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EDITORIAL

As We See It

The latest of a long list of "agrarian reformers" goes his sometimes disturbing, sometimes merely comical way on the island of Cuba. Whether he and his regime will in the end come to be full-fledged communists, as did the "agrarian reformers" of China, the future only can tell. Mr. Castro appears to be almost too unsystematic and too averse to the sort of day-to-day grind that is necessary to the establishment of the kind of regime that is typical of the communists, but definite forecasts on the subject would be hazardous at this stage. What is clear is that he has set foot upon a path which so many times in the past has led to failure and in fact to disaster, and he has done so at a time when agricultural economic trends are peculiarly unfavorable for the success of his venture.

The state of affairs in Cuba is in some respects different from that to be found in various other Latin-American countries where confiscation and redistribution of wealth have been tried without benefit to those in whose behalf revolutions have professedly been undertaken, but basically the same fallacious suppositions rule and the same errors are being made. The impediments which lie in the path of the Cuban man-on-horse-back are at bottom those which have thwarted others in their attempt to settle very real problems at home. They are also the same obstacles which are so often overlooked by the do-gooders in this country who would solve many of the problems of mankind by various dubious schemes involving what is euphoniously called foreign investment or foreign loans. They, therefore,

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Market for U.S. Securities And Open Market Operations

By WILLIAM McCHESNEY MARTIN, JR.*

Chairman, Board of Governors of Federal Reserve System

The Fed's position regarding short-term securities, particularly Treasury bills, receives a cogent analytical defense from Mr. Martin, who adds the policy is always subject to change. He also supports recent findings regarding the efficacy, and suggested areas of improvement, in the present over-the-counter market; and invites organized exchanges to improve their facilities so as to supplement the dealers market. Further, the monetary chief announces an important revision in the Board's index of industrial production which tilts our real growth figure upward for the past decade. In Mr. Martin's view, suggestions that the Fed buy long-terms and offset them with short-term sales would: freeze the Fed in long terms, increase economy's over-all liquidity and unstabilize the economy and the capital market.

In this opening statement, I would like to comment first on one aspect of the problem the Joint Economic Committee is now considering—the importance of freely competitive markets to maximum economic growth. In so doing, I do not wish to understress the importance of any other conditions necessary to healthy economic growth. Indeed, if there is one essential for sustained growth that stands out above all others, it is the maintenance of a volume of real saving and investment sufficient to support continuous renewal, adjustment, and expansion of our total capital resources. The maintenance of adequate saving and investment depends upon broadly based and justified confidence in a reasonably stable dollar. No one would deny that free markets are essential to the vital and vigorous performance of our economy. No one would urge that

W. McC. Martin, Jr.

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*A statement by Mr. Martin before the Joint Economic Committee, Washington, D. C., July 27, 1959.

Quarterly Investment Company Survey

Funds Retain Caution As Bull Market Rolls On

By A. WILFRED MAY

Analysis of investment companies' June quarter portfolio operations reveals substantial liquidation of common stocks importantly offsetting acquisitions. Stepped-up activity in Treasury issues. Increased share redemptions noted. Top favored issue again was Ford, followed by GM, Jones & Laughlin Steel, Aluminium, Ltd., American Viscose, and Pittsburgh Plate Glass. ATT most widely liquidated issue. Industry groups favored were the aluminum, automotive, steel, and textile. Selling predominated in airlines, oils, and utilities. Enlarged interest in foreign issues.

[Tables appearing on pages 25 and 31 show Fund's comparative investment positions; total common stock and other securities transactions; and individual common stock transactions by industry groups.]

During the June quarter, while the stock market continued on its merry way to all-time peaks, the expert fund managers on the whole maintained their caution exhibited since the turn of the year. This is highlighted in the activities of those management categories as the balanced funds, which have fuller discretion of choice between fixed interest and equity securities.

In the case of the balanced funds, buying and selling of portfolio common stocks practically cancelled each other out. This continued the situation established in the first quarter, in sharp contrast with the 40% buying excess which prevailed during the latter part of last year. Moreover, the open-end stock funds continued their sharp reduction in the net acquisition of equities. Their excess of stock purchases over sales shrank to 51% from 71% in the first quarter of 1959, and 104% in the final quarter of 1958. Similarly, in the case of the closed-end companies the excess of purchases narrowed to 1.8% from 19.5% and 58% in the previous quarters. For the aggregate of the 86 investment com-

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RAILROAD ISSUE NEXT WEEK—The "Chronicle" of Aug. 13 will feature the official opinions of leading Railroad executives, along with that of the ICC Chairman, on the outlook for the individual carriers and the industry as a whole.

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.)

AUGUST HUBER
Partner, Spencer Trask & Co., N. Y. C.
Members N. Y. Stock Exchange

Pullman Inc.

In the generally high stock market currently prevailing, I would regard Pullman as being among those issues possessing relative attraction at this time.


August Huber

Currently selling around 69, the shares have ranged between 42 and 74 during the past four years. In the period since 1947, when the company's sleeping car business was sold to the railroads, the nature of Pullman's operations has changed significantly. Diversification had started in 1944 with the acquisition of M. W. Kellogg, specialists in engineering, design and construction of petroleum refineries and chemical processing plants. Operations have expanded to include steel, mining and paper industries.

During 1951 Pullman acquired Trailmobile, the second largest builder of highway truck-trailers.

The largest division is Pullman-Standard, the railroad car manufacturing end of the business. By emphasizing research and the development of new types of freight cars—such as piggy-back flat cars—the company has maintained a strong position in this industry.

Following the recession year of 1958, with its reduced sales, profit margins and earnings, the prospects for 1959 and beyond point to favorable earnings recovery.

In 1958, sales declined 16% from $424 million to $354 million. The reduced shipments and narrower profit margins (4.1% vs. 8.0%) resulted in earnings declining to $3.52 per share from $6.67 in 1957.

Due to the usual lag of translating higher orders into shipments, earnings for the first quarter of 1959 were still on the low side—$1.11 per share (including a non-recurring profit of 60c) compared with $1.31 in the similar 1958 period. Profits for the second half of 1959, however, promise to show considerable improvement.

(1) The M. W. Kellogg division has a backlog of about $200 million with foreign contracts more than offsetting the past year's decline in domestic plant outlays. Plant and equipment expenditures are now turning upward and are expected to grow over the coming years.

(2) Trailmobile, which sustained lower operations in 1958, entered 1959 with the largest year-end backlog of orders in its history. Prospects are basically favorable considering the highway program and strong acceptance of the company's new line featuring interchangeable components. Pricing conditions have improved in this business and Trailmobile earnings should recover significantly this year and next.

(3) The Pullman-Standard division should later reflect the rising level of new railroad car orders. Deliveries of freight cars slumped to 10,747 units last year from about 20,000 the year before. Last year, freight car deliveries were concentrated in the first half and slumped during the last half. This year (Pullman started 1959 with a backlog of 8,400 cars) deliveries should be on a more or less reverse pattern with the final half year better than the first six months. The company estimates Pullman will build some 12,000 cars in 1959. With railroads retiring more cars than they are currently ordering the prospects for increasing orders over the next year and beyond are encouraging. Also, Pullman's freight car parts business accounts for about 15% of the dividends total sales and this business is more profitable than car building itself.

In all, considering the prospect of rising sales and consequent improvement in profit margins, earnings are expected to recover to about $4.50 per share level, up from last year's $3.52.

The current regular dividend rate is $3 per share. In the five year period 1953-57 annual dividends totaled $4 per share. Should 1959 earnings increase as expected this year's dividends could total a minimum of $3.50. Next year the $4 payments could be resumed.

At the present price of 69 the shares yield over 5% on a $3.50 dividend and are selling at 15.3 times estimated $4.50 per share 1959 earnings.

Looking ahead, the company's freight car building division should benefit from the longer range need of the railroads for substantial quantities of new rolling stock while the non-railroad divisions (Kellogg and Trailmobile) possess favorable underlying growth possibilities. I believe the shares have attraction for new commitments considering the company's strong basic position, diversification of operations, the improving trend of earnings and the prospective income yield of better than 5%.

SAMUEL WEINBERG
President, S. Weinberg, Grossman & Co., Inc., New York City
Members: N. Y. Security Dealers Association, Inc., New York City

Kratter Corporation

In the present atmosphere of low yields and high income taxes the common stock of Kratter Corporation has double barreled appeal to investors. The 8 cents monthly dividend, equivalent to a 96 cents annual rate, gives about a 7% return on the present price of around 14. The big "plus" factor is the attraction of dividends not subject to income taxes. The unique operating techniques of the real estate business enable these payments to be classified as a return of capital.


Samuel Weinberg

Most investors are aware of the advantages of real estate ownership in an expanding economy and during a period of a widening population curve. Income producing property has shown a steady increase in value for many years and, where long-term fixed rentals are not a factor, has proven to be a strong inflation hedge. Because of this intrinsic special quality, owners of real estate investments find it possible to finance a high percentage of the cost of property through long-term borrowings in the form of institutional mortgage money. This provides a cash-flow leverage which permits a higher than average return on capital. In addition, the Internal Revenue Code allows and even encourages the owner to write off as depreciation a large portion of its cost in the early years of ownership.

Usually the amount of this early depreciation is substantial enough in the first two to three years to produce a loss for income tax purposes. This loss can be accumulated and applied as an operating loss carryforward into those years when available depreciation declines and net income would otherwise rise to taxable proportions. Generally speaking, the high depreciation rate with its resultant tax loss provides insulation against income taxes for a period of about five years.

The extent to which allowable depreciation on the property, plus the interest on its mortgage, exceeds the cash flow from the operation of the property is the amount which is distributable a a return of capital to the owners. Because depreciation is classified as a cost of doing business it is considered to be an expense and, therefore, reduces the amount of income subject to income taxes. Therefore, instead of being treated as income to the stockholders these distributions of capital are deducted from the original cost to reduce the purchase price. Later on, after the property is sold, the owner is taxed for the capital gain he made on the difference between his reduced cost and the sale price.

Until comparatively recently, real estate investment was available to the average investor only through the medium of syndicates (a syndicate is a loose confederation of individuals bound together in the form of a limited partnership or as a small corporation). Despite the high return and the tax advantage these syndicates enjoy, they are afflicted at the same time with two basic disadvantages; the average investor of moderate means can only afford to buy into a single property and faces the impracticable risk of having all his eggs in one basket. The second drawback is the lack of liquidity. While syndicates are easy to join, the investor faces a different problem if, for any reason, he wants to withdraw, since it is essentially a one way market and a lock-up type investment.

The Kratter Corporation, as now constituted, was formed in April of 1959 when upwards of 2,000 owners of seven Kratter syndicates exchanged their interests in 13 separate properties for varying amounts of common stock. The number of shares exchanged for these syndicate interests was related to their income producing value. Approximately 84% of the property units involved were exchanged and plans are under way to acquire the remaining 16% minority interests. The use of common stock solved the problem of market liquidity and the virtue of diversification was added by the fact that syndicate members with an interest in but a single property now share income and own-

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Our Monetary System's Defects And the Needed Correctives

By DR. WALTER E. SPAHR*
Executive Vice-President
Economists' National Committee on Monetary Policy, New York City, and
Professor Emeritus of Economics, New York University

Well known monetary economist finds that the present administration places the convenience of the government ahead of the people's or nation's welfare in so far as monetary practices are concerned. In appraising our currency, Dr. Spahr calls attention to resultant, and possible or probable, harmful consequences said to stem from currency's irredeemability; draws a parallel between France and ourselves; and notes the gold mining industry fails to accept "fixity" as a requisite in a monetary standard. Moreover, Dr. Spahr explains why mere possession of opportunity to redeem tends to force greater governmental care in the use of the people's purse. After defining a good currency system, he advises this be effectuated and shows how this should be brought about.

(1) The major defect

The most fundamental defect in our monetary system is that our currency cannot be redeemed domestically in our standard gold dollar.

Walter E. Spahr

From this basic defect flow various far-reaching consequences: one is the fact that the use of irredeemable currency gives our Federal government unrestrainable control over the people's purse. This is illustrated by the spending orgy of our government since 1932. Another is our persistent march, led by our Federal government, into the Death Valley of Socialism and a governmentally-managed economy. Still another is the relatively sharp decline in the purchasing power of our currency—58% since 1939. Our dollars have the lowest purchasing power ever reached since 1749, as measured by our index of wholesale prices.

(2) Irredeemable currency a tool of totalitarian governments

Every socialist or totalitarian government employs irredeemable currency, and for good reason: it gives such governments unrestrainable control over the public purse. Our use of irredeemable currency gives Congress, the Treasury, the Executive, and the Federal Reserve banks, working in combination, a free hand in the use of what should be the people's money.

The issuance of pieces of paper as money which cannot be redeemed domestically in what is declared by law to be this nation's standard monetary unit—the gold dollar—is evidence of lack of integrity. It is, fundamentally, the same standard of dishonesty employed by the counterfeiter.

(3) A subtle drug for the people of a nation

Irredeemable currency is perhaps the most subtle drug that a government can employ on a people. One reason is that irredeemable currency gives the government the power it desires over the people by transferring the control of the purse from them to the government without widespread awareness on their part. Another reason is that, given a taste of this drug, the people embrace it with enthusiasm, and demand its retention and more and more of it. This combination of desires and reactions makes it easy for the government doctors to control their victims. It is the reason that government dictatorship is a frequent companion in this evil, or a common final result.

The intermediate consequences of the use of irredeemable currency are a bloating and distortion of the economy, much of which is often mistaken for a sound and lasting economic expansion; a pronounced growth of government controls; a generation of feverish activity and of deep-seated fevers; and in due course a variety of anxieties manifested in part in the plaintive and futile protests against the high cost of living and the depletion of the savings of those who cannot keep up with the rise in prices. The final result is serious difficulties or national tragedy in some form.

(4) The probable or possible consequences to be expected

What should we expect as to the probable or possible consequences of our use of irredeemable currency? We should expect any one, or two, or all, of the following: (1) a further depreciation of our currency to a point which no one can predict scientifically; (2) an economic contraction such as we had 1873-1878 while we were using irredeemable currency—a period of severe contraction which lasted 65 months as compared with a contraction of 45 months following the crash of 1929—; (3) the loss of our representative form of government.

An alternative to these probable or possible consequences is to eliminate irredeemable currency and to place ourselves on

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*An address by Dr. Spahr before the Lions Club of New Haven, New Haven, Conn., July 23, 1959.

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*See article on the cover page "Funds Retain Caution as Bull Market Rolls On."
†Column not available this week.
‡See article on cover page.

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Socialists and Sterling

By PAUL EINZIG

British writer assumes his country's election will be held in October and he weighs what effect a Socialist victory might have on sterling. He doubts devaluation or floating pound would be instituted but he does envision a flight of capital in anticipation of tightened exchange restrictions which in turn would lead to a search for escape-loopholes. Dr. Einzig believes gradual domestic inflation or world-wide inflation at the same pace might not injure Britain's balance of payments and he says the pound may hold its own without a credit squeeze so long as the dollar remains under suspicion. As for domestic wage increase drive, he sees this causing persistent pressure on sterling.

LONDON, Eng.—It seems to be more than probable that the general election will take place in October. Many people are, therefore beginning to give some thought to the possible effect on sterling of a Socialist victory. Even though at the moment the chances are in favor of a Conservative victory, the possibility of a return of the Labour Party to office cannot be ruled out altogether. The margin of majority is bound to be narrow on either side, and the appearance of a large number of Liberal candidates introduces a strong element of uncertainty into the delicately balanced situation. It is, therefore, not untimely to attempt to examine the ways in which sterling would be affected if a Labour Government assumed power.

Paul Einzig

Raises Questions

Questions that must be considered in this connection may be summarized as follows:

(1) Is a Labour Government likely to devalue sterling or to allow it to depreciate below the existing lower limit of $2.78 as a matter of policy?

(2) If not, is a Labour Government likely to be forced into a devaluation or depreciation of sterling by a flight of capital, British or foreign?

(3) Will a Labour Government endeavor to defend sterling by restoring exchange restrictions?

(4) Will a Labour Government be prepared to defend sterling with the aid of disinflationary measures?

The first question may safely be answered by an emphatic negative. It is not the present intention of the Labour Party to devalue sterling. Some years ago, Mr. Gaitskell was toying with the idea of a system under which sterling would be adjusted from time to time by changing its parities; but he has long abandoned that idea. It is safe to assume that a Labour Government will not deliberately change the parities of sterling or widen the existing limits of its permitted fluctuations. The idea of a "floating pound" finds no sympathizers among Socialists, if any, because it would increase profit possibilities in the foreign exchange market.

What is less certain is whether a Labour Government would be able to carry out its intention to hold sterling at its present level, in face of a sweeping flight of capital. There can be no doubt that there will be such a flight, not so much in anticipation of a devaluation as in anticipation of a tightening of exchange restrictions. Whether such anticipation is correct or not, it would take some time before the confidence of holders of sterling in the Labour Government's intentions to maintain convertibility is sufficiently established. In any case, there is no convertibility for British residents, many of whom might wish to transfer capital abroad in anticipation of anti-Capitalist measures. So long as sterling is convertible for foreign holders it is easier for British residents to circumvent the restrictions affecting them. There must be innumerable loopholes, similar to the "Kuwait gap" or the "Hong Kong gap" which are not generally known. At present, any outflow through such gaps barely amounts to a trickle, but in case of a Socialist victory it might swell into a flood.

Should such a flight of capital materially reduce the gold reserve the Labour Government might have to envisage the possibility of a devaluation of sterling. Having regard to the cause of the flight, however, a devaluation might not be the right remedy. Those who transferred their capital abroad for fear of anti-Capitalist measures are not likely to repatriate their funds as a result of a devaluation. On the other hand, since sterling would attract foreign funds at its devalued level the outflow might be offset to some degree. It is difficult to foresee the net effect of a devaluation on the movements of funds to and from Britain.

A Labour Government would consider it one of its most urgent tasks to defend sterling by means of exchange restrictions. A great deal of capital is bound to find its way abroad, however, before effective measures could be adopted. For the administrative organization created by the Bank of England since 1939 to operate the highly involved exchange regulations has been greatly reduced in recent years, as and when the restrictions have been gradually relaxed. It no longer has the staff which had been dealing with extensive exchange control. A reconstruction of the administrative organization would necessarily take time. Even if it only takes a few weeks, a great deal of capital can find its way abroad in a few weeks. It would, of course, be possible to suspend exchange operations pending the reconstruction of the control. But while this could be done for a day or two without inflicting undue hardship on business, a standstill of several weeks is inconceivable.

Taking a long view, sterling's prospects under a Labour Government would depend on that Government's willingness to defend sterling with the aid of disinflationary measures. While exchange control and various other economic control measures could suppress the effects of a 5% inflation, they could not possibly suppress the effects of a 50% inflation even if it takes place gradually. On the other hand, if inflation should proceed at the same rate abroad as in Britain the balance of payments would not suffer. In any case, suspicions against the dollar would also help a Socialist Government to hold sterling without resorting to a credit squeeze. This is an important consideration, for the dollar is likely to remain under suspicion for some time.

The question is whether under a Labour Government the wage-cost spiral would tend to be mitigated or accentuated. It is a favorite Socialist argument that under a more equalitarian policy of a Labour Government, the trade unions would be willing to be content with more moderate increases. This was not the experience during the Labour Government of 1945-51. And many trade unionist Members of Parliament are worried about the prospects of a Labour victory at the election, because they fear an increased pressure by the rank and file who would expect to do better under a Labour Government than under a Conservative Government. So the possibility of steeper inflation in case of a Socialist victory must be envisaged. And that would mean persistent pressure on sterling.

Spiegelberg, Feuer Co. Formed in New York

The firm of Spiegelberg, Feuer & Co., members of the New York Stock Exchange, has been dissolved and Spiegelberg & Co., members of New York Stock Exchange, has been formed with offices at 37 Wall Street, New York City.

Partners in the new firm are William I. Spiegelberg, a member of the Exchange, and Jess L. Geisman. Harold Glenn and Leon Moses will also be associated with the organization.

Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—David A. Mersbach is now connected with Dean Witter & Co., 50 West Adams St.

The State of Trade and Industry

STEEL PRODUCTION
ELECTRIC OUTPUT
CARLOADINGS
RETAIL TRADE
FOOD PRICE INDEX
AUTO PRODUCTION
BUSINESS FAILURES
COMMODITY PRICE INDEX

Manufacturers' shipments and new orders each increased about 2% from May to June, after seasonal adjustment, the Office of Business Economics, U. S. Department of Commerce announced. Backlogs of unfilled orders on manufacturers' books were reduced a little over the month. The book value of inventories continued to rise.

Sales of all manufacturers aggregated $32 billion, or $6 billion more than in June 1958. After seasonal allowances, shipments this June were nearly 2% higher than May for both the durable and nondurable goods groups. Most major industries increased sales more than seasonally; primary metal and motor vehicle producers recorded the largest advances.

Inventory book values rose $500 million during June, after allowing for seasonal factors. The rate of accumulation was about equal to the inventory rise in each of the preceding four months. All of the accumulation during June occurred in the durable goods industries, primarily in the machinery and transportation equipment groups. Primary metal producers liquidated stocks moderately, while for other major manufacturing groups inventories were relatively unchanged. End-of-June book values of $52 billion were $1½ billion above the corresponding month of 1958. Inventory sales ratios, however, were lower this June than a year ago—the ratios begin one and two-thirds this year against two last year.

New orders placed with manufactures in June were up 2% from may, after seasonal allowances, and a fifth above a year ago. Incoming business for durable goods producers rose 4% from May with all major industries participating in the rise. Nondurable goods new orders held at the May seasonally adjusted rate. In spite of the slight reduction in backlogs due to the impact of record rates of deliveries, month-end total unfilled orders were $3½ billion above a year ago.

Nationwide Bank Clearings 12.6% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Aug. 1, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 12.3% above those of the corresponding week last year. Our preliminary totals stand at $23,930,126,803 against $21,305,378,596 for the same week in 1958. Our comparative summary for some of the principal money centers follows:

Week Ended Aug. 1—	1959	1958	%
New York	$12,279,137,697	$10,907,844,083	+12.6
Chicago	1,273,133,011	1,071,863,893	+18.8
Philadelphia	982,000,000	965,000,000	+ 1.8
Boston	699,366,476	643,033,005	+ 8.8

For a detailed summary of bank clearings in U. S. A. refer to the Statistical Edition of the "Chronicle," issued Mondays. For this week's summary, refer to page 45 of the Monday, Aug 3, issue.

Uptrend in Building Permit Values Arrested

While the total value of building permits for 217 cities rose moderately in June from May, the level was down fractionally from that of June 1958, reports Dun & Bradstreet, Inc. This was the first year-to-year decline since November 1957. The total for June 1959 came to $698,250,952, up 5.7% from the prior month's $660,634,096, but 0.4 % below the $700,633,403 of the comparable 1958 month.

There was both a month-to-month and a year-to-year increase in plans filed in New York City in June. They amounted to $85,266,220, for a gain of 5.3% over the $81,002,065 of May, and an increase of 51.7% over last year's $56,213,291.

Building permits recorded in the 216 outside centers in June amounted to $612,984,732. The total was 5.8% higher than the prior month's $579,632,031, but 4.9% below the $644,420,112 of June 1958.

Steel Industry Data Reveal Nationwide Support

Overwhelming nationwide support of the steel companies in the current steel strike was revealed Aug. 3 in a tabulation of nearly 6,000 letters received by the steel companies coordinating committee, representing 12 of the strike-bound companies.

The letters came from nearly every state in the Union in response to an advertisement headed, "Steel Union on Strike for

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A Big Expanding Gas Utility Serving Three Famous Islands

By DR. IRA U. COBLEIGH

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

A forward look at Brooklyn Union Gas Company, effective exponent of salesmanship in the piping and purveying of natural gas.

Perhaps the three best known American islands, after Manhattan, are Long Island, Staten Island and Coney Island. These comprise the service area of the rapidly growing gas distributing utility we propose to talk about today. Brooklyn Union Gas Company serves, at the Western end of Long Island, all of Brooklyn and half of Queens County; all of Coney Island; and all of Staten Island with natural gas. It's quite a territory — 187 square miles and a total population of over four million and 1,150,000 customers. The company has consolidated all this service area by means of three mergers in as many years, the last one just completed in June, bringing Brooklyn Borough Gas Co. (supplying Coney Island) into the fold by exchange of 150,000 shares of Brooklyn Union common.

Ira U. Cobleigh

There are in this big swath of metropolitan real estate, heavily industrialized areas, densely populated residential sections; and 33,600 acres of Staten Island, half of which is vacant land. It is this latter acreage that adds especial romance to Brooklyn Union common, for it represents the largest undeveloped service area possessed by any major metropolitan gas utility in the country. Staten Island (Richmond County) is part of New York City and has waited patiently, since first spied by Hendrik Hudson, for some other connection with the metropolis than water transportation. Well, only last month the new Narrows Bridge, to connect Staten Island with Brooklyn, was begun. It will be completed in 1965 at a cost of $320 million, and will surely urbanize much of the land which comprises, totally, one-third of the surface area served by Brooklyn Union. The population on Staten Island today is around 220,000. By 1970 this figure is expected to reach 600,000. New York City has just allocated $25 million to build a new water tunnel, and Consolidated Edison is spending $100 million on electric generating facilities on Staten Island to be ready for this quite assured dynamic expansion in population.

But enough about territory — present and future. Let's talk about the gas business at which Brooklyn Union is so competent. In the postwar years Brooklyn Union had some difficulties. The company was still manufacturing its gas and got caught in a squeeze between rising fuel and wage costs and a lag in rate increases. So much so that, from July 1947 to December of 1948, common dividends were omitted. But much brighter days lay ahead. There were helpful rate increases in 1949 and, in 1951, the company received its first natural gas brought all the way from Texas by Transcontinental Gas Pipe Line Corp. There were some adjustments to be made for the switch-over to natural gas. A $13 million coke-oven was no longer needed, and was scrapped; and customer appliances had to be adapted to receive and burn natural gas (which is a much hotter fuel).

The change-over, however, had, in due course, a most favorable effect on earning power; and, since 1952, sales and earnings have more than doubled, and the dividend has been increased in each of the past five years. Residential sales are the backbone of BU business accounting, in 1958, for 72% of gross. BU has stressed home heating and by rate reductions has actually made gas heating cheaper than by either coal or oil. As a result the company now gleans over 30% of gross revenues from house heating and it acquired its 100,000th home heating customer last year. Over 90% of new homes built in the service area last year were equipped for gas heat.

BU stimulates demand for gas by selling appliances. It sold $8 million worth last year — mostly ranges and water heaters — and hopes to build up its distribution of gas air conditioners.

The climate is important in planning gas supply and sales. Forty percent of the gas volume is required for winter heating; so in summer some alternate use must be found for at least a part of this huge cubic volume available. The company has been quite successful in promoting use of gas in summertime for water heating in apartment houses, incineration and clothes drying, and steam generation of electric power.

On the supply side BU receives its natural gas from three suppliers: Transcontinental Pipe, Texas Eastern, and Tennessee Gas. All these contracts are fitted into a rate escalator clause, approved by the New York Public Service Commission, whereby price increases in pipelined-delivered gas can be promptly passed along to customers. The company has available storage tanks to take care of peak load requirements, and has been considering storage facilities for liquefied natural gas in Brooklyn.

Earning power at Brooklyn Union Gas has been expanding at a pleasing rate. Operating ratio (expense as a percentage of revenue) has been stabilized at around 87; return on invested capital was 6½% in 1958; and earnings per share have risen steadily each year from $2.08 for 1953 to $3.17 for 1958. For the 12 months ended June 30, 1959 the figure was $3.28.

This upward trend may be slowed up somewhat for the calendar year 1959 due to an 8% wage increase which went into effect April 1, and the higher City Tax in gross revenues voted by the Board of Estimate. We expect, however, that 1959 will probably be the best year in company history and it doesn't take too much imagination to suggest that if per share earnings approach the $3.50 level, another increase in cash dividends is possible.

Now what about the stock for purchase today? It sells at around 54 which allows a 4% yield based on the $2.20 dividend. The stock sells at about 16½ times earnings which is not an exalted level for a utility equity of this quality. Moreover, there lies ahead a steady rise in the percentage of homes in the area that may use gas heat; improved air conditioners or gas refrigerators could expand demand; and in the future there's the bulging demand as Staten Island develops its sizable real estate acreage in response to improved transportation created by the new bridge.

The capitalization is made up of $84,244,000 in long term debt and 2,313,410 common shares listed on the New York Stock Exchange. The price range for 1958-59 has been between 34½ and 59½.

BU has a fairly heavy capital expenditure program. It spent $14 million on plant last year; will spend about $18 million on construction this year; and about the same amount in 1960 and 1961. Some financing will no doubt be required in the next 12 months to accommodate these outlays—possibly an issue of preferred stock since the company presently has none.

For those investors who have always been partial to utility equities, BU common today may appear quite interesting. The yield is satisfactory, the rising trend in earnings and dividends is quite pronounced, and the stock could easily earn $5 or more per share if all they say about Staten Island comes true.

Rosasco Asst. Sec. Of Baker, Simonds

DETROIT, Mich. — Victor P. Rosasco, Jr. on Aug. 13 will become Assistant Secretary of Baker, Simonds & Co., Inc., Buhl Bldg., members of the New York and Detroit Stock Exchanges.

The Role of Life Insurance in Achieving Our Economic Goals

By DR. NEIL H. JACOBY*

Dean, Graduate School of Business Administration
University of California, Los Angeles, Calif.
Former Member, Council of Economic Advisers to President Eisenhower

Dean Jacoby lists our three basic economic goals and the life insurance industry's tremendous contribution in supporting and furthering them. Don't be deluded, he advises, by those who argue the danger of inflation is exaggerated and that we should turn to more important things. It is Dr. Jacoby's opinion that inflation remains an ominous threat and he credits the insurance industry, one of inflation's first victims, for the recent favorable turn in the battle against inflation. The economist would leave to each firm the decision as to whether it should sell variable insurance, or not, and warns such policies should not be sold as a hedge against inflation but as a means of participating in United States Growth.

We should consider how the life insurance industry has served the fundamental economic aims of our people and how it may continue to serve them.

Neil H. Jacoby

We can be sure that the impacts of life insurance have been powerful. The industry now has in force over $500 billions of insurance protection, an amount equal to the entire flow of U. S. personal income—after taxes—for a year and a half. The ownership of this insurance is spread among more than 121 million Americans—70% of the population—including four out of every five families. The investments of the life companies amount to more than $107 billion, a figure equal to almost one-tenth of the national wealth of our country. Manifestly, an industry whose markets are so vast and whose assets are so huge cannot fail to exert strong influences upon the behavior of people and the nature of our economy. Think for a moment how deeply life insurance has affected our life, our family, our business! Then multiply these effects by 40 million, and these astronomical figures begin to take on meaning.

Let us examine the basic economic goals of our people and how life insurance has contributed to their fulfillment.

Three Basic U. S. Economic Goals

Out of the public discussion of recent years there has emerged a concensus that the United States has three primary economic goals, and that they are interdependent.

In the first place, our people seek a vigorous and reasonably steady rate of growth in percapita production and living standards.

Secondly, we aim to maintain a reasonably stable level of prices which will give us a dollar of dependable buying power.

Thirdly, we intend to have an economy with a large measure of individual freedom of action, based upon private enterprise and competition in open markets, and involving a minimum of intervention by government in the details of economic life.

These three goals — steady growth, a reliable dollar, and economic freedom—must continue to be the foundation stones of U. S. economic policy. They are also fundamental goals of most other countries outside the Communist bloc. They serve to bind the nations of the Free World together. So long as American policies and actions serve these ends, our country will stand as a powerful bastion of freedom against the hostility of international Communism.

There has been a vigorous debate over the consistency of our goals. Some have argued that efforts to maintain a stable price level impede economic progress, that gradual inflation is a necessary companion of rapid growth. Without exploring this complex question here I believe that most thoughtful Americans have come to this conclusion: If individual prices and movements of capital and labor are flexible, as a result of adequate competition in open markets and an absence of governmental interference, then the real growth of the U. S. economy is fostered by a dollar of stable value. Even a gradual inflation of the price level, once it becomes generally expected impedes real growth. It results in lessened saving, misdirected investment, speculation, looser management, and lower productivity. When people expect long-run stability in the price level, their behavior promotes the growth of production.

Of late, apologists of "creeping" inflation have said less about its inevitability or its desirability. Some of them argue, instead, that the danger of inflation is greatly exaggerated and the public should turn its attention to more important matters. Let us not be deluded. Inflation continues to be an ominous threat to the growth stability, power and international prestige of the United States. It must be prevented by an aroused and informed public which will support necessary anti-inflationary policies. Although we are achieving some success in the defense of the dollar, inflation should continue to command our earnest attention.

Let us now examine the role of the American life insurance industry as a promoter of economic growth.

Life Insurance As a Promoter of Economic Growth

The life insurance industry has fostered the growth of the U. S. economy by stimulating savings, especially among millions of Americans of modest means, and by mobilizing savings for investment in productive assets, homes, and community facilities.

We often forget that during the half century between the Civil War and World War I life insurance companies were our preeminent institutions for personal savings. In this era there were few other institutions in which the "little man" could place his savings with confidence. Let us recall that the commercial banking system then lacked stability, and there was no government insurance of bank deposits—U. S. savings bonds had not been born. There were no mutual funds to provide the small investor expert management and diversification of the risks of investment in stocks. Building and loan associations were few and far between. Private pension funds and profit-sharing plans were almost unknown. Governmental schemes of social security were as yet undreamed of. Apart from depositing his funds in one of the mutual savings banks on the Atlantic seaboard, the only way in which the average employed American could build an estate without great risk was the purchase of life insurance or annuities. During this era the life insurance industry performed a unique and pioneering role.

Today many types of institutions compete for the savings of people. Let life insurance companies continue to be an important agency of savings and the only savings institutions of national scope. Currently Americans are paying almost 4% of their collective incomes after taxes for life insurance, yielding the industry $11½ billion of premium income. Because the public draws benefits of about $6½ billions, the net flow of investment funds to the industry is almost $5 billions.

The life insurance industry now invests about one of every eight dollars of the annual long-term investment made in the U. S. economy. It accounts for about one of every three dollars of the capital funds supplied by all savings institutions.

These bare statistics—impressive in their size—fail to convey the tangible effects of life insurance investment upon our everyday lives. Every one of us has almost daily physical contact with the assets financed by life insurance. Since the end of World War II the life insurance companies have made $42 billion of home mortgage loans, helping perhaps 4¼ million families to acquire their own homes. We have seen life insurance investment dollars at work across the continent building housing projects, shopping centers, airports, mines, factories, power plants, airplanes, trucks, rail cars and pipelines.

The life insurance industry has responded to the new investment opportunities created by the increasing urbanization and industrialization of society, the rise of personal income and home ownership, and the huge growth of government. Over the past half century they have made striking changes in their investment portfolios. Fifty years ago some 34% of life insurance assets were railroad bonds, nearly 10% were farm mortgages, while holdings of government bonds were negligible. Today, public utility and industrial bonds far outweigh railroad bonds, home mortgages are many times farm mortgages, and government bonds form 9% of total assets.

We may conclude that the life insurance industry has been a major promoter of the economic growth of the United States. Had this great network of institutions not existed, the supply of savings would have been restricted, investment would have been curtailed, and the nation's progress would have been stunted.

Life Insurance As a Bulwark of Economic Freedom

Let us now inquire how life insurance companies have served the goal of economic freedom? They have done so, I suggest, by providing a foundation for enterprise and initiative by millions of persons, by expanding and stabilizing markets, and by promoting wider direct ownership of shares of common stock in American businesses.

Our life insurance companies are themselves private enterprises, performing functions that in most nations are performed in larger measure by government. Despite the growth of "social security" in the United States during the past generation, the provision of personal and family financial security remains the primary responsibility of private citizens and private institutions. Each American has wide freedom to choose the amount and the forms of his savings and investments. He is free to choose from among arrangements offered by many institutions competing for his patronage. This system is consistent with a free society. It calls upon each of us to acquire the knowledge, to make the decisions, and to take the responsibilities of free men and women. Life insurance companies have been an affective part of this free system.

Life insurance has formed an indispensable foundation stone of individual, risk-taking enterprise. It has provided a floor of security for millions of people upon which they have been able to place a ladder of opportunity. Through good times and bad, and even during the black days of the Great Depression, life insurance benefits were the only sure source of income for millions of families. Recently I chanced to meet a distinguished business man on a transcontinental air journey. He is now devoting his life to public service, after building a great enterprise. My friend told me that life insurance had been the foundation of his career. As a sickly boy he and his two sisters had been orphaned. He said "If we had not had the insurance benefits left by my father, I could never of completed my education and taken the long chances involved in founding my business. I would have remained a clerk in the local bank." In this instance —which could be multipled ten thousand-fold — life insurance made possible the birth of an important enterprise.

In an urban industrialized society the individual needs assurance that he will have the necessities of life under conditions of adversity, before he will take the risks of enterprise. To release the full energies of people, it is necessary to free them from the nagging anxieties of want that may come from old age, untimely death, disablement or joblessness. Life insurance has done much to make possible the founding of new businesses, the expansion of existing businesses, and the continuity of firms which have suffered the death of a partner or major executive.

The personal and family security provided by life insurance

Continued on page 41

*An address by Dr. Jacoby on the occasion of Equitable Life Assurance Society's Centennial Anniversary, New York City, July 28, 1959.

Dealer-Broker Investment Recommendations and Literature

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Banks and Trust Companies—Comparison of leading banks and trust companies of the United States as of June 30, 1959—New York Hanseatic Corporation, 120 Broadway, New York 6, New York.

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

Automotive and Related Industries—Review—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Olin Mathieson Chemical Corp.**

Case Against Double Taxation—Discussion in August issue of "The Exchange"—Exchange Magazine, 11 Wall Street, New York 5, N. Y.—Paper—20c per copy, $1.50 per year. Also in the same issue is a discussion of outlook for the **Boating Industry.**

Investment in the Future—Port of New York Authority and its Consolidated Bonds—Port of New York Authority, 111 Eighth Avenue, New York 11, N. Y.

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

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

New York City Bank Stocks—Quarterly report—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Comparison and analysis of 12 banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, New York.

Oil Stocks—Data on August issue of "Investment Letter"—Hayden, Stone & Co., 25 Broad Street, New York 5, N. Y. In the same issue are data on **Burndy Corp.** Also available are reports on **Saint-Gobain,** and **Kaman Aircraft Corp.**

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.

Philadelphia Bank Stocks — Comparison of 11 Philadelphia Bank Stocks—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Reflections on a Trip to Russia—Report—Bregman, Cummings & Co., 74 Trinity Place, New York 6, N. Y.

Suggested Issues—In current issue of Market Review—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Universal Oil Products** and **Universal Match Corp.,** and a comparison of 10 leading **Paper Companies.**

Western Pennsylvania Corporation — 7th edition of statistical data on 82 Western Pennsylvania corporations — Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

* * * *

A. C. F. Industries, Inc.—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y. Also available is an analysis of **Borden Company.**

All State Properties, Inc.—Review—Alkow & Co., Inc., 40 Exchange Place, New York 5, N. Y.

American Viscose — Report — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Thatcher Glass Manufacturing Company,** and **Columbian Carbon Company,** a list of investment suggestions, and a memorandum on **Continental Insurance Co.**

Beneficial Finance Co.—Analysis—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available are analyses of **Beckman Instruments Inc.** and **Minneapolis Moline Co.**

Berkshire Hathaway Inc.—Report—Georgeson & Co., 52 Wall Street, New York 5, N. Y.

Beryllium Corporation—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Boise Cascade Corporation—Report—Pacific Northwest Company, United Pacific Building, Seattle 4, Wash.

Brooklyn Union Gas Company—Review—First Boston Corporation, 15 Broad Street, New York 5, N. Y.

California Oregon Power Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available are reports on **Ceco Steel Products Corp.** and **Wisconsin Bankshares Corporation.**

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

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

Carwin Company—Analysis—Putnam & Co., 6 Central Row, Hartford 4, Conn.

Cenco Instruments—Report—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a report on **W. R. Grace & Co.**

Clute Corp.—Circular—Clark, Landstreet & Kirkpatrick, Inc. Life & Casualty Tower, Nashville 3, Tenn.

Continental Air Lines, Inc.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Detroit Harvester Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Dilbert's Quality Supermarkets Inc.—Analysis—R. G. Worth & Co., Inc., 160 Broadway, New York 38, N. Y.

Federated Corp. of Delaware—Analysis—L. D. Sherman & Co., 39 Broadway, New York 6, N. Y.

First National Stores—Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

First National Stores, Inc.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Ford Motor Company—Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Pennsylvania Railroad Co., Pullman Incorporated, Standard Packaging Corporation,** and **Transamerica Corporation.**

General Dynamics Corporation — Report — Hardy & Co., 30 Broad Street, New York 4, N. Y.

General Mills—Annual Report—General Mills, Public Relations Department, 9200 Wayzata Boulevard, Minneapolis 26, Minn.

H. J. Heinz Co.—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

H. J. Heinz Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Home Owners Life Insurance Co. — Memorandum — Roman & Johnson, 15 Southeast Third Avenue, Fort Lauderdale, Fla.

Information Systems, Inc.—Memorandum—Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

Interchemical Corp.—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Mercantile National Bank of Miami Beach — Memorandum—Atwill & Co., 605 Lincoln Road, Miami Beach, Fla.

National Cash Register Co.—Data—Steiner, Rouse & Company, 19 Rector Street, New York 6, N. Y. Also available are data on **Singer Manufacturing Co.**

Northeast Metals Industries, Inc.—Analysis—Pearson, Murphy & Co., Inc., 50 Broad Street, New York 4, N. Y.

Oklahoma Mississippi River Products Line, Inc.—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are analyses of the **Richardson Company** and the **Tappan Company,** and a memorandum on **California Packing Co.**

Pan American Sulphur Company—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Poly Industries, Inc. — Analysis — Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.

Rubbermaid Incorporated—Analysis—Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Skelly Oil—Review—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. In the same circular are discussions of **Cement Stocks** and **Ryder System.** Also available is a memorandum on **General Controls Co.**

U. S. Vitamin & Pharmaceutical Corporation — Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Wilson & Co., Inc.—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

NSTA Notes

ADDITIONAL REGISTRATIONS FOR NSTA CONVENTION

The following are registrations for the annual convention of the National Security Traders Association to be held at Boca Raton, Fla., Nov. 1 through 6, 1959. These have been received since forwarding:

*Samuel Weinberg	*S. Weinberg, Grossman & Co.*	New York, N. Y.
*Louis H. Serlen	*Josephthal & Co.*	New York, N. Y.
*Harry J. Peiser	*Ira Haupt & Co.*	New York, N. Y.
Albert A. Hewitt	*First California Co.*	San Francisco, Calif.
*Albert G. Woglom	*Clayton Securities Corp.*	Boston, Mass.
*W. J. Zimmerman	*Bingham, Walter & Hurry, Inc.*	Los Angeles, Calif.
Martin J. Long	*The First Cleveland Corp.*	Cleveland, Ohio
*E. S. Hydinger	*Carlson & Co., Inc.*	Birmingham, Ala.
*Don W. Miller	*Don W. Miller & Co.*	Detroit, Mich.
*Harold Shore	*Harold C. Shore & Co.*	New York, N. Y.
*Arthur T. Hamill	*W. E. Hutton & Co.*	New York, N. Y.
Samuel F. Colwell	*W. E. Hutton & Co.*	New York, N. Y.
*Irving Manney	*Manney & Company*	Dallas, Texas
*Robert D. Brearley	*Wood, Gundy & Co., Inc.*	New York, N. Y.
*Harry Simmons	*Simmons & Co.*	New York, N. Y.

*Mr. & Mrs.

Coming Events

IN INVESTMENT FIELD

Aug. 6-7, 1959 (Denver, Colo.)
Bond Club of Denver 25th anniversary dinner and field day to be held jointly with Denver Investment Bankers Association Group (dinner Aug. 6 at Petroleum Club; field day Aug. 7 at Columbine Country Club).

Aug. 9-21, 1959 (Charlottesville, Va.)
School of Consumer Banking, University of Virginia.

Aug. 14-15, 1959 (Detroit, Mich.)
Basis Club summer outing at St. Clair Inn and Country Club, St. Clair, Mich.

Aug. 19-20, 1959 (Des Moines, Iowa)
Iowa Investment Bankers Field Day at the Waionda Country Club.

Sept. 17-18, 1959 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual outing — cocktail and dinner party Thursday at Queen City Club; field day, Friday, Kenwood Country Club.

Sept. 23-25, 1959 (Milwaukee, Wis.)
National Association of Bank Women 37th annual convention 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. 20-23, 1959 (Hollywood-by-the-Sea, Fla.)
National Association of Supervisors of State Banks annual convention at The Diplomat Hotel.

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

Oct. 25-28, 1959 (Miami Beach, Fla.)
American Bankers Association Annual Convention.

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.

With Buckner & Co.

Edward P. Francis has become associated with Buckner & Co., 120 East 42nd Street, New York City, members of the New York Stock Exchange, where he will be primarily concerned with serving institutional accounts.

G. H. Conklin Joins Dean Witter & Co.

Dean Witter & Co., members of the New York Stock Exchange and other leading security and commodity exchanges, announced that G. Howard Conklin has joined the firm, in its office at 14 Wall Street, New York City, as Manager of the Industrial Research Department.

Mr. Conklin was Vice-President of Dana Investment Co., New York City, from 1954 until he joined Dean Witter & Co. Previously he was with the Research Department of Laurence M. Marks & Co. which was consolidated with Dean Witter & Co. as of July 1, 1959.

He has written a number of articles for *The Analysts Journal*, and is one of a group of authors who have written a book on investments, to be published in December by Harper & Bros. In addition, has has taught a graduate course in investments at Rutgers University.

Mr. Conklin is a member of The New York Society of Security Analysts; a member of that Society's Education Committee; a member of the Wall Street Forum; and a member of the Financial Forum.

His earlier business experience was with The Chase Manhattan Bank, and the Hugh W. Long Group of mutual funds.

Bingham & Sill With William Street Sales

Charles C. Bingham has been appointed senior regional representative for the Pacific Southwest area of William Street Sales, Inc., national underwriters for The One William Street Fund and Scudder Fund of Canada, it was announced by Dorsey Richardson, president of William Street Sales.

Mr. Bingham is a native of Los Angeles and has been active in the mutual fund business for a number of years on the Pacific Coast. Charles F. Sill, Jr., will be associated with Mr. Bingham in the representation of William Street Sales in the area. Messrs. Bingham and Sill will make their headquarters at 650 South Spring Street, Los Angeles.

With R. J. Steichen

MINNEAPOLIS, Minn.—Guy G. Baker is now with R. J. Steichen & Co., Baker Building.

Inflation Revisited?

By THOMAS G. GIES*
Associate Professor of Finance
The University of Michigan, Ann Arbor, Mich.

Michigan economist fears inflationary price rise and, thus, prescribes anti-inflationary measures after noting we have "on our hands a boom of record proportions" and that our "relatively small amount of slack or expansion room will disappear before the close of 1959." He opposes proposals to peg the par value of government bonds, favors restrictive monetary-credit policy, and calls for government spending cut unless greater expenditures are matched by increased taxes.

Regardless of the terms of settlement of the current steel negotiations, the U. S. economy will again suffer inflation fever before 1959 is over. The virtual stability of prices enjoyed during the past 15 months will be replaced by rising prices on everything from buttons to bulldozers.

Prof. Thomas Gies

Unless we display unprecedented courage in limiting government spending — state and local as well as Federal — and accept the inconvenience and restriction of tight credit policy, the record-breaking gains in demand now shaping up for the last six months of 1959 will push us well beyond the capacity of the American economy to turn out goods and services. The outcome of negotiations in the steel industry can more accurately be regarded as symbolizing the buoyancy of prices in all areas as market demands expand, rather than as a force which itself will determine which way the general price level will move.

The basic problem faced by the American economy in the next 12 months can be stated simply: How can spending plans of all major sectors of the economy be satisfied without resorting to the self-delusion of inflation?

Spending for industrial plant and equipment has increased much more sharply than most forecasters thought possible even six months ago. In the manufacturing area alone the advance has been more than 20%, or $2 billion, since the beginning of the year. Outlays for capital items are running at an estimated $33½ billion in the current quarter and spending plans already announced make it clear that capital demands of industry will move into still higher ground in the next 12 months. Inventory buying by business to rebuild shelf-stocks allowed to run off during the past recession is now well under way, but present ratios between stocks and fast-growing sales are still inadequate for many firms. In May, manufacturers' and distributors' inventories were $1.3 billion above year ago levels, but sales meanwhile had risen a whopping $8.8 billion. Thus the ratio of inventories to sales actually declined during the past year from 1.65 in May 1958 to 1.44 in May 1959, signifying that the appetite for added inventory is still present and growing. This means that demands on productive capacity generated by current sales will be supplemented by efforts of business firms to rebuild their own inventories during the next six months, particularly inventories of goods-in-process and finished product. The long-anticipated steel strike undoubtedly stimulated the build up of inventories during the first half of 1959, but even if the strike proves brief, today's extremely low inventory/sales ratio (1.44) provides assurance of extended inventory accumulation.

Meanwhile, the consumer who emerged as the hero of the recent recession by sustaining purchases of basic goods and services now threatens to swamp the market with a record-breaking buying spree — outdistancing anything previously seen in the postwar period.

Spending for residential housing has risen very rapidly in the past few months and at current rates 1959 can be expected to dwarf outlays for any previous years, even 1955 when residential construction totaled almost $19 billion. The concensus of money market opinion has it that mortgage credit restraints may very well hold the lid on any further gains in the rate of residential construction, but it remains a reasonable bet that there will be no significant declines in the near future.

Consumer spending on food and clothing has risen in all but three of the last 30 quarters (7½ years) while spending on services has risen without a break for more than 60 consecutive quarters (15 years). Nothing appears in the offing to damp further gains in this area of demand for the rest of 1959.

Most significant for assessment of price movements, however, is the undeniable evidence accumulating weekly of a new major spurt of spending for consumer durables. Outlays on autos and household equipment has already picked up dramatically from last year's lows, as factory employment and confidence of continuing paychecks have grown. Output of major consumer durables is now running a tremendous 40% ahead of last year and appears sure to top all previous records.

Expectations for still further rise in consumer spending is given strong support from the behavior of discretionary income — that portion of disposable income above such nonoptional items as food, clothing, and utility services. Discretionary income has risen from just over $100 billion in the first quarter of 1958 to nearly $110 billion this year, a new record level. In the past, spending for durable goods has followed the pattern of changes in discretionary income, and hence presently developing gains in this measure promise further sharp advances in durable goods sales. Such increases now seem likely to bring an annual spending rate on durables of $44-$45 billion by the final quarter of the year.

Against these signs of swiftly advancing demands, it is necessary to take stock of our capacity to increase output. The index of industrial production shows that we have already wiped out the late-1957 and early-1958 production declines and have attained a level fully 5% ahead of the prerecession peak. In terms of Gross National Product, present output exceeds the highest previous annual rate of output by more than $30 billion. This impressive growth represents a combination of sharply increased productivity (output per worker in manufacturing rose 8% between early 1958 and early 1959) and substantial gains in employment. Rising productivity has been a marked phenomenon of the past year, just as it was in the recovery periods '49-'50, and '53-'54. Significantly, however, productivity gains practically halted in the later stages of the two previous booms and it should not be assumed that further important gains in productivity will be forthcoming this year. Further, the big gains in employment seen during recent months have distinct limitations. Non-farm employment has risen by two million in the past year and in May alone, employment rose by more than 500,000. Such increases in employment and hence in real output are unlikely to be continued even through the summer, for the simple reason that the pool of unemployed labor is now approaching minimum levels. Although agreement is incomplete on the precise number of workers constituting "minimum unemployment," 4% is a widely accepted proportion. With a labor force of 69.4 million, this percentage is translated into about 2.8 million workers. It may be surprising to some to learn that we are presently within ½ million of that number and therefore in a very real sense closely approaching peacetime productive capacity.

Even this relatively small amount of slack or expansion room will disappear before the close of 1959, however, and with it will disappear the euphoric condition enjoyed during the past six months—vigorous business expansion, rising incomes, improving profits, and, most notable, a stable general price level. In contrast to the rock-bottom forecasts of three million unemployed made earlier this year, it is now conceded that unemployment may go as low as 2.5 million within six months.

If we seriously desire to postpone and control the assuredly approaching inflation, we must reshape the garment we are planning to fit the cloth which we have available. Otherwise, we shall end up with an "inflation coat"—empty pockets and no silver lining.

And the disability we shall suffer will not be for lack of medicine capable of overcoming our difficulty. Effective remedies are at our disposal; the only problem is learning to swallow the tonic.

First, we shall have to limit our total spending in those areas where we have direct control—namely, in the area of government expenditures. This inevitably means that favorite projects, projects very possibly with real merit, will have to be postponed. Ambitious highway construction programs, new airports, and other similarly worthy projects may have to wait. Alternatively, all such larger outlays now programmed or proposed for the fiscal year which began in July should be matched by increased tax collections, which in turn will force corresponding restriction in private spending. The discipline of rational fiscal policy is the most bitter and the most necessary of the anti-inflation remedies. It also is the one which unfortunately we have consistently declined to accept in the past.

Second, we shall be required to accept the inevitable results of today's restrictive monetary and credit policy. Some would-be users of credit will have to do without and necessarily those who do obtain credit, including the Treasury, will have to submit to higher interest costs. Demand for loans is following the same trend as in the boom year of 1955, when loan-financed spending touched off a two-year period of inflation. This year, moreover, banks report loan demands significantly greater than four years ago. It is clear from these reports that much of the recent increase in purchase of houses and durable consumer goods has been supported by loan growth. Business credit demands also have been gaining momentum in recent months and can be expected to expand rapidly in the last half of 1959 as inventories and accounts receivable financing require added funds.

In the face of clear indications that we have on our hands a boom of record proportions which threatens to bring with it a return to conditions of overemployment and inflation, we must carefully limit further bank credit growth. To insist at the same time that the Federal Reserve place a floor under the price of Treasury securities would inevitably dilute the effectiveness of a policy of credit restraint. Extensive purchase by the Federal Reserve of Treasury securities, as would be necessary to sustain their prices, would result in corresponding increases in bank reserves and multiple increases in bank credit. In present circumstances, this would seem utter folly and certain to make a mockery of any stabilization efforts.

*A statement by Prof. Gies before the University of Michigan, Ann Arbor, Mich., July 14, 1959.

A. D. Plamondon, Jr. In Hornblower, Weeks

CHICAGO, Illinois — Alfred D. Plamondon, Jr., has joined Hornblower & Weeks, 134 South La Salle St., in the corporate finance department and as a registered representative, it has been announced.

A. D. Plamondon, Jr.

Mr. Plamondon was formerly President and Treasurer of The Indiana Steel Products Company and more recently was a consultant for business. He is past Chairman and President of the Electronic Industries Association and is currently a director and member of various committees.

He is also a member of the American Institute of Electrical Engineers, American Society of Metals, Institute of Radio Engineers, and American Iron and Steel Institute.

Golkin, Bomback Co. To Be Formed in NYC

Golkin, Bomback & Co., a member of the New York Stock Exchange, will be formed as of Aug. 13 with offices at 25 Broad Street, New York City. Partners will be Saul Golkin, Milton J. Bomback, George J. Golkin, and James G. Burke, who will acquire a membership in the Exchange. Saul Golkin is a partner in Golkin & Co.

Lists Ninety-Nine Growth Areas in the Economy

The July-August issue of *Business Brief*, published bi-monthly by the Economic Research Department of the *Chase Manhattan Bank*, New York City, raises and answers the question, "what are the areas of growth in our economy?"

The Bank's current review points out that "a recent Department of Commerce survey helps provide the answer. It covers production of some 300 items for which physical volume data are available since 1929, or since the first year of production. Of these 300 products or services:

"One-third are *fast growing* with output increasing at an average annual rate of 7½% or more; that is, over twice as fast as the long-term growth rate for the economy as a whole.

"One-half are *moderately growing* with increases of less than 7½% per annum.

"One-sixth are products with *declining trends*.

"An inspection of the list of fast growing items shows that innovation is the key to rapid growth. More than half of the products with growth rates of 7½% per annum or more have been introduced since 1929.

"The postwar period has witnessed the introduction of scores of new products from television and air conditioners in the 1940's to tranquilizers, transistors and transatlantic jets in the 1950's. In addition, research and development combined with aggressive marketing have opened new markets for such products as aluminum and plywood.

"Growth rates typically are high in the early years of development of a successful new product and then drop as production expands. Many products go through a "life cycle" of: (1) rapid growth in the period when the product is securing universal adoption, (2) maturity in the period when growth is in line with the increase in population and consumer incomes, and (3) decline as some new product begins to take over the market. However, there is no one pattern of growth that is typical for all products.

Sustained Growth

"Chemicals and air transportation are examples of industries where high growth rates have been sustained for long periods. Research and development have played an important role in both cases.

"The growth of the chemicals industry has been marked by development of a wide variety of new products. A McGraw-Hill survey elicited the fact that two-thirds of the research and development expenditures of the chemical industry are on new products. By 1961, 14% of the industry's sales should be products not sold in 1957.

"Some chemical developments result in new products that generate entirely new markets. Polyethylene production, for example, has skyrocketed—output multiplied 460 times between 1948 and 1958. In many cases, new chemical products displace existing products. Thus, synthetic fibers have enjoyed rapid growth even though output of textile products as a whole has grown little faster than population. Synthetic detergents offer another case in point.

"Air transport, an industry of commercial significance for only 30 years, has grown through steady expansion and improvement of its service. Passenger miles flown have expanded at an average annual rate of 25% since 1929, while air freight and helicopter service, though of much smaller dimensions, are moving up rapidly. Jet aircraft are now opening a new era of growth.

Where Growth Has Slowed

"Uninterrupted growth is not a universal characteristic of fast growing products. A number of such products experienced a noticeable slowing of growth in the past few years. In some cases, the easing may be temporary; in others it may mark a transition to a permanently lower rate of advance. Here are two examples:

"*Room air conditioner* sales rose rapidly from 1948 to 1956 when peak volume of 1.8 million units was reached. Then output sagged in 1957 and 1958. With only 12% of all homes equipped with air conditioners, sales could again show rapid growth.

"*Black and white television* was the most rapidly accepted of any major consumer durable good. In the first 13 years of large-scale production, 89% of all homes were equipped with television sets. Output of 7½ million sets was reached in 1950 and not bettered again until 1955.

"Growth rates for fast growing products thus vary widely. The nature of the products and the market condition the shape of the trend line.

"The same is true for moderately-growing products. But here one finds that well-established products dominate the field and there is more of a tendency for the bulk of products to move ahead at a rate more or less in keeping with the trend of general business. Steel, cement, paper, automobiles and clothing are illustrative of major products whose growth trends are within striking distance of the economy's."

99 FAST GROWING PRODUCTS AND SERVICES

Average Annual Growth Rates — 1929-57 (or from first year production data are available)

40% AND OVER

Transistors
Titanium sponge
Power steering
Power brakes
Antibiotics
Television sets
Polyethylene
Styrene plastics and resins
Vitamins
Helicopters, nonmilitary
Rubber, synthetic
Butadiene
Detergents, synthetic

30% TO 40%

TV Broadcasting stations
Air ton-miles flown
Fibers, synthetic, except rayon
Dryers
Coffee makers, automatic
Argon
Air conditioners, room
Rubber or latex core mattresses
Melamine resins
Dehumidifiers
Tape recorders, home use
Carpets and rugs, tufted
Shavers
Pentaerythritol

20% TO 30%

Effervescent wines
Tractors, off-highway type
Polyvinyls resins
Picture tubes, sales
Jet fuels
Air revenue passenger-miles flown
Pick-up hay balers
Blankets, electric
Helium
Rayon and nylon tire cord
DDT
Lawn mowers, power
Ammonium sulfate, synthetic

15% TO 20%

Urea resins
Locomotives, diesel-electric
Xylene
Disposals, food
Automatic transmissions
Plastics and resin materials
Perchloroethylene
Distilled spirits
Paper milk containers
Magnesium
Trailer coaches, mobile home type
Skirts, separate
Frozen foods
Coumarone-indene and petroleum polymers
Plasticizers
Mixers, food
Methanol, synthetic
Canned fruit juices
Photographs, single
Ice-making machines
Phosphoric acid

10% TO 15%

Freezers
Phthalic-anhydride
Blouses
Acetic anhydride
Aircraft, civilian
Garden tractors
Fibre drums
Aviation gasoline
Sulfa drugs
Dishwashers
Formaldehyde
Phenol, natural and synthetic
Transparent film for packaging
Ammonia, synthetic anhydrous
Clocks
Repairs, household durables
Nitric acid
Chlorine gas
Motor truck transportation
Cellophane
Plywood
Aluminum
Water heaters, electric
Beer

7½% TO 10%

Still wines
Insulating board and hardboard
Acetylene
Oil burners, residential
Shipping sack paper
Oxygen
Glazed and unglazed wall and floor tile
Rayon and acetate
Calcium carbide
Distillate fuel oil
Ranges, electric
Pipelines, oil
Power sprayers and dusters
Hardwood doors

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Once again there is the hope that maybe we can get long with Russia, that cold war tensions will be relaxed. In Washington there is widespread hailing of the exchange of visits between Khrushchev and Eisenhower. On Capitol Hill there were a few dissenting voices, including that of Senator Capehart, Republican, of Indiana, He looks upon the exchange of visits with a baleful eye, cautioning the American people that we not walk into another trap.

Carlisle Bargeron

Quite possibly Khrushchev and Eisenhower may reach an agreement on Berlin. There is no telling how long it will last. Even as the visits were being announced Communist rebels were on the move in Laos.

Any agreement between the two men, aside from Berlin which will serve to postpone the crisis there, will not be worth the paper it is written on.

Russia has not kept a single one of the agreements we made with her, beginning with our recognition back in 1933. A part of that agreement was that Russia would undertake no Communist propaganda in this country. As Litvinoff, the then Russian foreign minister who negotiated the recognition, was leaving the White House he was asked by one of his entourage how about that promise. He has been widely reported to have replied to the effect that "we will pay no attention to it."

Regardless of whether he said this or not, the Russians did not keep the agreement and pretty soon Communists had come to infiltrate the whole Washington Government.

Notwithstanding this we wholeheartedly embraced the Russians as an ally in World War II and gave them $12 billion in lend lease.

At Yalta it was agreed that elections would be held as soon as possible in Hungary, Poland, Rumania, Czechoslovakia, and other satellite states.

Instead, Russia has proceeded to completely enslave them. After Yalta came Potsdam when Joe Stalin so impressed Harry Truman that the latter said: "I like old Joe."

However, the next move good old Joe made was to invade South Korea.

They are now trying to force us out of Berlin, whereas if it hadn't been for us Russia would not be there herself.

We have kept other and friendly dictators at arms length. Any suggestion that Franco of Spain, or Trujillo of the Dominican Republic, be invited to this country immediately raises an outcry of opposition. They will never be the dictators that Khrushchev is. They are dictators all right but they are friendly to this country. They play ball with the West.

Up until now it has been the Democrats who thought somehow, in some way they could get along with the Soviets. Now the Republicans are to take a hand at trying to get along with them.

However, the exchange of visits will likely receive universal approval. It will be highly popular in Great Britain; maybe not so popular in France and West Germany. If it does no more it will insure nothing will be done about Berlin until the conference between the two men is over.

But what about the Middle East? Is Khrushchev likely to promise that he will let up in that area. Right now he is a disturbing element in Iraq. He is also a disturbing element in our own hemisphere. The Communists have finally been run out or at least removed from positions of influence in Guatemala but there are nests of them in Cuba and Nicaragua and they are believed to have been behind the unrest in Panama.

The exchange of visits is directly attributable to Vice-President Nixon's visit to Russia. The reaction to his visit has been highly favorable in this country and it has undoubtedly added to his standing as a Presidential candidate.

Strangely enough Senator Capehart is the only avowed supporter Rockefeller has in the Senate.

Nixon is well nigh the unanimous choice of the party professionals. This is understandable. They feel that Nixon, liberal or conservative—and there is a question as to what he is—will be a Republican party man. They can look to him to play ball with the party.

They are uncertain about Rockefeller. In his gubernatorial campaign he didn't use the word Republican a single time. He ran as Rockefeller.

Zilka, Smither Co. Opens Seattle Branch

SEATTLE, Wash. — Zilka, Smither & Co., Inc has announced the opening of an office in the Logan Building under the management of C. Arnold Taylor.

With Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—David W. Thomas is now affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Planning to Automate—Why?

By JAMES L. GREEN*
Chairman of the Department and Professor of Economics
Graduate School of Business
Air Force Institute of Technology
Wright-Patterson Air Force Base, Ohio

Incentives responsible for decisions to automate or not to automate are outlined by the author who finds that labor cost, and even productivity in general or on the average, is not an adequate explanation for this move. Professor Green observes that automation does not significantly reduce overall labor costs or personnel requirement—rather it upgrades the labor force and has yet to be shown that it causes permanent technological unemployment.

Automation is rapidly replacing "operation research" and "econometrics" as the popular "buzz word" of the day. Business executives state that they consider automation as an integral facet of new investment, growth, and expansion. Everywhere — in the factory, office, retail trade, banking, warehousing, and distribution channels—automation is considered synonymous with efficiency. Exponents of automation contend its processes keep unit costs down and thus promote and enhance economic advantages to be gained. It is the source, variety, and nature of these economic advantages that we intend to explore in this discussion.

James L. Green

Automation and Mechanization

Many writers endeavor to differentiate, as a matter of distinct importance, between automation and mechanization. This difference, for our purposes, is immaterial and irrelevant to this presentation. We will lump recently developed technology — available and in use—into one category and call it technological capital investment. This follows from the above —that automation is considered by business executives as an integral facet of today's planned capital investment. The economic flavor of this analysis is summed up in the question many executives are asking themselves: "Will technological investment in automated equipment pay? And why and when do I automate?"

Traditionally, economists have postulated the thesis that employers add capital equipment to offset high or rising labor costs. We all recognize that labor, working with capital equipment, is more efficient and lower labor unit costs are attained. Through technological investment the marginal efficiency of labor is raised and the financial manager maintains balance between the ratio of marginal physical productivity of each type productive service used and the price of that service. Every dollar spent for each type productive service then tends to make a more precisely equal contribution toward attainment of the objectives of the business. Thus, effective utilization of labor is augmented through technological capital investment — modernized tools, equipment, machines, and facilities.

Does this reasoning follow, however, as an explanation for the present, rapid move toward the automatic factory, office, and warehouse? Discussion with executives and the evidence to date indicates the across-the-board answer is negative. Total wage bills following automation are reportedly hardly, if ever, significantly smaller. Overall savings from decreased wages expense are negligible. On the other hand, wage increases above and beyond increases in productivity necessitate the elimination of certain types of low level jobs whose marginal productivity has failed to keep pace with its increasing price. Thus the ratio between marginal physical productivity and factor price for this type productive service, is in current unbalance in relation to the other factors utilized in the productive process.

No Overall Labor Change

Typically, the firm through automation does not significantly reduce its overall labor costs or personnel requirements. A change in requirements, yes; but a lowering of requirements, no. Low level, routine tasks are usually assumed by machines and technological gadgets. Work involving transfer of partially completed items between machines or processes in sequence is eliminated through transfer from employees to automatic equipment. Much heavy work involving turning, lifting, pulling and shifting, is gone; routine work of counting, adding, measuring and computing is reduced; the employee's acumen replaces the strength in his back and the mechanistic activities involving in routine clerical type work. Routine physical and mental requirements are replaced by man's superior abilities—judgment, reasoning powers, flexibility, control, and the like. Newer and higher grade activities including planning, scheduling, programming, repair and maintenance are growing in number. The machine operator is becoming the machine attendant, a close observant of machine performance and on the alert to maintain mechanical functioning.

Certainly, the labor force is experiencing an upgrading, but not a significant reduction in size. (Some reports seem to imply differently in this regard, but as yet, no reliable source has precisely measured and proved the existence of significant permanent technological unemployment. Automation may be, and probably is, a factor contributing to the pool of unemployment at this time, but certainly automation is only one of many forces at work determining the level of employment and unemployment). And, if as generally reported, the total wages bill is rarely reduced, wherein lies the incentive for capital improvement through automation?

Incentives to Automate

(1) Improved utilization of employee knowledges and skills: Man is a poorly designed machine tool. His strength is limited, his frailties are many, and his personal motivation is crucial to attitude and productivity. Automation releases employees from menial tasks and frees them for higher level work more compatible with their true productive potential. New skills and knowledges required by employees in automated offices and factories assure the more effective utilization of human talents and an upgrading of personnel.

(2) Safety: Automation contributes to more safe working conditions. Iron hooks replace human hands and fingers. Result: fewer disabling accidents, lost hands and fingers. Also with machines doing the heavy work, less physical strain and fewer hernias and sprained backs occur.

(3) Faster Machine Pace: Unhampered by poorly coordinated, and sometimes lackadaisical, human functioning and attention, machine pace can be increased. Heretofore, transfer of materials from one machine or process to the next determined machine pace and utilization. Now, automatic transfer equipment coordinated carefully with feed and output rates do the job uniformly, regularly, and without delay. Faster, more efficient operation results.

(4) Quality: With few exceptions automation contributes to product quality. A more regularized uniformity and continuing adherence to the range of standards set into the machine by the attendant, results in a better quality product and a minimum of waste and rejects all along the line. It is true that automation requires a considerable degree of standardization and this seems completely appropriate as regards the major part of most products. Style and differentiated product characteristics are quite typically superficial to the basic product itself. Standardization and uniformity of "basic" product quality is in the consumer's best interest. The frills, being a superficial dressing and a relatively small part of total cost anyway, need not urgently be automated in the interest of either quality or efficiency.

(5) Improved Utilization of Capital: Closely allied with machine pace is the notably important factor of capital utilization. Automated machines and equipment require significantly large capital investment. The marginal efficiency of automated capital equipment is high, but notwithstanding, the utilization rate reported as necessary must be 80% or more of rated capacity if the technological investment installation is to pay. High utilization rates are assured with coordinated automatic transfer between processes, electronic control of pace and self-adjustment, and uniformly paced machine feeding. With automation, the entire line can be paced according to the capacity rate of the slowest machine in the sequence flow. If more speed is desired, elimination of this bottleneck is an engineering task, which even though difficult, is relatively simple when compared with the manager's problems of achieving the same improvement in pace through speeding up the worker's movements.

(6) Space Utilization: Space seems always to be a perennial problem and in short supply in schools, offices, and plants. Its effective utilization constitutes a major aspect of overhead costs. Automation requires less aisle space, less working bench or desk space, less worker area space, and machines in sequence can often be placed closer together thus shortening the line and perhaps, on occasion, allowing two lines where before there was one.

These, then, are among the incentives to automate. Utilization of labor skills is improved, skills of lower value with low marginal productivity are eliminated, and a shift to higher level personnel requirements, is apparent. Modernized technological investment has, we can hope, wiped out many dull, routine, low level jobs forever. Certainly, the improvement in the utilization of man's higher level skills and potential is to labor's long-run advantage. There will be painful adjustments for some, it is true, but rising material welfare standards are allied with rising productivity levels. Increasing productivity is equally significant to the firm and to the national economy. We can conclude that labor cost and productivity in general or on the average is not the incentive we are seeking to explain the move toward automation. However, at the margin in low level routine tasks, increasing wage rates outstripping productivity increases do provide a strong incentive which financial managers dare not ignore.

Raises Efficiency of Capital

In addition, the tempo of technological competition in both processes and products is becoming increasingly severe. The firm that fails to meet the automation challenge may find itself unable to cope with its competitors in the market place for the consumer's dollar. It may find its percentage of the market slipping. It may find it increasingly difficult to attract and keep high calibered and responsible employees. And, perhaps, a key to the incentives, is the ability to raise the marginal efficiency of capital through more effective utilization.

Technological capital investment is a means of maintaining the firm dynamic and the economy growing, of increasing real per capita income through improving productivity, of raising personnel requirements and employment levels, and of contributing to profit margins and GNP.

*Professor Green was formerly Economics and Financial Advisor to the Minister of Finance, Columbia, South America. He is [illegible] Associate of Griffenhagen & Associates.

A. J. Jacobs Named Governor of IBA

SAN FRANCISCO, Calif.—Alger J. Jacobs, Vice-President, Crocker-Anglo National Bank, San Francisco, has been elected governor of the Investment Bankers Association of America for a three year term beginning Dec. 3, 1959.

Alger J. Jacobs

Mr. Jacobs is currently Chairman of the California Group, IBA. He has been a Vice-President of Crocker-Anglo National Bank since 1951 and is in charge of the bank's investment portfolio.

In 1955, he was elected Secretary-Treasurer of the California Group, IBA, serving for two years. He was elected Vice-Chairman of the California Group in 1957 and Chairman in 1958.

He is also a member of the San Francisco Bond Club and past president, Municipal Bond Club of San Francisco.

With H. A. Riecke

PHILADELPHIA, Pa. — H. A. Riecke & Co., Incorporated, 1433 Walnut Street, members of the Philadelphia-Baltimore Stock Exchange, announce that Mrs. Benjamin F. Norwood has become associated with them as a registered representative. At the same time the firm announced that Adam E. Sobol, Jr. joined their statistical department.

Two With Brush, Slocumb

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Allen H. Armstrong and Richard McCart have joined the staff of Brush, Slocumb & Co., Inc., 465 California St., members of the New York and Pacific Coast Stock Exchanges.

Joins F. I. du Pont

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Donald Mitchell has become connected with Francis I. du Pont & Co., 317 Montgomery St.

Elworthy Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — John [illegible] Dalton is now affiliated with Elworthy & Co., 111 Sutter St.

Re-Examining the Practice of Favoring Top Rated Municipals

By RICHARD A. WESTCOTT
Bond Department, The First National Bank of Chicago
Chicago, Ill.

Inflation-induced rediscovery that credit ratings do not measure all that should be measured in judging the worthwhileness of an issue is documented by Mr. Westcott's analysis of state and municipal bond price movements. The Chicago bank municipal specialist shows that lower credit standing municipals offer less of a liquidating loss than do top rated issues during bond price depreciation periods and, thus, should be included in the bond portfolio.

A study of the Moody's municipal bond average yield series for the years 1951 through 1958 confirms that the range of yield fluctuations, and contrariwise the dollar market prices, of higher grade municipal obligations has been greater than that experienced by issues of lower credit standing. Logical reasons exist to account for what at first glance would appear to be a disparate movement in the yields and prices of differently rated issues of municipal securities. The average investor, it is felt, is of the opinion that the risk of loss incurred in the ownership of fixed-return obligations carrying the higher credit ratings as assigned by the rating agencies is less than in the case of lower rated issues. In part, this conclusion is correct for in assigning ratings the objective is to measure as carefully as possible the likelihood that interest on an issue will be paid as it becomes due and that it will be retired at maturity.


Richard Westcott

Interest Rate Risk

However, in recent years investors have discovered (or re-discovered to put it more correctly) that the risk of loss by virtue of a failure to pay interest when due or repay principal is but one of the risks an investor in fixed-return obligations must assume. When he witnesses a more rapid decline in the price of his "gilt-edged" municipal bond holdings in comparison to other less highly regarded issues (in terms of credit rating) in response to a rise in interest rates, he quickly recognizes the "interest rate risk" he must of necessity bear. It would seem, therefore, that every investor, individual and institution alike, must consider not only the likelihood of non-payment of interest and principal but also the chances that he will find it necessary to liquidate his holdings during a period of higher interest rates and depressed market prices of outstanding, lower coupon obligations. It is felt this latter risk has particular pertinence for commercial banks and should be weighed carefully in planning the general investment criteria to be adhered to in the administration of a bank's municipal bond portfolio.

The conclusion reached regarding the relative risks of ownership of differently rated municipal bonds is based upon a comparison of yield changes on obligations carrying credit ratings of AAA, AA, A and BAA as assigned by Moody's Investors Service. Beginning in 1951 (the year of the Treasury-Federal Reserve "accord" following World War II and usually considered marking the commencement of a free money market with interest rates directly influenced by credit supply and demand forces) and ending in December 1958, the percentage point yield change between the successive high and low yield points reached during the period by each of the four rating classes of bonds was computed. The average range of yield fluctuation was as follows:

Credit Rating	Range
AAA	59.8
AA	68.2
A	68.0
BAA	66.0

The analysis indicates that the average yield change on all bonds used in the preparation of the averages was slightly in excess of one-half per cent *regardless of the credit rating they bore.* When compared with the average yield at which each of the four groups of differently rated bonds could have been purchased during the eight-year period it becomes clear that the range of yield change was less in the case of municipals carrying the lower credit ratings:

Credit Rating	Average Yield 1951-1958	Average Yield Fluctuation %
AAA	2.33	25.7
AA	2.54	26.9
A	2.89	23.5
BAA	3.32	19.9

While the percentage range of yield fluctuation on BAA as compared with AAA rated municipal obligations was not substantially less, still the factor of "interest rate" risk bore more heavily on the higher rated issues.

Prosperity Enhances Their Value

The reasons for the greater price stability displayed by municipal issues with the lower credit ratings are not difficult to find. In the case of issues rated AAA the likelihood of non-payment of interest or principal when due is, practically speaking, absent and as a consequence only changes in the level of interest rates bear upon the market price of these obligations while they are outstanding . . . as interest rates rise market prices are depressed and as rates fall market appreciation should occur. However, outstanding bonds of a lower credit standing feel not only the influence of changes in interest rates but also changes in general economic conditions, influences that tend to work in opposite directions in determining the market levels at which the bonds are traded. As business conditions improve and incomes rise, investors view more optimistically the prospects of bond interest and principal being paid when due and as a result are willing to assume greater risks as measured in terms of the credit ratings on debt obligations acceptable to them. This has the tendency of offsetting in part market price declines occurring due to rising interest rates which generally accompany expanding business activity. The opposite circumstances exist, of course, during periods of recession. Such periods in recent years have been characterized by substantial declines in interest rates as a result of Federal Reserve intervention in the market to ease credit and thus attempt to stimulate recovery. Lower interest rates stemming from easier credit conditions have acted to cancel out a part of any price decline (and rise in yields) in lower rated municipals outstanding resulting from more conservative investment policies on the part of municipal buyers and a reluctance to invest in other than higher rated issues. The fact that prime quality issues are, so to speak, "above" the dangers of non-payment of interest and principal removes the influence of changing investor acceptance of such obligations and thus leaves them subject to the full swing of price changes resulting from changing interest rates.

It is recognized, of course, that in the event of serious depression accompanied by loss of investor confidence the market for issues of lower credit standing would be little helped by declining interest rates. The panic liquidations of the 30s are not likely to recur, however, which were, for the most part, responsible for the severely depressed bond markets existing at that time (and in spite of the fact that interest and principal losses on state and municipal issues were extremely infrequent during the depression years).

Corporate Bond Experience

In the May issue of the "Journal of Finance"[1] a detailed study of market price movements of industrial bonds was presented. It was demonstrated that swings in business activity have worked effectively to lessen the price fluctuations of lower grade debt obligations. Here, of course, improving business usually shows up promptly in improved earnings coverage of interest and sinking fund requirements. This enhanced credit standing appears to have directly influenced market price and served to offset, at least in part, the impact of higher interest rates.

Any appraisal of the seriousness of municipal bond price fluctuations owing to interest rate movements must take into consideration the likelihood of forced sale during periods of depressed market conditions. If an investor feels confident he will be able to retain his investments until they mature, and that he will wish to do so, then little consideration need be given to interest rate risk. However, if this is not the case an attempt must be made to minimize such risks in addition to limiting the danger of interest and principal non-payment.

Commercial Bank Policy

It is felt that commercial banks in particular should pay close attention to the problems of market price fluctuations in planning their municipal investment portfolios and might find it wise to weigh their holdings less heavily with issues carrying top credit ratings. Periods of expanding business and personal credit demands will generally bring in their wake rising interest rates and, of course, declining bond prices. In recent years many banks have found that to meet the borrowing needs of their customers has at times necessitated unanticipated liquidation of bond portfolio holdings at substantial losses. The establishment of valuation reserves out of a sometimes limited bank capitalization in order to offset price depreciation in bond holdings has also become a far from occasional requirement. If even a small measure of protection against market price depreciation of municipal investment holdings can be obtained through increased commitments in issues carrying lower credit ratings, then banks which have adhered to what was felt to be an ultra-conservative investment policy by purchasing only issues carrying top ratings might be well advised to re-examine this practice.

[1] John C. Clendenin, "Price-Level Variations and The Tenets of High-Grade Investment".

Burger to Be V.-P. Of J. S. Barr & Co.

ITHACA, N. Y. — Warren W. Burger on Aug. 13 will become Vice-President of J. S. Barr & Co., Inc., Savings Bank Building.

York Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph T. Wootton has been added to the staff of York Co., 235 Montgomery Street, members of the Pacific Coast Stock Exchange. He was formerly with First California Company.

With L. A. Huey Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William S. Malloy has become connected with L. A. Huey Co., First National Bank Building.

Whitehead Heads Div. In Sister Kenny Appeal

Louis H. Whitehead, of Nye & Whitehead, investment advisors and members of the New York Stock Exchange, veteran of several Sister Elizabeth Kenny Foundation fund appeals, has joined again for 1959 and will direct the Mutual Funds Division. Announcement was made by General Chairman Charles A. Wyman, Vice-President of the Pantasote Company. Goal of Commerce and Industry for Greater New York in the Kenny appeal is $250,000 toward the over-all Eastern Area figure of $542,000. The appeal will be held from August through September 30. The Kenny Foundation provides treatment and rehabilitation for crippling disabilities, including polio.


Louis H. Whitehead

Chappelle Opens Branch

TUSCALOOSA, Ala. — Frank Chappelle & Co. has opened a branch office at 2008 Tenth St. under the management of Robert D. Winch.

W. G. Nielsen Branch

GLENDALE, Calif. — W. G. Nielsen Co. has opened a branch office at 801 A Brand Boulevard under the direction of Lawrence T. Montmeny.

Stern Bros. Add

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Charles L. Betzelberger has been added to the staff of Stern Brothers & Co., Insurance Building.

Joins Gage-Wiley

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Joseph G. Barry has joined the staff of Gage-Wiley, Inc. Third National Bank Building.

Railroad Securities

Denver & Rio Grande Western

Earnings of Denver & Rio Grande Western continue to expand. The road has been able to attract new industries to its service area and this has broadened its traffic base. Currently, it is being hurt by the steel strike since it serves steel mills and coal mines which supply the mills.

The Rio Grande operate mainly in Colorado and Utah and serves as the important middle link on a vital transcontinental route. Approximately one-third of total freight tonnage is bridge-line, neither originating nor terminating on the road's own line and with a fairly long average haul, this freight traffic accounts for a large volume of total freight revenues. Connections are made with both the Southern Pacific and Western Pacific at the Western terminal and with Chicago, Burlington & Quincy; Chicago, Rock Island & Pacific, and Missouri Pacific at the East.

The carrier's revenue trend in recent years has been better than the average of the industry. Revenues in 1958 were 120% of the 1947-1949 average as compared with 107% for the industry as a whole. Large shipments during the Korean conflict lifted carloadings during the period from 1951 to 1953 but, despite the loss of this traffic, revenues reached a new high in 1957 and a continuation of this uptrend is anticipated.

The railroad's territory is well situated with respect to raw materials which could bring about further industrialization. It has supplies of coal, flaxing stone and other materials necessary for the production of steel. It is believed that steel producers will continue to move closer to consuming districts and the road stands to benefit further from the expansion of steel production and related products.

This system's good showing in recent years indicates the advantage of a bridge line with a balanced flow of traffic and a high percentage of loaded car movements. In addition, expenses are under good control with past heavy capital expenditures for property rehabilitation already accomplished. Another factor in Rio Grande's favor is the fact that passenger revenues account for only 4% of gross revenues, and while it is conducted at a loss on a direct cost basis, this deficit from operations amounted to only $1,018,000 or about 4.6% of direct pre-tax freight net railway operating income.

Revenues in the first five months of this year gained 10.3% over those of the like 1958 period. Operating expenses during the same months rose 8.2%, with both maintenance and transportation costs higher, due mainly to higher wage rates. Final net income was up, however, 13.7% and earnings were equal to 55 cents a common share as compared with 49 cents a share in the corresponding 1958 months. It is estimated that if the steel strike is not prolonged that the road this year could show earnings of around $1.90 a share as compared with $1.65 a share reported for 1958.

Rio Grande continues in a strong financial condition. On May 31 last, cash and cash items amounted to $29,890,000 and current liabilities were $21,278,000. Net working capital on that date aggregated $25,487,000, up substantially from the $19,441,000 reported on the like date last year. Capital outlays this year are expected to approximate the $6,000,000 of 1958, with equipment purchases curtailed. It is estimated that depreciation charges this year will exceed equipment trust maturities and sinking fund requirements by about $1,300,000.

Faulkner, Dawkins & Sullivan Opens

Faulkner, Dawkins & Sullivan, members of the New York Stock Exchange, has been formed with offices at 51 Broad Street, New York City. General Partners are Dwight F. Faulkner, Richard B. Dawkins, Albert H. Faber, Jr., John F. Sullivan and John C. Dawkins.

Associated with the firm as senior analysts are Robert P. Colin, Robert W. Farrell and Robert F. Hague. Richard H. Marshall is in charge of institutional sales; Harold L. Johnson is office manager, Emeroy Y. Morse, consultant, and Robert H. Smith, manager of the trading department.

H. A. Hobson Joins Delaware Funds

PHILADELPHIA, Pa.—The appointment of Harold A. Hobson, Jr. as a midwestern representative for Delaware Fund and Delaware Income Fund has been announced by W. Linton Nelson, President of Delaware Distributors, Inc., the Funds' national distributing organization.

Harold A. Hobson, Jr.

Mr. Hobson was formerly associated in an analytical and sales capacity with the investment banking firm of Hornblower & Weeks in their Chicago office.

In this new Delaware post, he will continue to work out of that city where he also makes his home.

P. T. Kavanaugh With First California

SAN FRANCISCO, Calif.—Patrick T. Kavanaugh has been appointed manager of First California Company's ground floor office at 441 California Street, San Francisco.

Mr. Kavanaugh formerly was president of Eastland, Douglass & Co., San Francisco investment firm. He has been engaged in the securities business here since 1927, except for four years of service in the U. S. Marine Corps during World War II.

James W. Glanville Joins Lehman Brothers

Lehman Brothers 1 William St., members of the New York Stock Exchange, have announced that James W. Glanville, petroleum engineer has become associated with the firm. From 1948 to 1959 he was Division Reservoir Engineer with Humble Oil and Refining Co. and previously was with Texaco, Inc., as a petroleum engineer.

A member of the American Institute of Mining, Metallurgical and Petroleum Engineers and the American Petroleum Institute, Mr. Glanville is the author of publications on Hydrocarbon Behavior, Reservoir Engineering, and Economics of the Oil Industry.

Public Utility Securities

BY OWEN ELY

California Water & Telephone Company

California Water & Telephone, with annual revenues of $22 million, supplies water and telephone service in various areas of southern California, telephone comprising about 76% of gross and water 24%. Telephone service is furnished to portions of Los Angeles, San Bernardino and Riverside Counties, including about 2,400 square miles and a population of over 225,000. The company has served the fast-growing Palm Springs area since the early 1930s; the number of telephones in the city has more than tripled in the past decade. Portions of Los Angeles and Pasadena are also served. Water is supplied to a population of 225,000 in the Monterey Peninsula area, to a part of Los Angeles County and to the San Diego Bay area. These systems are not interconnected.

While the company was incorporated in 1926 under another name, a large number of utility companies were acquired in 1935; these were subsequently dissolved so that properties are now owned in fee. Western Utilities Corp. has working control of the company through ownership of 11% of the common stock, C. H. Loveland being President of both companies.

The company does not follow a policy of "selling out" to municipalities or other local agencies. The 1958 report to stockholders stated:

"A Municipal Water District has been formed on the Monterey Peninsula for the purpose of investigating the feasibility of public ownership and operation of the water systems serving the area. We have advised the District, as we have other public agencies, that have considered requisition of certain of our water properties, that we are an operating utility and our properties are not for sale. However, we must recognize the public's right of eminent domain and the possibility that condemnation proceedings may some day be instituted." In June the San Diego City Council ordered preparation steps for acquisition of the company's water facilities in south San Diego Bay area.

The company has enjoyed very rapid growth, with revenues increasing from $4 million in 1948 to around $22 million currently; during the same period net income increased from $530,000 to $3,420,000. However, share earnings gained at a slower pace, increasing from $1.32 in 1948 to $1.79 in 1958. The increase would have been greater had not the company followed a policy of increasing the equity ratio. Capitalization ratios have improved since 1949 as indicated below:

	—Millions—		—Percent—	
	1958	1949	1958	1949
Long-Term Debt	$37.8	$13.2	46%	60%
Preferred Stock	*13.3	4.0	16	18
Common Stock Equity	31.7	4.8	38	22
Total	$82.8	$22.0	100%	100%

*About 40% of the preferred stock is convertible.

Construction expenditures for 1958 totaled $11.4 million and about $12 million is projected for 1959, of which $10.5 million will be for the telephone division and $1.5 million for the water divisions. The 1958 construction program was financed by the sale of 200,000 shares of convertible preferred stock and $6 million first mortgage bonds, plus internal cash.

In earlier years the percentage earned on invested capital was inadequate: only 4.2% was earned in 1948 and 4.8% in 1952. In the following year a sharp increase to 6.1% occurred, but in later years the percentages ranged between 5.1 and 5.8%. However, recent increases may raise the rate moderately. The Public Utilities Commission in 1958 allowed an increase of $148,000 in the San Gabriel Valley Water division. The telephone division obtained about $1 million additional revenue from an increase in message unit rate schedules, effective earlier in the year. Another telephone increase of $750,000 a year became effective in February 1959 and was later upheld by the U. S. Supreme Court which rejected appeals by Los Angeles and Long Beach.

As a result of an increase in the number of system telephones of about 9% and a gain in the number of water customers of 5%, together with the rate increases described above, revenues increased 22% last year.

California Water & Telephone has been quoted recently around 27 in the over-counter market, yielding about 4.4% based on the $1.20 dividend rate. Dividends have been paid continuously since 1936, the present payout ratio being about 67%. For the 12 months ended March 31, share earnings were $1.80, an increase of 31% over the previous 12 months, and the company has estimated earnings for the calendar year 1959 at $1.75 to $1.80 on an average of 1,658,000 shares. Using the figure of $1.80, the current price-earnings ratio would be 15, a comparatively modest figure as compared with utility stocks generally.

FHL Banks Sell Notes

Public offering of $247,000,000 principal amount of Federal Home Loan Banks 4.65% consolidated notes dated Aug. 17, 1959 and due April 15, 1960 was made on Aug. 4 by the Federal Home Loan Board through Everett Smith, fiscal agent of the Banks, and a nationwide group of security dealers. The notes are priced at 100%.

Part of the proceeds will be used to redeem $222,000,000 notes maturing on Aug. 17. The balance of the proceeds will be used to provide additional funds to member institutions of the Home Loan Bank System to meet demand for mortgage money.

Upon completion of the financing and retirement of the notes maturing on Aug. 17, outstanding indebtedness of the Home Loan Banks will amount to $1,317,480,000.

Two With Morgan

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Launce B. Millar and Lawrence R. Rice are now affiliated with Morgan & Co., 634 South Spring St. members of the Pacific Coast Stock Exchange.

Common Market's Significance To the American Economy

By GEORGE W. BALL*

Cleary, Gottlieb, Friendly & Ball, Washington, D. C.

Experienced in recent European developments, Mr. Ball offers his own private views on the European Common Market's significance to rebut charge that U. S. industry's exports will suffer and other contentions made as to ECM's repercussions on our economy. Moreover, he predicts: (1) end of 1962 trade will be more liberal than when the countries were individual nations; (2) the liberalization trend will continue; (3) beckoning opportunities, and not the danger of staying out, has been the prime motivation for investment-flow there which will be exceeded in a second wave two to four years hence; and (4) "Outer Seven" opposition to ECM may hurt the members as they are by-passed by investment growth. Mr. Ball calls for our leadership to prevent divisive consequences in Europe, and proposes U. S., Canadian, ECM and "Outer Seven" cooperative measures which would leave to GATT the implementation details within a multilateral system.

I shall leave to the economists the major burden of discussing the economic significance of the European Common Market to America. I believe I can contribute most effectively to the studies of this Committee by trying to put the Common Market in a political perspective and by suggesting some considerations other than economic that should be given weight in an appraisal of the benefits and dangers of the Common Market to the United States.

George W. Ball

The point I wish first to emphasize is that the Common Market is political in purpose. Its economic objectives, while important, are nonetheless secondary. The gifted and dedicated men who were responsible for the Treaty of Rome, which serves the Common Market both as a constitution and a code of laws, were inspired by the desire to make progress toward political integration—ultimately toward European federation. For them economic integration was the means to a political end.

One can say categorically that without this political end there would be no Common Market. The Six Nations which have joined in the Treaty of Rome would never have entered into such a revolutionary readjustment of their trade policies if the Treaty had contained no fundamental political content, if it had been merely a free trade area or a customs union.

Political Content of the Common Market

The political character of the Common Market becomes apparent when one examines the Treaty of Rome. Under its provisions the member states, over a transition period of 12 to 15 years, will eliminate not only tariffs but all other barriers to the free movement of goods, services, labor and capital throughout the Economic Community. But the Treaty recognizes that complete mobility of these factors of production can be achieved only with a substantial measure of integration, including the development of common economic policies.

For example, the member nations of the Community agree—

(1) To work towards a common fiscal and monetary policy, and to provide mutual aid in the event a member country encounters balance of payments difficulties;

(2) To take measures to equalize the conditions of labor at an increasingly high level and to apply the principle of equal pay for equal work by men and women;

(3) To establish common rules and regulations governing cartels and monopolies;

(4) To adopt a common agricultural policy; and

(5) To undertake a common commercial policy—according to a precise timetable and with specific goals—including a common tariff governing imports from the rest of the world.

The Treaty establishes a European Investment Bank to supply capital for modernization, the improvement of production, and development of the retarded areas of the Community. It provides a Social Fund to relieve the hardships to workers from the temporary disruptions implicit in trade liberalization. It provides also for the permanent linkage to the Common Market of those overseas territories especially tied to one or another of the member states, unless those territories decide otherwise, and establishes a Development Fund for those territories.

One can say, in other words, that the Treaty contemplates not only a pooling of resources but a pooling of policies for the Six Nations acting as a unit. Those policies cover a wide spectrum of governmental decision.

Institutions of the Community

But the essential political character of the Community is most evident from the institutions created to oversee the development of common policies and to administer the Treaty. Those institutions, which reflect the familiar tripartite division of powers, hopefully represent to many Europeans the evolutionary institutions of a Federal Europe.

The **executive power** of the government of the Community is shared by a Commission and a Council of Ministers.

The Commission, which has the day-to-day responsibility for the administration of the Community, is composed of "Europeans"—men appointed for fixed terms who are required by the Treaty to act for the Community as a whole and not to seek or accept instructions from any national state.

The Council of Ministers, which must concur in many of the decisions of the Commission, consists of ministers representing the governments of the member states. During the early part of the transition period the Council of Ministers may act only by unanimity; as the transition period progresses, it may make many of its decisions by majority vote.

The **judicial power** is vested in a Court, which serves as the supreme judicial body with final jurisdiction to decide all legal controversies arising under the Treaty. It may hand down decisions binding not only on enterprises but even on member states.

The Court is building up a body of decisional law which will constitute a kind of European jurisprudence. It now has on its docket over 60 pending cases.

The **parliamentary power** is vested in an Assembly. For the time being members of the Assembly are elected by the parliaments of the national states from among their own members. The Commission, however, has been entrusted by the Treaty with the task of developing a plan for the direct election of the Assembly by the peoples of the member states.

The Assembly has many of the attributes of a European parliament. While it does not have the power to pass legislation, it regularly reviews the work of the Commission and by vote of censure can require the resignation of the Commission as a body. It is significant that in the Assembly the seating is by party groupings and not by national delegations.

The Court and the Assembly serve not only the European Economc Community but also the two other Communities which have been established by the six member nations — the European Coal and Steel Community and the European Atomic Energy Commission.

The drafters of the Treaty of Rome approached political integration through economic means. Being pragmatic men, they felt that by integrating the economies of the six member states through the creation of a vast market of 170 million people — about the same as the population of the United States — they could not only give momentum to drive toward federation but create conditions in which solutions along Federal lines were compelled by an inexorable logic.

Repercussions on the American Economy

For a group of the greatest industrial and trading nations of the world to commit themselves to an undertaking of such dimensions must necessarily have repercussions outside the Community itself. Certainly it will have consequences for American business and the American economy—and, as I shall point out later, for American foreign policy as well.

While, as I have said, I am diffident about intruding in the esoteric area of economic prediction, I would like to put forward some suggestions based on random and unsystematic observations. During the past year and a half, I have talked with literally hundreds of businessmen and government officials both in the United States and the Common Market nations, and from these discussions I have formed certain impressions which may be of use to the Joint Economic Committee.

It is a truism, I suppose, that new developments tend to invite patterns of reaction that in a short time acquire a validity of their own. In approaching the Common Market and in assessing its significance for America, there is the temptation to accept the observations of the first men who happened to have addressed themselves to this question.

It has, for example, become fashionable, particularly in business circles, to assume that American industry will be at a hopeless disadvantage in exporting to the Common Market.

The argument is that when the internal tariff—by which I mean the tariff applicable to the movement of goods across national boundaries within the Community—is reduced to zero by the end of the transition period, producers outside the Common Market will be faced with an insuperable obstacle in selling goods over the common external tariff.

The Extent of Trade Disadvantage

I believe that there has been too much concern in America over the alleged disadvantage that will be suffered by American producers. In some instances concentration on this aspect of the Common Market has led to inadequate and inaccurate analysis. There are several reasons for this conclusion.

First, while the common external tariff will be higher than the progressively diminishing internal tariff faced by producers within the member countries, in its net effect it will be no higher than the tariffs which American producers now face in selling in the Community countries. The Common Market complies with the provisions of GATT, which requires that in establishing a customs union the external tariff cannot be more restrictive in effect than the tariffs of the individual countries comprising that customs union.

Second, even this tariff level cannot be taken as fixed. The external tariff is subject to negotiation. What is now called in Europe the Dillon proposal for tariff negotiations under GATT will begin in the Fall of 1960. These negotiations, as you know, will be undertaken under the authority granted the President by the Trade Agreements Extension Act of 1958, which was designed quite explicitly as a mechanism for reducing the external tariff of the Common Market.

The willingness of our Government to employ the machinery of trade agreement negotiations without hobbling itself by an undue preoccupation with peril points and escape clauses— in the long run perhaps, the extent to which the Congress permits it to do so—will be critical in determining the character of the external tariff of the Common Market.

I cannot emphasize this point too much.

Third, I am convinced that in trade policy the basic thrust of the Common Market must inevitably be liberal. The commitment to a liberal policy is made explicit by the Treaty. This commitment is happily in accord with the views, as I have observed them, of the officials who have the responsibility for the administration of the Common Market.

Most important of all, the Common Market will be compelled to follow a liberal policy out of economic necessity, since the Community as a whole is dependent to a very high degree on world trade—to a far greater degree, as a matter of fact, than is the United States.

My **fourth** reason for minimizing the trade disadvantage to American producers is that I would expect to see the progressive enlargement and ultimate elimination of quantitative restrictions with respect to external trade. Since the War quantitative restrictions have been more formidable impediments to trade than tariffs.

Just as in the case of tariffs, the commitments under GATT will govern the regime of quotas that may be applied against outside trade; and the GATT rules call for the limited use of such quotas, principally in case of balance of payments difficulties. There have recently been important moves toward the liberal-

Continued on page 16

*Based on a statement by Mr. Ball to the Joint Economic Committee, Washington, D. C.

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Common Market's Significance To the American Economy

ization of quotas on dollar imports in line with the improved exchange position of individual member countries. If present trends continue I am sure we shall see more such moves in the near future.

On the basis of these observations, I think it can be said with some confidence that through the first stage of the transition of the Common Market which ends in 1962, the commercial policy of the Common Market will be more liberal than the commercial policies of the individual countries before the Common Market came into existence.

While long-range predictions are hazardous, I see every reason why this trend toward liberalization should continue into the future. If, as may be expected, the economies of the Six are strengthened by the Common Market, their ability to undertake further liberalization measures will be equally strengthened. At the same time, pressures for protectionism should diminish; as European firms reorganize their production to respond to the intensified competition of the Common Market, they will acquire the ability and confidence to face competition from the rest of the world.

Given the continuance of favorable world economic conditions, the Common Market countries should have no need to resort to import quotas for balance of payments reasons. The internal forces within the Common Market inducing the improvement of fiscal and monetary policies support this view. For example, certain of the recent fiscal and monetary reforms of Community governments directed at improving their foreign exchange position have been inspired by the need to face the new realities of the Common Market.

United States Investment in the Common Market

So far the most spectacular effect on American business associated with the Common Market has been an acceleration of direct investment in the Community by American firms. This export of American capital and know-how is frequently explained on the ground that American companies are seeking sources of production in Europe because they fear they will be unable to export over the external tariff into the Common Market in competition with local producers.

I am persuaded that this is at best a partial, and in many cases a wholly inaccurate, explanation of the reason why American businesses are invading the Community. Even without the Common Market, some trend in this direction would likely have occurred at this time.

The Common Market did not create the dynamism which has been gaining force in Europe, particularly over the past 10 years. It is in a sense an expression of that dynamism. But it should greatly amplify and intensify it.

During the present decade industrial production in the Community has been driven by its own internal engine of growth. This is apparent if one compares the indices of industrial production in the Common Market and the United States during the period 1950-1958.

While American production has been marked by two recessions and an only moderate total increase, production in the Common Market has risen sharply and steadily during this entire period.

At least a partial explanation of this phenomenon can be found in the fact that the percentage of Gross National Product devoted to fixed capital formation has been not only higher for the Community than for the United States, but has been increasing at a faster pace. While the figure for both areas in 1950 stood at approximately 17%, by 1957 the Community percentage had risen to over 21% while that of the United States had not increased. It is scarcely surprising that United States capital has been attracted to Europe by such an investment boom.

American businessmen see in Western Europe not only an opportunity to share the fruits of an expanding economy but also the chance to play a part in the exploitation of a great new mass market—a kind of new economic frontier being created by the Community. I am convinced from first-hand acquaintance with a substantial number of specific cases that this response to a new economic challenge has been the most compelling consideration in persuading corporate managements to seek production sources in Western Europe. Their reaction to the Common Market has been a positive response to a beckoning opportunity rather than the mere desire to protect entrenched export markets from being swallowed up by local producers that enjoy a tariff advantage.

Parenthetically, however, I suspect that corporate managements have frequently found it useful to emphasize the dangers of staying out of the Common Market, rather than the opportunities of getting in, in order to justify investment decisions to their Boards of Directors.

Not only is it likely that American capital will continue to move to the Community, but I think it probable that if present trends continue there may be a second wave of investment two, three or four years from now, of far greater dimensions than the present one. Many American firms today are content merely to establish beachheads of production in the Community. When they have acquired experience, when they have gained confidence — provided, as I think it probable, that they have made money in the process—they will be prepared to put much larger amounts of capital into the expansion of their operations.

Will the Common Market Divide Europe?

Let me turn for a moment from the commercial implications of the Common Market to its broader consequences for the unity of the Western World. The fear is frequently expressed — more often in the OEEC capitals than in Washington — that the Common Market will operate as a divisive force in Europe. This view has been given currency particularly since the breakdown of the negotiations last November looking toward the creation of a Free Trade Area that would extend the trade arrangements of the Common Market to the whole area of the 17 OEEC countries.

There has, I think, been confusion in America as to the nature of the Free Trade Area proposal and some misconceptions as to why the negotiations failed.

The Free Trade Area—and this point cannot be emphasized too strongly — was a purely commercial proposal. It had almost no political content; it provided for only the most rudimentary institutional arrangements. As I said previously, the Community would not have come into being except for the political objectives which inspired it; it is equally true that the Free Trade Area proposal would never have been put forward except as a defensive reaction to the Common Market.

A second point of consequence, not unrelated to the first, is that the Free Trade Area did not even meet the test of a customs union since it did not require the member nations to adopt a common external tariff. Each would have been free to tailor its own commercial policy toward the outside world so as to gain the maximum national advantage.

This failure to require a common external tariff was important. It raised formidable technical and administrative problems since elaborate measures would have been necessary to prevent goods from entering the common Market by transshipment through countries with the lowest external tariffs. But apart from this, the refusal to agree to the principle of a common external tariff rendered the proposal unattractive to many of the most ardent supporters of the Common Market. They felt that the Free Trade Area countries would enjoy all the commercial advantages of free access to the Community while shunning the political responsibilities which the Community imposed. This would be particularly true of Great Britain which, under the Free Trade Area proposal would serve as the nexus of two trading systems, the British Commonwealth and the Free Trade Area.

The implications of the last point can be best seen in relation to the investment policies of American companies. There is no doubt that had the Free Trade Area been accepted by the Common Market countries in the form in which it was proposed by the United Kingdom, a large share of American direct investment now flowing into the Common Market would have gone to the United Kingdom.

Producers in the United Kingdom would have enjoyed the best of both worlds—preferential access to the Commonwealth and free access to the Free Trade Area. While it is true that for many companies this would have been only a marginal consideration, nonetheless, all other things being equal, I am certain that in many cases it would have tipped the balance in the choice of location.

As soon as the failure of the Free Trade Area negotiations became probable, more and more American companies elected to concentrate investment in the Community. This trend is becoming daily more evident. It is the source of increasing concern for non-member European countries which find themselves bypassed.

For such countries the impact of commercial disadvantage in selling to the Common Market consumers is prospective rather than immediate, but the loss of investment capital appears as a real and present danger. They are confronted with the disturbing spectacle of their Common Market competitors growing progressively stronger with capital infusions from the United States. To compound their concern, manufacturers in Manchester and Liverpool are receiving letters from sales agents and distributors on the continent with whom they have long enjoyed commercial relations, containing the melancholy advice that those relations are being terminated in favor of American companies which are prepared to invest capital or make other attractive concessions.

These are the considerations which have, I believe, proved the most compelling incentive for the recent meeting at Stockholm and the decision of seven OEEC nations outside the Common Market to form a free trade area among themselves. These countries are Britain, Austria, Switzerland, the three Scandinavian countries, and Portugal. The precise form of the Stockholm arrangement is not yet known and its larger consequences are even less clear. No doubt it is in part a defensive response to the Common Market and in part a serious effort to build a bridge to a larger European trading scheme.

It may prove valuable to the extent that it facilitates trade among its members, but if it remains as simply an additional preferential trading area on the periphery of the Common Market, it could result in an artificial distortion of the flow of trade without contributing to the resolution of the basic problem of European economic integration.

I think, however, that we would do well not to be too alarmed by its divisive implications. Nor should we be unsympathetic with the dilemma of the European countries outside the Common Market. For what seem to them good and sufficient reasons —which differ from one nation to another—they have felt unwilling or unable to assume the political obligations of the Treaty of Rome. Yet, at the same time, the coming into being of the Common Market presents them with a serious problem—the same problem it poses for the United States although in a more intense degree.

We can say that the difference between our attitude toward the Common Market and that of the non-member European nations is that we have accepted the proposition that European unification is in our national interest while they have not. But we cannot be too smug in making this assertion. After all, the non-member European nations are faced with a critical national decision—whether or not to participate in an effort of European unification — while we have always considered ourselves geographically excluded from this problem of choice.

Need for an American Initiative

Up to this point, we in the United States have watched the evolution of European political and economic integration as a kind of benevolent Uncle Sam, speaking encouraging words but resisting the temptation to suggest the precise course which this evolution might take. I think that on balance this has been a wise course of action. However, we may well have reached the point where a new American initiative is called for—an initiative aimed at preserving and encouraging the progress towards political and economic integration which has so far been achieved, while avoiding the divisive consequences that could affect a range of considerations much broader than commercial policy.

It is not my purpose here to set forth in detail what I think the precise lines of our national policy should be. But the time may be ripe when we should propose some systematic arrangement for cooperation between the United States, Canada, the Common Market (speaking as a new entity in the Western World), the United Kingdom and other members of the OEEC.

Together these constitute the major industrialized areas of the Western World, and there are a number of problems which this group of nations could profitably discuss over a continued period—problems economic in character but with political dimensions.

For example, when Professor Hallstein, the President of the Commission of the European Economic Community, was in Washington, he made several public references to the interest of the Community in providing aid to the underdeveloped countries. I think the group of nations I have mentioned might well collaborate on this problem as well as on the associated problem of stabilizing world markets for primary commodities. The members of the group might usefully consult also on the questions of international liquidity and, finally, might seek greater agreement for an increasing liberalization in commercial policy.

I do not mean that we should propose the creation of a Free Trade Area for the Atlantic Community. I do have the feeling, however, that by continued and systematic consultation among the nations and groups of nations I have listed, we could settle many of the tough commercial policy questions that are disturbing us, leaving to GATT, their implementation in the context of a multilateral system.

In making this proposal I would not wish to be understood, by any stretch of the imagination, as suggesting a concert of the industrialized nations against the less developed areas. Rather I would see it as a mechanism whereby the industrialized nations can arrive at an extension and better distribution of their responsibilities to increase the standard of living and well-being all over the world.

It is ancient wisdom that we are always prepared to fight the next war with the weapons of the last. For a long time we have made our economic decisions within the framework of economic institutions and policies that were for the most part developed during a postwar period when rehabilitation and recovery were the prime need of the Western World. Today we are faced with a wholly different set of conditions and preoccupations. An approach responsive to modern economic realities might well be welcomed.

Crowell-Collier Stock Offered

A secondary offering of 200,000 shares of $1 par value of common stock of The Crowell-Collier Publishing Co. at $21⅛ per share, was made late yesterday (Aug. 5) by Carl M. Loeb, Rhoades & Co. and associates.

The selling stockholders are: Publication Corp., 96,834 shares; Knapp Securities Corp., 44,342 shares; Claire K. Dixon, 38,824 shares; Mrs. Giles Whiting and Louis E. McFadden, 10,000 shares each.

The principal business of Crowell-Collier is the sale and publication, through a subsidiary, of Collier's Encyclopedia and other books. The company's consolidated gross revenues in 1958 from book sales and broadcasting operations were $28,884,461.

Unaudited figures indicate net income of $2,042,724 for the first five months of this year, compared with $1,491,378 a year ago.

Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Vance A. Gustafson has been added to the staff of Lester, Ryons & Co., 1770 Fifth Ave. He was formerly with Hill Richards & Co.

Joins A. Wayne Hough

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Rudolph D. Longmire has joined the staff of A. Wayne Hough & Co., Security Building.

A. J. Wester With Richard Harrison, Inc.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Albert J. Wester has become associated with Richard A. Harrison, Inc., 2200 Sixteenth St. He was formerly a partner in Parker, Wester, Taranto & Co.

Birr Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Myron M. McElwaine has been added to the staff of Birr & Co., Inc., 155 Sansome St. He was formerly with Walston & Co., Inc.

The Market...and You

BY WALLACE STREETE

The pattern of much general irregularity at any given moment, but an industrial average that forged laboriously but persistently to a series of new all-time peaks, continued this week with an occasional interruption to the forward progress to keep everything normal in a market that seldom goes in one direction for too long.

It added up to a summer rally by the blue chips that hasn't yet shown convincingly that it is all over. The initial target for the rally has been rather widely seen as the 680-685 area, a figure computed on expectation of an earnings rebound that materialized fully. And the average just about made the lower level of the target area for an improvement so far this year of nearly 100 points in this barometer.

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Oils had come out of their doldrums and showed strength enough times to make it seem more than a casual stirring. But that did little to clear up other areas where uncertainty has been a way of life for a long time; such as the utilities and rails which dragged even when industrials found the going easy.

Defense Issues Slowed by Political and Earnings News

Defense shares were definitely easy on occasion, again not a new note. Attempts to interpret the exchange visits to the countries by the heads of the United States and Soviet Russia as an end to the cold war and an end of defense work seemed strained; it was more plausible that the poor earnings statements from these areas were more responsible.

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Except for an occasional item where earnings improvement came as a surprise, or vice versa, neither the actual figures nor good dividend action was much of a market spur. The emphasis continued on stock splits, both real and anticipated and long lists of split possibilities, circulated by brokerage houses, helped heighten the interest.

"Split Candidates" Still Prominent

Virtually every issue selling above par, or close to the 100 line, was considered a split possibility in some corner and there were indications that it was a hot subject in letters between stockholders and management, in some cases a reluctant management swayed by the holders. What it did do was breed some erratic price action not wholly in accord with basic factors.

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There were other split candidates that didn't have to reach the relatively high standing of the general run. McQuay-Norris Mfg., in the auto parts and electrical products group, was projected to attention when its half year's profit doubled. That automatically made it a candidate for a better cash payment and, since it has only some 427,000 shares outstanding, a split candidate as well to increase the number of shares available for trading. Prior to the good earnings the shares had held in the low 20s with the dividend yield of nearly 6% attesting to the neglect on the part of investors. It showed better action later but is still far from being one of the more prominent sprinters.

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There was also some attention being devoted to issues that suffered last year and still haven't built up any popularity although a rebound in their fortunes seems assured. One such is Ward Baking which cut its dividend in 1958 and then omitted it entirely. However, the company seems to have turned the corner and a resumption of dividends seems called for before this year is out.

The ailment most bothering Ward has been continuous shrinkage in its profit-margins despite an equally steady increase in volume. Last year's total volume, in fact, was a record. Then efforts directed toward expansion, diversification and efficiency were stepped up. A joint venture with Gerber Products, which will make a nutritional bread for babies and children is underway. Two new acquisitions have been negotiated, and mechanization and concentration in efficient plants have been accomplished. It enabled the company to snap back from a small loss in the first quarter to a profit in the second quarter sufficient to lift the earnings rate ahead of last year. A continuation of that trend is anticipated. The shares, around 16 lately, are still a dozen points under the 1954 high and only a little improved over last year when the problems all came to a head.

Promising Chemical Issue

The more obvious recovery in the chemical section is Olin Mathieson which not only felt the recession hard last year but decided, once the dividend had to be halved, to write off some of its startup and development expenses on an accelerated basis. This virtually guarantees that earnings comparisons this year will be glowing, particularly since most of the writeoffs were accomplished during the second half of 1958. Nevertheless, the company's second-quarter results this year were more than double the similar period last year, and the first half total was nearly double last years. The issue now sells well below the 1956 and 1957 peaks reached by the shares before its troubles multiplied. With the recovery expected to continue, Olin is clearly a candidate for a better dividend this year. It is one of the more diversified of the chemical companies and part of its program to snap back includes disposing of several marginal or unprofitable units that hampered it last year.

Motors Subdued; Suppliers Active

Auto shares were the subdued section, including the independents which have had a good play on occasion up to here; the restraining influence being how the compact car competitive battle will shape up this fall. There was, however, considerable attention being paid the auto suppliers. Their reports indicate that business did pick up perceptibly as auto output ran well ahead of a year ago until the shutdown for new models started.

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U. S. Rubber illustrated the auto rebound with its double profit for the June quarter, along with a nearly double first half net. U. S. Rubber, however, is a big factor in the replacement tire market that is separate from the original equipment business. And it has trimmed the tire volume to where it accounts for only about half of sales, with the company now in a dominant position as a supplier of chemicals to the rubber industry. The upturn also makes this company a candidate for dividend improvement in the expectation that the current rate will be covered some 2½ times over by profit this year.

The Search for Higher Yields

The hunt for adequate yields as the fast-moving issues soar to insignificant returns centered occasionally on the shoe shares, which have been a pedestrian group in a seemingly irrepressible market. Endicott Johnson, for instance, has yet to wander over a range of six full points for the year. It offers a return of around 4¾% at the recent price plus an even better showing if, as expected, it returns the present \$1.60 rate to the \$2 that prevailed in 1956 and 1957. Endicott Johnson's forte is work shoes which suffered during last year's business letdown. Conversely, this gives the company the chance for good showings during a period of recovery such as at present.

[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.]

Jerome Tegeler Named Governor of IBA

ST. LOUIS, Mo.—Jerome F. Tegeler, Senior Partner and co-founder of Dempsey-Tegeler & Co., has been elected a governor of

Jerome F. Tegeler

the Investmet Bankers Association of America, representing the Mississippi Valley Group. The term is for three years beginning with the 1959 Convention of the Association to be held in the fall.

Mr. Tegeler is a past chairman of the Mississippi Valley Group.

Now Gartman, Rose & Feuer; NYSE FIRM

Gartman, Rose & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, announced that Abram J. Feuer has been admitted to the firm as a general partner, and the firm's name has been changed to Gartman, Rose & Feuer.

Three With Continental

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Clement L. Heinzel, Herbert M. Taylor and Peter Y. Taylor have become associated with Continental Securities Corp., 611 North Broadway. Mr. Herbert and Mr. Peter Taylor were formerly with Harley Haydon & Co., Inc. in Madison.

With Alexander Kleine

(Special to THE FINANCIAL CHRONICLE)

MADISON, Wis. — Harry M. Friedman has joined the staff of Alexander Kleine & Co., of Chicago.

News About Banks and Bankers

CONSOLIDATIONS NEW BRANCHES NEW OFFICERS, ETC. REVISED CAPITALIZATIONS

The appointment of Richard I. Cluett as an Assistant Vice-President of **Manufacturers Trust Company, New York, N. Y.,** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Cluett joined the bank in 1936 and was assigned to the Central Credit Division. He became Assistant Manager of the Park Avenue South Office and in 1951 was appointed to the position of Assistant Secretary.

Mr. Cluett is assigned to the bank's 27th Street Office.

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Harold W. Johnson, formerly Assistant Trust Officer has been named a Trust Officer at **Bankers Trust Company, New York, N. Y.,** it was announced July 30 by William H. Moore, Chairman of the Board.

Coincident with the announcement, Mr. Moore made known the election of Arthur Dixon, Personal Trust Department, to an Assistant Trust Officer.

Mr. Johnson has been with Bankers Trust Company since 1926 and has spent the majority of his career in the Banking and Personal Trust Departments. He was elected an officer of the bank in 1953.

Mr. Dixon began his career with Bankers Trust Company in 1925.

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The Security National Bank of L. I., New York, announced plans Aug. 4 to construct a new bank and office building in Riverhead, L. I.

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The Centreville National Bank of Warwick, R. I., increased its common capital stock by a stock dividend effective July 21 from $100,000 to $200,000. (Number of shares outstanding, 4,000 shares, par value $50).

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Vincent F. Ostrom, Executive Vice-President of the **Putnam Trust Company of Greenwich, Conn.,** was elected President, succeeding Carl C. Francis, who serves as Chairman.

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By the sale of new stock, effective July 22, the **National Bank of Mantua, N. J.,** increased its common capital stock from $240,000 to $360,000. (Number of shares outstanding, 7,200 shares, par value $50).

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Preliminary approval for consolidation of **Peoples First National Bank & Trust Company, Pittsburgh, Pa.** and **Fidelity Trust Company, Pittsburgh, Pa.,** this city's second and third largest banks respectively, has been received here July 28 from Comptroller of the Currency Ray M. Gidney. The name of the new bank is to be **Pittsburgh National Bank.**

This news was released jointly by Frank E. Agnew, Jr., President of Peoples First, and John A. Byerly, President of Fidelity, who said that the next step would be to obtain approval from the shareholders of the respective banks.

Individual meetings of each bank's shareholders will be held on Sept. 2 to vote upon the proposal to consolidate, according to the two presidents.

The consolidation terms provide for the exchange of 1⅓ shares of the new Pittsburgh National Bank stock for each present share of Fidelity stock, and of one share of the new stock for each share of Peoples First.

John H. Lucas, now Board Chairman of Peoples First, will become Vice Chairman of the Board; and Philip K. Herr, Vice-President in charge of the Trust Department at Fidelity, will be Senior Vice-President.

As of June 30, 1959, deposits of the two banks amounted to $876,763,000 and total resources were $990,476,000. Combined capital and surplus were $81,000,000 and undivided profits and capital reserves $8,224,000, making total capital funds in excess of $89,000,000.

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Kenneth Howie, was elected Aug. 3 a Member of the Board of Directors of **Montgomery County Bank and Trust Company, Norristown, Pa.** Mr. Howie will continue as a member of the Norristown Regional Executive Board of the Bank.

At the same meeting the following Vice-Presidents were elevated to Senior Vice-Presidents: B. Brooke Barrett, who has been an officer of the Bank since 1920, Howard W. Sheldon, an officer since 1906, and J. Warren Ziegler, an officer since 1916.

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The First National Bank of Ironton, Ohio, increased its common capital stock from $300,000 to $400,000 by a stock dividend effective July 21. (Number of shares outstanding, 12,000 shares, par value $33.33⅓).

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Joseph M. Dodge, Chairman of **The Detroit Bank and Trust Company, Detroit, Mich.,** July 28 announced the election of Louis A. Fisher as a member of the bank's Board of Directors.

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By a stock dividend, the **First Minnehaha National Bank of Minneapolis, Minn.,** increased its common capital stock from $420,000 to $525,000, effective July 21. (Number of shares outstanding, 5,250 shares, par value $100).

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The First National Bank of Stoutland, Mo., with common capital stock of $25,000 has gone into voluntary liquidation by a resolution of its shareholders dated July 8, effective July 13. Liquidating Agent: Gordon W. Warren, Richland, Mo. Absorbed by: **Pulaski County Bank, Richland, Mo.**

Following a meeting of the Board of Directors of the Trust Company of Georgia Associates held in Atlanta on July 30, Charles E. Thwaite, Jr., Chairman, announced major changes in the organization. The Trust Company of Georgia Associates is a wholly owned subsidiary of the **Trust Company of Georgia, Atlanta, Ga.,** and holds a substantial majority of the capital stock of six banks in major Georgia cities.

Ivy W. Duggan, President of the Associates, has been advised by his physician to curtail his activities and reduce his responsibilities. He has, therefore, relinquished his position as President and returned to the Trust Company of Georgia as Vice-President on a full-time basis.

William R. Bowdoin, Senior Vice-President of the Trust Company, was elected President of the Trust Company of Georgia Associates and J. Arch Avary, Jr., was named Executive Vice-President of the Associates.

William R. Bowdoin was formerly President of the **First National Bank of East Point** and has been with the Trust Company of Georgia for 13 years. He was formerly Vice-President of the Trust Company of Georgia Associates. He is a Senior Vice-President of the Trust Company in charge of the Correspondent Banking Division and will continue in that position.

J. Arch Avary, Jr., is a native of West Point, Ga., who gained banking experience with the **First National Bank of West Point,** two banks in Orlando, Fla., and the **National Bank of Commerce of New York** (now Morgan Guaranty Trust Company). From 1929 to 1956, Mr. Avary was with the **First National Bank of Atlanta, Ga.,** and was a Vice-President of that bank. For the past year, he has been with the **Mercantile National Bank of Miami Beach, Fla.,** serving as Executive Vice-President and Director.

The election of both Mr. Bowdoin and Mr. Avary is effective Aug. 1 and they will assume their duties full-time on Sept. 1.

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The Capital National Bank of Austin, Texas, increased its common capital stock by a stock dividend, from $1,627,500 to $1,725,150, as of July 22. (Number of shares outstanding, 172,515 shares, par value $10).

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By the sale of new stock the **Conroe National Bank, Conroe, Texas,** increased its common capital stock to $300,000 from $200,000, effective July 22. (Number of shares outstanding, 12,000 shares, par value $25).

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Chauncey J. Medberry III was elected Vice-President of the **Bank of America, Los Angeles, Calif.**

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E. J. Kolar, Executive Vice-President at the **United States National Bank of Portland, Ore.,** was elected a member of the Bank's Board of Directors July 31, according to an announcement by E. C. Sammons, President.

A veteran of 35 years in banking, Mr. Kolar was named Executive Vice-President at U. S. National on July 3. He joined U. S. National in 1930 at the time of the merger of the West Coast National with U. S.

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John D. C. Towne, Jr., a Vice-President of the **Government Development Bank for Puerto Rico,** died Aug. 3, at the age of 52. Mr. Towne was head of the Bank's New York office. He was formerly an officer of the **Guaranty Trust Company, New York.**

Joins Scott, Bancroft

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles B. Koehler is now affiliated with Scott, Bancroft & Co., 235 Montgomery Street.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

[ED. NOTE—Rather unexpectedly, the Treasury late yesterday (Aug. 5) announced its next financing offer, involving cash borrowing of $1.7 billion. Of this amount, $700 million will be obtained via the sale of Treasury bills, probably of 91 days' maturity, with the initial block of $200 million to go on sale Aug. 13. On the same day bids will be opened on $1 billion of tax bills, payment for which is to be made on Aug. 19.]

The interest in Government securities continues to show signs of selected betterment, but there are no indications yet that these obligations are in a position to regain that spot in the limelight of being the prime investments they were in the past. It is the opinion of not a few money market specialists that the trend of interest rates will still be upward as long as the inflation psychology is strong and the course of the equity market is also up. High money rates have had a restraining influence on the demand for funds in the past, and there are no indications that it will not work again with time.

Accordingly, it is not expected that there will be very much of change in the demand for Treasury issues other than the short-term obligations until the capital markets are showing more than signs of a temporary recovery from what might be termed an over-sold position. A less restrictive policy on the part of the powers that be does not yet seem to be in the cards.

Money and Capital Markets Buoyant

The money market appears to be settling down to the process of digesting the refunding issues, while at the same time it is looking towards the new money raising operations which should be announced in the near future. It is evident that the successful refunding of the August maturities had a good effect on the money market and the capital market, since it appears as though the Treasury will not have to raise as much new money in its impending venture as had been previously expected because of the very small amount of cash that was asked for by those who owned the August maturities.

The opinions at the moment, as far as the new money raising operation of the Treasury is concerned, seem to be pretty much in agreement, namely, that the Treasury will take care of its cash needs through the sale of short-term securities. As to how this will be done is open to a fair amount of guesswork, even though it looks as if Treasury bills and tax bills will again play very important roles in this operation.

New 4¾% Issues Active

There is considerable switching being reported, with certain long and intermediate issues being sold and the proceeds reinvested in the 4¾s due 1964. It is also indicated that quite a few institutions are continuing to take tax losses and the funds which are being realized from these sales are being put to work in many cases in the 4¾s of August 1960. The return that is available in both of the August refunding issues makes them attractive replacements for most of the obligations that are being disposed of. In some instances, however, the proceeds of these sales are not going back into Government obligations because they are being used for loans which still give a return that is more attractive than that which is available in Government issues.

Quiet Markets Indicated

Aside from the August new money operations of the Treasury, there is not likely to be very much developing in the money and capital markets in the near future since the corporate calendar is on the thin side and the tax-free offerings do not show any signs of being stepped up to any extent. Also, this is the time of the year when the interest in the capital market is not very dynamic because it is the heart of the vacation period.

Accordingly, it seems as though the money and capital markets will operate within the limits which have been established in the recent past, because there are no indications that the monetary authorities are going to make any changes in the policies that are currently being pursued. It seems as though the next important developments in the money markets will not be coming until some time in the fall and the demand for loanable funds will give the answer as to what is likely to take place.

Booming Loan Demand Impends

The trend of the short-term market will no doubt be determined by the needs for loanable funds this fall and the present indications are that the banks do not have too much in the way of margin to meet the demands that could be made on them. To be sure, the monetary authorities could make some reserves available to the deposit institutions and in this way there would not be a further tightening of the money markets. There are indications that the money markets will not be excessively restricted because the legitimate needs of industry and commerce have to be met. On the other hand, there could still be an increase in the prime rate and the discount rate this fall because of the boom demand for loanable funds.

FLB to Offer Bonds

The 12 Federal Land Banks are arranging to offer publicly $98 million of 4⅞% 3-year bonds to repay short-term borrowings and provide funds for lending operations, John T. Knox, Fiscal Agent of the banks, announced today.

The new consolidated bonds to be offered will be dated and delivered August 25 and mature August 20, 1962. They will be non-callable.

The offering will be made through Mr. Knox, 130 William Street, New York City, with the assistance of a nationwide group of security dealers and dealer banks. The offering price will be announced on or about August 11.

With Marache, Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Sam Kappe has rejoined Marache, Dofflemyre & Co., 210 West Seventh St., members of the Pacific Coast Stock Exchange. Mr. Kappe has recently been with Dempsey-Tegeler & Co.

Career Opportunities Beckon In the Securities Business

A panel discussion, moderated by Worthington Mayo-Smith, President of The Investment Association of New York, and Assistant Sales Manager of Blair & Co., provides an inviting insight as to career opportunities in their respective fields: syndicate, buying, research, sales and municipal, by five younger members of the Wall Street investment banking fraternity. In so doing they also describe the work performed from top to bottom. Growth is stressed as the principal attractiveness of municipal bond field; underwriting is depicted as the heart of investment banking; the syndicate department is characterized as the link between the buying and selling departments; research is said to be area that can make money; and the unfolding of opportunities in sales is underscored.

An important feature of the recently concluded Ninth Annual Forum on Finance* for faculty members of American Colleges and Universities was the Career Opportunities Panel wherein present New York City members of the investment banking community cited the excellent prospects open to younger men in various aspects of the securities and brokerage industry. The Panel was moderated by Worthington Mayo-Smith, Assistant Sales Manager of Blair & Co., and President of the Investment Association of New York, and its members consisted of: **Robert F. Seebeck**, Syndicate Department, Smith, Barney & Co.; **John E. Friday, Jr.**, Buying Department, Morgan, Stanley & Co.; **Walter P. Stern**, Manager, Research Department, Burnham & Co.; **William J. Ruane**, Sales Department, Kidder, Peabody & Co.; and **Charles S. Lipscomb**, Municipal Department and Vice-President of W. H. Morton & Co.

The text of the talks, prefaced by the introductory remarks of Worthington Mayo-Smith, are reproduced herewith:

By W. MAYO-SMITH

Asst. Sales Manager, Blair & Co. President, Investment Association Of New York

I just want to say again how much the I.A.N.Y. enjoys participating in this program. The opportunity to discuss our industry with a group such as yours is truly a unique one. Before introducing the various gentlemen on this dais who will explain to you why their particular specialty is by far the most interesting phase of our business, I thought you might be interested in the statistics previously placed at your disposal concerning a career in the investment business. These figures were compiled from the most recent I.A.N.Y. Questionnaire conducted in 1957.

W. Mayo Smith

Because our membership includes only 550 men working primarily in New York City these figures may not be entirely representative of the industry as a whole. Now, it is my pleasure to turn the rostrum over to the members of the panel.

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* The Forum was held under the auspices of the Joint Committee on Education representing the American Securities Business, and sponsored by American Stock Exchange; Association of Stock Exchange Firms; Investment Bankers Association of America; National Association of Investment Companies; National Association of Securities Dealers; New York Stock Exchange, and assisted by The Investment Association of New York.

SYNDICATE WORK FOR YOUNG MEN

By ROBERT F. SEEBECK

Syndicate Department, Smith, Barney & Co.

Mr. Seebeck depicts the bright future syndicate work offers in linking together the buying and selling departments. In stressing the opportunities which do exist and the attributes an applicant should have, he predicts that a qualified young man willing to work hard could become a syndicate manager in 5 to 10 years provided he has a *feel* for securities.

The syndicate department of an investment banking firm is fundamentally concerned with forming underwriting accounts and supervising the distribution through such accounts of new and secondary offerings of securities. The word "syndicate" as used in the investment business denotes a group of investment firms joined together by the terms of a syndicate or underwriting agreement, to underwrite and/or distribute an issue of securities. Attractive opportunities in syndicate work for young men contemplating careers in investment banking are available to those with certain qualifications which will be discussed shortly.

Robert F. Seebeck

Describes Syndicate Work

The syndicate department is charged with wise selection of the firms invited to become members of an underwriting account. In general, the qualifications of each such firm considered important are (1) sufficient capital to assume the underwriting liability offered it, and (2) a previously demonstrated ability to distribute satisfactorily the type of security being underwritten. These qualifications are determined over the years by the performance records of firms throughout the country. Such records reveal to syndicate personnel the nature of the business of a given firm, the type of clientele with which it deals, its distributive capacity, and its net worth. As sizable financial commitments are frequently made by telephone and word of mouth, a syndicate manager must know both the capabilities and reliability of hundreds of investment firms which may be potential syndicate members.

Syndicate personnel participate in discussions with the buying department for the purpose of determining the type of security to be sold by the prospective issuer, the underwriting compensation, offering price or yield, and various other matters. In this capacity the department is a link between the sales and buying departments and provides the latter with an informed feel of current conditions in the securities markets.

When a firm participates in a syndicate managed by another firm, it is usually the responsibility of the syndicate department to obtain and pass on to the sales department information regarding the contemplated offering price and/or yield of the security, redemption features and conversion terms, if any, and underwriting compensation. When the issue in question is released for public offering, the syndicate department keeps the sales department informed of the progress of the offering, the identity of large institutional buyers, if any, and at frequent intervals the number of bonds or shares remaining unsold.

When a firm acts as account manager in competitive bidding, the syndicate department forms the underwriting group and is responsible for obtaining and tabulating the potential buying interest of institutional buyers. It conducts the bidding meetings at which each member of the syndicate is expected to express the views of his firm in respect to price and compensation. The syndicate manager supplies guidance and leadership for the account, but the account members should not follow blindly. A well informed syndicate man with a correct feel of the market frequently represents the difference between a profit and a loss to his firm in a competitive bidding account.

Small Firm's Work

A smaller firm may be less departmentalized and one individual may represent both the sales and syndicate departments. As the smaller firm seldom manages accounts, an important function of its syndicate man is to have his firm included in accounts in which it is interested. To accomplish this he makes every effort to convince the major firms that his firm has the necessary qualifications to warrant its participation in public offerings. More often than not, many years of hard work are required to establish a small firm as a valuable syndicate member. Even then, the presence of an alert syndicate man is essential if the firm is to be consistently invited into the more desirable accounts.

In competitive bidding, the smaller firm, like the larger one, must protect its interests by doing its own research work and by sending to the price meetings a representative capable of independent judgment and with authority to make important decisions.

Principal Underwriting Function

It has been said that the principal function of the investment banker is to channel funds from the small saver and investor into industry where the money may be used to increase or improve production facilities, for additions to working capital, or for other purposes. This function is accomplished through the purchase and sale of different issues of securities. For these issues to be successfully sold to the public, both the security and the terms must be carefully tailored to meet not only the needs of the issuer but also the requirements of prospective investors. Determination of these terms is an important responsibility of the syndicate department.

There is no doubt that the syndicate field offers a bright future. Top syndicate men are usually partners or officers of their respective firms, which indicates the importance of the work and the opportunities it presents. An additional incentive to potential applicants is the fact that, since few young men entered the investment business during the '30s and '40s, the age gap is such that many financial leaders of today will be retired within 10 years and will be succeeded by younger men. In many cases the smaller firms have not been able to train younger men as have the larger firms, and the latter have not been able to train enough of them. The industry is looking for intelligent young men with good personalities and pleasing appearances, who are at ease in meeting and dealing with people. The right man for syndicate work must be quick and accurate with figures, have a facile mind, sound judgment, and the ability to make correct decisions under pressure. He must be thorough in all he does and willing to work long hours for prolonged periods.

Given these attributes and the opportunity to work with a top man for 5 to 10 years one could become a syndicate manager provided he has a **feel** for securities. You can't get it from a book, and some can't get it through experience.

For a young man with the necessary qualifications and a willingness to work hard and intelligently for 5 to 10 years, there are many opportunities in our business in syndicate work.

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CAREER OPPORTUNITIES IN THE BUYING DEPARTMENT

By JOHN E. FRIDAY, JR.

Buying Department, Morgan, Stanley & Co.

A tour of what a young man can expect to find and do in an underwriter's buying department is provided by Mr. Friday. Depicting buying as the "very heart of investment banking" covering the entire range of corporation finance, the writer describes its attractiveness and challenge as well as its tangible remuneration.

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Some may have run across or perhaps even read the book about the investment banking business by John Brooks which he called "The Seven Fat Years." The book covers the period from 1952 through 1958, and the title of it is probably more apt than even Mr. Brooks realized. The timing of the publication of the book, which was sometime last summer, was perhaps even a bit prophetic in that the amount of new corporate financing since about the beginning of the last quarter of last year has been considerably less than the peak level achieved in the last several of the years he described. For example, during those seven years the firm I'm with, Morgan Stanley & Co., managed or co-managed new issues of securities averaging about $1,370 million a year, and I don't believe that I need point out to you that things are a little slower this year. Hopefully, we think we're not in for seven lean years, but whether we are or not, the last seven fat years have been an exciting and rewarding time to be working in the buying department of a so-called "house of original issue," and my remarks are based on my experience in that period.

I will limit my comments of what a buying department does to a brief review and concentrate on trying to give the young man's point of view. The late Allen Northey Jones, who was head of Morgan Stanley's buying department until his death last year and who was generally regarded as the dean of buying men in this business, used to describe his department as the "factory" or "manufacturing" end of the investment banking industry. The men in the syndicate or wholesale end and in the selling or retail end work very closely with the buying department, but in the final analysis the wholesalers and retailers must rely on the good judgment of those in the manufacturing end of the business as to the intrinsic worth of the product they are selling. Of the large number of firms in the investment banking business only a few, relatively, are engaged primarily in the business of originating and managing underwritings of new issues of securities. It is the work of the buying department of these few managing firms which I'll discuss.

The buying department in such a firm is charged with the responsibilities of investigating the business of corporations who may wish to raise money through the sales of securities, preparing statistical studies and comparisons of such companies, determining the type of security best suited to the situation of the issuing company, devising protective covenants and other provisions of the securities themselves and preparing the various papers and documents required for the offering of securities, whether to the public by means of an issue registered with the S. E. C. or privately to selected institutions. The buying department also makes the studies involved in giving financial advice on such matters as corporate mergers, stock splits, acquisitions, valuations and so forth.

The Heart of the Business

Obviously, the work of a buying department such as I am describing is exacting work. It is at the very heart of investment banking and covers the entire field of corporation finance. A young man considering entering the securities business by way of the buying department should, of course, have a bachelor's degree from a good college. Undergraduate study in business or economics is not necessary but unquestionably is helpful to an early understanding of some of the problems of the business. Graduate work in economics, business or law is again helpful but not necessary. A logical mind and a liking for figures and arithmetic are clearly prerequisites. One is exposed to a good bit of accounting and a smattering of corporation law, and obviously a precise and inquiring mind is more than helpful. The need for impenetrable integrity and for keeping one's own counsel is also self-evident since one is almost continuously confronted with inside information on prospective financial arrangements on the part of corporations which, if discussed outside of the office or used improperly to one's own advantage, can lead to dire consequences.

The first months spent in a buying department are apt to involve more drudgery than excitement. While there is always the need for imagination from the very first day one starts to work, still, products of a young man's imagination are more apt to be listened to if they are based on some experience. There are countless long statistical comparisons to be made, list after list of underwriters to be checked, pa... ...fter page of indentures, cor... and registration statement... ...e proof-read and many ot... ...dious tasks.

However, the tedium, even from the beginning, is relieved at frequent intervals by participation in meetings to discuss the contents of a registration statement and the approach to a new piece of financing.

Our organization is relatively small, and we have no formal training program. A new man is put right to work and within a very short time is likely to be assigned to a team working on a new issue. The team will consist of a partner in the buying department, a senior staff member, a junior staff member or two and, on marketing problems, a partner in the selling end of the firm. One of the great advantages, in my opinion, of working in the buying department is one's almost immediate exposure to the thinking of top people in the securities business. At the same time, in working on a new piece of financing, the team from the buying department will meet with top officers of the corporation involved and senior members of the law and accounting firms involved. One may go for a year or more without ever opening his mouth in the presence of these people (and as a matter of fact a young man is better off doing just that), but the wealth of experience, knowledge and judgment which he can gain from simply listening and doing what he is told much more than compensates for a feeling of unimportance.

Offers an Example

For example, when I had been in the business less than two years I was assigned to work as a junior member on our team preparing a big issue of debentures for one of the largest steel companies in the country. We did a great deal of our work on the prospectus in the Board Room of the company surrounded by portraits of their famous past directors. Sitting at the same table and working directly (although very quietly) with the very top officers of this company was an experience I'll not soon forget.

The first issue I ever worked on for the firm involved the complete recapitalization of a medium-sized chemical company, including the issue of debentures and common stock, the latter both for the company and for several selling stockholders. It had about everything you can get in one piece of business. Needless to say it has been a fascinating experience to watch this company, at the time practically unheard of outside of the chemical industry, grow into a well-known company, the stock of which has attracted a very large following on the New York Stock Exchange. Because of the importance to this company of that original piece of financing, the company officers who worked with us consisted entirely of the very top echelon beginning with the chairman and the president.

In addition to close association with top corporate officials there is the further advantage to a man in the buying department of a good deal of travel. Again my own experience in this regard has been fascinating but certainly not unique. In 1954 when we underwrote the first offering in this country since before the War of obligations of a European government I spent almost two months in Belgium working on a registration statement which we had to build up completely from scratch and the material for which was given to us largely in French to boot. In addition to the work involved, we were shown around a good bit of the country and were given very elaborate and impressive dinners by the Minister of Finance and the Governor of the National Bank and so forth. The dinners were the sort that involved liveried footmen behind every chair, numerous wines and the elaborite cuisine which is typical of Belgium. I might add, however, that there must have been more work than good food because fortunately I weighed less when I came back than I did before I went. That sort of trip is, of course, one of the more spectacular.

Less Romantic Aspects

There is, however, a great deal of slightly less romantic but equally instructive travel involved, usually because we find it advantageous to work on new issues at the company's headquarters rather than in our own office. We feel it is most important to inspect the properties of a company for whom we are going to act as managing underwriter, and we find it necessary in the interests of efficiency to be close to the source of corporate information, the need for a great deal of which is often not apparent until the work is well under way.

In our firm there is not much specialization within the personnel of the buying department and therefore, it is quite likely that a young man in the course of several years will inspect manufacturing establishments ranging from a brewery to a strip mill, from a petroleum refinery to an automobile assembly plant. He may inspect an electric generating plant, a railroad switching yard, a demonstration of farm machinery, and generally almost every kind of business where there is the possibility of a need for capital. He is expected to observe such things not in wide-eyed awe but with a large degree of perception and understanding.

In the course of bringing a new issue of securities to market, the buying department representative must thoroughly understand the business of the issuer from all points of view including that of its competition; he must be able to discern potential weak spots as well as areas of strength, and he must consider the future of the business as well as its history.

I think it must be clear from what I have tried to describe that the work in a buying department encompasses virtually all phases of business, and from that point of view it affords a young man about as broad an education as any business I know of. One of the principal advantages of such work is the eventual feeling of being at least something of an expert on a particular subject. Of course, one goes from being an expert on one subject to being an expert on perhaps a completely different subject as he progresses from issue to issue and he may well lose some of his previous expertness in the transition, but at least during the time he is working on a given piece of business he is, or should be, an expert in that particular business on whom other members of his firm, particularly in the syndicate and selling ends, may rely. There is something very satisfying, particularly to a young man of limited experience, in being regarded by senior people in his organization as an expert. Clearly, such a position is precarious if one hasn't done his homework, and certainly a great deal of work and often long hours are necessary in the attainment of that position; but the satisfaction of having a ready and accurate answer to even one question posed by a senior man in the firm

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Career Opportunities Beckon In the Securities Business

is, in my opinion, more than worth it.

Remuneration

As far as tangible benefits are concerned the situation of the young man in the buying department has improved considerably in recent years. Starting salaries in the securities business, which for some time were significantly lower than those offered by industry, have shown a distinct upward tendency lately. They are probably still somewhat lower than what is available in certain of our more glamorous industries, but we feel that various other considerations enable us to meet the competition for able and attractive young men at every turn. Certainly the early assumption of definite responsibility and the other advantages I have discussed so far are helpful, and in addition we believe that salaries increase at a faster rate in our business than in many others. Recent years have seen more and more young men entering the securities business but there is still plenty of room for men of outstanding ability and strong motivation, particularly in the buying end of the business.

There exists a popular conception of the possibilities of untold wealth for the customers' man, especially in periods of great activity in the stock market such as we have seen in the last couple of years. In my opinion, however, the prospects for achieving a fair measure of material opulence are as good in the buying end of our business as they are in the selling end. I must qualify that by saying that whereas a man in the buying department may not attain the same peaks of income as his associate in the selling end, he probably won't achieve the valleys either. At the same time, the work of the buying department is eminently satisfying from a creative point of view.

The investment banking business as a whole is admittedly a service industry; however, the work of advising a corporation as to the best methods of raising new capital and of subsequently underwriting the new issue is decidedly creative, even though a package of bonds or stock certificates is not much to look at as the end product of this creativeness. From what I've said it must be clear that I'm more than enthusiastic about buying department experience and I can state that the fact that I am now in the selling end of our firm has not in the least dampened that enthusiasm. There is much to be said for both departments.

OPPORTUNITIES AS A SECURITIES SALESMAN

By WILLIAM J. RUANE

Sales Department,
Kidder, Peabody & Co.,
New York City

Today's greatly added requirements of a salesman and the eventual rewards (from an account man to institutional accounts, and even to a partnership) are described by an expert in the subject. Mr. Ruane does not ignore the inherent opportunity to build up one's own capital, and to provide other key services, in unfolding sales opportunities in the investment field.

The role of a salesman is one of the most interesting in the investment field and it should be regarded as a challenge for any young man considering the securities field as a career. Success in the job will go to the hard working individual who can combine the critical attitude of an analyst, the persuasive manner of a salesman, and the bedside manner of a country doctor. The basic-function of a salesman is to aid his clients by giving them sound counsel on their investment problems. He must be able to diagnose the needs of the clients and develop a suitable portfolio of securities to meet those requirements. The job is not completed by merely purchasing a list of stocks. The securities must be supervised and changed as economic trends in general and company developments in particular would seem to dictate.

The account man's day is divided into three parts, a study of the current news, a study of particular companies which may have merit for investment, and consultation with present and prospective clients.

A study of developments in the political, economic, and scientific fields is as important as being abreast of strictly financial news. There are few developments in any of the foregoing fields which will not affect the fortunes of one or more companies in American business. Security analysis, in part, requires the interpretation of ordinary news and its application to individual companies.

Then and Now

The day is gone when the "well connected" young man could enter Wall Street with no knowledge of a balance sheet or an income statement and immediately proceed to make a substantial income on his connections. Today a period of training in the use of the analytical tools of research is necessary to prepare the future account man to service his customers with intelligence. He must learn how to appraise the relative and absolute values behind the security of a particular company selling at a particular price. A graduate entering the investment business is well advised to spend a period of time in the research department of a firm developing experience in the approach to appraising the worth of a security, be it bonds, preferred or common stocks. After completion of such a training program the process of education does not end. In fact it is merely beginning. A certain part of each day will be devoted to the study of a new company or to the reappraisal of the merits of a company which has not been analyzed recently. It is the job of the salesman to be constantly culling over the stocks of a wide range of companies with a view to selecting the most attractive and appropriate investments for his clients' money in the light of the existing economic conditions.

A great deal of satisfaction is found by the salesman in translating the analytical opinions formed by economic and security analysis into a sound and profitable investment program for his clients. Each customer will have a different investment problem. A young married businessman with a good income needs different advice than an elderly widow who lives on her income from securities. This job is accomplished by a proper analysis of the customer's needs, supplemented by a certain amount of salesmanship to persuade the customer to take the action which is dictated by an intelligent interpretation of the facts. Careful research and analysis will only produce income for the salesman or his firm if he is able to convince his clients or prospective clients of the merit of the advice.

Principal Problems

One of the principal problems a young man faces when entering the securities field in the position of account man is that of building a clientele. Initially it is done by developing leads which his firm will give him. Once a nucleus of customers has been obtained, the clientele of a salesman of sound judgment is built up to a large degree by radiation, that is through the recommendations of his satisfied clients.

As the salesman develops experience he may be assigned by his firm to service the accounts of banks, insurance companies, mutual funds, and pension funds. Handling these large accounts requires a slightly different approach of the salesman. The institutional accounts are, by nature, professional buyers who require information in greater detail than the average individual account. Nevertheless, the qualifications necessary to handle either type of customer are basically the same.

A young man should only enter the securities field with thoughts of becoming a salesman if he feels he has a sincere interest in financial analysis combined with sales work. There is no concrete product to sell or produce; one is always dealing in intangibles. The early few years are often not too rewarding financially and the task of building a clientele is difficult. However, this is true of starting any new business and essentially an account man is in his own business.

Despite the initial difficulties of starting a career, in the long run the opportunities in the securities field can exceed those found in the average industrial concern. One advantage which is inherent in the job is the opportunity through the development of investment acumen to build up one's own capital. Further, there is no limit to the earning power of the individual. Since a salesman is essentially in his own business his income should be proportionate to the time and energy he himself applies to the job. The more successful salesman is often taken in as a partner in his firm. In addition, it is not unusual for an alert and imaginative account man to be the key individual in the information, financing, or merger of companies while performing his regular duties. The nature of this job exposes him to such possibilities.

Finally, there is a real need and opportunity for young men in the investment field because of the high average age levels of the men now in the business. These many advantages and possibilities serve to make the job of a salesman one which should have real attraction for the college graduate with an interest in the investment field.

CAREER OPPORTUNITIES IN MUNICIPAL SECURITIES

By CHARLES S. LIPSCOMB

Vice-President,
W. H. Morton & Co., Inc.

Growth is listed as one of the top factors that makes the municipal bond field attractively inviting to those willing and able to learn the business. Mr. Lipscomb tempers his glowing description of career opportunities in this field with a cautious reminder of the work entailed which on balance adds up, in his opinion, to the "greatest opportunity today in the investment field."

I have long felt that the municipal bond field offers countless opportunities to the young man willing to serve his apprenticeship and gain a thorough understanding of the fundamentals of the business.

Our industry is departmentalized into roughly three divisions: syndicate, trading and sales and there can be a large degree of overlap among these departments. Since my personal activities are primarily concerned with sales my remarks will deal with this function.

Growth Makes It Inviting

The biggest factor that makes our business so inviting is Growth. That is growth in volume of the product which we are merchandising. In 1946 the total amount of tax-exempt securities outstanding was \$16 billion, in 1955 the volume had swelled to \$43 billion and by the end of 1958 it had leaped to \$57 billion.

Another way of expressing this growth factor is to examine the annual volume of new issues. From 1921 through 1941 the annual volume of municipal bonds offered for sale to the underwriters was a little over \$1 billion a year. During the war years 1942-3-4-5 it fell somewhat below this level, but after the war the surge began, in 1950 the volume rose to \$3½ billion, by 1953 it had jumped to \$5½ billion, in 1954 as a result of all the Turnpike Construction and financing the total hit a then almost unbelievable \$7 billion, 1955 and 1956 dropped away to \$5½ billion, 1957 and 1958 were back to \$7 billion, and this year the municipalities and authorities are churning out bonds at the \$8 billion rate.

Along with this tremendous increase in volume more firms have been organized and most municipal bond departments have been expanded, hence greater job opportunities for the potential trainee. In 1948, 429 firms advertised their offerings in our trade publication called the "Blue List," today there are about 625 advertisers and these figures don't reflect all the firms engaged in the underwriting and distribution of municipal securities. So much for growth. Now for the most challenging and interesting aspect of our industry, the job of distribution! Here we bring into play the many variables of our business such as the maturity of the bonds, the coupons, the ratings and the prices, and the changes in tax laws. Who buys the ever increasing billions of dollars of tax-exempt securities which we have just been discussing?

The largest buyers are obviously the institutions: savings banks, commercial banks, trust departments, corporations, casualty companies, municipal pension funds, and more recently life insurance companies. Unfortunately, all these institutions are not buying bonds at the same time, otherwise our job would be greatly simplified.

When the loan demand increases, commercial banks usually taper off their purchases of bonds, when casualty companies suffer heavy underwriting losses they decrease bond purchases, when savings banks increase dividends or have heavy deposit losses, they stop buying tax-exempts. But earlier I mentioned life insurance companies. What has increased their interest in municipals? The recent passage of legislation has increased quite substantially their Federal taxes. So they turn to tax-free securities, and our market is broadened another notch.

In addition to the above mentioned institutions we also have individuals who buy municipal securities. This is probably the greatest undeveloped market for municipal bonds in our country today and offers a great potential to our industry. A look at the taxable equivalent table which you have will show what I mean. Notice the percentage figure at the top. Then follow the tax-exempt yield down the left hand side and we determine that an individual in the 30% bracket buying a municipal bond yielding a 4.00 basis has taxable equivalent yield of 5.71%. In the 50% bracket a 4.00 basis is equal to an 8.00% yield taxable. The 90% bracket earners buying a 4.00% basis tax-exempt would have to realize a 40% yield in a taxable investment. Thus only a little imagination is needed to picture the scope of this untapped market, particularly if you can also believe that there are a great number of investors in this country who are not aware of the existence of tax-free securities.

A Cautious Reminder

But before you accuse me of painting with too broad a brush let me hasten to explain that results don't come easily. Many doorbells must be rung and a lot of educational work is required before an individual becomes a customer.

The industry's yardstick, which gauges the price level of the market, is the Bond Buyer's 20-Bond Index. In January of 1957 this Index stood at a 3.23% yield level; in July 1957 it was 3.40%; in January 1958 2.97%; in July 1958 3.05%; in January, 1959, it was 3.40% and recently it was at a whopping 3.81%. Tax-exemption is at an all time high in value and affords a wonderful opportunity for the investor and for the alert salesman as well. Tax-switches are possible; maturity schedules can be altered; portfolios can be up-graded or down-graded. Any number of combinations are possible under such unusual market conditions, as now exist.

Now back to the topic, "Career Opportunities in Municipal Securities." I have briefly touched on some of the major ingredients, basic to our business. Lump all these together and you have in my opinion the greatest opportunity today in the investment field. More and more institutions and individuals need tax-exempt income. More and more portfolio managers are finding the number of new issues too numerous to follow and study closely and must rely on the ideas of alert and experienced salesmen. So for the trainee who is willing to work to get a thorough background of the industry and keep abreast of current market conditions, the results can be vastly rewarding in the knowledge of a job well done and from a financial standpoint as well.

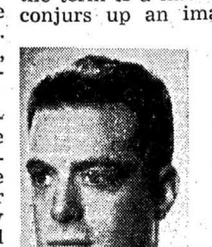
RESEARCH AS A CAREER OR A TRAINING GROUND

By WALTER P. STERN

Manager, Research Department,
Burnham & Co.

The "ins" and "outs" of research in a Research Department, comprising reporter-analysts to the top research man—the "Decision Maker," are outlined by Mr. Stern who finds that this is the area that can make money. This, he avers, is so whether one succeeds in research career, or uses the training in becoming a salesman or in other areas.

Research men used to be called "statisticians" although I think the term is a misnomer. Research conjurs up an image of a little man sitting on a stool with a greeneyeshade and a ten column work sheet spread in front of him. Unfortunately, he stutters when he speaks so that he is placed off in the back where he will not have to talk to anyone. However, there is more to research than statistics — in fact, statistics alone do not prove anything. This is perhaps best illus-



Walter P. Stern

trated by the fact that one can show a perfect statistical correlation between the consumption of whisky and the pay of school-teachers in the U. S. A statistician would tell you that this proves one of two things—either people have to get drunk to vote school teachers more money or when teachers get paid more they spend it all on whisky! You can draw whatever conclusion you want. But the moral is clear — there is more to research than statistics.

What Does a Research Department Do?

Perhaps the best way to explain Research is to describe briefly some of the duties a Research Department may perform. This can probably best be illustrated by a brief description of how we operate at Burnham and Company —a medium-sized diversified brokerage-investment banking firm where we have a larger-than-usual (two partners and ten analysts) Research Department.

The main job of our Research Department is to keep a close watch on all news developments that affect or may affect securities; this may range from the Middle Eastern and German political crises to the development of new products such as the recently introduced stretch paper (by Clupak, Inc.) or methods for synthesizing penicillin, by Bristol-Beecham), Pyroceram (by Corning Glass). In following these developments we subscribe to and read carefully dozens of business and industrial publications and newspapers as well as several financial services. We conduct field investigations of many companies' operations as well as checking frequently with officials of these companies.

As an end-point we prepare analyses of important developments affecting various industries and companies, some for our various periodicals, some for other public distribution and some simply for internal use within our own firm. In addition, we perform some other duties such as answering inquiries and analyzing clients' portfolios, providing background information for our new business or buying department, and/or helping in pricing decisions on prospective underwritings.

Prerequisites for Research Job

What kind of individual fits into this sort of career? We feel there is no one background that best qualifies a man for research. An an example—one of the most successful analysts I know distinquished himself by his polo-playing and capacity for holding whisky at such a far off school as the University of Arizona. He had a rather diversified background, serving successively as an intelligence officer in the Army, then in a family business, then into Wall Street as a salesman, then back to work for one of the secret agencies in Washington, then back to Wall Street as a salesman and then to Research where he now heads up a very successful department.

More specifically, in hiring research people at Burnham and Company we look for first, brightness and/or innate ability and secondly, initiative and/or aggressive thinking. Everything being equal we would prefer someone with a top-notch academic record—that is, preferably in the upper tenth of his class. In addition, we like either business school training and/or equivalent business experience. However, the main prerequisite is a bright, alert mind.

Research and a Career in Securities

How does research work fit into a career in the securities business? I think it can be broken down two ways. First, **research is probably the best background that one can have to go into virtually any other aspect of the securities business.** Secondly, and more important, it can be and often is a **very lucrative field in itself.**

Taking first, Research training as a jumping-off point for other phases of the securities business, a knowledge of securities and securities' values is invaluable background for practically any and every niche in Wall Street. It is quite common for the prospective Wall Streeter to spend anywhere from a week to three years in Research as training for other ends of the business—be it sales, buying, syndicate or some other phase. I think it is useful here to draw an analogy between the investment man and the doctor. When one goes to the doctor for advice, he feels himself in better hands if the doctor can analyze the illness and prescribe the cure himself rather than have to consult with his associates pleading lack of knowledge. In a like vein, when one seeks financial advice, the investment advisor, account executive or financial consultant should be equipped to prescribe a cure himself rather than have to fall back on his research department. A knowledge of security analysis is essential background for virtually every phase of the business—it is probably wise for anyone embarking on a serious career in Wall Street to have a sound grounding in Research fundamentals.

Research a Career in Itself

Turning to Research as a career in itself, there are many avenues that can be pursued — although progress and financial reward resulting will depend very much on the individual himself.

Perhaps the outstanding method is making money through one's own wise selection of securities because of the first hand information available to him. I need only cite two examples to prove the point. One is a man, now Research partner of a very successful investment banking firm who has often told various audiences how he left the hallowed walls of Harvard (and a teaching career) with less than $15,000 in his pocket. Some years later, he told his accountant not to bother him with details when he passed his third million. His method—smoking a pipe. Having spent much time in Research he merely picked securities wisely and smoked his pipe; the longer he smoked the richer he got. There are many others who can be pointed to as examples of research careers leading to financial success, such as Ben Graham, author of the standard text on **Security Analysis** and a one-time prominent lecturer at Columbia University, who started from nearly nothing to become one of the outstanding financial success stories on Wall Street.

Turning to the more mundane careers, Wall Street Research men break into **three types:** The great majority of research men are **reporter-analysts.** Almost anyone with a reasonably broad education and/or above average level of intelligence, can with training, learn to gather the essential facts on a company or industry, analyze them, and present them in readable form. With a minimum of supervision the reporter-analyst can produce a usable report. But here he stops unless he can render an **opinion** or **decision** on a stock or industry which is of value. His salary of economic worth is probably limited to say $8-10,000 (top) a year.

Going beyond this is the top Research man — the **Decision Maker** (as I believe he was termed in a recent article by a prominent analyst). The **Decision Maker's** great asset is **competent judgment based on knowledge and experience.** He uses the reporting and analysis of others (plus his own work) and drawing on wide personal experience with industry and the market (and a sense of timing and values) is able to arrive at a responsible decision. This may be used in deciding on recommendations of which securities to buy or the pricing of an underwriting—any place where a competent decision is needed.

The Decision Maker (as opposed to the analyst-reporter) can usually command extremely high compensation (we'll say as a guess $15,000 up to perhaps $75-100,000 a year) be it a lucrative partnership, a high salary, or other responsibilities such as running a fund or heading a Research Department. The good analyst, who in addition can sell (himself or securities) as a competent authority, can usually succeed as a salesman—either drawing a large individual following who direct business to him in return for his advice, or more likely, in today's financial community, as an institutional salesman. Today with institutions assuming an ever-increasing role in the securities markets, there are growing opportunities for research men — particularly industry specialists or experts—to attract an institutional following, which can lead to very lucrative institutional commission business. Institutional investors are sophisticated. They prefer talking to a research expert rather than the average run-of-the mill salesman. As the institutions grow in importance — as they are presently doing—the research specialist who is able to talk to them on their own level should also become of increasing importance. **Research-salesmen** as a group, are becoming some of the first-ranking money-makers for both themselves and their firms in Wall Street.

Summary

To summarize, a career in Research is useful in two ways—either as a training ground for practically any and all other aspects of the business, or as a career in itself. As a career it offers the opportunity for the analyst to put his own money to work, because of the first-hand information available to him. Or on a more mundane level, if the Research man is good, he can make a fair living from **analyst-reporting** work. Beyond this, if he can assume the role of either a **"Decision Maker"** or **salesman** he has the opportunity of making some of the "real big money" on Wall Street.

Hugh Johnson, who was Bernard Baruch's satistician once said:

"If you are ready and able to give up everything else—to study the whole history and background of the market and all the principle companies whose stocks are on the board as carefully as a medical student studies anatomy —to glue your nose to the tape at the opening of every day of the year, and never take it off until night—if you can do that, and in addition, have the cool nerves of a great gambler, the sixth sense of the clairvoyant, and the courage of a Lion, you have a Chinaman's chance (of making money in the market)."

I think it is easier than that—and I think the Research Department is the best place to do it.

Cantor, Fitzgerald & Co. Opens New York Office

Cantor, Fitzgerald & Co., Inc. has opened a branch office at 170 Broadway, New York City, under the management of Seymour B. Goldfeld. The firm's main office is in Beverly Hills, Calif.

Now With Van Hoozer Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS City, Mo.—Mrs. Alyce M. Pinger is now with Van Hoozer & Co., Inc., 1016 Baltimore. Mrs. Pinger was previously with B. C. Christopher & Co.

Horizon Land Corp. Stock Oversubscribed

An offering of 300,000 shares of Horizon Land Corp. common stock at $1 per share was made on August 3 by the New York Stock Exchange firm of Ross, Lyon & Co., Inc. This offering was over-subscribed.

Proceeds of the issue will be used in connection with the acquisition of real estate in Arizona and elsewhere and for general working capital.

The company presently owns interests in a number of parcels of real estate, in the Tucson, Arizona area.

Edwards, Hanly Branch

SHORT HILLS, N. J.—Edwards & Hanly has opened a branch office at 515 Millburn Avenue under the management of Joseph Rowan.

C. W. Daniels Opens

EAST SCHODACK, N. Y. — C. W. Daniels is conducting a securities business from offices on East Schodack Road.

Retirements Equities

INGLEWOOD, Calif. — Retirements Equities has been formed with offices at 4843 West 111th St. to engage in a securities business. Richard J. Watkins is a principal.

Continued from first page

Funds Retain Caution As Bull Market Rolls On

panies under review, net buying of portfolio common stocks declined to $124.6 million from $165.5 million and $242.1 million, respectively. This decline resulted from the fact that liquidation was stepped up 11.6% during the June quarter, while the dollar volume of purchases was practically unchanged.

Enlarged Interest in Bonds

With the rise in money rates, accompanied by the unusually attractive absolute and relative level of bond yields, unusual activity by the fund managers was evinced in fixed interest obligations. Short-term Federal Home Loan, Fanny Mae, and Treasury Certificates were bought by George Putnam; with a disposal of Treasury Bonds due in 1990 and 1995. U. S. & Foreign doubled their holdings in U. S. Treasury Bills. The agile Dreyfus Fund managers for the first time took on Treasury Bills, in the amount of $7,256,881. Lehman Corporation increased its holdings of Governments to $20,400,000 from $15,200,000, entirely via purchases of Treasury Bills and Certificates. Wellington Fund during the quarter took on $10 million of 3½% Treasury Bonds due in 1990 and $5 million of the 4% Bond due in 1969, along with the following short-term issues: $40 million of 3¾% Certificates of February, 1960, $12 million 4% Certificates of May, 1960, and added $2 million to its holding of 4% Notes due August, 1961, $10 million of 4% Notes due February, 1962, and $3 million of 4% Notes due in May, 1963. Partially offsetting these acquisitions were sales of $55 million of Notes due within the next six months, $5 million of the 4% Bond due October, 1969, and $10 million of the 3½% Certificate due February, 1990. Thus, Wellington's rearrangement of its portfolio in which the proceeds of common stocks, profit-taking were shifted into short-term Treasury issues with their high current income, resulted in a net increase of $12 million in such holdings. This policy, we are informed, has been intensified during the current third quarter.

On the other hand, during the quarter State Street reduced its holdings of U. S. Governments from $19½ million to $13 million; such reduction in Governments being likewise followed by the relatively newly formed and equity inventory-building One William Street and Lazard Fund.

* * *

THE FAVORITE STOCK ISSUES

Ford Motor, as in the preceding quarter, carried off "the honors" as the most widely and heavily bought individual stock. The funds' activities in this "cyclical" issue seem to demonstrate that even expert investment managers do not always embrace the long-term view. In the last quarter, during a market range of 57-to-75, Ford was bought by no less than 23 managements (including 8 newly), with only one seller. On the other hand, during the second quarter of 1958, while the issue was available in the 38-43 price range, it was decisively liquidated, with seven managements selling 95,400 shares against three managements buying 29,100 shares. And when the issue was still submerged in a 45-50 range during the fourth quarter of 1958, the number of sellers exactly offset the buyers.

Runner-up in popularity this time was the also-cyclical General Motors, with 15 buyers against five sellers. Also attracting substantial net buying were Jones & Laughlin, Aluminium Ltd., U. S. Steel, American Viscose, Pittsburgh Plate Glass, Republic Steel and—mostly via the exercise of rights—Florida Power and Virginia Electric & Power.

Unpopular Issues

Royal Dutch, a long-time favorite in previous periods, switched over into the net selling category. American Telephone supplanted Standard Oil of Jersey as the most heavily sold issue, followed by Boeing Airplane, American Can, and Gulf Oil. (For details see our Table "Changes in Common Stock Holdings" on p. 25.

* * *

BULLISH MANAGEMENTS

Typical of a constructive attitude was this statement by Edward A. Merkle, President of Madison Fund: "Defensive items, which accounted for 50.7% of our portfolio on Dec. 31, 1958, were reduced to 38.5% on June 30. . . Management philosophy at the moment is a continuation of an aggressive approach to the stock market involving an increasing search for undervalued situations . . ." During the June quarter Madison Fund switched from net selling to net buying of common stocks.

From W. Linton Nelson of Delaware Fund comes this cheering observation: "At a time when people literally walk from one jetliner which has just crash-landed to another and blithely continue on their way, while others flock to Europe for a summer holiday despite the Berlin crisis, the stock market at the 660 level may not seem as outlandish as certain Cassandras would like us to believe. Maybe these unrelated facts reflect a deep-seated acceptance of the mechanical wonders of our age, a belief that there is much more to come, and a sublime confidence in the future."

From Herbert R. Anderson, President of Group Securities: "Our work leads us to the conclusion that the more dynamic phase of the present business cycle is ahead, providing an excellent economic climate for investment."

Says Edward P. Rubin, President of Selected American Shares: "With important further upward progress in business and earnings still the strongest probablity, your management believes a confident, even if selective and watchful, investment policy continues to be waranted at this time."

In a survey prepared for the Tri-Continental group, John W. Harriman, economist, says: "The now firmly established upward movement of the cycle seems destined to continue without important interruption through 1960 . . . It seems improbable that tight money will cause in the near future a reversal in business and stock prices."

Typifying the plea for selectivity is this conclusion voiced by Milan D. Popovic, President of Blue Ridge Mutual Fund, Inc.: "It would appear that we can be optimistic on the economy and its future prosperity, but we cannot expect that the market could repeat soon its recent generous gift to all stockholders. On the basis of our strong but changing economy, we should expect only selective rises in values. It will again be a market where only informed care brings good results."

Wall Street Investing Corporation switched from oil and natural gas holdings to General Motors and Philips' Lamp. Said its economic consultant, John Lintner: "Consumer incomes will continue to rise, and consumer expenditures will continue to increase because of increasing incomes and rising population and employment, and also because of a substantial further increase in instalment credit—an item incidentally which is not effectively restricted by general monetary policy. The vaunted Half-Trillion Dollar Economy will be a reality well within another 12 months."

Investment Trust of Boston, which is permitted to use leverage, exercised this privilege for the first time since the latter part of 1956 by borrowing from Boston banks; this with the disposal of U. S. Treasury bills provided for the addition to their common stock portfolio, of among others, Lorillard, Owens-Corning Fiberglas, Florida Power & Light, along with some leading German stocks.

This bit of optimism comes from Frank B. Bateman, President of Florida Growth Fund, Inc.: "It is our belief that Florida companies will continue to grow in size and profits and the expected increase in sales and earnings seems likely to enhance the value of many Florida securities. Our optimism is based, in part, on some facts and figures just released by the Florida Chamber of Commerce. It stated that over 7,000,000 people—or 1 out of 24 in our entire population of 170,000,000—annually visit Florida. These people spend about $1,125,000,000 a year."

Funds whose purchases of common stocks exceeded sales by a substantial margin included Axe-Houghton Fund "B," Broad Street Investing, Eaton & Howard Balanced Fund, Eaton & Howard Stock Fund, General Investors Trust, Massachusetts Life Fund, Mutual Investment Fund, Affiliated Fund, Bullock Fund, Chemical Fund, Fidelity Fund, Fundamental Investors, Incorporated Investors, Investment Co. of America, Lazard Fund, M.I.T., National Investors, the United Funds, and Carriers & General. U. S. and Foreign forsook its long-standing policy confined to liquidations, in now adding to its portfolio American Viscose, International Nickel, and Weyerhaeuser Timber.

* * *

THE DEFENSIVE CONTINGENT

Among the managements calling attention to the unfavorable ratio between present stock and bond yields is Guardian Mutual Fund. At the same time, its portfolio policy, as expressed by its President Roy R. Neuberger, is geared to confidence over the long term.

Particularly forthright are the bearish statements voiced by the Value Line management. President Arnold Bernard notes that the percentage of the Income Fund's capital invested in common stocks has diminished in the past quarter, and the percentage invested in bonds and preferred stocks has risen. "This policy" says he, "is virtually required by the discrepancy in yields that exist today between stocks and senior securities. It might be added that in the opinion of the Managers, the real bargain spot in the bond market today is in the medium grade bonds." Commenting on the Value Line Fund, Mr. Bernhard notes. "After the stock market correction in 1957, which wiped out about 22% of the values of the leading market averages, the Value Line Fund switched its bonds into stocks. Now that the

Continued on page 27

Changes in Common Stock Holdings of 67 Investment Management Groups

(April-June, 1959)

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits, stock dividends, spin-offs or mergers. Number of shares bought or sold prior to a stock split is expressed giving effect to the split.)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Agricultural Equipment		
5(2)	27,600	International Harvester	37,700	3
4(2)	*34,000*	*Deere*	*43,100*	*6(2)*
		Aircraft and Aircraft Equipment		
2	1,400	Bendix Aviation	6,500	2(1)
1	4,000	Curtiss-Wright	14,900	1
5(1)	74,000	General Dynamics	35,000	4(2)
2(1)	9,800	Marquardt Aircraft	2,300	1
6(3)	76,900	Martin	None	None
5(1)	131,600	North American Aviation	60,000	1
None	*None*	*Aerojet-General*	*5,600*	*3(1)*
1	*7,500*	*Boeing*	*146,940*	*8(4)*
None	*None*	*Douglas*	*650*	*2*
2(1)	*146,600*	*Lockheed*	*93,900*	*4(2)*
4	*20,000*	*United Aircraft*	*44,300*	*7(2)*
		Airlines		
2(1)	17,400	KLM Royal Dutch Airlines	None	None
1	*2,000*	*American Airlines*	*17,800*	*3*
None	*None*	*Braniff Airways*	*19,700*	*2*
2(1)	*50,544*	*Eastern Airlines*	*3,200*	*3(1)*
None	*None*	*Pan American World Airways*	*53,900*	*2*
1	*4,100*	*United Air Lines*	*8,319*	*2(1)*
		Automotive		
4(1)	14,700	Chrysler	None	None
23(8)	322,300	Ford	4,000	1(1)
3(1)	64,000	Fruehauf Trailer	None	None
15(4)	186,300	General Motors	44,000	5(2)
2	12,000	Mack Trucks	25,000	2(1)
2(2)	14,800	White Motor	27,800	1
None	*None*	*Ford of Canada*	*26,400*	*3(3)*
		Automotive Equipment		
3	11,000	Borg-Warner	None	None
1	300	Briggs & Stratton	1,000	1
2	6,000	Dana	100	1(1)
2(1)	2,500	Electric Storage Battery	None	None
1	1,000	Kelsey-Hayes	2,000	1
1	11,200	Thompson Ramo Wooldridge	52,200	2(1)
1	*4,000*	*Clark Equipment*	*1,000*	*2(2)*
None	*None*	*Stewart-Warner*	*10,520*	*2(1)*
		Banks		
5(1)	28,900	Bankers Trust	7,000	2(2)
4(2)	30,500	Chemical Corn Exchange	15,500	3(3)
2(1)	23,600	Cont'l Ill. Nat'l Bank & Trust	None	None
1(1)	2,000	First National Bank, Boston	1,000	1
5(1)	31,000	First Nat'l City Bank of N. Y.	25,600	3(2)
1	4,000	Guaranty Trust*	3,000	1(1)
2(1)	30,000	Hanover Bank	5,000	1(1)
5	19,725	Marine Midland	2,200	1(1)
1(1)	2,500	Morgan Guaranty Trust	4,000	1(1)
2	4,911	National Bank of Detroit	None	None
2(1)	14,000	Security-First Nat'l Bk. of L. A.	None	None
2(1)	*37,000*	*Chase Manhattan*	*35,500*	*4(2)*
None	*None*	*First National Bank of Chicago*	*2,750*	*2(2)*
None	*None*	*Irving Trust*	*29,760*	*3(2)*
1	*1,000*	*Manufacturers Trust*	*12,500*	*2(1)*

*Later merged and now Morgan Guaranty Trust, which see further below.

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Beverages		
2(1)	8,000	Canada Dry	None	None
4(1)	16,980	Pepsi-Cola	None	None
2(1)	*16,900*	*Coca-Cola*	*22,900*	*3(1)*
		Building, Construction and Equipment		
4(1)	13,000	Armstrong Cork	7,600	2(1)
2	16,750	Bestwall Gypsum	3,000	1(1)
2(1)	23,000	Celotex	None	None
3(1)	9,950	Flintkote	None	None
4	17,600	General Portland Cement	None	None
3(1)	15,000	Johns-Manville	None	None
5(1)	8,712	National Lead	1,000	1(1)
3(2)	16,300	Otis Elevator	10,500	2
2	3,500	Trane	22,300	2(2)
3(2)	48,000	Yale & Towne	500	1
None	*None*	*Minneapolis-Honeywell*	*12,500*	*2(2)*
None	*None*	*National Gypsum*	*8,624*	*3*
1	*1,900*	*U. S. Gypsum*	*11,200*	*4(1)*
		Chemicals and Fertilizer		
2(1)	5,300	Air Reduction	2,800	1(1)
4(1)	12,800	Allied Chemical	15,795	2
3	6,550	American Agricultural Chemical	2,600	1
1	2,500	American Cyanamid	4,000	1(1)
3(1)	29,900	American Potash & Chemical	1,500	1
2	4,000	Columbian Carbon	11,100	1
2	10,000	Diamond Alkali	1,000	1(1)
6	18,352	Dow Chemical	None	None
7(1)	17,200	Du Pont	9,500	3(1)
4(4)	125,500	Farbenfabriken Bayer (ADR)	None	None
2(2)	22,000	Farbwerke Hoechst (ADR)	None	None
3(1)	50,000	Food, Machinery & Chemical	53,000	3(1)
2	2,900	Freeport Sulphur	9,500	2
3(1)	42,000	Hooker Chemical	None	None
2	1,400	Interchemical	6,000	1(1)
3(2)	28,000	Internat'l Minerals & Chemicals	40,700	1(1)
1	1,000	Koppers	1,600	1
6	40,000	Monsanto Chemical	25,500	3
5(3)	97,000	Olin Mathieson	4,000	1(1)
3	800	Rohm & Haas	20	1
3(1)	32,500	Spencer Chemical	6,400	2(1)
3	10,700	Stauffer Chemical	None	None
2(1)	6,000	Tennessee Corp.	7,900	2
7(1)	34,900	Union Carbide	2,000	1
2(1)	12,400	United Carbon	4,000	2
2	*2,400*	*Eastman Kodak*	*27,000*	*3(1)*
None	*None*	*Pan American Sulphur*	*31,740*	*3(3)*
		Coal and Coke		
2	10,400	Pittston	4,510	2(1)
1	3,700	Truax-Traer	4,000	1(1)
		Containers and Glass		
9(2)	79,500	Continental Can	65,700	5(4)
4(2)	11,700	Owens-Corning Fiberglas	2,000	2(2)
4	9,700	Owens-Illinois Glass	4,000	2(1)
9(5)	91,600	Pittsburgh Plate Glass	23,000	2(2)
1	*11,000*	*American Can*	*59,300*	*8(2)*
1	*500*	*Corning Glass Works*	*900*	*2*
2(2)	*18,200*	*Libbey-Owens-Ford Glass*	*65,800*	*4(2)*
		Drug Products		
2	20,500	Lilly (Eli) "B"	1,100	1
6(1)	14,425	Merck	33,200	5(1)
2	12,800	Rexall Drug & Chemical	13,380	2(1)
8(1)	161,900	Schering	11,500	3(1)

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Joins Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Sheila H. Moss has joined the staff of E. F. Hutton & Company, 160 Montgomery Street.

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Bought No. of Mgts.	Bought No. of Shares		Sold No. of Shares	Sold No. of Mgts.
2(1)	22,000	Smith, Kline & French	17,900	2
2	16,000	Upjohn	None	None
1	10,000	Warner-Lambert	1,400	1
None	None	*American Home Products*	2,100	2
1(1)	5,000	*Bristol-Myers*	46,000	4(1)
None	None	*Mead Johnson*	14,500	2
1	4,600	*Norwich Pharmacal*	4,500	2
2	3,200	*Parke, Davis*	81,000	5(1)
2(1)	1,100	*Pfizer (Chas.)*	50,800	5(1)
None	None	*Vick Chemical*	6,300	3

Electrical Equipment and Electronics

2	4,000	Ampex	2,500	1
2(1)	18,700	Consol. Electronics Industries	None	None
7	66,900	General Electric	12,500	3(1)
1	700	Hazeltine	200	1
2(2)	7,000	Hermes Electronics	None	None
2	6,000	McGraw-Edison	2,000	1
8(2)	75,050	Philips' Lamp Works (50-guilder shs. or equivalent)	300	1
8(2)	101,500	Radio Corp.	72,500	6
2	700	Reliance Elec. & Engineering	300	1
3(1)	14,000	Siemens & Halske (ADR)	1,500	1(1)
3(2)	38,700	Sprague Electric	6,000	1(1)
1	4,700	Square D	1,500	1(1)
6(3)	28,100	Texas Instruments	8,375	3
6(3)	36,500	Westinghouse Electric	1,000	1
None	None	*International Tel. & Tel.*	114,600	6(1)
1	390	*Philco*	8,039	2(1)
2(1)	13,900	*Ratheon Manufacturing*	15,550	3(1)
2	3,300	*Sperry Rand*	18,200	3(1)
2	13,500	*Sunbeam*	35,000	3(1)

Finance Companies

1(1)	5,600	American Investment (Ill.)	13,300	1(1)
1	68,000	Beneficial Finance	50,000	1(1)
4(1)	50,600	C.I.T. Financial	15,000	1(1)
1	500	Commercial Credit	6,000	1(1)
2(1)	16,800	Great Western Financial	625	1
2	27,179	Household Finance	33,000	2(1)
2	4,600	Pacific Finance	4,800	1
2	1,252	Seaboard Finance	None	None
1	300	*Associates Investment*	12,200	2(1)
None	None	*Industrial Acceptance Ltd.*	13,500	2(2)

Food Products

3	8,500	Armour	None	None
1(1)	1,600	Continental Baking	10,000	1(1)
2(1)	13,000	Corn Products	3,000	1
2	6,000	Foremost Dairies	15,600	1(1)
3	6,900	General Foods	2,000	1
1	3,500	Pillsbury	2,000	1(1)
2	32,000	Swift	4,000	1
1	5,000	United Fruit	5,000	1
1(1)	19,000	*Beech Nut-Life Savers*	19,300	3(1)
1(1)	7,000	*Borden*	5,200	2(2)
1(1)	3,100	*National Dairy*	8,100	2
None	None	*Standard Brands*	18,400	2(1)

Insurance—Fire & Casualty

2	6,900	Continental Casualty	None	None
2(1)	30,000	Fireman's Fund	8,000	1(1)
2(1)	4,200	Hartford Fire	3,000	1
1	800	Insurance Co. of North America	750	1
2(1)	7,500	Maryland Casualty	None	None
3	9,500	Travelers Insurance	6,350	1(1)
None	None	*Fidelity-Phenix Fire*	16,000	2(1)

Insurance—Life

1	2,000	Aetna Life	1,600	1(1)
2(2)	4,000	Jefferson Standard Life	None	None
1	800	Lincoln National Life	7,400	1(1)
1	2,900	*Connecticut General Life*	7,000	2(2)
1	1,000	*National Life & Accident*	8,000	2(2)

Machinery, Machine Tools and Industrial Equipment

2	7,900	Black & Decker	None	None
1(1)	3,000	Bucyrus-Erie	3,000	1
7(1)	30,700	Caterpillar Tractor	13,500	3(1)
2	22,000	Chicago Pneumatic Tool	None	None
2	11,500	Combustion Engineering	1,500	1(1)
2	6,000	Dresser Industries	6,500	2
2	20,400	Ex-Cell-O	37,500	1(1)
2(1*)	30,000*	Gardner-Denver	None	None
3(1)	7,100	Joy Manufacturing	3,500	2
3(1)	13,400	Singer Manufacturing	29,400	1
1	5,000	Universal Winding	2,900	1
3	11,600	Worthington	300	1
1	900	*Allis-Chalmers*	14,500	2(1)
2(1)	8,000	*United Shoe Machinery*	15,600	3(2)

*Including 15,000 shares through conversion of debentures.

Metals and Mining—Aluminum

11(3)	86,600	Aluminium Ltd.	171,000	4(2)
7(2)	30,700	Aluminum Co. of America	1,000	1
4(3)	145,500	Kaiser Aluminum	None	None
5(1)	23,100	Reynolds Metals	4,045	3
2(2)	7,700	U. S. Foil "B"	2,310	2(1)

Metals and Mining—Copper

5(2)	18,000	Anaconda	2,600	1
1	2,500	Inspiration Consolidated Copper	300	1
6(1)	68,000	Kennecott Copper	3,900	3(1)
2(1)	7,400	Magma Copper	6,800	2
1	2,000	Miami Copper	1,000	1
3	57,600	Phelps Dodge	20,500	2(1)
1	11,500	*Cerro de Pasco*	10,500	3(2)
None	None	*Copper Range*	4,000	2(2)
1	4,400	*General Cable*	1,600	2(1)

Bought No. of Mgts.	Bought No. of Shares		Sold No. of Shares	Sold No. of Mgts.
		Metals and Mining—Gold		
None	None	*Dome Mines*	24,800	2(1)
1	18,100	*Kerr-Addison Gold Mines*	24,000	2(2)

Metals and Mining—Other

2	700	American Metal Climax	10,500	2(1)
1	4,800	American Zinc, Lead & Smelt.	2,000	1
1(1)	4,000	Bridgeport Brass	10,000	1
1	3,000	Gunnar Mines	3,000	1
8(1)	82,000	International Nickel	500	1(1)
1	300	Ventures Ltd.	2,000	1
1	10,000	*American Smelting & Refining*	13,600	3(2)
None	None	*Falconbridge Nickel*	34,425	2(1)
None	None	*New Jersey Zinc*	25,300	2(1)
1	31,600	*St. Joseph Lead*	7,000	2(1)
None	None	*Stanrock Uranium Mines*	220,400	2(1)

Natural Gas

5	5,290	American Natural Gas	14,525	3(1)
1	9,100	Arkansas-Louisiana Gas	20,000	1
4	11,500	Colorado Interstate Gas	1,000	1(1)
6(3)	86,300	Consolidated Natural Gas	12,500	1
2	3,400	El Paso Natural Gas	20,000	2
3(1)	27,400	Mississippi River Fuel	6,400	1
1	5,000	National Fuel Gas	7,500	1(1)
4(1)	19,900	Northern Natural Gas	19,400	2
1	15,100	Panhandle Eastern Pipe Line	7,000	1(1)
2(1)	17,200	Pioneer Natural Gas	None	None
8(3*)	43,478*	Tennessee Gas Transmission	16,000	2(1)
4	25,800	Texas Gas Transmission	None	None
2	3,000	Transcontinental Gas Pipe Line	None	None
1	7,000	Western Natural Gas	4,000	1
1	7,500	*Republic Natural Gas*	6,000	2(1)
2	32,300	*Southern Natural Gas*	19,600	3(3)
1	10,000	*United Gas*	14,100	2(1)

*Including 5,175 shares through conversion of 4.50% preferred stock.

Office Equipment

1	1,137	Addressograph-Multigraph	5,180	1(1)
7(2)	27,433	IBM	1,887	5
1	900	*Burroughs*	60,100	5(1)
3	45,000	*National Cash Register*	138,000	4(2)

Oil

2	28,600	Atlantic Refining	43,000	1(1)
1	10,000	British Petroleum	130,000	1
5	36,100	Continental Oil	3,200	2(1)
2	3,800	Kerr-McGee Oil	20,000	1
4	11,000	Louisiana Land & Exploration	11,200	3(1)
3(1)	5,400	Phillips Petroleum	28,400	3
2	3,000	Shamrock Oil & Gas	None	None
5	6,840	Shell Oil	6,300	2
2	1,500	Signal Oil & Gas	10,000	1
6	26,700	Standard Oil (Indiana)	16,500	3(2)
4	85,700	Sunray Mid-Continent Oil	93,000	2(1)
2	550	Superior Oil (California)	None	None
8	23,840	Texaco	23,980	5(1)
3	7,620	Texas Natural Gasoline	None	None
1	5,000	Texas Pacific Coal & Oil	500	1(1)
2	3,500	Union Oil of California	260	1
3(1)	11,500	*Amerada Petroleum*	40,400	6(1)
1	5,000	*Anderson-Prichard Oil*	14,500	6(1)
1	8,800	*Calgary & Edmonton*	7,500	2(1)
None	None	*Champlin Oil & Refining*	15,225	2(1)
1	29,100	*Cities Service*	52,161	4(2)
8(1)	15,352	*Gulf Oil*	47,432	10(3)
1	500	*Honolulu Oil*	4,200	2(2)
None	None	*Mission Corporation*	13,000	2(2)
None	None	*Mission Development*	80,000	2(2)
2(1)	10,000	*Ohio Oil*	27,500	3(1)
4	42,000	*Royal Dutch Petroleum*	82,500	5(4)
3(1)	25,500	*Sinclair Oil*	187,000	4(3)
2	7,000	*Socony Mobil Oil*	85,900	3(2)
3	16,500	*Standard Oil of California*	92,500	5(2)
5	24,933	*Standard Oil (N. J.)*	76,991	8(1)
1	5,000	*Union Oil & Gas of La.*	11,850	2

Paper and Paper Products

2(1)	37,000	Container Corp. of America	None	None
1	6,000	Fibreboard Paper Products	10,000	1(1)
5	99,793	International Paper	20,272	4(1)
3(2)	16,300	Kimberly-Clark	19,700	3(2)
2(1)	13,500	Union Bag-Camp Paper	10,000	1(1)
1(1)	11,200	Warren (S. D.)	5,000	1
None	None	*Champion Paper & Fibre*	3,200	2
2(1)	25,200	*Crown Zellerbach*	35,700	3(1)
2(1)	50,500	*St. Regis Paper*	7,990	4(1)
1	500	*Scott Paper*	1,900	2

Public Utilities—Electric and Gas

2	5,750	American Electric Power	None	None
1	17,100	American & Foreign Power	10,000	1
1(1)	10,000	Arizona Public Service	30,000	1(1)
1	2,500	Baltimore Gas & Electric	2,000	1(1)
2(1)	17,375	Brazilian Traction Light & Pwr.	None	None
2	20,600	Carolina Power & Light	15,000	2
2(1)	5,000	Cleveland Electric Illuminating	None	None
3	19,800	Consumers Power	22,700	3
3(1)	25,300	Detroit Edison	None	None
3(1)	11,770	El Paso Electric	None	None
9	86,780	Florida Power	None	None
3(1)	13,000	Florida Power & Light	20,000	2(2)
5	176,000	Gulf States Utilities	None	None
3(1)	11,000	Idaho Power	2,600	2
4(1)	10,963	Iowa-Illinois Gas & Electric	None	None
3	2,500	Kansas City Power & Light	3,100	1
1	3,397	Kentucky Utilities	6,500	1(1)
2(1)	31,500	Long Island Lighting	6,000	1(1)

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Funds Retain Caution As Bull Market Rolls On

stock market has shot up once more to new highs, proceeding more rapidly in its accent than any probable increase in earnings and dividends, the Value Line Fund is again moving toward a defensive position."

Consistent with this sentiment, the three Value Line funds sold common stock on balance a net total of over $7 million.

Wellington Fund reports that common stock investments have been moderately reduced, and that, as we have indicated above, it acquired short-term government bonds and new issues of good-grade corporate bonds, at very attractive yields. Comments President Walter L. Morgan, "the proceeds from common stock sales and the net new money received from shareholders were invested primarily in high grade corporate bonds and U. S. Government securities . . . These changes have also resulted in some realized securities profits and a moderate increase in investment income, since the interest rate on good grade bonds is currently higher than the average dividend yields on investment quality stocks."

This sober note comes from John P. Chase, of Chase Distributors Corporation which serves Shareholders' Trust of Boston and the Chase Fund of Boston: "Our rapid recovery would seem to raise the question as to whether the very speed and breadth of the recovery may not have had the effect of shortening the life of the recovery potential. Historically, the average length of periods of economic expansion has been less than 30 months, and since 14 months have passed since the April, 1958, low, it would indicate that nearly one-half the recovery in point of time may have already taken place. However, since the rapidity and the extent of the recovery have been so great, it behooves us to be increasingly cautious in projecting current favorable business trends. This attitude of mind would seem to be warranted by virtue of the fact that a number of forces that normally make their appearance only in the later stages of a boom period are already with us . . . Taking all of the plus and minus factors into consideration, it would seem to indicate that the strong momentum of the present business recovery will carry through well into 1960, but that the recent rate of gain is very unlikely to be maintained. However, it would be a mistake to conclude that the stock market is therefore safe for the next six to 12 months. To put it another way: don't expect too much correlation between business and the stock market trends at this stage of the economic cycle. During the past five years the stock market has tended to run from six to 12 months ahead of the business indices."

Other fund managers stressing the alarming impact of the present inverse stock-bond yield ratio are Commonwealth Income, and Whitehall Fund.

Funds substantially selling common stocks on balance included Axe-Houghton Fund "A" and Stock Fund, Boston Fund, Scudder, Stevens & Clark Fund, Shareholders' Trust of Boston, the three Value Line funds, Institutional Investors Mutual Fund, American European Securities, General American Investors, and Lehman Croporation. It should be noted that Dreyfus Fund, while showing an excess of common stock buying, invested very substantially in U. S. Treasury bills. Bullock Fund, Loomis-Sayles, Axe Science, Missiles-Jets and Automation, and Rowe Price either maintained or increased their above-average cash position. A possible factor motivating greater portfolio liquidity is the reported increase in the redemption by fund investors of their shares. These cash-ins rose to $229 million in the June quarter from $198 million in the first quarter, and were more than twice as large as in the second quarter of 1958. The ratio of cash-ins to new sales was 41.4% in the June 1959 quarter, 33.1% in the March 1959 quarter, and 30.6% in the June quarter of 1958.

Interest in Foreign Securities

Considerable buying was continued in foreign securities; especially in issues of corporations within the European Common Market. Lazard reports the addition of three more names to its foreign issues, whose total value now equals 10% of the net assets.

* * *

POLICY TOWARD INDUSTRY GROUPS

The following analysis of portfolio changes, drawn from our tabulation on page 25 of transactions in nearly 475 stock issues, is based on the number of managements buying or selling, rather than on the number of shares involved.

During the June quarter fund managements particularly favored the following groups:—automotive, aluminum, steel, and textile. Also bought, but more moderately, were banks, building, chemicals, coppers, electronics, and rails.

In sharp disfavor were airlines, oils and utilities.

* * *

THE FAVORED GROUPS

Automotives Push Ahead

As mentioned above, Ford was the best bought stock, not only in this industry group, but among all stocks. The 23 purchasing managements included Fidelity, United Funds, State Street, Affiliated, M.I.T., Dreyfus, Madison, and Group Securities. Eight of the 23 buying managements were initial investors in the issue. The lone seller was Commonwealth Investment. Incidentally, the three sellers of Ford of Canada "A" stock eliminated their holdings in response to the tender offer made by Ford Motor Co. Runner-up in popularity was General Motors, with 15 buying managements, including four initial purchasers, the largest of the latter was One William Street with 66,000 shares. Among the substantial sellers of GM was Lazard, who made a complete closeout of its 32,500 shares. Of Chrysler there were four buyers, with no sellers. The funds' single transaction in American Motors was a 30,000-share initial acquisition by Dreyfus.

* * *

Aluminums Mostly Favored

Aluminium, Ltd. was well-bought by 11 managements, including Madison, M.I.T., and State Street. On the other hand, the issue was sold by four managements, including Incorporated Investors, which eliminated its 140,100-share holding; and by Fundamental Investors with a sell-out of 25,000 shares. More uniformly in favor was Alcoa, whose seven buyers included Lazard and One William Street, both with initial purchases of 10,000 shares. Kaiser Aluminum was bought in big blocks, with the Tri-Continental Group alone newly acquiring 81,500 shares, and Wellington 37,000.

Coppers Liked

In the face of volatile price movements of the red metal, copper shares attracted some substantial buying. Best bought were Anaconda and Kennecott. Largest buyer of the latter was National Securities Stock Series, with 57,000 shares. This fund also bought 36,100 shares of Phelps Dodge, while Lazard closed out its 20,000 shares.

Steels Bought in Face of Strike Prospects

Apparently paying more attention to earnings than to labor troubles, the fund managements participated vigorously in the purchasing of steel shares. Far out in front was Jones & Laughlin, with 11 managements as buyers, and only three sellers. The largest buyers included Fundamental Investors—Diversified Investment Fund (33,000 shares), Incorporated Investors (33,200), and Lazard (20,000). Next most favored steel issue was Republic Steel, its purchasers including One William, Selected, Lazard, Massachusetts Life, and Dreyfus (the latter two initially). Newly on the scene was Steel Company of Wales, Ltd., bought by Incorporated Investors (268,000) and Lazard (145,000). Also bought in Britain were United Steel Companies, Ltd. and Stewart & Lloyds (likewise by Incorporated Investors). From France Sidelor appeared, bought by Lazard.

Textiles Perk Up

The cyclical textiles came into good favor during the quarter. Outstanding favorite was American Viscose, bought by seven managements, without a seller. Largest buyers were Affiliated, Dreyfus, U. F. O., and Selected American.

Banks Moderately Bought

Considerable interest was evinced in Bankers Trust, First National City Bank of New York, and Marine Midland Corp. (The latter issue has gone into new high market ground since the close of the quarter.) Selling predominated in Chase Manhattan (by One William, American Business Shares, Group Securities, and Investors Mutual), while a new 30,000-share position was taken by George Putnam Fund. American Business Shares was the largest seller of Manufacturers Trust; and One William the largest disposer of Irving Trust, in a 15,300 closeout.

Building Shares in Fair Demand

Blue-chippy National Lead found its largest single buyer in Affiliated Fund, with a new commitment of 5,400 shares. There was fair buying, without any selling, of Celotex, Flintkote, General Portland Cement, and Johns-Manville. Conversely, there was only selling (if moderate) of Minneapolis-Honeywell and National Gypsum.

Chemicals Still Popular

The best bought chemicals were Union Carbide and du Pont,

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—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
3	3,300	Louisville Gas & Electric	None	None
1	2,100	Minneapolis Gas	2,600	1
4(3)	14,700	Montana Power	8,100	2(1)
1	5,000	New York State Electric & Gas	12,000	1(1)
2(1)	9,000	Northern Indiana Public Service	None	None
1	3,000	Northern States Power	20,000	1(1)
2	25,000	Oklahoma Gas & Electric	2,000	1
1	10,000	Pacific Lighting	6,000	1
1	3,675	Pennsylvania Power & Light	31,000	1(1)
3(1)	11,500	Peoples Gas Light & Coke	19,819	3(1)
1(1)	100,000	Philadelphia Electric	2,200	1
4(3)	48,600	Potomac Electric Power	None	None
1	10,925	Public Service of Colorado	500	1
3	5,000	Puget Sound Power & Light	2,000	1
5(2)	31,654	Rochester Gas & Electric	49,300	2(1)
5(2)	135,400	Southern Co.	3,000	1
2	10,000	Southwestern Public Service	10,000	1(1)
2	1,100	Texas Utilities	2,000	1
9(1)	52,700	Virginia Electric & Power	2,600	1
None	*None*	*Boston Edison*	*4,500*	*2(2)*
None	*None*	*Columbus & Southern Ohio Elec.*	*10,100*	*2(1)*
None	*None*	*Commonwealth Edison*	*10,050*	*3(2)*
None	*None*	*Consolidated Edison (N. Y.)*	*7,000*	*2(1)*
None	*None*	*General Public Utilities*	*234,800*	*4(1)*
None	*None*	*Middle South Utilities*	*29,500*	*3(1)*
None	*None*	*Niagara Mohawk Power*	*50,100*	*2(2)*
1	*100*	*Pacific Gas & Electric*	*8,000*	*2(1)*
1	*20,000*	*Public Service Electric & Gas*	*12,400*	*2*
1	*200*	*Public Service of Indiana*	*9,400*	*2(1)*
2	*2,300*	*Southern California Edison*	*4,000*	*3(2)*
None	*None*	*Union Electric (Mo.)*	*15,000*	*2(1)*
----	----	*Virginia Electric & Power rights*	*29,500*	*3(3)*
None	*None*	*Washington Water Power*	*9,100*	*2(1)*
None	*None*	*West Penn Electric*	*47,700*	*4(2)*
None	*None*	*Wisconsin Electric Power*	*36,000*	*3(1)*

Public Utilities—Telephone and Telegraph

2	38,500	British Columbia Telephone	None	None
7(1)	182,800	Gen'l Telephone & Electronics	21,500	4(3)
2(1)	15,000	Western Union	None	None
None	*None*	*American Tel. & Tel.*	*179,300*	*12(1)*

Radio, Television and Motion Pictures

2	15,000	American Broadcast.-Paramount	5,500	2(2)
1	6,500	Disney (Walt) Productions	13,450	1(1)
1(1)	27,000	Stanley Warner	22,600	1
4(2)	23,070	United Artists	None	None
2	*18,988*	*Columbia Broadcasting*	*31,841*	*7(1)*
None	*None*	*Loew's Theatres*	*32,000*	*3(2)*
None	*None*	*Magnavox*	*1,177*	*2*
1	*500*	*Motorola*	*5,800*	*3*
1(1)	*20,000*	*Paramount Pictures*	*4,800*	*2*
1(1)	*1,000*	*Twentieth Century-Fox*	*22,300*	*4(2)*
None	*None*	*Zenith Radio*	*43,900*	*4*

Railroads

7(3)	82,000	Atchison, Topeka & Santa Fe	2,000	1
6(2)	80,600	Chesapeake & Ohio	11,700	2
1	1,200	Chicago Great Western	1,025	1(1)
4(2)	26,900	Chicago Rock Island & Pacific	5,000	1(1)
2	4,100	Great Northern	1,300	2
2(1)	17,100	Illinois Central	42,300	2
2(1)	3,000	Kansas City Southern	300	1
3(1)	9,000	Louisville & Nashville	5,300	2(1)
5(2)	52,000	N. Y., Chicago & St. Louis	131,200	3(1)
6(1)	11,500	Norfolk & Western	17,000	2(1)
3	7,200	Northern Pacific	None	None
3	12,500	Southern Pacific	14,200	3(1)
4(1)	26,000	Southern Railway	43,400	4
1(1)	23,000	Virginian Railway	24,000	1
1(1)	*3,300*	*Atlantic Coast Line*	*1,700*	*2(1)*
1(1)	*5,000*	*Baltimore & Ohio*	*19,600*	*3(1)*
None	*None*	*Chicago & North Western*	*1,700*	*2*
None	*None*	*Denver & Rio Grande Western*	*90,500*	*3(1)*
2	*13,000*	*Seaboard Air Line*	*58,200*	*3(1)*
2(1)	*115,100*	*Union Pacific*	*75,000*	*5(3)*
None	*None*	*Western Pacific*	*2,600*	*2(1)*

Railroad Equipment

2	4,000	ACF Industries	8,500	2(1)
2(1)	1,300	American Brake Shoe	17,000	2(2)
1	3,000	Baldwin-Lima-Hamilton	1,000	1(1)
3	20,800	General American Transport	30,000	1(1)
2	11,900	Pullman	4,000	1(1)
1	*4,600*	*Union Tank Car*	*47,000*	*2(2)*
None	*None*	*Westinghouse Air Brake*	*6,000*	*2(1)*

Retail Trade

3(1)	10,200	Allied Stores	300	1
1	17,300	Bond Stores	500	1(1)
2(1)	13,000	Federated Department Stores	None	None
2	6,600	Gimbel Bros.	2,500	1
3(1)	5,900	Grant (W. T.)	None	None
1	10,000	Great A. & P.	15,000	1(1)
1	6,000	Kresge (S. S.)	10,000	1(1)
1	4,000	Kress (S. H.)	3,400	1(1)
1(1)	1,000	Macy (R. H.)	500	1(1)
1(1)	4,000	May Department Stores	50	1
4(1)	55,900	Montgomery Ward	17,700	4(2)
2	7,300	Penney (J. C.)	None	None
5(1)	54,500	Sears, Roebuck	None	None

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
2	25,100	Spiegel	16,000	2
2(2)	35,000	Stop & Shop	None	None
None	*None*	*ACF-Wrigley Stores*	*12,700*	*2*
None	*None*	*Associated Dry Goods*	*10,500*	*2*
None	*None*	*First National Stores*	*5,400*	*2*
None	*None*	*Green (H. L.)*	*80,000*	*4(4)*
None	*None*	*National Tea*	*15,000*	*2(1)*
1	*6,500*	*Winn-Dixie Stores*	*26,000*	*2(2)*

Rubber and Tires

2(1)	6,000	Armstrong Rubber	40,000	1(1)
3	1,900	Firestone Tire & Rubber	4,700	3
3(3)	9,600	General Tire & Rubber	2,400	2
4(1)	25,100	Goodrich (B. F.)	40,800	4(1)
4(1)	12,700	U. S. Rubber	None	None
3	*16,460*	*Goodyear Tire & Rubber*	*17,602*	*6(2)*

Steel and Iron

3(2)	13,000	Allegheny Ludlum Steel	11,000	3(2)
6(2)	63,100	Armco Steel	None	None
8(4)	66,000	Bethlehem Steel	13,100	3
1(1)	2,000	Carpenter Steel	3,600	1(1)
1	8,000	Crucible Steel	29,000	1
4(1)	9,900	Granite City Steel	5,840	2(1)
2(1)	24,900	Interlake Iron	2,000	1(1)
11(4)	109,600	Jones & Laughlin Steel	10,900	3(2)
2	4,950	Lone Star Steel	None	None
4(1)	44,800	National Steel	34,000	2(1)
9(2)	80,200	Republic Steel	17,500	2(1)
1	1,000	Sharon Steel	7,600	1(1)
2(2)	413,000	Steel Co. of Wales, Ltd.	None	None
11(2)	40,000	U. S. Steel	43,500	5(2)
4	12,300	Youngstown Sheet & Tube	20,500	4(2)
None	*None*	*Cleveland-Cliffs Iron*	*43,360*	*2*
None	*None*	*Hanna (M. A.) "A"*	*4,500*	*2(1)*
2(1)	*21,700*	*Inland Steel*	*23,500*	*3*

Textile

7(3)	74,800	American Viscose	None	None
2(1)	15,000	Beaunit Mills	None	None
3(2)	35,000	Burlington Industries	None	None
1	250	Celanese	12,200	1(1)
1	2,000	Cluett, Peabody	8,000	1
2	45,800	Rayonier	7,500	2(1)
2(2)	23,000	Simplicity Pattern	None	None
2	18,300	Stevens (J. P.)	2,000	2
2	15,600	United Merchants & Mfrs.	25,000	1

Tobacco

7(3)	48,425	Lorillard (P.)	24,700	3(2)
2	30,000	Philip Morris	13,600	2(1)
5(1)	34,900	Reynolds Tobacco	13,000	3
3	*7,700*	*American Tobacco*	*4,500*	*4*
1	*3,200*	*Liggett & Myers Tobacco*	*4,500*	*3*

Miscellaneous

3(1)	25,100	Alberta Gas Trunk Line	None	None
2	7,800	American Commerc'l Barge Line	None	None
1	3,000	American Machine & Foundry	3,000	1
4	33,000	American Photocopy Equipment	None	None
2(1)	11,200	Brunswick-Balke-Collender	None	None
2(1)	27,000	Budd	None	None
1(1)	7,000	Carborundum	1,000	1
2(1)	6,500	Dravo	None	None
2	24,500	Ekco Products	10,000	1(1)
2	21,100	Gillette	None	None
1	2,000	Glidden	6,800	1
4(1)	1,840	Grace (W. R.)	None	None
3(2)	29,900	Grolier Society	None	None
2	5,000	Gustin-Bacon Mfg.	None	None
1	2,200	Haloid Xerox	500	1
1	600	Harris-Intertype	2,300	1
2(2)	17,000	Hertz	3,500	1
1(1)	6,800	Hilton Hotels	10,000	1
2(1)	12,000	Kaiser Industries	None	None
1	14,000	McGraw-Hill Publishing	600	1
1	300	McKesson & Robbins	1,500	1
2(1)	4,800	Mergenthaler Linotype	None	None
3	3,900	Newmont Mining	1,000	1(1)
3	19,600	Outboard Marine	20,000	1(1)
2(1)	2,500	Procter & Gamble	2,000	1(1)
2	35,400	Remington Arms	None	None
2	4,900	Simmons	None	None
1	2,000	Stone & Webster	8,000	1(1)
2(1)	9,000	Thiokol Chemical	2,280	1
6(5)	82,500	Unilever N. Y. (50-guilder shs.)	None	None
2(1)	3,700	Wrigley (Wm.) Jr.	4,100	1(1)
1(1)	*4,000*	*Air Products*	*17,400*	*2(1)*
None	*None*	*American Bosch Arma*	*3,300*	*2(1)*
1(1)	*2,500*	*American Express*	*12,400*	*2(1)*
1	*3,800*	*American-Marietta*	*55,900*	*2(1)*
None	*None*	*Colgate-Palmolive*	*29,600*	*3(1)*
None	*None*	*FXR, Inc.*	*2,500*	*2(2)*
2(1)	*39,500*	*Halliburton Oil Well Cementing*	*7,826*	*3(1)*
1(1)	*30,000*	*Hammond Organ*	*7,500*	*2(1)*
None	*None*	*Johnson & Johnson*	*11,300*	*2(1)*
None	*None*	*Lees (James)*	*2,825*	*2*
1	*9,000*	*Minnesota Mining & Mfg.*	*300*	*3*
1	*300*	*Newport News Shipbuilding*	*15,800*	*4(1)*
None	*None*	*Philadelphia & Reading*	*6,200*	*2*
1	*2,553*	*Polaroid*	*1,500*	*2*
None	*None*	*Vitro Corp. of America*	*24,300*	*2(1)*

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Funds Retain Caution As Bull Market Rolls On

in that order. Largest buyers of Union Carbide were One William (8,000) and Chemical Fund (7,-300). Of du Pont, Investors Mutual bought 6,400 shares, while Delaware Fund bought 5,000 shares initially and Wellington sold 8,000 shares.

In Dow, Hooker and Stauffer there were no sellers. The largest of the six buyers of Dow was the United Funds Group (15,000). Also well liked was Olin Mathieson, of which Fidelity bought 75,-000 shares initially. New names appeared in two of the three leading German chemical companies, namely Farben Bayer and Farben Hoechst. Both were bought by Incorporated Investors and Axe-Houghton "B." Bayer alone was also bought by Wellington and Investment Trust of Boston. The third leading German chemical, Badische Anilin, was bought by Axe "B" alone.

Eastman, split two-for-one, was closed out by One William Street (20,000 shares).

Electricals and Electronics Bought on Balance

Here Philips' Lamp, while still well bought, was no longer the undisputed center of attraction. Its number of buyers equaled that of RCA, although the former found only one small seller, whereas RCA was sold by six managements. Among these sellers were Wellington (40,000), and Affiliated Fund (16,500). By far the largest buyer of RCA was the United Funds group, with 50,-000 shares as a new commitment. Also well-bought was General Electric, mostly by Wellington (with 57,000 shares). There was also good buying of Westinghouse, with Madison Fund the largest purchaser (a new commitment of 17,500 shares). Interest was maintained, although on a reduced scale, in Siemens & Halske of Germany, the largest buyer being Scudder Common Stock Fund (7,-500 newly). Investor disaffection turned decisively against ITT, with 114,600 shares sold by six managements, including National Securities Stock Series with 62,000 shares, with no fund buying it.

Finance Companies Mildly Favored

In this group C.I.T. Financial was bought by four managements, including M.I.T. which added 27,100 shares to its previous 200,-000 share holding. Selected American was another buyer of this issue, with a 18,000-share addition, as were Dominick Fund with a new commitment of 5,000 shares, and Group Securities Common with a 500-share acquisition. The lone seller of C.I.T. was Loomis-Sayles with a 15,000-share close-out.

Rails Moderately Bought

The carrier group's improved buying was featured by acquisitions of Atchison, of which the two Eaton & Howard funds were the largest buyers with a joint new commitment of 40,000 shares. The two next best bought rails were C. & O. and the market-leading Norfolk & Western. By far the largest buyer of the former issue was Wellington with a new commitment of 64,800 shares; whereas State Street was the largest seller (11,200). On the other hand, there was considerable selling of newly-split Denver & Rio Grande; of Seaboard Air Line and of Union Pacific. But U. P. also enjoyed some substantial buying, especially by M.I.T. (80,100) and the two Eaton & Howard funds (35,000 newly).

GROUPS IN DISFAVOR

Airlines Encounter Liquidation

Only KLM went through the period without encountering any selling, its big buyer being Madison Fund with a new investment of 14,400 shares. Eastern Airlines found a large-scale buyer in One William (50,000 shares newly but otherwise it met mostly scattered selling. There was only sellilng in Braniff and Pan American (sold by Investors Mutual to the tune of 51,400 shares).

The Long-Favored Oils Meet Increased Selling

The traditional favorite among institutional buyers for so long, the petroleums, finally encountered distinct bearishness. Selling pressure was importantly directed at Amerada, Cities Service, Gulf, Mission Development, Sinclair, Socony, and the Standards of California and New Jersey. Largest seller of Amerada was the Tri Group (23,700). Cities Service liquidated by Wellington, Fidelity and Shareholders' Trust, partly offset by a 29,100-share purchase by Investors Mutual. Again in the case of Gulf Oil, fairly widespread buying was more than offset by selling (again including Wellington). Sinclair, too, met very heavy liquidation by Wellington (140,000) and also by One William (40,000). Wellington also figured as the largest seller (51,900) of Socony Mobil, while One William liquidated its 35,000-share stake in Standard of California. Largest sellers of Jersey were State Street (28,000), Lazard (15,124) and Dividend Shares (13,-300); while Chemical Fund bought 12,100 shares and the Scudder Fund 9,333 shares. Royal Dutch, which for some time had been the best-bought issue in this category, this time encountered more selling than buying. The liquidation was enlarged by close-outs on the part of Incorporated Investors (53,000), Dominick (12,500), New England, and Dreyfus. The two largest buyers of Royal Dutch were Dividend Shares (20,000) and Lazard (15,-000). Among the more favored oils were the domestic companies such as Continental, Shell, and Standard of Indiana. Texaco, the expanding enterprise, including its pending merger with Superior), was bought by eight managements including Lazard, and sold by five, including Lehman Corp.

Utilities Lose Some Ground

Apparently following the new hike in competitive fixed-interest yields available to the investor, the utilities lost some of their former growth-emphasized popularity. There was indeed a substantial switch from net buying to net selling in the case of many issues. Selling unaccompanied by buying took place in Boston Edison, Columbus & Southern Ohio, Commonwealth Edison, Consolidated Edison, GPU, Middle South Utilities, Niagara Mohawk, Union Electric, and West Penn Electric, among others. Selling hit particularly hard the split GPU, of which Wellington sold 140,000 shares and Investors Mutual (88,800); and also Niagara Mohawk, sold heavily by Wellington and lightly by Energy Fund.

Among the utilities in the bought column, apparently still conscious of the growth attribute, were Southern Co. with five buyers and only one seller. (This issue has forged onto another all-time high since the end of the quarter.) Wellington and M.I.T. Growth each bought 50,000 shares newly in this issue. Coincident with rights offerings, Florida Power and Virginia Electric & Power also attracted good buying interest. Gulf States Utilities likewise encountered good buying, by M.I.T. and M.I.T. Growth and Lehman.

* * *

GROUPS MEETING MIXED REACTION

Farm Equipments Divergent

Despite predictions of reduced farm income in 1959 and 1960, International Harvester was bought on balance, by Wellington, Loomis-Sayles, and others. Deere, on the other hand, which enjoyed a substantial market rise during the quarter, was predominantly sold by M.I.T., Putnam, and Scudder Fund, among others; while Lazard added 20,000 shares to its previous 40,000-share commitment.

Aircrafts Mixed

The aircraft industry probably met the maximum of divergent reactions. Martin, North American Aviation, and also General Dynamics, enjoyed good buying, Martin was newly acquired by Wellington to the tune of 60,000 shares. North American was heavily bought by Investors Mutual, which completed a 120,-900-share acquisition, offsetting a 60,000-share sale by National Securities Stock Series. Investors Mutual was also the largest buyer of General Dynamics, with a 70,000 share acquisition. Hardest hit in this group were Boeing, sold by M.I.T. (90,000), Tri, Fidelity, and others. M.I.T. was also the largest seller of United Aircraft (22,000), which issue was likewise sold by Value Line and Investment Trust of Boston, among others.

Containers and Glass Mixed

The outstanding favorite in this category was Pittsburgh Plate Glass, in the face of the loss of one of its major customers. It was bought heavily by the United Funds Group, the Bullock Group, and One William. It was closed out by Chemical Fund and American European Securities. In Continental Can buying exceeded selling, the largest buyers being Investors Mutual and Fidelity; while, on the other hand, One William closed out its 50,000-share holding. American Can was sold by M.I.T. Delaware, Affiliated Fund, Bullock, and Tri, while bought only by Group Securities. One William was also a large seller of Libby-Owens-Ford, joined by Wellington; while Dreyfus and Delaware were buyers.

Drugs Meet Mixed Reception

As in the preceding quarter, drug issues encountered considerable long-term profit-taking. Principal sellers were Lehman and Chemical Fund, which reduced their commitments. Also, as previously, Merck attracted buying interest, which, however, this time was largely offset by selling. Selling was again directed against Bristol-Myers, Parke, Davis, and Pfizer. Largest seller of Bristol Myers was the United Funds Group with 35,700 shares. Largest seller of Parke, Davis was Affiliated Fund with 47,500 shares, and the largest seller of Pfizer was M.I.T., with 23,500 net.

Once more Schering enjoyed the greatest buying interest; its largest buyers including Wellington (60,000 newly), Incorporated Investors, Fidelity Fund and Massachusetts Investors Growth.

Lessened Interest in Insurance Issues

The funds displayed a mixed attitude toward the fire and casualty companies, which are enjoying improved underwriting prospects along with possible vulnerability of their common stock-laden portfolios. Fireman's Fund was purchased newly by State Street (20,000 shares), and added to by Incorporated Investors (10,000); while on the other hand, Putnam eliminated its 8,000-share holding. Maryland Casualty was bought by Broad Street and its "sister" fund, Whitehall in a combined new acquisition of 5,500 shares. Massachusetts Life added 2,000 shares to its commitment; there being no seller of this issue. Travelers, which also doubles as a life company, was bought by Lazard (7,500), by Commonwealth Investment (1,500), and Pine Street (500). On the other hand, this issue was closed out by Lehman (6,350).

In the case of the "glamorized" growth issues of the life companies, some selling came in during the quarter. Lincoln was closed out by Lehman and One William Street; but was again bought by Dominick Fund. Connecticut General (which has run on to new market highs) was sold by Lehman and M.I.T. Growth, but bought by Investors Mutual. National Life & Accident was closed out by Lazard and Lehman; but added to by Pine Street. A new name to appear in fund portfolios was Jefferson Standard Life, which was newly acquired by De Vegh Mutual and by Value Line Special Situations.

Declining Interest in Gold Shares

Selling outweighed buying in Kerr-Addison, Canada's largest

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Funds Retain Caution As Bull Market Rolls On

gold mining enterprise; with elimination by Madison and American European, and Affiliated the sole buyer. Madison also closed out its holding of Dome Mines. Continuing interest in Blyvoors was evidenced by a 65,000-share purchase on the part of Pioneer Fund.

Split Attitude Toward Nickels

Lively interest was again shown in International Nickel, continued interest making it one of the most widely bought industrial issues during the quarter. Its largest buyers comprised the Lehman-One William team (29,000), and Affiliated Fund (18,500). Among its other buyers was usually stand-offish U. S. & Foreign. On the other hand, Falconbridge, Canada's second largest nickel producer, was closed out by the United Funds group (33,625 shares); and was also sold by the Axe Group. Incidentally, of Ventures Ltd. (Falconbridge's "parent"), Energy Fund sold 2,000 shares, while only Blue Ridge bought (300 shares.)

Better Investment Climate Enjoyed by Natural Gas

Best bought natural gas stock was Tennessee Gas Transmission. Its largest buyers included Loomis-Sayles (19,000 newly) and One William (10,000). Also good-sized interest was shown toward Consolidated Natural Gas. This was helped by a rights offering, but there were also important first-time acquisitions of this stock by One William (50,000), by Energy Fund, and by Guardian.

Office Equipments Meet Profit-Taking

Large interest continued in stratospheric IBM, re-split during the quarter. By far its largest single buyer was Investors Mutual, which completed establishing an initial position in it, to a new total of 25,145 shares. Although this issue was the only one with net buyers, some scattered selling as before, appeared in this issue. Burroughs was subjected to rather heavy selling, such as Investors Mutual's disposal of 40,700 shares; the sole buyer of this issue being Aberdeen Fund. Heavy selling also came into National Cash Register. Of this issue, M.I.T. sold all its 89,400 shares, and Investors Mutual sold 43,100 shares; buyers including the Lehman-One William team and Wellington.

Mixed Attitude Toward Radio-TV-Movies

In this group, fair-sized interest in United Artists contrasted with selling pressure on CBS, Twentieth Century-Fox and sky rocketing Zenith. Of CBS, the largest sellers were State Street and Wellington, while M.I.T. was one of the two buying managements. Profit-taking in Zenith, without any offsetting buying, was engaged in by Fundamental Investors, the Axe Group, and others.

Retailers Elicit Some Buying

In this group buying unaccompanied by selling took place in Federated Department Stores, W. T. Grant, J. C. Penney, and the high-flying Sears Roebuck. Of the latter, the largest buyer was Wellington (35,000). Buying and selling interest was matched in Montgomery Ward and big-earning Spiegel. Scandal-ridden H. L. Green faced heavy liquidation by four funds.

Stand-Off in Rubber And Tires

In most of these issues buying was substantially offset by selling; except for U. S. Rubber where no sellers appeared. On the other hand, Goodyear once more found a preponderance of sellers.

Tobaccos Divergent

The controversial tobaccos, standing up fairly well, found buying interest concentrated in Lorillard and Reynolds. On the other hand, selling moderately outweighed buying in American Tobacco and Liggett & Myers. Buyers of Lorillard included National Securities Income Series and New England Fund, while selling came from Group Securities, Dreyfus and State Street. State Street, on the other hand, established a new position in Reynolds.

ATTITUDE TOWARD MISCELLANEOUS ISSUES

Former interest in the foods subsided markedly during the quarter, although Swift was bought by the Scudder group and by Affiliated and sold only by Institutional Foundation Fund. Armour found only buyers, namely Lazard, Dreyfus and Overseas. In progressive Consolidated Foods (which this week completed the acquisition of the Merckens Chocolate Co.), the only transaction by a fund was the sale of its 2,200 shareholding by State Street.

A well-bought issue was Caterpillar Tractor, whose seven buyers including One William and the Tri Group, the latter establishing new positions in the stock. One William Street developed substantial interest in the paper group, buying 25,000 shares of Container Corp., 50,000 shares of St. Regis, 5,000 shares each of International and of Mead, and 11,700 shares of Union Bag-Camp.

Enlarged Interest in Foreign Issues

One of the best bought foreign issues was Unilever N. V., whose six buyers included five first-time purchasers, namely State Street (30,000), Axe-Houghton "B" (20,000). United Science (12,500), Madison (10,000) and Dominick (5,000). In addition to this and the other previously named international stocks, foreign issues acquired by only one management each included: AEG (General Electric of Germany), Beecham Group Ltd., Borax (Holdings) Ltd., de Beers Ltd., Elliott Automation Ltd., Montecatini, Rhodesian-Anglo American Ltd., St. Gobain, Simca, Schlumberger Ltd., Union Siderurgique Lorraine, and Union Miniere du Haut-Katanga. Among the buyers of these important foreign stocks were the United Funds Group, Investment Trust of Boston, the Value Line Special Situations Fund, Lehman, Lazard, Axe-Houghton "B" and the Adams Express Group. To be sure, even in the aggregate these foreign issues are still far from rivaling, in terms of portfolio importance, such longer established stocks as International Nickel, Aluminium Ltd., Philips' Lamp or Royal Dutch. But they do indicate a new and growing trend.

Single transactions in domestic issues worth of note include the new 48,200 position in Bank of America established by the Affiliated Fund-American Business Shares Group; the 16,000-share purchase of J. I. Case by State Street; and the initial purchase of 35,600 Pabst Brewing shares by Madison Fund. Among other miscellaneous domestic issues which were well bought in multiple transactions, American Photocopy Equipment and W. R. Grace deserve mention. Whereas Newport News Shipbuilding proved vulnerable to multiple selling.

In the category of the investment companies' own issues, Lehman Corp. reduced its holdings of Electric Bond and Share by 13,000 shares, and the Dreyfus Fund eliminated its 16,700 Tri-Continental warrants.

Securities Salesman's Corner

BY JOHN DUTTON

Read It All and Well

The salesman who is connected with an investment firm that is properly staffed with experienced analysts is assisted materially in servicing his clients. If his firm's policy is one of thoroughgoing analysis, based upon the conscientious conviction that their customers should be safeguarded from irresponsible recommendations, then he is doubly blessed. There are many investment firms, however, that do not have the resources and the personnel to properly evaluate their recommendations. Much of the firm's statistical work is done by partners who can only devote part time to this important facet of securities distribution.

Whether or not a salesman represents a firm that is dedicated to only recommending top-grade securities, it still behooves him to study his offerings, read and analyze the prospectuses carefully, assiduously *follow the news* in order to develop his own feel of the market, and also the securities he is suggesting that his client acquire. No man can build a sound clientele in the investment business unless he becomes a thorough student of his offerings and knows more than superficial information reported by others. This is not a business for poll-parrots; not for the longer term at least. Only the man who makes a profession of his work deserves the respect of his customers. Bull markets always bring on a crop of good talkers who temporarily swim with the tide, but we are discussing securities men in this column. There is a difference.

When You Read the Paper

This column was motivated by today's edition of the local newspaper. Here's just a sample. Under the heading "Earnings Report" the following item appeared. "X Company Inc. Year ended May 31 net income $1,294,706 or $1.03 a common share vs. $574,080 or 61c a year ago." No doubt through no fault of the company, nor possibly the paper, this was the truth but certainly not the whole truth. Any reader who jumped to the conclusion that net earnings had increased 42c a share had another look coming. During the year the company sold a subsidiary at a profit of about $600,000 which was a capital gain that would never reoccur from the sale of that same asset again. What a different picture of true earnings would be given if that additional fact had been stated. The salesman who went off half cocked and gleefully advised his clients that the net earnings had increased from 61c to $1.03 would have some tall explaining to do when the annual report went out. Moral: *Read it all and dig for the facts.*

Another Example — Same Paper

Quote: "A consolidated balance sheet as of May 31 showed current assets of $8,565,465, including an inventory of $3,701,024 and liabilities of $5,456,751," the report stated. Phrased this way one would figure the net working capital at $3,108,714. But is this the whole story? Such an item should only encourage the interested salesman, or stockowner, if he had an interest in this company to secure a copy of that statement. In the current asset column, how much cash was there, how much in receivables, other assets, and what was the *condition* of the receivables and the inventory? On the liability side what were those payables, to whom, in what amounts, for what? These are only a few of the basic questions that should be answered. Comparative balance sheets should be placed side by side and analyzed. Even this is only a beginning if you wish to study whether or not a company in which you have an interest (as a salesman or an investor) has made progress, or retrogressed during the year. And don't forget the income account as well.

A Magazine Recommends

The fad today is to subscribe. Some salesmen read almost every leading financial publication. Investors and speculators are buying advisory services by the score. I fill my wastebasket weekly with letters offering all sorts of deals whereby I can select the sure winners in the market for this year, next and into the life beyond. True, some of these services, and most publications, are helpful and try to do a good job of reporting and of analysis. Many others are just tipster sheets looking for subscribers. If all these bright boys who want to make me rich knew so much they wouldn't need my money. But that's an old story.

Recently I came across a recommendation, by a non-member of the securities industry, of a low price stock with which I was very familiar. The company was located in my home town. The story superficially read very well. But the catch was that the author who did the story did not know management. He thought he did and he wrote glowingly about it. But those of us who live here knew some things that we did not wish to discuss when that underwriting was publicly offered only a few months before the item in question came to our attention.

I am not inferring that the story was improperly motivated. I am just assuring you that the fellow who wrote it possibly came to town one day and he had a two-hour talk with the enthusiastic boy who ran the show. Then possibly he walked around the plant, had lunch and went out that night to see one of our better night clubs in action. Then he returned to his office full of hope for the future of the Slippery Potato Peel Company.

Now if you had read that glowing recommendation for this speculative stock and stopped there, you might have bought this bonanza for about twice what it is now quoted. Only a short time after this article appeared the president of the company resigned "for reasons of health," auditors were called in, and the latest newspaper reports state that an inventory shortage of about $1,500,000 has come to light. The headline for this article should have read: "Read this one carefully and check further."

Carreau Adds Noftsker

Carreau & Company, 115 Broadway, New York City, members of the New York Stock Exchange, announce that William R. Noftsker is now associated with them as registered representative. He was formerly associated with Kidder, Peabody & Co.

John D. C. Towne, Jr.

John D. C. Towne, Jr., 52, vice president of the Government Development Bank for Puerto Rico, passed away August 3 after a brief illness.

Mr. Towne had been a vice president of Aubrey G. Lanston & Co., government securities dealers and, prior to that, an officer of Guaranty Trust Company.

Balance Between Cash and Investments of 86 Investment Companies End of Quarterly Periods March and June, 1959

Security Transactions by the 86 Investment Companies During April - June, 1959

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Percent of Net Assets —End of—		Investment Bonds and Preferred Stocks* Percent of Net Assets —End of—		Com. Stocks and Lower Grade Bonds & Pfds. Percent of Net Assets —End of—		(In Thousands of Dollars) Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	Mar.	Jun.	Mar.	Jun.	Mar.	Jun.	Mar.	Jun.	Total Purchases††	Total Sales**	Total Purchases††	Total Sales**
Open-End Balanced Funds:												
American Business Shares	3,257	3,202	11.9	12.0	31.6	31.2	56.5	56.8	a1,128	a1,529	1,128	1,529
Axe-Houghton Fund A	2,185	4,853	4.3	9.7	36.4	32.0	59.3	58.3	1,525	4,407	884	4,047
Axe-Houghton Fund B	3,465	4,168	2.9	3.2	25.2	22.1	71.9	74.7	9,399	4,498	5,865	2,774
Axe-Houghton Stock Fund	----	----	----	----	§22.5	§25.0	§77.5	§74.0	255	1,208	170	1,208
Axe Science & Electronics	1,455	2,719	13.0	22.6	19.9	19.7	67.1	57.8	2,391	1,849	1,001	1,849
Boston Fund	5,528	5,616	2.7	2.7	¶32.6	¶30.6	‡64.7	‡66.7	19,153	10,254	3,697	7,060
Broad Street Investing	4,258	2,381	2.9	1.5	11.0	10.8	86.1	87.7	17,510	9,367	9,938	3,687
Commonwealth Investment	9,220	9,157	6.2	6.0	23.6	23.3	70.2	70.7	6,828	6,032	3,601	4,501
Diversified Investment Fund	750	1,221	0.8	1.2	28.2	26.1	71.0	72.7	3,553	3,644	3,351	2,817
Dodge & Cox Fund	362	287	5.3	4.1	24.7	23.4	70.0	72.5	531	422	349	306
Eaton & Howard Balanced Fund	25,278	26,172	12.5	13.0	22.4	20.7	65.1	66.3	4,458	4,328	3,239	2,071
General Investors Trust	1,090	1,439	15.8	16.8	25.3	22.1	58.9	61.1	915	110	813	109
Group Securities—Fully Admin. Fund	652	446	6.0	4.1	17.7	17.0	76.3	78.9	2,462	1,810	2,462	1,810
Institutional Foundation Fund	1,132	1,513	5.3	6.5	9.8	9.6	84.9	83.9	2,922	1,693	2,477	1,589
Investors Mutual	15,495	26,421	1.1	1.8	¶33.3	¶32.8	‡65.6	‡65.4	70,737	51,322	27,585	26,216
Johnston Mutual Fund	396	468	4.3	4.6	16.9	15.0	78.8	80.4	1,309	976	1,040	724
Knickerbocker Fund	1,336	1,006	9.3	6.8	8.1	7.3	82.6	85.9	1,335	1,914	N.A.	N.A.
Loomis-Sayles Mutual Fund	18,714	17,424	25.6	23.3	16.0	17.6	58.4	59.1	8,702	7,057	5,260	4,819
Massachusetts Life Fund	2,758	2,620	5.3	4.7	28.0	26.2	66.7	69.1	4,219	1,470	3,042	929
Mutual Investment Fund	1,389	619	5.3	2.3	23.0	13.6	71.7	84.1	4,502	2,776	4,467	517
National Securities—Income	3,457	1,390	4.6	1.8	7.2	8.4	88.2	89.8	6,024	3,679	4,216	3,678
Nation-Wide Securities	2,639	2,212	8.0	6.6	33.5	35.7	58.5	57.7	4,150	3,201	743	1,007
New England Fund	2,793	2,395	18.2	15.6	16.8	22.5	65.0	61.8	1,675	1,365	710	1,365
Putnam (George) Fund	8,692	8,217	4.7	4.2	24.0	23.7	71.3	72.1	12,509	9,019	8,709	6,956
Scudder, Stevens & Clark Fund	2,893	5,739	3.6	7.0	29.1	26.8	67.3	66.2	7,510	6,890	1,900	4,726
Shareholders' Trust of Boston	926	4,345	3.0	12.9	28.4	24.6	68.6	62.5	6,515	4,286	2,322	3,599
Stein Roe & Farnham Balanced Fund	6,014	7,238	16.4	18.4	21.1	20.0	62.5	61.6	2,463	1,975	1,657	1,581
Value Line Fund	110	672	1.1	6.8	2.3	2.9	96.6	90.3	741	1,562	522	1,406
Value Line Income Fund	1,996	3,267	2.3	3.6	9.4	6.7	88.3	89.7	6,789	9,557	3,911	8,702
Wellington Fund	101,964	110,654	11.4	11.6	24.3	24.4	64.3	64.0	70,597	50,729	47,233	49,230
Whitehall Fund	373	384	3.4	3.4	41.7	43.6	54.9	53.0	1,155	601	236	250
Sub-Total Open-End Bal. Funds	230,577	258,245	7.2	7.7	22.4	21.5	70.6	70.8	283,962	209,530	152,528	151,062
Open-End Stock Funds:												
Aberdeen Fund	360	235	2.6	1.6	None	None	97.4	98.4	603	287	603	287
Affiliated Fund	56,231	55,913	10.4	9.8	0.4	0.4	89.2	89.8	a19,929	a11,696	19,929	11,696
Blue Ridge Mutual Fund	1,954	2,871	6.0	8.6	0.7	0.6	93.3	90.8	2,912	3,742	2,618	2,956
Bullock Fund	10,976	10,736	21.7	20.4	None	0.2	78.3	79.4	2,225	688	2,225	688
Chemical Fund	2,970	5,109	1.4	2.0	1.4	0.8	97.2	97.2	12,608	5,681	‡‡12,608	‡‡4,656
Delaware Fund	3,835	4,946	5.0	6.0	4.7	4.1	90.3	89.9	13,369	11,720	12,383	10,366
de Vegh Mutual Fund	542	392	2.8	1.9	None	2.4	97.2	95.7	4,891	4,775	4,415	4,775
Dividend Shares	41,695	39,986	15.5	14.6	None	None	84.5	85.4	5,800	4,395	5,800	4,395
Dreyfus Fund	770	9,032	1.6	13.9	None	None	98.4	86.1	11,875	9,209	11,875	9,209
Eaton & Howard Stock Fund	24,818	24,627	17.15	16.0	None	None	82.85	84.0	11,366	5,460	8,924	3,460
Energy Fund	48	70	0.6	0.9	None	None	99.4	99.1	1,300	723	1,275	718
Fidelity Fund	4,819	4,770	1.3	1.2	2.3	2.2	96.4	96.6	18,379	13,812	17,953	13,812
Fundamental Investors	4,522	6,052	0.8	1.0	0.1	0.1	99.1	98.9	10,745	5,923	10,745	5,923
General Capital Corp.	102	201	0.5	1.0	None	None	99.5	99.0	None	176	None	176
Group Securities — Com. Stock Fund	1,540	1,050	2.5	1.6	None	None	97.5	98.4	9,683	2,675	9,683	2,675
Guardian Mutual Fund	39	679	0.5	8.7	12.0	5.1	87.5	86.2	1,555	1,987	1,555	1,574
Incorporated Investors	18,695	9,355	6.1	2.9	0.9	0.9	93.0	96.2	23,614	15,942	23,541	15,942
Institutional Investors Mutual Fund§§	2,592	2,855	5.7	6.3	None	None	94.3	93.7	476	1,748	476	1,748
Investment Co. of America	17,358	18,544	12.4	12.1	0.6	1.3	87.0	86.6	12,129	6,493	10,170	5,630
Investment Trust of Boston	----	----	----	----	§6.1	§6.3	§93.7	§92.5	3,897	1,893	3,098	1,893
Lazard Fund	18,098	14,270	13.0	9.7	None	None	87.0	90.3	a16,826	a10,251	16,826	10,251
Massachusetts Investors Trust	20,276	29,103	1.4	1.9	None	None	98.6	98.1	a38,778	a25,346	38,778	25,346
Massachusetts Investors Growth Stock	5,668	17,553	2.3	6.2	None	None	97.7	93.8	a16,515	a13,617	16,515	13,617
Missiles-Jets & Automation	472	926	12.3	19.0	c20.4	c17.9	67.3	63.1	579	402	459	402
National Investors	1,156	3,082	1.1	2.7	0.8	0.6	98.1	96.7	6,226	2,431	6,226	2,431
National Securities—Stocks	9,336	5,421	5.1	2.8	None	None	94.9	97.2	16,443	11,074	16,443	11,074
One William Street	23,167	21,016	8.2	7.2	0.7	0.7	91.1	92.1	36,736	38,898	36,484	38,898
Pine Street Fund	930	961	5.2	5.3	11.4	7.8	83.4	86.9	1,566	1,638	1,566	1,053
Prince (T. Rowe) Growth Stock	4,049	4,760	20.9	21.2	2.9	2.4	76.2	76.4	1,455	188	1,455	172
Scudder, Stevens & Clark—Com. Stk.	766	668	2.7	2.2	None	None	97.3	97.8	2,525	1,051	2,376	1,051
Selected American Shares	3,176	3,716	3.4	3.7	0.4	0.4	96.2	95.9	8,881	7,289	8,831	7,230
Sovereign Investors	6	72	0.2	2.1	3.8	3.3	96.0	94.6	118	38	118	38
State Street Investment	13,322	12,496	6.6	6.0	1.2	1.3	92.2	92.7	12,230	11,159	12,230	11,159
Stein Roe & Farnham Stock Fund	411	433	5.3	4.6	None	None	94.7	95.4	1,089	119	1,089	119
Texas Fund	1,476	545	3.8	1.4	0.6	0.4	95.6	98.2	1,160	409	1,142	409
United Accumulative Fund	8,862	9,446	3.3	3.2	10.4	7.6	86.3	89.2	26,925	11,123	25,032	6,502
United Continental Fund	1,139	1,932	2.8	4.5	1.2	0.5	96.0	95.0	3,585	3,102	3,202	1,896
United Income Fund	6,411	7,243	2.9	3.1	3.8	3.4	93.3	93.5	7,021	2,304	7,021	1,911
United Science Fund	3,094	3,705	3.6	3.6	0.4	1.6	96.0	94.8	10,114	3,676	8,900	3,524
Value Line Special Situations	----	895	----	8.9	None	2.2	§100.0	88.9	2,177	3,263	1,893	3,263
Wall Street Investing	1,128	1,097	12.6	11.8	None	None	87.4	88.2	219	None	219	None
Wisconsin Fund	219	143	1.5	0.9	4.4	3.2	94.1	95.9	682	597	530	329
Sub-Total Open-End Stock Funds	317,028	336,906	5.7	6.3	1.9	1.9	92.4	91.8	379,206	257,000	367,211	243,254
Total Open-End Funds	547,605	595,151	6.3	6.7	10.8	10.2	83.0	83.0	663,168	466,530	519,739	394,316
Closed-End Companies:												
Adams Express	4,737	4,679	4.8	4.6	0.7	0.6	94.5	94.8	1,613	1,379	1,595	1,244
American European Securities	2,082	4,153	10.9	21.6	3.4	0.5	85.7	77.9	685	2,597	685	2,039
American International	1,774	1,715	4.3	4.0	1.2	0.9	94.5	95.1	1,068	976	1,056	965
Carriers & General	1,474	1,332	7.6	6.8	8.0	6.2	84.4	87.0	1,219	1,054	579	62
Dominick Fund (Formerly Nat'l Shs.)	2,531	1,972	6.9	5.2	3.3	2.8	89.8	92.0	3,104	2,581	3,103	2,445
General American Investors	4,097	6,149	5.8	8.8	1.5	1.5	92.7	89.7	635	2,815	635	2,815
General Public Service	6,873	5,246	15.0	11.4	0.7	0.7	84.3	87.9	3,054	1,514	‡‡2,983	1,514
Lehman Corp.	14,821	18,938	4.9	6.1	0.4	0.4	94.7	93.5	8,331	12,356	8,331	12,356
Madison Fund¶¶	6,205	5,591	4.4	3.9	3.0	1.7	92.6	94.4	16,454	16,035	13,983	11,813
Niagara Share	2,816	3,060	4.8	4.7	2.4	2.2	92.8	93.1	76	66	76	1
Overseas Securities	----	----	----	----	§8.4	§7.9	§69.2	§72.4	1,187	1,077	1,187	‡‡1,050
Tri-Continental	8,178	10,394	2.0	2.5	9.7	9.2	88.3	88.3	5,843	7,082	5,643	5,742
U. S. & Foreign Securities	19,365	17,286	16.0	13.9	None	None	84.0	86.1	1,413	None	1,413	None
Total Closed-End Companies	74.953	80,515	6.7	7.3	3.3	2.7	88.3	88.6	44,682	49,532	41,269	42,046
Grand Total	622,558	675,666	6.5	7.0	9.6	9.2	83.9	83.8	707,850	516,062	561,008	436,362

†Including corporate short-term notes where so included by reporting investment company; also other assets. *Investment bonds and preferred stocks; Moody's Aaa through Ba for bonds; Fitch's AAA through BB for preferreds (or approximate equivalents). ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In percent of gross assets. ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 83 savings banks, etc. in New York State. ¶¶Formerly Pennroad Corporation. a Exclusive of corporate short-term notes. c All convertible (or with warrants).

SUMMARY

CHANGES IN CASH POSITION OF 86 INVESTMENT COMPANIES
JUNE 30, 1959 vs. MARCH 31, 1959

	Plus	Minus	Approx. Unchanged	Total
OPEN-END COMPANIES: Balanced Funds	13	11	7	31
Stock Funds	14	17	11	42
CLOSED-END COMPANIES	4	5	4	13
Totals	31	33	22	86

AVERAGE ALLOCATION BY 86 COMPANIES OF ASSETS TO CASH AND EQUIVALENT, DEFENSIVE SECURITIES, AND RISK SECURITIES

	March 31, 1959	June 30, 1959
Net cash, etc., and Governments	6.5%	7.0%
Defensive securities (investment bonds and preferreds)	9.6	9.2
Risk securities (common stocks plus lower grade bonds and preferreds)	83.9	83.8
Totals	100.0%	100.0%

Continued from first page

As We See It

are worthy of some careful thought on the part of many who would not otherwise be greatly interested in the matter.

No Solution

The idea that agricultural problems of any sort can be solved by dividing large land holdings into small parcels and placing them in the hands of workers who own no land is singularly out of keeping with the trend of the times. Basic changes in farm techniques and advancing technology in general are rendering the small farm quite susceptible to failure. The machinery with which farming of all sorts is now done is efficient only on larger tracts and the equipment necessary to the operation of a successful farm is expensive. Much more adequate training and a great deal more capital than are ordinarily found among farm workers anywhere are in *sine qua non* of profitable farm operation in this day and time. The statistics of agriculture in this country over the past two or three decades are eloquent of the working of these factors.

In 1920 there were 6.5 million farms in this country; in 1950 there were only 5.6 million; and in 1957 there were only 4.9 million. That this decline is not merely a result of reduced acreage in farms is evident from the fact that total land in farms rose from 956 million acres in 1920 to 1,159 million in 1950. Later figures are not available, but it may be taken for granted that no great change in the trend has occurred. The size of the average farm has greatly increased, and it is known that a very large part of the subsidies paid out by the Federal Government goes to farmers with very large operations. Nor do these figures tell the full story. There has developed in this country a sort of professional farm operator who owns but little, or perhaps none of the land he cultivates. They simply operate the farms of half dozen or so owners who find it more profitable to have their farms operated in this way than to try to keep going on their own with small acreage at their disposal. Doubtless conditions in Cuba are different in many respects from those in this country, but there can be little doubt that the same principles apply there.

But it is not only in agriculture that programs such as that of Mr. Castro have failed in the past, are failing today and will continue to fail in the future. Of course, Mr. Castro is just another dictator to add to the long list of those who have been having their day in Latin America for a long while past. So far as can be learned he is bent upon confiscation (or the equivalent) of the property of him who hath for distribution to him who hath not. What he cannot seize or distribute is the ability, the energy, the know-how, and often even the capital of those who have succeeded in contributing to the economic welfare of their country. The fact that so large a proportion of the property seized, or to be seized, is foreign owned renders it easier for him to obtain support for his program of confiscation, but the fact that his economy is in a relatively large degree built upon foreign capital makes his present course the more likely to fail—and more deserving of failure.

An Old Story

Of course, similar "movements" have been underway in Latin America, and for that matter in many other parts of the world, for a long time past. The results have been what should have been expected. Foreign capital no longer flows readily to these places and the native population have neither the capital nor the constructive ability to replace foreign capital and foreign leadership in the development of their resource or in the service of their populations. And, strangely enough, it is in this milieu that so many proposals are made for "loans" by the Federal Government, or sponsored by the Federal Government as a means of promoting the economic welfare and industrial advance of backward countries! It appears self-evident to us that the solution is not to be found in this approach, any more than it is by trying to buy good-will with lavish outright gifts.

Let it be conceded that a good deal of exploitation has occurred in past generations when private capital went into backward areas. It was but natural that a high rate of return had to be in sight before capital would enter such venturesome undertakings. It was also doubtless, more or less inevitable, human beings being what they are, that advantage would be taken of the natives who were not versed in such matters. Few Manhattans were purchased with strings of beads, but the attitude of the capitalists, particularly in Latin America perhaps, was often picaresque. Thus in Cuba as in many other places conditions have developed to a point that they might not have otherwise reached, and a basis laid which would otherwise not exist for such confiscation as has been so frequently seen during the past two or three decades.

But the problem now is to find a way to get these economies on their feet, and the populations less restive. Merely to drive out the foreign capitalists, or even to confiscate the wealth of domestic capitalists, is certainly not the answer. Some means must be found to convert these natives into reasonably energetic and capable businessmen. A large part of the conversion will without doubt have to be done by the natives themselves. Just how this problem is to be solved we have no idea, but we are certain that it has to be solved if real progress is to be made. The Castros seems to be without ideas on or interest in the matter.

Continued from first page

Market for U.S. Securities And Open Market Operations

we encourage monopolistic practices or administered pricing, and few would advocate government interference with the market process as a general principle. On the contrary, nearly everyone would agree that such developments are injurious to the best use of our resources, that they distort the equitable distribution of final product, and that they interfere with economic progress.

Differences of viewpoint on free markets arise only when the complexities of specific market situations make it difficult to discern whether markets are, in fact, functioning as efficiently as we might reasonably expect. Well-informed and well-intentioned observers will disagree as to whether an appropriate degree of competition exists in particular markets and, if not, as to what corrective steps, if any, it is appropriate for government to take.

If the policies we follow in the financial field are to be fully effective in promoting growth and stability, they must be able to permeate the economy through the mechanism of efficient markets. This generalization applies to all markets, for all types of goods and services. Naturally, the Treasury and the Federal Reserve are most immediately concerned with financial markets, both because we have some direct responsibility for these markets, and because they represent the main channel through which the government financial policies to foster growth and stability must pass.

The Market for Government Securities

We are especially concerned with the market for United States Government securities. With a Federal debt of $285 billion, Government securities are a common and important asset in the portfolios of businesses, financial institutions, and individuals. An efficient market for government securities is obviously needed for the functioning of our financial mechanism. We are fortunate in this country to have such a market. From the standpoint of the Federal Reserve, it is hard to conceive of the effective regulation of the reserve position of the banking system without some such facility through which to conduct open market operations of large magnitude.

The initial results of our study of this market with the Treasury are encouraging in many ways. As was pointed out in the summary of the study made available to the Committee on July 24, huge transactions are carried out every day in an orderly fashion and at very small cost to ultimate investors. One cannot fail to be impressed by the fact that there are dealers who stand ready, at their own initiative and at their own risk, to buy or sel large blocks of securities. Frequently, single transactions run into millions of dollars. Despite the absence of any assurance that a given purchase will be followed by an offsetting sale, dealers quote bid and ask prices that typically have a spread of less than one-quarter of 1% on the price of long-term bonds and range down to a few one-hundredths of 1% on Treasury bill yields.

Those who have had an opportunity to examine the preliminary study manuscripts are aware that they do suggest that some improvements in the government securities market may be in order. We would hope that these improvements can be made within the framework of existing authority and through voluntary cooperation with various market participants. There is, however, a possibility that further authority might be necessary or desirable. We expect to have a clearer idea about how to accomplish desirable improvements after we have had an opportunity to consider carefully the findings of the staff study just completed.

There is one possible change in the organization of the government securities market that would not, as I view it, lead to improvement. That change would be the enforced conversion of the present over-the-counter dealer market into an organized exchange market. The reasons why this change would not be constructive or even practicable are set forth in the joint statement on the study's findings. On the other hand, any efforts on the part of existing organized exchanges to extend or strengthen the facilities now made available to buyers and sellers of government securities should certainly be encouraged. There is no reason why better exchange facilities would not prove to be a helpful supplement to those provided by the present dealer market.

Another change affecting the government securities market that has been suggested relates to Federal Reserve participation in it, and pertains in particular to the extension to longer term maturities of Federal Reserve open market operations. Some discussion of this suggested change is appropriate here, for it is not a matter encompassed by the Treasury-Federal Reserve study.

System Operations in Short-Term Government Securities

Since the Treasury-Federal Reserve accord in 1951, the System's day-to-day trading in government securities has largely been in short-term issues. In 1953, after extensive re-examination of System operations in the open market, the Federal Open Market Committee formally resolved to make this a continuing practice.

I think that nearly everyone who has studied these matters would agree that the bulk of Federal Reserve operations must be conducted in short-term securities; that necessarily means largely in Treasury bills. The short-term sector of the market is where the greater part of the volume of all trading occurs. Dealer positions are characteristically and understandably concentrated in these shorter issues. Differences of view on whether System trading should extend outside the short-term area hinge upon whether or not some small part of our regular buying and selling should be done in the longer term area.

To appraise this difference in viewpoint, we need first to consider the basic economics of System open market operations. Federal Reserve operations in government securities influence prices and yields of outstanding securities in three fundamentally different ways:

(1) They change the volume of reserves otherwise available to member banks for making loans and investments or paying off debts;

(2) They affect the volume of securities available for trading and investment; and

(3) They influence the expectations of professional traders and investors regarding market trends.

Of these effects, the first is by far the most important. Under our fractional reserve banking system, additions to or subtractions from commercial bank reserves have a multiple expansive or contractive effect on bank lending and investing power. Other things being equal, this means that any given change in System holdings of securities will tend to be accompanied by a change in commercial bank portfolios of loans and investments several times as large. Unlike many other institutional investors, commercial banks maintain government security portfolios with a wide maturity distribution although the largest component will be short-term securities. Hence, the major effect on market prices and interest rates will result from the actions subsequently taken by commercial banks to expand or contract their asset portfolios, and the impact will be distributed throughout the market.

With regard to the effect on the availability of securities in the market, substantial System purchases or sales of short-term securities exert a minimum influence on the market supply. For example, most of the $35 billion of bills outstanding is in the hands of potential traders. On the other hand, much the largest part of the marketable longer term issues is in the hands of permanent investors. Current trading in them is confined to a very small fraction of the outstanding volume. For this reason, the long-term area of the market shows greater temporary reaction than the short-term area to large purchase or sale orders.

Cannot Offset Long-Term Purchases

Any attempt to use System operations to influence the maturity pattern of interest rates to help debt management would not produce lasting benefits and would produce real difficulties. If an attempt were made to lower long-term interest rates by System purchases of bonds and to offset the effect on reserves by accompanying sales of short-term issues, market holdings of participants would shift by a corresponding amount from long-term securities to short ones. This process could continue until the System's portfolio consisted largely of long-term securities. Accordingly, the

System would have put itself into a frozen portfolio position.

The effect of thus endeavoring to lower long-term yields, without affecting bank reserves, would be to increase the over-all liquidity of the economy. Not only would the supply of short-term issues in the market be increased, but also all government bonds outstanding would be made more liquid because they could be more readily converted into cash. The problem of excess liquidity in the economy, already a serious one, would be intensified. The Treasury now, even with the present interest rate ceiling, would have no difficulty in reaching the same result. It has merely to issue some $20 billion of short-term securities and use the proceeds to retire outstanding long-term debt. Fortunately, it is not contemplating any such action.

The effect of System open market operations on the expectations of market professionals, can be of critical importance depending upon the market area in which the operations are conducted. In the longer term area of the market, dealers, traders and portfolio managers are particularly sensitive to unusual changes in supply and demand. One important reason is that long-term securities are subject to wider price fluctuation relative to given changes in interest rates than are short-term issues. Therefore, trading or portfolio positions in them incur a greater price risk.

These traders and investors in long-term securities are aware that the System holds the economy's largest single portfolio of government securities. They also know that the System is the only investor of virtually unlimited means. Consequently, if the System regularly engaged in open market operations in longer term securities with uncertain price effects, the professionals would either withdraw from active trading or endeavor to operate on the same side of the market as they believed, rightly or wrongly, that the System was operating.

Could Unstabilize the Economy

If the professionals in the market did the former, the Federal Reserve would become in fact the price and yield administrator of the long-term government securities market. If they did the latter, the total effect might be to encourage artificially bullish or bearish expectations as to prices and yields on long-term securities. This could lead to unsustainable price and yield levels which would not reflect basic supply and demand forces. The dangerous potentialities of such a development is illustrated by the speculative build-up and liquidation of mid-1958, described in detail in the Treasury - Federal Reserve study.

Either of these effects would permeate, and tend to be disturbing to, the whole capital market. Accordingly, instead of working as a stabilizing force for the economy, such open market operations in long-term securities could have the opposite result. In other words, if the Federal Reserve were to intrude in the adjustment of supply and demand in order directly to influence prices and yields on long-term securities or in a way that resulted in unsustainable prices and yields, it would impair the functioning of a vitally important market process.

Some public discussion of the Federal Reserve's present practice of conducting open market operations in short-term securities implies, it seems to me, that the System has assumed an intractable and doctrinaire position on this matter. This is not a correct interpretation of what we have done. We adopted this practice after a careful study of experience and of the effects of our operations upon the market and the banking system. In this review, we were naturally mindful of the specific tasks of the System, namely, to regulate the growth of the money supply in accordance with the economy's needs and to help maintain a stable value for the dollar.

The practice or technique was adopted, not as an iron rule, but as a general procedure for the conduct of current operations. It is subject to change at any time and is formally reconsidered once each year by the Federal Open Market Committee in the light of recent experience. Exceptions can be, and have been, authorized by the Committee in situations where either Treasury financing needs, conditions in the money market, or the requirements of monetary policy call for such variations. The System, at times has been a subscriber to longer term issues in Treasury exchange offerings when appropriate, and at other times has purchased such securities in the market.

In other words, we endeavor to apply this practice flexibly as we do all of our practices in the administration of monetary policy. As I have stated to this Committee on other occasions, flexibility is an essential ingredient of our entire reserve banking operations when reserve banking loses flexibility, it will no longer be able to do the job that is required of the central bank in the market economies of the free world.

Revised Measurements of Economic Growth Announced

Before concluding my statement, I want to mention one entirely different matter that has special relevance to the broad scope of the Committee's interest. That is the measurement of growth. As you know, one of the frequently used indicators of growth in the industrial sector has been the Board's index of industrial production. One of the great lessons we learn from the compilation of this index, which we try to do as carefuly and competently as we know how, is that the mere matter of measuring growth is a very tricky thing.

As the structure of the economy keeps changing, the job of combining measures of its many parts into a single index cannot be done, despite our best efforts, without having to make major revisions every few years. We again have underway a basic revision, the final results of which will be available soon. The nub of what this revision shows is that the growth rate in the sectors covered by the Board's index has been materially greater over the past decade than has appeared from the unrevised index.

The statistical data that we have to use from month to month, can only be cross-checked in a comprehensive way when we have available the results of a full census. Congress authorized the Department of Commerce to conduct one of these in 1947, and another as of 1954. The immense task of digesting and reappraising the results of these censuses, and then refitting all of the monthly data into these basic benchmarks, has now progressed far enough to indicate that the revised index, with the 1947-49 period as the starting point at 100, will show a level of around 165 at mid-1959. That is 10 points higher than the figure shown by our unrevised index for June.

Some of this difference results because we are now able to include, with appropriate proportional weight alongside other items, more of the fuel and energy production that has been going on all the time without being represented in the index. More than half of the difference, however, results from improvements in measurement of presently included industries. The monthly movements of the revised and present indexes are quite similar, so that main effect of the revision in the total is to tilt upward this measure of industrial growth over the past decade. For example, it now appears that industrial output of consumer goods on a revised basis has risen at an average annual rate of 3.8% as compared with 3.2% shown by the unrevised index for the consumer goods sector. Population growth has been at a rate of 1.7% per year.

Industrial production, to be sure, is only one of the ways that growth might be measured, but it is a measure in real terms and so is free of price influences. Crude measurements of growth in aggregate dollar terms can be seriously misleading, not only with respect to what the economy has done but also in marking out guidelines as to how we may reasonably expect the economy to grow in the years ahead. It is no achievement to have a rise of 10% in the general price level such as occurred in the months after the Korean outbreak — even though that does puff up the figures on Gross National Product quite handsomely. The increase of 15% in the current dollar value of Gross National Product from 1955 to 1957 was only half of what it seemed to be because it was inflated by a general price increase of 7%.

Throughout its entire history, this economy has grown by staggering magnitudes. It is because I, for one, want to do everything I can to keep it growing that I urge the maintenance of free markets and reasonably stable prices as primary objectives of public policy.

Superior Window Co. Securities Offered

An underwriting group headed by Cruttenden, Podesta & Co. is offering publicly today (Aug. 6) 50,000 shares of Superior Window Co. 70-cent cumulative convertible preferred stock, $8 par value, at $10 a share. In addition, offering is being made of 125,000 shares of Superior Window class A common stock, par value 10 cents, at a price of $4 a share.

The preferred stock is convertible into class A common stock at the basic rate of 2½ shares of class A common for each share of preferred. It is redeemable at $10.70 per share plus accrued dividends.

The net proceeds will be used to pay off loans, purchase 300,000 shares of the company's outstanding class B common stock, to purchase the assets of Superior Trucking Co., and the balance used for general corporate purposes.

Superior Window Co., with headquarters at Hialeah, Fla., a suburb of Miami, manufactures and sells a complete line of residential and commercial aluminum windows, jalousies and curtain walls.

Giving effect to this offering and application of proceeds, capitalization will consist of 50,000 shares 70 cent cumulative convertible preferred stock, $8 par value; 125,000 shares class A common stock, par value 10 cents; 150,000 shares of class B common stock, par value 10 cents; and combined debt securities of $611,471.

In the nine months ended May 31, 1959, earnings after taxes were $91,676, equal to 33 cents per share based on the 275,000 combined shares of class A and class B common stock to be outstanding upon completion of the financing.

Form Black & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oregon—Black & Co., Inc. has been formed with offices in the U. S. National Bank Building to engage in a securities business. Lawrence S. Black is a principal in the firm.

Bank and Insurance Stocks

BY ARTHUR B. WALLACE

This Week — Bank Stocks

Answering the Skeptics

Despite the strong recommendations to buy New York City bank stocks that have been put forth for several years by the bank stock specialists, there have been many skeptics who have preferred to confine their attention to the more speculative media. They have been skeptics because they could apparently find no basis for better price levels of the bank stocks. But let us look at one, and probably the best, reason for the bank stocks' better market behavior. At the mid-year date in 1954, after allowing for mergers, the total loan volume of the leading New York City banks was $11,740,328,000. On the June 30 quarter date in 1959, the corresponding total of loans was $16,916,920,000, an increase of $5,176,590,000, or about 44%.

Now, an increase in loan volume of over five billion is a huge betterment; but that is not all. As the banks do not publish at interim dates the average rates of return derived by them on loans and on securities holdings, we have to use the yearend dates for this information. At the 1954 year-end, the average rate of return on loans and discounts was 3.34%, whereas at the corresponding date in 1958, it was 4.61%, or 1.27 percentage points higher, or nearly 40%. If these banks can, in such a span of years, increase volume by 44%, and rates by close to 40%, surely they have the makings of higher earnings, for their operating expenses are not moving higher at a corresponding rate.

A further factor is that the rates on securities investments are not standing still. They are participating in the push, and several weeks ago we witnessed the U. S. bill rate going across 4%, an "appalling" development for the soft money advocates in Congress and elsewhere. Further, it is not impossible that money rates will go even higher, for the Administration is pushing its effort to have the legal rate on Government paper lifted so that it may be easier to finance the Federal Government's needs.

There have been predictions of 5% money on prime rate loans before 1959 is over; but that developing or not, the banks are in a favorable position so far as rates and volume are concerned. And there probably has been no time in recent years when the banks have been committing such a large proportion of their assets to loans.

There has been some coolness toward the banks because yields have been shrinking. It is this department's thought that this will be corrected to some degree by increased rates as we go along. The present average payout on operating earnings is 55.6%, which surely leaves room for some dividend increases.

To the extent that the banks hold long-term bonds, their investment positions show them with losses. Some of these were shown in the June 30, 1959, reports. However, they were not large in relation to volume of securities holdings, and, additionally, the banks have largely confined their buying of governments to relatively short terms on which the "roll over" into new issues of shorts is rapid. Also, some losses will be utilized as tax offsets. Aside from this, sizable holdings of tax-exempts are being carried by the New York banks.

* * *

Mergers: Fact and Rumored

The sole remaining obstacles to consummation of the Chemical Corn Exchange-New York Trust merger are the approval of the New York State Banking Department, and that of the Federal Reserve. If these are obtained, it is expected that the combined institution will be in operation around Labor Day. There has been remarkably little public opposition to this proposed merger.

We hear rumors of other mergers. Among them are Manufacturers-Hanover, and Hanover-Irving. Probably the basis for the latter is merely the juxtaposition of the two headquarters offices on lower Broadway.

* * *

Banks Following Customers

There has been a trend among the New York banks to move farther uptown. It is not that any headquarters office has left the general area of the financial district, but rather that integrated branch offices have sought uptown sites at which to establish a large portion of the bank's operations and personnel. With the trend of general business headed north on Manhattan, it is, of course, natural for the banks to follow their customers.

Sip'n Snack Stock Now Being Offered

Investment Bankers of America, Inc., of Washington, D. C., is presently offering a new issue of 200,000 shares of common stock (par 10 cents) of Sip'n Snack Shoppes, Inc. at $2 per share.

The company is engaged primarily in the operation of snack counters, bars and refreshment stands in various retail stores and sport and amusement centers, in Connecticut, Delaware, Indiana, New Jersey and Pennsylvania.

The net proceeds will be used to repay loans, for purchase of equipment, and for working capital and other corporate purposes.

New Chappelle Branch

MONTGOMERY, Ala. — Frank Chappelle & Co. has opened a branch office in the Commerce Building under the direction of Edgar J. Mulvaney.

Continued from page 3

Our Monetary System's Defects And the Needed Correctives

the sound foundation of a gold standard and redeemable currency at the statutory rate of $35 per fine ounce, the rate that has prevailed since Jan. 31, 1934.

Practically everything done by France, which ultimately ruined her franc, destroyed her Fourth Republic, and brought dictatorship, has occurred, or is occurring, in this country. We have not yet embarked upon the course of repeated devaluations indulged in by France; but there are powerful forces agitating for that very serious mistake also—particularly the gold mine bloc which would use that anti-social monetary manipulation to increase their profits. They, and others, fail or refuse to recognize that fixity is a requisite in a good standard monetary unit.

During the first 30 years of the downward course of the French franc, which covered the 44½ years from the outbreak of the war in 1914 to the reforms instituted by General De Gaulle at the end of 1958, the pace of depreciation was relatively slow as compared with the accelerated pace during the last 14½ years following liberation from German control. This accelerated depreciation ended in the collapse of the Fourth Republic. France, during the last dozen years before the end of the Fourth Republic, was enjoying a business boom of sorts with its subsidies, escalator clauses, nationalization, heavy taxation, government deficits, squandering of money, great expansion of bank credit, dissipation of the gold reserve of the Bank of France, and so on, while the value of its franc was declining to a level of .4% of its mid-1914 value.

The parallelism between the French practices and ours should be a sobering lesson for us; but apparently it is not widely so regarded. The persistent and relatively slow depreciation in our dollar from 1939 to April, 1959, has raised our index of wholesale prices from 50.1 to 120, thus giving us a decline of 58% in the purchasing power of our dollar during those twenty years. No money doctor can predict with any scientific accuracy the point at which a sharp acceleration in depreciation may set in.

Indeed we may not go much farther with our feverish expansion, distortions, and government management before we find ourselves in an economic contraction which may be precipitated by the tangling of the intricate economic and government forces which characterize our economy. The apparently widespread assumption that we can escape a severe economic readjustment, or contraction, because we employ an irredeemable currency, instead of a redeemable currency with the restraints it can exercise, has no solid foundation. The history of the uses of irredeemable currency—for example our severe economic contraction of 1873-1878—provides evidence of an opposite nature.

(5) The official contention of our government in respect to redeemable versus irredeemable currency

The official position of our government today is that it should have the ruinous powers which an irredeemable currency places in its hands. This is illustrated by a statement recently made by an official of the United States Treasury. Said he: "We do not believe that redeemability is feasible or desirable. We believe that the most important use of gold is to serve as a reserve for the domestic and international *monetary functions of the Government* [italic supplied]. It is the general rule of leading countries to use gold as a monetary reserve and not for the purpose of redeeming national currencies."

The emphasis in his statement should be noticed with care and concern. It is the convenience of the government, not the welfare of our people or nation, that is given the prime consideration.

That is the argument of every dictator — he should have the powers he desires, the powers that make it easiest for him to carry out his plans. No curb bit should be placed on him by permitting the people to have an effective power over the public purse as is provided by a redeemable currency.

If our people had a redeemable currency and could demand gold when they are disturbed by government action, our government's powers to dictate or to dissipate the people's wealth would be sharply limited. A government does not dare to disturb a people unduly when a nongold currency is redeemable in gold. The important consideration is not that people under a redeemable currency hold their government in check by demanding a heavy percentage of the gold in the Treasury or Reserve banks since such is ordinarily not the practice; it is, rather, the fact that, if the people have the power to demand redemption when improperly disturbed, governments tend to exercise care in the use of the people's purse. For example, during the decade 1923-1932, the average of the yearly percentages of our monetary gold stock drawn into domestic circulation was 2.52. The highest yearly percentage was 3.56 in 1932; the lowest was 1.68 in 1930.

Since our government does not have the power, without opening our dollar to sharp impairment in value in world markets, to dictate to people in other nations by depriving them of the right of redemption of dollars into gold, it allows foreign central banks and governments and international institutions to convert their dollars into gold in order to maintain the official parity rate between our dollars and our standard gold unit. But our people can be, and are, forced to accept irredeemable I.O.U.'s; and they are helpless in so far as obtaining gold is concerned. Their appraisal of the value of our irredeemable currency is revealed in the high prices of stocks, land, and most of the goods and services they can buy. Dictatorship in the monetary field for our people, and special privilege for foreign central banks, governments, and international institutions, are the principles employed by our government.

(6) The essence of a good currency system

A good currency for us would consist of a type that would meet all the needs of our people. These needs require gold, silver, minor coin, paper money, and bank deposits. Each variety of currency has its particular functions, virtues, and limitations.

The money of most universal acceptability and freest from human manipulation is gold. It does not depend on the honesty of any man or government for its nature or value. An ounce or a grain of fine gold is an ounce or a grain of fine gold throughout the world. Hence its universal acceptability; and the metallic money of widest acceptability makes the best standard monetary unit for a nation. But if all varieties of dollars are to perform their appropriate functions properly and easily and are to have the same value, they must be freely interchangeable at the parity rate. That of course means a fixed gold standard and a freely redeemable and convertible currency. That is the system that is so urgently needed in our country.

(7) How can this most important change be effected?

Informed, thoughtful, and careful men need to persuade the President and Secretary of the Treasury to insist that Congress promptly make our currency redeemable in the standard gold dollar. If such persuasion fails, such men need to select a Presidential candidate who, if elected, will use all the powers of his office to induce Congress to provide our people with a sound and honest currency. And upon a gold standard and redeemable currency should rest a good mechanism for the proper control of the uses of credit.

There is no such thing as a popular uprising in behalf of a sound currency. The masses do not organize nor vote to relinquish the drug of irredeemable currency. Such reform comes only from the top down. It is a job for informed, experienced, and tough monetary surgeons who understand what they are doing and can explain to the people why an irredeemable currency is a contaminated monetary bloodstream in the economy and why it must be replaced by a healthy bloodstream free of disease if the nation is to be healthy and strong.

Once the operation is performed, the general public responds enthusiastically to the new breath of life; the new basis for confidence in their currency becomes an invigorating experience. They also have renewed confidence in their government. One reason is that it has restored the principle of integrity to their currency. Another reason is that the power of the purse is returned to the people where it belongs and they soon learn in one way or another, if only vaguely, that they have once more brought their government under proper control.

It is to be expected that the people saturated with the drug of irredeemable currency will be genuinely frightened and will resist the necessary surgery with all the arguments and devices they can employ. But once the operation is over and they find that their paper money and bank deposits are as good as gold, they can be expected to wonder why they were afraid to have irredeemable I.O.U.'s converted into promises that are redeemable. And since paper money and bank deposits are ordinarily more convenient than gold, the demand for gold can be expected to be relatively small as is illustrated, for example, by our experiences during the decade 1923-1932.

The psychological problem involved in the attitudes of the mass of people before and after redemption is illustrated by our experiences in 1878-1879. Some months before the institution of redemption in 1879, a banker in New York—a Mr. Tappan—is reported to have stated (in May, 1878) that he would pay $50,000 to stand at the head of the line when the government began to pay out gold on January 2, 1879. Mr. Tappan did not appear that day. Few people appeared, and much more gold than paper money was turned in at the subtreasury office in New York and throughout the country. The question of redemption disappeared from newspapers after three days as an item no longer newsworthy. Gold flowed in from abroad. The domestic and foreign demands for government securities swamped the Treasury, forcing it to increase its staff to meet the demand. Prices of government bonds rose, interest rates on government securities fell, and the Treasury was able to refund at lower rates of interest than it was compelled to face under irredeemable currency. Confidence in future prospects of business increased, and by March, 1879, this country was on its way into the period of business expansion known in our history as the period of gold redemption prosperity.

Such is the practically uniform experience of nations when they eliminate the poison of irredeemable currency and institute a healthy bloodstream of redeemable currency. It is an experience which should not be denied our people.

American Asiatic Oil Corp. Stock Offered

Wellington Hunter Associates of Jersey City, N. J., and Gaberman & Hagedorn, Inc. of Manila, Philippines, are offering publicly 20,000,000 shares of common stock of American Asiatic Oil Corp. at 1¼ cents per share.

The proceeds of the issue will be used to buy exploration equipment in the United States and to obtain American technical help in the oil search on American Asiatic's concessions, which total more than a million acres, the company stated in a prospectus filed with the S. E. C. The stock is now being offered to investors.

Founded in 1957, American Asiatic Oil is one of the most widely-held companies listed on the Manila Stock Exchange, with approximately 1,600 shareholders. It is the first Philippine oil exploration company to register with the S. E. C. in the United States.

The company's total capitalization is 500,000,000 shares authorized, of which 314,123,000 shares were outstanding as of April 30, 1959.

Now With Amos Sudler

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Edward D. Garber is now affiliated with Amos C. Sudler & Co., 818 Seventeenth Street. He was formerly with L. A. Huey Co.

Voss Oil Class A Common Stk. Offered

Public offering of 1,000,000 shares of the Class A common stock of Voss Oil Company at $1 per share was made yesterday (Aug. 5) by an underwriting group headed by Hill, Darlington & Co. The shares are being offered as a speculation.

A portion of the net proceeds from the sale of the stock will be used to set up a pilot waterflood program. Under the program, the company will attempt, by use of secondary recovery methods, to stabilize or increase the production rates of the company's wells. Remainder of the proceeds will be used to pay off company indebtedness and to augment the working capital of the company.

Incorporated in June 1952, Voss Oil Co. is engaged principally in the exploration for development of petroleum reserves in northeastern Wyoming.

At the conclusion of the financing, capitalization of the company will consist of $1,809,842 in promissory notes; 1,231,779 shares of Class A common; and 814,429 shares of Class B common.

Associates in the group are: P. W. Brooks & Co., Inc.; Sterling, Grace & Co.; Coburn & Middlebrook, Inc.; and Granger & Co.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Irving A. Sobol is now with Walston & Co., Inc., Denver U. S. National Center. He was formerly with Cruttenden, Podesta & Co.

A. G. Becker Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Arthur D. Carlson is now with A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

With Francis I. Du Pont

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert L. Moody is now affiliated with Francis I du Pont & Co., 208 So. La Salle Streeet.

Joseph D. Gengler

Joseph D. Gengler, member of the New York Stock Exchange, passed away July 27.

$120,000,000 Pennsylvania Korean Veterans' Bonus Bonds Underwritten by 350-Member Syn.

A group of more than 350 banks and investment banking houses led by Bankers Trust Co., The Chase Manhattan Bank, The First National City Bank of New York, Drexel & Co., The First Boston Corp. and The First National Bank of Chicago offered publicly on August 4 an issue of $120,000,000 Commonwealth of Pennsylvania 3¼, 3⅜ and 4.60% serial bonds, series O, priced from a yield of 2.75% for bonds due Aug. 1, 1962 to a dollar price of 100 for the 3⅜% bonds due 1973-75. The group was awarded the issue on a bid of 100.01% for the combination of coupons, a net interest cost of 3.40437%.

Rated Aa by Moody's and A-1 plus by Standard and Poor's, the bonds will be direct and general obligations of the Commonwealth of Pennsylvania secured by its full faith and credit, and the Commonwealth has the power to provide for the payment of the principal of, and interest on, the bonds by levying ad valorem taxes unlimited in amount, upon all taxable property within the Commonwealth and excise taxes upon certain transactions, except excise taxes the proceeds of which are specifically limited to highway purposes.

Bonds maturing Aug. 1, 1974 and 1975 are subject to redemption on Aug. 1, 1973 and thereafter at par and accrued interest.

As of May 31, 1959, the Commonwealth had outstanding $262,150,000 of general obligation bonds for the payment of which $9,841,326 had been set aside in sinking funds, leaving a net bonded indebtedness of $252,308,674. Giving effect to this issue of $120,000,000 series O, serial bonds, the Commonwealth will have a net bonded indebtedness of $372,308,674. On the basis of an estimated population in 1958 of 11,101,000, this represents a net per capita debt of $33.54.

General Fund revenues for the 1957-1959 biennium were at the rate of approximately $706,975,000 per fiscal year, and estimated collections for the 1959-1961 biennium, on the basis of laws enacted to July 9, 1959 by the General Assembly, are at the rate of approximately $831,956,000 per fiscal year. The 1959 Regular Session of the General Assembly is presently convened, and it is anticipated that additional revenue-raising measures will be adopted sufficient to balance the 1959-1961 biennium budget which includes the deficit existing at May 31, 1959.

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The Security I Like Best

rship in all the properties owned by the corporation.

PROPERTIES

New York City

Kratter Building; King Edward Hotel; Lunt-Fontanne Theatre; Fawcett Building.
405 Park Avenue (acquired since original exchange offer)

West Hartford, Conn.

The Pratt & Whitney Co. plant (12 buildings) leased to Fairbanks Whitney.

Baltimore, Md.

Office Building; Parking Garage.

Long Beach, Calif.

Walker Department Store and Hartfield Stores.

Los Angeles, Calif

Tishman Buildings.

San Francisco, Calif.

Western Merchandise Mart; Property adjoining Merchandise Mart.

Thompsonville-Enfield, Conn.

An industrial park; 35 storage and factory buildings on 30½ acres leased to Bigelow-Sanford Carpet Co.

Phoenix, Ariz.

Four retail stores; major tenant; Hartfield Stores.

In addition to real estate, the company owns what is known as "personal property." For example, Kratter owns and leases 140,000 stainless steel and aluminum containers to the F. M. Schaefer Brewing Co. In addition, it recently acquired and leased four electronic credit card machines (made by Dashew Business Machines) to the Standard Oil of California, among others.

The latest balance sheet, drawn prior to the acquisition of 405 Park Avenue and the Dashew data-processing machines, carries the assets at $57.8 million after depreciation of $5.9 million indicating an original acquisition cost of 63.7 million. Under present conditions, management believes that their properties have an appraisal value close to $75 million.

Mortgages on property total $42.1 million but of these $15.5 are assigned back to Kratter Corporation as collateral to guarantee leases, making the effective outstanding $26.6 million. In any event all mortgages are on the properties and Kratter Corporation is not liable on any of them.

Income

The following estimate of net earnings and cash available for distribution to stockholders relates to the 12 month period beginning Aug. 1, 1959.

Total operating revenue will approximate $4.2 million. Operating and administrative expenses and interest payments on mortgages and bank debt will come to $1.0 million leaving $3.2 million for depreciation and amortization which during this period will run to $3.4 million. On this basis the corporation will show a loss at the net income level of slightly over $200,000.

The meaningful calculation is the one which develops the cash receipts available for distribution. Against the $3.2 million which remains after operating, administrative and interest costs, there is a charge of $914,000 for payments required to reduce the outstanding mortgage and bank debt. This leaves an amount just under $2.3 million for distribution to the 2.6 million shares outstanding.

Since the above estimates were worked out, the Company has negotiated the acquisition of additional income producing property interests which made possible the increase in the monthly dividend to eight cents per share or a projected annual rate of 96 cents.

Conclusion

The estimate of 96 cents per share in distributable earnings for the next 12 months is based on property now owned or in the process of being acquired. Further purchases over the months ahead seem likely. The elimination of minority interests which is now under way will broaden the company's ability to mortgage property, thereby freeing additional cash for new purchase. It is important to keep in mind that the policy of the company is to pay out all of its cash generation to stockholders. The addition of new properties will produce higher cash flow and further liberalization of the dividend. Management of Kratter Corporation believes that other interesting acquisitions may be made where present owners have run out of depreciation and a tax-free exchange is desirable.

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The State of Trade and Industry

More Inflation," published by the committee on July 20, five days after the strike began.

Preliminary review of more than 5,600 letters tabulated to date indicated support of the steel companies' stand against inflation by a ratio of 20 to one.

A total of 4,968 letters was favorable to the companies' position, and 243 ran contrary. Some 400 of the letters revealed worry over the strike, but took no position on either side of the controversy. Most of the others showed no opinion classifiable, one way or another.

Additional letters, yet to be tabulated, are being received daily, the committee said.

Ancillary Effects of Long Steel Strike

Each day the steel strike stretches out, the longer it will take mills to ge back into production after a settlement. This is because damage to openhearth and blast furnances increases with the length of time they are out of operation, reports "The Iron Age," national metalworking weekly.

In addition, an ore crisis will be shaping up unless there is an early end to the negotiation stalemate. One steel plant indicated earlier that it would be in trouble if the strike went beyond Aug. 1. Other sources believe the entire industry will be pinched if the strike lasts two months.

Exceptions to the ore crisis are mills with direct access to foreign ores which can be shipped continuously to coastal ports while the Great Lakes are frozen.

The "Iron Age" suggests this timetable in the lag in the industry's return to full operation after the strike ends:

One month strike: Two weeks before operations hit 85%.

Two months' strike: Six weeks before operations hit 85%.

For the first two weeks after a strike, shipments will be light. After that, they should match the ingot rate. In-process inventories were reduced some by heavy June shipments before the strike deadline, but most mills continued to feed steel into the pipelines right up to the shutdown. They should be able to move some steel shortly after a settlement.

One factor in favor of possibly improved recovery over past precedent is the greater use of basic brick in openhearth construction. New basic roofs have been installed on about 100 of the most modern openhearths in the industry. However, this remains a questionmark and some mills fear that the basic refractories may be even more vulnerable.

Mills will not know the extent of refractory damage until they start operations. Some of the older roofs will probably collapse when heat is applied. The general effect of a long shutdown on facilities was shown this year when mills began operating furnaces that had been idle a year or more. Repair crews could not keep up with roof work and production lagged.

Blast furnaces present the same problem and damage to them will not be known until charging operations are under way.

In ore, the strike duration will be critically important and could create a winter crisis. Lake boats, also manned by members of the steelworkers union, are idle in port. Because of the short shipping season, the rule of thumb is that for each day lost to shipping, the equivalent of one and five-seventh days supply is lost.

New sintering programs could make the squeeze even tighter. A portion of the ore for sinter lines is screened in the Upper Lakes region. Screens cannot be operated when freezing weather hits. This may have the effect of shortening the shipping season.

Huge Losses in Wages and Sales Flow From Steel Strike

The steel strike, which began July 15, will have cost steelworkers $208,000,000 in lost wages and steel companies $588,000,000 in lost sales as of Aug. 3rd, "Steel" magazine said. There is no sign of an early settlement.

Other losses are also involved, the metalworking weekly said. The economy will have lost production of 5,662,000 ingot tons of steel, and the strike will have cost the companies $112,000,000 through overhead, depreciation, and salaries of nonproduction workers in steel.

Each week the strike lasts, government tax losses are esimated at $45 million.

A "Steel" survey finds that most inventories are still in good shape. Only 14% of the quarterly survey respondents report metal inventories will last less than 30 days. About 46 can hold on for more than 60 days.

But the continued trickle of new orders for steel is a clue that buyers are uneasy and will become more so as holes show up in their stockpiles. Heavy consumer pressure to place new tonnage is not likely to show up for several weeks. Right now, production of 1959 automobile models is slowing down and will end for most within a couple of weeks. This will take some of the pressure off stocks.

Half a hundred companies are still producing steel. Most of those whose contracts were to expire July 31 have won 14 day extensions. Ingot operations last week were estimated at 12.5% of capacity, off a little less than 0.5% from the preceding week's revised rate of 12.9%.

Nonferrous peace hopes are high, "Steel" said. Aluminum contract extensions probably mean no strike. Eventual settlement will be modeled after whatever is done in steel. Copper, lead, and zinc industries are also watching steel.

Metalworking will have record profits in the second half and for the full year if the steel strike is settled by mid-August, "Steel" said. It'll have a chance for a record if the settlement comes by Labor Day.

The earnings of many firms hit all-time highs in the first half. A "Steel" study of 59 companies showed only ten had lower profits than they had last year.

The steel strike is setting the stage for the best fourth quarter in the nation's history. The longer the strike goes, the quicker the recovery will be once a settlement is reached. The high peak for the fourth quarter will probably be the middle of November, with a repeat just before Christmas.

The scrap market is steady to strong, "Steel's" composite on No. 1 heavy melting is unchanged at $38.67 a gross ton for the third straight week. Expectations of strong poststrike demand and heavy exports support the market.

Steel Output Based on 20.7% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *20.7% of steel capacity for the week beginning Aug. 3, equivalent to 332,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *21.5% of capacity and 345,000 tons a week ago. [*Ed Note: A strike in the steel in dustry began Wednesday, July 15.*]

Actual output for the week beginning July 27, 1959 was equal to 12.2% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 11.7%.

A month ago the operating rate (based on 1947-49 weekly production) was *140.2% and production 2,252,000 tons. A year ago the actual weekly production was placed at 1,586,000 tons, or *98.7%.

*Index of production is based on average weekly production for 1947-49.

Auto Industry Had Third Best July Output

The steadily-advancing windup of 1959 model automobile production took an added impetus in the week ended Aug. 1 as virtually all Chrysler Corp. activity ground to a halt except at the Plymouth plant at Evansville, Ind., which was scheduled to halt operations in the forepart of the present week, "Ward's Automotive Report" said.

Imperial was the first Chrysler division to end the 1959 model run, building out July 1. It was followed by Chrysler, Dodge and De Soto. Studebaker-Packard completed its '59 model run July 22.

Other automakers scheduled to build out in the current week are American Motors at Kenosha, Wis., and Buick at Flint, Mich., and at six other plants. Oldsmobile at Lansing is expected to wind up the model year Aug. 13.

The auto industry, "Ward's" said, built an estimated 551,200 cars and 112,228 trucks in its U. S. plants during July, its third-best July in history that defied effects of the nationwide steel strike. In January-August it will have operated at an annual rate of 6,135,000 for passenger cars and 1,200,000 for trucks.

In keeping with the usual phase-out routine, six-day programming was light for week ended Aug. 1. The only car factories that worked through that date were Ford at Dearborn, Mich., Lorain, Ohio, Chester, Pa., Chicago, Ill., and St. Paul, Minn. Rambler had dropped its steady six-day schedule to five days because of an employee picnic on Aug. 1.

Truck production fared poorly for the week under review, slipping an estimated 18% below the turnout of previous week (25,119 units). Aiding the decline was the close-out of all Chevrolet truck-building and the shut-down at Studebaker. Two major producers, Willys and International, will be off Aug. 1-15 for annual vacations. This, coupled with inactivity at other sites, will cause August truck output to decline to about 50% of July production.

Combined car-truck production for week ended Aug. 1 was scheduled for an estimated 142,851 units, off 4.5% from the total of the week before (149,565).

As of Aug. 1, domestic car production will reach an estimated 3,841,970 units—up 49% over the same year-ago period (2,575,675).

Truck production this year (768,807) also shows a 49% gain over last year's turnout to date (515,882).

Electric Output 9.2% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 1, was estimated at 13,775,000,000 kwh., according to the Edison Electric Institute.

For the week ended Aug. 1 output increased by 198,000,000 kwh. above that of the previous week's total of 13,577,000,000 kwh. and showed a gain of 1,156,000,000 kwh. or 9.2% above that of the comparable 1958 week.

Car Loadings Off 11.8% From Corresponding 1958 Week

Loading of revenue freight for the week ended July 25 totaled 536,430 cars, the Association of American Railroads announced. This was a decrease of 71,635 cars or 11.8% below the corresponding week in 1958, and a decrease of 199,977 cars or 27.2% below the corresponding week in 1957.

Loadings in the week of July 25 were 48,640 cars, or 8.3% below the preceding week reflecting the fact that the steel strike was in effect during the latest week as compared with only three days in the earlier period.

Intercity Truck Tonnage 11.3% Ahead of Like Week In 1958

Intercity truck tonnage in the week ended July 25 was 11.3% ahead of the corresponding week of 1958, the American Trucking

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The State of Trade and Industry

Association, Inc., announced. Truck tonnage was one-half of 1% below that of the previous week of this year.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at over 400 truck terminals of common carriers of general freight throughout the country.

Lumber Shipments Were 3.6% Above Production for July 25 Week

Lumber shipments of 466 mills reporting to the National Lumber Trade Barometer were 3.6% above production for the week ended July 25. In the same week new orders of these mills were 8.1% above production. Unfilled orders of reporting mills amounted to 42% of stocks. For reporting softwood mills unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 41 day's production.

For the year-to-date, shipments of reporting identical mills were 1.0% above production; new orders were 1.9% above production.

Compared with the previous week ended July 18, 1959 production of reporting mills was 6.8% above; shipments were 11.6% above; new orders were 5.3% above. Compared with the corresponding week (July 25) in 1958, production of reporting mills was 0.4% below; shipments were 1.0% below; and new orders were 9.6% below.

Slight Rise in Business Failures

Commercial and industrial failures increased slightly to 252 in the week ended July 30 from 245 in the preceding week, reported Dun & Bradstreet, Inc. Although casualties were at the highest level in five weeks, they remained below the 271 occurring in the comparable week a year ago and the 281 in 1957. Nine per cent fewer businesses succumbed than in prewar 1939 when the toll was 277.

The week's rise occurred among failures with liabilities of $5,000 or more, which edged to 228 from 217 a week earlier but did not reach the 233 of this size in the similar week last year. On the other hand, small casualties, those involving liabilities under $5,000, dipped to 24 from 28 last week and 38 in 1959. Liabilities in excess of $100,000 were incurred by 23 of the week's failures as against 20 a week ago.

Retailing casualties increased to 125 from 112 construction to 43 from 32, and commercial service to 25 from 22. In contrast, the toll among manufacturers fell to 41 from 51 and among wholesalers to 18 from 28. All of the decline from last year's level was concentrated in manufacturinug, wholesaling, while mortality in other groups edged above 1958. Service casualties climbed most noticeably from a year ago.

Five of the nine major geographic regions reported heavier tolls than in the preceding week. The Middle Atlantic States had 74 as compared with 67 a week earlier, and the Pacific total edged to 77 from 76. No change appeared in the East South Central and Mountain States, while the week's only declines occurred in the East North Central States down to 30 from 43, and in the West South Central, down to 12 from 18. Year-to-year trends were mixed; failures ran below 1958 levels in five regions but edged higher in four regions. Marked declines in the Middle and South Atlantic States were balanced against a considerable increase from last year in the Pacific States.

Wholesale Commodity Price Index Edges Up

Following three consecutive weeks of declines, the general commodity price level moved slightly higher in the latest week, reflecting gains in prices on some grains, lard, coffee, butter, hogs, steers, and rubber. The Daily Wholesale Commodity Price Index stood at 276.52 (1930-32=100) on August 3, up slightly from the prior week's 275.51, but down from the 279.96 of the corresponding date a year ago.

There was a marked rise in rye prices this week as trading was noticeably higher. Rye transactions were stimulated by a recommendation by the Tariff Commission that imports be cut substantially even though supplies in this country are light. Although corn offerings were light, reports of favorable growing conditions discouraged trading and prices remained close to the prior week.

Wheat prices advanced moderately during the week as supplies were limited in some markets and both domestic and export buying picked up. A slight decline in oats prices occurred, but trading was steady. Soybeans prices weakened during the week as a result of increased processors' stocks and an expected large carryover.

Although flour trading expanded fractionally, prices were down somewhat from the prior week. Rice volume remained close to the prior week as buyers waited for the new crop to reach the market, and prices held steady. Purchases of rice for export were sluggish.

A fractional rise in sugar prices occurred during the week following a market rise in transactions. Coffee trading picked up and prices were slightly higher. Cocoa prices advanced moderately with a slight gain in trading.

Small receipts in Chicago and increased trading helped hog prices move up appreciably this week. Although the salable supply of cattle moved up from the prior week, it remained well below a year ago. Steer prices strengthened at the end of the week and finished moderately higher than the previous period reflecting a moderate rise in trading. Transactions in lambs were steady, and prices edged up fractionally.

Prices on the New York Cotton Exchange showed little change during the week, but finished fractionally below the prior week. Buyers were waiting for developments on the movement of the new crop. United States exports of cotton in the week ended last Tuesday were the smallest for the season, amounting to 24,000 bales. This compared with 49,000 a week earlier and 105,000 a year ago. Exports for the season through July 28 came to 2,729,000 bales, against 5,628,000 in the similar 1958 period.

Wholesale Food Price Index Down For Fifth Straight Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., dipped 0.3% on July 28 to $5.96 from $5.98 a week earlier. This was the fifth consecutive week-to-week decline and the level was the lowest since the $5.95 of Nov. 6, 1956. The current index was 10.1% below the $6.63 of the corresponding date a year ago.

Moving upward in wholesale cost this week were barley, sugar, cocoa, and eggs. Lower were flour, wheat, corn, rye, oats, hams, lard coffee, cottonseed oil, 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.

Retail Sales Continue Upward Swing

Despite a slackening in demand for large ticket items in stores located in steel producing areas, over-all retail sales show increases over the same week a year ago. Men's wear, women's apparel, furniture, floor coverings, linens and domestics all moved ahead of last year in sales. Reports from various cities indicate new car sales continue above those of last year.

The total dollar volume of retail trade in the week ended July 29 was 2 to 6% above that of a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: West North Central +4 to +8; East North Central and Pacific +3 to +7; South Atlantic +2 to +6; Mountain +1 to +5; Middle Atlantic and West South Central 0 to +4; East South Central —1 to +3; New England —2 to +2.

Clearances of Summer dresses and sportswear accounted for most of the volume in specialty stores and the women's wear departments of department stores this week. However, Fall coats suits and sportswear have also started moving well in some areas and the over-all volume in women's apparel exceeds that of last year. Men's furnishings and sportswear paced sales in men's apparel stores while clothing sales were reported slightly ahead to down in many stores.

Furniture continues as the best seller in home furnishings this Summer. Case goods sold best last wek but good response has been shown upholstered furniture. Mid-Summer sales by department stores have helped to keep volume above last year's level. Floor coverings continue in good demand. Some areas reported a slowing down in demand for air conditioners despite warm, humid weather, but New York and the New England area showed increased sales after several dull weeks. Summer promotions have raised the volume in linens and domestics over last year's figures. Stores in several cities reported increased activity in TV sets.

Food purchase continued at a high level and were above those of last year. Primary interest was in dairy products, frozen foods, fresh produce and poultry.

Reordering of fur-trimmed coats and suits, sweaters, and wool costumes was brisk during the past week and there were signs that supplies may be tight. Sportswear and dressy clothes were both in good demand. Foundation garments are being ordered in larger quantities than last year, perhaps in anticipation of a price rise. Price increases are being put into effect on men's shirts and there is a firm tone to the Fall men's and boys' clothing market. Deliveries of boys' back-to-school clothing have been slow thus far.

Although trading in gray goods is dull, at this time, it is because many of the mills are unable to take on additional orders at this time. Orders for novelty sportswear goods are being turned by some manufacturers. Flannelettes are in tight supply in what has been termed one of the best years in cotton flannels. Bookings have been made to the end of the year by mills supplying men's cotton slack fabrics. Trading has been slow in carpet wools, but prices remain firm. Sales of woolen wools have picked up with the reopening of mills following Summer vacation shutdowns.

Nationwide Department Stores Sales Up 5% for July 25 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended July 25, increased 5% above the like period last year. In the precedinge week, for July 18, an increase of 7% was reported. For the four weeks ended July 25, a gain of 7% was registered and for Jan. 1 to July 25 an 8% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended July 25 showed no gain from that of the like period last year. In the preceding week, July 18, a 6% increase was reported. For the four weeks ended July 25 a 1% gain over the same period in 1958 was recorded and Jan. 1 to July 25 showed a similar increment.

Purcell Opens Branch

HEMPSTEAD, N. Y.—Purcell & Co. has opened a branch office at 29 North Franklin St. under the management of Louis Kantor and Monte R. Falk. Frederick M. Riekert will be associate manager in the new office.

Also associated with the new office as account executives are Ernest S. Bing, Edward C. Melle, Frederick M. Rieckert and Albert W. Stock.

Broccardo Forms Co.

KINCAID, Ill. — Raymond Broccardo is engaging in a securities business from offices at 115 Walnut St. under the firm name of Broccardo Securities & Investment Co.

Allied Securities Opens

HOUSTON, Texas—Allied Securities, Inc. has been formed with offices in the Bettes Building to engage in a securities business. Officers are N. F. Abramowitz, President; Rene Sanuily, Vice-President; and Norman Faye, Secretary-Treasurer.

Form S. E. Gilmore Co.

LONG BEACH, Calif.—S. E. Gilmore Co. is engaging in a securities business from offices at 3629 Atlantic Ave. Officers are Sterling E. Gilmore, President; Chester O. Blackburn and Alva E. Drake, Vice - Presidents; Theresa A. Gilmore, Vice-President and Treasurer; and Marguerite M. Edington, Secretary.

Downing Inv. Corp. Opens

BROOKLYN, N. Y.—Downing Investors Corp. is conducting a securities business from offices at 26 Court St. Officers are Irving P. Dinerman, President; Samuel Dinerman, Vice-President; and Shirley Dinerman, Secretary-Treasurer.

Now Espy & Smith

PANAMA CITY, Fla.—The investment business of W. G. Espy Investment Securities, 20 North Oak Ave., is now being conducted as Espy & Smith Investment Securities, Inc. Officers are William G. Espy, President; H. C. Smith, Sr., Vice-President; and F. L. Espy, Secretary.

Form Aldrich Scott & Co.

Aldrich Scott & Co., Inc. has been formed with offices at 80 Wall St., New York City to engage in a securities business. Officers are Edward L. Benedict, Jr., President and Treasurer, and Walter Scott Aldrich, Vice-President and Secretary. Mr. Benedict was formerly with McDonnell & Co., Incorporated.

Form Golden Corp.

A. George Golden Corp. has been formed with offices at 565 Fifth Ave., New York City, to continue the investment business of A. George Golden. Officers are Preston L. Golden, President and Treasurer, and Ann G. Golden, Vice-President and Secretary.

Cruttenden, Podesta Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert H. Hughett and John M. Shanahan are now with Cruttenden, Podesta & Co., 209 South La Salle St., members of the New York and Midwest Stock Exchanges. He was previously with Lamson Bros. & Co. Mr. Shanahan was with McDougal & Condon.

Three With Lorraine Blair

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Phyllis A. Rustman, Eva L. Weber and Barbara M. Willoughby have joined the staff of Lorraine L. Blair, Inc., 30 North La Salle St. Miss Rustman was previously with Shearson, Hammill & Co.

Two With I. L. Brooks

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Eugene J. Ballantyne and Carl L. Davis are now affiliated with I. L. Brooks & Co., 333 Pine St., members of the Pacific Coast Stock Exchange. Both were formerly with King Merritt & Co., Inc.

Joins Eppler, Guerin

ABILENE, Texas—Robert H. Nash is now associated with Eppler, Guerin & Turner, Inc., Citizens National Bank Building. Mr. Nash was previously with the firm's Ft. Worth office.

Form B. G. Harris Co.

LONG BEACH, N. Y. — B. G. Harris & Co., Inc. is engaging in a securities business from offices at 19 Kentucky St. Officers are Howard Harris, President; Stephen Riftin, Vice-President; and Constance Harris, Secretary-Treasurer.

Form Employees Mutual

Employees Mutual Plan Co. has been formed with offices at 215 Mount Hope Place, New York City. Charles S. Janow is a principal of the firm.

Chamoth Co. Opens

BROOKLYN, N. Y.—Chamoth & Co. has been formed with offices at 247 South Third St., to engage in a securities business. Nathan M. Rivlin is a principal.

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)	Aug. 8	§11.7	*12.2	79.5	58.8
Equivalent to— Steel ingots and castings (net tons)	Aug. 8	§332,000	*345,000	2,252,000	1,586,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 24	6,855,125	6,858,275	7,025,075	6,535,835
Crude runs to stills—daily average (bbls.)	July 24	¶8,042,000	7,946,000	7,836,000	7,517,000
Gasoline output (bbls.)	July 24	29,186,000	28,419,000	28,682,000	28,464,000
Kerosene output (bbls.)	July 24	2,073,000	1,598,000	1,761,000	1,614,000
Distillate fuel oil output (bbls.)	July 24	11,907,000	12,701,000	12,487,000	11,760,000
Residual fuel oil output (bbls.)	July 24	6,372,000	6,563,000	6,786,000	6,919,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	July 24	188,157,000	189,859,000	198,271,000	178,808,000
Kerosene (bbls.) at	July 24	28,964,000	28,232,000	27,213,000	25,338,000
Distillate fuel oil (bbls.) at	July 24	134,463,000	129,352,000	115,991,000	115,557,000
Residual fuel oil (bbls.) at	July 24	54,789,000	54,269,000	53,840,000	66,487,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 25	536,430	585,070	697,633	608,065
Revenue freight received from connections (no. of cars)	July 25	481,599	469,892	588,643	494,003
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 30	$331,500,000	$651,700,000	$474,100,000	$388,032,000
Private construction	July 30	140,900,000	237,300,000	239,500,000	165,460,000
Public construction	July 30	190,600,000	414,400,000	234,600,000	222,572,000
State and municipal	July 30	139,500,000	383,400,000	177,200,000	169,785,000
Federal	July 30	51,100,000	31,000,000	57,400,000	52,787,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 25	7,240,000	*7,270,000	8,740,000	7,896,000
Pennsylvania anthracite (tons)	July 25	359,000	354,000	470,000	451,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 25	117	118	118	111
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 1	13,775,000	13,577,000	13,124,000	12,619,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 30	252	245	244	271
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 28	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	July 28	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	July 28	$39.50	$39.50	$38.50	$40.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 29	29.550c	29.600c	31.000c	26.100c
Export refinery at	July 29	27.600c	26.975c	26.625c	25.000c
Lead (New York) at	July 29	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	July 29	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	July 29	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	July 29	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	July 29	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	July 29	101.750c	102.250c	103.250c	95.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 4	83.58	83.56	83.00	92.81
Average corporate	Aug. 4	86.11	85.85	85.98	95.01
Aaa	Aug. 4	89.78	89.37	88.95	100.42
Aa	Aug. 4	87.72	87.59	87.59	98.25
A	Aug. 4	85.85	85.46	85.85	94.41
Baa	Aug. 4	81.29	81.42	81.66	87.86
Railroad Group	Aug. 4	84.81	84.81	84.94	90.91
Public Utilities Group	Aug. 4	85.20	85.20	85.07	95.77
Industrials Group	Aug. 4	88.13	87.86	87.86	98.57
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 4	4.12	4.12	4.19	3.13
Average corporate	Aug. 4	4.70	4.72	4.71	4.07
Aaa	Aug. 4	4.43	4.46	4.49	3.72
Aa	Aug. 4	4.58	4.59	4.59	3.86
A	Aug. 4	4.72	4.75	4.72	4.11
Baa	Aug. 4	5.08	5.07	5.05	4.57
Railroad Group	Aug. 4	4.80	4.80	4.79	4.35
Public Utilities Group	Aug. 4	4.77	4.77	4.78	4.02
Industrials Group	Aug. 4	4.55	4.57	4.57	3.84
MOODY'S COMMODITY INDEX	Aug. 4	384.6	380.3	388.4	404.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 25	281,445	278,124	306,242	266,943
Production (tons)	July 25	312,860	274,741	323,657	289,506
Percentage of activity	July 25	94	84	98	93
Unfilled orders (tons) at end of period	July 25	533,760	565,961	478,629	427,875
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100	July 31	109.36	110.80	110.58	109.95
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	July 10	3,040,660	2,009,000	2,358,080	1,591,390
Short sales	July 10	484,130	321,470	437,780	392,720
Other sales	July 10	2,538,550	1,841,450	1,996,090	1,248,510
Total sales	July 10	3,022,680	2,162,920	2,433,870	1,641,230
Other transactions initiated off the floor—					
Total purchases	July 10	499,530	318,670	394,570	326,380
Short sales	July 10	45,100	25,400	50,300	44,800
Other sales	July 10	468,710	324,170	393,500	334,610
Total sales	July 10	513,810	349,570	443,800	379,410
Other transactions initiated on the floor—					
Total purchases	July 10	923,955	635,090	731,272	470,228
Short sales	July 10	179,820	81,960	86,480	157,760
Other sales	July 10	895,970	664,246	984,781	609,199
Total sales	July 10	1,075,790	746,206	1,071,261	766,959
Total round-lot transactions for account of members—					
Total purchases	July 10	4,464,145	2,962,760	3,483,922	2,387,998
Short sales	July 10	709,050	428,830	574,560	595,280
Other sales	July 10	3,903,230	2,829,866	3,374,371	2,192,319
Total sales	July 10	4,612,280	3,258,696	3,948,931	2,787,599
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	July 10	2,186,078	1,571,175	1,913,313	1,208,686
Dollar value	July 10	$115,413,588	$86,848,352	$103,970,503	$57,387,366
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 10	1,941,000	1,317,297	1,491,388	1,132,737
Customers' short sales	July 10	7,016	5,432	13,985	13,154
Customers' other sales	July 10	1,933,984	1,311,865	1,477,403	1,119,583
Dollar value	July 10	$98,406,933	$67,845,349	$77,846,094	$49,493,774
Round-lot sales by dealers—					
Number of shares—Total sales	July 10	479,410	347,730	378,240	362,100
Short sales	July 10	------	------	------	------
Other sales	July 10	479,410	347,730	378,240	362,100
Round-lot purchases by dealers—Number of shares	July 10	741,420	590,290	793,420	437,260
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	July 10	821,780	494,010	714,200	813,910
Other sales	July 10	18,780,210	13,181,710	15,565,060	12,344,570
Total sales	July 10	19,601,990	13,675,720	16,279,260	13,158,480
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 28	119.2	*119.3	119.3	119.4
Farm products	July 28	87.5	*88.2	89.4	94.8
Processed foods	July 28	106.7	107.0	107.3	112.7
Meats	July 28	97.1	98.4	101.0	114.5
All commodities other than farm and foods	July 28	128.2	128.1	127.9	126.0

*Revised figure. ¶Includes 910,000 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 April	155,213	157,189	124,999
Stocks of aluminum (short tons) end of Apr.	131,460	159,177	187,390
AMERICAN PETROLEUM INSTITUTE—Month of April:			
Total domestic production (barrels of 42 gallons each)	243,847,000	250,167,000	211,714,000
Domestic crude oil output (barrels)	217,685,000	222,839,000	188,631,000
Natural gasoline output (barrels)	26,132,000	27,281,000	23,053,000
Benzol output (barrels)	30,000	47,000	30,000
Crude oil imports (barrels)	22,270,000	28,113,000	25,835,000
Refined product imports (barrels)	20,084,000	40,638,000	22,811,000
Indicated consumption domestic and export (barrels)	279,435,000	311,623,000	265,701,000
Increase all stocks (barrels)	6,766,000	7,295,000	5,341,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of July (in millions):			
Total new construction	5,150	5,018	4,526
Private construction	3,588	3,487	3,054
Residential buildings (nonfarm)	2,105	2,055	1,648
New dwelling units	1,565	1,520	1,207
Additions and alterations	472	470	388
Nonhousekeeping	68	65	53
Nonresidential buildings	801	762	748
Industrial	167	161	178
Commercial	379	364	329
Office buildings and warehouses	172	165	172
Stores, restaurants, and garages	207	199	157
Other nonresidential buildings	255	237	241
Religious	85	79	75
Educational	44	42	50
Hospital and institutional	49	48	51
Social and recreational	54	50	41
Miscellaneous	23	18	24
Farm construction	185	175	165
Public utilities	478	478	473
Railroad	24	29	19
Telephone and telegraph	85	87	75
Other public utilities	369	362	379
All other private	19	17	20
Public construction	1,562	1,531	1,472
Residential buildings	80	88	70
Nonresidential buildings	406	405	423
Industrial	31	30	36
Educational	243	242	262
Hospital and institutional	38	39	35
Administrative and service	52	52	49
Other nonresidential buildings	42	42	41
Military facilities	150	150	125
Highways	600	575	572
Sewer and water systems	133	127	128
Sewer	82	78	77
Water	51	49	51
Public service enterprises	62	54	47
Conservation and development	111	111	94
All other public	20	21	13
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS - RECORD — Month of July (000's omitted):			
Total U. S. construction	$2,482,000	$1,876,500	$2,601,754
Private construction	1,164,000	909,100	941,666
Public construction	1,318,000	967,400	1,660,088
State and municipal	983,000	702,500	1,031,506
Federal	335,000	264,900	628,582
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of June 30:			
Total consumer credit	$46,716	$45,790	$43,079
Instalment credit	35,810	35,029	33,008
Automobile	15,419	14,991	14,590
Other consumer goods	9,077	8,911	8,190
Repairs and modernization loans	2,240	2,198	2,048
Personal loans	9,074	8,929	8,180
Noninstalment credit	10,906	10,761	10,071
Single payment loans	3,842	3,779	3,482
Charge accounts	4,318	4,220	4,012
Service credit	2,746	2,762	2,577
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of June	819,538	702,362	595,408
In consuming establishments as of July 4	1,303,203	1,485,625	1,689,937
In public storage as of July 4	7,991,860	8,763,270	7,537,120
Linters—Consumed month of June	114,154	101,603	86,027
Stocks July 4	630,145	731,687	829,318
Cotton spindles active as of July 4	17,598,000	17,591,000	17,443,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on July 4	20,317,000	20,356,000	20,923,000
Spinning spindles active on July 4	17,598,000	17,591,000	17,443,000
Active spindle hours (000's omitted) July 4	10,392,000	8,781,000	7,637,000
Active spindle hrs. for spindles in place June	415.7	439.1	381.8
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES (BUREAU OF MINES)—Month of March (in long tons):			
Stocks beginning of period	31,545	30,695	30,740
Receipts	7,130	7,815	5,960
Supply	38,675	38,510	36,700
Stocks at end of period	31,050	31,545	30,640
Total processed	7,625	6,965	6,060
Intercompany scrap transactions	115	180	140
Consumed in manufacturing	7,510	6,785	5,920
Primary	4,700	4,245	3,880
‡Secondary	2,810	2,540	2,040

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ‡Includes tin content of imported tin-base alloys.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Accessory Sales, Inc.
July 23 (letter of notification) 19,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For equipment, advertising and working capital. **Office**—1575 Franklin Street, Denver, Colo. **Underwriter**—None.

Acme Missiles & Construction Corp. (8/27)
July 24 filed 200,000 shares of common stock, of which 150,000 shares will be offered for public sale for the account of the company, and 50,000 shares will be offered for the accounts of the present holders thereof. **Price**—$6 per share. **Proceeds**—For general corporate purposes, including additional personnel, office space, equipment, and the provision of funds necessary to compete for certain contracts. **Office**—2949 Long Beach Road, Oceanside, L. I., N. Y. **Underwriter** — Myron A. Lomasney & Co., New York.

Acorn Industries, Inc.
July 22 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital; purchase of machinery and equipment and for leasing of a plant in Plainview, L. I., N. Y. **Office**—930 Newark Avenue, Jersey City 6, N. J. **Underwriter**—Lawrence Securities, Inc., 32 Broadway, New York.

● Air Products, Inc. (8/19)
July 24 filed 115,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the construction of additional gas producing plants and the expansion of industrial and medical gas operations. **Office**—Allentown, Pa. **Underwriters**—Kuhn, Loeb & Co. and Reynolds & Co. of New York; and Drexel & Co. of Philadelphia, Pa.

● Alabama Gas Corp. (8/7)
July 8 filed 30,843 series A cumulative preferred stock, par $100 (with attached warrants) to be offered to stockholders of record Aug. 6, 1959, on the basis of one new share of preferred stock for each 30 shares of common stock then held. Rights expire Aug. 26, 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.

Alabama Gas Corp. (8/18)
July 8 filed $4,000,000 of series E first mortgage bonds, due Aug. 1, 1984. **Proceeds**—To pay construction costs and short-term bank loans. **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. 18, at the offices of Shearman & Sterling & Wright, 20 Exchange Place, New York City.

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.

● Aldens, Inc. (8/17)
July 21 filed $4,550,600 of convertible subordinated debentures, due Aug. 1, 1979, to be offered to common stockholders of record Aug. 14, 1959 on the basis of $100 of debentures for each 16 common shares then held; rights to expire on Aug. 31. **Office**—Chicago, Ill. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Underwriter** — Lehman Brothers, New York.

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.

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. (9/9)
July 14 filed 100,000 shares of class A common stock (par 10 cents). **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 (17 cents per share on July 24). **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 Beverage Corp.
July 16 filed 950,000 shares of common stock. **Proceeds**—The stock is to be exchanged for all the outstanding capital stock of a group of "Golden Age" companies. Stockholders on Aug. 10 will vote on approving exchange offer. **Office**—118 N. 11th Street, Brooklyn, N. Y. **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**—Expected in August or September.

● American Hospital Supply Corp.
April 20 filed 20,610 shares of common stock (par $2) to be offered in exchange for common stock of Massillon Rubber Co. on the basis of nine shares of American common for one share of Massillon common. **Office**—2020 Ridge Avenue, Evanston, Ill. **Underwriter**—None. Statement effective July 29.

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 Israeli Paper Mills, Ltd.
July 31 filed American depositary receipts for 2,000,000 ordinary shares. **Depositary**—Bankers Trust Co., New York.

● American-Saint Gobain Corp.
June 26 filed $11,221,500 of subordinated convertible debentures, due 1983, and 544,314 shares of common stock. The debentures are being 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. 12, 1959. The common shares are being 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. 12, 1959. **Price** Of debentures: 100% of principal amount; of stock, $17.30 per share. **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. **Offering**—Expected in August.

★ American States Insurance Co.
Aug. 3 filed 108,144 shares of class A stock, to be offered for subscription by holders of outstanding class A and class B stock at the rate of one additional share for each four shares of class A and class B stock held as of the record date. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—542 North Meridian Street Indianapolis, Ind. **Underwriter**—City Securities Corp., Indianapolis, Indiana.

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.

★ Ampal-American Israel Corp.
July 30 filed $3,000,000 of five-year 5% sinking fund debentures, series G, due 1964, and $3,000,000 of 10-year 6% sinking fund debentures, series H, due 1969. **Price**—At 100% of principal amount. **Proceeds**—To develop and expand various enterprises in Israel. **Office**—17 E. 71st Street, New York. **Underwriter**—None. **Offering**—Expected sometime during October.

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 latter part of August.

● Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share **Proceeds**—For mining expenses. **Office**—c/o Hepburn T. Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lenchner, Inc., Pittsburgh, Pa. Statement has been withdrawn.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office** — 1301 Avenue L, Cisco, Texas. **Underwriter**—None. Robert Kamon is President.

★ Babcock Radio Engineering, Inc. (8/24-28)
July 29 filed 100,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the reduction of bank loans, for additional working capital, and the carrying of larger inventories. **Office**—1640 Monrovia Avenue, Costa Mesa, Calif. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

● Barton Distilling Co.
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. **Offering**—Expected today (Aug. 6).

● 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. Letter to be amended.

★ Berens Real Estate Investment Corp.
July 31 filed $1,200,000 of 6½% debentures, due 1969, and 80,000 shares of common stock (par $5). **Price**—$500 per unit, each unit to consist of $300 of debentures and 20 shares of common stock. **Proceeds**—For working capital. **Office**—1722 L Street N. W., Washington, D. C. **Underwriter**—Berens Securities Corp., same address.

● Beverages Bottling Corp. (8/10-14)
July 6 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction or purchase of additional facilities for the manufacture, warehousing and distribution of beverages. **Office**—800 St. Anns Avenue, Bronx, N. Y. **Underwriter**—Financial Management, Inc., 11 Broadway, New York, N. Y.

● Big Apple Supermarkets, Inc. (8/10-14)
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.

★ Black, Sivalls & Bryson, Inc.
July 24 (letter of notification) 100,000 units of interest

in Salaried Employees & Thrift & Profit-Sharing Plan. **Price** — $1 per unit. **Proceeds** — For use by Employees Plan. **Office**—7500 E. 12th Street, Kansas City 26, Mo. **Underwriter**—None.

Bostic Concrete Co., Inc. (8/19)
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.

★ **Bostitch, Inc.**
July 28 (letter of notification) 10,400 shares of class A non-voting common stock (par $4), to be offered to full-time employees of the company and its subsidiaries, excluding directors and officers, with at least one year of service as of 9-15-59, and including employees on leave of absence. **Price**—$26.50 per share. **Proceeds**—For working capital. **Office**—South Country Trail, East Greenwich, R. I.

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. (8/17-20)**
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.

Broadway-Hale Stores, Inc. (8/25)
July 27 filed $10,000,000 of subordinated debentures, due Aug. 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—For construction of new stores and for general corporate purposes. **Office**—401 South Broadway, Los Angeles, Calif. **Underwriter**—Blyth & Co., Inc., Los Angeles and New York.

Brockton Taunton Gas Co.
June 29 filed 37,268 shares of common stock, being offered for subscription by common stockholders of record July 29, 1959, on the basis of one new share for each eight shares and five shares for each 11 shares of cumulative preferred then held; rights to expire on Aug. 13, 1959. **Price**—$17 per share. **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.

★ **Builder's Mortgage Investment, Inc.**
July 29 (letter of notification) $300,000 principal amount of 10-year 6% debentures, to be offered in denominations of $100 each. **Price**—At par. **Proceeds**—To be used to purchase real estate and for working capital. **Office**—22435 Sunset Highway, Issaquah, Wash. **Underwriter**—None.

★ **California Metals Corp.**
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

★ **Capital Shares, Inc.**
Aug. 3 filed 500,000 "Life Insurance Fund" shares. **Price**—To be supplied by amendment. **Proceeds**—For investment in the securities of companies engaged directly or indirectly in the life insurance business. **Office**—15 Wil-

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NEW ISSUE CALENDAR

August 7 (Friday)

Alabama Gas Corp.________Preferred
(Offering to stockholders—underwritten by White, Weld & Co. and Sterne, Agee & Leach) $3,084,300

Highway Trailer Industries, Inc.________Common
(Offering to stockholders—underwritten by Van Alstyne, Noel & Co.) 1,105,294 shares

August 10 (Monday)

Arabol Manufacturing Co.________Preferred
(Bids 11 a.m. EDT) $21,000

Arabol Manufacturing Co.________Common
(Bids 11 a.m. EDT) 515.6 shares

Beverages Bottling Corp.________Common
(Financial Management, Inc.) $300,000

Big Apple Supermarkets, Inc.________Common
(Simmons & Co.) $850,000

Buckingham Transportation Inc.________Common
(Cruttenden, Podesta & Co.) 250,000 shares

Coral Ridge Properties, Inc.________Common
(Cruttenden, Podesta & Co. and J. R. Williston & Beane) 450,000 shares

Coral Ridge Properties, Inc.________Preferred
(Cruttenden, Podesta & Co. and J. R. Williston & Beane) 450,000 shares

Executone Inc.________Common
(Shearson, Hammill & Co.) 136,000 shares

General Time Corp.________Debentures
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) $6,260,700

Hudson Radio & Television Corp.________Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,000,000

Narda Microwave Corp.________Common
(Milton D. Blauner & Co., Inc.) 50,000 shares

New York Capital Fund of Canada Ltd.____Common
(Carl M. Loeb, Rhoades & Co.) 1,000,000 shares

Supercrete Ltd.________Common
(Straus, Blosser & McDowell) 300,000 shares

~~Television Shares Management Corp.________Common~~
~~(White, Weld & Co.) 262,500 shares~~

August 11 (Tuesday)

General Magnaplate Corp.________Common
(Robert L. Ferman & Co., Inc. and Caspers Rogers Co.) $300,000

Illinois Central RR.________Equip. Trust Ctfs.
(Bids 1 p.m. EDT) $2,820,000

Michigan Bell Telephone Co.________Debentures
(Bids 11 a.m. EDT) $30,000,000

Pioneer Finance Co.________Debentures
(White, Weld & Co. and Watling, Lerchen & Co.) $1,000,000

August 12 (Wednesday)

Chesapeake & Ohio Ry.________Equip. Trust Ctfs.
(Bids to be invited) $2,500,000

Controls Co. of America________Common
(Merrill Lynch, Pierce, Fenner & Smith and Lee Higginson Corp.) 191,703 shares

International Tuna Corp.________Common
(Gates, Carter & Co.) $175,000

Lease Plan International Corp.________Common
(Hayden, Stone & Co.) 140,000 shares

Long (Hugh W.) & Co., Inc.________Common
(Clark, Dodge & Co.) 280,000 shares

Raub Electronics Research Corp.________Common
(Weil & Co.) $1,402,500

August 13 (Thursday)

Gabriel Co.________Debentures
(Prescott, Shepard & Co., Inc. and Carl M. Loeb, Rhoades & Co.) $2,500,000

Northwest Defense Minerals, Inc.________Common
(Caldwell Co.) $300,000

Trans Central Petroleum Corp.________Common
(Barnett & Co., Inc.) $100,000

August 14 (Friday)

Oak Valley Sewerage Co.________Bonds
(Bache & Co.) $145,000

Oak Valley Water Co.________Bonds
(Bache & Co.) $125,000

August 17 (Monday)

Aldens, Inc.________Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $4,550,600

Branson Instruments, Inc.________Common
(McDonnell & Co., Inc.) 40,000 shares

Central Charge Service, Inc.________Debentures
(Auchincloss, Parker & Redpath) $500,000

Cohu Electronics, Inc.________Common
(Offering to stockholders—underwritten by Hayden, Stone & Co. and Winslow, Cohu & Stetson, Inc.) 356,125 shares

Cubic Corp.________Common
(Hayden, Stone & Co.) 105,000 shares

Edwards Steel Corp.________Common
(Charles Plohn & Co.) $700,000

Industrial Plywood Co., Inc.________Preferred
(Standard Securities Corp., Irving Weis & Co., J. A. Winston & Co., Inc., Bruno-Lenchner Inc., Netherlands Securities Co., Inc. and Plymouth Bond & Share Corp.) $600,000

Leeds Travelwear, Inc.________Common
(Auchincloss, Parker & Redpath) 262,500 shares

Magnuson Properties, Inc.________Common
(Blair & Co., Inc.) 500,000 shares

Micronaire Electro Medical Products Corp.________Com. and War.
(General Investing Corp.) $5,500,000

Rorer (William H.), Inc.________Common
(Kidder, Peabody & Co. and Schmidt, Roberts & Parke) 155,269 shares

Terminal Tower Co.________Debentures
(Fulton Reid & Co., Inc.) $2,500,000

Tool Research & Engineering Corp.________Common
(Shields & Co.) 250,000 shares

August 18 (Tuesday)

Alabama Gas Corp.________Bonds
(Bids 11:30 a.m. EDT) $4,000,000

Consumers Power Co.________Bonds
(Bids 11 a.m. EDT) $35,000,000

Dilbert's Leasing & Development Corp.________Debentures & Common
(S. D. Fuller & Co.) $4,505,600

Eagle Food Centers, Inc.________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 188,500 shares

Extrudo-Film Corp.________Common
(Maltz, Greenwald & Co.) $525,000

~~August 19~~ (Wednesday)

Air Products, Inc.________Common
(Kuhn, Loeb & Co.; Reynolds & Co.; and Drexel & Co.) 115,000 shares

Bostic Concrete Co., Inc.________Com. and Debs.
(Syle & Co.) $250,000 units

Curtis Industries, Inc.________Common
(Prescott, Shepard & Co., Inc.) 100,000 shares

Houston Lighting & Power Co.________Bonds
(Bids noon EDT) $25,000,000

Nord Photocopy & Business Equipm't Corp.____Com.
(Myron A. Lomasney & Co.) $500,000

Union Bag-Camp Paper Corp.________Common
(Blyth & Co., Inc. and Cyrus J. Lawrence & Sons) 327,042 shs.

August 20 (Thursday)

Florida Water & Utilities Co.________Common
(Bell & Hough, Inc.) 86,000 shares

Investors Funding Corp. of New York____Debentures
(No underwriting) $500,000

Silver Creek Precision Corp.________Common
(Maltz, Greenwald & Co.) 1,550,000 shares)

August 21 (Friday)

Hofman Laboratories, Inc.________Common
(Myron A. Lomasney & Co.) $300,000

August 24 (Monday)

Babcock Radio Engineering, Inc.________Common
(Schwabacher & Co.) 100,000 shares

Cary Chemicals, Inc.________Debentures
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $3,500,000

Cincinnati, New Orleans & Texas Pacific Ry.________Equip. Trust Ctfs.
(Bids to be invited) $4,440,000

Hancock (J. W.) Inc.________Preferred & Common
(Kenneth Kass, Securities Service and David Barnes & Co., Inc.) $425,000

Paddington Corp.________Class A Common
(Lee Higginson Corp. and H. Hentz & Co.) 150,000 shares

Porce-Alume, Inc.________Common
(Pearson, Murphy & Co., Inc.) $300,000

United Artists Corp.________Common
(F. Eberstadt & Co.) 100,000 shares

(August 25 Tuesday)

Broadway-Hale Stores, Inc.________Debentures
(Blyth & Co., Inc.) $10,000,000

Pacific Gas & Electric Co.________Bonds
(Bids to be invited) $65,000,000

Wayne Manufacturing Co.________Common
(Mitchum, Jones & Templeton and Schwabacher & Co.) 90,000 shares

August 26 (Wednesday)

Entron, Inc.________Common
(Alkow & Co., Inc.) $1,000,000

Infrared Industries, Inc.________Common
(Lehman Brothers) 100,000 shares

Matronics, Inc.________Common
(Vermilye Brothers) $750,000

Pittsburgh & Lake Erie RR.________Equip. Tr. Ctfs.
(Bids noon EDT) $3,150,000

Sea View Industries, Inc.________Debs. & Common
(Michael G. Kletz & Co., Inc.) $714,000

August 27 (Thursday)

Acme Missiles & Construction Corp.________Common
(Myron A. Lomasney & Co.) $1,200,000

August 28 (Friday)

Great Western Life Insurance Co.________Common
(Offering to stockholders—underwritten by G. J. Mitchell Jr. Co. and Purvis & Co.) 500,000 shares

I C Inc.________Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000

August 31 (Monday)

Jackson's Minit Markets, Inc.________Common
(Offering to stockholders—underwritten by Pierce, Carrison Wulbern, Inc.) 223,000 shares

September 1 (Tuesday)

Central Corp.________Common
(Arnold Malkan & Co.) $600,000

Foto-Video Laboratories, Inc.________Common
(Arnold Malkan Co.) $300,000

September 2 (Wednesday)

~~National Sports Centers, Inc.________Debentures~~
~~(General Investing Corp.) $1,000,000~~

September 3 (Thursday)

Greek Voice of America, Inc.________Common
(Karen Securities Corp.) $300,000

September 7 (Monday)

New West Amulet Mines Ltd.________Common
(Willis E. Burnside & Co., Inc.) 200,000 shares

Sottile, Inc.________Common
(Bear, Stearns & Co.) 2,000,000 shares

Speedry Chemical Products Co., Inc.________Common
(S. D. Fuller & Co.) 218,333 shares

September 9 (Wednesday)

Allied Petro-Chemicals, Inc.________Common
(Philadelphia Securities Co., Inc.) $400,000

Community Public Service Co.________Preferred
(Bids to be invited) $3,000,000

Fredonia Pickle Co., Inc.________Common
(Summit Securities, Inc.) $300,000

September 15 (Tuesday)

Hooker Chemical Corp.________Debentures
(Offering to stockholders—to be underwritten) $25,000,000

Petrosur Oil Corp.________Common
(Simmons & Co. and Michael Horowitz) $620,000

West Florida Natural Gas Co.____Notes & Common
(Bell & Hough Inc.) $1,750,000

September 17 (Thursday)

Georgia Power Co.________Bonds
(Bids to be invited) $18,000,000

September 21 (Monday)

New England Telephone & Telegraph Co.___Debens.
(Bids to be invited) $45,000,000

October 1 (Thursday)

Northern Natural Gas Co.________Preferred
(Blyth & Co., Inc.) $20,000,000

Northern Natural Gas Co.________Debentures
(Blyth & Co., Inc.) $20,000,000

October 14 (Wednesday)

Philadelphia Electric Co.________Bonds
(Bids to be invited) $50,000,000

December 1 (Tuesday)

Consolidated Edison Co. of New York, Inc.____Bonds
(Bids to be invited) $50,000,000

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liam Street, New York. **Underwriter**—Capital Sponsors, Inc., New York.

● Cary Chemicals, Inc. (8/24-28)
July 28 filed $3,500,000 of subordinated debentures due Sept. 1, 1979 and 205,000 shares of common stock (par 10 cents) to be offered in units. The number of shares in each unit will be determined prior to the public offering. **Price**—$500 per unit. **Proceeds**—For general corporate purposes, including working capital. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

● Casco Chemical Corp.
July 10 filed 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For marketing of "Resistolox 20," (an anti-oxidant) and for general corporate purposes. **Office**—207 American Bank & Trust Bldg., Dallas, Tex. **Underwriter** — Pearson, Murphy & Co., Inc., New York. **Offering**—Expected any day.

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 Charge Service, Inc. (8/17)
July 17 filed $500,000 of 5½% convertible capital debentures. **Price**—At 100% of principal amount. **Proceeds**—To add to working capital, buy accounts receivable, and reduce short-term indebtedness. **Office**—620 — 11th St., N. W., Washington, D. C. **Underwriter**—Auchincloss, Parker & Redpath, New York.

★ Central Corp. (9/1-4)
Aug. 3 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For manufacturing and sales facilities, and working capital, of subsidiaries; to repay loans. **Office** — 1315 Dixwell Avenue, Hamden, Conn. **Underwriter**—Arnold Malkan & Co., New York.

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.

★ Coastal Caribbean Oils, Inc.
July 27 (letter of notification) American Voting Trust Certificates for 178,719 shares of common stock (par 10 cents). **Price**—At an estimated market price of $1.62½ per share. **Proceeds**—For expenses incidental to exploring and producing of oil. **Office**—Apartado 6307, Panama City, Panama. **Underwriter**—None.

● Cohu Electronics, Inc. (8/17-21)
July 20 filed 356,125 shares of common stock (par $1) to be made available to stockholders on a basis of one share for every three held as of the record date. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding indebtedness, for expansion, and for working capital. **Office**—San Diego, Calif. **Underwriters**—Hayden, Stone & Co., and Winslow, Cohu and Stetson, Inc., both of New York.

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, 90[illegible] Sherman Street, Denver, Colo.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds**—To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah. **Offering**—Expected in August.

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.

● Consumers Power Co. (8/18)
July 24 filed $35,000,000 of first mortgage bonds, due 1989. **Proceeds**—For construction, and to repay bank loans incurred for construction purposes. **Office**—212 West Michigan Avenue, Jackson, Mich. **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. and The First Boston Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 18 at office of Commonwealth Services, Inc., 300 Park Ave., New York 22, N. Y.

● Controls Co. of America (8/12)
July 8 filed 191,703 shares of common stock (par $5). The offering will be made after a 50% common stock distribution to stockholders of record July 24. 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.

● Coral Ridge Properties, Inc. (8/10)
July 8 filed 450,000 shares of $0.60 cumulative convertible preferred stock (no par) and 450,000 shares of class A common stock (no par). The no par preferred is convertible into Class A common on a one for two basis, without additional payment. The $1 par preference stock is convertible into class A common on a 1-for-15 basis, upon payment of $3.33 per share of class A common. **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.

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.

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 341,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 358,387 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.

● Cubic Corp. (8/17-21)
July 17 filed 105,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—95.2% of the proceeds are to be used by the company to repay bank loans, acquire inventories, including electronic test and manufacturing equipment, and for general corporate purposes. 4.8% of the proceeds are to go to Robert V. Werner, a company officer, selling stockholder. **Office**—5575 Kearny Villa Road, San Diego, Calif. **Underwriter**—Hayden, Stone & Co., New York.

Curtis Industries, Inc. (8/19)
July 17 filed 100,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—1130 E. 222nd St., Euclid, Ohio. **Underwriter** — Prescott, Shepard & Co., Inc., Cleveland, Ohio.

★ Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office** — 1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

Development Corp. of America
April 30 filed 1,376,716 shares of common stock (par $1) reserved for issuance upon conversion of shares of the company's $1.25 cumulative convertible preferred stock received by DCA common stockholders in connection with the recently consummated merger of Real Estate Equities, Inc., into DCA and the plan of reorganization consummated in connection therewith. **Underwriter**—None.

Development Corp. of America
June 29 Registered issue. (See Equity General Corp. below.)

Dilbert's Leasing & Development Corp. (8/18-20)
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. **Name Changed** — Company formerly known as Dilbert's Properties, Inc. **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.

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.

★ Du-Rite Sales Co., Inc.
July 10 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—3800 37th Place, Brentwood, Md. **Underwriter**—None.

Eagle Food Centers, Inc. (8/18)
July 23 filed 188,500 shares of common stock (par $2.50), of which 20,000 shares are being offered initially by the company to employees. Any of such shares not purchased by employees and the remaining 168,500 shares are being purchased by the underwriters, 28,500 from stockholders and 160,000 shares from the company. **Price**—To be supplied by amendment. **Proceeds**—To redeem all of the preferred stock of a subsidiary, to pay off outstanding 6% subordinated notes, to purchase equipment in four stores leased from G. & W. Realty, Inc., to pay off chattel mortgages on equipment in five other stores, and for additional working capital. **Office**—Milan, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● Edwards Steel Corp., Miami, Fla. (8/17-21)
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.

Electronic Data Processing Center, Inc.
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. **Offering**—Expected any day.

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.

● Empire Millwork Corp.
April 17 filed 95,000 shares of common stock (par $1). **Price**—$10.25 per share. **Proceeds**—To selling stockholders. **Underwriter**—None. Statement withdrawn on July 20, 1959.

Entron, Inc. (8/26)
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 Avenue, N. W., Washington, D. C.

● Executone, Inc. (8/10-14)
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**—15 Lexington Avenue, New York. **Underwriter** — Shearson, Hammill & Co., New York.

Extrudo-Film Corp. (8/18)
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.

● **Faradyne Electronics Corp., Newark, N. J.**
June 23 filed 220,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—To be used for purchase and construction of machinery and equipment. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York. Statement to be amended.

● **Federated Investors, Inc.**
July 16 (letter of notification) 42,000 shares of class B common stock (par value 5c) to be sold for the account of the issuing company, and 21,000 shares of the same stock to be sold for the account of Federated Plans, Inc. **Price**—$4.75 per share. **Proceeds**—For advertising, training, printing, and working capital. **Office**—719 Liberty Avenue, Pittsburgh, Pa. **Underwriter**—Hecker & Co., Philadelphia, Pa.

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 purchase new properties and for working capital. **Underwriter**—None.

Financial Industrial Income Fund, Inc.
July 22 filed 1,000,000 shares of common capital stock **Price**—At market. **Proceeds**—For investment. **Office**—950 Broadway, Denver, Colo. **General Distributor**—FIF Management Corp., Denver, Colo.

Flame Heat Treating, Inc.
July 21 (letter of notification) 3,965 shares of common stock to be offered for subscription by stockholders of record July 24, 1959. Stockholders other than directors and officers are given the right to purchase 1.3 additional shares for each share owned prior to August, 1959. **Price**—At par ($10 per share). **Proceeds**—For equipment and working capital. **Office**—3625 Hampshire Avenue, South, St. Louis Park, Minn. **Underwriter**—None.

● **Florida Water & Utilities Co., Miami, Fla. (8/20)**
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.

Fortuna Corp.
July 21 filed 1,000,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To complete race plant and for general corporate purposes. **Office** — Albuquerque, N. M. **Underwriter**—Minor, Mee & Co., Albuquerque, N. M.

Foto-Video Laboratories, Inc. (9/1-4)
July 15 filed 150,000 shares of class B common stock (par 10 cents). **Price** — $2 per share. **Proceeds** — For general corporate purposes, including the repaying of bank loans, the purchase of new equipment, and for working capital. **Office** — 36 Commerce Road, Cedar Grove, N. J. **Underwriter** — Arnold Malkan & Co., New York.

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.

★ **Fredonia Pickle Co., Inc. (9/9)**
July 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For production, equipment, inventory and working capital. **Office**—Cushing & Union Streets, Fredonia, N. Y. **Underwriter**—Summit Securities, Inc., 130 William Street, New York, N. Y.

● **Gabriel Co. (8/13-20)**
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 Investors Trust, Boston Mass.**
Aug. 3 filed (by amendment) an additional 1,000,000 shares of beneficial interest in the trust. **Proceeds**—For investment.

● **General Magnaplate Corp. (8/11)**
July 9 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For expansion of plant facilities and working caiptal. **Office**—331 Main St., Belleville, N. J. **Underwriters**—Robert L. Ferman & Co., Inc., Miami, Fla. and Casper Rogers Co., New York, N. Y.

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 Time Corp. (8/10-14)**
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 of record Aug. 7, 1959; rights to expire Aug. 24, 1959. **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. **Offering**—Expected any day.

★ **Genesco, Inc.**
July 29 filed 535,000 shares of common stock (par $1), to be offered to the common shareholders of The Formfit Co., Chicago, Ill., on the basis of 0.891⅔ shares of Genesco common stock for each share of Formfit common stock. [Genesco has agreed to exchange 454,318 shares of its common stock for an aggregate of 509,516 shares or approximately 84.9% of the common stock of Formfit.] **Office**—111 Seventh Avenue, North, Nashville, Tenn. **Underwriter**—None.

● **Georgia-Bonded Fibers, Inc.**
July 10 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—15 Nuttman St., Newark, N. J. and Buena Vista, Va. **Underwriter** — Sandkuhl & Co., Inc., Raymond Commerce Building, Newark, N. J.

● **Gibbs & Hill, Inc.**
June 23 (letter of notification) 3,500 shares of common stock (par $5) being offered only to employees. **Price**—$39.20 per share. **Proceeds**—For working capital. **Office**—Pennsylvania Station, New York 1, N. Y. **Underwriter**—None.

● **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. **Offering**—Expected in August.

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.

● **Grace (W. R.) & Co.**
June 16 filed 126,000 shares of common stock (par $1) being issued in connection with the acquisition by the company of Hatco Chemical Co. Statement effective July 17.

● **Greek Voice of America, Inc. (9/3)**
July 9 (letter of notification) 300,000 shares of class B capital stock (par one cent). **Price**—$1 per share. **Proceeds**—For production and publicity of Greek language radio and television programs and manufacture; distribution and promotion of Greek language records. **Office** — 401 Broadway, New York, N. Y. **Underwriter** — Karen Securities Corp., 95 Broad Street, New York, N. Y. Statement to be amended.

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.

★ **Haag Drug Co., Inc., Indianapolis, Ind.**
July 27 (letter of notification) 16,650 shares of common stock (par $1). **Price**—Not to exceed an aggregate of $300,000. **Proceeds**—For working capital. **Underwriter**—City Securities Corp., Indianapolis, Ind.

● **Hancock (J. W.) Inc. (8/24-28)**
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. **Price**—$8.50 per unit. 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 50c 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 Street, Syracuse, N. Y. **Underwriter**—None. Statement effective July 27.

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.

● **Hickerson Bros. Truck Co., Inc.**
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo. **Offering**—Expected sometime in August.

Highway Trailer Industries, Inc. (8/7-13)
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. (8/21)**
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.

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.

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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.

Houston Lighting & Power Co. (8/19)
July 23 filed $25,000,000 of first mortgage bonds due 1989. **Proceeds**—To repay the major portion of the company's outstanding short-term bank loans, which were incurred to finance the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Brothers & Hutzler (jointly); Blyth & Co., Inc.; Lazard Freres & Co. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received up to noon (EDT) on Aug. 19.

● **Hudson Radio & Television Corp. (8/10-14)**
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.

● **Hugh W. Long & Co., Inc. (8/12)**
July 15 filed 280,000 shares of outstanding class B common stock (par 50 cents). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Elizabeth, N. J. **Underwriter** — Clark, Dodge & Co., New York.

I C Inc. (8/28)
June 29 filed 600,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver. Colo.

★ **Ideal Cement Co.**
July 31 filed 675,000 shares of capital stock. These shares are to be exchanged for all (but not less than 80%) of the common stock (par $1) of the Volunteer Portland Cement Co., in the ratio of 3⅜ shares of Ideal stock for each share of Volunteer stock. **Office** — 500 Denver National Bank Building, 821 17th Street, Denver, Colorado.

Independent Telephone Corp.
June 29 filed 13,080 shares of 5% cumulative convertible preferred stock, series A ($10 par), and 806,793 shares of common stock, together with warrants for the purchase of 50,000 common shares. According to the prospectus, 80,000 common shares are to be offered to nine payees of non-assignable convertible notes outstanding in the amount of $500,000 for conversion of such notes into common shares at a conversion price of $6.25 per share. The 13,080 preferred shares and 8,175 common shares are to be offered in exchange for the outstanding 327 shares of common stock of Farmers Union Telephone Co., a New Jersey corporation, on the basis of 40 shares of preferred and 25 shares of common for each share of common capital stock of Farmers Union. The issuing company further proposes to offer 96,604 common shares to holders of its outstanding stock of record June 30, 1959, for subscription at $6.25 per share on the basis of one new share for each two shares then held. **Proceeds**—For working capital. **Office**—25 South St., Dryden, N. Y. **Underwriter**—None.

Industrial Leasing Corp.
June 1 (letter of notification) $200,000 subordinated convertible 6% debentures ($1,000 denomination) and $50,000 subordinated convertible 6% debentures ($500 denomination). **Price**—100% of principal amount. **Proceeds**—For working capital. **Office**—522 S. W. 5th Avenue, Portland 4, Ore. **Underwriter**—May & Co., Portland, Ore.

● **Industrial Plywood Co., Inc. (8/17)**
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.

● **Infrared Industries, Inc. (8/26-28)**
July 29 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—Waltham, Mass. **Underwriter**—Lehman Brothers, New York.

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) being offered for subscription by common stockholders at rate of one new share for each four shares held on June 1, 1959. Rights expire on Aug. 14, 1959. **Price**—$3 per share. **Proceeds**—For research and development costs and working capital. **Office**—415 Spruce St., Hammond, Ind. **Underwriter**—None.

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.

● **Investors Funding Corp. of New York (8/20)**
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For investment. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

★ **Jackson's Minit Markets, Inc. (8/31)**
July 30 filed 223,000 shares of common stock (par $1), to be offered to stockholders of record as of Aug. 28, 1959, on the basis of one new share for each two shares then held; rights to expire on Sept. 15. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the equipping and stocking and possibly the construction of new stores. **Office** — 5165 Beach Boulevard, Jacksonville, Fla. **Underwriter** — Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

Jamaica Development Co., Inc.
June 15 filed 105,000 shares of common stock (par $1). **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.**
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. Statement to be withdrawn.

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.

★ **Kandahar Lodge, Inc., Manchester, Vt.**
July 27 (letter of notification) $125,000 of 20-year 6% debentures, to be offered in denominations of $1,000 each. Each holder is entitled to a 10% reduction in rates when issuer (company) is not engaged in joint promotional plans. **Price**—At par. **Proceeds**—For expenses incidental in operating a hotel. **Underwriter**—None.

★ **Keystone Custodian Fund, Inc.**
Aug. 3 filed (by amendment) 2,000,000 additional Keystone Custodian Fund Certificates of Participation, Series S4. **Proceeds**—For investment. **Office**—Boston, Mass.

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.

Lease Plan International Corp. (8/12)
July 10 filed 140,000 shares of common stock (par $1), 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.

Lee National Life Insurance Co.
June 11 filed 200,000 shares of common stock, to be offered for subscription by holders of outstanding stock on the basis of one new share for each share held during the period ending June 25, 1959. **Price**—$5 per share to stockholders; $6 per share to the public. **Proceeds**—To increase capital and surplus. **Office** — 1706 Centenary Boulevard, Shreveport, La. **Underwriter**—None.

● **Leeds Travelwear, Inc. (8/17-21)**
July 21 filed 262,500 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness and for general corporate purposes. **Office**—New York City. **Underwriter**—Auchincloss, Parker & Redpath, New York.

Lenahan Aluminum Window Corp.
July 28 filed 157,494 shares of common stock, to be offered initially to stockholders on the basis of one new share for each two shares owned as of the record date. Unsubscribed shares will be offered to the public. **Price**—$4 per share. **Proceeds**—For inventory and for working capital. **Office**—Jacksonville, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

● **Lifetime Pools Equipment Corp., Renova, 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., has withdrawn as underwriter.

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.

Lumberman's Acceptance Co.
July 13 (letter of notification) 2,000 shares of $7.20 preferred cumulative series A common stock. **Price** — At par ($100 per share). **Proceeds** — For working capital. **Office**—306 Mendocino Ave., Santa Rosa, Calif. **Underwriter**—None.

Lytton Financial Corp.
Aug. 3 filed 124,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds** — To enable the wholly-owner Lytton Savings and Loan Association to increase its lending and investment capacity, with the balance to be retained by the issuing company and added to working capital. **Office**—7755 Sunset Boulevard, Hollywood, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

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.

● **Magnuson Properties, Inc. (8/17-21)**
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. **Offering**—Expected in September.

Mercantile Acceptance Corp. of California
May 15 (letter of notification) $80,000 of 12-year 5½% capital debentures. **Price**—At face amount. **Proceeds**—For working capital. **Office** — 333 Montgomery Street, San Francisco, Calif. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

● **Michigan Bell Telephone Co. (8/11)**
July 21 filed $30,000,000 of 35-year debentures, due Aug. 1, 1994. **Proceeds**—It is expected that about $25,000,000 of the proceeds will be used to repay advances from the American Telephone and Telegraph Co., and that the remainder will be used for general corporate purposes, including construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Morgan Stanley & Co., both of New York. **Bids**—To be received up to 11 a.m. (EDT) on Aug. 11 at Room 2315, 195 Broadway, New York, N. Y.

● Micronaire Electro Medical Products Corp. (8/17-21)
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 nonproducing. 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.

Mobile Credit Corp.
June 8 filed 15,000 shares of common stock to be offered for sale in Michigan and Pennsylvania. **Price**—$10 per share. **Proceeds**—To provide additional working capital for the purchase of vendors' interests in conditional sales contracts and other like evidences of indebtedness. **Office**—11746 Appleton Avenue, Detroit, Mich. **Underwriter**—None.

★ Mutual Trust, Kansas City, Mo.
Aug. 4 filed (by amendment) an additional 1,000,000 shares of beneficial interest in the fund. **Price**—At market. **Proceeds**—For investment.

● Narda Microwave Corp. (8/10-14)
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.
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. **Offering**—Expected in August.

★ National Industrial Minerals Ltd.
Aug. 4 (letter of notification) 15,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To retire indebtedness for construction of plant and for other liabilities, and the remainder will be used for operating capital. **Office** — Regina, Saskatchewan, Canada. **Underwriter**—Laird & Rumball Ltd., Regina, Saskatchewan, Canada.

National Lead Co.
June 29 filed 28,863 shares of common stock. On June 23, 1959 National Lead entered into an exchange agreement providing for the acquisition of the assets of Goldsmith Bros.; Smelting & Refining Co., of Chicago, subject to the requisite approval of the stockholders of Goldsmith, and the dissolution and liquidation of Goldsmith. Under the agreement, National Lead will acquire the assets, property and business of Goldsmith in Exchange for 30,000 shares of National Lead common stock (or such lesser number as provided for in the agreement) and the assumption by National Lead of certain liabilities of Goldsmith. The prospectus lists a number of persons who will receive and may sell the National Lead stock received by them under the agreement.

National Packaging Corp.
July 10 (letter of notification) 32,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To purchase machinery and equipment, raw materials, inventory and for working capital. **Office** — 3002 Brooklyn Ave., Fort Wayne, Ind. **Underwriter**—First Securities Corp., 510 Lincoln Tower, Fort Wayne, Ind.

● National Sports Centers, Inc. (9/2)
July 2 filed $1,000,000 of 6% convertible income debentures cumulative due 1969, series C, and 100,000 common stock purchase warrants. **Price** — 100% of principal amount. **Proceeds**—To be used for completion of and/or payment of certain bowling alley and other properties, and the balance will be added to the company's general funds available for development of properties and the acquisition and development of additional bowling properties. **Office**—55 Broadway, New York. **Underwriter**—General Investing Corp., New York.

Nationwide Auto Leasing System, Inc.
July 16 (letter of notification) 142,500 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For financing of leased cars and for general corporate purposes. **Underwriter**—Investment Bankers of America, Inc., Washington, D. C. **Offering**—Expected during the latter part of August.

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. **Offering**—Expected in about 30 days.

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 West Amulet Mines Ltd. (9/7-11)
July 30 filed 200,000 shares of outstanding capital stock (par $1). **Price**—To be related to the current market price on the Canadian Stock Exchange at the time of the offering. **Proceeds**—To selling stockholder. **Office**—244 Bay Street, Toronto, Canada. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

● New York Capital Fund of Canada, Ltd. (8/10-14)
June 30 filed 1,000,000 shares of common stock (par 34 cents). **Price**—At net asset value, plus underwriting discounts and commissions. **Proceeds**—For investment. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

Nord Photocopy & Business Equipment Corp. (8/19)
July 21 filed 100,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To reduce bank debts and for general corporate purposes. **Office**—New Hyde Park, L. I., New York. **Underwriter**—Myron A. Lomasney & Co., 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 Cigarette Manufacturers, Inc.
July 29 filed 150,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital, advertising and sales expenses, and additional machinery. **Office**—521 Park Avenue, New York. **Underwriter**—American Diversified Mutual Securities Co., Washington, D. C.

Northern States Power Co.
June 9 filed 952,033 shares of common stock being offered for subscription by common stockholders of record July 23 on the basis of one new share for each 15 shares held; rights to expire on Aug. 11, 1959. **Price**—$22 per share. **Proceeds** — For construction program expenditures, including the payment of any then existing bank loans (estimated at $14,000,000). **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc.

● Northwest Defense Minerals, Inc., Keystone, S. Dakota (8/13-14)
May 4 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploring and recovering strategic metals and producing same. **Underwriter**—Caldwell Co., 26 Broadway, New York, N. Y.

● Oak Valley Sewerage Co. (8/14)
June 30 (letter of notification) $145,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay to Oak Valley, Inc. a portion of the cost of construction of sewerage collection and disposal system and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter**—Bache & Co., New York, N. Y.

● Oak Valley Water Co. (8/14)
June 30 (letter of notification) $125,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay Oak Valley, Inc. a portion of the cost of construction of the water supply and distribution system; to pay the cost of a new 12 inch well to increase the company's supply of water; and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter** — Bache & Co., New York, N. Y.

● 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. Statement effective July 20.

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** — Lindsay Securities Corp., 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 any day.

★ Pacific Gas & Electric Co. (8/25)
July 31 filed $65,000,000 of first and refunding mortgage bonds, series EE, due June 1, 1991. **Proceeds**—For property additions and improvements and the retirement of $36,500,000 of short-term bank loans incurred for temporary financing of such activities. **Office**—245 Market Street, San Francisco, Calif. **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.

● Pacific Power & Light Co.
July 7 filed $10,996,000 of 4¾% convertible debentures, to be offered for subscription by common stockholders 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 Aug. 27, 1959. **Price**—At 100% of principal amount. **Proceeds**—For construction program. **Underwriter**—Ladenburg, Thalmann & Co., New York.

Paco Products, Inc., Pacolet, A. C.
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.

★ Paddington Corp. (8/24-28)
July 31 filed 150,000 shares of class A common stock, of which 110,000 shares are to be offered for the account of the company and 40,000 shares are to be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, with the balance, if any, to be added to working capital. **Office**—630 Fifth Avenue, New York. **Underwriters**—Lee Higginson Corp. and H. Hentz & Co., both of New York.

● Pan American World Airways, Inc.
June 29 filed $46,971,000 of 4⅞% convertible subordinated debentures due 1979, being offered to stockholders on a basis of $100 of debentures for each 14 shares of capital stock held on July 29, 1959; rights to exipre on Aug. 12. **Price**—100% of principal amount. **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.

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.

● Petrosur Oil Corp. (9/15)
July 15 filed 100,000 shares of common stock (par 10 cents) and 100,000 shares of 6% cumulative convertible preferred stock (par $5). **Price**—$6.20 per unit, each unit consisting of one share of preferred at $5 and one share of common at $1.20 **Proceeds** — From the sale of the preferred stock to Petrosur for working interests in oil and gas leases; from the sale of the common stock to Creole Explorations, Inc., the selling stockholder. **Office**—161 E. 42nd Street, New York. **Underwriters**—Simmons & Co., and Michael Horowitz, both of New York.

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.

Photronics 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.

● Pioneer Finance Co. (8/11)
July 13 filed $1,000,000 of subordinated capital debentures due Aug. 1, 1971 (with warrants to purchase 75,000 shares of common stock). 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 Building,

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Detroit, Mich. **Underwriters** — White, Weld & Co., New York, and Watling, Lerchen & Co., Detroit.

★ Polycast Corp.
July 29 (letter of notification) 99,000 shares of common stock (par $2.50). **Price**—$3 per share. **Proceeds**—To be used for modification of plant facilities and for working capital. **Office** — 69 Southfield Ave., Stamford, Conn. **Underwriter**—Lee Co., New York.

★ Porce-Alume, Inc. (8/24-28)
July 30 filed 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion. **Office**—Alliance, Ohio. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Prairie Petroleum, Inc.
July 14 (letter of notification) 1,197,200 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses of exploring and developing of oil and gas properties. **Office**—Patterson Bldg., Denver, Colo. **Underwriter**—None.

★ Precision Apparatus Co., Inc.
July 30 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For purchase of material; inventory; research and development and for general corporate purposes. **Office**—70-31 84th Street, Glendale 27, L. I., N. Y. **Underwriter**—None.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

Provident Security Life Insurance Co.
June 30 (letter of notification) 50,000 shares of common stock (par $1) to be offered to the policyholders of this company and of the Provident Security Insurance Co. **Price**—$6 per share. **Proceeds**—To increase capital and surplus. **Office**—40 E. Thomas Road, Phoenix, Ariz. **Underwriter**—None.

● Queenstown Gardens, Inc.
June 5 filed 140 units, each unit consisting of 700 shares of class B non-voting common stock. **Price**—$5,000 per unit. **Proceeds**—To acquire a 1061 apartment development known as Queenstown Apartments in Prince Georges County, Md. **Underwriter**—None. Statement effective July 28.

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.

Raub Electronics Research Corp. (8/12)
July 15 filed 165,000 shares of common stock of which 150,000 shares will be offered to the public. **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—1029 Vermont Avenue, N. W., Washington, D. C. **Underwriter**—Weil & Co., Washington, D. C.

Realsite, Inc.
July 28 filed 200,000 shares of class A stock. **Priced**— $3 per share. **Proceeds**—To pay off mortgages and for working capital. **Office**—Jamaica, L. I., N. Y. **Underwriter**—Robert L. Ferman & Co., Miami, Fla.

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.

● Rorer (William H.) Inc. (8/17-18)
July 22 filed 155,269 outstanding shares of capital stock (par 33⅓ cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Office**—4865 Stenton Ave., Philadelphia, Pa. **Underwriters**—Kidder, Peabody & Co., New York, and Schmidt, Roberts & Parke, Philadelphia, Pa.

★ Rozee Bonus Club, Inc.
July 29 filed 70,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including advertising and promotion expenses and the addition of working capital. **Office**—112 W. 42nd Street, New York. **Underwriter**—Jay W. Kaufmann & Co., New York.

★ Saginaw Financing Corp.
July 24 (letter of notification) $250,000 of 5-year 5½% and 10-year 6% capital notes, to be issued in multiples of $100 each. **Price** — At par. **Proceeds** — For working capital. **Office**—606 Eddy Bldg., Saginaw, Mich. **Underwriter**—None.

★ St. Croix Corp., Park Falls, Wis.
July 27 (letter of notification) 750 shares of 6% preferred stock. **Price**—At par ($100 per share). **Proceeds**—For general funds. **Underwriter**—None.

● St. Regis Paper Co.
June 26 filed 30,000 shares of common stock (par $5). 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. Statement to be amended.

● 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. Statement has been amended.

Samson Convertible Securities Fund, Inc.
July 15 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—23 Hazelton Circle, Briarcliff Manor, N. Y. **General Distributor**—Samson Associates, Inc.

★ Scholz Homes, Inc.
July 27 (letter of notification) 8,250 shares of common stock (par $1) to be offered to certain employees of the company and its subsidiaries under the restricted stock option plan granted on Aug. 2, 1956. **Price**—At-the-market on date options were granted. **Proceeds** — For working capital. **Office**—2001 N. Westwood Avenue, Toledo 7, Ohio. **Underwriter**—None.

Sea View Industries, Inc. (8/26)
July 14 filed $420,000 of 7% convertible subordinated debentures and 84,000 shares of common stock (par 10 cents). **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.

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—1033-30th Street, N. W., Washington 7, D. C. **Investment Advisor**—Investment Fund Management Corp. **Former Name**—Shares in America, Inc.

● Silver Creek Precision Corp. (8/20)
March 30 filed 1,600,000 shares of common stock (par 10 cents), of which 200,000 shares are to be offered for the account of the company, and 1,400,000 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.

Sire Plan of Tarrytown, Inc.
July 13 filed $900,000 10-year 6% debentures and 18,000 shares of $3 cumulative, non-callable, participating preferred stock (par $10). **Price**—$100 per unit consisting of one $50 debenture and one share of preferred stock. The minimum sale is expected to be five units. **Proceeds**—For general corporate purposes incidental to the acquisition of land and buildings in Tarrytown, N. Y., and alterations and construction thereon. **Office**—115 Chambers Street, New York City. **Underwriter**—Sire Plan Portfolios, Inc., 115 Chambers Street, New York City.

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. **Underwriter**—Harrison S. Brothers & Co., Salt Lake City, Utah.

★ Sottile, Inc. (Formerly South Dade Farms, Inc.) (9/7-11)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York.

Southern Realty & Utilities Corp.
July 21 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay loans and notes and for working capital. **Office** — New York City. **Underwriters**—Hirsch & Co., and Lee Higginson Corp., both of New York.

Southwestern Drug Corp.
July 22, 1959 filed 87,818 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital. **Office**—Dallas, Texas. **Underwriter**—First Southwest Co., Dallas.

★ Southwestern Investment Co.
July 27 (letter of notification) 15,000 shares of common stock (par $2.50) to be offered to employees of the company and subsidiaries through employees stock purchase plan. **Price**—95% of the market price or 95% book value whichever is the higher at the date of sale. **Proceeds**—For working capital. **Office**—205 E. 10th, Amarillo, Texas. **Underwriter**—None.

● Speedry Chemical Products Co., Inc. (9/7-11)
July 31 filed 218,333 shares of class A stock (par 50 cents), of which 51,667 shares are to be offered for account of company and 166,666 shares for selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—For working capital, etc. **Office**—Richmond Hill, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

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.
June 29 filed 368,571 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each five shares held on or about July 20, 1959; rights to expire on or about Aug. 12, 1959. **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans; for payment of a note; for working capital; for expenditures by Strategic-Udy Metallurgical & Chemical Processes Ltd., which owns and operates a pilot plant at Niagara Falls, Ontario, and is a subsidiary of Stratmat Ltd., Strategic's principal subsidiary, and by its other direct subsidiary, Strategic-Udy Processes, Inc., which owns and operates a laboratory at Niagara Falls, N. Y.; as working capital for a mining subsidiary; for payment of a mortgage; and as working capital for another subsidiary. **Underwriters**—S. D. Lunt & Co., Buffalo, N. Y.; and Allen & Co., New York.

Stuart Hall Co., Kansas City, Mo.
June 8 (letter of notification) 23,169 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—White & Co., St. Louis, Mo.

Studebaker-Packard Corp.
July 1 filed 165,000 shares of $5 convertible preferred stock (par $100) and 5,500,000 shares of common stock (par $1). The 5,500,000 shares are reserved for issuance upon conversion of the preferred stock on and after Jan. 1, 1961, at the conversion price of $3 per share, (taking the preferred at $100 per share). The preferred stock was originally issued by the company in October 1958, to 20 banks and three insurance companies pursuant to a corporate reorganization. The largest blocks of preferred stock are now held by two insurance companies—the Metropolitan Life Insurance Co. and the Prudential Insurance Co. of America. The filing was made in order to provide a prospectus for use by the preferred shareholders who may wish to offer or sell shares of the preferred and/or common stock. Bear, Stearns & Co., one of the preferred stockholders, will initially offer for public sale 550 shares of preferred stock owned by it, at a price to be supplied by amendment.

Sunray Mid-Continent Oil Co.
May 19 filed 525,000 shares of common stock to be offered in exchange for common stock of Suntide Refining Co. in the ratio of one share of Sunray for each three shares of Suntide. The offer is conditional upon the deposit by Aug. 7, 1959 of sufficient shares of Suntide so that Sunray will own at least 90% of the outstanding Suntide shares. Offering may be extended for additional 30 days. **Underwriter**—None.

Supercrete Ltd. (8/10-14)
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.

★ Swallow Mining Corp.
July 29 (letter of notification) 275,600 shares of common stock. Price—At par ($1 per share). Proceeds—For expenses incidental to mining. Underwriter—None.

● 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. Statement to be withdrawn.

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. (8/10-11)
July 1 filed 206,500 outstanding shares of common stock (par one cent). Price — To be supplied by amendment. Proceeds—To selling stockholders. Office—135 South LaSalle St., Chicago, Ill. Underwriter — White, Weld & Co., Chicago and New York.

Ten Keys, Inc., Providence, R. I.
April 28 filed 973,000 shares of capital stock (par $1). Price—$5.40 per share. Proceeds—For investment. Office—512 Hospital Trust Bldg., Providence, R. I. Distributor—E. R. Davenport & Co., Providence, R. I.

● Ten Pin Bowl Inc.
July 7 (letter of notification) 29,000 shares of common stock. Price — At par ($10 per share). Proceeds — To purchase land, building and equipment. Office—South Oakland St., Arlington, Va. Underwriter—None. Offering—Temporarily suspended by SEC.

Terminal Tower Co. (8/17)
July 21 filed $2,500,000 7% 10-year sinking fund debentures, due Aug. 1, 1969, with warrants, each warrant entitling the holder to buy 40 shares of common stock ($1 par) until Aug. 1, 1962 at $10 per share. Price—To be offered at 100% of principal amount. Proceeds—To repay bank indebtedness. Underwriter—Fulton Reid & Co., Inc., Cleveland, O.

★ Textron Electronics Co.
Aug. 3 filed 500,000 shares of outstanding common stock, to be offered by Textron Industries, Inc., the present holder thereof, to its stockholders on the basis of one share of Textron Electronics stock for each 10 shares of Textron Industries stock held as of the record date. Price—To be supplied by amendment. Office—10 Dorrance Street, Providence, R. I. Underwriter—None.

Tool Research & Engineering Corp. (8/17-21)
July 14 filed 250,000 shares of common stock (par $1). 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.

★ Tower's Marts, Inc.
July 29 filed 300,000 shares of class A common stock (par 10 cents). Price—$3 per share. Proceeds—For general corporate purposes, including the acquisition of new store properties and expenses incidental to the opening of stores. Office—210 East Main Street, Rockville, Conn. Underwriter—D. Gleich Co., New York. Offering—Expected in the latter part of September.

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.

★ Travelers Club, Inc.
July 30 (letter of notification) 27,000 shares of class A stock (par $1); each share of class A stock is convertible into two shares of common stock. Price — $10.25 per share. Proceeds—To operate a travel agency. Office—99-23 Queens Boulevard, Forest Hills, N. Y. Underwriter—None.

Treasure Hunters, Inc.
June 4 filed 1,900,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For salvage operations. Office—1500 Massachusetts Avenue, N. W., Washington, D. C. Underwriter—None.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). Price — $10.75 per share. Proceeds — For investment. Office—South Main Street, Greenville, S. C. Underwriter—To be supplied by amendment.

Tungsten Mountain Mining Co.
May 21 (letter of notification) $100,000 principal amount of 7% first mortgage convertible bonds, to be offered in denominations of $500 and $1,000 each. Price—100% of principal amount. Proceeds—For construction, installation of machinery and equipment and working capital. Office—511 Securities Building, Seattle 1, Wash. Underwriter—H. P. Pratt & Co., Seattle 4, Wash.

● Union Bag-Camp Paper Corp. (8/19)
July 24 filed 327,042 shares of outstanding capital stock. Price—To be supplied by amendment. Proceeds—To the Louis Calder Foundation, selling stockholders. Office—233 Broadway, New York. Underwriters—Blyth & Co., Inc., and Cyrus J. Lawrence & Sons, both of New York.

★ United Air Lines, Inc.
July 31 filed 2,048 shares of common stock, to be offered to key management personnel at $35.24 per share until Dec. 31, 1959 under the terms of the company's restricted stock option plan. Office—5959 South Cicero Avenue, Chicago, Ill.

★ United Artists Corp. (8/24-28)
July 31 filed 100,000 shares of outstanding common stock. Price—To be supplied by amendment. Proceeds—To selling stockholders. Office—729 Seventh Avenue, New York. Underwriter—F. Eberstadt & Co., New York.

United Discount Corp.
July 23 filed 500,000 shares of common stock. Price—$3.50 per share. Proceeds—For general corporate purposes and to reduce indebtedness. Office — 222 — 34th Street, Newport News, Va. Underwriter—Willis, Kenny & Ayres, Inc., Richmond, Va. Offering—Expected sometime during August.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5) Price — $10 per share. Proceeds — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. Office — Wilmington, Del. Underwriter—None. Myrl L. McKee of Portland, Ore., is President.

★ United Hardware Distributing Co.
July 24 (letter of notification) 4,900 shares of common stock (par $10), of which 1,450 shares are to be offered to stockholders who own less than 69 shares of common stock, and 550 shares of 5% cumulative preferred stock (par $100) to be offered, together with remaining 3,450 shares of common stock to certain retail hardware dealers in units of 11 shares of preferred stock and 69 shares of common stock. Price—Of units, $4,550 each; and of common stock, $50 per share. Proceeds—For working capital. Office—2432 N. Second Street, Minneapolis 11, Minn. Underwriter—None.

★ United Industries Co., Inc., Houston, Texas
Aug. 5 filed 100,000 shares of 60 cent cumulative convertible preferred stock. Price — At par ($8.50 per share). Proceeds—To be used to pay for construction of grain elevator and balance will be used for additional working capital. Underwriter—Dempsey-Tegeler & Co., St. Louis, Mo.

Universal Finance Corp.
July 13 (letter of notification) 10,000 shares of common stock (par 15 cents). Price—$5 per share. Proceeds—For general operating funds. Office—700 Gibralter Life Bldg., Dallas, Tex. Underwriter—Texas National Corp., San Antonio, Tex.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). Price—To be supplied by amendment (expected to be $1 per share). Proceeds—For exploration purposes. Underwriter—To be named by amendment Graham Albert Griswold of Portland, Ore., is President.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. Price—$5,378.39 per unit. Proceeds—For investment. Underwriter—O'Malley Securities Co.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. Price—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. Proceeds—For investment, etc. Office—1832 M Street, N. W., Washington, D. C. Underwriter—None.

Victoria Raceway
May 25 filed 1,000,000 shares of common stock (par $2 in Canadian funds). Price—$4.50 per share. Proceeds—To construct and operate a racing plant; and for working capital and other corporate purposes. Office—Notre Dame Avenue at King Street, Winnipeg, Canada. Underwriter—Original underwriter has withdrawn.

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 became effective on July 20.

Wade Drug Corp.
April 28 filed 157,250 shares of class B common stock (no par), to be offered primarily to retail druggists. Price — $10 per share. Proceeds — For additional machinery, equipment, and purchase of permanent plant facilities; for research and experimentation relative to new products, for initial contacts and purchase of additional companies; for proposed national advertising program, and for working capital. Office—411-13 Lake Street, Shreveport, La. Underwriter—None.

★ Waltham Engineering and Research Associates
July 28 filed $1,065,000 of participations in partnership interests. Proceeds—To purchase land and buildings of Waltham Engineering and Research Center, Waltham, Mass., and for expenses connected to the purchase. Office—49 W. 32nd Street, New York 1, N. Y. Underwriter—The First Republic Underwriters Corp., same address.

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.

● Wayne Manufacturing Co. (8/25-28)
July 27 filed 90,000 outstanding shares of capital stock. Price — To be supplied by amendment. Proceeds — To selling stockholders. Office—1201 East Lexington Street, Pomona, Calif. Underwriters—Mitchum, Jones & Templeton and Schwabacher & Co., both of Los Angeles, Calif.

● Wellington Electronics, Inc.
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—65 Honeck St., Englewood, N. J. Underwriter—Firm originally indicated has withdrawn. Statement effective July 8.

Western Empire Life Insurance Co.
June 29 filed 212,000 shares of common stock and options to purchase 172,701 shares (plus the underlying shares). The company proposes to make a public offering of three blocks of stock in amounts of 40,430, 38,570 and 36,935 shares, at prices of $1, $2 and $3, respectively. The remaining 96,065 common shares and options for the 172,701 shares (together with shares underlying such options) are to be offered by the present holders thereof. The options permit purchase of the underlying shares at $1 per share. Proceeds—For general corporate purposes. Office—2801 East Colfax Ave., Denver, Colo. Underwriter—None.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). Price — At par. Proceeds—For construction and equipment of company's plant and for working capital. Office—300 Montgomery St., San Francisco, Calif. Underwriter—None.

● Zapata Off-Shore Co.
July 13 filed 229,585 shares of common stock (par 50 cents). 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. Offering—Expected any day.

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.

★ Arabol Manufaturing Co., New York (8/10)
Aug. 4 it was announced that the Attorney General of the United States, Office of Alien Property has invited bids for the purchase of 515.6 shares of common stock (par $100) and 210 shares of 6% preferred stock (par $100). The common represents 14% and the preferred 5½% of the outstanding shares. Business—Company is a manufacturer of adhesives, glues, pastes, dextrines, starches, sizings, and other glutinous products. In October of 1958 the Attorney General rejected all bids in response to a prior invitation, including the high bid of $83,350. Proceeds—To go to the United States Attorney General. Underwriter — To be determined by competitive bidding. Bids — Expected to be received only from American citizens up to 11 a.m. (EDT) on Aug. 10 at the Office of Alien Property, Room 664, 101 Indiana Avenue, N. W., Washington, D. C.

★ Atlantic City Electric Co.
Aug. 3 it was reported that the directors are contemplating the issuance and sale of a small amount of common stock, after a three-for-two stock split. Last equity offerings were underwritten by Eastman Dillon, Union Securities & Co.; and Smith, Barney & Co., both of New York. Offering—Expected during the latter part of this year.

Aurora Plastics Corp.
July 30 it was reported that the company plans early registration of 225,000 shares of common stock (part for selling stockholders). Business — Manufactures plastic airplane models. Underwriter — Burnham & Co., New York.

Barton's Candy Corp.
July 15 it was reported that the company is planning an issue of common stock. Business — The 19-year-old company operates 67 retail candy stores in the Greater New York area, and 45 other outlets in the area north of Atlanta, Ga., and east of Chicago, Ill. Gross sales volume in the fiscal year ended June 30 was reportedly about $10,000,000. Proceeds — In part to selling stockholders, and, in part, to the company, for the expansion of production facilities, for the organization of additional

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outlets, and for general corporate purposes. **Underwriter**—D. H. Blair & Co., N. Y. C.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates an offering of $4,500,000 of common stock. **Proceeds**—For expansion program and additional working capital. **Business**—The company is engaged in the manufacture of aircraft and missile parts, aluminum containers and beer barrels, aluminum curtain wall sections for the building industry and other proprietary products. **Underwriter**—S. D. Fuller & Co., New York.

Boston Edison Co.
July 23 it was reported that at a meeting to be held Sept. 2 stockholders will consider issuing not more than $15,000,000 of first mortgage bonds. **Proceeds**—To retire short-term bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Lehman Brothers; and White, Weld & Co.

Boston Edison Co.
July 23 it was reported that at a meeting to be held Sept. 2 stockholders will consider issuing 271,553 shares of common stock, to be offered to stockholders on the basis of one new share for each 10 shares held as of the record date. The last rights offering was underwritten by The First Boston Corp., New York.

● Buckingham Transportation, Inc. (8/10)
July 17 the company sought ICC approval for the issuance of 250,000 shares of class A common stock (par $1). **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill. **Price**—$10 per share. **New Name**—The company's name will be changed to Buckingham Freight Lines.

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.

★ Central Transformer Corp.
The company intends to file about Aug. 14, 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office** — Pine Bluff, Ark. **Underwriter** — Eppler, Guerin & Turner, Inc., Dallas, Texas.

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.

Cincinnati, New Orleans & Texas Pacific Ry. (8/24)
July 27 it was reported that the company plans to receive bids on Aug. 24 for the purchase from it of $4,440,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler, both of New York.

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.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 9.

Consolidated Edison Co. of New York Inc. (12/1)
July 30 it was reported that the company plans the issuance and sale of $50,000,000 first and refunding mortgage bonds. **Proceeds** — For construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on Dec. 1.

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.

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.

★ Dallas Power & Light Co.
Aug. 3 it was reported that the company contemplates the issuance and sale of about $20,000,000 of senior securities, but type or types has not as yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon, Union Securities & Co.; Blair & Co., Inc. and Baxter & Co. (jointly); Lehman Brothers. (2) For debentures: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blair & Co. Inc.; The First Boston Corp. **Offering**—Expected in the latter part of this year.

★ Duquesne Light Co.
Aug. 3 it was reported that the company is contemplating the issuance of an undetermined amount of subordinated convertible debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; A. C. Allyn & Co., Inc. and Ladenburg, Thalmann & Co. (jointly); White, Weld & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Drexel & Co. and Equitable Securities Corp. (jointly). **Offering**—Expected later this year.

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.

Gateway Airlines, Inc.
July 30 it was reported that the company will make an initial common stock offering. **Proceeds**—To buy planes and for general corporate purposes. **Underwriter**—May be Dunne & Co., New York. **Registration**—Planned for the week of Aug. 13.

★ General Contract Finance Corp.
July 31 it was announced that the company's stockholders will be asked on Sept. 15 to approve an issue of 250,000 shares of convertible preferred stock (par $20). Of these shares, 150,000 will be offered initially. **Proceeds**—To be added to the general funds of the company and be used for its finance and personal loan operations. **Underwriter**—G. H. Walker & Co., St. Louis, Mo. **Offering**—Expected sometime in October.

General Flooring Corp.
July 30 it was reported that the company plans early registration of $1,500,000 of 15-year bonds and common stock, to be offered in units. This will be the company's first public financing. **Business**—Manufacturer of stretch wool panel flooring. **Underwriters**—H. M. Byllesby & Co., Inc., Chicago, Ill.; Mason-Hagan, Inc., Richmond, Va.; Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.

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.

★ Hawaiian Telephone Co.
Aug. 3 it was reported company has received approval from the Territorial Public Utilities Commission to issue 209,000 shares of common stock, to be offered first to stockholders on the basis of one new share of common stock for each seven shares held. **Underwriter**—None.

★ Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

★ Hooker Chemical Corp. (9/15)
Aug. 4 it was announced that the company subject to favorable market conditions and required stockholder consent, will offer approximately $25,000,000 principal amount of convertible subordinated debentures due 1984 to stockholders on the basis of $100 of debentures for each 30 shares of common stock held.

★ Illinois Central RR. (8/11)
Bids will be received by the company up to 1 p.m. (EDT) on Aug. 11 for the purchase from it of $2,820,000 of equipment trust certificates maturing semi-annually from 1960 to 1975. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

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.

★ New England Telephone & Telegraph Co. (9/21)
July 21 directors approved the issuance and sale of $45,000,000 of 35-year debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—Expected to be received on Sept. 21.

Newark Electric Co. of Chicago
June 2 it was reported that company plans some financing. **Business**—Distributor of electronic parts. **Offering**—Expected in August or September.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio.

★ Northern Natural Gas Co. (10/1)
July 31 it was reported that the company plans the issuance of about $20,000,000 of debentures. **Proceeds**—To finance a part of the company's construction program. **Underwriter**—Blyth & Co., Inc., New York.

★ Northern Natural Gas Co. (10/1)
July 31 it was announced that this company has applied to the Nebraska State Railway Commission for authority to issue up to 200,000 shares of preferred stock (par $100). **Proceeds**—For capital expenditures. **Underwriter**—Blyth & Co., Inc., New York.

★ Philadelphia Electric Co. (10/14)
Aug. 5 it was reported that the company is planning to file with the Securities & Exchange Commission and the Pennsylvania P. U. Commission $50,000,000 of 30-year bonds. **Proceeds**—To help finance the company's construction program. **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. and Harriman Ripley & Co. (jointly). **Bids**—Expected to be received on Oct. 14.

● Pittsburgh & Lake Erie RR. (8/26)
Aug. 1 it was announced that the company plans to receive bids up to noon (EDT) on Aug. 26 for the purchase from it of $3,150,000 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).

★ Random House Inc.
Aug. 3 it was reported that the company plans some additional financing. **Business**—New York publishing firm. **Underwriter**—Allen & Co., New York.

★ Ryder System Inc.
Aug. 3 it was reported that the company plans issuance this Fall of an additional 75,000 shares of present common stock (par $5), or 150,000 shares of new common stock (par $2.50). The ICC has approved the proposed two-for-one stock split. **Underwriter**—May be Blyth & Co., Inc., New York.

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.

Transdyne Corp.
It was reported July 29 that this corporation will issue common stock, amounting to less than $300,000, in the Fall. **Business**—The company manufactures electronics equipment, including simulators, trainers, and radar devices. **Proceeds**—For working capital. **Office**—Maspeth, L. I., N. Y. **Underwriter**—Simmons & Co., New York.

Union Electric Co. (Mo.)
July 17 directors authorized issuance of 1,036,602 shares of common stock to holders of record Sept. 10, 1959, on the basis of one new share for each 100 shares then held. **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.

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.

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The Role of Life Insurance in Achieving Our Economic Goals

has also strengthened our free economy by enlarging and stabilizing people's expenditures. Talk to the young families in the endless new subdivisions ringing our large cities and you will find much evidence that life insurance has enlarged markets for houses, automobiles and other durable goods, and has reduced the traditional instability of such expenditures. It has done this by giving families greater confidence in their futures. Having assured provision of its basic needs in event of the death of the breadwinner, a family is more willing to go into debt to purchase a home, auto and household equipment. By financing the purchase of homes on liberal credit terms, life insurance companies have made more family income available for other purposes.

Life insurance has strengthened our free economy by leading to a wider ownership of shares in business enterprises. One of the most startling, and reassuring, items of news this year was that the number of direct owners of the common stock of American business corporations has doubled during the past six years. From 6½ million persons in 1953 the number of "capitalists" has risen to 13 million persons today! This broadening of the base of ownership of business firms gives more persons a direct exposure to the problems and opportunities of business, and makes them more aware of the need to maintain an environment in which business will flourish. It is no accident that the recent growth of direct share ownership has followed a generation of growth in provision for family security. Millions of people now feel sufficiently protected against the large hazards of life to be willing to assume the risks of common stock ownership. Moreover, the habits of thrift and systematic saving so firmly implanted by life insurance are now being used in the monthly security purchase plans being followed by countless new stockholders. Rising incomes and a bucyant stock market have spurred the trend; but life insurance paved the way.

Life Insurance As a Defender of the Dollar

Let us now assess the contribution that life insurance has made to the integrity of the dollar.

Being one of the first victims of inflation, the life insurance industry has been one of the most effective protagonists of policies to stabilize the value of the dollar.

The American life insurance industry has always operated upon the assumption that the dollar is a stable unit of account over the long pull. It asks people to pay dollars now in return for benefits payable in dollars long in the future. Unless people believe each future dollar will buy approximately as much as a dollar surrendered now, they will not continue to save through life insurance.

Up to recent years the assumption of long-term stability of the price level was not questioned widely. But the upward creeping of living costs, during slack as well as during prosperous times, has fundamentally changed popular expectations about the future. Whether well- or ill-founded expectations of persistent inflation in the future are widespread today.

Inflation has already dealt a severe blow to the life insurance business. At the end of 1946 about 79% of all life insurance in force was in whole life and endowment plans and only 20% was term insurance lacking a savings element. Now these proportions have become 54% and 45%. Savings-type insurance in force has increased only 90% since 1946 whereas term insurance has risen by 520%. The annual growth of life insurance assets has slackened as equities have come into greater public favor. One of my colleagues addressed a meeting of successful life insurance agents last month, and found that some had never sold an annuity!

Small wonder that, of all business groups, the life insurance industry has been the strongest critic of inflationary policies. By their words and their deeds its executives have aroused people to the wastes of inflation. Having contributed mightily to the current public concern about a depreciating dollar, they should be given much credit for the recent favorable turn in the battle against inflation.

Retrospect and Prospect

We have seen that life insurance has done its full part over the last century to advance our nation toward its economic goals. We enjoy a more vigorous, a freer, and a more stable economy as a result of its presence.

What of the future? Will life insurance continue its spectacular growth in the next century? Assuming that our civilization is not destroyed in a third world war, all one can say with assurance is that the pace of scientific and technological change will rise, and that the U. S. economy will grow greatly and change rapidly during the next century. A paramount problem of our country will be to increase savings sufficiently to meet the great prospective demands for investment funds. Every industry will be obliged to adapt its operations to changes in its environment. Like other industries, life insurance will confront its share of problems. They will include the rising burden of taxation, the possible extension of public regulation, the growth of social security, new methods of marketing of insurance and vigorous rivalry with other institutions of savings and investment.

One exciting current issue is whether life insurance companies should buy common stocks and offer the public contracts whose benefits vary with the returns upon these investments. Incidentally, it is a curious fact that stocks bulked larger in life insurance portfolios in 1906 than they do today, then forming 4.6% of total investments against 3.1% now! I believe that each life insurance company should be allowed to decide this matter for itself. An economist may, however, offer some general observations. First, in a dynamic economy there is a presumption in favor of giving business enterprises wide latitude to adapt their services, because increased inter-institutional competition benefits the public. Secondly, as our society becomes richer it is possible that investments in equity form may become relatively more important in the private sector of the economy. If so, there is merit in permitting life insurance companies to expand their "line of products." Finally, if a life insurance company does offer the public contracts carrying variable benefits, it should not present such contracts as a "hedge against inflation" but as a means of participating in the growth of the U. S. economy. The sale of variable annuities is not without pitfalls. There is a good chance that persistent inflation will be avoided; and a variable-benefit insurance policy may not protect the purchasing power of the policy holder in any event.

You and I are justified in having confidence in the future of the American life insurance industry. There is every reason to believe that its leaders will continue to display the foresight and flexibility they have shown in the past. For my part, I have no doubt that in the next century life insurance will foster progress, undergird our freedoms, and elevate our sense of responsibility for a sound dollar as effectively as it has in the century of progress we celebrate today.

AUTHOR'S NOTE:—Because footnotes are inappropriate in a short article intended for a wide audience, the primary sources of information used by the author are listed here. (One of the achievements of the life insurance industry has been the expansion of scientific knowledge about the U. S. economy through research sponsored by the Life Insurance Association of America.)

R. W. Goldsmith, *A Study of Saving in the U. S.* (Princeton, 1955).

R. W. Goldsmith, *Financial Intermediaries in the American Economy* (N. W. Nat. Bureau of Economic Research, 1958).

J. J. O'Leary, *1958 Record of Life Insurance Investments* (Life Insurance Association of America, 1958).

R. Carlyle Buley, *The Equitable, 1859-1959* (N. Y. Appleton-Century Crofts, 1959).

1958 Life Insurance Fact Book (N. Y. Institute of Life Insurance, 1959).

Offer of Lieco, Inc. Was Oversubscribed

J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., on July 30 publicly offered 100,000 shares of common stock (par 10 cents) of Lieco, Inc. at $3 per share. This offering was oversubscribed.

The net proceeds will be used for machinery and laboratory equipment, for the consolidation of operations in one plant, for retirement of certain corporate debts, and for working capital.

The company was organized in New York on Sept. 19, 1951, as Lerner Instrument & Electronics Manufacturing Corp. and changed its name to Lieco, Inc. on Sept. 3, 1953. It has been continuously in business since its incorporation. Its main plant and executive offices are located at 112 East Sunrise Highway, Freeport, N. Y., and it also maintains another plant at 3610 Oceanside Road, Oceanside, N. Y. The company is primarily engaged in the manufacture and assembly of electronic equipment and parts used directly and indirectly by the United States Government.

The capitalization of the company after giving effect to the present financing will consist of 500,000 authorized shares of common stock (par 10 cents), with 260,202 shares outstanding.

New Schmidt Office

COLLINGSWOOD, N. J. — Henry C. Schmidt has opened a branch office at 618 Park Ave.

Now With R. S. Dickson

CHARLOTTE, N. C.—Francis E. Price is now with R. S. Dickson & Co., Inc., Wachovia Bank Building.

Now With Walston Co.

SAN FRANCISCO, Calif.—Richard Ruslender has now become connected with Walston & Co., Inc., 265 Montgomery Street.

Washington and You

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—After all the horrible, sordid, and corrupt evils unearthed by the McClellan Rackets Committee, the American Congress will stand condemned if it adjourns without passing some anti-racketeering legislation.

Unquestionably the most important domestic issue facing the 86th Congress is corrective labor legislation to curb some of the powerful labor racketeers who could tie this country in a knot.

Nevertheless, the "milk toast" bill reported out by the House Committee on Education and Labor "is hardly more than an expression of noble sentiment and pious suggestions," as one Congressman described it so well.

This Congress owes to the millions of loyal working men and women — both blue collar workers and white collar workers—the passage of some legislation with teeth in it. The lawmakers will do their fellow countrymen a great disservice if they pass legislation that will not curb the hoodlums that are running wild.

Failure by Congress to measure up to their responsibility would be an open invitation to the horde of Fifth Amendment-taking hoodlums before the McClellan Committee to increase their violence, fraud, stealing, blackmail and other acts of crime.

The good, hard-working people everywhere in America owe a debt of gratitude to Sen. John L. McClellan of Arkansas, who has shown a tremendous amount of courage to point out many of these hoodlums. He realizes that his committee could continue its investigation another two years.

Would-be dictators like the James Hoffas would like to continue their influence in an effort to control more and more elections, local, state and national.

Real Bill Unlikely

It is doubtful that a real labor reform bill can pass this year. However, some type of bill conceivably could get through after a long and bitter floor fight in the House. The House killed a Senate-passed bill last year after much wrangling on the Taft-Hartley amendments. Some observers feel that the same thing might happen this year.

Secondary boycott and picketing provisions will be the paramount provisions of dispute. ...e existing laws, as many employers will testify, encourage harassment and blackmailing of employers by labor hoodlums. They also make it easy for dishonest union higherups to intimidate business and industry in general.

Most Southern Democrats and Republicans in the House prefer the labor reform bill brought out by Representatives Phil M. Landrum, Democrat of Georgia, and Robert P. Griffin, Republican of Michigan. Their measure would restore criminal penalties, as provided in the Kennedy bill, for violations of rights given union members in a union "bill of rights."

Attacked by Meany

The milder measure brought out by Representative Carl Elliott of Alabama, and the other House Labor Committeemen, probably has a much better chance of passage. There will be numerous amendments to whatever bill that is passed, if one should be passed.

Of course, President George Meany of the AFL-CIO has denounced the bill as unacceptable on the ground that it would do grievous harm to legitimate unions. This attack was to be expected. President Meany will go along with legislation to curb the crooks, but Mr. Meany wants to write the bill.

Meantime, as labor leaders are seeking ever higher wages, some Washington officials are frankly apprehensive about the increasing amount of foreign products that are reaching the American stores and outlets.

More and more foreign-made radios, machine tools, automobiles, nails, steel rods, cameras and other things are being sold. Obviously the more of these foreign things sold means fewer jobs in the plants for American workmen. The reason the foreign goods can compete is our continually rising wage scales.

SEC Looking to Expand

Like most Federal bureaucracies, the Securities and Exchange Commission would like to broaden its scope of activity. The agency wants to require by edict an advance notice of business mergers.

Protests have been filed with the SEC by business and trade groups. The SEC wants to require corporations to supply certain information to the agency by the 10th of the month following an agreement to merge, or acquire or dispose of assets.

Protestants have correctly pointed out that advance plans to buy, sell assets or merge must be, in most cases, kept highly confidential so as not to disrupt the customer, employer and stockholder relations of the affected companies.

The United States Chamber of Commerce, on behalf of its membership of 2,700,000 businessmen, sent a letter to the SEC declaring that the only avowed purpose of the proposed amendments is to put the Securities and Exchange Commission in a position to answer inquires, and to make this highly confidential information available to the public. The SEC contends it would help stockholders and investors. It has invited comments by Aug. 15.

"We are unable to see how investors and stockholders would be benefitted when the corporation they own will be irreparably damaged," the Chamber advised the Federal agency. "Of even greater concern is the damage the proposed amendments would do to smaller firms and those which are interested in selling hard-earned assets."

There is no question that premature public disclosure would not only result in increased stock market speculation, but would do damage in other ways.

Despite the Heat

Despite the hot, humid days and nights that have plagued Washington for weeks there has been a lot going on. Whether or not Congress will raise the interest ceiling rates on Treasury bonds and E and H bonds was still debatable at this writing. If not the Treasury will be forced to issue more and more relatively short-term debt.

Mortgage Rates Climbing

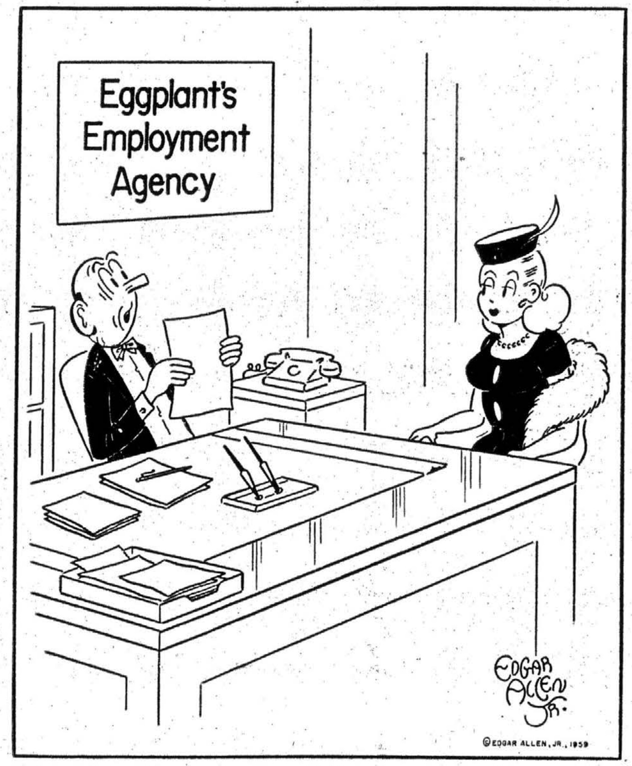
The National Association of Real Estate Boards, after a survey based on reports from 225 areas across the nation, said: "Our survey indicates the upward trend of rates is likely to continue." The survey showed that a general increase of a quarter per cent in interest rates on conventional mortgages over the first quarter.

The survey found an increase in the number of areas reporting a prevalent rate of 5¾% or more on conventional mortgages, and a decrease in the number reporting 5½% or less. Of the communities, 5% reported rates of less than 5½%, 21% reported the 5½% rate, 25% reported 5¾%, 43% reported 6%, and 6% reported rates in excess of 6%.

Interest rates for mortgages on existing homes in good neighborhoods also moved upward in the second quarter, with a marked decrease in the number of areas reporting a 5½% rate and a corresponding increase in the number reporting a 6% rate.

[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



"Frankly, Miss Poodles, this recommendation from your last employer isn't too glowing—he merely states you and he managed to co-exist."

Businessman's BOOKSHELF

Administered Prices and Inflation—Some Public Policy Issues—Chamber of Commerce of the United States, Economic Research Department, Washington 6, D. C. (paper), $1.00 (quantity prices on request).

Catalagram—A quarterly publication for catalyst users in petroleum refining and other industries — Davison Chemical Division, W. R. Grace & Co., Baltimore 3, Md. (paper).

Commodex System—A New Approach to Commodity Profits—Edward B. Gotthelf — Commodity Futures Forecast, 90 West Broadway, New York 7, N. Y. (paper), $50 (with one month's service).

Communications to Come — 50th anniversary issue of "Telephone Engineer & Management"—Telephone Engineer Publishing Corp., 7720 Sheridan Road, Chicago 26 Ill., 50c.

Dramatic Story of Helping Others to Help Themselves—Department of State Publication 6815—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C (paper), 25c.

Exchange Restrictions—10th annual report — International Monetary Fund, Washington, D. C. (paper).

Facts and Myths About Fair Trade—Bureau of Education on Fair Trade, 205 East 42nd St., New York 17, N. Y. (paper).

Federal Reserve Bulletin—July 1959 containing articles on Interest Rates in Leading Countries; Money and Credit in Economic Expansion; Financial Position of Consumers, etc.—Board of Governors of the Federal Reserve System, Washington, D. C., 60c per copy ($6.00 per year).

Financial Analysis for Management — Ronello Lewis — Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y.

Fire Resistant Construction in Modern Steel Framed Buildings—American Institute of Steel Construction, Inc., 101 Park Avenue, New York, N. Y. (paper).

Forecasting the Price Level, Income Distribution, and Economic Growth — Dr. Sidney Weintraub—Chilton Co., 56th and Chestnut Streets, Philadelphia 39, Pa., $5.00.

Frozen Revolution — Poland, a Study in Communist Decay — Frank Gibney—Farrar, Straus and Cudahy, 101 Fifth Avenue, New York 3, N. Y. (cloth), $4.75.

Hotel-Motel Guide and Travel Atlas—American Hotel Register Co., 234 West Ontario Street, Chicago 10, Ill., $6.00.

Investment in the Future—The Port of New York Authority and its Consolidated Bonds—Port of New York Authority, 111 Eighth Avenue, New York 11, N. Y. (paper).

Money—D. H. Robertson—University of Chicago Press, 575[illegible] Ellis Avenue, Chicago 37, Ill. (cloth), $2.25.

New Inflation—Willard L. Thorp, Merrill Cantor and Richard E. Quandt—McGraw-Hill Publishing Company, 327 West 41st St., New York 36, N. Y., $5.00.

Pictures Sources—An Introductory List compiled for professional users of pictures, photographs and other forms of visual communications—Special Libraries Association, 31 East 10th Street, New York 3, N. Y. $3.50.

Security Analysis — Analysis of Financial Statements—Douglas H. Bellemore—Simmons-Boardman Publishing Corp., [illegible] Church Street, New York 7, N. Y. (cloth), $5.00.

Technological Advance and Farm Policies — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C.

Wholesale Prices and Price Indexes—May 1959 and preliminary June 1959—U. S. Department of Labor, Bureau of Labor Statistics, Washington 25, D. C. (paper).