freight trains and nine centralized traffic control units at an estimated cost of $70 million. The insurance companies are to be repaid within 15 years at an annual interest rate of 5%. Repayments would be through equal installments, the first to begin in 1963. The carrier said it would draw $19,500,000 of the loan this year, $17 million in 1960 and $3,500,000 in 1961.

The Central will pledge as security for the loan $57,819,000 of its refunding and improvement 5% mortgage bonds due 2013, and $26,704,000 of 4% consolidated mortgage bonds due 1998. Presently, these bonds are in the road's treasury.

It was officially stated that Indianapolis has been selected for the construction of one of the new freight classification yards and work on this project is slated to begin shortly. Another yard will be built in New York State and a third in the Midwest. The exact location of the latter two will be decided after completion of an operating study. The new facilities will be similar to the large installation at Elkhart, Ind., and the Frontier Yard at Buffalo, N. Y. In such yards, freight cars are classified by gravity. As the freight cars roll down the incline, operators can retard them and switch them to the proper tracks to makeup trains.

The centralized traffic control (CTC) projects are to be built on the Central's main line between New York and Toledo, Ohio, and between Terre Haute, Ind., and Cleveland, Ohio. CTC generally has enabled the railroads to eliminate trackage with consequent reduction in maintenance expenses and property taxes. The Central stated it has spent $120 million since Jan. 1, 1957, for additions and improvements to its properties.

Earnings of the New York Central so far this year have been helped by the upswing in general business activity and particularly the high rate of operations in the steel and automotive industries. A steel strike will hamper earnings for the time being, but it is believed that traffic in the final months of the year will rebound. It is pointed out that third quarter carloadings generally show a drop from preceding months because of vacations in many industries and also because of change-over in automobile models. However, it is anticipated that the Central will show a good recovery before the end of the year.

New York Central, like other carriers, is faced with high unemployment and pension fund taxes and also is faced with impending wage negotiations this fall which could further increase expenses. It is estimated that the new payroll taxes will cost the road about $7 million this year and some $11 million when the levy takes its full effect. The Central has a high wage ratio and consequently is more sensitive than many other roads to any changes in wage rates and taxes.

However, if gross revenues expand, it is believed that many of the new costs can be absorbed in view of improved operating efficiency. There also is the possibility of changes in working rules which would be an offset to wage increases. In fact, the unions have agreed to discuss some changes in these rules which have been in force for many years.

One large factor in Central's operations has been the reduction in its passenger losses, with the possibility that further cuts in this respect can be made. The passenger deficit in 1958, under the ICC accounting formula, amounted to $32 million as compared with $52 million in 1957 and it is hoped that the deficit might be reduced to $16 million this year and next. The elimination of the West Shore service and ferry would cut these expenses by $1,700,000 and, in addition, further savings could be made through new arrangements with Railway Express. Also, there is a possibility of some property tax reductions in the New York and New Jersey service areas.

On March 31, 1959, cash and cash equivalents amounted to $71 million and current liabilities were $113 million. Net working capital was $34 million against $15 million on the like 1958 date. Depreciation charges this year should total around $45 million or well above maturities of $29 million and should practically absorb ordinary capital expenditures.

Four With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John F. Flanagan, Arthur L. Goldstein, E. Albert Levine and Louis R. Sardella are now with Keller Brothers Securities Co., Inc., Zero Court Street.

Form Sorrels-Johnson

(Special to THE FINANCIAL CHRONICLE)

BRAINTREE, Mass. — Sorrels-Johnson Corporation has been formed with offices at 659 Washington Street to engage in a securities business. Officers are Charles O. Dam, President; Thomas T. Sorrels and A. B. Campbell, Secretary.

Forms Morton Mann Co.

RAHWAY, N. J.—Morton N. Mann has formed Morton N. Mann & Company with offices at 635 Cora Place to engage in a securities business. Mr. Mann was formerly a partner in Mannfield & Co.

Four With Nelson Burbank

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Paul R. Bergholtz, Searle F. Holmes, Robert M. Tyndall and Paul A. Weber are now connected with Nelson S. Burbank Company, 80 Federal Street.

Several Banking Bills Congress Is Considering

By RAY M. GIDNEY*

Comptroller of the Currency, Washington, D. C.

National banking supervisor reviews banking bills now being considered by Congress ranging from bank mergers to increasing credit expansibleness. He also relates that Chairman Mills of House Ways and Means Committee will start a study on taxation beginning this Fall. Ratio of capital funds to total assets is shown to be 7.7% and to deposits to be 8.4% as of the end of last year, and FDIC fund to have passed $2 billion.

A bank supervisor's primary interest must be to maintain a sound and healthy banking system. To this end good banking legislation is highly important and there should be constant effort to revise and improve banking laws to keep them abreast of banking progress. New York State has always been a leader in this field, and its banking laws have been much admired.

Ray M. Gidney

Federal banking legislation is very important to all banks and I am sure that you are interested in what takes place in Washington. Congress is now considering several banking bills which I would like to describe briefly.

S. 1120 is a bill to permit Federal Reserve member banks to count vault cash as part of their regular reserves under regulations to be prescribed by the Board of Governors of the Federal Reserve System. It also provides that effective three years after the date of enactment, New York and Chicago are to be reclassified as reserve cities. The bill has passed the Senate, has been reported favorably by the House Banking and Currency Committee and should come before the House for action very soon. The change as to vault cash is of great importance to our banks.

Increase Borrowing Proposal

H. R. 6092 would increase the borrowing authority of National banks from 100% of capital to 100% of capital and surplus. It would liberalize lending limitations of National banks under Section 5200 U.S.R.S. as to obligations secured by refrigerated or frozen readily marketable staples and those which arise out of the sale of dairy cattle. A moderately restrictive change would result from a proposed lending limit of 25% of capital and surplus on consumer instalment paper, whether negotiable or nonnegotiable, acquired from a single dealer, but if a duly accredited bank officer certifies in writing that the bank has information about the credit status of and is relying primarily upon the individual makers, the limitation would not apply. Under present law there is no limitation on the amount of negotiable consumer instalment paper which may be acquired from a dealer. Nonnegotiable consumer paper is now subject to a limitation of 10% of capital and surplus. Thus, in the proposed change, there is proposed both a tightening and a liberalization.

The bill includes a number of changes in the law governing real estate loans by National banks which we think would be practical and helpful. Loans could be secured by leaseholds, which run or may be extended at the option of the lessee to run for a period of ten years beyond the maturity of the loan. The permissible ratio of loans to appraised value of the mortgaged real estate would become 75% for 20-year fully amortized loans. Real estate loans fully guaranteed or insured by a State or a State authority would be exempted from the real estate loan limitations. National banks would be authorized to make 18-month construction loans on industrial and commercial buildings where there is a valid and binding takeout agreement without regard to the real estate loan limitations. The total amount of construction loans, industrial, commercial, residential, or agricultural, would be increased from 50% of capital to 100% of capital and surplus. A very important change would permit loans made to manufacturing and industrial businesses where the bank relies primarily on the borrower's general credit standing and prospects to be considered ordinary commercial loans not subject to the real estate loan limitations even though a mortgage on the plant were to be taken for protective purposes.

H. R. 6093 is a bill containing about 25 proposed changes in the National Bank Act designed to clarify the statute and to repeal certain obsolete parts.

These bills are receiving consideration by Subcommittee No. 2 of the House Banking and Currency Committee. Congressman Paul Brown of Georgia is Chairman of this Subcommittee and Congressman Abraham J. Multer and Congressman Paul A. Fino, both of New York, are members.

Bank Mergers

S. 1062—Bank Mergers—a very important legislative proposal, was passed by the Senate on May 14. This bill [Text of bill reproduced herein — *Ed.*] was jointly sponsored by Senator Robertson of Virginia, Senator Fulbright of Arkansas and Senator Capehart of Indiana. As introduced, the bill was identical with proposed legislation which was favorably reported by the Senate Banking and Currency Committee and passed by the Senate as S. 3911 of the 84th Congress and as part of The Financial Institutions Act, S. 1451, of the 85th Congress. Like the predecessor bills, it would amend section 18 (c) of the Federal Deposit Insurance Act to require the approval of the appropriate Federal bank supervisory agency for every bank merger between insured banks. It implies recognition that a strong banking system is vital to the welfare of the nation and that banking is a supervised and regulated industry.

The three Federal supervisory agencies would have to confer and work out desirable application of the standards which the amended statute would make applicable. They would have to take into consideration the usual banking factors such as the effect upon the soundness of the banking system, the effect upon the convenience and needs of the community, the effect upon the particular banks involved, whether the resulting institution will be capably managed, soundly capitalized, and in a sound asset condition and whether the plan is fair and equitable to the stockholders of each bank. They would have to consider also the competitive aspects of the merger. This means that full consideration would be given to all the factors which should be considered and in the light of the public interest. Under the amendments included in the bill as passed by the Senate, the Federal supervisory agencies would be required to request a report from the Attorney General on the competitive factors involved in a merger and the Attorney General would be required to furnish a report to the appropriate agency within 30 calendar days of the request. Exceptions are provided for emergency cases. The supervisory agencies would also be required to make semi-annual reports to the Congress of mergers consummated and if action taken should be contrary to the views of the Attorney General as to competitive factors they would be required to give their reasons.

Cites High Level Support

S. 1062 is supported by the Treasury Department, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, The American Bankers Association, The Association of Reserve City Bankers, The Federal Advisory Council, the United States Chamber of Commerce and the American Bar Association. At the meeting of the House of Delegates of the American Bar Association on Feb. 19, 1957, a resolution was adopted favoring the method of this bill.

Tax Study in the Fall

I am not including any extended comment on the matter of taxation. Chairman Wilbur Mills of the House Committee on Ways and Means has announced that a very extensive study on this subject will be made beginning in the Fall, and we shall all, of course, be interested in the result. It is worthy of note that all insured commercial banks in the year ending Dec. 31, 1958, paid Federal taxes on net income in the amount of $1,199 million.

Our banking system today is in good condition, and our examiners report very few banks with serious problems. Wonderful progress has been made in the period since the 1933 banking holiday, and in addition to the generally sound condition of the individual banks, it is good to note the steady progress that has taken place in recent years in building bank capital. At Dec. 31, 1958, the amount of capital shown by all FDIC insured commercial banks was over $18 billion and the ratio of capital funds to total assets was 7.7%. The ratio to deposit liabilities was 8.4%. In addition, the insured commercial banks had almost $2 billion valuation reserves against loans, of which it is estimated that about $1.8 billion was in reserves for bad debts set up on a tax-free basis under the method permitted by the United States Internal Rev-

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*From a talk by Mr. Gidney before the 63rd Annual Convention of the New York State Bankers Association, Spring Lake, N. J., June 27, 1959.

Morgan Guaranty Trust Study Sees No Spurt In Equity Financing Despite Propitious Market

Despite the current propitiousness of equity financing, New York bank's analysis discerns no generalized pressure building up for a flood of equity financing. The study presents an impressive array of factors offsetting the need for new ownership funds for all except those firms requiring a better balanced financial structure and new companies not yet blessed with a receptive market for their debt issues.

Bond flotations are not expected to take a back seat to common stock during the present favorable trend for corporate equity financing.

The attractiveness of equities is still not enough when it comes to selecting the vehicle for new corporate funds, according to the July issue of the monthly **Morgan Guaranty Survey**, a publication of the Morgan Guaranty Trust Company of New York.

The publication points out that:

"The sharp advance in prices of common stocks during the past year, together with the coincident rise in long-term interest rates, has created a more favorable climate for equity financing by business than has existed for many years. Price-earnings ratios for stocks are about as high as they ever have been, and dividend yields have slipped below bond yields, reversing the pattern that has prevailed for more than two decades, except for a brief period in the spring and summer of 1957.

"These circumstances suggest that corporations are likely to place relatively greater emphasis on stock offerings, and, indeed, evidence of such a healthy tendency has already appeared.

In the first four months of this year, according to the Securities and Exchange Commission, the gross proceeds of new issues of common stock sold in the United States totaled more than $725 million, compared with $380 million in the like period of 1958, when market conditions were less favorable. This increase occurred, moreover, in the face of a substantial year-to-year decline in corporate security offerings of all types. Stock offerings this year, it is true, are not running as high in absolute terms as they did in 1957 — the record postwar year — but this is to be expected because over-all corporate demand for external funds now is substantially less than it was then.

"For those companies that foresee the need to raise equity funds within the next several years, this would seem to be the right time to give serious consideration to stock offerings, since occasions when equities can be sold on relatively favorable terms come along rather infrequently. The present situation certainly affords an excellent opportunity for corporations that have relied heavily on debt financing in recent years to achieve better balance in their capital structures. Frequent recourse to debt financing may jeopardize the rating of a company's bonds and thus run the risk of making future bond offerings more costly. For firms that have been heavy bond issuers in recent years, equity financing for the purpose of providing a financial cushion may now be particularly appropriate, even in those instances where the immediate cost of equity financing is greater than for bond financing. The ideal timing of an equity offering by a particular company depends, of course, on prospects for the price trend of the specific stock in question."

Tax Factor a Deterrent

"While this background of presently favorable conditions points to increased stock financing, there are some offsetting considerations which suggest that the equity instrument is not destined to reachieve, either relatively or absolutely, the popularity as a financing method that it enjoyed in the late 1920s. The two basic inhibiting factors are the tax structure and the degree of corporate reliance on internal financing, both of which have changed radically in the past three decades.

"Given today's corporate income tax of 52% and the deductibility of bond interest as an expense, corporations in most instances obviously find bond financing relatively advantageous from the standpoint of direct cost. The net cost per year to a company of a bond issue is only about half the before-tax cost, which means that bond yields can be roughly twice as high as dividend yields before there is any net cost advantage in a stock offering. Only the so-called glamor companies, whose stocks are selling at extremely high price-dividend ratios, enjoy such a net advantage at present. When companies that do not fall into the glamor category undertake equity financing, it is usually because other considerations—such as achieving a desired debt ratio — outweigh the immediate cost advantage of bond borrowing. The 'cost' of equity financing is, of course, to be understood in a different sense from the cost of bond financing, inasmuch as equity financing involves no contractual commitment to pay specified sums. Furthermore, a simple comparison of immediate alternative costs ignores other considerations affecting the future value of a corporation's stock that may be highly relevant in particular instances."

Retained Profits Play Larger Part

"The important change which has occurred in dividend pay-out policies during the past several decades is certainly a major factor presently conditioning the volume of stock offerings. In the prosperous year 1929, dividend payments by all corporations amounted to 70% of profits after taxes, as against an average of only about 52% in the prosperous years 1955-57. Had the 70% rate been effective in 1955-57, an additional $12 billion in dividends would have been paid out in those three years. Instead, these funds were retained by corporations, thus substantially buttressing the equity base. In the years from 1946 through 1958, the retained profits of corporations totaled $118.5 billion, whereas net new money obtained by companies from the sale of common stock, preferred stock and bonds was only $79 billion. And of the $79 billion, only about a third came from stock issues.

"Thus corporations were effectively securing huge totals of equity money in this period, despite the fact that public offerings of equity issues were not large. This trend toward internal financing, it may be noted parenthetically, results in an allocation of savings that may be quite different from what would ensue if corporations were forced to bid for the same funds in the open market. Criticisms sometimes leveled at the practice, however, are in the final analysis rather hollow, because heavy reliance on retained profits seems an inevitable defensive response to (1) the inadequacy of depreciation allowances in the face of inflation and (2) the steeply progressive personal tax rates that would funnel a considerable share of higher dividend payments to the government."

Balance in Financial Structure

"Viewed in total, corporate enterprise appears to have maintained generally good balance in its financial structure in spite of its relatively lessened emphasis on stock sales. Inferences drawn from composite data in this field, of course, are subject to broad qualification and generous discount. The most reliable composite balance-sheet data cover only manufacturing corporations, and even in this area there are many deficiencies. Because of the inflationary trend of recent decades, for instance, some corporate assets are shown well under market prices, with the result that debt-to-equity ratios are overstated. Conversely, some recent innovations in financial practice — such as widespread use of the sale-and-leaseback device—give a stronger appearance to balance sheets than some conservatively minded accountants would affirm.

"If no account is taken of qualitative factors, the evidence indicates that the ratio of debt to equity for manufacturing corporations has risen during the postwar period and also that it is moderately higher now than in the late 1920s. Actually, however, most analysts incline to the belief that corporations in general are in a relatively comfortable position in terms of equity, with positions at least as favorable as in the 1920s and probably more so, mainly because of the huge total of retained earnings in the postwar period. This view takes on credibility in the light of other favorable financial ratios for manufacturing corporations, such as the present satisfactory relationship between so-called quick assets and current liabilities. Aggregates have to be used with caution, of course, and the fact that corporations in general seem to be comfortably situated does not mean that this is true for all corporations. It does, however, suggest that there is no generalized pressure building up for a flood of equity offerings.

"Another way of looking at financial strength—and probably a more satisfactory one—is to relate the dollar commitments of corporations for interest payments to the income that is available for such payments. The debt burden of corporations and the threat of default are far less now than they have been at any time in the past generation. In 1955, the most recent year for which complete data are available, all nonbanking corporations earned their interest obligations 10 times over, whereas in 1929 they did so only three times over. Interest payments probably have risen proportionately more than income since 1955, but certainly the general picture of financial strength has not been essentially altered."

Arguments Against New Equities

"In addition to the net cost advantage of selling bonds and the fact that retained earnings are effectively buttressing corporate positions, there are other important deterrents to the cash sale of new stock by corporations. One of these is the traditional opposition of stockholders to any dilution of their equity interests. Another reason is the desire of companies to achieve the earnings leverage that debt provides. And perhaps most important of all is a change in business psychology reflecting the mildness of cyclical adjustments in recent years. The moderate character of business fluctuations, which has produced a relatively stable earnings record in the postwar period, has quelled the fear of debt and receivership. Many companies that would not have considered issuing debt obligations in the 1920s are now untroubled borrowers.

"Corporations, it is clear, are relying on retained earnings as the principal source of their new equity money. Despite present circumstances so favorable to the sale of new shares, this reliance is not likely to be seriously diminished so far as the over-all corporate pattern is concerned. For individual companies intent on balancing debt-heavy capital structure, however, the opportunity afforded by current conditions should be welcome indeed. For new companies that do not yet enjoy a receptive market for debt issues, it offers an especially attractive prospect."

ABA Convention May Be Largest Ever

ABA President Lee P. Miller announces 85th Annual Convention will take place Oct. 25-28 in Miami Beach, Fla. Over 10,000 are expected and doubtlessly the bank-tax legislative proposals will enliven the usual lively bankers' sessions.

An attendance that may exceed 10,000 is expected at the 85th Annual Convention of the American Bankers Association in Miami Beach, October 25-28, ABA President Lee P. Miller announced.


Lee P. Miller

The rate of advance registrations indicates an attendance as large as or greater than the postwar record of 10,287 at the ABA Convention in Chicago last year, he said. Mr. Miller is President of the Citizens Fidelity Bank and Trust Company, Louisville Ky.

The 1959 convention will be the first that the nationwide bankers organization has had in Florida. Because of the size of attendance, few cities in the country offer adequate facilities. Delegates to this convention will occupy nearly 50 hotels, from Miami Beach on the south to Bal Harbour on the north.

General convention sessions will be held in the grand ballroom of the Fontainebleau Convention Hall, as will the meetings of the National Bank Division and State Bank Division. The Savings and Mortgage Division and Trust Division meetings will be in the Fontainebleau Towers. Meetings of the several commissions, committees, and councils will be held in the Deauville and Americana Hotels.

Speakers and other convention features will be announced later, Mr. Miller said.

The convention will get under way with the opening of registration on Saturday, October 24. Meetings of the commissions, committees, councils, and other official working groups will take place on Sunday. The divisions and Executive Council will meet on Monday, and general sessions will be held on Tuesday and Wednesday. A meeting of the newly elected Executive Council will conclude the convention on Wednesday afternoon.

Joins McCarley & Co.

RALEIGH, N. C.—John E. Sinclair has joined the Sales Department of McCarley & Company, Inc., members New York Stock Exchange, in their Raleigh, North Carolina Office, Bryan Building. He was formerly with King Merritt & Company.

To Dissect Role of Life Insurance on The Nation's Economy

A candid appraisal of life insurance and its effect on the nation will be undertaken by five nationally-prominent figures at a meeting at Madison Square Garden on July 28.

The five are Dr. John Sutherland Bonnell, minister of the Fifth Avenue Presbyterian Church; Dr. Detlev W. Bronk, president of the National Academy of Sciences; Hon. Ivy Baker Priest, Treasurer of the United States; Dr. Neil H. Jacoby, dean of the Graduate School of Business Administration, University of California; and Frederick R. Kappel, President of the American Telephone and Telegraph Company.

Holgar J. Johnson, President of the Institute of Life Insurance, will preside at the meeting and then summarize the statements of the speakers at the conclusion. Sponsors are the Life Insurance Association of America, the American Life Convention and the Institute of Life Insurance. The meeting is being held in conjunction with the 100th anniversary celebration of the Equitable Life Assurance Society.

Dempsey & Co. Formed

MODESTO, Calif. — Dempsey & Co., has been formed with offices at 1024 J Street to engage in a securities business. Partners are Terrence M. Dempsey, general partner, and F. D. Jungerman, limited partner. Mr. Dempsey has recently been associated with Walston & Co., Inc.

Form Interior Securities

FAIRBANKS, Alaska — Robert G. Parsons is engaging in a securities business from offices in the Sullivan Building under the firm name of Interior Securities Company. Mr. Parsons was formerly with Paine, Webber, Jackson & Curtis and Bache & Co.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

First National City Trust Company, New York, announces the appointment as Vice-Presidents of Edward F. Mitchell and James E. Robertson. Mr. Mitchell formerly was a trust officer and Mr. Robertson an Assistant Vice-President.

The trust company also promoted Ogden K. Myers from Assistant Trust Officer to Trust Officer.

* * *

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

Holders of New York Trust stock would receive 1¾ shares of the merged institution for each share of their stock now held. Chemical Bank shares now outstanding would remain outstanding as shares of the merged institution.

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

The plan is subject to approval of the State Superintendent of Banks and the Federal Reserve Board.

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

At special meetings held concurrently in July, shareholders of Chemical Corn Exchange Bank and The New York Trust Company approved the proposed merger of those institutions.

Substantially more than the necessary two-thirds of the outstanding stock of each bank was voted in favor of the plan. Before becoming effective, however, the merger requires approval of the Superintendent of Banks of the State of New York and other authorities.

It is proposed that New York Trust, with assets of over $850,000,000, will be merged into Chemical, with assets of $3,400,000,000, under the name of Chemical Bank New York Trust Company. Shareholders of Chemical authorized 2,100,000 additional shares of capital stock, making a total of 8,476,590 shares, and increased the par value to $12 from $10 per share. The additional 2,100,000 shares are to be exchanged for present stock of New York Trust in the ratio of 1¾-for-1, respectively. The merged bank will have total capital funds in excess of $388,000,000, on the basis of June 30 figures.

* * *

REPORT OF CONDITION OF

Underwriters Trust Company

of 50 Broadway, New York, New York, at the close of business on June 30, 1959, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS	
Cash, balances with other banks and trust companies, including reserve balances, and cash items in process of collection	$8,450,483.21
United States Government obligations, direct and guaranteed	20,801,967.00
Obligations of States and political subdivisions	1,929,557.58
Other bonds, notes, and debentures	482,098.62
Loans and discounts (including $3,594.09 overdrafts)	18,699,886.96
Banking premises owned, none; furniture and fixtures	263,294.85
Real estate owned other than banking premises	176,466.89
Other assets	215,505.41
TOTAL ASSETS	$51,019,260.52
LIABILITIES	
Demand deposits of individuals, partnerships, and corporations	$22,193,378.11
Time deposits of individuals, partnerships, and corporations	4,231,828.10
Deposits of United States Government	361,023.39
Deposits of States and political subdivisions	17,420,745.20
Deposits of banks and trust companies	675,297.47
Other deposits (certified and officers' checks, etc.)	2,267,461.14
TOTAL DEPOSITS	$47,149,733.41
Other liabilities	216,956.09
TOTAL LIABILITIES	$47,366,689.50
CAPITAL ACCOUNTS	
Capital †	$1,000,000.00
Surplus fund	1,000,000.00
Undivided profits	1,652,571.02
TOTAL CAPITAL ACCOUNTS	$3,652,571.02
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$51,019,260.52

†This bank's capital consists of common stock with total par value of $1,000,000.00.

MEMORANDA	
Assets pledged or assigned to secure liabilities and for other purposes	$11,271,764.20
Loans as shown above are after deduction of reserves of	199,655.88
Securities as shown above are after deduction of reserves of	158,763.25

I, KENNETH W. LANDFARE, Treasurer of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

KENNETH W. LANDFARE

Correct—Attest:

CHRISTIAN W. KORELL
JOHN E. BOOTH } Directors
JOSEPH B. V. TAMNEY

The appointment of John J. Kruse as an Assistant Treasurer of **Manufacturers Trust Company, New York,** is announced by Horace C. Flanigan, Chairman of the Board.

* * *

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

Edward C. Weist, has been appointed Assistant Secretary in the Investment Department of Personal Trust Division.

* * *

First Jeannette Bank and Trust Company, Jeannette, Pa. and **Peoples First National Bank & Trust Company, Pittsburgh, Pa.,** merged under charter and title of Peoples First National Bank & Trust Company.

Lewis A. Lapham, a member of **Bankers Trust Company, New**

Lewis A. Lapham

York, Board of Directors and its Executive Committee for the past nine years, has been named Chairman of the Executive Committee, it was announced July 8 by William H. Moore, Chairman of the bank's board.

* * *

A. L. Williams, Executive Vice-President of International Business Machines Corporation, was elected July 9 to the Board of Trustees of the **East River Savings Bank, New York,** it was announced by George O. Nodyne, President of the bank.

A. L. Williams

Mr. Williams has been associated with IBM since 1936. Prior to his election as Executive Vice-President in 1954, he held successively the corporate posts of Controller, Treasurer, and Vice-President and Treasurer. He is a member of the IBM Board of Directors and serves on the board's Executive and Finance Committee.

He is also a director of the J. Henry Schroder Banking Corporation, New York, the Schroder Trust Company, New York.

Thomas M. Goodfellow, has also been elected a trustee.

* * *

FEDERATION BANK AND TRUST CO. NEW YORK

	June 30, '59 $	Mar. 31,'59 $
Total resources	184,995,489	174,538,208
Deposits	170,381,726	159,909,118
Cash and due from banks	32,102,264	26,207,420
U. S. Govt. security holdings	22,798,136	27,279,120
Loans & discounts	93,828,924	86,487,889
Undivided profits	1,503,806	1,362,961

* * *

COLONIAL TRUST CO., NEW YORK

	June 10,'59	Mar. 12,'59
Total resources	$79,451,404	$77,891,048
Deposits	70,158,232	69,282,752
Cash and due from banks	16,702,351	16,430,272
U. S. Govt. security holdings	13,448,881	13,458,272
Loans & discounts	39,938,508	39,383,704
Undivided profits	586,869	1,196,745

* * *

SECURITY NATIONAL BANK, L. I., N. Y.

	June 30,'59 $	Dec. 31,'58 $
Total resources	189,092,870	183,475,051
Deposits	172,269,186	167,498,468
Cash and due from banks	22,322,952	23,502,024
U. S. Govt. security holdings	51,485,703	48,883,757
Loans & discounts	60,380,223	58,094,748
Undivided profits	618,010	638,835

* * *

Security Trust Company of Rochester, Rochester, N. Y. and **The First National Bank of Wolcott, Wolcott, N. Y.,** merged under charter and title of Security Trust Company of Rochester.

* * *

Manufacturers and Traders Trust Company, Buffalo, N. Y. and **Bank of Ellicottville, Ellicottville, N. Y.,** merged under charter and title of Manufacturers and Traders Trust Company.

* * *

President of the **Savings Bank of Baltimore, Md.,** S. Page Nelson, was elected Chairman as well as Chief Executive Officer. Senior Vice-President Robert W. Thon, Jr., was named President. Leonard Eagan was elected Senior Vice-President and Carroll J. Broderick was elected Vice-President and Treasurer. Frank W. Carman and William A. Beasman were named Vice-Presidents.

* * *

THE FIFTH-THIRD UNION TRUST CO., CINCINNATI, OHIO

	June 30,'59 $	Dec. 31,'58 $
Total resources	353,070,981	373,373,181
Deposits	317,286,320	337,825,580
Cash and due from banks	83,958,206	85,446,002
U. S. Govt. security holdings	83,855,071	114,014,220
Loans & discounts	163,240,938	154,279,376
Undivided profits	5,994,799	5,444,917

* * *

THE CONNECTICUT BANK & TRUST CO. HARTFORD, CONN.

	June 30,'59 $	Mar. 12,'59 $
Total resources	427,807,016	379,806,689
Deposits	388,043,510	338,425,160
Cash and due from banks	128,551,237	73,532,017
U. S. Govt. security holdings	66,281,905	77,015,026
Loans & discounts	175,483,995	161,515,531
Undivided profits	6,087,339	5,547,175

* * *

THE FAIRFIELD COUNTY TRUST CO., STAMFORD, CONN.

	June 30, '59 $	Mar. 31,'59 $
Total resources	161,103,426	148,762,416
Deposits	144,800,126	136,336,550
Cash and due from banks	13,774,708	14,746,963
U. S. Govt. security holdings	39,593,862	38,138,296
Loans & discounts	90,999,721	78,293,723
Undivided profits	1,845,737	1,479,300

* * *

Francis H. Beam, President, **The National City Bank of Cleveland, Ohio,** July 8, announced several new officer appointments in the Trust and Banking Departments at the Main Office.

In the Investment Division of the Trust Department, Alan Homans was raised to Vice-President, and Arthur T. Boanas and John B. Neff were named Trust Investment Officers.

Mr. Homas, with National City since 1945, previously was Assistant Vice-President in the same Division.

* * *

Following the regular monthly meeting of the Board of Directors of **The First National Bank of Chicago, Ill.,** held July 10, Homer J. Livingston, President, announced two promotions in the official staff and the election of six new officers.

Guy A. Crum and Elmer A. Tittle were promoted from Assistant Vice-Presidents to Vice-Presidents. Mr. Crum is the European representative of the bank in its new London office, and Mr. Tittle is in Division "G", one of the commercial loan divisions.

New Assistant Cashiers elected were C. Hugh Albers, Stanley C. Golder, Elbridge Keith, Charles L. Monroe, and Marshall G. Rowley. Willis J. Lovitt in the Trust Department was elected Assistant Secretary.

* * *

Kenneth V. Zwiener, President, announced eight promotions at **Harris Trust and Savings Bank, Chicago, Ill.** Heading the list was a new Vice-President, Charles M. Bliss, in the banking department. Promoted to Assistant Vice-Presidents in the banking department were Mozart Lovelace, V. Scott Rice, and Melvin C. Yocum.

Four new Harris officers named were William R. Hodgson and Theodore H. Roberts, Assistant Cashiers, and Thomas C. Octigan and John R. Winter, Assistant Secretaries in the trust department.

Mr. Bliss joined the Harris Bank in 1944. He was made an Assistant Cashier in 1949 and Assistant Vice-President in 1952. Mr. Lovelace came to the bank in 1929. He became an Assistant Cashier in 1953.

* * *

CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO., CHICAGO, ILL.

	June 30,'59 $	Dec. 31,'58 $
Total resources	2,648,332,415	2,857,982,123
Deposits	2,349,177,291	2,555,170,750
Cash and due from banks	655,236,328	795,138,882
U. S. Govt. security holdgs.	592,946,953	816,618,524
Loans & discts.	1,179,574,573	1,066,113,632
Undiv. profits	38,952,349	36,277,613

THE DETROIT BANK & TRUST CO., DETROIT, MICH.

	June 30,'59 $	Dec. 31,'58 $
Total resources	953,882,211	954,939,603
Deposits	867,440,913	868,916,313
Cash and due from banks	175,838,852	156,777,023
U. S. Govt. security holdings	320,003,766	346,225,378
Loans & discounts	339,951,702	195,799,885
Undivided profits	11,814,964	10,096,214

* * *

BANK OF THE COMMONWEALTH, DETROIT, MICH.

	June 30,'59 $	Dec. 31,'58 $
Total resources	359,317,289	339,333,200
Deposits	329,903,835	312,403,420
Cash and due from banks	55,968,717	56,675,050
U. S. Govt. security holdings	156,284,806	151,312,851
Loans & discounts	121,341,661	108,027,688
Undivided profits	6,267,300	5,240,686

* * *

THE NATIONAL BANK OF DETROIT, DETROIT, MICH.

	June 30,'59 $	Dec. 31,'58 $
Total resources	1,976,030,086	1,859,538,146
Deposits	1,798,761,472	1,681,978,201
Cash and due from banks	439,320,990	373,202,610
U. S. Govt. security holdgs.	571,061,114	600,345,866
Loans & discts.	695,330,989	662,487,850
Undiv. profits	21,447,744	19,869,684

* * *

THE SECOND NATIONAL BANK, ASHLAND, KY.

	June 30,'59	Dec. 31,'58
Total resources	$32,023,706	$32,150,919
Deposits	29,172,221	29,148,477
Cash and due from banks	7,132,841	7,747,189
U. S. Govt. security holdings	9,642,133	9,225,966
Loans & discounts	12,051,717	12,047,593
Undivided profits	448,336	486,045

* * *

Milo A. Hefferlin and Thomas S. Merrill were elected Vice-Presidents of the **Bank of America, Los Angeles, Calif.**

* * *

E. J. Kolar, a veteran of 35 years in banking and a Senior Vice-President at the **United States National Bank of Portland, Ore.,** has been elected to the new position of Executive Vice-President, according to E. C. Sammons, President.

Mr. Sammons also indicated that a proposal to make the new Executive Vice-President a member of the Board of Directors of the bank will be presented at the board meeting on July 31.

Mr. Kolar, who has been a Vice-President at U. S. National since 1944, has been with the bank 29 years. His first job in banking was with the old West Coast National Bank in 1924. He joined U. S. National in 1930 when West Coast merged with U. S. National.

Mr. Kolar served as representative of the bank's upstate branches for several years, becoming Assistant Cashier in 1936 and Assistant Vice-President in 1940. He has been a Senior Vice-President since January, 1958.

* * *

G. Arnold Hart, President of the **Bank of Montreal, Canada,** announced July 14 that the bank's offer to stockholders of 675,000 additional shares of capital stock at a price of $32 per share was 99% subscribed. The offer, made to stockholders of record April 17, expired on July 10.

In line with provisions of the Bank Act, the offer did not include fractions of shares, and these plus the small number of shares representing rights which were not exercised will be sold to an underwriting group headed by A. E. Ames & Co. Ltd., McLeod, Young, Weir & Co. Ltd., and Greenshields & Co., Inc., Mr. Hart added.

The new issue of shares will add $6,750,000 to the paid up capital of the bank, bringing it to $60,750,000—the highest for any Canadian bank. The rest account will be increased by $14,850,000 to a new high of $137,850,000.

* * *

Juan Labadie Eurite was elected Executive Vice-President of the **Government Development Bank for Puerto Rico.**

Making Canada Canadian

By HON. ALVIN HAMILTON*
Minister of Northern Affairs and National Resources
Ottawa, Canada

A top Canadian official calls for a cost break-through in order to create an integrated steel industry and a "national" program to make one Canada out of two. Asserting that the next 40 years will determine Canada's future, Mr. Hamilton outlines what he terms are the more serious situations facing Canada which, for the most part, deal with his country's dependence upon American business and the American market. Declaring there is no antipathy towards the USA and welcoming us as investors, buyers and sellers, the Minister presents brief policy guide for: American firms operating in Canada, Canadian industry and his Government.

I believe that it is fair to say that if ever a country has needed a program of national development, that need has existed in Canada. Here we are, a nation of only 17.5 million inhabitants, occupying a land area which elsewhere might hold several hundred million. Yet most of our land space is empty; ocer 90% of us are huddled within 200 miles of our southernmost boundary. Here in the south, literally on the doorstep of our great neighbor, the United States, lie all of our governmental centres; virtually all of our manufacturing industries; most of our lumbering and agricultural activities and many of our mines.

As yet not a single highway, paved in its entirety, crosses our country from coast to coast. Not a single community as large as Woodstock or Sorel distinguishes the northern half of any Canadian province outside the Maritimes; and the combined population of the Yukon and Northwest Territories, assembled in one place, would scarcely suffice to fill Molson Stadium here in Montreal.

It is our national aspiration to build one Canada in our great and diversified land. We have been deeply preoccupied, throughout our historical past, in efforts to consolidate and expand the more settled parts of the country. As a result, we face today a perplexity of problems, attributable in large measure to the emptiness and unproductivity of the vast stretches of land which remain undeveloped.

Two Canadas

In a very real sense, we are actually dealing with two quite separate Canadas. The first, stretching across our southern boundary from ocean to ocean, is a highly urbanized, industrialized region that provides the backbone for the entire national economy. It is in this part of Canada that we have developed our productivity in goods and services; it is here our domestic markets are located, and here originates the bulk of our external trade. The other Canada is a vast undeveloped land embracing three million of our country's three and a half million square miles — a land as large as the whole of continental United States. Yet its population is hardly greater than Bermuda's. It is an empty area, the habitat of nature, rather than of human beings. While it is pinpricked here and there by tiny communities, it is still inadequately explored, difficult of access, and almost without productivity. Yet all of us here know that it is not merely an oasis of ice and snow; of permafrost and muskeg; of mountain and marsh; and of cliff and crag; as some people suggest.

If we are to build a single unified nation within the framework of our national territory, we must gird ourselves for the task with a transcending sense of national purpose. The problems we face are immense, despite the many evidences of prosperity which we see all around us. These problems pervade every segment of our national economy. They touch the roots of our social and political existence. They affect our production and trade, and they shape our stature in the world community of nations. They even attack our pocket-books ! ! !

* * *

Twenty years ago the production of oil and gas was minor, the production of iron negligible, and uranium possessed no commercial significance. Today, Canada's extensive resources have become a byword. Her potential sources of energy seem unlimited. We have no peer in the attractions we offer for industrial investment; we rank as one of the world's greatest trading nations. Only one country rivals us in prosperity.

Disquiet Attitude

Yet, curiously enough, an intangible sense of disquiet has crept over our country. The condition of Canadian-American topic for contemporary discussion. relations has become a classical As the Prime Minister told his audience at Dartmouth College:

"The question is being asked: 'Can a country have a meaningful independent existence in a situation where non-residents own an important part of that country's basic resources and industry, and are, therefore, in a position to make important decisions affecting the operation and development of the country's economy'?"

An example of the type of thing that frustrates is the iron and steel industry. We Canadians aspire to greatness as an industrial nation; and all great industrial nations at the present time possess one common denominator —all are significant producers of iron and steel. It therefore seems reasonable to focus attention upon Canada's iron-ore and iron-and-steel industries.

Iron Ore But No Steel Industry

Canada has vast iron ore resources. There are extremely large quantities of direct-shipping iron, and seemingly unlimited amounts of iron-bearing material of concentrating grade.

From the Wabash Lake area in Labrador, southwestward through the Mount Wright and Mount Reed areas in Quebec, exploration has revealed billions of tons of specular hematite and magnetite, ranging from 30-40% iron, that can be recovered by relatively simple methods of concentration.

Ontario contains a number of large deposits of iron-bearing material, ranging from 25-40% iron, capable of concentration. Some of these deposits have been explored. They are capable of supporting important mining operations.

Newfoundland's deposits of iron at Wabana have been mined for almost 60 years. At current rates of production they will last for at least a 1,000 more.

Even the deposits of direct-shipping iron ore, currently being mined at Steep Rock in Ontario and at Schefferville in Quebec, contain at least a billion tons of ore.

There is an absolute abundance of iron ore in Canada, sufficient to supply a growing domestic demand and a large export market for generations to come. The only shortages are regional shortages.

Up until 1924, Canada's total production of iron ore amounted to something less than six million tons. No iron at all was produced here during the 1925-1938 period, because user industries in both Canada and the United States could more readily meet their requirements from the famous Mesabi deposits in Minnesota.

To all intents and purposes, therefore, the Canadian iron ore industry began in 1939. Since that date shipments have increased dramatically. 100,000 tons were mined in 1939. This has grown in 20 years to nearly 20 million tons per year and the industry is now a major contributor to Canadian prosperity. Besides direct employment, the industry furnishes a home market for many manufacturing, transportation and service industries. It has already opened up several virgin areas to exploration and to permanent settlement and there is still very much growth ahead for our vigorous nation. The iron-mining industry contributes over 10% of the total value of our exports of minerals and primary mineral products, and has become a strong and stable factor in our balance of trade.

Canada's Four Producers

This remarkable development of Canada's iron-ore production, however, has failed so far to bring about equivalent growth in our primary iron and steel industry. There are today in Canada four primary integrated producers of iron and steel, all of which have been in existence for many years. Three—Stelco, Dosco and Algoma —have operated continuously since the beginning of the century. The fourth company—Dominion Foundries and Steel Company (Dofasco) — also commenced its manufacture of steel over 40 years ago. All four, therefore, were operating long before the establishment of our present iron ore industry. The locations of our steel plants, indeed, bear a closer relationship to the proximity of coal and of markets than to the sources of their iron. Dosco, at Sydney, is tied to our Maritimes coal field. Stelco and Dofasco are in Hamilton, conveniently accessible to the Pennsylvania coal fields of the United States. Algoma's plant is at Sault Ste. Marie, a short water-haul from a second major United States coal area on Lake Michigan.

Canada is now exporting some 90% of its iron ore production. Its primary iron and steel industry, on the other hand, is oriented towards the domestic market, and its expansions are tailored to the growth of that market.

Now and then it does indeed obtain some important export business, but the foreign market is highly competitive. Our most important trade associate — the United States — is not a steel market at all, because its own productive capacity exceeds its requirements; and keen competition from other sources, notably Britain, Western Europe and Japan, make it extremely difficult for our industry to enter global markets on any considerable scale. As a result, Canada's iron and steel companies are relatively small compared with the giants of the industry located in other countries. They are not able to supply, indeed, all the requirements of their domestic market, but only about 70%. This is because the smallness of our Canadian market does not justify the degree of product diversification our companies would have to undertake to make Canada self-sufficient in iron and steel.

Possibility of Western Canada

The growth of Western Canada has brought that region to the point where it is about to provide a small but promising opening for expanding our steel industry. Out West, iron and steel manufacturing has developed slowly, despite the abundance of coal in Alberta. It has been handicapped, first, by the smallness of the market for its product, and second, by a relative deficiency of iron in this part of Canada. I might say here, that I do not allow myself to forget the proximity of Belcher Island iron ore to the available port facilities and power possibilities at Churchill, Manitoba, and also, of course, to the facilities now being planned for Moosenee by the Ontario Government.

At the present time Western Canada's steel industry is limited in the main to three small, non-integrated companies, located respectively in Manitoba, Alberta and British Columbia. A fourth company is building a small plant at Regina, to be completed later this year. These industries are reasonably protected from competition because of the high cost of importing similar goods, particularly rolling-mill products, from eastern Canada or from the United States. Japanese steel presents a challenge; but in spite of its inroads, there is an encouraging prospect that western producers will be able to enlarge their capacities and provide an increasingly greater share of the steel needed in their local areas. In that part of Canada new direct-reduction processes would seem to be particularly applicable because they might lower the costs of production and thereby enhance the ability of the companies to expand their output and diversify their products.

There is a very interesting and significant difference between the Canadian iron ore industry and our primary iron and steel industry. The steel industry has offered us an outstanding example of Canadian ownership and control. In terms of the percentage of Canadian ownership, it ranked highest among all the manufacturing industries analyzed at the end of 1955 by the Dominion Bureau of Statistics. At that time total capital invested in primary iron and steel amounted to $438 million, of which $372 million—85%—was owned in Canada.

Bewails "Captive" Industry

The iron ore industry presents a very different pattern of ownership. Dominant in its financing and marketing is the desire of the consuming iron and steel companies to ensure for themselves a long-term supply of ore; and they accomplish this by participating in the financing of the properties from which they receive their ore shipments. Consequently, with very minor exceptions, there is no "free" market in iron ore; it is nearly all "captive." Since about 90% of Canada's iron ore output is consumed abroad, non-Canadian companies have secured a very heavy share of the financing and control. Canadians, of course, do control some important iron ore operations; Dominion Wabana in Newfoundland, for example, is a wholly-owned subsidiary of Dosco.

Nevertheless, the central fact remains that this industry, is, to a large degree, externally controlled. Canada would be happier with this capital gain if the control were equally divided among say, 10 different countries. But it is not. It is concentrated in one country—the United States.

In the United States, as indeed throughout the world, the primary iron and steel industry is highly integrated. Processing of ores into pig iron and then into crude steel is invariably carried out at the site of the integrated operation. In the case of foreign companies engaged in the production of iron ore in Canada, all processing is being done outside Canada, except for such concentration of ore as may be necessary for shipment from the mine site. Therefore the problem is clear, the difficulties tremendous.

Offers a Challenge

I put this challenge to you. If we are to achieve major importance in this highly integrated field of steel production, one of the main things that must be done is to bring about lower costs of production. Only in this way can we ever hope to break into external markets on any significant scale. This will command all the ingenuity that our engineers and our metallurgists have. It will call for the development of newer and cheaper processing techniques including a far more effective application of our various forms of energy. We have the iron in various forms. We have a variety of energy sources; coal, natural gas, propane, butane, methone, electricity (hydro and thermal). Surely Canadian scientists can meet the challenge to provide cheap energy forms, to transport energy cheaply, and eventually process cheaper. If that challenge can be met, we will find the capital for development.

We have the basic raw materials and varied forms of energy in Canada. Give us the process that will enable this country to take advantage of their presence to build a great iron and steel industry in Canada. If we can solve this problem, nearly everything else will fall into line.

The strength and growth of these industries—iron ore on the one hand, primary iron and steel on the other—find their parallel in many other parts of the minerals and mineral processing field. The importance of our other minerals and mineral products is well known to you, but I am tempted here to make a passing reference to the petroleum industry.

Ten years of swift development by the oil and gas industries have raised our national status to that of a ranking producer. Given markets, we have the potential for rapid and considerable growth, and the prospect of becoming a leading world source of both gas and oil. This provides another legitimate justification for the need in Canada of firm national policy, in respect to our energy and our mineral resources, to encourage their optimum development and their most rational utilization and distribution.

All in all, we have just reason to be proud of the contribution our mineral industries have made toward our total national achievement. In most cases we have progressed boldly and imaginatively in the development, use and conservation of our natural resources. As a whole, our national growth has been rapid, although regionally, it has been uneven. In this postwar period, our national rate of economic expansion has exceeded that of the United States.

We have indeed, at times, built up impressive historical evidence to dispel the impression that we are a people of caution, yes, even over-caution, which sometimes prevails about us beyond our borders. As the Principal of Queen's University, Dr. W. A. MacIntosh, most aptly said:

"The extension of boundaries, the building of railways, the setting up of the machinery of government, the machinery for the administration of justice, have always tended in Canada's history to outrun the limits of settlement. In the course of United States history there were periods when it was difficult for the apparatus of transportation and government

*An address by Mr. Hamilton before the Canadian Institute of Mining & Metallurgy, Montreal, Canada.

to catch up with the rapidity of settlement. In contrast, Canada went through long periods of waiting for the possibilities of settlement to catch up with the projects which had been set out for government and for economic expansion . . . Plans and organizations have frequently been far ahead of opportunity."

Yes, I could continue almost indefinitely with expressions of pride in our achievements; but I prefer a more sobering note. In many segments of the mining industry—indeed throughout most of our national economy — we have become excessively dependent upon American business and the American market. Let us face this fact.

No other nation in the free world is as exposed as Canada to the all-pervasive influence of another nation; and it is slight consolation that becoming an extension of the American way of life is preferable to certain other alternatives. We want to maintain our Canadian identity.

Outlines Serious Situations

I think I should remind you of some of the more serious situations which we Canadians are facing. These, of course, will be general. Not all will apply specifically to any one mineral industry, although all will relate to some segment of it.

(1) With its vast area and relatively small population, Canada is able, at the present time, to provide capital to the extent of $58 out of every $100 invested inside her borders. If we are to develop and utilize our material resources **—and this is the key to further growth** — Canada must rely for some time yet upon foreign sources of capital. This capital, however, is most readily attracted by the extractive phase of Canadian industry, principally raw materials for export. This situation raises disquiet, but it is not new—and we can overcome it.

(2) Where there are non-Canadian owners of Canada's raw materials, these owners, frequently are not much interested in further processing of their goods in Canada. For such companies, Canada digs the great big holes; but has little—and sometimes no share in the manufacturing. The impact is apparent, when we stop to consider that 62% of our mining and 60% of our petroleum industry are owned outside the country. This situation can also be met particularly with the help of the people here present.

(3) Too frequently the Canadian operation, in the eyes of United States firms particularly, is merely a branch operation— one of many. These firms are not plotting against Canada—in one sense they are merely unaware of us. They are not mindful enough to our national aspirations. As a result, we fail to obtain many secondary benefits which we might properly expect from activities in Canada of large American parent companies. Cases in point are the use by their Canadian subsidiaries of non-Canadian industrial designs and specifications and the importation, for use in Canada, of products readily obtainable in this country.

(4) There are more than 5,000 subsidiaries of United States corporations doing business in Canada. We welcome them but we would be less than candid if we did not admit some problems. Let me list some of them: failure of some subsidiaries to provide equity ownership opportunities in Canada; neglect to use Canadians in senior managerial positions; concentration of major research activities in the United States— which incidentally draws off many of our brightest young men; and finally a failure to make basic investments and sales policies in Canada.

(5) Canada's imports are running more than half a billion dollars per annum above its exports. It is thus imperative that we manufacture in excess of domestic demand, specifically for export, if we are to enjoy continuing prosperity. Without an export business, even the domestic market for Canadian products will erode away. If this happens, all semblance of economic freedom will be lost, and our national sovereignty will retain little of its meaning or purpose.

(6) With Canada thus so dependent on its export business, its industry is particularly vulnerable to tariffs and other restrictive barriers against its products. Trade must be a two-way traffic. The United States is the source of 72% of our Canadian imports. Consequently, any United States restriction against Canadian exports beyond a minimum that is absolutely necessary must be regarded as injurious to the interests of Canada.

It is indeed paradoxical that the champion of democratic freedom for the world at large should constitute such a concern to its nearest and closest ally. We certainly feel no antipathy toward our great neighbor, the United States. Our two nations, in some ways, are very nearly indistinguishable in culture and in all ways are joined as partners in survival. We would like the United States to continue to help us develop our industries, and to buy our materials whenever these are competitive. We will always welcome investors, buyers, and sellers. Yet let us not forget that we are a bargaining nation, and we should not be afraid of bargaining firmly with our friends.

What then of the future?

We should start with the premise that our economy will at least continue to expand at its recent rate, and we must likewise assume, that we will need far more capital than we can provide ourselves. At the present time the United States, of course, is the largest exporter of capital. Its proximity, security, and freedom to invest in the products that it wishes to encourage, give it a special interest in our country. Thus Canada's imports of capital for some time will be mainly American, and so some of our present problems may tend to become self-perpetuating until new devices are found which will increase, accelerate and safeguard Canadian investment in the equity ownership of its resource development.

Vital 40 Years Ahead

It is my conviction that the next 40 years will be the most vital single period in our national existence. They will still be formative years.

But they will set the pattern and determine our capacity to develop and process the resources of our country; these years will determine whether Canadians are capable of managing their national, industrial and economic affairs; and they will decide the strength of our economic importance and define the level of our political influence among nations. Our governments, our industries, our private citizens, all must participate to the utmost because these next 40 years will be the prototype of our social development and our industrial potential for the succeeding century. We dare not squander our birthright or mortgage our future.

Program for USA and Canada

For good public relations, American firms operating in Canada, through subsidiaries, must strive to make their Canadian operations as truly Canadian as possible. They must promote exports from Canada; do more processing in Canada before export; carry out research in Canada; offer Canadians more managerial positions; allow for and encourage Canadian purchases of equity stocks; and altogether, grant their Canadian subsidiaries greater operational autonomy.

Industry, in general, must use imagination and drive in the development and production of our available Canadian resources. It must become as efficient as possible, and engage to the utmost in technological research and market development. It must find new markets for its products and new products for its markets. It must keep its costs at a minimum and ensure that the prices of its products are competitive. In short, it must share with government the responsibility of promoting the fullest measure of national development within our national territory.

As for government, its role must be dynamic, not passive. It must exercise strong leadership in our national and provincial affairs and energetically catalyze the economic development of the whole of Canada. It must use every positive means to encourage the most effective use of the nation's human and physical resources. It must strive toward a more diversified pattern of investment. It must stimulate exports and find expanded and strengthened markets for Canadian products. With surveys and maps it must stimulate the development of the nine-tenths of Canada which still remain undeveloped. It must tackle energetically and systematically all the problems created by long communication lines. It must encourage the development of its sources of energy and the nation must learn to manipulate and transmit large blocks of inexpensive power across this land.

We must learn to use some of our existing resources more effectively. I have in mind, for example, our supplies of propane, butane, and methane. We have all recently heard of the successful transport to the United Kingdom of a full cargo of gas fuel in liquid form—an experiment in gas export which could unlock a new world market for our competitors.

Yet while we press forward in industrial research and resource development, we must not neglect the country's social needs, the hospitals and schools that its citizens require, the cultural and recreational facilities without which industrial progress is meaningless. In short, the nation must not only provide the kind of economic climate that encourages the fullest possible development of Canada's natural resources, but it must guide that development so that the benefits accrue to the advantage of the entire country and are distributed into every home in the land.

Our future is at stake. Canada's future is also at stake. The economic character of our country in the next century will find its profile in this one.

In order to carry out our separate responsibilities during the next 40 years it is essential that we be sober, not solemn; determined, not fanatic; enterprising, but not reckless. It means also, that we must distinguish the difference between the passive preservation of our resources which is not a constructive policy, and a dynamic policy of conservation and development of our unparalleled wealth in natural resources. So many nations have failed to understand the problem. Resources that flared for a time and then faded forever have been an oft-repeated tragedy in too many countries.

Let us not forget this as we move forward toward the century that beckons Canada with prospects brighter than anything the world has seen.

M. T. Sullivan Opens

(Special to The Financial Chronicle)

BOSTON, Mass. — M. Timothy Sullivan is conducting a securities business from offices at 145 Pickney Street. He was formerly with Clayton Securities Corporation.

Connecticut Brevities

Haydon Switch, Inc., of Waterbury has announced the development of the 1500 Series Pressure Switch/Transducer. This unit, an addition to the company's line of precision miniature switches, is designed to meet the exacting requirements of aircraft, missiles, and rockets. They are designed for application in lubricating, pneumatic, hydraulic, fuel, chemical and gas pressure systems.

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The purchase of Household Specialities Co. of Union, N. J., was announced recently by the **Turner and Seymour Manufacturing Company** of Torrington. The purchase price was not disclosed. Both firms are engaged in the manufacture of kitchen utensils and other household items.

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Doman Helicopters, Inc., of **Danbury** has announced the organization of Doman Electronics, a wholly-owned subsidiary. The new company will manufacture and develop further the Dalto (Doman approach, landing and take-off) flight simulator and will also produce a television projector. The company also entered an agreement recently with the Aerfer Division of Finne Mechanica of Naples, one of Italy's largest industrial combines, for the production in Italy of the Doman eight-passenger commercial helicopter.

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Nuclear Reactor Associates of Hartford is a newly organized firm which plans to provide engineering and economic consulting services in the fields of nuclear power and nuclear reactors manufacturing. Clients which the company is prepared to serve include companies not now in the nuclear manufacturing business but which are considering entering the field for product diversification and equipment manufacturers interested in selling their products for use in nuclear power stations.

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A new vinyl plastic material that can easily be moulded into phonograph records has been developed by the Naugatuck Chemical Division of **United States Rubber Co.** Phonograph records made from this resin will give high fidelity reproduction with unusually low background noise level, according to the company. The new material, called Marvinol VR-60, is described by researchers as "soft. This softness permits record makers to produce exacting reproductions of the metal master record. The material is now being tested by several record companies.

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Plans for a $10,000,000 development on a 34 acre tract in Stamford have been announced by the **St. Regis Paper Company.** The first stage of this project would be the construction of a $2,200,000 research facility. Company officials said that plans also call for the construction of executive headquarters and a laboratory center.

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A new corporation, a division of **Egan Machine Company** of Terryville, has been formed under the name of **Aero-Sonics Corporation of Plymouth.** The new company will specialize in the ultra-sonic and electro-sonic treatment of guided missile instrument parts.

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With the completion of successful first flight of the Navy HU2K, **Kaman Aircraft Corporation of Bloomfield,** has started full scale flight program of the new high-speed, utility helicopter. Production of the new GE T-58 gas turbine-powered helicopter continues concurrent with the flight development program. The aircraft which made the historic flight was actually the second production HU2K. The number one HU2K is in a continuing tie-down test program.

Neldner Director

Curtis E. Neldner, a partner in the investment banking firm of White, Weld & Co., has been elected a director of James Talcott, Inc., one of the country's oldest and largest independent commercial financing and factoring organizations. Mr. Neldner is also a director of East Tennessee Natural Gas Co., Carolina Pipeline Co., and Beaunit Mills, Inc.

Curtis E. Neldner

Talcott, founded in 1854, is engaged in all phases of industrial finance—accounts receivable and inventory financing, mortgage, equipment and special loans, factoring, industrial time sales financing and rediscounting. In the first half of 1959, the volume of receivables acquired by the company amounted to more than $495,000,000.

Now Mutual Funds Corp.

PITTSBURGH, Pa. — The firm name of Investors Planning Corporation of Pennsylvania has been changed to Mutual Funds Corporation of America. The firm is located at 209 North Craig Street.

Lawrence Secs. Opens

Lawrence Securities Inc., has been formed with offices at 32 Broadway, New York City to engage in a securities business. Officers are Robert B. Drattell, president; Lawrence Shapse, vice president; Terence Kolpackoff, Jr., secretary.

Kaufmann, Alsberg Admits

On August 1st Kaufmann, Alsberg & Company, 61 Broadway, New York City, members of the New York Stock Exchange, will admit Florence Guttag to limited partnership.

Irving A. Sartorius

Irving A. Sartorius, limited partner in Sartorius & Co., New York City, passed away July 6th.

Mutual Funds

By ROBERT R. RICH

Selling the Salesman

"There's no one with endurance like the man who sells insurance," runs the slightly ungrammatical old saw. Well, for the past decade or so, there certainly has been. He is the mutual fund salesman, the man who gets the name on the dotted line at the point of sale. And more often than not, in a toe-to-toe battle with the insurance agent for surplus individual savings, the fund salesman has shown more endurance than the insurance people have ever thought possible.

Nobody doubts that the mutual fund has come a long way. The figures are too obvious. Since 1946, the number of funds has more than doubled and net assets of these funds have increased elevenfold. What is a matter of some debate is just how it all came to pass. Was it the result of the bull market? Was it the result of fears of inflation? Was it, as many analysts would like to believe, the fruit of astute portfolio management? Or was it the work of the salesman, talking himself hoarse and wearing down shoe leather?

In the opinion of President Douglas K. Porteous of Pennsylvania Funds Corp., the mutual fund salesman has never been given his just due in this regard. Mr. Porteous, a man of 36 years' experience in the investment business, heads up an independent retailing organization that sells most of the leading funds. He has a 440-man sales outfit which reaches into 234 communities in eight Eastern and Midwestern States.

"Fund people," says Mr. Porteous, "can be justifiably proud of their role in the postwar growth of investment companies. But too many of them are taking a 'fat cat' attitude toward their success. There are far too many who assume that investment performance alone has been the key cause of growth.

"Too many tend to discount the salesman's role, tend to grab full credit when only partial credit is due. The fact is that millions of people would not now be sharing in the ownership of American business through mutual funds—would hardly be aware that funds exist—without the affirmative, yet responsible, efforts of creatively trained salesmen out holding face-to-face interviews with potential shareholders."

Since Mr. Porteous is in the selling business himself, he is aware of the fact that all is not entirely well with the industry's sales force. For one thing, he feels that there are too few registered representatives being brought to the front-line. Currently, with fund assets pushing $15 billion, there are some 20,000 men handling selling chores. But it is estimated that assets will expand to $50 billion within the next decade. What this spells to Mr. Porteous is that the fund retailing industry will have to find and train another 50,000 salesmen over this period. Otherwise, says he, such forecasts will prove merely "wishful thinking."

The increasing scarcity of effective fund salesmen is indicated by the growing tendency of fund retailers to attempt recruitment of experienced registered representatives from rival companies. This is one of Mr. Porteous' prime peeves. "As a matter of principle," he points out, "our firm never contacts a salesman of another firm and never accepts a salesman from another organization. As a matter of protection, we cannot look upon raiding assaults on our own sales manpower as part of the normal give-and-take of fair competition. . . . Raiding is ultimately self-defeating to the extent of bringing less people into a field which needs a constant flow of additional manpower to sustain its growth."

Mr. Porteous has in mind a program he hopes can put the fund retailing business on firmer ground, enhance its prospects for the future. This program involves a nationwide campaign to (1) attract new sales talent to the mutual fund business and (2) defend established fund salesmen from attacks "within and without" the industry.

It is not too soon to talk seriously about planning to implement such a program. It is certainly not too soon to recognize the role of the salesman in promoting the industry. Obviously, a lot of people had a hand in the funds' rapid growth, but it was the salesman who finally made the sale.

Fund Personalities

Clarence H. Lichtfeldt, who recently retired as comptroller and vice-president of the First Wisconsin National Bank, has been elected a director and member of the investment committee of **Wisconsin Fund, Inc.** Mr. Lichtfeldt, a veteran of 29 years experience in the banking field, has served in the Internal Revenue Bureau and was head of the Wisconsin Income Tax Division. He was president of the National Association of Bank Auditors and Comptrollers.

Mr. Lichtfeldt will fill a vacancy caused by the resignation of J. Victor Loewi, who gave up the post to devote more of his time to the affairs of his company, Loewi & Co., Inc. Mr. Loewi has been affiliated with the fund and its predecessor organizations for 35 years.

In another personnel shift, Irving A. Puchner, a member of the Wisconsin Fund board of directors and the fund's counsel, was elected a member of the investment committee. The announcements were made by Harold W. Story, president of the fund.

William G. Damroth, President of Templeton, Damroth Corp. and **First Mutual Securities of America, Inc.** has been elected a director of **Corporate Leaders of America, Inc., American Trusteed Funds, Inc.,** and **Lexington Funds, Inc.**

Venture Securities Fund has elected two new directors. They are Fletcher Godfrey, President of Arrowhead Petroleum Corp. and Robert E. Worden, partner in Worden & Risberg, management consultants of Philadelphia and San Francisco.

The directors of Massachusetts Hospital Life Insurance Co., trustee for the **Massachusetts Life Fund,** have named Richard Claybourne, treasurer of the fund. He succeeds Paul T. Litchfield, who remains as a Vice-President and a director. For the past three years, Mr. Claybourne has been an audit manager with Arthur Young & Co., independent public accountants. Prior to that he was associated for 19 years with its predecessor firm Stewart, Watts & Bollong of Boston. Mr. Claybourne is a member of the American Institute of Certified Public Accountants.

Aronson Heads IMFDA

Murray Aronson, Vice-President of Triangle Investors Corp., has been named President and Director of the Independent Mutual Fund Dealers Association, a newly organized group.

Joins du Pont, Homsey Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William L. Field has joined the staff of du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges. Mr. Field for a number of years has been with the Boston office of Hemphill, Noyes & Co.

Now With Estabrook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Donald E. Lowe and Barbara Milton are now affiliated with Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges. He was formerly with Keller & Co.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert L. Chenoweth has joined the staff of Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

The Mutual Funds Report

At the mid-year point, mutual fund sales set a new highwater mark. According to the National Association of Investment Companies, sales by the industry advanced to a record $1,100,000,000 during the first six months of 1959, scoring a 58% gain over the $697,400,000 sales of the first half of last year. Total assets of the 155 member companies hit $14,800,000,000 on June 30.

Among the first-half sales totals of individual funds: **Investors Planning Corporation of America,** up 86% to $68,431,000; **Wellington Fund,** a gain of $18,370,599 over the 1958 first half to $71,903,903; **Chemical Fund,** up from $7,900,000 to $23,400,000; **Massachusetts Investors Growth Stock Fund,** up from $18,700,000 to $32,100,000; **Broad Street Group,** $28,596,000 compared to $9,850,000 in the 1958 first half; **Keystone Custodian Funds,** a 71% increase to $47,000,000; **Television-Electronics Fund,** up from $21,200,000 to $42,700,000, and **Delaware Fund,** an increase from $4,244,539 in last year's first six months to $8,928,544 in the 1959 first half.

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Florida Growth Fund, which increased its net assets 52% during the six months ended last December 31, has boosted its assets another 58% over the past six months. At June 30, 1959, the fund's assets amounted to $2,558,205 or $5.96 per share, compared to $1,614,174 or $5.48 per share on December 31 and $1,060,220 or $4.59 per share on June 30, 1958. During the past year, shares have increased from 231,203 to 427,540.

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The Lazard Fund, Inc. reports a gain in net asset value from $16.35 per share on March 31, 1959, to $17.05 per share on June 30, 1959. Net assets were boosted from $138,973,667 to $146,430,041 over the same period. There were 8,588,192 shares outstanding as of June 30.

Unrealized portfolio appreciation, announced Chairman Albert J. Hettinger Jr., and President Richard H. Mansfield, amounted to $23,140,950 compared to $19,060,745 at the beginning of the latest quarter. Net realized gain on the sale of investments was $3,532,033 compared to $1,804,807 at March 31. At the time of report, the fund was 90% invested in equities, with the remainder in cash or liquid short-term obligations.

Purchased during the June quarter were 10,000 shares of Aluminum Company of America. Proceeds from the reduction of some holdings and elimination of others were invested primarily in shares already held in the portfolio to increase the concentration. It is Lazard Fund's stated policy to favor "substantial rather than scattered individual commitments."

After acquiring equities of seven foreign companies in the European Common Market during the first quarter, the fund has purchased shares of the Steel Company of Wales (British), Union Miniere du Haut-Katanga (Belgian Congo copper producer), and Sidelor (French steel company). Total foreign holdings at the end of the second quarter amounted to approximately 10% of total net assets.

Of Lazard Fund's $132,160,094 in common stocks (market value as of June 30), there was $104,319,406 in the industrial group, $10,351,500 in the finance and insurance group, $9,082,500 in rails, and $6,317,938 in public utilities. The largest holdings in terms of market value were: Georgia-Pacific Corp., $5,921,875; Royal Dutch Petroleum, $5,525,000; B. F. Goodrich, $4,862,500; Jones & Laughlin Steel, $4,006,250; Gulf Oil, $3,905,000; Bestwall Gypsum, $3,788,125, and Deere & Co., $3,585,000.

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Net assets of **Rittenhouse Fund** have grown from $4,554,345 or $12.94 per share on June 30, 1958, to $5,438,720 or $14.79 per share on June 30, 1959. The number of shares gained from 352,175 to 367,690 during the year.

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New highs in net assets and in shares outstanding were posted by **Franklin Custodian Funds, Inc.** in its report for June 30. Combined net assets of the five series of Franklin Funds totaled $4,344,406, a 58% increase over the $2,750,002 figure of a year ago. Total shares grew from 386,049 to 504,629. Net assets per share showed these gains: **Common Series,** up from $9.29 to $12.30; **Bond Series,** up from $5.17 to $5.61; **Preferred Series,** up from $5.31 to $6.06; **Utility Series,** up from $9.51 to $10.73, and **Income Series,** up from $5.08 to $5.92. These figures are not adjusted for last October's capital gains distribution.

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The ravages of inflation are underscored once again in "The Long View," a bulletin published by Hugh W. Long and Co., underwriters for **Fundamental Investors, Inc., Diversified Investment Fund, Inc. and Diversified Growth Stock Fund, Inc.** The bulletin cites the case of an individual who retired 15 years ago with a guaranteed annual income of $3,000. Today, notes the publication, this unhappy pensioner needs an income of $4,920 each year simply to make up for the 64% increase in living costs since 1944.

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Oils and utilities remain favored issues at **Eaton & Howard, Inc.** As of June 30, Eaton & Howard's **Balanced Fund,** with 65.5% of its portfolio in common stocks, had 15.2% of its holdings in the oils, 13% in power and light companies. These were the two largest industry groups in the common stock segment. At the same time, the Eaton & Howard **Stock Fund,** 84% in common, also had the heaviest representation in these two industries — 11.2% in oils and 8.3% in power and light companies.

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Stein Roe & Farnham Stock Fund, Inc. is now offering its shareholders a periodic purchase plan which allows the accumulation of shares through reinvestment of both ordinary income and capital gain dividends. In addition, the fund is offering a separate dividend reinvestment plan to shareholders owning 100 shares or more.

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President Herbert R. Anderson of **Group Securities, Inc.** has announced that total assets of the 25-year old mutual fund rose $19,000,000 in the first six months of 1959 to a value of $171,057,279 on June 30. This compares with $116,901,603 one year ago and $152,021,034 last December 30.

Purchases of Group funds during the first half were $17,250,971, a record for the period and an increase of 15% over 1958, Mr. Anderson said. This figure does not include conversion from one to another of the individual Group funds of $2,260,346. Approximately 50% of sales were in the **Common Stock Fund**, largest of the Group funds with assets of more than $60,000,000.

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Largest single holding of **Grouped Income Shares, Ltd.** on May 30 was 2300 shares of Ford Motor Co. of Canada Ltd. "A" with a market value of $401,925. Total net assets amounted to $8,506,903. The portfolio breakdown: metal and mining, 8.57%; petroleum, 8.04%; electronics, 7.66%; pulp and paper, 7.40%; construction and allied, 6.77%; chemical and drug, 6.56%, and pipelines, 6.22%.

Closed-End News

General Public Service Corp., a closed-end investment company, has reported that its net assets at market value on June 30, 1959, were $45,901,036, equivalent to $6.17 per share on the 7,434,792 shares of common stock outstanding. The asset value on December 31, 1958, was $6.03 per share. As of July 9, 1959, its net asset value was $6.32 per share.

Purchases of securities during the second period of this year amounted to $3,054,501. Sales were $1,513,706. Among the new issues added during the quarter were 8,000 shares of Northern Indiana Public Service, 8,300 Northern Natural Gas, 1,000 Texas Instrument and 2,000 Westinghouse Electric. There were also additions to a number of portfolio securities. Sales eliminated holdings of 2,550 shares of Commonwealth Edison and 7,500 Montana Power.

As of June 30, 1959, holdings of utility common stocks accounted for 42% of total net assets. The breakdown of other groups: natural gas, 10%; oils, 8%; industrials, 28%, and U. S. Treasury Bills and Cash, 11%.

$113,500,000 Debs. Of Cooperative Banks Placed on Market

A public issue of $113,500,000 collateral trust debentures of the 13 Banks for Cooperatives is being arranged for sale today, Thursday, July 16, according to John T. Knox, Fiscal Agent of the Banks.

These debentures will be sold at par. They will mature in six months. The interest rate will be announced on the offering date.

The proceeds from the sale of this issue will be used to redeem the $78 million of 3.55% debentures maturing August 3, and for lending operations. These debentures are the joint and several obligations of the 13 Banks.

This new issue of debentures will be offered with the assistance of a nationwide group of security dealers.

Two With First Cleveland

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Ralph D. Canfield and Kenneth M. Kolke have joined the staff of the First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange.

Welch Named President of Wellington Co.

Joseph E. Welch (left) congratulated by Walter L. Morgan, on being named President of Wellington Co., Inc.

PHILADELPHIA, Pa.—Joseph E. Welch has been named President of Wellington Company, Inc., 1630 Locust Street, national distributor of Wellington Fund and Wellington Equity Fund, it has been announced by Walter L. Morgan, President of the management companies for both funds.

Mr. Welch has been associated with the Wellington organization since 1937. He continues as Executive Vice-President of Wellington Fund and Wellington Equity Fund, which are headed by Mr. Morgan.

Mr. Welch, a leader in the Mutual Fund Industry for many years, is currently a member of the Board of Governors of the National Association of Investment Companies, and was President during 1957 and 1958. He was also a member of the investment Companies Committee of the National Association of Securities Dealers, serving as Chairman in 1953 and 1954.

$50 Million Bonds of Quebec Hydro-Elec. Commission Marketed

An underwriting syndicate managed jointly by The First Boston Corporation and A. E. Ames & Co., Incorporated, on July 16 offered publicy $50,000,000 Quebec Hydro-Electric Commission 5% debentures, series X, due July 15, 1984.

The obligations, which are guaranteed unconditionally as to principal and interest by the Province of Quebec, are priced at 100% and accrued interest.

The debentures are not redeemable for 10 years. Thereafter, redemption prices range downward from 104% for those redeemed to and including July 14, 1972, to 100% for debentures called after July 14, 1981. As a sinking fund, the Commission will set aside from its general funds in the years 1960-64 an amount equal to 1% of debentures outstanding on July 15 in those years; in 1965-83, inclusive, the amount will be increased to 2%.

Net proceeds from the sale will be added to the general funds of the Commission and may, in part, be used to meet capital expenditures in connection with its construction program, and debenture maturities of $28,800,000 during the balance of 1959. The Commission's current expansion program, covering September 30, 1955 through 1961, provides for expenditures of $648,000,000. As of April 30, 1959, $212,000,000 remained to be spent. Between January 1, 1954 and April 30, 1959, the Commission made capital expenditures for electric properties of approximately $585,000,000. Net funded debt during the same period increased by $329,700,000.

The Commission is an agency of the Crown in right of the Province of Quebec. It generates, acquires, sells, transmits and distributes electricity throughout the Province. The Commission owns and operates four electric systems with a total installed hydro-electric generating capacity of 2,215,500 kws, which served 510,-275 customers at the end of 1958 with an annual consumption of over 12.4 billion kwh.

Total operating revenues of the Commission for the first four months of 1959 amounted to $30,-365,000 and net income to $7,767,-000. In 1958, total operating revenues were $83,290,000 and net income $22,620,000.

Lynam V. P. for Broad St. Sales

LOS ANGELES, Calif.—Joseph F. Lynam has been designated a District Vice President in charge of Pacific Coast Operations of Broad Street Sales Corporation, it has been announced by Milton Fox-Martin, president.

Mr. Lynam has been Broad Street Sales' Manager on the Pacific Coast, with headquarters in Los Angeles, since April 1958.

Joins H. L. Robbins

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Ilona M. Moll and Murray B. Howard have become connected with H. L. Robbins & Co., Inc., 37 Mechanic Street.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Insurance Stocks

There are definite market indications that insurance stock prices are improving. Not only are most of them well off their recent lows, but we are going into one of those periods when it becomes more and more difficult to line up offerings of any size. There appears to be not a little sentiment about that 1959 underwriting results will be better than in 1958 to justify the beginning of some careful buying into the fire-casualty group. For this purpose, we feel that some of the secondaries may have enough speculative appeal to be acquired now; but that the top grades should be used in conservative lists. As some clouds still hang over the industry, it would appear to be judicious to do only partial investing at this juncture.

Much the same reasoning applies to the life insurance shares. They had a sinking spell, but are now beginning to show signs of a recovery. Here, too, the stocks are hard to buy in any quantity. And here, too, this department's advice is to confine one's attention to the high grades. There are said to be about 1200 life insurance carriers in this country, many of them quite small and not too important when they are related to either the leaders or the industry as a whole. Under adverse market conditions it is frequently difficult to get markets for the small, unknown issue; and contrariwise in bull markets in life stocks, it is not easy to uncover offerings.

While on the subject of life insurance it might be interesting to touch on releases by the Institute of Life Insurance. Few persons are aware of the size to which the life business has grown. The Institute brings out that life insurance ownership has crossed the half trillion mark. We are accustomed to talk of the Federal debt as a huge item in our lives, but here is a statistic that far exceeds even that vast figure; and it is expected to go to $515 billion for the June 30, 1959 date. It would be some $21 billion above December 31, 1958, a figure of six months' growth that should assure anybody that the industry of life insurance offers plenty of assurance on growth. Carrying the big figures further, about $32,000,000,-000 in new life coverage went on the books in the first half, ordinary life accounting for probably about $24,000,000,000 of the total. The volume of this ordinary type of coverage is approximately three times what the industry showed ten years ago. The Institute also points out that part of the total growth was due to the larger policies purchased (half again as large as it was a mere three years ago.)

These life statistics are causing more and more fire-casualty stock companies to get into the life field. One very good reason for fire units to acquire life businesses is that the latter adds to income and helps the fleet out of the red. Three of our largest fire-casualty writers have recently acted to go into the life field. **Insurance Co. of North America** set up a life department within its own organization; and **Home** and **Hartford** have started to write life. Of course, there are much older combinations such as Travelers and Aetna Life. American Surety, Glens Falls, Springfield Fire, and others have decided to get their feet wet.

One advantage that a fire company taking over a life unit has over a brand-new life company, is that the fire writer already has a well set-up agency plant; and, while fire and life technique differs somewhat, there is not too much for a fire agent to learn in order to write coverage.

We expect more consolidations of this nature.

Returning to the fire-casualty field, let nobody say that there is not good growth here, too. In the 1939-1948 decade, the volume of premium writings among stock companies increased by about 186%. In the next decade the 1948 total was more than doubled. As to underwriting profit margins, in the earlier decade it stood at an average of 5.49%; in the later period 4.39%. These, of course, are underwriting data, and investment results (before taxes, of course) are in addition. There has been much pessimism of late because of the poor showings by most fire-casualty companies. But let it be remembered that rate increases or rate reductions are normally made on the basis of about four to five years experience. In other words, the companies are required to take the unprofitable (underwriting) along with the profitable. They are now beginning to derive some benefit from recent substantial rate increases, especially in auto bodily injury and auto property damage, the lines that have shown the most painful results for several years.

ASE Nominating Com. Appoints Officers

The Nominating Committee of the American Stock Exchange, has elected Robert D. Thorson, Paine, Webber, Jackson & Curtis, chairman, and Robert F. McAteer, Richard J. Buck & Co., vice chairman for the coming year.

With L. A. Caunter Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John V. Brennan is with L. A. Caunter & Co., Park Building.

Moore & Schley to Admit

Moore & Schley, 100 Broadway, New York City, members of the New York Stock Exchange on July 27th will admit John W. Ritchie to partnership.

Continued from first page

As We See It

presently leave Washington for their homes. As always, their major occupation between the day of adjournment and the reconvening of Congress early next year will be to learn at first hand the general drift of sentiment among the voters of their districts. The President, of course, will not be directly involved in the voting next year, but he is the titular leader of his party and doubtless will do what he can to bring victory to that party. He, too, and his representatives will have an ear to the ground throughout the remainder of this year for the purpose of planning next year's policies and programs.

A Lonely Few

Lest we be regarded as unduly cynical, we hasten to add that there are, of course, a few politicians who make it a practice to do what they can to lead public opinion in the directions they think it should go. Some of them have in one way or another—usually by gaining a reputation of being frank and outspoken and of knowing of what they speak—have acquired a status which enables them to advocate and plead for causes which appear to be unpopular, but in the American scene, these are exceptions rather than the rule. The political activities of most members of Congress and other elected officials are strictly *ad hominem* and are designed primarily to determine what seems to be the popular side of current issues and to espouse these prejudices or beliefs. We may be perfectly sure that there will be much probing of public sentiment during the second half of this year, and the results of these soundings will be actively and plainly evident in the policies of Congress next year and of the two political parties.

If, therefore, really effective steps are to be taken next year—an election year, let it be remembered when all members of the House, one-third of the Senate, a President and a Vice-President are to be chosen—toward major improvement in the general financial position of this country, the driving force will have to come in rather unmistakable terms from the voters themselves. It will have to come, moreover, without very much leadership on the part of the political clan. Among the politicians there doubtless will be a few voices crying in the wilderness, but they will be in a sad minority at least until it begins to appear that the rank and file of the voters are being converted. If and when that time arrives there will be no want of followers seeking re-election or election on platforms that they now scorn or neglect. Some indications of this sort of thing appears to have developed out of the inflation warnings of the President whose personal popularity is, of course, still very great, but it is to be regarded at most as a sign of what must be done if real financial reform rather than a certain nibbling at obvious and dangerous programs is to be achieved.

It Would Be Heartening

It would be most heartening, for example, if it became evident in the course of the remaining months of this year that an overwhelming majority of the voters of this country have had their fill of putting up the money for the politicians to buy the farm vote; if it became clear that what is widely demanded is not merely reductions here and there in the cost of the farm programs, but a serious beginning in the entire elimination of all subsidies to the farmers of the country. Most politicians, unfortunately, remember what President Truman did, or is supposed to have done, in 1948 with his pitchfork-in-the-back-of-the-farmers speeches, and they simply are not interested in antagonizing the agriculturists of the land—at least unless and until it is crystal clear that offsetting votes from other quarters will be forthcoming. It is apparently becoming clear to some of the farm organizations that present programs are really getting the farmer nowhere. It would be a wonderful thing if the farmers themselves wisely decided that they would in the end be better off if they stood on their own feet.

There are, of course, many other favored groups who have been for a good many years getting largesse from the remainder of us. One of these is, of course, that large body of veterans of two world wars and the Korean conflict. In decades now long gone by, we used to hear a good deal about "pension scandals" but by comparison with what now takes place they were hardly a drop in a bucket. Proper care to cover service connected disability is one thing, wholesale subsidization of veterans is quite another—a general program which incidentally is not confined to the Federal Government but runs down through state even to local communities throughout the nation. The amounts that each year are included in the Federal budget for this purpose are staggering, but enormous contingent liabilities, particularly in the guarantee of mortgages, are also being assumed daily. To be sure, the American people should be able to summon the good sense and the courage at least to demand that a beginning be made next year in correcting this most regrettable and dangerous situation.

These are but two of many instances where taxpayers' money is being wasted or ill-spent in huge amounts, whether anything of great consequence will be done about any of them in the foreseeable future depends upon the voters themselves.

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Competing and Promoting Trust Services for Corporations

an arrangement under which the funds are all deposited in our bank, and each of the co-paying agents charges our account with them for such bonds and coupons as they pay. The Chicago and Houston agents ship their cancelled bonds and coupons monthly to the New York agent, who cremates all of them and prepares cremation certificates as required by the obligor. Each agent retains the entire fee for the items paid by it. Under this arrangement, while we do not earn much fee, our handling costs are reduced to a minimum, and our bank does derive some benefit for the use of the funds until such time as the bonds and coupons are actually presented for payment.

Trustees Under Indentures

As in other types of corporate trust activity, the New York banks have long had a near monopoly on the appointments as trustees under indentures securing market issues of bonds and debentures, even though the borrower might be a customer of a Southern bank. Even though the corporate trust department of the Southern bank may feel that it has come of age, and is well equipped to handle such business, it is very difficult to move it, since many borrowings under mortgage bond issues are secured by a supplement to an existing indenture. The chance of the Southern bank getting the appointment under a new debenture issue is not quite so difficult, particularly if the debentures are convertible, and the Southern bank is already a transfer agent for the stock into which the debentures are convertible.

There is a type of corporate trusteeship, however, which is wide open to the southern corporate trust department. As the insurance industry has grown in recent years, the private placement of bonds, particularly of the smaller and essentially local enterprises, has become far more prevalent. The financing of an office building, the expansion of a local telephone company, or a small private utility company in the fringe areas outside the corporate limits of growing cities, instead of taking the form of a note to an insurance company, which the insurance company would service and police itself, very often is in the form of one or more fully registered bonds, secured by an indenture appointing a bank in the area as trustee. Much of this type of business is available for the bank that lets the insurance companies and the investment bankers originating such placements know that it is capable and willing to act under such appointments.

In an operation the size of ours, a serious problem is that one account can constitute such a large percentage of total volume. If operations are geared to what is considered to be normal volume, as they necessarily must be, an unusual job on that one account, such as the offering through underwriters of a new issue of stock, the payment of a stock dividend, or a subscription offer to existing stockholders can cause serious operating problems. Instead of the usual small volume of stock coming in for transfer, the mail may come by the bushel basket; and each broker or individual who sent that mail expects, and is entitled to, prompt service. We have often been faced with such problems. In trying to solve them, we have mechanized our stock transfer operations to the maximum extent which we consider practicable, particularly on the unusual jobs, and have tried to maintain a maximum mobility of our operating personnel. We try to keep in touch with former employees who occasionally like to have temporary employment, have taught our staff to expect to do overtime work occasionally, and have called for outside help from time to time from employment agencies which furnish temporary help.

Profit-Sharing Plans

In the last 10 years, particularly in the oil and gas industry, there has been a spectacular growth in thrift plans or savings plans for employees. While most of them are qualified under the Internal Revenue Code as profit-sharing plans, usually they are not true profit-sharing plans since the employer's contribution is based not upon the employer's profit but on the employee's base pay.

Some of them, even ones that are handled by Texas banks, have thousands of participants. There are many variations, but the most popular pattern is that an employee meeting certain entrance requirements is permitted to have a percentage of his pay deducted to go into the plan, matched usually on a 50% basis by the employer. Within specified limits, he is permitted to designate what securities are to be bought with the funds in his account, and such purchases are made on a continuing basis until he changes his allocation under conditions permitted by the plan. The result, in effect, is a separate trust for each participant.

Usually, a committee appointed by the employer has general supervision of the plan, is authorized to direct the trustee's actions, and has the contact with the individual participants. In some cases, the trustee delegates to the committee the authority and responsibility for keeping the records of the individual participants' accounts, so that the trustee simply holds title to and possession of the assets, receive funds, purchases, sells, and distributes securities as instructed by the committee. In other cases, the trustee maintains all individual records, determines what securities are to be purchased or sold based on the authorizations of the individual participants as approved by the committee, determines what a severing participant is entitled to receive as well as the tax consequences to him of the withdrawal. Usually, there are certain withdrawal rights available to the participants without his termination of employment. Since the tax consequences of withdrawals from the plan are different, dependent on whether or not employment is terminated, and are affected by the distribution of securities of the employer corporation, and this treatment in turn is different dependent on whether such securities were purchased with the participant's own contributions or those of the employer, some rather complicated accounting problems are presented if the trustee is to avoid making a time-consuming analysis of the individual account for a period of years each time that such a distribution is to be made. We have found this type of account to be our best application of punched card accounting.

Services Performed for Mutual Funds

Like most of the trust activities for corporations, services performed for mutual funds are largely concentrated in New York and a few other eastern cities. There are signs, however, that a little of this business is beginning to trickle into the South. Based on the latest information I have been able to obtain, there are now 8 (out of more than 140) such funds based in the South; and of course each of them engages a bank to act as custodian of its securities, transfer its stock, disburse its dividends, and perform other functions.

Of these 8 funds, 1 is in Palm Beach, 1 in Birmingham, 1 in Savannah, 1 in Charlotte, 2 in Dallas, and 2 in Houston.

One of the funds in Houston is perhaps the largest of them, being marketed on a national basis through several thousand securities dealers. It has some $27 million in assets, and requires the full-time services of 6 employees of the trust department which handles it. In this case, the bank, in addition to having custody of the securities and maintaining the stockholder accounts, prepares confirmations on purchases and sales by brokers, calculates and pays directly to brokers the commissions to which they are entitled, receives directly from the investor payments on "accumulation plans," and confirms the investment to the investor. In addition, it handles the reinvestment of additional shares of the dividends of those investors who elect to have the dividend automatically reinvested; pays cash dividends to those who elect that option; and, of course, prepares information returns on all dividends for the Internal Revenue Service. It is preparing to set up the record-keeping for this fund on punched card equipment.

The one such fund which our bank is handling is still fairly new, but is beginning to show signs of growth. It is marketed entirely through its own sales force, and is not available through usual investment channels. For it, our bank is custodian of the assets, maintains the individual investor accounts and the fund general ledger, confirms all investments directly to the investor, makes a daily calculation of the asset value per share, transfers the stock, disburses the dividend, handles automatic reinvestment of dividends in additional shares, mails reminders of monthly payments due, mails periodic reports and proxy material to stockholders. There are few functions of the fund not performed under this arrangement, except for the actual selling, management of the portfolio, and calculation of commissions due to the individual salesmen.

Requires Proper Promotion

In securing corporate appointments as transfer agent, registrar, trustee under indenture, etc., it is natural that a bank with a good corporate trust department will have the inside track with the bank's own commercial customers, particularly if the trust department has kept the commercial officers and business development officers informed as to types of services which it is capable of performing and is actively seeking. Not all banks in a given area, however, have a trust department, and not all of the trust departments have promoted corporate trust activities. We have found that we will get an occasional appointment through the good offices of a securities dealer who has recommended us because he considers us to be a good transfer agent. By maintaining good relations with his fraternity, and giving good service on the accounts we have, we have added another active account.

On more than one occasion, we have first learned of the possibility of obtaining a desirable appointment as transfer agent from our friends among the equipment salesmen. We have convinced some of them that we can perform the service better and at less cost to the customer than he can perform it for himself, and the salesman is willing to forego an equipment sale to a prospect if he can help us get the account, knowing that the more business we have, the more equipment he can eventually sell to us.

Having established a reputation as being a leader in stock transfer work has its disadvantages, too. While the good appointments come slowly, there is no dearth of promters who would engage the bank as transfer agent in order to lend an air of respectability to the promotion. Several times it has been necessary for us to decline appointments in cases where we were not willing to have our name printed on the stock certificate, feeling that if the issue were easier sold with our name on it, it might better not be sold.

The most rapid growth in the volume of trust services performed for corporations in our section of the country has been during the last several years. The great growth in the number of publicly owned corporations, and in the spread of that ownership among an ever growing portion of the population, has enhanced the need of corporations for trust services. The rapid expansion of existing corporations has created a need for much new capital, which has been raised to a great extent by the sale of new securities to the public, expanding the need for transfer agents, registrars, corporate trustees, and paying agents. An ever increasing volume of such business is available, and the extent to which each trust department participates in its growth depends largely on how well it services the business it has and how aggressively it seeks new business.

With G. H. Walker

CLAYTON, Mo.—G. H. Walker & Co., 8224 Forsyth Boulevard, announces the association of Van Lear Black III with them as a registered representative.

Mr. Black is a native of Baltimore, Maryland, but has lived in St. Louis most of his life. He joined the Fidelity & Deposit Co. of Maryland after his army service and remained with that firm until he became connected with G. H. Walker & Co.

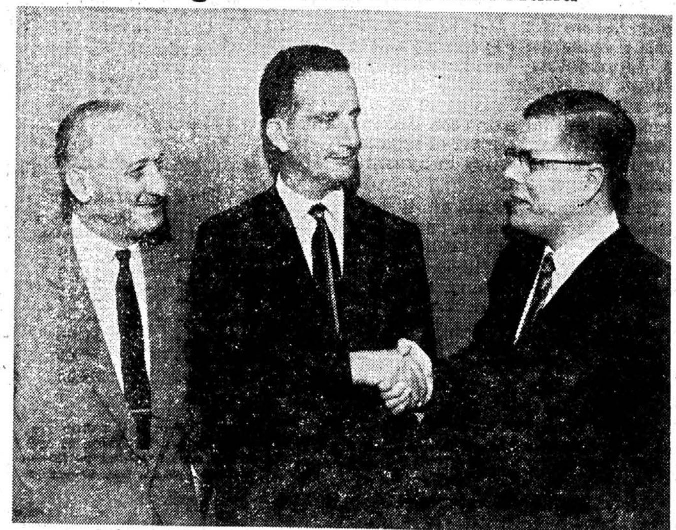
Opens Investment Office

WACO, Tex. — Audrey Steel, formerly with Wiles & Co., is engaging in a securities business from offices at 3224 West Edmond Avenue.

Frederick A. Mumford

Frederick A. Mumford, partner in Andrews, Posner & Rothschild, New York City, passed away on July 8th.

Foreign Bankers Visit Cleveland



Richard J. Wade (right), Cashier-Manager of Society National Bank's Foreign Department welcomed the first French Bankers, Raymond Estebe (center), Manager of the Investment Department of Societe Generale, one of Paris, France's largest international banks; and Henri E. Blanchenay (left), Manager of Societe Generale's American branch in New York, to the port of Cleveland. The trip to Cleveland by these two bankers was prompted by the recent opening of the Seaway and the revival of European markets through the new European Common Market Program. The purpose of their trip was to stimulate interest of American capital in French industrial investment, stocks and other securities. This visit to the United States was the first for Mr. Estebe, who is considered one of the leading experts at the Paris Stock Exchange.

Initial Offering of Shares of 1st Charter Financial Corp.

Public offering of 3,000,000 shares of First Charter Financial Corporation common stock (without par value) was made July 15 by a nationwide group of 113 underwriters headed jointly by Eastman Dillon, Union Securities & Co. and William R. Staats & Co. The stock is priced at $17.50 per share, and the total of $52,500,000 represents one of the larger SEC registered secondary offerings to be made in recent years.

This marks the first public distribution of the shares of the corporation, which was incorporated in California in March 1955. The shares are being sold for the account of two selling stockholders and none of the proceeds of the sale will go to the company.

Operations of the company are in connection with its ownership of stocks of operating subsidiaries, including six California savings and loan associations, two California corporations which act as trustees under trust deeds, five California corporations which are licensed as insurance agencies and one other corporation licensed as a real estate broker. First Charter provides management services to the subsidiaries. The six savings and loan associations are licensed to operate 39 offices in the State of California.

All of the outstanding 6,000,000 shares of common stock of the corporation have been owned by S. Mark Taper, founder and president of the corporation, and the estate of his deceased wife. Each contributed 1,500,000 shares to this offering.

A pro forma consolidated statement of operations of the company and its subsidiaries covering the four months ended April 30, 1959 showed income of $10,396,842, the principal items being $7,536,780 interest on loans and $2,175,463 of loan fees. Net earnings before appropriations to general reserves were $2,781,765. For the first four months of 1958 income was $7,968,690 and net earnings before appropriations to general reserves were $2,346,693.

For the 1958 calendar year income was $26,341,774 and net income before appropriations to general reserves amounted to $8,128,091.

$310 Million Notes of Federal Loan Bank Placed on Market

One of the largest offerings of securities of the Federal Home Loan Banks on record was made July 14 with the public offering of $310,000,000 of 4⅞% non-callable, consolidated notes dated July 23, 1959 and due Feb. 15, 1960. The notes are priced at 100%. The offering was made by the Federal Home Loan Board through Everett Smith, Fiscal Agent of the Federal Home Loan Banks.

The large issue reflects a sustained demand throughout the country for funds to finance home construction and purchases. Proceeds from the offering will provide additional funds to member institutions of the Home Loan Bank System to meet the demand for home mortgage money.

Upon issuance of the notes, outstanding indebtedness of the Home Loan Banks will total $1,301,750,000.

Lichtfeldt Named Director

MILWAUKEE, Wis.—The board of directors of Wisconsin Fund, Inc., has elected Clarence H. Lichtfeldt a director and a member of the investment committee to fill the vacancy caused by the resignation of J. Victor Loewi, it was announced by Harold W. Story, President.

Mr. Loewi had been affiliated with Wisconsin Fund (or its predecessors) for 35 years. His resignation was caused by heavy, ever-increasing demands upon his time by his own company, Loewi & Co., Incorporated.

Mr. Lichtfeldt, recently retired as comptroller and vice-president of the First Wisconsin National Bank, has had 29 years experience in the banking field. In addition, he has national standing in the areas of auditing and accounting. He served with the U. S. Treasury Department in the Internal Revenue Bureau and was head of the Wisconsin Income Tax Division. He was President of the National Association of Bank Auditors and Comptrollers.

Also at the meeting Irving A. Puchner, a member of the Board and the Fund's counsel, was elected a member of the investment committee.

A Race Without Winners

By DR. ORLO M. BREES*

Public Relations Representative, National Association of Manufacturers' Western Division, Portland, Oregon

Publicist fluently and with few words brings out what he believes are the advantages of the "American system of private, competitive individualism" in comparison to prevailing Socialist proposals. Dr. Brees reminds Socialist-advocates there is not only the motive for material gain but also that there is the power-motive which competition keeps apart in a fairly stable equilibrium allowing freedom and hope to exist.

If there is anything Americans cannot tolerate it is a no-decision contest. A dead heat in a race, a draw in a boxing match, a tied score in a ball game, all leave an American with a bad taste in the mouth and a gnawing sense of dissatisfaction until the tie has been resolved. For we are a competitive people, as any people will be if given the freedom to compete. And that spirit has succeeded in giving the American people both the greatest amount of goods and services to satisfy their wants and needs and the greatest amount of leisure for pursuits other than economic ones that any people has known. Yet we have a large number of people who have allowed a softness of heart to spread to include the head; who advocate the elimination of competition because it produces losers as well as winners!

Dr. Orlo M. Brees

They would have us believe that it is very cruel, ruthless and selfish to have losers. Hence they would attune society to the abilities and weakness of the most incompetent, handicapping the more able (and a large percentage of seemingly greater ability is merely the willingness to make a greater effort!) until all can cross the finish line at the same time! They fail to realize that such a system does not make all winners —instead it makes all losers. It reduces the human race to one without winners!

The End Result

Our would-be do-gooders seem unable to grasp the fact it has been the provision of incentive in a competitive system that has given us an economy in which the American wage earner can secure for himself an amount of the ordinary commodities in the market by one and three-quarter hours effort, which the Russian worker can secure only by more than 14 hours of work or the Frenchman by nine and one-half hours labor. They do not understand that in the American system of private, competitive individualism, the end result is still the greatest good for the greatest number over the longest period of time; since no legitimate aim of the individual for self-advancement can possibly be realized without his contributing to the common good.

I am not a cabbage, but I believe each individual should try to get ahead! Had there been no incentive through individual hope of personal gain, I would not be able to drive a car, fly in a plane, talk over a telephone, watch T-V, or have a photograph of my loved ones. The man who perfected the electric automatic washing machine didn't do it, however, out of sympathy for the American housewife—he did it so his family could afford to send their clothes to the laundry!

There is only one thing wrong with the proposal of our Socialist friends that we give to every man according to his need and take from him according to his ability: it won't work!

Quotes Winston Churchill

When you give a man what he needs there remains no incentive for him to produce what he can! And the result is what Winston Churchill indicated when he said in 1949: "the difference between Capitalism and Socialism is that Capitalism is the unequal distribution of blessings, and Socialism is the equal distribution of misery!"

In a T-V characterization, a famous actor, asked why he had returned to London said: "I wanted another look at a country completely underlaid with coal and entirely surrounded by fish, circumstances under which only a Socialist government could produce a shortage of both!"

There can be no freedom unless there exists the right to choose and that right recognized by providing the widest possible range of choice. And a range of choice is unthinkable in any field of production unless there are competing producers of similar goods. And progressive development of techniques by which costs are lowered or better goods produced is likewise unthinkable without a competitive system.

Two Motives Discussed

The advocates of Socialism would have us believe that there is but one major motive for individual action that may result in harm to others: the motive of material gain. I beg to remind them that a motive at least as powerful (and I think more so) is the desire for power. I am quite sure that the human race produces many who would sacrifice all thought of personal gain in material things if they might have the authority to direct their fellow men. Americans believe that a greater degree of human happiness and freedom (and you can't have happiness without freedom) is secured by a system that produces a fairly stable equilibrium between the forces of those who exercise power (in government) and those who seek personal wealth in private enterprise.

One thing is certain: neither hope nor freedom can exist in a society in which those clothed with political authority and those engaged in the production of goods for gain, are the same people!

*From a talk by Dr. Brees before the Washington Bankers Association, June 13, 1959.

Joins Richard E. Kohn

Benjamin Aibel of Scarsdale Manor North, Scarsdale, New York, is associated with Richard E. Kohn & Co., Newark securities firm, it has been announced by Richard Kohn, senior partner. Mr. Aibel will make his office at Richard E. Kohn & Co.'s New York Correspondent, L. F. Rothschild, 120 Broadway, New York.

Mr. Aibel was formerly with the Congress Factors' Corporation in New York City in their Credit Department.

Homer L. Ferguson, Jr.

Homer L. Ferguson, Jr., partner in Davenport & Co., Richmond, Virginia, passed away on July 7th.

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A New Look at Equities as Pension Fund Investments

was that they lagged behind where they would have been if they had stayed unchanged in stocks.

V

The Importance of Long-Term Dollar Cost Averaging

Many contend that now, with stock prices at an all time high and dividend yields at a historic low, is a bad time to buy equities. This may well be so for some types of accounts. But for long term dollar cost averaged pension funds it should not be so. One could hardly imagine a poorer time to enter the market than in 1929. Yet if a pension dollar averaged for the past 30 years the results would have proved to be most rewarding.

For example, if $100 had been invested in the Dow-Jones industrial securities each year, beginning with 1929, the results at the end of 1958 would be as follows:

Total investment 1929-1958 (30 years)	$3,000
Total dividends received and reinvested	8,123
Market value appreciation at average (491) 1958 prices	12,298
Market value at 1958 (491) average prices	23,421
Average dividend yield on cumulative investment	6.0%
Compound annual increase in market value	8.4%
Overall annual compound rate of growth for 30 years	14.4%

At today's current Dow-Jones prices (640) the overall compound rate of growth would approach 17% per annum.

VI

Performance Record of an All Common Stock Retirement Fund (CREF)

Frequently it is claimed that studies of performance of common stocks are biased by hindsight. We have, in the College Retirement Equities Fund, a record of actual performance of a stock retirement fund administered by very able security analysts but not supermen with second sight. From its start, late in 1952 CREF funds have been invested in a diversified list of quality common stocks which now have a market value, as of the end of the fiscal year, March 31, 1959, of $96,500,000 which includes appreciation of $26,200,000.

The investment performance of the fund is comparatively easy to measure. Monthly joint teacher-university contributions buy "accumulation units," much as periodic purchases might buy shares in an open-end investment company. Dividends received on the fund's holdings are credited to participants in the form of additional accumulation units. Thus, the value of each unit is an exact measure of price changes in the fund's stocks and is directly comparable with stock averages like Dow-Jones and others. As shown in Table I, the accumulation unit has grown from $10 to $24.55, an increase of 145% in six fiscal years. On a compound interest basis, this rate of growth exceeds 16% annually. Supplemented by the reinvestment of the cash dividends in additional units, a participation purchased early in 1953 has more than tripled in total worth six years later. An overall compound annual rate of increase exceeds 20%, far in excess of the customary actuarial assumption of 3% or less.

Although six years is too short a period to make sweeping, long-run investment generalizations, the contrast between CREF and any fixed income fund, including Teachers Insurance and Annuity Association fixed income fund, is disconcertingly sharp. Whatever the future may bring, there has already been created a substantial amount of capital appreciation to cushion any future market declines and still maintain a substantial earnings differential over bond fund performance. The investment lesson of the competitive advantage of common stock is most evident. For a discussion of the need for competent professional investment counsel, see the author's article on "Investment Management of Union Pension," *The Commercial and Financial Chronicle*, Aug. 1, 1957.

VII

Pension Investment Trends and Current Performance

Recently, the SEC (Statistical Release No. S-1605, May 26, 1959) published data on aggregates of corporate trusteed pension funds for 1958. Table II shows, at book and market, the investment distribution of corporate pension funds. As of the end of last year, common stock constituted 27% of book (cost) and 39% of market value. A careful analysis of the data presented shows that the "non-conservative" portion of the fund has increased 58% over book despite the fact that the equity component is of relatively recent growth. In 1951, common stocks amounted to only 11% of funds. On the other hand, the conservative portion of the fund, government and corporate bonds, show a substantial market loss. If comparisons were made as of now (June, 1959) with the recent increases in prime money rate, the Federal Reserve rediscount rate and the increase in stock prices the disparity between the performance of the two media would be even greater. (For an analysis of earlier years see the author's *Harvard Business Review* article previously referred to).

Table III shows net purchases of corporate securities by class of investor. Corporate Pension funds decreased their bond purchases from $1.6 billion in 1957 to $1.3 billion in 1958. At the same time they increased their net purchases of common stocks from $1.0 billion to $1.2 billion in 1958. The net increase in common stocks outstanding in the United States in 1958 was reported by the SEC to be $4.0 billion. If investment company issues (which essentially replace their underlying portfolio) and employee stock purchase programs were eliminated we would find that there was approximately a $1.3 billion net increase in outstanding common stocks. Although pension funds customarily buy seasoned issues we see that, quantitatively, their equity purchases nearly equals the total net new issues in 1958. Thus it can easily be seen that when new pension savings are concentrated in a relatively few issues of leading companies and then put away in the vault that these purchases constitute an important factor in the rise of stock prices and the reduction of earnings/price ratios and dividend yields.

Table IV shows an investment income (interest and dividends) of $800 million. This is approximately a 3.79% return on average assets as compared with 3.84% in 1957 and 3.79% in 1956. When realized capital gains of $67,000,000 are added, the return becomes 4.04%. This, however, does not present the full picture of the investment accomplishment during the past year. Unrealized market appreciation for the total portfolio despite the depressing effect of depreciating bonds was $1.9 billion, or almost a 10% increase for the year. Thus it is easily seen that capital gains can become a very important aspect of aggressive investment policy in dynamic fund management.

Table V shows assets of all public and private pension funds and their growth since 1950. Non-insured corporate funds are the single largest grouping, outstripping OASI and insured plans. Their more rapid growth over the latter is due primarily to greater flexibility of administration and investment and to a tax advantage. This tax advantage is minimized with the revised insurance tax bill now passed by Congress.

VIII

New Equity Developments

Increasing interest has been shown in common stocks as a hedge against inflation. There are several developments which should accentuate this interest in equities in the near future. The May 1958 Supreme Court decision which settled the legal status of variable annuities in favor of registration with the SEC under the Securities Act of 1933 has opened a flood gate. In May of 1959 New Jersey finally adopted legislation permitting the sale of variable annuities in that state. Although the investment companies opposed the Prudential sponsorship of this enabling legislation it is predicted that they will soon become the largest sellers of variable annuities. They are in the stock market and have the investing and merchandising organization already set up. Very little change in their operations will be required to promote this attractive supplement to conventional retirement programs. Now that New Jersey has broken the log jam competitive pressures will force action by other states. Variable annuities will become particularly popular when the Simpson-Keogh individual retirement bill goes through as ultimately it will.

The recent liberalization of the Connecticut law to permit insurance companies to handle pension funds in segregated accounts outside of their life insurance funds, much as trustees, will increase the demand for equities.

This spring the New York State Bankers Association trust committee urged amendment of the property law by the adoption of the "prudent man" rule which would permit more than the current 35% investment in equities for legal trust funds.

IX

Conclusions

It is submitted that a systematic program of periodic purchases of diversified, professionally selected common stocks is the soundest way to achieve the lowest cost or the greatest retirement benefits.

Investment is a complex, technical job requiring the highest skill and adherence to fiduciary responsibilities. Corporate management, just as in many other fields, needs expert, independent, professional investment counsel, without conflicts of interest. Good advice is worth many times its cost.

Every effort should be made to invest pension funds so that they will earn the greatest return possible over the long run. There is an imperative need for a more aggressive and enterprising spirit in the management of pension funds. Current temporary market phenomena should not panic people out of sound long-term policies.

Analytical emphasis should be placed in searching for companies with demonstrated capacity to increase net income. Looks for companies spending money on new products development and research. But one should not buy "pie in the sky." At some price the stock of even the best companies becomes overpriced and speculative. Equity investment must always be a group operation. Not all acquisitions, even by the best of analysts, are going to be world beaters. There is need for diversification and a systematic accumulation of a reserve for the amortization of inevitable losses. In the case of pension funds unrealized appreciation can be utilized to provide such a cushion.

TABLE I

Analysis of Earnings and Capital Gains of CREF and TIAA

Fiscal Year End. Mar. 31	Accumulation Unit Value 1	Percent Appreciation	CREF Dividend Rate 2	TIAA Yield 3
1953	$10.00	----	4.43%	3.33%
1954	11.46	14.0%	4.04	3.48
1955	15.17	32.4	3.34	3.51
1956	19.84	30.8	2.84	3.58
1957	18.34	— 7.4	3.23	3.70
1958	18.45	0.4	3.36	3.78
1959	24.55	33.1	2.52	3.95

NOTE:
(1) Accumulation unit values are stated at market price.
(2) Yield on market value at end of period.
(3) Yields are computed on the usual life insurance formula, and are for calendar years, i.e., should be set back three months.

TABLE II

Distribution by Types of Assets of Corporate Pension Funds

(as of December 31, 1958)

($000,000 omitted)

Type of Asset	Book Value	Percent	Market Value	% of Market Over Book
Cash and deposits	$383	1.7%	$383	----
U. S. Governments	1,985	9.0	1,888	—4.9%
Corporate bonds	11,731	53.1	10,855	—7.5
Own company	638	2.9	NA	----
Other companies	11,094	50.2	NA	----
Preferred stock	655	3.0	608	—7.2
Common stock	6,042	27.4	9,548	58.0
Own company	646	2.9	1,293	100.1
Other companies	5,396	24.4	8,255	53.0
Mortgages	405	1.8	405	----
Other assets	892	4.0	892	----
Total assets	$22,094	100.0%	$24,582	11.3%

NA—Not available.
SOURCE: SEC Statistical Release No. S-1605 (May 26, 1959).

TABLE III

Net Purchases of Corporate Securities[1]

(By Class of Investor)

($ Billion)	1957	1958
Part I—BONDS AND NOTES		
Total net additions to debt issues outstanding	$8.1	$7.0
Net purchases by:		
Corporate pension funds	1.6	1.3
Life insurance companies	2.4	2.6
Other institutions and foreigners	1.9	1.5
Individuals[2]	2.2	1.5
Part II—COMMON AND PREFERRED STOCKS		
Total net additions to stocks outstanding	3.7	4.0
Net purchases by:		
Corporate pension funds	1.0	1.2
Investment companies	0.8	1.1
Other institutions and foreigners	0.5	0.2
Individuals[2]	1.3	1.4

1 Includes foreign government and foreign corporate issues.
2 Including personal trust funds and non-profit organizations.
SOURCE: SEC Statistical Release No. S-1605 (May 26, 1959).

TABLE IV

Receipts and Expenditures of Corporate Pension Funds

($ Million)	1957	1958
Employer contribution	2,303	2,275
Employee contribution	316	331
Investment income	677	800
Net profit on sale of assets	11	67
Other income	15	33
Total receipts	3,322	3,506
Benefits paid out	628	706
Expenses	12	31
Total disbursements	640	738
Net receipts	2,682	2,769

TABLE V

Assets of All Public and Private Pension Funds

	—Book Value, End of Year— (Billions of Dollars) 1950	1957	1958
Private:			
Non-insured corporate funds	5.5	19.3	22.1
Insured pension reserves	5.6	14.0	15.5
Total private funds[1]	11.7	34.8	39.3
Government:			
Railroad retirement	2.6	3.7	3.7
Civil Service	4.1	7.8	8.7
State and local	5.3	13.5	15.2
Old Age and Survivors Insurance	13.7	22.4	21.9
Total Government funds	25.7	47.3	49.5
Total	37.4	82.1	88.8

1 In addition to noninsured corporate funds and insured funds the total includes reserves of nonprofit organizations, multi-employer plans and union-administered plans, as estimated by the Social Security Administration for the years 1950-1957. The 1958 figure is an extrapolation of the Securities and Exchange Commission.

SOURCES: Securities and Exchange Commission, Institute of Life Insurance, Treasury Department and Social Security Administration.

Public Utility Securities

By OWEN ELY

Mississippi River Fuel Corp.

Mississippi River Fuel is a medium-sized natural gas system which takes gas from United Gas Corp. and other suppliers in eastern Texas and northern Louisiana and transports it to the area in and around St. Louis where it is sold to Laclede Gas, 13 other utility companies and a number of industrial customers. In addition to this pipeline business it has oil and gas production through its division, Natural Gas & Oil Co. Through a subsidiary, Milwhite Mud Sales Co., it produces barite and other materials for drilling oil and gas wells. Gas sales last year were $49,451,000, a gain of 6% over 1957; product sales were $26,171,000, off about 4%, and miscellaneous revenues $1,638,000, up substantially.

The 1958 product sales included anhydrous ammonia and fertilizers produced by a subsidiary, Mississippi River Chemical Co. However, this company was recently sold to Armour & Co. for about $15 million. Since its construction in 1955 the Chemical Co.'s earnings had proven somewhat disappointing because of general price weakness in chemical products, together with heavy competition. Mississippi River Fuel will continue to sell gas to the plant.

The company sells about 59% of its gas to 14 utility companies serving some 1,700,000 population in 73 cities of Arkansas, Missouri and Illinois. Firm industrial sales account for roughly 13% and interruptible sales to industrial customers 28%. About 90% of the population served by utility customers is in the greater St. Louis area.

Current figures are not yet available for production properties, but at the end of 1957 these comprised 178,000 acres with net recoverable proven reserves estimated as follows: crude oil, 18,300,000 barrels; natural gas, 410,000,000 Mcf; condensate and hydrocarbons 11,000,000 barrels.

Mississippi River Fuel has had a good growth record, with postwar earnings increasing from less than $9 million in 1946 to $77 million in 1958 (which however would be reduced by the sale of the fertilizer plant). Share earnings followed a somewhat irregular pattern, increasing from 95c in 1946 to $2.33 in 1956, then dropping back to $2 in 1957 and $1.96 in 1958. Sometime ago the management estimated 1959 earnings at $2.10-$2.15, but probable inclusion of non-recurring items makes it hard to analyze this year's results.

The report for the first half of 1959 will include a profit from the sale of 57,969 shares of Missouri Portland Cement common stock. The stock was purchased at a cost of $2.9 million and was sold for about $5 million, yielding a net profit of $1,600,000 after income taxes, or about 45c a share. First quarter revenues showed a gain of 15% and share earnings were 52c compared with 40c in 1958, bringing the 12 months ended March up to $2.08. Chairman Marbury reported in the quarterly report that all divisions were operating profitably and that the business continued to show improvement.

1958 operations included record sales to utility customers, but revenues were considered unsatisfactory and the company applied for increased rates in April, approximating $4 million per annum. After suspension by the Federal Power Commission these rates became effective Nov. 1 but are being collected subject to refund after final decision by the FPC. Thus 1958 revenues included $890,000 representing increased rates subject to refund (before tax adjustment).

There are other complications. In January this year the FPC ruled that a proposed refund to customers of $300,000 under earlier litigation should be increased to $2,200,000, but an application for rehearing was filed. On the other hand the company has paid to suppliers about $10 million (of which $4.5 million was charged to expenses in 1958) for higher rates charged by them, on which the company might obtain a refund after final determination of these rates by the Commission. On balance therefore the company's position with respect to rate litigation seems favorable, although it is difficult to guess how the various proceedings will work out. The company's cash position is very strong and refunds would not present any problem.

The exploration and production division (Natural Gas & Oil Co.) spent $7.2 million for exploration and development of oil and gas properties last year, drilling 35 wells of which 19 were productive. The division sold about 19 billion cf of gas, the largest volume since operations began in 1950, as well as 4200 barrels of oil and distillate per day. The properties could easily produce more oil than the 1958 output, the latter being affected by the substantial decline in the domestic oil business. The company is continuing an aggressive policy of exploration and development.

The subsidiary Milwhite Mud Sales Co. acquired substantial sales outlets in the Gulf Coast area last year, and integration of operations continued. While some progress was made in developing more satisfactory profit margins, non-recurring charges and competitive price reductions affected earnings. However, despite a substantial reduction in the amount of drilling for oil and gas, revenues were only off 3%. The current outlook shows some indications of improvement.

The pipeline system's construction budget this year will be nominal but some discussions are being held with utility customers and others regarding future requirements. It is possible that new facilities will be constructed in 1960.

Capitalization at the end of 1958 was about 51% debt (including bank loans) and 49% common stock equity (3,572,000 shares). Net working capital exceeded $20 million to which may now be added the proceeds of the sale of the cement stock and the fertilizer plant. There has been no indication as yet as to how these amounts will be used.

The stock is currently selling on the New York Stock Exchange around 36 (range this year about 42-35) and pays $1.60 to yield 4½%.

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Challenge of the South

a national average usage of the water available of 18%.

From her vast stores, the South produces 56% of the nation's minerals. This includes 48% of the clay, 53% of the coal, 65% of the petroleum, 76% of the natural gas and 100% of the bauxite and natural occurring sulphur. We have in the Southern States 33% of the nation's forest areas.

As the large corporations of the nation established research divisions and brought out new products through the use of chemicals, they looked to the South as a place to manufacture these synthetics, as we have come to call them. At the present time, 70% of rayon production is in the South and 39% of the chemical industry. It is also estimated that within 10 years 50% of the chemical industry will be located in the South.

Huge Chemical and Textile Industries

The Southern textile industry is comprised of 2,400 mills employing directly more than 600,000 persons who produce goods valued at 7.3 billion dollars. In 1957, 56% of the textile industry was located in the South and it is estimated that by 1967 this will rise to 65% of the entire industry. Included in this is 80% of all cotton spindles in operation.

The South's five most important products today are:

(1) **Foods**—11 billion dollars—24% of national production.

(2) **Chemicals**—8 billion dollars—39% of national production.

(3) **Textiles**—7.3 billion dollars—52% of national production.

(4) **Oil and coal**—7 billion dollars—35% of national production.

(5) **Forestry products**—2 billion dollars—which exceed the total value of Southern cotton and cotton seed. These forestry products include 32% of the lumber industry of the nation, and 25% of the pulp and paper industry.

The Southern states also produce 88% of the tobacco, 70% of the synthetic rubber, and 50% of the ammonium used in fertilizer and other products.

Southern Atomic Power Production

All of us know about the tremendously important developments taking place in power production, particularly through the development of atomic energy in the South. In addition to this, the field of electronics is one expanding at a rapid rate in some of our states and several companies are engaged in vast production of aircraft and guided missiles.

Only when we consider the amount of research being done in the South, need we be ashamed of the efforts now being exerted. At the present time, the South has only 5% of the industrial research of the nation. Research is vital to our future progress and we must secure and develop a great deal more industrial research facilities if we are to attain the heights we anticipate in the next few years. I am confident this will be done.

As industry and agriculture continue to expand in the South, so will the population, as I have already pointed out. Merchants must prepare now to build larger and better stores in locations accessible to the poplation in the areas which they service. The merchants who serve will also be the merchants who survive in this tremendous era of development.

Retail Sales Rise

A statement issued by the Department of Commerce on April 14 of this year should make clear what we should expect of the future. That statement cited the fact that retail sales in the Souh ran 150 million dollars **more** for January of this year than for the same month in 1958. That is just for one month. The Southern States retail sales for January totaled 23 billion, 409 million dollars worth of goods.

In per capita income increase between 1929 and 1957, South Carolina led the entire nation by scoring a 337% advance. Georgia and Alabama tied for third in the nation, with a 309% increase in the same period. Department of Commerce statistics also disclose that during the 10 years between 1947 and 1957, Florida, Georgia, Alabama and South Carolina all exceeded the national average increase in personal income from industrial salaries while Tennessee and North Carolina each equaled the national average.

According to a survey by the University of South Carolina's Bureau of Business and Economic Research, there are now more than 2,500 shopping centers located in strategic locations throughout the country. Practically all of them have been built since 1948. The phenomenal growth of these centers is expected to reach a total of 8,500 by 1975. About 70% of all new variety chain stores being opened are in shopping centers along with 85% of the shoe stores, 50% of the grocery stores, 60% of the apparel shops and 77% of the new drug stores. Nearly all of the new department store branches are going into shopping centers. Since 1948, only four new department stores have been constructed in downtown areas anywhere in the United States, not counting many which were remodeled and some which were almost completely rebuilt.

Population Spreading

It is easy to understand how shopping centers are growing up outside the cities when we realize that from 1950 to 1955 there was an increase of 14,400,000 population in metropolitan areas, but that 12,000,000 of this total growth took place in the suburbs rather than in the cities themselves. Overcrowding in the cities and the greater availability of transportation in the postwar era also helps to explain the growth of the new shopping centers, along with various other factors in different sections.

The South is a fast-growing, fast-moving section of the nation. Our potential is unlimited. Our progress is dependent upon us and us alone.

Bank Women's Ass'n. Announces Program

Marie B. Loeber, general chairman of the 1959 National Convention of the National Association of Bank Women, has announced the appointment of Catherine B. Cleary, vice president, First Wisconsin Trust Company, as Program chairman for the convention. Arline Laedtke, assistant cashier, First National Bank, Oshkosh, Wisconsin, has been appointed co-chairman of the Program committee.

According to Miss Loeber, cashier, Wisconsin State Bank, Milwaukee, convention sessions will be held at Hotel Schroeder, Milwaukee, September 23-25.

Presiding officer at the convention will be Charlotte A. Engel, president of the Association and trust officer at the National Savings and Trust Company, Washington, D. C.

James E. Patrick, executive vice president, Valley National Bank, Phoenix, Arizona will address the women bank officers and executives on the topic, "THE PRICE TAG OF EXECUTIVE LEADERSHIP."

"WHAT'S AHEAD FOR THE U. S. A." will be discussed by Merryle S. Rukeyser, journalist, lecturer, economic consultant and broadcaster, and author of "Financial Security in a Changing World."

Robert J. Samp, M. D., medical educator and clinical research worker at University Hospitals, Madison, Wisconsin, will speak on "PILLS, PINKHAM AND POISON". . . .

Ralph H. Mittendorf, president of the American Institute of Banking and vice president, American Security and Trust Company, Washington, D. C. will speak on "THE FUTURE OF BANKING EDUCATION."

Helen L. Rhinehart, incoming president of NABW and vice president, Brenton Companies, Des Moines, Iowa, will address the convention on the topic, "LOOKING AHEAD IN NABW."

Thirty-two women bank officers and executives who are members of the National Association of Bank Women will present or discuss topics on: Effective Letters — Salesmanship — Bank Operations — Commercial Loans — Personnel — Trusts — Problems in Branches — Advertising — Mortgage Loans and Consumer Credit — Country Banks — Savings Banks — Programs for Women Customers.

With over 10,500 women serving in officer positions in American banks today a record attendance is anticipated at this 1959 national convention of the National Association of Bank Women.

Continued from page 3

Meeting Inflation

the nation out of a desire by Americans generally to hedge against inflation. Neither can we overlook the wide publicity being given the sweep of inflation by the press of the country. Lastly is the weakness in the government bond market and the shying away by investors from longer-term government securities out of fears as to the dollar's future. The Treasury's task in trying to finance this year's $12-$13 billion deficit and several times that amount of debt refunding is becoming increasingly difficult. In a recent $15 billion refunding operation by the Treasury, holders of $2.1 billion of maturing obligations preferred cash to new Treasury issues offered in exchange.

What Investors Can Do About Inflation

What can the investor and the man of property do about inflation? Here is what one of the shrewdest men in France did. I refer to Necker, financier and statesman. In financial ability, Necker was acknowledged as among the great bankers of Europe, as well as a man of deep feeling of patriotism and a high sense of personal honor. Necker was Minister of Finance of France, later Director General of Finance, during the early half of the French inflation mentioned in an early paragraph. He steadily endeavored, Mr. Andrew D. White tells us, "to keep France faithful to those principles in monetary affairs which the general experience of modern times had found the only path to national safety." Necker's remonstrations and warnings were given about the same attention by the politicians and masses as are the remonstrations and warnings today of Senator Byrd, Chairman of the Senate Finance Committee. Seeing the futility of his efforts, his disesteem with the populace, and the inevitable sequence, Necker sent in his resignation and left France forever. At least, he could save his fortune if he could not save his state.

Necker knew that no one can win in an inflation any more than anyone wins a world war or an earthquake. The Necker course of protection against inflation is not recommended to Americans. But those Americans with capital can take action which will afford some protection to the dollar's sinking value. First and foremost, of course, they can make it clear to their national and state legislators by word and vote that deficit financing by any degree of government is an anathema. Government should not spend beyond its reasonable revenues except in time of dire emergency and, even then, in following years, it should begin to cancel out such deficit debt.

Second, capital can seek such degree of protection as is available to it during an inflationary period by way of committing itself to that type of security or goods that appreciates in price as the inflation proceeds. Among such equities are jewels, precious metals, art objects, commodities in common use, real estate, and the common shares of corporations. One of these media, however, has superior advantage and it is in it that funds may best be concentrated.

Specific Investments for Protection Against Inflation

With the unbalancing of the Federal budget and the cutting loose from gold in the early '30s, my firm warned of the inflationary potential being created. By 1940 we regarded inflation as sufficiently imminent to justify a detailed memorandum and policy recommendation. Therein the various media open to investors were examined as to their attractiveness under an inflation. The objective laid down was the maintenance and enhancement of principal in terms of purchasing power of the dollar. From time to time since 1940, these inflation studies have been repeated.

Nearly two decades of inflation have elapsed since that initial 1940 discussion, the principles of which discussion have been repeated in the subsequent annual inflation memoranda. Since the type of inflation—a creeping price advance — that was envisaged in 1940 is still under way, it should prove interesting to check, at this time, the price action from 1940 to date of the investment media discussed in the 1940 study to see how well each conformed to the rating initially given it. If the principles of protecting property against the attritions of a depreciating dollar were good in 1940, they should be good now.

Bonds, notes, land contracts, real estate mortgages, and life insurance annuities were ruled out as they were evidences of fixed debt, the purchasing value of which would recede as the dollar lost value. Gold was eliminated because of various complexities that argued against its holding. Real estate, except for the owning of a home, which is generally advisable, and commodities were deleted because of numerous factors. There is, for one thing, the immobility of real estate and hence the ease of its location and taxation by local governments necessarily sorely pressed for higher revenue during periods of inflation. Carrying of commodities involve storage charges and there is the lack of current income on them.

Final choice was the common stock. The common stock possesses a ready market. It is easily handled and stored. It affords income to those in need for current return. It is mobile. Information with respect to its financial and earnings progress is readily available. It is subject to general analysis as against the specialized study that must be devoted to each particular real estate plot, to various commodities, and to art objects.

In the 1940 study on investment media to combat an inflation, it was pointed out, however, that, while the common stock in general should outperform the other instruments available to the investor, there was also a differentiation as among common stocks. To be sought were the shares of a company having one or more of the following qualifications: (1) a raw material producer, preferably of a material with an international market, but one that should at least have a national market; (2) where labor costs are a relatively low factor in the total price of the product or service; (3) where there is no fixed debt or a very small fixed debt; (4) where the materials used or produced by the company are in abundant supply and do not constitute a large element in the cost of the finished product; (5) that uniformly buys early and sells late. By the same token, the investor hedging against inflation would, we stated, avoid companies that (1) operate under fixed or inflexible rates, (2) do not control the source of their supply of materials, (3) where labor costs are large in relation to the price of the product or service, (4) where material costs are large in relation to the product or service, (5) where a large structure of debt exists, (6) that sell early and buy late.

Would Exclude Firms With Large Debts

One of the above qualifications is at variance with the popular viewpoint. The general belief has been that ownership, during an inflation, of companies with large debt is desirable on the grounds that the debt can be easily discharged with the cheapened currency, thus leaving the property free for shareholders. Dr. Ivan Wright's studies of inflations in various European countries following World War I, undertaken for a number of large American corporations, indicated that the greatest burden falling on the average corporation during an inflationary period was endeavor to maintain working capital adequate to operations. This was because of the time lag between acquiring inventory and disposing of it. Even though the inventory was marked up sufficiently to insure a profit on the investment, the price level sometimes moved up so much faster that receipts from turnover of one inventory were not adequate to obtain an equal inventory for the next turnover. The result was gradually shrinking inventory and hence operations. To the degree that a corporation had to redeem securities, its working capital position was further jeopardized.

On the basis of these qualifications, industry was divided into three groups, classifying industries in Group I as the most attractive inflation hedges; in Group III, as the least attractive; in Group II, as occupying an in-between position. Placed in Group I were beverages, casualty and fire insurance companies, coal, cosmetics, chemicals, iron ore, motion pictures, nonferrous metals, non-pulp rayons, pulp, petroleum producers, sugar producers. In Group III was placed agricultural equipment, aircraft mfg., banks, building materials (nonintegrated), cigarettes, containers, life insurance companies, leather processors, machinery, machine tools, merchandising, package foods, public utilities, railroads, shoes. Group II, the in-between list, was given as advertising, air transport, automobiles, automobile accessories, integrated building materials, glass, household furnishings, investment trusts, textiles.

What happened between 1940 and the close of 1958 to the investment media cited? The dollar and dollar instruments, such as bonds, notes, land contracts, real estate mortgages, and annuities have shrunk in purchasing value by 51.6%. Gold has shrunk in value by an equal amount because the $35 an ounce that might have been put in it abroad in 1940 will command but $35 today. Shares of our leading gold mines have fallen in value. Commodities have risen to about the extent the dollar has lost value, leaving the commodity investor "even Steven."

Common stocks as a whole (Standard & Poor's index of 500) —the medium preferred in our 1940 study—rose by 385% in market value, thus not only keeping the investor abreast of the 1940-58 inflation, but giving him an additional increment or enhancement in principal. If common stocks be broken down into industrial groups (S & P averages), however, the preferred Group I registered an average 618% advance; Group III, the tabooed group, a 306% advance; Group II, the group classified as an in-between list, a 375% advance.

So long as the inflation continues of the creeping variety, it is my belief that the average investor's best course is to adhere to stocks, with occasional building of cash reserves against cyclical market considerations. Individual stocks should be selected on the basis of their growth potential. Included in such selections, however, should be a substantial percentage of primary inflation hedges, as mentioned in Group I above, against the possibility that, overnight, the creeping inflation could turn, via frightened public flight from the dollar, into galloping variety.

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LETTER OF LORD MACAULAY TO HON. H. S. RANDALL OF NEW YORK

Author's Note: Thomas Babington Macaulay, British Secretary for War in the Cabinet of Lord Melbourne, was an English statesman and historian. His "History of England" was one of the most widely-read books at his time, both in Great Britain and the United States. It remains a classic in its field. There follow excerpts from a letter written by Macaulay to H. S. Randall of New York. We quote the last two paragraphs of the missive, but have broken them into several paragraphs to facilitate the reading. The *italics* are ours. The full text will be found in "Macaulay's Life and Letters" by G. O. Trevelyan, pages 451 to 454 of the appendices of the 1908 edition.

"London, May 23rd, 1857

"Dear Sir:

"You are surprised to learn that I have not a high opinion of Mr. Jefferson, and I am surprised at your surprise. I am certain that I never wrote a line, and that I never in parliament, in conversation, or even on the hustings—a place where it is the fashion to court the populace — uttered a word indicating an opinion that the supreme authority in a state ought to be intrusted to the majority of citizens told by the head; in other words, to the poorest and most ignorant part of society. I have long been convinced that institutions purely democratic must, sooner or later, destroy liberty or civilization, or both.

"In Europe, where the population is dense, the effect of such institutions would be almost instantaneous. What happened lately in France is an example. In 1848 a pure democracy was established there. During a short time there was reason to expect a general spoliation, a national bankruptcy, a new partition of the soil, a maximum of prices, a ruinous load of taxation laid on the rich for the purpose of supporting the poor in idleness. Such a system would, in 20 years, have made France as poor and as barbarous as the France of the Carlovingians. Happily the danger was averted; and now there is despotism, a silent tribune, an enslaved press. Liberty is gone, but civilization has been saved.

"I have not the smallest doubt that if we had a purely democratic government here the effect would be the same. Either the poor would plunder the rich, and civilization would perish, or order and prosperity would be saved by a strong military government, and liberty would perish. You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be certain, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be far more at ease than the laboring population of the Old World; and while that is the case the Jefferson politics may continue to exist without causing any fatal calamity. But the time will come when New England will be as thickly peopled as Old England. Wages will be as low, and will fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in those Manchesters and Birminghams hundreds and thousands of artisans will assuredly be sometimes out of work. Then your institutions will be fairly brought to the test.

"Distress everywhere makes the laborer mutinous and discontented; and inclines him to listen with eagerness to agitators, who tell him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal. In bad years there is plenty of grumbling here, and sometimes a little rioting. But it matters little, for here the sufferers are not the rulers. The supreme power is in the hands of a class, numerous indeed, but select, of an educated class, of a class which is, and knows itself to be, deeply interested in the security of property and the maintenance of order. Accordingly, the malcontents are firmly yet gently restrained.

"The bad time is got over without robbing the wealthy to relieve the indigent. The springs of national prosperity soon begin to flow again, work is plentiful, wages rise, and all is tranquility and cheerfulness. I have seen England pass three or four times through such critical seasons as I have described. Through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them?

"I heartily wish you a good deliverance But my reason and my wishes are at war, and I cannot help foreboding the worst. *It is quite plain that your government will never be able to restrain a distressed and discontented majority. For with you the majority is the government and has the rich, who are always a minority, absolutely at its mercy.* The day will come when, in the State of New York, a multitude of people, none of whom had more than half a breakfast, or expects to have more than half a dinner, will choose the legislature. Is it possible to doubt what sort of legislature will be chosen?

"On one side is a statesman preaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurers, and asking why anybody should be permitted to drink champagne, and to ride in a carriage while thousands of honest folk are in want of necessaries? Which of the two candidates is likely to be preferred by a working man who hears his children cry for more bread?

"I seriously apprehend that you will, in some such season of adversity as I have described, do things which will prevent prosperity from returning; that you will act like people who should in a year of scarcity devour all the seedcorn, and thus make the next a year, not of scarcity, but of absolute famine. There will be, I fear, spoliation. The spoliation will increase distress. The distress will produce fresh spoliation. There is nothing to stop you. *Your Constitution is all sail and no anchor.* As I said before, when a society has entered on this downward progress, either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand, or your Republic will be as fearfully plundered and laid waste by barbarians in the twentieth century as the Roman Empire was in the fifth; with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals will have been engendered within your country by your own institutions.

"Thinking thus, of course I cannot reckon Jefferson among the benefactors of mankind. I readily admit thas his intentions were good, and his abilities considerable. . . . I have no doubt that I shall derive both pleasure and information from your account of him.

"Yours very truly,

"Thomas Babington Macaulay"

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Banking in New York from A Supervisor's Viewpoint

ing the economic problems which we face.

National Trends and Developments

In recent years, some of the most conspicuous activities of congressional committees have been their recurring inquiries into the functioning of our monetary and banking system and our financial institutions in general. The most recent manifestation of this preoccupation with money, fiscal debt, interest rate, and price problems is the broad study undertaken by the Joint Economic Committee under the chairmanship of Senator Douglas.

We need not outline the scope of this inquiry here. However, it is symptomatic of the fact that we have developed a system of financial institutions so inter-related and so involved with the problems of financing the deficits of the federal government that it is generally conceded it is time for us to make a deliberate effort to find out precisely what we have created and what the implications are for the future. This, incidentally, is also the prime objective of the Commission on Money and Credit created by the Committee on Economic Development with the financial support of the Ford Foundation.

Bear in mind also that Representative Patman is still very much interested in launching a searching inquiry into debt and monetary management policies, the level of interest rates, and the Federal Reserve System in general.

Here in New York, we have also been aware of the need for inquiry into the effectiveness of our financial institutions and assorted groups of scholars and other experts have been doing their home work.

Several years ago the New York Clearing House Association devoted considerable time and effort to a "re-examination" of the Federal Reserve System and its operations. Somewhat later this Association played a substantial role in modernizing the New York State Banking Law insofar as it has to do with loans and investments of banking institutions. Meanwhile, associations of commercial banks, savings banks, and savings and loan associations have completed their own studies of banking facilities and operations in New York. The most recent of these Association-sponsored studies dealt with the situation in Nassau County and promptly elicited what might be called an answer or a rebuttal from certain members of the faculty of Hofstra University. We have also had special studies on the adequacy of bank earnings and the efficacy of the holding company device in banking.

Now what this means for the future is that as the result of the inquiries launched and carried through by congressional committees, and the extensive studies completed by expert groups in this state, we have been building up a formidable body of knowledge which, if properly used, can give us considerable guidance in dealing with the problems which I am sure we will face in the next few years.

Through proper research and study, we should be able to take any or all of the highly controversial issues facing the financial community of New York State and arrive at solutions which will be acceptable to those who approach these problems with a reasonable attitude and a sense of fair play. I believe this is so, and I should like to see it come about.

In order not to limit my remarks to generalities, let me illustrate by indicating some specific problems which seem to me to be worthy of special consideration at this time.

Savings Interest Rate Problem

One of these is the rate of interest which can properly be paid to savers under present conditions. You are probably as aware as I am of the fact that several savings and loan associations in New York State have announced an increase in their rate on shares from 3¼% per year to 3½%. You are probably also aware of the present and increasing pressure in the savings bank system to effect a similar increase in their dividend rate.

While we are sympathetic with the idea that savers should reap the benefit of higher rates of return which can now be earned in the market place, we have felt that some caution has been in order. We have noted that with the rise in interest rates there has naturally been a decline in market values of debt securities, including those of the United States Government. This in turn has had a direct effect on the liquidity position of financial institutions and has also had an important effect on surplus and reserves when measured, not by book value, but by market values of securities held.

This does not imply that only our savings institutions have been contending with this problem. It is a well known fact that our commercial banks—now limited as you know to a 3% maximum interest payment on savings accounts and other time deposits—would in many cases like to pay more and, in fact have sought permission to do so from the Board of Governors.

Further to complicate this general situation we have the continuing problem of bank taxation which has its direct effect on the ability of banks to build up surplus and reserves and thus not only prepare for adverse conditions which may come, but also margin their future growth. Against these considerations we must weigh the fiscal requirements of the national government. We acknowledge there are commendable and concerted efforts toward a balanced budget for the national government, but we must recognize that the government's revenue requirements are going to remain high and it follows that the government is going to get the revenue it needs.

All of the foregoing adds up to my observation that the present level and trend in interest rates, the resultant effect on security values, the pressure to increase payments to savers, the liquidity position of our institutions, their surplus and reserve positions and their tax obligations are all part and parcel of a problem which must be dealt with as a whole.

I outline these as problems on which we in the Banking Department are now working and which we will continue to study in order that the policy decisions we must make will be as soundly based as possible. Those of you who are responsible for bank management have an equal responsibility.

It occurs to me that one other important area must receive our most careful attention. I refer to a merger policy for New York. May I ask that you do not attempt here to read between the lines, nor attempt to apply my remarks to any application now pending before the Banking Department. I am simply stating that we have reached a stage in the development of the banking structure of New York which makes it imperative that we look to the future with a view of deciding what types and numbers of banks will give us the best arrangement for service to, and in the best interests of, the people of the State of New York. Obviously, we do not have objective measures which can be applied. This makes our task more difficult. We must have a complete, thorough knowledge of how our banking institutions are now functioning, and we must then come to some conclusions as to the banking situation we want to see created. When this is done we can make our policy decisions accordingly, and we in the Banking Department are coming to grips with this problem.

As for my part please be assured that I approach all these problems without fixed preconceived notions on how we should solve them. I cannot state too strongly that any ideas, proposals, and thinking in general, will find a receptive ear. We should like to emphasize that ideas will not only be welcome at the Banking Department, but urge all bankers to discuss their problems with us and to consult with us prior to committing yourselves to important changes. While we find the newspapers entertaining and instructive, it would be distressing indeed to learn of major banking developments from that source.

I think we shall all be better off if we communicate frequently and freely with each other and I trust that all bankers will take this as an open invitation to do so with me.

Henry Meinninger With Arnold Malkan & Co.

Arnold Malkan & Co., Inc., 26 Broadway, New York City, has announced that Henry Meinninger has joined the firm's underwriting department. Mr. Meinninger is a Certified Public Accountant.

Dick & Merle-Smith Opens New Dept.

Dick & Merle-Smith, 48 Wall Street, New York City, members of the New York Stock Exchange, announced the opening of a new department devoted to mutual funds.

Paul Pettit, a fully registered representative of the Exchange, has become associated with the firm in the Mutual Funds Department.

Appoint Paul L. Swensen Sales Representative

Paul L. Swensen has been appointed a regional sales representative in the New York area of William Street Sales, Inc., 1 William Street, New York City, national underwriters for The One William Street Fund, Inc., and Scudder Fund of Canada Ltd. Dorsey Richardson, President of William Street Sales, Inc., announced that Mr. Swensen would share dealer sales representation with Vincent Dunn in the New Jersey, Metropolitan New York, Westchester County and Long Island areas.

Mr. Swensen was a special agent of the Federal Bureau of Investigations from 1951 through 1954. Formerly associated in sales activities with the United States Rubber Company, Mr. Swensen was most recently with Lehman Brothers.

Mutual Investors Open

LOCUST VALLEY, N. J.—Mutual Investors Company has been formed with offices at 60 Cedar Avenue to engage in a securities business. Partners are Louis C. Fernando and John M. Henriques. Mr. Henriques was formerly with H. T. Rockwell Co.

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Several Banking Bills Congress Is Considering

enue Service. The Federal Deposit Insurance fund has now passed $2 billion and most effectively supplements capital funds and reserves as protection for depositors. Because of its mobility it is even more important than its size alone would indicate.

Taken all in all, we have much to be proud of, and thankful for, in the present status of our banking system.

Text of S. 1062 as passed by the Senate, May 14, 1959

AN ACT

To amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 18 of the Federal Deposit Insurance Act is amended by striking out the third sentence thereof and substituting in lieu thereof the following: "No insured bank shall merge or consolidate with any other insured bank, or directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured bank without the prior written consent (i) of the Comptroller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a district bank, or (ii) of the Board of Governors of the Federal Reserve System if the acquiring, assuming, or resulting bank is to be a State member bank (except a district bank), or (iii) of the Corporation if the acquiring, assuming, or resulting bank is to be a nonmember insured bank (except a district bank). In granting or withholding consent under this subsection, the Comptroller, the Board, or the Corporation, as the case may be, shall consider the factors enumerated in section 6 of this Act. In the case of a merger, consolidation, acquisition of assets or assumption of liabilities, the appropriate agency shall also take into consideration whether the effect thereof may be to lessen competition unduly or to tend unduly to create a monopoly, and, in the interests of uniform standards, it shall not take action as to any such transaction without first seeking the views of each of the other two banking agencies referred to herein with respect to such question. In the case of a merger, consolidation, acquisition of assets, or assumption of liabilities, the appropriate agency shall request a report from the Attorney General on the competitive factors involved in the merger.

"The Attorney General shall furnish such report to such agency within thirty calendar days of the request: Provided, however, That in case the agency finds an emergency exists the agency may advise the Attorney General thereof and may thereupon shorten the period for the Attorney General to report to ten calendar days: Provided, further, That where the agency finds that an emergency makes necessary immediate action in order to prevent the probable failure of one of the merging banks, the appropriate agency may act without obtaining such report from the Attorney General: And provided further, That the Comptroller, the Board, and the Corporation shall each submit to the Congress a semi-annual report with respect to each merger, consolidation, acquisition of assets, or assumption of liabilities approved by the Comptroller, the Board, or the Corporation, as the case may be, which shall include the following information: the name of the receiving bank; the name of the absorbed bank; the total resources of the receiving bank; the total resources of the absorbed bank; whether a report has been submitted by the Attorney General hereunder; and if approval has been given, a summary of the substance of the report made by the Attorney General, and a statement by the Comptroller, the Board, or the Corporation, as the case may be, in justification of its findings."

M. M. Banks Elected By Fiduciary Mutual

Morton M. Banks has been elected a director and a vice president of Fiduciary Mutual Investing Company, Inc., 115 Broadway, New York City, open-end investment company, it has been announced.

President of Mercer Management Corporation, underwriter and distributor of the fund, Mr. Banks has an extensive background in mutual fund wholesale distribution. He has been a Vice-President of North American Securities Company, distributors of several mutual funds, and formerly headed his own firm which operated in the same business.

From 1927 to 1948 Mr. Banks was a partner in the New York Stock Exchange firm of Luke, Banks & Weeks. During World War II he served with the War Production Board, initially as head of a section of its bureau of finance and from 1944-45 as director of the division of stockpiling and shipping.

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The Nation's Economy: Now and Later

omy swing a bit more than bare facts about the economy will warrant.

When things are going down, they tend to get awfully blue. They get just as blue as can be, and the fellow whose responsibility it is to pretend that he knows everything about the economy, which is my present line of work, has to keep his chin up and, even though people won't believe him, sometimes has to say, "Now, look, it really is not as bad as that!" And the fact of the matter is that it probably isn't as bad as people think it is.

At other times, like the present, when things seem to be going swimmingly, it is a good thing, I think, to slow people's thinking up just a bit. In an expansion period, the chances are that things are not going quite as swimmingly as people think they are.

Doing Very Well

Still, our economy is doing very well. That is a modest, but I think an essentially truthful statement. We have fully recovered. I could cite a few figures, I guess, to show that in certain respects we are not as yet quite back to the previous peaks, but such exceptions are characteristic of a very large and complex economy like ours. But, in general, it is fair and correct to say that we have fully recovered. More than that, we have broken into new high ground, and we can rightfully say that economic growth has been resumed.

But for all of that, I don't think one can say that we have experienced very much more than the normal recovery from recession of a vigorous kind of economy such as ours.

If you look closely at the numbers, as I like to put it, you will find that this recovery is going forward at about the rate of the '54-'55 recovery, not appreciably faster. And certainly it is not, as it was very fashionable to say only a couple of months ago, going appreciably slower.

Recalls Alarmists

Let me add that only a few weeks ago, not more than a month and a half ago, people were in a mood to believe that recovery was lagging rather badly. Indeed, I recall that a resolution was presented to the Congress for a rather fancy commission to study unemployment, so serious were the circumstances at that time, as viewed by the author of the proposal.

I don't know what happened to this suggestion. It hasn't been heard of for quite a few weeks. And so opinion shifts in our country!

But there are some genuinely interesting things about the present recovery. It has at least one interesting feature. If you compare it with '54-'55—and let me say parenthetically that I think this is the only recovery movement with which it can be compared at all usefully—you will find that, as measured by such things as production, employment, personal income and retail sales, it is going ahead at just about the same rate, after having lagged a little bit for a while, but that as measured by the economic signs, or indicators, that suggest something of what lies ahead, it is significantly better and more promising.

I would add, also, that we are having a very good recovery without the benefit of forces such as those which, in 1955, were so strong as to be genuinely troublesome. Many recall our problems in the summer of 1955 when consumer credit was being extended right and left. We were engaged then in a very vigorous competition in the sale of automobiles. I believe we were selling instalment credit terms more than automobiles, if I may be so crude as to raise that point before a group of bankers.

Fortunately, we haven't had that in this recovery. If that is coming, it is ahead. We have not had it yet. There has been a significant improvement in the automobile business, which is very much better than it was a year ago, but we have had no such surge as occurred in 1955.

Happy About Economic Outlook

What do these things mean? I would say that the significance of them is that there are powerful forces that could sustain the present high level of activity well into the future, easily through 1960 and well into 1961. This, I would say, is a substantially different and, we will all agree, happier situation and outlook than 1955.

There is another observation I would like to make, having to do with the longer-term outlook. It is never easy to see far ahead in our kind of an economy, and I don't want to pretend that I can do so with any feeling of confidence, but I believe we can see ahead clearly enough to know that the problems of our economy in the next ten years will be very much greater than they have been in the last ten years.

Complicated Problems Ahead

My reason for believing this is a very simple one. At the present time, we add about 800,000 people every year to our labor force. That is the increase in the number of people who are either employed or looking for jobs. It varies a bit from one year to the next, but recently that has been the average.

In the next ten years, on the other hand, it is estimated that our labor force will grow at about twice that rate. We will need to add about 1,500,000 jobs a year, on the average, over the next decade.

Reflect for a moment, if you will, over that one figure and what it means for our country. Let me say that we have long since passed the point where we can fail in these things. Failure is not permissible. Our job is to see that we succeed in creating these additional jobs within the framework of our traditional free institutions. That is the goal.

There are certain things I feel sure we are going to have to do if we are going to succeed in meeting this really very great challenge. In the first place—and I am just going to mention these things — we are going to have to avoid indulging ourselves in great surges of exuberance. We cannot afford that. This is what I call the "boom and bust" formula. We must not indulge ourselves in that.

The second thing we are going to have to do is to demonstrate to ourselves and to the rest of the world that we not only know how to keep our own Federal finances in order, but that we have the courage and the good sense to do it.

Nothing could be more important. Not so long ago our friends from around the world were coming here to tell us that we were the world's banker, and that we had to learn to be a good banker. In those days, being a good banker was mainly a question of promoting investment abroad.

This continues to be an important and necessary function of our economy, but nowadays — and I think it is worthwhile to reflect over this fact—it is becoming clearer that if we are going to be bankers for the world, we must demonstrate that we know how to run the bank in every respect. And if we ever get to the point where there is any question about our ability to do that, the going will be very rough, indeed.

It doesn't need to be rough, but if we are going to run the bank right—and you people know what it means to run the bank right—it will require restraint in a good many things. It will require discipline in a good many things. It will require saying "No" to a good many things, when it would be a lot more popular to say "yes." But the penalties for not running our affairs well are very serious, indeed.

While I am on this subject just one more observation about Federal finances. I share with everybody the wish to reach the point at which we can have what I like to call incentive-increasing tax reform and reduction, but there are at least two steps that have to be taken before we get there: we have to bring the budget into some kind of balance, and, in times of prosperity, we have to reach a position of reliable surplus.

These are necessary steps before we can get to where we all want to get, which is to the point where we can enjoy incentive-increasing tax reform and reduction. If we do not exercise greater control than we have over the increase of Federal expenditures, it is going to be quite a long while before we get to that point.

Just one more observation on budgetary matters. Don't forget that our ability to control expenditures is primarily a question of the laws we have on our books. If we do not get the right laws on our books, the point at which we can enjoy the benefits of tax reform and reduction can be long postponed.

Issues of a Balanced Budget

That saddens me a good deal, because I can't think of anything that would be better for our country than a reliably balanced budget that would hold out the prospect, within the not too distant future, of significant tax reform and reduction.

And I think it can be done. Indeed, I feel sure it can be done, and we have made a good deal of progress in that direction.

The issue will be decided within about 60 days. We will know then whether the 1960 budget is going to be balanced out, and I can tell you that every effort that we can put into it we are putting into the accomplishment of that goal. And let me take this occasion to say that this is not because of any simple devotion to a balance—handsome as a balance is—but because this is the only proper and constructive fiscal policy for a period of economic expansion. This is the best and surest way to make progress in economic welfare. This is not a case of putting dollars ahead of people. This is the only constructive way to help people. By keeping our financial house in order, we build confidence. And confidence, in the end, is the key to economic progress in a free society.

Discusses Inflation

As to the problem of inflation, let me say a word or two about that.

I feel sure that a substantial part of the problem of holding our price level reasonably stable is to be found in the manner in which we handle our Federal finances. This is partly a matter of taxation. It is partly a matter of spending. And it is partly a matter of the way we manage our national debt. We have made some proposals recently for changes in the laws affecting the way we manage our public debt. I gather that on these proposals a compromise is being sought. This reminds me a little of the title of a novel I read last summer, by an Irish girl. She must be a very smart girl. She called her book "The Straight and Narrow Path," a title taken from an old Irish saying that "one should seek the straight and narrow path between right and wrong."

Now this is the kind of colossal nonsense of which I would have thought only the Irish—and I speak so freely only because I am myself a member of the clan—would be capable. I get the feeling that in seeking to compromise this issue somebody is trying to find a path between right and wrong. This, I think, is very ill-advised. What we need is freedom to do what is right in managing our Federal debt, not a privilege to follow a policy that is somewhere between right and wrong.

Finally, there are some other things, apart from Federal finances, that have an important bearing on inflation. In the last year the American public has achieved a much better understanding, I think, of the relationship between Federal finances and inflation, but I am not sure that equal progress has been made in understanding the relationship between increases in costs and increases in prices, and particularly in understanding the relationship between labor costs and prices. Perhaps we have achieved a better understanding of these relationships. But I wish the trends in this connection were more favorable.

Steel Wage Dispute

We are currently, of course, all of us, watching very closely what is going on in the negotiations between the Steelworkers Union, on the one hand, and the steel companies, on the other hand. This is all very well, but we must be careful, in focusing our attention on a specific issue, not to lose sight of what is happening elsewhere in the economy. The fact is that there is a lot else going on in our economy affecting wages and prices that is rather ominous.

As I read the numbers, I get the distinct impression that the wage increases being given nowadays—in the second half of 1958 and so far in 1959—are only slightly lower than those granted in 1956 and 1957, and I would remind you that in those years prices were rising at the rate of about 3% a year. In other words, costs are now rising at a rate not unlike that which, in earlier periods, resulted either in price increases, or in a substantial squeeze on the profits of industry, and, ultimately, on the creation of jobs.

I believe that ultimately the solution to this problem must be found in a better public understanding. And this is where people like members of the bank fraternity come into the picture. You all must work hard to improve public understanding of the forces that make for inflation of costs and prices. To the extent that you are successful in doing that, you will help solve the inflation problem without imparing the framework of democratic free institutions, which is, of course, the way we want to solve it.

I believe we will find a solution to the inflation problem within the framework of free institutions. We have had a stable price level for about a year now. We are entering a period in which the difficulty of keeping prices stable will increase, but if we succeed in avoiding inflationary price increases, the prospects for further economic growth and improvement are very bright, indeed.

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Implications for the U. S. Resulting from Gold Outflow

try has been higher than in Europe—a 20% rise in United States hourly earnings since 1953 is larger than a 40% increase in German wages, when the 1953 rates were $2 an hour in this country and 50c in Germany. Moreover, though there is difficulty in getting exactly comparable series, there are indications that steel prices in this country have risen more than those abroad, particularly more than Japanese, probably more than British and possibly more than German and Belgium. On the whole, however, the view that the United States balance of payments has turned adverse because of inflation is widely recognized as largely wrong and entirely oversimplified.

Let me first review what has happened to our balance of payments, list some of the lesser causes which have contributed to this result, and finally, before going on to discuss their implications for policy, pinpoint the main underlying changes in the position.

Gold Outflow Goes Way Back

The gold outflows of 1958 and the spring of 1959 come on top of a substantial acquisition by foreigners of balances in the United States which goes back, with interruptions on such occasions as Suez, all the way to 1950. It is inaccurate to say that change in one item in the balance of payments has brought about the change in another: all the items are interdependent and mutually determine one another. But loosely speaking, one can say that the foreign acquisition of approximately $12 billion which has brought our present short-term liabilities to foreigners to $16.6 billion has been the result of governmental grants and private investment abroad substantially in excess of our net export surplus of goods and services. For the nine years from 1950 to 1958, inclusive, and excluding military supplies and services transferred abroad under grants, the annual average export surplus of goods and services has amounted to $2.7 billion, against which there have been unilateral transfers, largely governmental grants other than military, of $2.7 billion, a private capital outflow of $1.8 billion and a governmental capital outflow of $0.4 billion. The result has been, ignoring errors in estimating, that foreigners have added to their gold at the rate of $400 million and to their balances at $1.3 billion annually.

Changes have occurred in the proportions in which foreigners have acquired dollar balances and gold, and 1958 marked a substantial increase in the outflow of gold, which amounted to $2.3 billion for the year. But this did not reflect any loss of confidence in the dollar by foreigners, whether foreign governmental authorities or speculators in foreign banking centers. Short-term interest rates were low in 1958, and working balances high. In consequence, new claims on the dollar were converted into gold. But foreign balances were not drawn down: United States liabilities to foreigners in fact rose by $1 billion during the year. And as short-term money rates tightened in 1959, these deposits continue to build up at a faster rate.

While the United States has

been losing gold and dollars then for 9½ years, it is important to observe that between 1957 and 1958 there has been a sharp change. Foreigners lost net gold and dollars by $200 million in 1957 and gained $3.4 billion in 1958. The heavy losses by the United States in 1958 have continued into 1959, as exports declined during the first quarter from the 1958 level, and imports rose even more. Underlying these short-run changes, and hidden by the average figures cited, have been a steady rise in United States military expenditure abroad, a sharp upward movement of United States private investment since 1955, and an increased outflow of governmental capital.

Exaggerating Short-run Changes

Some of the short-run changes exaggerate the position. In the first place, the 1957 exports were inordinately large as a result of the export of substantial quantities of oil to Europe at high prices because of Suez.

Another important influence of the last few months, but one which cannot be measured accurately, is the accumulation of steel inventories against the possibility of a steel strike beginning Tues., July 14. European producers state that orders from the United States have tripled currently over normal levels. Some of these purchases intended for inventory have in fact been consumed with the upturn of business this spring, but some of the imports of the last few months are borrowed from the future. In 1936 and 1949 inventory accumulation raised the levels of imports above those that could be sustained, and narrowed the current-account surplus below its long-term level. That uncertain proportion of present imports which represents accretions to inventories may be regarded as exchanged for gold. It is a common phenomenon in European economies that foreign-exchange reserves fluctuate inversely with inventories of internationally traded goods. That steel has become an internationally traded commodity between Europe and the United States is ascribable to the fact that commodity prices have risen much more than ocean freight rates since 1939. This has expanded the international markets for many bulky products—oil, coal and steel. This trend, and the reduction in tariffs to which it is similar, have exposed United States prices to international competition on a wider front.

Lag in European Recovery

A further small transitory influence has been the slight lag of recovery in Europe behind that in the United States. The European recession did not go so deep as did ours, but the low in October, 1958 came after that in this country, which was in April, 1958. By the first quarter of 1959, the momentum of upturn was higher in the United States than in Europe, and this, even apart from steel inventories, meant that our imports expanded faster than European. As recovery levels off in the United States and continues upward in Europe, this effect will reverse itself. The European recession was particularly serious for coal exports, though these may not recover to previous levels because of the continued inroads in Europe of oil and natural gas. This recession may also be part of the explanation of the decline in sales of cotton by the United States. These fell in the first three months of 1959 $125 million below the level of 1958 and accounted for three-eighths of the total loss of exports.

A small part of the United States loss of gold and dollars since 1950 is ascribable to the difficulties faced by Germany in regulating its balance of payments, difficulties of an opposite sort to those this country is now experiencing. The German export surplus has continuously been in excess of any amount of long-term lending or investment which the German economy has been willing to undertake, with the result that Germany piles up gold and dollars. *Ad hoc* measures of lending to the International Bank for Reconstruction and Development, and governmental financing of long-term exports have been used, but the problem, similar to that which this country experienced before 1950, persists. A change in the German international position is expected as the country takes a larger share in European defense, but up to now, taxation for defense has outstripped expenditures and accumulated treasury surpluses have been the domestic counterpart of the gain of foreign-exchange reserves.

A final small contributing force has been the recent increase in interest on the part of American investors in foreign securities. . . . This movement, which is one aspect of the greater awareness of foreign opportunities of which I shall speak presently, has been partly offset by the decline in the United States bond market in recent months, cutting off what appeared in 1958 to be a revival of interest in foreign sale of dollar bonds in this market. Compared to foreign transactions in United States securities, which have been substantial since the 1920's, United States investor interest in foreign securities is limited. But it has been growing.

The reversal of the Suez burst of exports, the accumulation of steel inventories, the German balance of payments surplus and the new interest in Royal Dutch, Lever Brothers, KLM and Phillips on the part of American investors are of small moment compared to two basic changes in the American position since about 1953. These are the widening of the horizon of United States producers and consumers to the world scene; and the narrowing of the technological gap between the United States and the rest of the world. These factors are related. But the increased awareness of foreign opportunities has expanded United States investment abroad, and imports, while the technological gain in European and Japanese capacity has worked in this same direction further cutting down United States exports in these and third markets.

U. S. Industry Discovers Europe

This country has always had an interest in selling in foreign markets. Since the war, however, more and more companies and consumers have become aware, in many cases for the first time, of the opportunities that exist to buy abroad or to acquire production there. Depletion of minerals and timber turned consumers of raw materials abroad in increasing number, and in particular oil and steel companies. But more and more manufacturing companies which had previously thought of themselves as limited to this country, except perhaps for sales, have begun to scan a wider area. A typical example would be the motion-picture industry which got into foreign production largely in an effort to use up blocked exchange. It found that for many purposes foreign locations were cheaper than Hollywood, and that United States and foreign audiences liked foreign locales. A Business - machine manufacturer going abroad to escape a foreign tariff found that foreign plants could outproduce those in the United States and supplied this market from abroad. Truly international companies domiciled in the United States began to contemplate where, in the whole world, this or that transportable component could be most cheaply made.

The increase in consumer interest in foreign goods is a familiar story, best illustrated by the success of the sports car and small automobile. It is sometimes suggested that foreign goods have a snob appeal, as if this made them less worthy than American merchandise. This comes with ill grace from industry geared through advertising to cultivate associations between particular products and particular images, whether of aristocratic or sturdy commoner variety.

The widening of the American consumer and business horizon to a world view is expanding direct foreign investment on the one hand, and changing the relationship between national income and imports on the other. Direct foreign investment is being undertaken by an increasing number of companies, partly as a response to particular developments, such as the European Common Market, now under way, but partly simply as a reaction to profitable business opportunities wherever they take place. Manufacturing abroad will increasingly substitute for exports, and may give rise, along with foreign mining and drilling, to increased imports. Earnings on foreign investment will partly displace lost exports and offset increased imports. Since trade figures are published monthly on a fairly up-to-date basis, while figures for earnings on foreign investments are estimated only quarterly and with a long delay, there is the possibility that the public will pay undue attention to the changes in merchandise trade to the neglect of the partially offsetting gains in foreign earnings.

More Imports Expected

Economists have long been predicting an increase in the percentage of national income spent on imports from the 3½% figure to which it had fallen in the early 1950's from 7% at the end of the last century. The expected force was the increased need to go abroad for raw materials. But if the American consumer becomes more cosmopolitan, and more interested in foreign goods, whether cheaper or different, this increase in the propensity to import may work out in considerable degree through manufactures.

The closing of the technological gap between the rest of the world and the United States also produces a fundamental change. For the last 80 years, much of the buoyancy in American exports was due to technological innovations whether in farm machinery and electrical equipment in the first decade of the century, automobiles and radio in the 1920's, high speed printing and construction machinery in the 1930's and 1940's, or chemical specialties, phamaceuticals, and air conditioning equipment, currently. Inventions occurred everywhere, but many of them, like radio and automobiles, were brought to quantity production first in this country. Foreign consumers bought them eagerly, and were prepared to spend in excess of their income. A considerable part of the so-called dollar shortage seems to have been due to continuous innovation on the part of American industry. As foreign countries learned to imitate one product, a new technological gap was opened up in another.

Closing of the Technological Gap

This technological gap is no longer so one-sidedly in favor of the United States. It continues in some fields—chemical specialties as just mentioned, certain branches of electronic and computation machinery. But in other fields, it has been closed or even opened up in reverse. In heavy electrical equipment, airplane engines, automobile design, European innovation proceeds faster than American, and United States producers seem ponderous—slow to make decisions, and far from daring—in their attempts at imitation. Japanese imitation of the transistor radio, on the other hand, was of lightning speed.

These two factors—the widening of the United States consumer and producer horizon to the world level, and the closing of the technological gap between the United States and foreign producers—portend a fundamental change in the long-term balance of payments position of the United States, on top of the short-run factors which have made for the recent loss of gold and dollars to foreigners. Let me now consider their implications for United States policies, domestic and foreign.

In the first place, it is important to emphasize that much of what has taken place so far is highly satisfactory. The superficial redistribution of world gold and dollar reserves places the international financial and trading position in much better balance; and the underlying changes in world reconstruction, United States interest in foreign production, and sharing of technological leadership in Europe make it less likely that serious imbalances will occur *vis-a-vis* Europe and Japan. (The position is not so satisfactory with regard to the producers of primary products.) The initial gloomy forebodings about the dollar and the speculative attacks on it from Zurich, Frankfurt and Hamburg, have given way to a realistic appraisal of the position in most quarters. A mild readjustment is required in the position of the dollar, and the United States can no longer order its policies in complete disregard of their effects on its international economic position. But while the readjustment needed is in process, it is important not to push the panic button, or to alter fundamental policies in the United States interest. In particular, negatively:

> There is no need to contemplate devaluation of the dollar, or, along with other countries, an increase in the price of gold;
>
> The position is not so serious that the United States should alter its position on foreign aid, beyond attempting to redistribute a part of the burden to Europe and Japan;
>
> While it is important to restrain inflation for its own sake and for the balance of payments position, there is no need to adopt strongly deflationary policies which would inhibit economic expansion or create unemployment.

Self-Correcting Factors

Much of the present weakness of the dollar is self-correcting. Insofar as imports represent inventory accumulations, they are borrowed from the future and will decline. Balance-of-payments buoyancy in Europe is leading to continued relaxation of import restrictions against United States manufactures. Continued recovery in Europe will lift United States exports and limit the supplies of goods available for sale here. Moreover, on a longer-run basis, the "natural" remedy of higher wages and costs in Europe can be relied upon to work in the right direction. American investors attempting to construct facilities in Europe are finding it difficult to obtain labor in the best locations in the Low Countries, France and Britain. Employment is full, and expansion can only come about with higher wages designed to move workers from, say, Southern France to Paris (where housing is lacking), or from the textile regions of western Belgium to the favored locations between Brussels and Antwerp. In the last several years, much of the increase in income from increased technological efficiency, on the Continent, has gone into further investment. But tight employment conditions, except perhaps in Italy, seem likely to correct this in favor of consumption.

Another change which will automatically redress the position is the higher interest rates. These have already cut down the floating of new bonds for foreign account, and renewed foreign interest in New York balances. Tight money may also cut down the availability of funds for foreign direct investment, and make the remission of foreign earnings home as dividends more attractive.

There is very little danger from a withdrawal of foreign funds in the United States. It makes no sense to net the $16 billion of foreign funds in this country against the $20 billion gold stock. No other country calculates its reserves net of liabilities, rather than gross, nor does any bank. There is no problem if private owners of funds wish to withdraw them. These have $8 billion, and even if the present rate of loss were to continue for three or more years, as I do not think it will, this drain could be met. Foreign central banks which own balances in this country are presumably immune from panic. They have a responsibility to world financial stability as well as to their national interest, and they can hardly fail to bear in mind the action taken by the United States in such measures as the Marshall Plan to the ends of international reconstruction and stability. Nevertheless, the Netherlands Bank lost heavily in the devaluation of sterling in 1931; and there were other central banks which speculated against gold in the "gold scare" of April, 1937.

Suggests Informal Treasury Guarantee

No public discussions should take place on these issues, but I assume that the Federal Reserve System has reassured itself of the steadiness of its central-bank depositors. It is entirely appropriate for them to convert further additions of reserves into gold, but it would seem undesirable for them to go far suddenly to convert existing balances. To limit their risk, I would think it appropriate for the Treasury to issue them informally exchange guarantees against any loss from devaluation. These would ultimately have to be made good by Congressional action, which could not be guaranteed in advance and should not be the subject of a long debate now.

European Assumption of Foreign Aid

Over the longer run, the distribution of the burdens of the leadership between the United States and the rest of the Free World may have to shift. European countries are beginning to talk about embarking on programs of aid to underdeveloped countries. So long as United States aid and investment substantially exceed the current-account surplus of this country, and the current-account surplus of European countries is larger than their investment and aid, there is a case for shifting the present distribution of aid before undertaking any enlargement of it. The same holds true in the military field, both in NATO and in non-European parts of the world where this country has been bearing a disproportionate share of defense costs. It is beginning to be time to reverse the movement of piling financial responsibility for the foreign policies of the free world largely on the United States.

The United States must continue to exercise leadership in foreign affairs. I am not urging a withdrawal to isolationism, nor an attack on foreign aid. Moreover, we can adopt any level of foreign aid we need for the sake of foreign policy, so long as we recognize the implications of such a level for taxes or other expenditure. It is not true that foreign aid, or any other policy, will make this country bankrupt. A narrower international margin means only that we can no longer will the ends and pay for them out of our reserves. If we will the ends, we must likewise will the means.

Wage Implications

There is an important implication of our new international po-

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Implications for U. S. Resulting from the Gold Outflow

sition for wages and price policy. Competition in transport and a low tariff policy imply that there are limits to which a particular industry can raise wages and prices. In steel, this limit has pretty well been reached under conditions where Europe has excess capacity. But this does not lead to the conclusion that wages cannot go higher. The implication is that wages must be geared to productivity, and to wages and production in other countries. In the matter of productivity, management has a responsibility for maintaining investment in cost-reducing equipment, and innovation in new products. I hesitate to speak to the complex steel situation because of lack of information. But generally speaking, it seems inappropriate for management to blame imports on wages, or labor to ascribe them to administered pricing or a loss of innovational leadership. Either or both may be true, but to focus attention on the "blame" for imports is likely to lead quickly to the remedy of higher tariffs or quotas. The appropriate answer is rather more productivity, including new cost reductions and new useful products.

Assuring Internal Growth

It is impossible then to ignore the international implications of United States domestic economic policy, and there are a few steps which we ought to take in the more equitable sharing with Europe of the burdens of military defense and aid for economic development. There is no hurry to take action along these lines, but a prudent administration would not put them off. At the same time, the international position of the United States is no excuse for failing to take any action which is important in its own right—action to correct internal inequities, to ensure growth or limit unemployment. It means rather that in taking such action we must now for the first time bear in mind the position abroad, and possibly, where this sets limits to unilateral, one-sided action, we must take complementary steps to protect the balance of payments at the same time that we carry out those things needed to preserve this country as a vigorous and growing nation.

Chicago Correspondent

The Illinois Company of Chicago, Incorporated, 231 South La Salle Street, Chicago, has become the Chicago correspondent of Estabrook & Co., 40 Wall Street, New York City.

American Israel Co.

American-Israel Basic Economy Co. is engaging in a securities business from offices at 507 Fifth Avenue, New York City. Emanuel Sella is proprietor.

Elliot Evans Co. Formed

BEVERLY HILLS, Cal.—Elliot S. Evans is engaging in a securities business from offices at 400 South Beverly Drive under the firm name of Elliot Evans Company.

To Open New Fla. Branch

MIAMI BEACH, Fla. — Harris, Upham & Co., members of the New York Stock Exchange, has announced the opening in August at 1081 Kane Concourse in the Bay Harbor area of Miami Beach, which will be the firm's 37th branch office operation.

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The State of Trade and Industry

this week's summary, refer to page 45 of the Monday, July 13, issue.

Steel mills this week are still uncertain how strong their market will be when their operations are back to normal, according to "The Iron Age," national metalworking weekly. **[Ed. Note: A strike in the steel industry began Wednesday, July 15.]**

"Iron Age" said the answer to the question depends on just how well steel users have been able to build their inventories. And if inventories are heavy, as the mills suspect, are they in balance?

Mills producing the large-tonnage carbon steel products are optimistic. They know there was a massive inventory buildup in the first half. But, says "Iron Age," they are encouraged by these facts:

(1) There have been no significant cancellations or deferments since the start of July.

(2) Talks with customers indicate most want all the steel they have ordered.

(3) The rate of incoming orders at one large mill last week was about in line with its operating rate.

(4) Plate and structural schedules are already 50% filled for September.

With the usual summer letdown due to metalworking plant vacation shutdowns hitting tubular products and specialties, a drop in operations in considered inevitable, even if plates, sheets, and structurals remain as strong as they now seem.

Some steel men now believe the "adjustment" in orders for heavy steel and flat-rolled will not come before September or the fourth quarter. The feeling is customers will take steel now ordered but will hold back on new orders.

"Iron Age" said that reports from steel producing centers indicate the mills made good use of the two-week steel labor contract extension to take care of their customers. In most areas, shipments were so heavy they ran ahead of the necessary paper work.

Steel Inventories Ample and Adequate

Most steel users are ready for anything—a contract extension, settlement, or strike, "Steel" magazine reported July 13. **[Ed. Note: A strike in the steel industry began Wednesday, July 15.]**

A majority of metalworking companies have adequate inventories, or are confident they can get what they need from warehouses.

A survey by the metalworking weekly revealed that 38% of metalworking companies took advantage of the steel contract extension to remedy inventory shortages. Spot shortages remain, but they're most common in specialty products.

If there is a settlement, 78% of the respondents would not cancel orders for July and August tonnage. Originally, the orders were made as a precautionary measure so they'd be first in line for shipment after a strike. This indicates that many users still do not have their inventory affairs in perfect shape even though they are prepared to weather fairly severe storms.

Fifty-six per cent of the respondents say inventories will not be excessive if there is no strike. Thirty-three per cent say they are overstocked; 11% say they have nmore than required for their immediate needs.

Steel stocks today, estimated at more than 21 million tons, are some 4 million under what they were at the start of the 1956 steel strike, but inventories are in better balance than they were three years ago.

"Steel's" scrap price composite last week rose $1.17 to $38 a gross ton, highest since March, despite the continued threat of a steel strike. Heavy exports are contributing to the market buoyancy.

Steel Output Based on 82.8% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *145.9% of steel capacity for the week beginning July 13, equivalent to 2,344,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *140.2% of capacity and 2,252,000 tons a week ago. **[Ed. Note: A strike in the steel industry began Wednesday, July 15.]**

Actual output for the week beginning July 6, 1959 was equal to 140.2% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 82.8%.

A month ago the operating rate (based on 1947-49 weekly production) was *163.1% and production 2,620,000 tons. A year ago the actual weekly production was placed at 1,481,000 tons, or 92.2%.

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

Auto Model Changeover Shutdowns Accelerating

Normal passenger car production was restored in the week ended July 11 following previous week's holiday-abbreviated activity, "Ward's Automotive Reports" reported. In another week, however, model changeover shutdowns will again send schedules tumbling.

Auto output increased 15% in the latest week to an estimated 124,806 units from 108,397 in week ended July 4. Five-day assembly programs were carried out, expect at the following locations: Rambler in Kenosha, Wis., which worked six days; Chevrolet in Kansas City, Mo., Buick-Oldsmobile-Pontiac in Wilmington, Del., Studebaker in South Bend, Ind., and Cadillac in Detroit, all limited to four days; and Chevrolet in Oakland, Calif., idle the entire week. The closedowns resulted from schedule adjustments, "Ward's" said.

Imperial division of Chrysler Corp. was the first producer in the industry to conclude 1959 model assembly when its run ended July I. According to "Ward's," more Chrysler closeouts will follow. The last of the industry's 1959 models will be built late in August.

By mid-September every car maker will be started on 1960 model production. The 1959 run did not get into full swing until Oct. 15 last year.

"Ward's Automotive Reports" said truck programming for week ended July 11 totaled 25,450 units, 7% greater than earlier week's 23,789. After reaching the highest first-half truck volume in eight years (656,934), truck making will taper slightly during July because of model changeovers and vacations. Three manufacturers currently are affected by vacations—International Harvester's Metropolitan Body Co., at Bridgeport, Conn., and the White and Autocar divisions of White Motor Co. in Cleveland, Ohio, and Exner, Pa., respectively.

As of the week ended July 11, 1959 the domestic car production will reach an estimated 3,469,534 units, 48% above corresponding 1958 (2,341,777). Truck turnout is 49% better than last year, 695,617 units to 466,849.

Electric Output 13.9% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 12, was estimated at 13,502,000,000 kwh., according to the Edison Electric Institute.

For the week ended July 12, output increased by 378 million kwh. above that of the previous week's (July 4) total of 13,124,000,000 kwh. and showed a gain of 1,651,000,000 kwh. or 13.9% above that of the comparable 1958 week.

Lumber Shipments Were 5.1% Above Production for July 4 Week

Lumber shipments of 471 mills reporting to the National Lumber Trade Barometer were 5.1% above production for the week ended July 4. In the same week new orders of these mills were 4.0% 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 40 days' production.

For the year-to-date, shipments of reporting identical mills were 3.7% above production; new orders were 4.0% above production.

Compared with the previous week ended June 27, production of reporting mills was 14.4% below; shipments were 10.6% below; new orders were 11.8% below. Compared with the corresponding week in 1958, production of reporting mills was 43.9% above; shipments were 35.6% above; and new orders were 5.4% above.

Car Loadings 24.5% Above Corresponding 1958 Week

Loading of revenue freight for the week ended July 4 totaled 573,325 cars, the Association of American Railroads announced. This was an increase of 112,980 cars or 24.5% above the corresponding week in 1958 or an increase of 37,991 cars or 7.1% above the corresponding week in 1957.

Loadings in the week of July 4 were 124,308 cars, or 17.8% below the preceding week.

Business Failures Dip in Holiday Week

Commercial and industrial failures dipped to 237 in the holiday week ended July 9 from 244 in the preceding week, reported Dun & Bradstreet, Inc. Continuing down for the fifth consecutive week, casualties were below the 275 a year ago and the 256 in 1957. Compared with the prewar level, business mortality was off 13% from the 272 in the similar week of that year.

Wholesale Food Price Index Down to New Low for Year

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., declined fractionally this week to $6.06 on July 7, the lowest since the week of Nov. 13, 1956, when it stood at $6.01. The current index of $6.06 was down 0.3% from the $6.08 a week earlier and 8.9% below last year's $6.65. The previous 1959 low was $6.07 set on June 2.

Higher in wholesale price this week were wheat, barley, coffee, and cotton seed oil. Commodities quoted lower were flour, corn, oats, hams, bellies, lard, cocoa, eggs, 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 Down Slightly From Prior Week

Reflecting lower prices on flour, coffee, sugar, hogs, steers and tin, the general commodity price level slid somewhat in the latest week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 277.33 (1930-1932=100) on July 13, compared with 278.37 a week earlier and 278.54 on the corresponding date a year ago.

Saturday Holiday Curtails Retailing

The closing of most stores on Saturday, July 4, for Independence Day held retail trade below the prior week, but it remained moderately over the similar 1958 week. Consumers were most interested in furniture, air conditioners, and some lines of women's Summer apparel. Purchases of new passenger cars were close to those of a week earlier, and considerable gains over last year prevailed, according to scattered reports.

The total dollar volume of retail trade in the week ended July 3 was 2 to 6% 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: East North Central +6 to +10; West North Central +4 to +8; Pacific Coast +3 to +7; East South Central +2 to +6; Middle Atlantic and Mountain +1 to +5; South Atlantic and West South Central 0 to +4; New England —3 to +1.

Nationwide Department Store Sales Up 7% for July 4 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended July 4, increased 7% above the like period last year. In the preceding week, for June 27, an increase of 7% was reported. For the four weeks ended July 4, a gain of 9% 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 July 4 showed a decrease of 1% from that of the like period last year. In the preceding week, June 27, a 1% gain was reported. June 13 showed no change. June 20 showed a 14% increase. Four weeks ended July 4 a 3% gain over 1958 was recorded and Jan. 1 to July 4 showed a 4% increase.

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 18	§82.8	*79.5	92.5	54.9
Equivalent to—					
Steel ingots and castings (net tons)	July 18	§2,344,000	*2,252,000	2,620,000	1,481,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 3	6,913,775	7,025,075	7,032,325	6,423,685
Crude runs to stills—daily average (bbls.)	July 3	¶7,936,000	7,836,000	8,204,000	7,461,000
Gasoline output (bbls.)	July 3	27,402,000	28,682,000	29,152,000	27,282,000
Kerosene output (bbls.)	July 3	1,788,000	1,761,000	1,956,000	1,831,000
Distillate fuel oil output (bbls.)	July 3	12,768,000	12,487,000	12,683,000	11,128,000
Residual fuel oil output (bbls.)	July 3	6,682,000	6,786,000	7,141,000	6,723,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	July 3	194,989,000	198,271,000	203,605,000	183,280,000
Kerosene (bbls.) at	July 3	27,529,000	27,213,000	25,063,000	24,454,000
Distillate fuel oil (bbls.) at	July 3	121,179,000	115,991,000	102,496,000	106,571,000
Residual fuel oil (bbls.) at	July 3	54,405,000	53,840,000	55,615,000	64,772,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 4	573,325	697,633	682,624	460,345
Revenue freight received from connections (no. of cars)	July 4	533,797	588,643	569,430	456,872
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 9	$578,400,000	$474,100,000	$522,800,000	$558,996,000
Private construction	July 9	318,400,000	239,500,000	252,500,000	100,845,000
Public construction	July 9	260,000,000	234,600,000	270,300,000	458,151,000
State and municipal	July 9	143,600,000	177,200,000	211,800,000	260,924,000
Federal	July 9	116,400,000	57,400,000	58,500,000	197,227,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 4	1,680,000	*8,740,000	8,500,000	1,331,000
Pennsylvania anthracite (tons)	July 4	58,000	470,000	380,000	64,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 4	109	118	150	102
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 11	13,502,000	*13,124,000	13,503,000	11,851,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 9	237	244	295	275
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 7	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	July 7	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	July 7	$39.17	$38.50	$37.50	$36.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 8	30.975c	31.050c	31.150c	25.425c
Export refinery at	July 8	26.275c	26.700c	29.175c	23.775c
Lead (New York) at	July 8	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	July 8	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	July 8	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	July 8	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	July 8	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	July 8	102.875c	103.125c	104.750c	94.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 14	83.96	82.77	83.42	92.81
Average corporate	July 14	85.72	85.98	86.24	96.23
Aaa	July 14	89.23	89.09	89.23	101.80
Aa	July 14	87.59	87.59	87.99	99.04
A	July 14	85.33	85.72	86.11	95.92
Baa	July 14	81.05	81.66	81.90	88.67
Railroad Group	July 14	84.94	84.94	85.33	91.77
Public Utilities Group	July 14	84.68	85.07	85.33	97.47
Industrials Group	July 14	87.59	87.99	87.99	99.36
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 14	4.08	4.21	4.13	3.13
Average corporate	July 14	4.73	4.71	4.69	3.99
Aaa	July 14	4.47	4.48	4.47	3.64
Aa	July 14	4.59	4.59	4.56	3.81
A	July 14	4.76	4.73	4.70	4.01
Baa	July 14	5.10	5.05	5.03	4.51
Railroad Group	July 14	4.79	4.79	4.76	4.29
Public Utilities Group	July 14	4.81	4.78	4.76	3.91
Industrials Group	July 14	4.59	4.56	4.56	3.79
MOODY'S COMMODITY INDEX	July 14	383.2	388.0	387.4	396.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 4	289,984	306,242	348,856	229,248
Production (tons)	July 4	275,478	323,657	295,007	193,815
Percentage of activity	July 4	82	98	88	61
Unfilled orders (tons) at end of period	July 4	493,664	478,629	548,933	391,454
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 10	110.63	110.58	110.34	110.07
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 19	2,148,710	2,358,080	2,332,450	1,698,500
Short sales	June 19	333,780	437,780	348,200	375,540
Other sales	June 19	1,768,600	1,996,090	2,074,430	1,367,950
Total sales	July 19	2,102,380	2,433,870	2,422,630	1,743,490
Other transactions initiated off the floor—					
Total purchases	June 19	294,550	394,570	466,020	409,710
Short sales	June 19	28,600	50.300	29,100	42,650
Other sales	June 19	285,500	393,500	477,600	332,100
Total sales	June 19	314,100	443,800	506,700	374,750
Other transactions initiated on the floor—					
Total purchases	June 19	653,150	731,272	689,630	573,030
Short sales	June 19	94,070	86,480	118,160	129,990
Other sales	June 19	670,660	984,781	724,959	667,046
Total sales	June 19	764,730	1,071,261	843,119	797,036
Total round-lot transactions for account of members—					
Total purchases	June 19	3,136,410	3,483,922	3,488,100	2,681,240
Short sales	June 10	456,450	574,560	495,460	548,180
Other sales	June 19	2,724,760	3,374,371	3,276,989	2,367,096
Total sales	June 19	3,181,210	3,948,931	3,772,449	2,915,276
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 19	1,616,002	1,912,313	1,786,479	1,203,989
Dollar value	June 19	$90,392,330	$103,970,503	$95,625,800	$55,272,322
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 19	1,378,050	1,491,388	1,628,061	1,177,664
Customers' short sales	June 19	9,352	13,965	6,566	10,510
Customers' other sales	June 19	1,368,698	1,477,403	1,621,495	1,167,154
Dollar value	June 19	$70,834,338	$77,846,094	$85,210,523	$51,551,872
Round-lot sales by dealers—					
Number of shares—Total sales	June 19	373,480	378,240	448,820	396,590
Short sales	June 19	------	------	------	------
Other sales	June 19	373,480	378,240	448,820	396,590
Round-lot purchases by dealers— Number of shares	June 19	635,080	793,420	599,580	389,510
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 19	552,850	714,200	567,330	744,580
Other sales	June 19	13,144,030	15,565,060	16,290,710	13,516,790
Total sales	June 19	13,696,880	16,279,260	16,858,040	14,261,370
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 7	119.2	119.3	119.4	119.3
Farm products	July 7	88.8	89.4	90.6	95.7
Processed foods	July 7	107.0	107.3	107.1	113.0
Meats	July 7	100.1	101.0	101.2	115.9
All commodities other than farm and foods	July 7	127.9	127.9	127.9	125.5

*Revised figure. ¶Includes 1,140,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of March	157,189	142,116	134,019
Stocks of aluminum (short tons) end of Mar.	159,177	183,827	189,999
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of May	11,600,000	*11,281,920	6,301,159
Shipmentss of steel products (net tons)—Month of April	8,754,119	8,117,688	4,649,499
AMERICAN ZINC INSTITUTE, INC.—Month of June:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	75,544	77,489	66,967
Shipments (tons of 2,000 pounds)	102,162	85,348	54,658
Stocks at end of period (tons)	169,386	196,004	252,979
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of May:			
New England	$35,552,642	$35,205,599	$36,226,131
Middle Atlantic	124,775,904	153,915,373	155,415,330
South Atlantic	54,062,196	57,678,039	51,711,539
East Central	122,321,213	121,730,252	95,084,064
South Central	96,459,843	109,864,261	97,284,565
West Central	37,989,972	52,480,793	40,965,889
Mountain	32,553,802	36,749,757	29,867,313
Pacific	156,918,524	140,873,106	140,453,093
Total United States	$660,634,096	$708,497,180	$647,007,924
New York City	81,002,065	111,475,157	118,626,434
Outside New York City	579,632,031	597,022,023	528,381,490
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS - RECORD — Month of June (000's omitted):			
Total U. S. construction	$1,876,500	$1,966,800	$1,899,889
Private construction	909,100	1,008,100	633,782
Public construction	967,400	958,700	1,266,107
State and municipal	702,500	658,200	824,402
Federal	264,900	300,500	441,705
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of May 31:			
Total consumer credit	$45,790	$44,916	$42,985
Instalment credit	35,029	34,453	32,910
Automobile	14,991	14,686	14,613
Other consumer goods	8,911	8,777	8,158
Repairs and modernization loans	2,198	2,149	2,038
Personal loans	8,929	8,841	8,101
Noninstalment credit	10,761	10,463	10,075
Single payment loans	3,779	3,674	3,476
Charge accounts	4,220	3,997	4,010
Service credit	2,762	2,792	2,589
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM — 1947-49 Average=100— Month of June:			
Adjusted for seasonal variation	145	*144	133
Without seasonal adjustment	138	*141	126
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate customers—Month of April (000's omitted)	50,434,196	51,373,943	45,188,167
Revenue from ultimate customerss—month of January	$842,723,000	$859,070,000	$776,473,000
Number of ultimate customers at April 30:	56,508,384	56,425,214	55,345,655
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of May:			
Contracts closed (tonnage)—estimated	241,612	294,806	224,308
Shipments (tonnage)—estimated	294,127	290,623	328,180
METAL OUTPUT (BUREAU OF MINES)— Month of April:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	133,937	135,192	128,150
Silver (in fine ounces)	2,847,718	2,965,289	2,951,774
Copper (in short tons)	91,443	91,499	84,121
Lead (in short tons)	21,262	21,015	25,598
Zinc (in short tons)	37,519	36,424	39,677
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of June:			
Industrials (125)	3.09	3.08	3.98
Railroads (25)	4.29	4.39	5.91
Utilities (not incl. Amer. Tel. & Tel.) (214)	4.05	3.92	4.33
Banks (15)	3.77	3.73	4.53
Insurance (10)	2.71	2.67	2.99
Average (200)	3.28	3.25	4.15
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUMACTURERS' ASSN.—Month of June:			
Total number of vehicles	679,104	660,361	406,857
Number of passenger cars	558,337	547,326	337,564
Number of motor trucks	120,482	112,660	69,183
Number of motor coaches	285	375	110
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914 = 100—As of May 15:			
All farm products	245	244	256
Crops	230	223	232
Commercial vegetables, fresh	254	*261	*251
Cotton	269	264	246
Feed, grains and hay	163	161	161
Food grains	205	205	222
Fruit	223	210	264
Oil-bearing crops	230	225	233
Potatoes	217	135	200
Tobacco	508	508	*474
Livestock	258	261	*276
Dairy products	232	*249	231
Meat animals	338	336	*352
Poultry and eggs	126	135	*173
Wool	240	220	*201
U. S. GOVT. STATUTORY DEBT LIMITATION—As of June 30 (000's omitted):			
Total face amount that may be outstanding at any time	$288,000,000	$288,000,000	$280,000,000
Outstanding—			
Total gross public debt	284,705,907	286,302,940	276,343,217
Guaranteed obligations not owned by the Treasury	111,019	107,500	101,220
Total gross public debt and guaranteed obligations	$284,816,926	$286,410,441	$276,444,438
Deduct—other outstanding public debt obligations not subject to debt limitation	418,452	418,814	430,998
Grand total outstanding	$284,398,474	$285,991,626	$276,013,439
Balance face amount of obligations, issuable under above authority	4,601,535	2,008,373	3,986,560
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of June 30	$284,816,926	$286,410,441	$276,444,438
General funds balance	5,350,391	5,888,203	9,749,102
Net debt	$279,466,535	$280,522,238	$266,695,336
Computed annual rate	2.867%	2.853%	2.638%

*Estimated.

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. (7/17)**
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 Aug. 1, 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 until 11:30 a.m. (EDT) 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. Rights expire Aug. 25, 1959. Warrant, not exercisable before Jan. 20, 1960, will entitle holder to purchase 3 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay construction costs. **Underwriters**—White, Weld & Co., New York; and Sterne, Agee & Leach, Birmingham, Alabama.

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.

★ **Allied Colorado Enterprises Co.**
July 13 filed 5,899,618 shares of class A common stock and 551,140 shares of class A-1 common stock for issuance under outstanding subscription agreements at 75 cents per share and 6,576,200 shares of class A common stock for issuance under outstanding option agreements at 25 cents per share. These securities will not be issued if the options and subscription agreements are not exercised. **Proceeds**—For working capital and surplus of subsidiaries and for general corporate purposes. **Underwriters**—Allen Investment Co., Boulder, Colo., and Mountain States Securities Corp., Denver, Colo.

★ **Allied Colorado Enterprises Co.**
July 13 filed 3,000,000 class A common stock (par 25 cents). **Price**—90 cents per share. **Proceeds**—For general corporate purposes. **Office**—Boulder, Colo. **Underwriter**—Allen Investment Co., Boulder, Colo.

★ **Allied Petro-Chemicals, Inc.**
July 14 filed 100,000 shares of class A common stock. **Price**—$4 per share. **Proceeds**—To be added to company funds. **Office** — Overbrook Hills, Pa. **Underwriter**—Philadelphia Securities Co., Inc., Philadelphia, Pa.

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), to be offered in units consisting of 3 shares of common ($1 each) and 1 share of preferred ($9). **Price**—$12 per unit. **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. **Office**—60 East 42nd Street, New York. **Underwriter**—A. J. 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. (7/20-24)**
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.

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.

Azalea Mobile Homes, Inc.
May 21 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For opening one additional trailer sales lot and for construction cost of mobile home park. **Address**—3455 Highway, Norfolk, Va. **Underwriter**—Palombi Securities Co., Inc., 37 Wall St., New York, N. Y.

Ballard Aircraft Corp.
April 17 filed 300,000 shares of common stock (par $1). **Price** — $3.25 per share. **Proceeds** — To develop and manufacture aircraft embodying the body lift principle, etc. **Underwriter**—Firm originally mentioned has withdrawn. **Office**—1 Kennedy St. N. W., Washington, D. C. **Note**—SEC held hearing June 18 regarding statements in prospectus.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notiifcation) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

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. (7/22)**
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.

★ **Boston Harbor Marina, Inc.**
June 29 (letter of notification) 756 shares of common stock (no par) and 1,512 shares of preferred stock (no par) to be offered for subscription by stockholders of record July 6, 1959 in units of one share of common and two shares of preferred. **Price**—To stockholders, $100 per unit; to the public, $125 per unit. **Proceeds** — For expenses for operating a boat marina. **Office**—542 E. Squantum Street, North Quincy, Mass. **Underwriter**—None.

★ **Branson Instruments, Inc. (8/5)**
July 10 filed 40,000 shares of common stock (par $1), of which 10,000 shares will be sold for the company's account and 30,000 shares for selling stockholders. **Proceeds**—Additional inventory, working capital, and general funds. **Office**—Stamford, Conn. **Underwriter**—McDonnell & Co., Inc., New York.

● **Brew (Richard D.) & Co., Inc., Concord, N. H. (7/27-31)**
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.

★ **Capital Reserve Corp., Wash., D. C.**
July 9 filed an amendment to its registration statement covering an additional $1,000,000 Potomac Plans for the Systematic Accumulation of Common Stock of the Potomac Electric Power Co.

★ Catalina Investment Co.
June 26 (letter of notification) Pre-organization partnership interests in an aggregate amount of $149,150 to be offered in units of $17,457.50. **Proceeds**—To purchase properties. **Office**—1802 N. Central Avenue, Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix, Ariz.

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 Cooperatives, Inc.
June 29 (letter of notification) $50,000 of 4%, six-year promissory notes and $200,000 of 5%, nine-year promissory notes to be offered in denominations of $100 or multiples thereof to cooperatives, their directors, managers and patrons. **Price**—At face amount. **Proceeds**—For working capital. **Office**—1901 Winter Street, Superior, Wis. **Underwriter**—None.

Citizens' Acceptance Corp.
June 29 filed $600,000 of series F 6% five-year subordinated debentures, to be offered to the present holders of the company's subordinated debentures in exchange, at face value, on the maturity dates of those securities so long as there are bonds remaining unsold in this offering. No bonds will be reserved for this exchange offering. **Price**—100% of principal amount. **Proceeds**—To increase or maintain the working capital of the company but will be initially applied to the reduction of 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 exchange basis to stockholders of Milwaukee Loan & Finance Co. Offer expires on or before Aug. 1, 1959. **Office** 633 N. Water St., Milwaukee, Wis. **Underwriter**—None.

● Colonial Energy Shares, Inc., Boston, Mass. (7/28)
May 5 filed 1,200,000 shares of common stock (par $1). **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.

★ Columbia Broadcasting System, Inc.
July 9 filed 261,797 shares of common stock, which may be purchased under the company's Employees' Stock Option Plan.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due

Continued on page 36

NEW ISSUE CALENDAR

July 16 (Thursday)

International Recreation Corp.______Common
(Bear, Stearns & Co.) $17,150,000

Missouri Pacific Ry.______Equip. Tr. Ctfs.
(Bids to be invited) $3,600,000

Reading Tube Corp.______Debentures
(Emanuel, Deetjen & Co. and Bache & Co.) $5,000,000

Standard Aircraft Equipment Co., Inc.______Common
(Adams & Peck) $300,000

Trans-Sonics, Inc.______Common
(Kidder, Peabody & Co., Inc.) 90,000 shares

July 17 (Friday)

Airwork Corp.______Common
(Auchincloss, Parker & Redpath) 175,000 shares

Lieco, Inc.______Common
(Netherlands Securities Co., Inc. and J. A. Winston & Co., Inc.) $300,000

U. S. Polymeric Chemicals, Inc.______Common
(Dominick & Dominick) 20,000 shares

U. S. Polymeric Chemicals, Inc.______Common
(Offering to stockholders—underwritten by Dominick & Dominick) 55,930 shares

July 20 (Monday)

Astronautics Engineering Corp.______Common
(Charles Plohn & Co.) $300,000

Elion Instruments, Inc.______Common
(Harrison & Co.) $300,000

Hofman Laboratories, Inc.______Common
(Myron A. Lomasney & Co.) $300,000

Hunter Mountain Development Corp. ______Debentures & Common
(Myron A. Lomasney & Co.) $690,000

Micronaire Electro Medical Products Corp.______Com. and War.
(General Investing Corp.) $5,500,000

Neiman-Marcus Co.______Common
(Lehman Brothers) 133,800 shares

Reheis Co., Inc.______Common
(Aetna Securities Corp.) $435,000

Voss Oil Co.______Common
(Hill, Darlington & Co.) $1,000,000

Wellington Electronics, Inc.______Common
(Charles Plohn & Co.) $1,440,000

July 21 (Tuesday)

Dover Hotel Corp.______Common
(Laird, Bissell & Meeds) $299,000

Fanon Electronic Industries, Inc.______Common
(L. D. Sherman & Co.) $450,000

Northrop Corp.______Debentures
(William R. Staats & Co. and Blyth & Co., Inc.) $10,000,000

Rowe Furniture Corp.______Common
(Francis I. du Pont & Co.) 165,000 shares

Seeburg Corp.______Debentures
(Offering to stockholders—underwritten by White, Weld & Co.) $5,135,000

Tennessee Gas Transmission Co.______Bonds
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co.) $50,000,000

Varian Associates______Common
(Dean Witter & Co.) 20,000 shares

Varian Associates______Debentures
(Dean Witter & Co.) $4,000,000

July 22 (Wednesday)

Bostic Concrete Co., Inc.______Com. and Debs.
(Syle & Co.) $250,000 units

Funds for Business, Inc.______Class A
(Joseph Mandell & Co., Inc. and Seymour Blauner & Co.) $750,000

Northern States Power Co. (Minn.)______Common
(Offering to stockholders—bids to be invited) 952,033 shares

Northwest Defense Minerals, Inc.______Common
(Caldwell Co.) $300,000

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

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)

Ozark Air Lines, Inc.______Common
(Newhard, Cook & Co. and Yates, Heitner & Woods) $631,484

Public Service Co. of New Hampshire______Common
(Kidder, Peabody & Co. and Blyth & Co., Inc.) 396,000 shares

Raytherm Corp.______Common
(Blyth & Co., Inc. and Schwabacher & Co.) 150,000 shares

July 24 (Friday)

Superior Window Co.______Preferred
(Cruttenden, Podesta & Co.) $500,000

Superior Window Co.______Class A Common
(Cruttenden, Podesta & Co.) $500,000

Tang Industries______Common
(David Barnes & Co., Inc.) $330,000

July 27 (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

Faradyne Electronics Corp.______Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $1,320,000

Hudson Radio & Television Corp.______Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,000,000

Jefferson Wire & Cable Corp.______Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $375,000

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

Tuboscope Co.______Common
(Glore, Forgan & Co. and Rowles Winston & Co.) 200,000 shares

Wilcox Electric Co.______Common
(Lee Higginson Corp. and Stern Bros. & Co.) 318,736 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

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

Dexter Horton Realty Co.______Partnership Interests
(Lifton Securities, Inc. and Hechler-Weingrow Securities, Inc.) $977,500

Hexcel Products, Inc.______Common
(F. S. Smithers & Co.) 50,000 shares

Magnuson Properties, Inc.______Common
(Blair & Co., Inc.) 500,000 shares

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

Park Drop Forge Co.______Common
(Fulton Reid & Co., Inc.) 43,590 shares

Public Service Co. of New Hampshire______Bonds
(Bids 11 a.m. EDT) $8,000,000

Strategic Materials Corp.______Common
(Offering to stockholders—underwritten by S. D. Lunt & Co. and Allen & Co.) 368,571 shares

Supercrete Ltd.______Common
(Straus, Blosser & McDowell) 300,000 shares

Ten Keys, Inc.______Common
(E. R. Davenport & Co.) $5,094,200

July 30 (Thursday)

Hickerson Bros. Truck Co., Inc.______Common
(Birkenmayer & Co.) $285,000

August 3 (Monday)

Edwards Steel Corp.______Common
(Charles Plohn & Co.) $700,000

Extrudo-Film Corp.______Common
(Maltz, Greenwald & Co.) $525,000

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

Southern Nitrogen Co., Inc.______Common
(Harriman & Ripley & Co., Inc.) 136,400 shares

August 4 (Tuesday)

Georgia Int. Life Insurance Co.______Common
(Johnson, Lane, Space Corp. and Robinson-Humphrey Co., Inc.) $8,325,000

Pennsylvania Electric Co.______Bonds
(Bids to be invited) $15,000,000

Silver Creek Precision Corp.______Common
(Maltz, Greenwald & Co.) 1,550,000 shares)

Zapata Off-Shore Co.______Common
(G. H. Walker & Co.) 229,585 shares

August 5 (Wednesday)

Alabama Gas Corp.______Bonds
(Bids 11:30 a.m. EDT)

Branson Instruments, Inc.______Common
(McDonnell & Co., Inc.) 40,000 shares

Community Credit Co.______Preferred
(Wachob-Bender Corp.) $300,000

Douglas Microwave, Inc.______Common
(Simmons & Co.) $300,000

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

Buckingham Transportation Inc.______Common
(Cruttenden, Podesta & Co.) 250,000 shares

August 10 (Monday)

Big Apple Supermarkets, Inc.______Common
(Simmons & Co.) $850,000

August 11 (Tuesday)

Controls Co. of America______Common
(Merrill Lynch, Pierce, Fenner & Smith and Lee Higginson Corp.) 191,703 shares

Michigan Bell Telephone Co.______Debentures
(Bids to be invited) $30,000,000

August 12 (Wednesday)

Chesapeake & Ohio Ry.______Equip. Trust Ctfs.
(Bids to be invited) $2,500,000

Florida Water & Utilities Co.______Common
(Beil & Hough, Inc.) 86,000 shares

International Tuna Corp.______Common
(Gates, Carter & Co.) $175,000

Lease Plan International Corp.______Common
(Hayden, Stone & Co.) 140,000 shares

Pan American World Airways, Inc.______Debentures
(Offering to stockholders—underwritten by Lehman Brothers & Hornblower & Weeks) $46,962,100

August 13 (Thursday)

Cary Chemicals, Inc.______Debentures
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $3,000,000

Trans Central Petroleum Corp.______Common
(Barnett & Co., Inc.) $100,000

August 18 (Tuesday)

Consumers Power Co.______Bonds
(Bids to be received) $35,000,000

August 24 (Monday)

Executone Inc.______Common
(Shearson, Hammill & Co.) 136,000 shares

(August 25 Tuesday)

Pacific Gas & Electric Co.______Bonds
(Bids to be invited) $65,000,000

August 26 (Wednesday)

Matronics, Inc.______Common
(Vermilye Brothers) $750,000

Pittsburgh & Lake Erie RR.______Equip. Tr. Ctfs.
(Bids to be invited) $3,200,000

Sea View Industries, Inc.______Debs. & Common
(Michael G. Kletz & Co., Inc.) $714,000

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 15 (Tuesday)

West Florida Natural Gas Co.______Notes & Common
(Beil & Hough Inc.) $1,750,000

September 17 (Thursday)

Georgia Power Co.______Bonds
(Bids to be invited) $18,000,000

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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. **Offering**—Expected in August.

● Community Credit Co. (8/5)
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 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 had been scheduled for July 14 whether to make this order permanent.

● Controls Co. of America (8/11)
July 8 filed 191,703 shares of common stock (par $5). 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.

★ Controls Co. of America
July 13 filed 160,000 shares of common stock. These shares have been or will be issued upon the exercise of options granted or to be granted employees and officers of the company or its subsidiaries under its 1959 Employees Stock Plan. **Office**—9555 West Soreng Avenue, Schiller Park, Ill.

★ Coral Ridge Properties, Inc.
July 8 filed 450,000 shares of $.60 cumulative convertible preferred stock (no par) and 450,000 shares of class A common stock (no par). The preferred stock will be convertible into class A common in the ratio of two common shares for one preferred. **Price** — To be supplied by amendment. **Proceeds**—To repay a mortgage and for general corporate purposes. **Office**—716 North Federal Highway, Fort Lauderdale, Fla. **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill., and J. R. Williston & Beane, New York.

★ Coronado Investment Co.
June 26 (letter of notification) Pre-organization partnership interests in an aggregate amount of $149,150 to be offered in units of $17,457.50. **Proceeds**—To purchase properties. **Office**—1802 N. Central Avenue, Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix, Ariz.

Cree Mining Corp. Ltd.
April 17 filed 260,000 shares of common stock. **Price**—80 cents per share. **Proceeds**—For exploration program. **Office**—2100 Scarth St., Regina, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., also of Regina.

Crescendo Oil Co., Inc.
June 1 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For lease, labor, equipment, etc. **Office**—309½ S. Third St., Las Vegas, Nev. **Underwriter**—None.

Crescent Petroleum Corp., Tulsa, Okla.
May 26 filed 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.

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. (7/29)
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. **Office**—19 West 44th St., New York **Underwriters**—Lifton Securities, Inc. and Hechler-Weingrow Securities, Inc., both of New York.

● Dilbert's Properties, Inc. (7/27-31)
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. (8/5)
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. (7/21)
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.

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.

★ Dreyfus Fund, Inc.
July 13 filed 3,000,000 shares of additional capital stock.

● Edwards Steel Corp., Miami, Fla. (8/3-7)
July 8 filed 140,000 shares of common stock (par 10 cents). **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.

★ Ekco Products Co., Chicago, Ill.
July 9 filed 45,000 shares of common stock, to be offered to employees under its Restricted Stock Option Incentive Plans.

Electric City Supply Co.
April 6 (letter of notification) 300,000 shares of class A common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For inventory, equipment, working capital, etc. **Office**—901 S. Lake Street, Farmington, N. Mex. **Underwriter**—Investment Service Co., Denver, Colo.

★ ● Electronic Data Processing Center, Inc., Portland, Ore.
June 29 (letter of notification) 17,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To pay an eight-year lease of electronic machines, installation charges and working capital. **Underwriters** — Zilka, Smither & Co., Inc. and Camp & Co., both of Portland, Oregon.

● Elion Instruments, Inc. (7/20)
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, being 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 July 31. **Price**—At par. **Proceeds**—To repay outstanding bank loans and for general corporate purposes. **Office**—Carew Tower, Cincinnati, Ohio. **Underwriter**—None.

★ Entron, Inc.
July 13 filed 200,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of machinery and equipment and for interim financing of coaxial cable television transmission systems. **Office**—4902 Lawrence St., Bladensburg, Md. **Underwriter**—Alkow & Co., Inc., New York.

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. No public offering contemplated.

★ Executone, Inc. (8/24-28)
July 15 filed 136,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including additional working capital and the reduction of outstanding indebtedness. **Office**—415 Lexington Avenue, New York. **Underwriter** — Shearson, Hammill & Co., New York.

● Extrudo-Film Corp. (8/3-4)
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, Greenward & Co., New York.

● Fanon Electronic Industries, Inc. (7/21)
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. (7/27)
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.

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 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.

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. (8/12)**
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 account 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.

● **Funds For Business, Inc. (7/22)**
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. and Seymour Blauner & Co., both of New York.

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.

★ **Gabriel Co.**
July 8 filed $2,500,000 of subordinated sinking fund debentures, due June 30, 1974, with warrants for the purchase of 20 common shares for each $1,000 of debentures. **Price**—100% of principal amount of the debentures. **Interest Rate**—To be determined by amendment. **Proceeds**—For capital investment. **Office**—1148 Euclid Avenue, Cleveland, Ohio. **Underwriters**—Prescott, Shepard & Co., Inc., Cleveland, and Carl M. Loeb, Rhoades & Co., New York.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common 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 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 $6,260,700 of convertible subordinated debentures due 1979 to be offered for subscription by common stockholders at the rate of $100 of debentures for each eight shares of stock held. **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. (8/4)**
June 30 filed 1,665,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—The Robinson-Humphrey Co., Inc., Atlanta, Ga., and The Johnson Lane, Space Corp., Atlanta, 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.

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.

Hancock (J. W.) Inc.
June 25 filed 200,000 shares of 6% cumulative convertible preferred stock (par $2) and 100,000 shares of common stock (par 10 cents). The company proposes to offer 200,000 preferred shares and 50,000 shares of the common in units consisting of 4 shares of preferred and one share of common. The remaining 50,000 shares of common stock are to be offered to holders of outstanding 4% subordinated debentures at the rate of one share for each $.50 face amount of such debentures surrendered for cancellation. **Proceeds**—To be used for working capital and general corporate purposes. **Underwriters**—Kenneth Kass, Nassau Securities Service and David Barnes & Co., Inc., all of New York; and Palin Securities, West Orange, N. J.

Hathaway Industries, Inc.
June 9 filed 300,000 outstanding shares of common stock. These shares are part of the 672,990 shares (53.43%) held by Seaboard Allied Milling Corp. Seaboard plans to offer 100,000 shares for sale to the business associates and employees of Hathaway Industries at $6 per share. In addition, Seaboard may wish to sell publicly the remaining 200,000 shares, or a portion thereof, on the American Stock Exchange, or otherwise, at prices current at the time of such sales. **Proceeds**—To selling stockholder, Seaboard Allied Milling Corp. **Office**—Hathaway St., Syracuse, N. Y. **Underwriter**—None.

★ **Haydock Fund, Inc.**
July 13 filed 40,000 shares of additional capital stock.

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. **Offering**—Expected in September.

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**—Van Alstyne, Noel & Co., of New York.

● **Hofman Laboratories, Inc. (7/20)**
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.

★ **Hotel Corp. of Israel**
July 13 filed 39,000 shares of common stock (par $5) and $1,560,000 of 6% subordinated debentures, due Aug. 1, 1974. **Price**—$1,500 per unit, consisting of 30 common shares at $10 per share and $1,200 of debentures at par. **Proceeds**—To purchase, complete, and furnish various properties and for general corporate purposes. **Office**—11 South La Salle St., Chicago, Ill. **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. (7/20)**
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

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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.

Independent Telephone Corp.
June 29 filed 13,080 shares of 5% cumulative convertible preferred stock, series A ($10 par), and 806,793 shares of common stock, together with warrants for the purchase of 50,000 common shares. According to the prospectus, 80,000 common shares are to be offered to nine payees of non-assignable convertible notes outstanding in the amount of $500,000 for conversion of such notes into common shares at a conversion price of $6.25 per share. The 13,080 preferred shares and 8,175 common shares are to be offered in exchange for the outstanding 327 shares of common stock of Farmers Union Telephone Co., a New Jersey corporation, on the basis of 40 shares of preferred and 25 shares of common for each share of common capital stock of Farmers Union. The issuing company further proposes to offer 96,604 common shares to holders of its outstanding stock of record June 30, 1959, for subscription at $6.25 per share on the basis of one new share for each two shares then held. **Proceeds**—For working capital. **Office**—25 South St., Dryden, N. Y. **Underwriter**—None.

Industrial 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. (7/16-17)**
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. (8/12)**
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 (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—540 McCallie Ave., Chattanooga, Tenn. **Underwriter**—Equitable Securities Corp., Nashville and New York.

● **Investors Funding Corp. of New York**
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. Price —At 100% of principal amount. Proceeds—For investment. Office—511 Fifth Ave., New York, N. Y. Underwriter—None.

★ **Investors Planning Corp. of America**
July 13 filed $29,000,000 of Systematic Investment Plans and $1,000,000 of Single Payment Investment Plans.

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. (7/27)**
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.

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 Wallace St., Philadelphia, Pa. **Underwriter**—None.

★ **Lease Plan International Corp. (8/12)**
July 10 filed 140,000 shares of common stock, of which 70,000 shares will be sold for the company's account and 70,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—The company will use its share of the proceeds to increase working capital. **Office**—7 Central Park West, New York. **Underwriter**—Hayden, Stone & Co., New York.

★ **Leone 48th Street, Associates**
July 10 filed $1,680,000 of Participations in Partnerships to be offered in units of $10,000. **Proceeds**—To reduce indebtedness and for general expenses. **Office**—60 E. 42nd St., New York.

● **Lieco, Inc. (7/17-20)**
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.

★ **Lifter Properties, Inc.**
June 29 (letter of notification) 100,000 shares of common stock (par five cents). **Price**—$3 per share. **Proceeds**—For expenses for acquisition and operation of Motels and Motel properties. **Office**—One Lincoln Road, Building 9, Miami Beach, Fla. **Underwriter**—None.

★ **Hugh W. Long & Co., Inc.**
July 15 filed 280,000 shares of outstanding class B common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Elizabeth, N. J. **Underwriter**—Clark, Dodge & Co., New York.

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 Properities, Inc. (7/29)
June 26 filed 500,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—$443,071 is to be expended during the period ending Aug. 31, 1960, for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $350,000 will be used to pay off an existing loan secured by a mortgage on the Florida Shores properties in Edgewater, Fla., and an assignment of a lot contract receivable; about $150,000 for the construction of the first four stories of the company's proposed office building in Miami (the balance estimated at $150,000 will be secured by a mortgage on the building), and $93,200 to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area. The balance will be added to the company's general funds and will be available, together with funds received from payments on lot sales, principally for the development of the Palm Shores properties (at Eau Gallie) and for further acquisitions, and for use as working capital. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co., Inc., New York.

● **Matronics, Inc. (8/26)**
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.

★ **Merritt-Chapman & Scott Corp.**
July 10 filed 50,000 shares of common stock, to be offered to key employees of the company and its subsidiaries pursuant to its Key Employees Stock Purchase Plan. **Office**—360 Madison Ave., New York.

● **Micronaire Electro Medical Products Corp. (7/20-24)**
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, prop-

erty 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.

★ **National Truckers Service, Inc.**
July 2 (letter of notification) 10,755 shares of common stock and 10,000 shares of preferred stock. **Price**—Of common stock, at par ($5 per share); of preferred stock, to members at par ($10 per share). **Proceeds**—For working capital. **Office** — 103—29th St., Suite No. 7, Newport News, Va. **Underwriter**—None.

Nationwide Small Business Capital Investing Corp.
April 24 filed 500,000 shares of capital stock (par 50 cents). **Price** — $1 per share. **Proceeds** — For working capital and investments. **Office**—Hartsdale, N. Y. **Underwriter**—None.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif **Underwriter**—Waldron & Co., San Francisco 4, Calif., has withdrawn as proposed underwriter.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—To acquire fishing tools for leasing; and for working capital. **Address**—P. O. Box 672, Odessa, Texas. **Underwriters**—To be designated.

● **Neiman-Marcus Co. (7/20-24)**
June 29 filed 133,800 shares of common stock (par $2), 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, Texas. **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, plus underwriting discounts and commissions. **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) being offered first to stockholders on the basis of one new share for each 10 shares held July 7; rights to expire July 23. **Price**—$20 per share. **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 American Planning Corp.**
July 13 filed $15,000,000 of three types of plans for the accumulation of shares of Fidelity Fund, Inc. **Office**—200 E. 42nd Street, New York.

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 (7/22)**
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.

★ **Olson Construction Co.**
July 29 (letter of notification) $300,000 of 6% subordinated coupon debentures due July 1, 1964 to be offered in denominations of $1,000 each. **Price**—At face amount. **Proceeds** — For working capital. **Office** — 410 S. 7th Street, Lincoln, Neb. **Underwriter** — Ellis, Holyoke & Co., Lincoln, Neb.

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. (7/23)**
May 20 filed 132,944 shares of general common stock (par $1) being 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 is July 6; rights expire on July 20. Unsubscribed shares may be offered July 23-24. **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. (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. (8/12)**
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. (7/29)**
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.

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.

★ **Pioneer Finance Co.**
July 13 filed $1,000,000 of subordinated capital debentures due Aug. 1, 1971 (with warrants). The securities are to be offered for public sale in units, each consisting of $1,000 principal amount of debentures and a warrant entitling the holder to buy 75 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1400 National Bank Bldg., Detroit, Mich. **Underwriters**—White, Weld & Co., New York, and Watling, Lerchen & Co., Detroit.

● **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 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 (7/23)**
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 &

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Co. (jointly); Glore, Forgan & Co.; Salomon Bros. & Hutzler. Bids—To be received until 11 a.m. (EDT) on July 29.

● **Radar Design Corp., Syracuse, N. Y.**
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. Statement withdrawn.

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.

★ **Rad-O-Lite, Inc.**
July 8 filed 300,000 shares of common stock (par 25¢). **Price** —$1.50 per share. **Proceeds** — For general corporate purposes. **Office**—1202 Myrtle St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York. **Offering**— Expected in September.

Raytherm Corp. (7/23)
June 29 filed 150,000 shares of common stock, of which 118,000 shares are to be offered for the company's account and the remaining 32,000 shares are to be offered for the account of certain selling stockholders. **Price**— To be supplied by amendment. **Proceeds** — To retire bank loans, to expand plant capacity and research facilities through purchase of machinery and equipment and through leasehold improvements; and the balance for working capital. **Office**—Oakside at Northside, Redwood City, Calif. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and Schwabacher & Co., San Francisco, Calif.

● **Reading Tube Corp. (7/16)**
June 15 filed $5,000,000 of 15-year sinking fund debentures, due July 15, 1974, with attached warrants to purchase additional shares of common stock, to be offered in units consisting of a $1,000 temporary debenture with attached warrants in an amount to be determined at the time of offering. **Price**—To be supplied by amendment. **Proceeds**—To repay in full long-term bank loans, and the balance will be added to the general funds of the company and will be available to meet increased cash requirements resulting from increased investment in inventories and for additions and improvements to properties and facilities. **Underwriters**—Emanuel, Deetjen & Co. and Bache & Co., both of New York.

● **Reheis Co., Inc. (7/20-21)**
June 5 filed 87,000 outstanding shares of class A stock (par $1). **Price** — $5 per share. **Proceeds** — To selling stockholders. **Business** — Manufactures and sells fine chemicals in bulk primarily to ethical pharmaceutical manufacturers, and cosmetic manufacturers. **Underwriter**—Aetna Securities Corp., New York.

● **Republic Resources & Development Corp.**
June 29 filed 1,250,000 unit shares of capital stock. **Price** —$2 per share. **Proceeds**—To be used in the company's oil exploration program for the purchase of oil exploration and drilling equipment, supplies and materials; to contract with U. S. geophysical contractors for technical services; and to pay its pro rata shares of the dollar exploration expenses under its agreement with three other companies for joint exploration of concessions held in the Philippines. **Office** — 410 Rosario St., Binondo, Manila, Philippines. **Underwriter**—John G. Cravin & Co., Inc., New York. **Offering**—Expected in September.

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. (7/21-22)**
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.

★ **Sea View Industries, Inc. (8/26)**
July 14 filed $420,000 of convertible subordinated debentures and 84,000 shares of common stock. **Price**—$340 per unit of two debentures at $100 par and 40 shares of common stock at $3.50 per share. **Proceeds**—To retire loans; for machinery and equipment; and to add to working capital. **Office**—3975 N. W. 25th Street, Miami, Fla. Underwriter—Michael G. Kletz & Co., Inc., New York City.

● **Seeburg Corp. (7/21)**
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 21, 1959; rights expire on or about Aug. 10. **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. (8/4)**
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.

★ **Skelly Oil Co.**
July 8 filed $1,000,000 of Participations in Employees Thrift Plan and 16,129 shares of common stock which may be purchased under the Plan. **Office**—Tulsa, Okla.

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. (8/3-7)**
July 8 filed 136,400 shares of outstanding common stock (par 10 cents). **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. (7/16-17)**
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**—241 Old Country Road, Mineola, 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. (7/29)**
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.**
July 14 filed 521,132 shares of common stock reserved for issuance upon the exercise of options granted or authorized under the company's 1952 and 1959 Stock Option Plans. **Office**—Tulsa, Okla.

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 (par 25 cents Canadian). **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. (7/24)**
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 pre-

ferred 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.

★ Talmage Wilcher, Inc.
July 6 (letter of notification) 150,000 shares of class B common stock (par $1). **Price**—$2 per share. **Proceeds**—For high-yield mortgages and investment certificates, industrial building leases and other investments. **Office**—Harvey Bldg., Suite 907, West Palm Beach, Fla. **Underwriter**—None.

● Tang Industries, Inc. (7/24-27)
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.
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. (7/29)
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. **Offering**—Expected latter part of August.

● 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.

★ Tool Research & Engineering Corp.
July 14 filed 250,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital; to repay loans; and for additional equipment. **Office**—Compton, Calif. **Underwriter**—Shields & Co., New York.

★ Trans Central Petroleum Corp. (8/13)
July 6 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses to explore for gas and oil and development. **Office**—Two Park Ave., New York 16, N. Y. **Underwriter**—Barnett & Co., Inc., New York, N. Y.

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. (7/16-17)
June 12 filed 90,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Business**—Manufacture and sale of precision transducers. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

● Tuboscope Co. (7/27)
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.

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. (7/17)
June 11 filed 71,080 shares of common stock (par 50 cents), of which 56,080 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, at a price of $19.50 per share. Rights expire July 31, 1959. The remaining 15,000 shares are to be sold by certain selling stockholders. **Price** — $21.50 on publicly offered stock. **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.

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 cont. cts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Varian Associates (7/21)
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 (7/21)
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.

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. Statement to become effective on or about July 20.

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.

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. (7/20-24)
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.

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.

● Wilcox Electric Co. (7/27-31)
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.

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.

★ Xttrium Laboratories, Inc.
July 6 (letter of notification) 30,000 shares of class A common stock (par $7.50). **Price**—$10 per share. **Proceeds**—For research, to purchase equipment, advertising and working capital. **Office**—415 W. Pershing Rd., Chicago, Ill. **Underwriter**—None.

★ Zapata Off-Shore Co. (8/4)
July 13 filed 229,585 of common stock. **Price** — To be supplied by amendment. **Proceeds**—To Zapata Petroleum Corp., the selling stockholder. **Office**—2218 First City National Bank Bldg., Houston, Texas. **Underwriter**—G. H. Walker & Co., New York.

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.

★ American Gypsum Co.
July 15 it was reported that the company will register debt and equity securities later this year. **Proceeds**—For construction of a gypsum products plant in Albuquerque, New Mexico, and for working capital. **Office**—Albuquerque, N. M. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque, N. M.

★ Barton's Bonbonniere
July 15 it was reported that the company is contemplating an issue of common stock. **Business**—The company operates about 27 retail confectionery outlets in the New York City area. **Underwriter**—D. H. Blair & Co., Inc., New York City.

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

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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. (8/6)
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.

★ Cary Chemicals, Inc. (8/13)
July 15 it was reported that the company plans to register about $3,000,000 of subordinated debentures, due 1979, to be offered in units with common stock, during the week of Aug. 13-17. **Proceeds**—For general corporate purposes, including working capital. **Underwriters**—Lee Higginson Corp., and P. W. Brooks & Co., Inc.

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.

★ Chesapeake & Ohio Railway (8/12)
July 15 it was reported that the road plans the sale of about $2,500,000 of equipment trust certificates on either Aug. 12 or Aug. 19. Probable bidders: Halsey, Stuart & Co., Inc., and Salomon Bros. & Hutzler.

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.

★ Cyprus Mines Corp.
July 15 it was reported that approximately 1,000,000 shares of a secondary issue common stock will be registered in the Fall. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., 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 and the stockholders approved 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). **Bids**—Expected later in the year.

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. The subscription price is $43 per share and rights expire on Aug. 4, 1959. **Proceeds**—To increase capital and surplus. **Underwriter**—First Boston Corp., New York City.

★ Michigan Bell Telephone Co. (8/11)
July 9 it was announced that the company plans to sell $30,000,000 of debentures due Aug. 1, 1994. The company's last previous financing took place in November, 1957, and consisted of the sale of $40,000,000 of 35-year 4¾% debentures. **Proceeds**—For construction. Probable bidders: Halsey, Stuart & Co., Inc., and Morgan Stanley & Co. **Bids**—Expected to be received Aug. 11.

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).

★Salant & Salant Inc.
July 15 it was reported that this company plans to register 100,000 shares of common stock in August. The company, which has never before done any public financing, manufactures shirts in Tennessee. **Proceeds**—For general corporate purposes. **Office**—330 5th Avenue, New York. **Underwriter**—Kidder, Peabody & Co., New York.

★ So. Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

● 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. **Offering**—Expected in September.

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.

★ West Florida Natural Gas Co. (9/15)
July 13 it was reported that the company plans to register $1,750,000 of notes and common stock. **Underwriter**—Beil & Hough Inc., St. Petersburg, Fla.

Our Reporter's Report

The corporate bond market appears to have developed a distinctly firmer tone recently, probably due more to the seasonal dearth of new offerings than to any substantial change in the thinking of institutional investors.

It is true, of course, that the latter feel they are obligated to put money to work as it accumulates. But they are as anxious as the individual, perhaps more so, to avoid possible capital loss through being premature in their purchases.

Some people regard the smattering of demand which has been appearing as an indication of feeling in parts of the marketplace that Congress may not yield to President Eisenhower's request to rescind the ceiling on interest rates which the Treasury may pay on long-term borrowings.

Whether Congress would be right or wrong if that proves its final say in the matter is not the question. Those who are doing a bit of quiet buying on the theory view the situation on a hard, cold dollars and cents basis.

Their theory is that if Congress holds back on the request this would remove current fears that the Treasury might be in the market shortly with a $10 or $12 billion offering of 40-year bonds.

Instead, the Government would be forced to "roll-over" its maturities in the short-term market and to use the latter market for financing its new money requirements until the day when it again may be able to float a 4¼% issue of long bonds.

Time for Equities

Looking at the picture along orthodox lines the current high level of the stock market and seemingly insatiable demand convince observers that the time is ripe for raising a substantial part of new capital needs through the sale of equities.

Right now it looks as though the market could absorb an appreciable volume of such securities. Certainly the behavior of the seasoned market indicates the presence of buyers in droves. And such a procedure would strengthen the overall position of most corporations.

But there is a tax factor to be considered. Dividends are not allowed as a charge against income. And at current corporate tax rates, as pointed out time and again, the increased cost to the corporate borrower of debt capital is not nearly as great as it appears on the surface.

Next Week's Prospects

The calendar next week is pretty much a replica of what we have seen recently, and leaves no question but that summer is upon us. Monday again is a day of potential for any number of smaller issues.

Tuesday brings up Northrup Corp.'s $10 million of new debentures for marketing while on Wednesday, Northern States Power Co. of Minn., is slated to open bids for the privilege of "standing-by" on its "rights" offering of 952,033 common shares on the basis of one new share for each 15 held.

The same day Public Service Co. of New Hampshire will be offering 396,000 shares of additional common stock. And Transcontinental Gas Pipe Line Co. has $20 million of bonds and $15 million of new preferred slated for sale. Thursday Raytheon Corp., with 150,000 shares of common, due on the market including 32,500 shares for a selling holder, rounds out the week.

Looking Ahead

By way of indicating that corporations are going forward with plans for expansion and, consequently, with plans for financing such undertakings, several such projects have made plans known recently.

Michigan Bell Telephone, affiliate of American Telephone & Telegraph Co., contemplates the sale of $30 million of 35-year debentures, with August 11 set for the opening of bids.

And Tennessee Gas Transmission Co. will raise $50 million through the sale of 20-year, first mortgage bonds to fund short-term debt and finance expansion.

Continued from page 4

Observations . . .

put up the substantial ante needed to exercise their rights, thereby suffer an immediate dilution. The dilution amounts to the difference between the stock's market price and its asset value—often a substantial amount. Hence the subscription price of the rights constitutes an assessment on the shareholder to avoid dilution.

Two principal defenses of this practice are usually made: (1) That similar dilution occurs in the case of rights offerings of industrial companies, and (2) that the fund needs more money to keep down the ratio of management charges per share, and to make up for the capital gains dividends paid out.

The answer to (1) is that when an industrial company sells stock, it needs the money for additional earning power, or possibly for defensive purposes as new machinery, research, etc. So some sacrifice in getting such funds in the case of industrial companies is not objectionable. Besides, with an industrial company's book value partly made up of fixed assets, the dilution is not all clear. In the case of an investment company, on the contrary, with its arithmetic allocation of realizable liquid assets per share, the dilution is clear and completely unnecessary. The present tax law renders the payment of capital gains dividends unnecessary, the window-dressing motive being invalid. In answer to contention (2), namely, that an increased "pool" to play with is needed to catch up with management expense and remuneration, we respectfully suggest some investigation concerning which is the horse and which the cart. That is, shall the pool be enlarged to fit the remuneration, or should the management take the cut to fit the fund?

* * *

THE FUNDS CATCH ON ABROAD

Because of increasing attraction to the investment company technique, and to American stocks, the mutual fund movement, once concentrated in the United Kingdom, is proliferating throughout the world.

In Hong Kong, representatives of several New York brokerage firms are doing a large proportion of their business in the larger U. S. funds.

In Japan, the fund form of investing is rapidly gaining popularity. But the portfolios, because of foreign exchange restrictions, may not yet include U. S. securities.

In Germany, interest in the U. S. investment companies is increasing remarkably. Before Jan. 1, 1959, and the establishment of full convertibility, all purchasing orders for American securities from German nationals required submission to the Bank Deutsche Laender (the central bank). If approved there, they were routed via Switzerland or Holland for execution. Now the orders from German nationals are in the first instance given to a local commercial bank which may on the customer's instructions, transmit them for execution to a specified broker. Bache and Company of New York, who have recently opened a branch office in Frankfort, report that substantial orders for American investment companies are being thus routed through them.

The Boom "Down Under"

Likewise reflecting the world-wide interest in the investors' co-operative is its rapidly growing use "down under," mainly via sales made through bank windows and life insurance companies. Started in Sydney and Melbourne just before World War II, Australia's investment companies now number 15 with assets totaling over £100 million. These figures represent a doubling since 1955, with another doubling in prospect during the current year. No American funds are being sold there yet.

As in the United States the unit trust (corresponding to our fund) co-exists with the investment company (our closed-end listed entities). And while the unit trusts, as in this country, are of course quoted at their fluctuating asset values, the investment companies persistently sell at substantial discounts from their underlying assets. And as here, the vigorously promoted 8%-loaded unit trusts are far outselling the investing companies' shares available at heavy discounts.

Losing popularity are the fixed trusts which, as in England and the U. S. in the 1920s, are sold via units which are invested automatically—without management—in issues entirely specified in advance. Will the good comparative performance by the Dow-Jones Average possibly lead to revival of the un-managed trust here? The unit trusts carry a 15-year termination date, at which time the holder wishing to continue must again pay the admission charge ("load").

Emphasis on Investment Income

In contrast to the American trusts' strongly growing emphasis on capital gains, in Australia, in the face of their freedom of such profits from income taxation, neither the fund managers nor their shareholders are concerned with capital profits. Investment is made chiefly as an income-producing haven for savings and as a more remunerative switch from savings bank deposits.

Continued from page 2

The Security I Like Best

levels and there is every indication that this trend will apply over the full year. On this basis, and barring unforeseen contingencies, I believe that 1959 sales will establish a new all-time peak in the area of $36 million. A further rise in earnings is also anticipated this year to a level tentatively estimated in the area of $4.50 per share which would compare with earnings of $3.01 per share for 1958. On the same basis, 1959 cash flow is estimated in the area of $6.50 per share giving allowance for somewhat higher depreciation and amortization charges than those of 1958 which were equivalent to $1.94 per share.

Expansion and Cost Reduction Program

Currently, Cooper is making full use of the expanded capacity provided by the 1957-58 plant improvement program which provided a 60% increase in daily tire production capacity over the effective capacity in early 1957. The extent to which this additional capacity is being utilized can be assessed from the fact that Cooper has been running its plants on a three-shift, 6-day basis since the beginning of the year. As a result, orders have been placed for additional manufacturing equipment which will make possible an estimated 25% increase in output of automobile and truck tires and tubes. The first production units are expected to be delivered in the fourth quarter of this year and the remaining equipment is expected to be installed in early 1960. The full benefits of this additional production capacity will thus be available to the company in time to meet next year's seasonal upswing in tire demand. Thus, 1960 earnings could advance to around $6.00 per share.

Quality Control and Cost Reduction

Both the present and the 1957-58 expansion program have been geared to improving production quality and reducing manufacturing costs. This has been achieved by utilizing the most advanced and highly mechanized production equipment available in conjunction with automatic control and material handling systems. A typical example is the company's automatically controlled nylon and rayon cord mill which is considered to be the most advanced in the industry. This mill provides accurate control of such precision operations as the tension setting and temperature stabilizing operations required in the processing of nylon cord and utilizes atomic beta-ray gauging equipment to achieve an exceptionally accurate control of the rubber tire-cord coating operation. The improvement in end product quality achieved by this unit has enabled the company's dealers to offer an exceptionally liberal adjustment policy to buyers of the company's premium nylon tires.

A similarly integrated approach to tread manufacturing operations will involve installation of a "dual-tube" production line at a total cost of approximately $600,000 for the "dual-tuber" and related production machinery. Equipment orders have already been placed and the "dual tube production line is expected to be operating by the fall of this year. In addition to increasing both production and product quality, this equipment is expected to result in a further substantial reduction of operating costs. The payout period is believed to be about two years, which would work out to be an estimated annual saving of 50c per share after taxes.

Product Mix

Cooper's business centers primarily around the production of a complete line of replacement tires and tubes for passenger cars, trucks and buses. Tires and tubes normally account for about 82% of sales and an additional 8% consists of tread rubber and other materials used in the recapping and repairing of tires. The remaining 10% consists of moulded, extruded and fabricated rubber parts, including rubber-to-metal components which are manufactured principally for the automotive and household appliance industries.

Strong Dealer Network

Some 61% of the company's tire and tube output is distributed under the Cooper brand name through a dealer network comprising approximately 8,000 wholesale customers. Depending on the area involved, these accounts are serviced either by company-operated wholesale branches or by distributors with exclusive franchises. The company-operated wholesale branches cover 13 leading metropolitan centers plus the company's home town of Findlay, Ohio. Promptness of service is further facilitated by maintaining warehouse stocks of Cooper tires and tubes with dealers in an additional 13 important metropolitan centers.

The remainder of Cooper's commercial output is manufactured to order for well established customers for sale under their private brand names. The purchasers include leading oil companies, automotive supply and hardware chain stores and jobbers.

Finances—Capitalization

The last available balance sheet as of March 31, 1959 showed current assets of $11.4 million as against $6.5 million in current liabilities—giving a current ratio of 1.75-to-1. An additional $1.16 million was added to the company's working capital by the sale of $3.5 million in 5¼% senior sinking fund debentures due April 1, 1975. The balance of the funds obtained from this financing were used to retire $2.15 million in bank loans. Giving effect to this financing, the 332,920 shares of outstanding common are now preceded by the afore-mentioned $3.5 million in 5¼% debentures; $634,020 in 6% sinking fund debentures due January, 1967 and a 6% mortgage note of a subsidiary in the amount of $179,943. Also outstanding were a total of 87,500 common stock purchase warrants which were attached to the 5¼% debenture issue. These warrants, which are detachable after August 1, 1959, are exercisable at a price of $25 per share through July 31, 1964; thereafter at $30 per share through the expiration date of July 31, 1969.

Last year's dividend payment worked out to a total of 52½¢ in cash plus 10% in stock. The latest dividend declaration was 25¢ and this rate appears to be secure under current favorable earnings levels. Any liberalization is likely to be in the form of stock dividends in view of the substantial capital requirements related to the company's new expansion program. Cooper Tire & Rubber Company common stock is traded in the Over-the-Counter market.

Meadows & Co. Adds

(Special to The Financial Chronicle)

SPRINGFIELD, Mass. — Louis B. Meadows and Allen R. Thayer, Jr., have become associated with Meadows & Co., 1490 Main Street. Mr. Meadows formerly was with J. Clayton Flas & Co. Mr. Thayer was with du Pont, Homsey & Company.

H. C. Wainwright Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Philip J. Donoghue has been added to the staff of H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges.

$31 Million Bonds of Ohio Offered by Eastman Dillon Group

A syndicate headed by Eastman Dillon, Union Securities & Co., New York City, made public offering on July 16 of $31,000,000 State of Ohio Major Thoroughfare Construction bonds, Series M, at prices providing yields ranging from 2.40% for the $1,190,000 6% bonds due in 1960 to 3.40% for the $1,195,000 bonds due in 1968; and a dollar price of par for the 3½% and 3.60% bonds maturing in 1969, 1970 and 1971. The last $1,195,000 bonds, maturing in 1972, were not re-offered.

The bonds are dated Aug. 15, 1959 and principal and interest are payable from fees, excises or license taxes, levied by the State of Ohio, relating to registration, operation or use of vehicles on public highways, or to fuels used for propelling such vehicles. Provision has been made by law and by the State Constitution for the setting aside of a sufficient amount of said fees, excises or license taxes each year to pay bond interest and principal becoming due in that year, without other appropriations.

Bache Adds to Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Franklin M. Stuart is now affiliated with Bache & Co., National City East Sixth Building.

Joins Blair & Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—Frank L. Soule has joined the staff of Blair & Co., Incorporated, 10 Post Office Square. He was formerly with Lee Higginson Corporation.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — The first session of the 86th Congress will continue at least six more weeks. A substantial amount of legislation will be passed before adjournment takes place.

It appears fairly certain that Congress will authorize an increase in the interest rates in United States Treasury bonds, plus an increase in Series E and H bonds. The law-makers might place a time limit on how long the increased Treasury bond interest rate may be operative.

The present statutory ceiling on Treasury bonds is 4¼%, and on Series E and H bonds 3¼%. The House Ways and Means Committee voted to limit the President's power to raise interest rates to two years. At the same time the Committee suggested that the Federal Reserve System step in and buy long-term Treasury bonds whenever it is "feasible" as an aid to efficient management of the big and growing public debt.

At this time it appears fairly certain that Congress will pass a more moderate omnibus public housing bill on the heels of the Presidential veto of the liberal one which the liberal bloc in Congress backed.

Higher Gas Tax Expected

A few weeks ago there was extreme doubt that Congress would raise the Federal gasoline tax at this session in order to keep the big and expensive super-duper Interstate Highway program going. Now, However, there appears to be sentiment to raise the tax a half-cent a gallon. Whether or not there will be sufficient sentiment to boost the tax is yet to be determined.

The current Federal tax is 3 cents a gallon. President Eisenhower in January recommended that it be raised an additional 1½ cents. Various states have opposed raising the Federal tax on the ground that the tax source was needed more by the states than the Federal Government.

Meantime, more than a dozen state Legislatures so far this year have authorized the issuance of bonds to finance highway construction for either Federal aid highways, state highways, farm-to-market roads, etc.

President Eisenhower sent a message to Congress a few weeks ago declaring that the Interstate Road Program was on the verge of a stalemate in the orderly development of the 41,000-mile system. None of the other Federal aid road programs are affected. These are the programs where the states put up 50% of the cost and the Federal Government the other 50%.

Measures in Doubt

As Congress moved into the final weeks of the session there are several legislative proposals in doubt. These include labor reform legislation which the Senate passed, and on which the House Education and Labor Committee has completed hearings; raising the minimum wage to $1.25 an hour and putting many additional workers under the provisions; further liberalization of Social Security benefits, and additional civil rights.

The TVA revenue bond issue measure, allowing this big agency to issue up to $750,000,000 of bonds, is in conference and apparently will become law very soon. The foreign aid bill is likewise nearing the end of the legislative line before going to the White House for President Eisenhower's signature.

Boggs' Bill Gains Support

There seems to be a substantial amount of sentiment for the proposed "Foreign Investment Incentive Tax" proposal by Rep. Hale Boggs of Louisiana. The fate of the measure, which would encourage private investment overseas, is in doubt at this session. Nevertheless, it has substantial support and it is growing. The United States Chamber of Commerce has thrown its support behind the measure.

The Treasury Department is for the bill in part. The Department would limit the application to the tax incentives only to those countries with "less developed areas." However, Russell Baker of the Chicago law firm of Baker, McKenzie and Hightower, as spokesman for the Chamber of Commerce of the United States, pointed out before the House Ways and Means Committee that United States firms must compete with the "Soviet Trade apparatus," which pays no taxes, and does not need to think of profits. He told the Committee: "So far the Russian trade offensive has been felt in aluminum, petroleum, lead, zinc, and other raw materials, with unhappy results on our side."

Some of the major measures that have been enacted into law this session include providing for Hawaii to become the the 50th State; continuing the corporate excise taxes for another year, raising the debt limit, raising life insurance taxes, continuing aid for airport construction, and authorizing more capital for the World Bank and Monetary Fund.

With money becoming tighter, the President also signed into law a bill that lifted the ceiling on interest rates for institutions make loans on veteran housing. The new ceiling is now 5¼%.

No Social Security Legislation

Traditionally Congress does not amend the social security laws until election year. Therefore, no amendments are expected to be enacted this year. The Social Security Administration reported to Congress last month that the Old Age Survivors Insurance Trust Fund would chalk up a deficit of about $87,000,000 for fiscal 1960. Officials said the deficit, however, should be the last one for the foreseeable future in that Congress raised the social security tax in 1958.

Federal Airport Grants

The new program for Federal airport grants will continue at the present rate of $63,000,000 until June 30, 1961, unless Congress should amend the law next year. In all probability Congress will greatly liberalize the grants in the not too distant future because of the growing use of jet airplanes and faster speeds.

The present grant rates represent a big retreat from the original bills passed by the Senate and the House. Leaders decided to withdraw after the President's threat to veto a much larger appropriation.

Congress has already appropriated $90,000,000 in connection with the construction of the most modern airport for jet planes and other craft in the world. The new airport, an international facility is being carved out of the Virginia countryside about 18 miles from downtown Washington. It will be served eventually by a fast multi-laned expressway that will cost many millions additional.

The appropriation for the Defense Department, which will receive more funds than all other Federal appropriations combined, will total approximately $39,000,000,000.

"Munitions Lobby" Hearings

Incidentally, the hearings into the so-called "Munitions Lobby," launched by the Hebert House Armed Services Subcommittee, will resume before long after a recess.

The Committee is taking a look into the wholesale hiring of former generals and colonels, admirals and captains, etc., by defense contractors. The Committee will seek to determine how much "influence peddling" is involved in the Defense Department's spending of billions of dollars from bolts and nuts to building missiles.

Some retired big name generals and admirals are expected to be invited to appear before the House investigating committee. The Committee has not delved far enough thus far to indicate any trend of influence selling. However, there unquestionably will be some headlines made before the hearings have been finished.

There are many retired officers of the Army, Navy, Marines and the Air Force that are receiving their retired pay from the government, and at the same time receiving fat fees and salaries from Defense contractors for their services in dealing directly or in a consulting capacity with the contractors.

The White House apparently is closely following the investigations. Whether or not White House officials are cooperating with the Committee has not been indicated publicly.

[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

"Well, if you consider a four hour briefing on convertible subordinated debentures a good time—then I had a good time!"

With Meadows & Co.

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Sidney Snyder has been added to the staff of Meadows & Co., 1490 Main Street.

Chiles-Schutz Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—John T. Barry has been added to the staff of Chiles-Schutz Co., Farm Credit Building.

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.

Business Man's Bookshelf

Administrative Inflation and Public Policy—Gardiner C. Means—Anderson Kramer Associates, 1722 H Street, N. W., Washington 6, D. C. (paper), $1.

How to Get Rich Buying Stocks—Dr. Ira U. Cobleigh — David McKay, Inc., 119 West 40th Street, New York, N. Y.—$2.50.

Investing for a Successful Future—Thomas E. Babson and David L. Babson—MacMillan Company, New York (cloth), $4.95.