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EDITORIAL

As We See It

Many words have been used of late (we had almost said wasted) guessing what Nikita Khrushchev will or may learn during his forthcoming visit to this country. There are those who hope he will find out for himself how rich, happy and powerful this nation and this people are. The idea seems to be that either previous highy placed visitors from the Soviet Union have not told him frankly what they saw or if they have he, like Stalin is said to have done, refuses to believe them. He himself has informed the world that he well knows how rich and powerful we are, although so far as we can recall he has not conceded happiness to us. Since his most serious "misconceptions" of us are said to concern imponderables, and since the Soviets are so much in the habit of making appearances give false impressions, and are so good at it, it may well be that he will assume that what he sees when he is here are the things the "capitalists" want him to see and nothing else, with the result that he will go home of the same opinion still. It appears reasonable, however, to hope that some of his delusions about us may in some part at least be wiped out by what he sees.

Less is heard about what President Eisenhower may learn about Russia in his visit to that country. More consideration is given to what influence the President may be able to exert on the rank and file of the Russian people. This is natural enough, in view of the fact that one hardly supposes that the President harbors misconceptions about the Soviets that could be dissipated

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Bank Mergers: Important Factor in Economic Growth

By FRANCES W. QUANTIUS

Associate Professor of Finance, The Ohio State University

Dr. Quantius notes popularity of the term loan, with most rapid growth shown in their extensions to the larger business borrowers. Suggests this as one of the important factors which should prompt bank mergers. She cites record demonstrating that industrial corporations have grown faster than the banks, largely arising from mergers. Points to New York experience as showing mergers have been beneficial to the merged institutions while not injuring the remaining independent banks. Concludes that although corporate internal financing represents the main source of funds for business expansion, commercial banks have potentialities for playing a stronger residual-lender role in the future, provided their growth continues.

Since 1945 national output per man hour has risen at the high rate of 35 to 40% per decade. Heavy investment in plant, equipment and research has been largely responsible. While corporate internal financing represents the main source of funds for business expansion, commercial bank loans are a vitally important peripheral source; and the postwar growth of the term loan, a relatively new credit vehicle, suggests that commercial banks have potentialities for playing an even stronger residual-lender role in the future. Outstanding amounts of these term loans increased 129% in the period 1946-55 and 48% from 1955-57, the most recent years for which detailed data are available.[1] These data also show that the largest banks experience the most rapid growth in term loans and that for the most part this credit is extended to large business borrowers.

Frances Quantius

At a time of emphasis upon accelerated economic growth, it is especially vital to the nation that the growth of banks keep pace with that of the other corporations which they serve and which in many cases have recently

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1 "Member Bank Term Lending to Business, 1955-57", *Federal Reserve Bulletin*, April 1959, p. 353.

Inflation in the U.S. Today—What Can You Do About It?

By ROBERT T. PATTERSON *

American Institute for Economic Research, Great Barrington, Mass.

Mr. Patterson expects further long-term inflation, with intermediate periods of deflation. Notes the twin phenomena of a great increase in the inflationary part of the money supply, and a big rise on the price level. Asserts that both public and private debt can be monetized, with inflationary effects when it is created for purposes that will not promptly bring more goods to market. Maintains Federal Reserve must be independent of Congress, the President, and all special interests. Decrying "creeping inflation," he holds it results in overly full employment, inefficiencies, diseconomies, bottlenecks, waste, incompetence, and speculative excesses. Cites obstacles to hedging against inflation.

Most of you have heard the old saying that if you were to take all the economists in the United States and set them end to end, they still wouldn't reach a conclusion.

I hope to break with that supposed tradition by reaching two important conclusions, both of which are supported by an abundance of evidence. One is that inflation, of whatever kind, is inevitably harmful to a nation. The other is that the greater probability, at the present time is more inflation rather than deflation or stability.

Robert T. Patterson

Because we cannot know with perfect certainty what the future holds, the second of these conclusions has to be stated in terms of probability or likelihood. (Perhaps it is the inclination of most economists to assess the future in terms of probabilities that makes them seem so inconclusive.)

Anyway, it seems to me that for some time yet to come, further inflation is more likely than any substantial and enduring deflation. But this is not to say that such a deflation will never come. Indeed, it may be inevitable.

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*An address by Mr. Patterson before the Economic Society of South Florida, Miami, July 29, 1959.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 30.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Wizard Boats of Tennessee, Inc.—N. James Douglas, President, Berry, Douglas & Fitzhugh, Inc., Nashville, Tenn. (Page 2)

Ling-Altec Electronics, Inc. — Harold S. Munroe, Jr., Partner, Hay, Fales & Co., New York City. (Page 2)

N. JAMES DOUGLAS

President, Berry, Douglas & Fitzhugh, Inc., Nashville, Tennessee

Wizard Boats of Tennessee, Inc.

The writer regards this stock (approximately 4, Over-the-Counter market) as an outstanding speculation. It appears to have all the ingredients of a successful capital gains situation—it is in a dynamic industry, makes a quality product, has production and sales know-how, is adequately financed and has only a small number of shares outstanding.

N. James Douglas

Wizard is a manufacturer of fiber glass reinforced plastic outboard motor boats. Along with many other industries catering to leisure-time activities, the small-boat business has enjoyed exceptional growth during the last decade. And fiber glass boats have far outstripped the other types in percentage of sales increase. It is estimated that between 1946 and 1953 only 4,000 fiber glass boats were made. But in 1956, 40,000 were produced; in 1957 there were 60,000. The current annual rate is believed to be around 150,000. Stated another way, fiber glass boats had 5% of the total boat market in 1954 and 30% of the market in 1958, with the percentage continuing to increase.

Incorporated on June 30, 1958, the company has had its share of start-up difficulties, but most of these are now behind it. Its first fiscal year was a three-month period which ended Sept. 30, 1958. With few boats in production during the off-season and virtually no working capital, it lost $41,000 during that period. It is now nearly through its first full fiscal year, a year that started with little more than hope and is winding up with hope realized. Although the usual time for introducing new boat models is September, Wizard's complete 1959 line was not in production until February, 1959. But apparently the completely redesigned line was worth waiting for. The company's boat line was a "hit" in the January and February boat shows and has subsequently been enthusiastically received by the buying public.

In the first five months of the present fiscal year, Oct. 1, 1958 through Feb. 28, 1959, sales were a paltry $99,000 and the company went $70,000 into the red. Besides not having its new boat models ready until February, the company was spending money hiking employment from about 20 persons to nearly 100. Practically none of the labor force had any previous experience in fiber glass reinforced plastics.

From March, 1959, through June, sales and earnings before taxes were as follows:

	Sales	Net Before Taxes
March	$97,000	$3,000
April	106,000	27,000
May	215,000	33,000
June	125,000	20,000 (est.)

The profit figure for May was after a non-recurring write-down of about $30,000 in the carrying value of certain molds and equipment.

Although the peak of the boat selling season passed with the coming of Summer, the outlook for the rest of the fiscal year to end Sept. 30th is not exactly bleak. Sales were near the $100,000 level in July and should be about the same in August, then drop to about $75,000 in September. If such sales develop, Wizard could be right at the break-even point for the fourth quarter. Since the company has already made up the loss of the first five months, with a few thousand dollars to spare, it now looks like a small profit will be reported for the first full year, on sales of about $900,000.

How about the future? Well, the company already has the molds ready for most of the 1960 line of boats—which will be completely new in appearance but will utilize many of the molds used for this year's boats. Management expects no difficulty in having the whole line ready for introduction in September vs. February for the 1959 line. Several hundred thousand dollars in sales were missed this year through not having boats in production early enough. The company now has a well trained labor force which has proven its efficiency in the past six months. Approximately 100 boat dealers located in 25 States handle the Wizard line and the number is steadily growing. Boats are sold as far away as Omaha, New York City and Miami.

The writer knows that it is very risky to project sales and profits a year or more in advance, even for a long established company. But he anticipates that in fiscal 1960, Wizard will realize sales near the $2 million level and net after taxes of about $150,000. On the 261,000 shares now outstanding, this would amount to about 55¢ per share. Allowing for exercise of the 100,000 warrants at $2.00 (75% of the warrants are publicly owned) total shares outstanding would still be only 361,000 and the earnings figure above would work out to about 40¢ per share. In subsequent years sales and earnings should trend higher, not only because the boat market should continue to grow, but because Wizard, and other makers of quality fiber glass boats, should get a higher percentage of the market. It is not difficult to visualize the company with an annual sales volume of $5 million and profits of from $1.25 to $1.50 per share in the next three or four years.

If you are tempted to say that I am crazy, go ahead and say it. Some of my friends in the investment business said it four years ago when I last contributed to this forum. It seems that I was lucky enough to name Litton Industries as my favorite security then — when it was available around the 12 level and had just finished its second year in business, earning 44¢ per share on a book value of less than $2.00. I went way out on a limb and said: "It is not difficult to envision profits of $2 to $4 a share on perhaps two million shares within a very few years. At least I think the chances are sufficiently good to have no hesitation in recommending speculative purchase of the stock at current levels."

By changing the earnings "guesstimates" in the quotation above to agree with what I said two paragraphs back, the quotation expresses my current thoughts on Wizard, just as it did four years ago on what was then also a very speculative stock.

As of March 31, 1959, date of the latest published balance sheet, Wizard had current assets of $274,000, including cash of $118,000 vs. current liabilities of $102,000. I understand the picture is about the same today. The only long-term debt is a lease purchase agreement for the 65,000 square foot plant at Dickson, Tennessee, amounting to $161,000, on which payments are $2,000 a month. Book value at the present time is about $1.60 a share. About 33% of the presently outstanding shares are owned by Wizard Boats, Inc. (of California) which produces the same line of boats for sale in the 13 western states that Wizard of Tennessee produces for sale in the 37 eastern states. After exercise of all warrants, Wizard of California's holdings will become 27%.

Wizard of California furnished most of the company's fixed assets, while working capital was provided by a public offering of 150,000 shares of common stock at $2.00, with 75,000 warrants attached.

HAROLD S. MUNROE, Jr.

Partner, Hay, Fales & Co., N. Y. C.
Members New York Stock Exchange

Ling-Altec Electronics, Inc.

There is a saying that "success breeds success." When James J. Ling was separated from the U. S. Navy at the end of World War II, he became the youngest man in Dallas, Texas, ever to pass the master electrician's exam to become an electrical contractor, and Ling Electric Company, which he organized in 1946 as an electrical contracting firm was successful from the beginning. In 1946, James Ling was 23 years old.

Harold S. Munroe, Jr.

Today, at the ripe old age of about 37, Mr. Ling is Chairman of the Board and principal stockholder of Ling-Altec Electronics, Inc., with anticipated sales in 1959 of at least $27,000,000, and earnings of a least $1.50 per share on each of the approximately 1,410,000 shares of common stock outstanding.

Ling-Altec Electronics did not just happen. It has been put together over the years by a series of carefully calculated acquisitions, each of which has filled a void in the product line or satisfied a need in the operations of the parent company. In this situation it may be truly said that the value of the whole exceeds the sum of the value of its parts—and by a substantial margin.

Just where does this carefully built corporate structure fit into our burgeoning electronics industry. In the first place it should be emphasized that 1959 sales will be divided about 50-50 between commercial sales and sales related to national defense. National defense sales this year will be principally in the field of high-powered electronically driven vibration and acoustic test equipment, a relatively new and rapidly ex-

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25 Years of SEC Regulation

By HON. JAMES C. SARGENT*

Commissioner, Securities and Exchange Commission

Commissioner Sargent depicts the pre-1929 situation as typified by absence of morality, unwarranted write-ups of assets, overstatement of earnings, and general inflation of market prices; followed by drastic financial collapse during the nineteen thirties—and the entry of the SEC. He details the Federal regulation which followed. Cites the substantial build-up in the capital markets occurring since 1950. Urges public to get in touch with SEC "policemen" in case of doubts about a security dealer. Deplores Commission's budgetary curtailment by Congress in face of largely increased work load. Concludes preservation of our whole capitalistic economy depends on the integrity of our capital markets as enforced by the SEC, as the "Investor's Watchdog".

It is my belief that to have an understanding of the functions of the capital markets and the agency's participation therein, one must understand the historical development which has taken place during our 25-year existence. For the few minutes allotted to me, I would like to take you back to the period just prior to the 1929 crash.

James C. Sargent

During those days the securities markets were operated without any real sense of morality, without any concept of fairness, and without any attempt to give to public purchasers a fair shake for their money. Almost the entire investment banking industry was replete with inflationary market write-ups of assets, acquisition of properties at grossly inflated prices, and the issuance of excessive amounts of debt securities secured by overvalued properties and assets. Management was generally completely preoccupied in financial maneuvering predicated essentially upon "upstreaming" subsidiary earnings to the top-heavy parent holding company in order to support excessive dividends necessary to maintain market accessibility of the holding company securities rather than upon creating sound operating companies.

The Great Deflation

The total value of all stocks on the New York Stock Exchange as of Sept. 1, 1929, aggregated $89 billion. By the middle of 1932, a total aggregate value of these stocks on that exchange was $15 billion, or a loss of $74 billion in that short 2½-year period. During the decade from 1919 to 1929, $50 billion worth of securities was sold, and 50%, or $25 billion, proved to be worthless. During the 30's, as many of you will recall, there was complete financial collapse. Public investors simply withdrew what money they had from the capital markets, putting it in savings banks or into the proverbial mattress. There were few people in those days who would consider that a corporate security, be it of the debt or equity type, i.e. debenture or common stock, was a proper medium of investment.

Entry of the SEC

Into this completely demoralized capital picture came the SEC. The first attempt by the Federal Government to regulate the securities markets was the Securities Act of 1933. This has often been referred to as the "truth-in-securities" law. It had as its basic design the requirement that corporations seeking to sell their securities to public investors disclose the basic facts, financial and otherwise, so that public investors could become informed persons in a position to be able to determine for themselves whether the particular securities offered met their own investment needs. You will note that the Securities Act did not give to the regulatory body, the SEC, the opportunity to pass upon the merits or to make value determinations of the security. Personally, I believe the Congress made a very wise decision in denying to the regulator the obligation or ability to determine whether a particular capital venture was a sound one or not. The decisions as to the merits of securities was left where it rightfully belonged, with the investor who would by the protective provisions of the Securities Act be placed in a position of knowing the facts and making his own determinations as to value. There are, of course, heavy civil and criminal liabilities which attach under the securities acts to misrepresentation or false statements made by a corporation, its officers or agents in describing its securities.

The second attempt by the Federal Government to get into the regulation of the securities markets was the Securities Exchange Act of 1934. This is the Act which created the Securities and Exchange Commission, the Securities Act having been administered by the Federal Trade Commission for its first year. In contradistinction to the Securities Act of 1933, which attempted to regulate the initial distribution of securities, the 1934 Act aimed at regulating the trading in securities after such initial distribution. Thus, the 1934 Act regulates, as the name implies, the 14 national securities exchanges throughout the country, such as the New York Stock Exchange, the American Stock Exchange, the Midwest Stock Exchange, the Pacific Coast Stock Exchange, and the others located throughout the country.

The 1934 Act also requires that

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*An address by Commissioner Sargent before the Virginia Bar Association, White Sulphur Springs, West Virginia, Aug. 7, 1959.

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Regular Features

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Observations . . .

BY A. WILFRED MAY

WHAT INFLATION?

The high valuations and tiny yields prevailing in the current bull market has prompted this explanation from one wag: "A price 30 times earnings is held justified on the score of the enterprise's present good business; a ratio of 40 on 'growth'; and a ratio of 50 on 'inflation'." However doubtful the mathematical precision of this may be, the great extent of the citation of "inflation" to defend the giddy pricing these days—alongside much higher yields on bonds—is surely evident. Hence it behooves the investor to take another look, and a realistic one, at the prevalent bland assumption of continuing inflation.

A. Wilfred May

Irrelevant to the interest of the investor is which of the alternative economic definitions of inflation is chosen. Nor is it the concern of the investor, or of this particular column, to interpret the economic or fiscal results of deficit financing, of credit inflation as re-stimulated by this week's negative Congressional action on Treasury Bond's long-term interest rate, or of other facets of expanding the money supply.

Neither is it appropriate in this space now to participate in the controversy being waged over the *cause* of price rises—whether "cost pushed," "wage pushed," or "administered." Nor would be relevant to this consideration a repeated citation of the actual record whereby we have demonstrated the invalidity of the blandly assumed premise that the common stock automatically serves as a reliable protection against a decline in the purchasing power of the dollar.

Rather, we are confining this discussion here to the single basic question whether the generally assumed premise of a constantly depreciating (not appreciating) dollar to be hedged against, is valid.

The two-way course of the dollar's purchasing power throughout the country's financial history, has been cited. Major intervals of dollar depreciation have been mostly confined to wartime periods. Postwar stages of dollar appreciation have been extended. After 1920 the cost of living fell and failed to re-attain that year's level before the passage of a quarter of a century, as an aftermath, in 1946, of a second World War.

But, it is contended, "now it is different." As a result of domestic politics along with international tension, so the argument goes, the dollar's purchasing power has sensationally fallen, is falling, and inevitably will continue to fall.

That the dollar will not fall in the future, we, of course, cannot predict. Perhaps it may even some day get into a one-way decline. But we would point out that the popular concept in which a currently continuing decline (ranging from the creeping to the galloping tempo) is assumed, represents *the* popular current illusion of the investment community.

The Facts

The Wholesale Price Index (Bureau of Labor Statistics), after its postwar rise, declined in 1948-49, moved higher in 1950, fell in 1953, rallied in early 1958, and has remained stationary ever since. Since "Korea" in 1950, the index shows a "net" rise of only 3%.

It seems to be not generally realized that food prices today are, on the average, cheaper than they were a year ago.

During this year, the various indexes of sensitive commodities (rubber, copper, lead, zinc, coffee, sugar, cotton), responding to evidences of great increases in world-wide productive capacity, have shown almost complete stability.

Lately too, cotton futures, responding to excellent crop prospects, have been trendless. Likewise improved soybean crop prospects are keeping oil futures on a steady level. Sugar futures have been weak; and copper prices, reflecting a weak statistical position have even in the face of the strike prospects, been revealing great instability.

Over the past 12-month interval, the Consumer Price Index, compiled by the U. S. Department of Labor, has risen by only 2/10ths of 1%; wholesale prices, embracing all commodities rose by less than 1/10th of 1%. The purchasing power of the dollar, as measured by wholesale prices has declined by only one decimal point, from 83.7 to 83.6; and by consumer prices, from 80.9 to 80.6.*

The BLS spot price commodity index (of 22 commodities) during the week ended Aug. 13 fell by 0.3% to 86.6% (the 1953-1959 range has been 94.4-84.0). The BLS Daily Index of Wholesale Commodity Prices now stands at 86.4 versus 86.5 a week ago and 87.5 a year ago. The Dow-Jones Average of Spot Commodity Prices is below last year. Individual commodity comparisons with a year ago show declines of 23% in coffee, 33% in lard, 39% in hogs, and 4% in corn.

Thus, we see that (1) the dollar-depreciation element as a basis for use of the common stock as an inflation hedge is uncertain; and (2) much of the assumed "inflation" is now centered in the stock market itself.

HINDSIGHT VERSUS FORESIGHT

The divergent action of individual stock issues over the long-term is strikingly demonstrated in a study published in the current (August) issue of the "Exchange" Magazine. The market performance of 30 important stock issues, from March 1927, carrying through the 1929 Crash and the succeeding Depression's demolition of prices, and on to the eventual resurgence of the market averages to 80% above the 1929 summit, is shown. The representative issues chosen are divided into two tables, one comprising 15 issues that "treated investors handsomely," and the other 15 stocks which "treated investors poorly." The "plus" group shows capital appreciation of 716%; while the "minus" group shows a concurrent capital loss of 47%.

Interesting is the contradictory action within industries. For example, even in the case of the now-lowly rails: whereas New York Central, Illinois Central and Canadian Pacific are among the substantial losers, Chesapeake & Ohio has gained 88% and Southern Railway 124%.

Among the losers which some of us vets can recall as particular market favorites, are Baldwin Locomotive, American Locomotive, Western Union, Brooklyn Edison, and R. H. Macy.

Surely, Blue Chip performance is helped by hindsight!

AN ISSUE'S SIZE AND ITS MARKET BEHAVIOR

One of the principal justifications advanced on behalf of the stock split is stability of market performance which it supposedly supplies. For some new and interesting data on this we are again indebted to the "Exchange" magazine, as published in the July issue, showing the relation of the size of a company's stock capitalization to its market fluctuations.

Although the Stock Exchange itself aggressively stands on the pro-split side, through strong suggestion as well as endorsement, it happens that the implications of this study by its institutional publication seems to support the anti-split position.

The 20 Big Board issues with the highest number of shares outstanding have in the last 25 years recorded an average price range twice as great as 20 other issues each with less than 360,000 shares outstanding.

Typical of the wide-swingers is General Motors, which tops all companies in the number of listed shares (282,668,850), with a 5-year price swing of 180% above its low. Typical of the low-capitalization—low market fluctuation group is Interstate Department Stores with only 325,000 shares.

Regarding relative performance, market-wise the Study shows that the advances since the 1958 close have been more numerous and broad in the case of the low-capitalized than the large-share companies.

*Source: Survey of Current Business Dept. of Commerce.

The State of Trade and Industry

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

Industrial activity was curtailed by the steel strike beginning in mid-July. Consumer incomes and buying were generally maintained and wholesale commodity prices changed little. Bank credit expanded further. Interest rates declined slightly. These conclusions, and the accompanying data, are contained in the August issue of the Federal Reserve Bulletin:

INDUSTRIAL PRODUCTION—Declined 1% in July to a preliminary figure of 153% of the 1947-49 average, two points below the June level of 155. The decline reflected the impact of the steel strike beginning on July 15 as activity in most other durable goods industries increased further and output of nondurable goods rose to a new peak. Utility output was maintained at 267% of the 1947-49 average.

Steel mill operations in July were 44% of capacity as compared with 90 in June. Work stoppages in the second half of July and the first half of August reduced mill operations to 12% of capacity. Production of most nonferrous metals and building materials increased in July. In the second week of August, however, copper production was cut sharply by work stoppages.

Production of finished durable goods continued to expand in July. Output of trucks and farm machinery was at record rates and production in most other industrial and commercial machinery industries was back to the prerecession highs of early 1957. Aircraft and other ordnance lines, however, were still below 1957 levels. Output of consumer durable goods reached a new peak as production of autos and television increased further and furniture output was maintained at record levels.

Widespread gains continued in the textile, apparel, rubber, and chemical products industries in July. Output of minerals, however, declined 5% reflecting sharp cutbacks in iron ore and coal because of the steel strike.

CONSTRUCTION—Private nonfarm dwelling units started in July changed little at a seasonally adjusted annual rate of 1.35 million units. The value of new construction put in place continued at an annual rate of nearly $55 billion, somewhat below the March peak. Gains shown in commercial and industrial building and highway construction slightly exceeded declines in public utility and residential construction.

EMPLOYMENT—Employment in nonagricultural establishments increased further in July, before the onset of the steel strike, by 164,000 to a new peak of 52.6 million—110,000 above the previous high two years earlier. Employment in state and local government, service, and trade reached new highs. Average weekly earnings of factory employees declined somewhat but were 8% larger than a year earlier. Unemployment decreased 240,000 to 3.7 million and was at a seasonally adjusted rate of 5.1% of the labor force.

DISTRIBUTION—Retail sales in July continued at the record seasonally adjusted rate reached in May and were 9% above a year ago. Sales at department stores showed a less than seasonal decline in July and early August. Sales at auto outlets and in a number of other lines either declined somewhat or changed little in July from earlier advanced rates. Dealer stocks of autos increased to a new high in July, partly reflecting anticipated model changeover curtailments. At department stores, new merchandise orders were sharply above the midyear levels in other recent years and stocks showed some increase.

AGRICULTURE—Another large harvest is in prospect. Crop production this year was officially forecast as of Aug. 1 to be only 3% smaller than last year's record and 8% larger than for any other year. While a decrease of about one-fourth in the wheat harvest was indicated, the corn crop was forecast to be 10% larger and the cotton crop 29% larger than last year.

COMMODITY PRICES—Wholesale prices generally showed little change from mid-July to mid-August. Markets for copper, rubber, and hides strengthened again after a period of weakness. Textile prices increased further, although raw cotton prices declined as new Federal support levels became effective. Prices of some finished consumer products were reduced. Livestock prices also were down somewhat further at midyear.

BANK CREDIT AND RESERVES—Total commercial bank credit increased in July. Loans showed further rapid expansion and holdings of U. S. Government securities rose slightly. The seasonally adjusted money supply increased $1.4 billion following little change in May and June, and at the end of July was 3½% larger than a year earlier.

Member bank borrowings from the Federal Reserve averaged $980 million and excess reserves $480 million in the four weeks ending Aug. 12. Over the period reserves were absorbed principally by further gold outflow, a build-up in Treasury deposits at the Reserve Banks, and a decrease in Reserve Bank float. Reserves were supplied by currency inflow and Federal Reserve purchases of U. S. Government securities.

SECURITY MARKETS—Yields on all marketable Treasury issues have been stable to slightly lower during the past month. On Aug. 5 the Treasury announced additional cash borrowing of $1.7 billion in the bill market. Yields on corporate and state and local government bonds declined slightly from peaks reached in early July. Common stock prices advanced to a new peak at the beginning of August and then declined 3%.

Nationwide Bank Clearings 4.3% Above 1958 Week

Bank clearings this week show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle," based on telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Aug. 15, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 4.3% above those for the corresponding week last year. Our preliminary totals stand at $23,065,393,650 against $22,111,663,517 for the same week in 1958. Our comparative summary for some of the principal money centers for the week follows:

Week Ended Aug. 15—	1959	1958	%
New York	$11,197,043,927	$10,953,589,558	+ 2.2
Chicago	1,321,673,688	1,121,533,358	+17.8
Philadelphia	1,061,000,000	999,000,000	+ 6.2
Boston	712,806,442	653,556,487	+ 9.1

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 47 of the Aug. 17 issue.

80-Day Injunction Seen Solving Steel Strike Impasse

Signs of a coming pinch in steel supply are increasing as the strike enters its sixth week, according to "The Iron Age." Before the end of the month, steel inventories will dip below normal and by mid-September, steel shortgaes will begin to hurt, the national metalworking weekly predicts.

The magazine reports these indications of supply trouble: (1) A few small steel users are already in serious difficulty; (2) spot shortages have developed for several products; (3) premium prices have returned to the market; (4) the old steel broker has reappeared; and (5) foreign steel prices, normally $30 to $40 below U. S. mill prices, are now equal to—or above—domestic mill price.

Even considering these signs, "The Iron Age" reports few cases of real distress on the part of steel users. It reports many instances of inventories ranging as far ahead as 60 days.

All in all, it is said, from the steel users' viewpoint "this was the best-planned steel strike in history." Most of them feared a bad impasse, did a good job of building inventories.

On the negotiation front, the publication said the only way out of the strike impasse now appears to be invocation of the Taft-Hartley 80-day cooling off period.

This is in spite of bitter opposition to use of the T-H injunction by all sides—management, labor and the government. And unless present attitudes change, such a respite would be followed by another shutdown just before Christmas.

Steel Inventories Termed Adequate Until October

Most steel users have inventories adequate for normal operation until early October, "Steel," the metalworking weekly, reported Aug. 17.

Users' stocks were at an all-time high of 26 million tons when the strike began, a reassessment shows. Since then, users have been getting about 500,000 tons a week from these sources: 250,000 from mills that are still operating; 150,000 from service centers; 100,000 from foreign producers.

Steel is being used at a weekly rate of 1.5 million tons, so consumption has exceeded receipts by one million tons a week. Inventories are down to 21 million tons. A supply of 14 million tons would probably meet minimum working requirements, so today's inventory has a seven-week surplus.

Chances for an early settlement of the steel strike look as bleak as at any time since negotiations started May 5, "Steel" said. The strike currently is 34 days old—the duration of the 1956 stoppage. With the lack of progress to date, this walkout could easily set a postwar record in length, surpassing the 55-day marathon from June 2 through July 26, 1952.

Strike losses through Aug. 17 amount to $1,768,600,000, "Steel" said. It estimated lost steelworkers' wages at $343,600,000, lost sales at $1,008,000,000, other losses (overhead, depreciation, and salaries of nonproduction workers in steel) at $192,000,000, and tax losses

Continued on page 28

A Brief on Assorted Oils

By DR. IRA U. COBLEIGH

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

Containing a few notes on the oil industry, together with comment on certain oil shares that may merit higher price quotations.

In the recent dynamic sweep of the Dow Jones average to 675, very little credit for the altitude attained goes to the oil section of the list. Fact is that, for the past two years, oil stocks have done little to supply market leadership, and a number of major investment trusts have been substantial sellers on balance. But now things are beginning to look different.

Ira U. Cobleigh

A number of first half oil reports show heartening increases in net over 1958 and domestic demand appears likely to show an increase, over last year, of 5%. We are consuming over 9½ million barrels a day. We will drill in 1959, 51,000 wells, up about 2,500 over 1958.

This is not to suggest that oil is getting scarce, for, world wide, it's still in over supply; but we seem to be getting the situation into better equilibrium. We're getting to be less dependant on particular areas. For example, with rising new major fields in Libya and Algeria, much nearer to European markets, the sheiks of the Middle East can no longer be so greedy on the percentage of the take; and Venezuela may not be so eager to impose retroactive taxations on oil companies.

Domestically we have adjusted quite well to the immediate petroleum over-supply by reduction of the days of production in Texas, and by a 20c per barrel price cut recently posted in that State. Refinery runs have been cut back and inventories brought into line so that, in a number of areas, an increase in gasoline prices has been possible.

If we don't, on balance, see the makings of a boom in oil shares, at least we can, with some confidence, conclude that the industry has turned a corner and that a rising trend in earning power may be expected for a number of companies. We propose to comment on a few such, forthwith.

We'll start with Shamrock Oil & Gas Corporation. Here's a lively, well managed, producing and distributing company serving a market area of 8 states, fanning out from the Texas Panhandle. Shamrock is an aggressive and balanced organization. At the merchandising level its sales of "Clover Leaf" gas are 15% above last year; and in production, by bringing in new wells, Shamrock is this year boosting daily production by 20% to 6,000 barrels a day. Present oil reserves are estimated at above 24 million barrels; and the company has a big reserve of natural gas as well—about 1.6 trillion cubic feet.

In the matter of earnings Shamrock, in 1958, was one of a very select group of oil companies able to report an increase. The uptrend continues this year and we would expect Shamrock to earn about $2.90 per share (against $2.62 in 1958). All of which would appear to make Shamrock common attractive at around 42 with a $1.60 dividend, which might be increased. There is also an issue of $16½ million 5¼% debentures convertible till 1982 into common at $36 per share. These "converts" sell at 122 and are especially interesting because of the long term conversion privilege at a price which does not increase with the years.

Shell Oil Company although 65% owned by Royal Dutch/Shell Group is a splendidly integrated American company with a remarkable nose for oil. It has added substantially to its reserves in the past five years. Since it is able to supply but 65% of its refinery runs it can always use such increased domestic production as it may achieve; and in the background it can call upon its oil rich parents for substantial imports at favorable prices if and when the restrictions on import may be relaxed.

Shell common should earn $5 a share for 1959 (against $3.85 last year). Its dividend should be increased from the present $2 rate and the Company should continue to grow more rapidly than a number of the majors. There are 50 barrels in reserves for each share of common. Common sells around 82 and is an oil equity conducive to investment serenity.

Texaco at 85 paying $2.60 ranks as one of the most attractive of the majors. It is now the largest producer in the U. S. and second largest in Canada. It is the only Company with service stations in 48 states; and its reserves are well spread out and balanced over most of the producing areas of the world—North and South America, Arabia and Sumatra. Through a half interest in Caltex, Texaco has a marketing organization, throughout the world, for sale of its crude produced in the Eastern Hemisphere.

Texaco may approach $6 a share this year, against $5.31 last year, and it doesn't take too much imagination to rate Texaco as a $100 stock. It has an earning's growth rate of around 11% a year.

A much less heralded oil enterprise is the TXL Oil Corporation, created in 1954 to explore and develop the oil and gas resources on the land holdings of Texas Pacific Land Trust. Capitalization consists of 5,574,356 common shares listed on N. Y. S. E. and now selling at 22½.

TXL has 1,973,000 fee mineral acres. Of these, about 1,500,000 acres are in the Delaware Basin area in the Western part of Texas, a section believed to contain fabulous stores of oil but so far only slightly tested in deeper formation. Shallow wells have been most successful in the region being quite cheap to drill and delivering sweet, high gravity oil.

There is no doubt that TXL sits astride an important swath of oil bearing real estate, commanding an acreage larger than Delaware. The reduction of allowable producing days in Texas has reduced income in the past two years, but drilling has continued to open up new regions and locate impressive reserves for future years.

TXL common pays no dividends and may not for some time to come but as a call on future oil it has plenty of romance. Just one 15,000 foot well in West Texas, brought into lush production, would spotlight this stock. Meanwhile a resourceful management, broad acreage, increasing cash flow, and sturdy financial condition continue to attract patient and farsighted investors to this quite unique equity.

Phillips Petroleum has grown remarkably and offers a broad coverage of all phases of the oil business. Vast reserves (over 1,400 million barrels), smart and expanding marketing, and major positions in natural gas and petrochemicals provide a broad horizon for continued expansion of earning power. Phillips common earned $2.45 a share in 1958. Earnings should rise to $3 this year and on that basis the stock at 48 paying $1.70 should make friends.

Ohio Oil has taken on a more dynamic look in the past two years. Aggressive drilling (with two associates) in Libya has resulted in significant and major discoveries that may delineate a vast new oil field; and the recent acquisition of Aurora Gasoline Co. greatly enlarges refining capacity and retail distribution. 1958 earnings were $2.45 per share. This year we would expect the net to reach $2.85. At 41, paying $1.60, Ohio offers substantial downside protection and legitimate hope for sizable price advance over time.

Obviously no attempt has been made to cover the entire oil list. Some effort has been made however to select equities with visibly rising earnings. The stocks least likely to recede are those which may increase their dividends.

2 With Woolrych Currier

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Andrew K. Cline and Garrison E. Murphy are now connected with Woolrych, Currier & Carlsen, Inc., 233 A Street, members of the Pacific Coast Stock Exchange.

With May & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Robert E. Williams has become connected with May & Co., 618 Southwest Yamhill Street.

The Sovereign, the Central Bank And the Monetary Standard

By MALCOLM BRYAN*

President, Federal Reserve Bank of Atlanta

Speaking solely for himself, Atlanta Federal Reserve head declares there must be a fundamental personal right, another rule of law, for an individual to protect his savings by access to ultimate money—not a symbol of money. He endorsingly cites Fed.'s "bills usually" policy; praises the prudent delegation of independent central banking power by a not always prudent government; believes we will become a good deal sicker before fundamental monetary reform becomes politically acceptable; and hopes we do not lose our freedoms in the interim which would make this type of discussion unnecessary. He notes neither the gold standard, nor our present bond standard, nor the proposed constant depreciation standard have found acceptance. He makes clear a free society means monetary reform and says our greatest problem is whether or not we want a free society.

Perhaps I return to a few important questions, some of them old, because they trouble me, because they are being debated anew in our time, and because the answers lie so largely in the field of value judgments, wherein we can all find the excitement of expressing differing opinions.

Malcolm Bryan

It is being said again, insistently and with a considerable weight of authority, that no important public purpose is served by the fact that the Federal Reserve System, with its broad powers to create and extinguish reserve money, is set apart both in law and practice from the government's ordinary administrative appartus. This general thesis is presented in various forms, but the basic idea is that the "independence" of the System is out-of-date and that the country would be better served by some form of unified control over both monetary and fiscal affairs.

Since it must be conceded at the outset that the control over the monetary standard is a function of the sovereign, specifically placed in the Congress by our Constitution, we have a series of very real and fundamental questions, only one of which I will discuss at this time. Why should the sovereign delegate such a power as the right to create and extinguish money, a power so basic to the welfare of our economic society and our people?

I

Let us begin by noting that the Federal Reserve System, though it is not the exclusive repository of central banking powers in the United States, is the American central banking organization. The word "central" in this usage refers to the fact that the Reserve System has an essential power, basic to any modern conception of central banking. The word "central" means that the Federal Reserve System has the power, within very broad limits, to increase and to decrease the supply of money. Although the commercial banking system has the power, through its lending and investing activities, to expand or contract the supply of funds in the hands of the public, it can do so only within the limiting framework of reserves that are largely supplied by the Federal Reserve System. In my opinion, it is this power to create and extinguish money, more particularly bank reserves, that makes the Federal Reserve System a "central" bank and ultimately distinguishes it from all other American banking institutions.

Why Delegate a Sovereign Power?

If we ask ourselves, then, why such a sovereign power should be delegated, we cannot find the answer, I believe, in any of the technical and political circumstances that have surrounded the origins of central banks. We can only deal with the question in terms as fundamental as the question itself. The question is complicated, of course, by the fact that the sovereign is a doubtful repository of monetary wisdom and prudence, as the monetary history of the world amply illustrates. We have the neat problem, therefore, of how an often imprudent principal can devise a prudent delegation of his powers.

The general line of the answer probably lies in the idea that an agent—as we so often observe in private fiduciary relationships—can frequently act on behalf of his principal more effectively, more efficiently, and more wisely than the principal himself. This thought, perhaps, is particularly pertinent when the principal is the sovereign state and the agent is an institution that can be fashioned so as to have greater definition of purpose, continuity of effort, specialization of knowledge, and, even, concern with the long-term public interest than may be found in the often temporary and erratic administration of the state.

The sovereignty of the state, after all, is an abstraction. The actual exercise of the powers of sovereignty is in the hands of men—agents if you will—who at any given moment find themselves the controllers of the state's apparatus and the trustees of its sovereignty. The delegation of sovereign powers to a central bank, thus, is a choice of the sovereign's agent. In the light of such a fact, it has seemed possible to establish an agency for the control of money—a central bank that, being one or more steps removed from a merely current political opportunism and from the constant pressures that impinge on the sovereign, has the promise of effecting a more considered and better balanced monetary policy than would otherwise prevail.

Some Insulation Against Imprudence

It has always seemed to me that the Federal Reserve System is an agency satisfactorily designed to effect such consideration and balance in monetary policy. Its rotating central Board, with long-term appointments and with a wide diversity of background and experience; its elected and appointed members of the Boards of Directors of the several Federal Reserve Banks, having equally diverse backgrounds and experience; its Federal Advisory Council; its responsibility to the Congress; the clear admonition in law and history that the System exists in the public interest; the enormous apparatus of economic intelligence at both the Washington and local levels; the administrative experience represented in the staffs of the Board of Governors and the Federal Reserve Banks—all these things seem to me well calculated to give continuity, perception, and responsibility to such a central banking organization. The dispersion of authority within the System, as well as its geographical dispersion, is, indeed, not calculated to give a computer-like speed to its decisions. Rather the contrary. But it is calculated to give some measure of insulation against—dare I say it?—the sometimes whimsical notions that seize upon both financial and political capitals.

To be sure, some bits of organizational gadgeteering here and there might be helpful to the System— and again might not. But I have been unable to find any convincing reason for believing that the Congress has failed to do an excellent job of designing an institution that can function in the long-run public interest.

The problem of a central bank's relation to the sovereign, or practically speaking, to the Government, and even more practically speaking, to a current administration, is somewhat akin to a problem in theology. There has always been the difficult matter of determining how Man could be endowed with free will since his Creator is both all powerful and all seeing. Similarly, we have the problem of how a central bank, which is the creature of the sovereign, can be independent of its co-existent and more powerful creator. And yet, if a central bank does not possess a substantial measure of independence, there is little point in having a central bank. Any other agency, a mere Government bureau, could probably do as well.

The truth is, I think, that the central bank cannot be ultimately independent of Government, surely not in the sense that it can exercise a power of coercion against Government. I do not believe that anyone in the Federal Reserve System will mind my saying that the System is not and cannot be, in any final sense, independent of the sovereign. Such a statement is rather a truism, but it seems worth making, insistently and repeatedly. For, if we, as citizens, thoughtlessly countenance a continuing and overriding policy of fiscal imprudence then we should be under no illusion: We cannot expect a central bank to save us from the consequences of our own folly.

The fact that the independence of the System is neither final nor absolute often leads to the conclusion that it is a mere formality. I submit that the independence of the System, even though it is not absolute, is a good deal more than a genuflection to an outworn sentiment.

Merits of Independence

First of all, it does give the System the important power to advise and to admonish not as a mere subordinate officeholder wheedling the boss, but as an institution having a limited, lawfully recognized, and greatly important responsibility, in its own sphere, except for the legislative branch, largely co-equal with other trustees of Government power. The importance of this relationship is subtle but profound—as any reflective person will understand when he reviews his own career and thinks of the occasions when he has spoken from a subordinate or clerical position and the occasions when he has spoken as an equal. The difference is important, I think, to the long-run public interest.

Second, the placing of the System's controlling Board in Washington and the strategic location of the outlying Reserve Banks and Branches can hardly fail to keep the System alive to current thought, including trends in political thought. The System authorities, however, gain their places by virtue of qualifications that are either wholly non-political or so far removed from considerations of political advantage as to be essentially non-political in character. This leaves the System without obligations of a kind that would often prove embarrassing. It permits the authorities of the System to take a longer-run view of the public interest than they would be likely to take, on occasion, if the System were legally a mere appurtenance of an administrative department.

Third, the independence of the System serves to provide a dramatic focal point for the discussion of monetary affairs, a very high forum in which debate regarding monetary policy can take place and around which public opinion on monetary problems can crystallize. This seems to me a very important and often overlooked corollary of the System's independence.

Fourth, it is possible to imagine an administration so powerful that the System could be destroyed in a fit of angry disagreement over its policies. The System could not be destroyed, however, without resort to the highest law-making body. In the ordinary course of events, in fact, it could not be destroyed except after the most careful consideration and after the most extensive public debate of the monetary issue provoking the action.

Fifth, and lastly, the System's independence constitutes a powerful Congressional admonition to other agents of the sovereign, including the legislative agent, that they too should take a responsible view of monetary problems.

All these considerations, and doubtless many others, indicate the desirability of having a central bank that is legally and structurally more than a bureau of a Government department and the undesirability of allowing it to be too closely integrated to some other ever-changing and always hard-pressed executive trustee of the sovereign. They seem to me to be sufficient reasons for the independence of the Federal Reserve System to be cherished and defended by all citizens. In these matters we should think *sub specie aeternitatis.*

I want to close this section with two observations. The wisdom of delegating sovereign powers to a central bank must finally be tested in the light of whether the central bank acts (a) wisely, (b) courageously, and (c) morally in the long-run public interest. The tests of wisdom, courage, and morality are severe. They can hardly be met if the central bank assumes, even in a democracy, that the apparent interest of the state as an institution in our society is always identical with the interest of the people—an assumption that the founders of our country were too understanding to make.

II

Let me now turn to a few other problems that seem to me to be even more important, on which I shall make some comments.

Can We Trust Money-Credit Control?

The real and, I believe, the most profound difficulty in the whole matter of a society's monetary arrangements is of a different order of magnitude. It is a difficulty that I hestiate to mention because I cannot thoroughly think through even my own uneasiness, let alone propose a convincing alternative. It is the problem involved in the question of whether any agent—central bank or administrtaion or legislature—can in the end be safely entrusted with the power to control the expansion and contraction of a people's money supply.

This sort of question insistently poses the problem of alternatives. Central banking implies a managed and policy-made monetary system, and it will often happen, in the very nature of human fallibility, that the policies adopted will prove to have been something less than perfect. But at the moment the alternatives seem to me to be hardly more promising. Any rigid or even automatically flexible monetary standard, whether resting on a supposedly permanent constitutional foundation or evolving from some impelling social and economic tradition, would have to face in the future, as in the past, a variety of contingencies in which the public interest might suffer greatly, at least in the short run, through adherence to the original design.

Uneasy as I am about the long-run results of a managed monetary system, I am almost as uneasy about a monetary system by formula. A free economy, whatever its great virtues, is an economy that has at least one distasteful constant: A continually fluctuating level of activity. The idea that the management of money supplies, which are at least partly a cause of economic events, could be used to offset these economic fluctuations in some measure has long appealed and still appeals to many minds, including my own.

Nevertheless, the wreckage of monetary systems, so notable in our own generations and so corrosive of the social, political, and economic fabric of society, raises the gravest questions. It may be true that in the present stage of our monetary history a central bank, by whatever name or however organized, is a practical necessity. It is by no means clear, however, that a free society can permanently survive a monetary system, whether it be managed—or, as so often happens, manipulated—by the sovereign, who is always necessitous, or whether it be managed by any creature of the sovereign, however, responsible. Thoughtful men can hardly have failed to notice that the spoliation of peoples in our day by inflationary thievery, disguised with Machiavellian slyness as necessity or welfare, has doubtless exceeded by far the lootings by the world's greatest conquerors.

A great many thoughtful men have recently been saying, in effect, that the monetary arrangements of a free society will ultimately require a governance by rule of law rather than by rule of men. I agree—perhaps I am predisposed to such agreement, as many of us are—because rule of law rather than rule of men was a fundamental philosophic preoccupation in the founding of our own country. It seems to me that the arguments for rule of law are so persuasive that they must one day prevail. I myself am so persuaded that I am tempted to say that the world is in the twilight of manipulated money systems. But I am afraid that such a statement would be too optimistic, for I suspect that the world must get a good deal sicker of monetary convulsion before fundamental reforms are acceptable.

In the meantime, it probably would be more cautious and more accurate to say that we are a world in search of a monetary standard, which in the end must be found. For the time being, as a sort of intermediate stage, we are a world in search of criteria for central bank action and for criteria by which the monetary actions of the sovereign may be judged both by himself and by others. The danger, I think, is that the free world; whose political and personal freedoms are utterly dependent upon a free economic society, will destroy its freedoms before it succeeds in finding a monetary standard appropriate to a free society, or even before it has evolved criteria for central bank and sovereign ac-

*An address by Mr. Bryan before the Regional Conference on United States Monetary Policy co-sponsored by Duke University and the American Assembly of Columbia University, Durham, N. C. The views expressed are personal, not official, and are not to be attributed to the Federal Reserve System.

tion having more than transitory acceptance.

Distinguishes Monetary Standard From Bank Action

It is obvious that the problem of a monetary standard and the problem of criteria for central bank action are distinguishable. Many of the elements of the two problems, though, are similar; and I will not try to make scholarly distinctions, but will merely make a few remarks in which at certain places a distinction will be implied.

It is clear that in a free society a rule of law in monetary affairs must have at least a general if not total acceptance by the people subjected to it. A rule of law, of course, may be changed by the sovereign; but I think that the essential purpose and benefits of a rule of law in monetary affairs are not to be served by a law that is here today, so to speak, and gone tomorrow. Such a rule of law would, at best, hardly be better than a rule of men, and indeed there are reasons for arguing that such a rule could be worse than the *ad hoc* management of monetary affairs. If we are to have a rule of law governing money, the rule must be so convincing and the people so persuaded that it is, in the long run, a wise and beneficent rule that (a) they will submit to its discipline, and (b) even the sovereign will be restrained from changing the law for capricious or erratic reasons.

Such a rule of law is hard to come by. We have had many proposals. A variety of tabular standards have been proposed — the price level, the gross national product, various plans for automatic expansion of the money supply. Various metallic standards have been proposed. There is a considerable propaganda for a return to the full gold standard. In this country we have had a Government bond standard in operation for a time, and we have also had very energetic propaganda for a constant depreciation standard. Many of these proposals have been extremely thoughtful and some of them altogether thoughtless. In dealing with the fundamental problem of a monetary standard, as well as the somewhat more immediate problem of criteria for central bank action, we suffer not from a dearth of proposals but from a multiplicity of proposals and, as I will mention later, from an excess of expectations.

The point here is that no proposal, however rational, has yet been able to persuade the American people. That is why I suspect that the great debate on money, on which we are now launched, must go on a long time before we evolve an acceptable proposal for a general rule of law in monetary matters.

Criteria of a Money Rule of Law

It may be thought that I am unduly severe in suggesting that a satisfactory rule of law in monetary affairs, if it is to be of much use, must have such universal and binding acceptance that it cannot be whimsically or capriciously changed either by central bank or sovereign. It may be thought that I am unduly cynical in suggesting that the world has got to get a lot sicker before a rule of law will have general acceptance. If so, then let me recall to your mind a rather minor matter in which the Federal Reserve System has endeavored to establish something analogous to a rule of law.

You remember that some time ago the System introduced the idea that in the normal course of events it would add to and subtract from the supply of reserve funds in this country by dealing in a near equivalent to money, Government bills. The doctrine became known as "bills usually."

Continued on page 26

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Young Bob Kennedy, Counsel for the Senate Rackets Committee, has certainly got his brother, John, an aspirant for the Presidency, in a stew on labor. Several weeks ago he went on TV, on the show of Jack Parr, and appealed to his listeners to write their Senators and Congressmen, if they wanted to stop the high jinks of the labor leaders and demand legislation at this session of Congress. It so happens that his brother, John, who is a member of the rackets committee, does not want strong legislation. He wants legislation that is fairly satisfactory to organized labor leaders.

Carlisle Bargeron

The Kennedy-Ervin labor bill reported out of the Senate Committee was fairly this type of legislation. Although the labor leaders protested, privately they were well satisfied with it.

But the television audience took young Bob's appeal literally. They have been deluging members of Congress with letters and telegrams demanding strong legislation. One Senator's mail has been running at the rate of 300 communications daily.

As a result, the Senate considerably strengthened the bill but still left it a relatively weak bill. In the House though, the so-called Griffin-Landrum bill which had plenty of teeth in it, came to the front out of three bills before the House. The House passed this bill and it came back to the Senate for concurrence.

It was sent to a conference between House and Senate conferees. There it will be Senator Kennedy's job to try to soften it up. Conservative forces in the Senate tried to have the Senate accept the House bill without sending it to conference, making it fairly plain that they distrusted Senator Kennedy, who is the leading Senate conferee. He finally had to give assurances that he would report back to the Senate by Tuesday if no agreement can be reached by the conferees.

He is be-damned if he does and be-damned if he doesn't. If the Griffin-Landrum bill gets through the Senate or anything like it, young Kennedy's chances with organized labor leaders are nil. And if he doesn't hold on to a strong bill his chances with the general public are nil.

The irony of the situation is that the fact that Senator Kennedy was the author of a labor bill has added to his prestige. Now, regardless of which way he turns he is bound to come out the loser.

Senators who had been working for a strong labor bill were right miffed at young Bob Kennedy's appeal on TV. One Senator, in answering his mail on the subject, said that the Kennedy brothers were the greatest drawback to strong legislation. He suggested that the correspondence be addressed to the Kennedy brothers.

Provisions in the Griffin-Landrum bill that the conservative forces are determined to retain deal with secondary boycotts, racketeering, picketing, and organizational picketing. The union wouldn't be permitted to throw a picket line around a plant whose employees didn't want to belong to a union.

Fears have been expressed that the bill would get bogged down in the conference between House and Senate conferees. Before they let the bill go to conference, however, the conservative Senators exacted a promise from Majority Leader Johnson that there would be labor legislation at this session even if he had to keep Congress in session until next January.

The only uncertainty is just what kind of a labor bill it will be.

Senator Goldwater, of Arizona, is the leading Republican conferee. He expressed confidence that he and Senator Kennedy would be able to agree on a satisfactory bill. He is not in favor of any softness.

J. H. Fall Joins F. S. Moseley & Co.

CHICAGO, Ill. — Joseph Horton Fall III has joined the investment firm of F. S. Moseley & Co., 135 South La Salle Street, it has been announced.

Mr. Fall was formerly associated with Benjamin Electric Manufacturing Company of Des Plaines, Illinois. He served that company for 25 years variously as vice president and general sales manager, treasurer and a director.

W. T. Murphy to be Oscar Gruss Partner

On August 21st Oscar Gruss & Son, 150 Broadway, New York City, members of the New York Stock Exchange, will admit William T. Murphy to partnership.

Harris, Upham to Admit New Partner

Harris, Upham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on September 1 will admit George H. Howard, Jr. to partnership.

Opens New Office

GROSSE POINTE WOODS, Mich. — Smith, Hague & Co., has opened a branch office at 20155 Mack Avenue under the management of Joseph J. Paletta.

New Walston Office

ATLANTIC CITY, N. J. — Walston & Co., Inc., has opened a branch office in the Schwehm Building under the management of Charles J. Dooner.

New Allyn Branch

RICHLAND CENTER, Wis. — A. C. Allyn and Company, Incorporated has opened a branch office in the Farmers and Merchants Bank Building, under the management of Richard E. Escher.

Opens New Branch Office

LOUISIANA, Mo. — Bankers Bond and Securities Co., has opened a branch office in the Bank of Louisiana Building under the direction of I. Francis G. Meyers.

Dealer-Broker Investment Recommendations and Literature

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

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

Capital Gain—List of stocks which appear interesting—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

Chemical & Pharmaceutical Briefs—Data on the industry—Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

Electric Utility Companies — Annual Review — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Fuel Cells—Discussion—National Securities & Research Corporation, 120 Broadway, New York 5, 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.

Local Notes—101st issue of Kentucky review—Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville 2, Ky.

Natural Gas—Bulletin—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

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

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.

Paper Companies—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a discussion of the Market and the Peace Scare, and the August issue of "Market Review" with lists of securities which appear attractive.

Paper Industry—Review—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Alco Products** and **Anaconda Company** and a detailed analysis of **Dana Corporation.**

Public Utilities—Bulletin with particular reference to **Central Illinois Electric & Gas Co., Gas Service Co., Kansas City Power & Light Co., Lone Star Gas Co., Missouri Public Service Co., Northwestern Public Service Co., Southern Union Gas Co., Southwestern Electric Service Co., Southwestern Public Service Co., Texas Utilities Co., Trans Canada Pipe Lines, Western Light & Telephone Co. and Wisconsin Power & Light Co.**—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available is a bulletin on **Avco Corporation.**

Railroad Income Bonds — Comparison — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Special Situations—Bulletin—H. E. Herrman & Company, 52 Wall Street, New York 5, N. Y

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

Alleghany Corp.—Review—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. In the same circular are reviews of **Interstate Engineering, Vanadium Alloys Steel,** and **Western Union Telegraph.** Also available is a memorandum on **H. I. Thompson Fiber Glass Co.**

Allied Laboratories, Inc.—Analysis—Hardy & Co., 30 Broad Street, New York 4, N. Y.

American Enka Corp.—Memorandum—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

American News Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

American Viscose Corp.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Apache Oil Corporation—Review—Paine, Webber, Jackson & Curtis, 209 South La Salle Street, Chicago 4, Ill.

Botany Industries, Inc.—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Brunswick-Balke—Memorandum—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

Du Commun Metals—Bulletin—DeWitt Conklin Organization, 120 Broadway, New York 5, N. Y.

Glide Control Corporation—Analysis—Reilly, Hoffman & Co., Inc., 79 Wall Street, New York 5, N. Y. Also available is a review of **Northeast Metals Industries.**

Grand Union—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Gray Manufacturing Company—Analysis—Parrish & Co., 40 Wall Street, New York 5, N. Y.

Hagan Chemicals & Controls—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available are reports on the **Hobart Manufacturing Company** and **Home Insurance Company.**

Howard Stores Corporation—Circular—A. J. Gabriel Co., Inc., 625 Madison Avenue, New York 22, N. Y.

Montgomery Ward & Co.—Analytical brochure—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

Panellit, Inc.—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Pearson Corp.—Memorandum—R. A. Holman & Co., 54 Wall Street, New York 5, N. Y.

Permanent Filter Corporation—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Pittston Company—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

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

Swift & Company—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Tishman Realty & Construction Co., Inc.—Analysis—Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Wesco Financial Corporation—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Old Furniture as Investment

By ROGER W. BABSON

Publicist points out both advantages and pitfalls in acquiring old furniture. Also analyses inflation-hedging elements in purchase of old books, old glass, jewelry and stamps. Urges confinement to articles whose supply cannot be increased.

Many readers will be visiting their old homesteads during the summer. I urge them to go up into the attic and see what it contains in the way of discarded furniture. There may be something of value which was brought from New England by your grandparents or great-grandparents.

Roger W. Babson

When I first met Miss Helen Temple Cooke she had borrowed $1,000 to start a small private school for girls in Wellesley, Mass., which she named "Dana Hall." Around that time I started a small school for boys in Wellesley. Miss Cooke and I became very good friends, helping each other in many ways. She came to me one day and asked if I had any ideas about investments for a "poor school teacher"! She added that she had been thinking of buying old furniture, of the proper periods, believing that this would gradually become more valuable. I agreed that her plan seemed wise. Thereupon she started to put her savings of a few hundred dollars a year into carefully selected old mahogany furniture secured from old attics, auction rooms, and wherever she could find something which could be properly restored.

Some two years ago Miss Cooke passed on to a better world and left this furniture to Dana Hall (which has become a very well known institution). As the school is now raising money for new buildings, the Trustees have decided to auction off this old furniture and other treasures—for which Dana Hall should get around $100,000.

Stuffed Furniture of No Value

The fact that a thing is old does not necessarily make it valuable. Stuffed furniture—however old—is of little value; old books, in general, sell at auction for perhaps 20¢ each; and old pictures have little value. But if the furniture is made of mahogany and is of the right period, it makes little difference how badly it may be broken. An antique dealer can usually replace a missing part.

Another thing to look for is old glass. Unfortunately, copies have been made by modern glass makers which are now sold in the dime stores. Almost every grandmother, however, has a few pieces of actual Sandwich glass. A set of half a dozen of these goblets should be valuable even if your grandmother is still using them in her kitchen.

Certain kinds of old-fashioned jewelery have a good market, but such items should be appraised by an accredited jeweler. Any diamonds acquired over 50 years ago would have to be recut in order to be salable today. Old gold and silver, however, always have a value, selling by weight. An antique dealer is usually interested also in old broaches even if they did not cost much at the time. Modern costume jewelers have not copied all of these broaches because of the labor involved.

Stamp Collections May Have Value

Many young people collect postage stamps. I saw an album the other day which had only two stamps of any worth out of a collection of five thousand, but these two stamps are valued at several hundred dollars each. Foreign stamps are not often worth much. The World Wars have upset foreign countries; furthermore, some of the newer countries are constantly printing new issues in order to sell them to collectors, and this disturbs the foreign stamp market.

I advise interested young people to confine their collection to U. S. stamps. Old letters found in attics may have some old United States stamps on them that could be sold at a good price to an honest dealer. Probably your public library has a stamp catalogue which will give you a price quotation for each of these U. S. stamps.

What Causes Inflation?

The government can always print more money. Therefore money in the bank or elsewhere is not a good hedge against inflation as it may become slowly but constantly of less value. An inflation hedge should be something whose supply cannot be increased — such as oceanfront property and underground resources. The same principle applies to old mahogany furniture, Sandwich glass, and old U. S. postage stamps. This is a good test to apply when buying anything for your home.

Coming Events

IN INVESTMENT FIELD

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

Sept. 10-11, 1959 (Chicago, Ill.)
Municipal Bond Club of Chicago 23rd Annual Field Day—Sept. 10: Brunch at Welty's Restaurant; luncheon at Chicago Yacht Club; cocktails and dinner at University Club. Sept. 11: Field Day and Outing at Elmhurst Country Club.

Sept. 11, 1959 (Rockford, Ill.)
Rockford Securities Dealers Association annual fling-ding at Mauh-Nah-Tee-See 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.

Public Utility Securities

BY OWEN ELY

Florida Power & Light Company

Florida Power & Light operates mainly along the east coast of Florida (except in Jacksonville and five other municipalities), and also in other areas. It is the largest utility in the State. The tourist trade is of course the major activity along the east coast, and the raising of citrus fruits and vegetables is the principal business in other areas, with light industry now beginning to come into the State. Last year electric revenues were about 47% residential, 38% commercial, 10% industrial and 5% municipal, etc. The peak load occurs in the winter, at about the same time for both the tourist trade and farming.

Residential annual usage is well above the national average—4,207 kwh in 1958 vs. 3,366—despite the fact that residential rates are somewhat higher than the U. S. average. Because of the Florida climate, central residential heating is not as much in vogue as in other parts of the country, and greater use is made of electricity for heating and air-conditioning.

At the end of 1958 the company's generating capacity was 1,483,000 kw compared with a peakload of 1,200,000 kw, indicating a reserve capacity of 24%. Because of the rapid growth, a large percentage of generating facilities has been constructed in recent years. An additional 930,000 kw will be installed during the four years 1959-62, indicating that the company expects its rapid growth to continue.

Florida Power & Light is considered the "premiere" electric utility growth stock, and hence sells currently at around 28 times earnings, based on the recent price of 51 and the earnings of $1.86 for the 12 months ended June 30, 1959. This is probably the highest P-E ratio for any electric utility. The reason is indicated in the table below which shows the uninterrupted increases in revenues, share earnings and dividends in the past decade. Revenues have shown an average yearly gain of 14%, share earnings 13% and dividends 11%. However, for the last five years the rates of gain would be 16%, 18% and 14%. The stock this year sold as high as 55 compared with 5 in 1949 (after adjustment for two 2-for-1 splits)—11 times as much. In 1949 the stock sold for only about nine times earnings—now at 28 times. Thus while share earnings have only increased three or four times, the price-earnings ratio has also tripled and the combination produces the increase of 11 times in price.

Stockholders of Florida Power & Light can well afford to ignore the low yield. Based on the current dividend rate of 82c the yield is only about 1.6% compared with an industry average of about 4.3%. Capital gains have thus far been a very ample reward for low current return.

In spite of the steady increase in share earnings from 52c, in 1948 to $1.86 currently, Florida Power & Light has been able to raise its equity ratio from 29% to 46%. A substantial part of this was accomplished by plowing back over half the earnings, which together with new issues of stock has substantially increased the equity ratio. This gives the company a safety factor—it could omit equity financing for several years (if necessary) which would have a bolstering effect on earnings. The heavy plow-back of share earnings has also increased the adjusted book value from $4.85 in 1949 to $13.76 at the end of 1958. The low payout has been the result of a fixed policy of disbursing in dividends approximately 7% on book value of the common stock.

The company's growth record, probably unequaled elsewhere in the industry (although Florida Power Corp. has been a close runner-up) has been due not only to the steady increase in population and business activity in Florida, but also to a favorable regulatory climate. Years ago the state was not noted for sound regulation; Florida Power Corp., for example, was badly treated by the Pinellas County Board. Since the present State Commission was set up, however, regulation has been on an enlightened basis. The electric utilities have been allowed to adjust their rates automatically for changes in fuel costs; in contrast California utilities, which also enjoyed rapid population growth, have been prohibited from making such adjustments, with the result that improvement in share earnings has been irregular and the utilities have not enjoyed the designation of "growth utilities." As a result the cost of new utility equity capital is now much greater in California than in Florida.

It's true that Florida P. & L. has had to absorb two rate cuts—one in August 1957 of $4.7 million in annual revenue and one of about $2.4 million effective May 26 this year. The latter resulted from a revision of the fuel adjustment clause to adjust for more efficient generating capacity. The Commission has intimated unofficially that it considers a fair return to be in the general neighborhood of 6½ to 7½%, this level being somewhat on the generous side in order to aid the company in financing its very heavy construction program. In other words the Commission wants to be sure that the growth of Florida itself will not be retarded by inadequate power and light facilities. It is to be hoped that this regulatory climate will continue.

			Common Stock Record**						
	Revs. (Mill.)		Share Earnings		—Dividends—		Approx.	Equity	% Earn. on
Year	Amt.	% Incr.	Amt.	% Incr.	Amt.	% Incr.	Range	Ratio	Invest. Cap.
1958	$145	11%	$1.76	13%	$.76	15%	46-27	46%	7.7%
1957	131	19	1.49	15	.66	8	30-23	42	7.8
1956	110	18	1.30	26	.61	17	25-19	38	7.5
1955	93	18	1.03	17	.52	18	20-14	40	7.1
1954	79	13	.88	14	.44	10	15-10	34	6.5
1853	70	15	.77	8	.40	8	10- 8	31	6.5
1952	61	11	.71	13	.37	6	9- 7	33	6.6
1951	55	20	.63	3	.35	9	7- 6	32	6.0
1950	46	15	.61	11	.32	7	6- 5	34	6.8
1949	40	3	.55	6	.30	7	5- 5	32	6.1
1948	39	*	.52	*	.28	*		29	6.6
Average		14%		13%		11%			

*Not calculated. **Adjusted for 2-for-1 split-ups in 1955 and 1959.

Cotton Textile Outlook

By JAMES L. RANKIN*

President, Ewing-Thomas Corp., Chester, Pa.

Textile manufacturer offers an optimistic outlook for the American textile industry. He is bullish for the balance of 1959 and sees no disquieting intimations for the first half of 1960. Mr. Rankin discusses likely price trends for print cloth, finished and gray goods, and doubts any savings resulting from the new, lower price support program will be reflected in price in view of wages and other cost increases. He points out that mill cloth inventories are low compared to last year. Current unfilled orders are much larger than inventories on hand, and that the battle between different fibers is stimulating and has resulted in bringing out better products in many lines.

In preparing for my paper on the theme Textile Highlights, I concluded that I should cover these five subjects on an assembly basis: The Pastore Committee Report; Cotton Price and Loan Supports under the Agricultural Act of 1958; the 1958 Textile Products Identification Law which becomes effective on March 3, 1960; Volume Trends; and Price Trends. A definition of "a good purchase" should always be appropriate in a group of purchasing agents and I make bold to suggest this: "A good purchase is one whereby the buyer acquires a desired commodity of the right type and quality from a dependable seller for a price which shows a reasonable gain to the seller and promises a fair profit to the buyer."

I will use a number of figures which are indicators studied regularly in the textile business.

The Pastore Committee

During the second half of 1958, a special sub-committee of the Senate Committee on Interstate and Foreign Commerce held a series of hearings giving consideration to the factors affecting our textile industry. In February, 1959 the committee, of which Senator John O. Pastore of Rhode Island was Chairman, filed an interesting report with a number of significant recommendations. The committee described the textile industry as being second only to steel as a military necessity, having about 1,000,000 employees during 1957 and showing a sharp drop in mill margins from 54.84¢ per pound in 1947 to 26.95¢ per pound in 1957. During those ten years profits dropped from 8.2% of sales to 1.9%, even though productivity increased from 7.8 yards per manhour to 11.6 yards.

The per capita consumption of all fibers in 1947 was 44.5 pounds; in 1957 it was 36.2 pounds.

Percentagewise, the division in the two years was as follows:

	1947 %	1957 %
Cotton	72.7	65.7
Wool	10.9	6.0
Rayon and Acetate	15.0	19.0
Other man-made fibers	1.0	9.0

From later data I find that the per capita consumption dropped to 34 pounds in 1958 divided among the fibers: Cotton 65.5%; Wool 5.7%; Rayon and Acetate 18.8%; and other man-made fibers 9.8%.

Accurately the report described the industry as being highly competitive, with many firms, governed by governmental controls on minimum wages and the price of cotton and subjected to destructive competition in the form of increasing imports of certain fabrics and apparel from low-wage countries which have been able to purchase cotton at six to eight cents per pound lower than prices paid by the American mills.

The committee urged that production and other statistics be gathered quickly and made available to the public promptly. Current data is a tool that will help in arriving at better decisions governing production in keeping with sales and inventories.

The committee recommended the formation of a permanent inter-agency committee within the Department of Commerce to deal exclusively with textile affairs and to suggest programs; an advisory committee to be appointed by the Secretary of Commerce and to consist of representatives of management, labor and the public at large; and also that at each session Congress should appoint a textile sub-committee within the Inter-state and Foreign Commerce Committee to work in close cooperation with the two other committees. Some weeks ago the first committee was organized and is composed of assistant Secretaries from the Commerce, Agriculture, Defense, Labor, State and Treasury Departments.

In addition, the Pastore Committee recommended more favorable depreciation treatment, the elimination of the two-price system on cotton and relief through changes in tariff and quota laws and regulations.

Cotton Prices and Loan Supports

The Agricultural Act of 1958 is a new approach, combining a purchase program with a loan program for 1959 and 1960. Cotton farmers are given two choices. Those who adopt Choice "A" will produce cotton on their basic acreage allotments and for 1959 will receive price support at 80% of parity, which is estimated to produce between 34¢ and 34½¢ per pound for middling inch cotton.

Farmers who adopt Choice "B" are given the right to increase their basic acreage allotments up to 40% and will have the right to borrow up to 65% of parity, which

Continued on page 10

*An address by Mr. Rankin before the National Association of Purchasing Agents, New York City.

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Cotton Textile Outlook

means about 28½¢ per pound for middling inch cotton.

For 1960 both types of support will be at lower levels.

Choice "A" farmers thus can keep their cotton, *sell* it to the Government, or sell in the open market. They have no right to borrow from the Commodity Credit Corporation.

Farmers in Choice "B" can keep the cotton, *borrow* on it from the Government, or sell in the open market.

The law requires the Commodity Credit Corporation to offer for sale all cotton it owns, including the 1959 purchases, and this must be offered at prices not less than 10% above Choice "B" loan levels which I estimate means a resale price of about 31½¢ per pound for middling inch, to which must be added about 1¾¢ per pound for freight and handling charges, resulting in a delivered cost of 33¢ or higher. For middling 1 1/16 inches the delivered price will likely be 35¢ or more.

It seems reasonable to predict that Choice "B" farmers will expect to sell at this figure or even higher, especially during 1959.

Free Carry-Over of Cotton

The free carry-over of cotton not owned by the Government and in the hands of mills and merchants as of Aug. 1 will almost certainly be less than 1,000,000 bales, contrasted with a long period average free carry-over of about 3,000,000 bales. Generally 1½ million bales is regarded as the minimum free carry-over under which the textile industry can operate. While Aug. 1 is usually regarded as the beginning of the new cotton crop year, as you all probably know, the new cotton crop will not be available in big volume until about October, which means November for the beginning of spinning operations and January for fabrics and apparel made from new cotton. Therefore, cotton prices will probably remain firm for a number of months and it will be early 1960 before we get much benefit in the form of reduced prices. The Cotton Exchange traders seem to feel that 2¢ per pound is the proper differential because July futures currently are selling at about 2¢ per pound above the more distant months.

Because it will give us a larger crop, the new law gives a promise of more of the better grades and longer staples, with a reduction in cost of cotton beginning early in 1960. These two things should make cotton more competitive with the other fibers and inasmuch as the support prices and support loans become progressively lower from year to year, after 1959 the cotton goods manufacturer will have his situation as to prices and margins further improved.

One man fully acquainted with import cotton quotas describes the current situation in these words:

"There is a quota on foreign cotton and once this quota has been filled, no more foreign cotton can come into this country at any price for a period of 12 months.

"While many small cotton producing countries have small quota allowances, amounting to 29,000 bales, the only cotton of any substantial quantity in that group coming in is from Brazil and Mexico and it amounts to about 19,000 bales.

"On the long staple cotton, after eliminating some special harsh cotton that is used with asbestos, the quota is 88,312 bales. At the present time, the entire quota has been oversubscribed for the cotton that is to arrive here and be cleared on Aug. 1. Of this 88,000 bales, 79,000 bales are for long cotton and 9,000 bales are for medium length cotton.

"There is pending before the Tariff Commission a request by the long staple cotton producers to reduce the quota from its present 88,000 bales.

"It is not believed that the Tariff Commission will take any action that would have any bearing on the cotton that is supposed to be cleared through the ports on the first day of August and has already been sold by the foreign governments and purchased by the American shippers or mills.

"Regardless of the size of the production of foreign cotton, regardless of the price of the foreign cotton, the American mills and the American consumers have no interest in it beyond the quotas which are opened up once each year. Once they are filled, if you could buy it at half price *abroad, it would* still do us no good."

It seems to me that the wise decision is to conclude that there will probably be no reduction in the actual cost of cotton during the next few months and that the decrease for the first half of 1960 will be less than many have been figuring.

1958 Textile Products Identification Law

This law becomes effective on March 3, 1960 and on June 1 the Federal Trade Commission issued in final form its rules and regulations. I recommend all purchasing agents study the law and the rules promptly and carefully. In a general way, the law and the regulations require identification of the fiber contents in terms of percentages in most textile fiber products at every point in production with the necessity of attaching labels or tags on the products in the form in which the final consumer purchases the same.

Fiber content tolerances are established as three percentage points in each direction. By way of example: if the label indicates that a particular fiber is present in the amount of 40%, it is permitted to have a variation from 37% to 43% of the total fiber weight. It is necessary to use generic terms. By way of illustration: dacron must now be described as a polyester fiber and acrilan as an acrylic fiber. All of us immediately should begin to think and talk in terms of the new law and regulations and begin now to identify them in their required form in contracts, invoices, advertisements and labels.

The cotton producers and the man-made fiber companies both believe the law will help their favorite fibers. This adds zest to the merry battle between the different segments of the industry.

Under the law imported products must show the country of origin as long as there is no change in form. Fabric must be so identified as long as it remains fabric even though finished in our country. But apparel made here from fabric woven abroad need not show the country of origin of the fabric. This latter ruling has been challenged as being contrary to the intention of Congress.

Volume Trends

There have been increases in the production of most types of textiles in all of the different fibers. In the first 21 weeks of 1959 cotton consumption was about 6% more than the consumption in the first 22 weeks of 1958. If we use 22 weeks in each of the two years, the increase was about 13%. In the first three months of this year man-made fibers consumption increased by 23%; and wool and worsted goods showed the handsome increase of about 44%.

Inventories are low. As contrasted with inventories equal to 72% of unfilled orders in April, 1958, we find that ratio reduced to 27% in April, 1959. In April, 1959 unfilled orders were equal to the full production for 12.6 weeks and the inventories on hand amounted to only 3.4 weeks production, resulting in a difference of 9.2 weeks production — the highest commitment level since January, 1956. Another index is the number of spindle hours of cotton system equipment. During November, 1958 the weekly average was 2,228,000,000 spindle hours. The figures for February and March of this year were about 2,251,000,000 each, but for April they increased to 2,368,000,000, which is about 6% over the operations of November, 1958. Students of the meaning of population changes in the different age groups predict a growing per capita consumption of textiles as the teenagers grow in numbers, a situation now beginning with the large numbers of postwar babies.

I have read with interest a report entitled "Economic Outlook for U. S. Cottons Markets" prepared by Doctor M. A. Horne, Jr. of the National Cotton Council of America. Naturally, Doctor Horne is just a little partial to cotton. He contends that while the man-made fibers prospered during 1957 at the expense of cotton, the situation was somewhat reversed during 1958 and he is optimistic as to cotton for the current year. He is relying in part upon the favorable reception of fabrics using popular wash and wear and no-iron finishes. Doctor Horne points out that while there has been a substantial decline in recent years in the use of cotton for industrial purposes, that loss has been fully made up in the apparel and household markets. He listed the 14 largest industrial uses of cotton in 1958 in this order:

The Largest Industrial Uses of Cotton: 1958

Uses	Bales
Shoes	163,000
Industrial Thread	155,000
Bags	149,000
Automobile Bodies	108,000
Medical Uses	98,000
Tire Cord & Fabric	88,000
Machinery Belts	87,000
Cord & Twine	87,000
Electrical Insulation	85,000
Laundry Uses	66,000
Tarpaulins	55,000
Awnings	52,000
Hose	51,000
Tents	46,000
Total: 14 Uses	1,290,000
25 Other Uses	300,000
Total	1,590,000

The June 8 issue of *Newsweek* tells an interesting story of the big volume of wash and wear and no-iron fabrics and apparel. Starting in a small way only a few years ago, these are now big volume items—some all cotton and some blends of man-made fibers with cotton.

The battle among the different fibers is stimulating and it has given us better products in many lines. I have calculated the division among the fibers during the last four years as follows:

	Percent	Per Capita Pounds
Cotton	66 (steady)	26 to 22
Wool	6 (steady)	2.5 to 1.9
Rayon & Acetate	21 - 19	8.6 to 6.4
Other man-made Fibers	6.5-9.8	2.6 to 3.3

These figures do not tell the whole story because the movement has not been uniform at all points among the different items in each fiber category.

Price Trends

I assume that probably the chief interest in my paper is a discussion as to the likely price trends. While some items still are lower than a few years ago, generally prices are higher and apparently will advance further, especially in finished goods. The law of demand and supply is functioning in its usual way, and there are indications profit margins will continue to expand. I am reliably informed that a considerable volume of grey goods and print cloth has been purchased for delivery during the first half of 1960 at prices about 10% above those which prevailed in the early part of 1958. The mill margins (the difference in the sale price of 20 standard constructions over the cost per pound of the cotton content) in April, 1959 was 27.18¢ as contrasted with 21.74¢ in June of 1958. However, this margin is only about one-half of that which prevailed in 1947. Textile mill products generally sold during 1958 on a profit margin of 1.7% on sales and 3.7% on the net worth of the industry, contrasted with 3.4% on sales and 7.9% on net worth in 1951.

One of my friends has sent me the sales and profit figures of these 11 publicly owned textile mills for 1958: Bates, Burlington, Cannon, Cone, Dan River, Lowenstein, Pepperell, Reeves, Stevens, United Merchants, and West Point.

These show a profit margin of 2.3% on sales and 4.8% on net worth, both much lower than earnings of manufacturers in most other industries. For 1951 these 11 companies showed profits of 7.3% on sales and 12.8% on net worth.

Many believe that increases in wages and other costs will offset any savings in the cost of cotton and hence one safely cannot look for lower prices because of the new Cotton Price Support Program.

As a result of my studies, I have concluded that the task for each of us is to learn all of the facts and factors involved in *the* things that we buy and in *the* things that we sell. The purchasing department is expected to do a perfect job always and to have on hand when needed everything desired by the production departments and top management expects us to have those items on hand in the right quantities and at the right cost. It is easy for me to state the desirable objective; but it is a purchasing job to make the right decisions as to what and when to buy. Definitely as to textiles I am bullish for the balance of 1959 and currently I see nothing that is depressing for the first half of 1960.

Di Fonzo V. P. of Capper & Co.

JERSEY CITY, N. J. — Joseph P. Di Fonzo has been appointed vice president of Capper & Co., 1 Exchange Place. Mr. Di Fonzo has been with the firm for some time as co-manager of the trading department.

Don Glenn has been appointed manager of the Western Stock Trading department.

The firm also announces the expansion of its wire system to John J. Keenan & Co., Inc., of Los Angeles and Investment Bankers of America, Inc., Washington, D. C.

Daiwa Securities Co. Opens New York Office

The Daiwa Securities Co., Ltd., has opened a New York office at 149 Broadway, New York City.

Joseph Diaso Opens

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Joseph M. Diaso is conducting a securities business from offices at 3927 Kerckhoff.

2 With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Christopher M. Haenel and Robert W. Weiss are now affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

London Market Unaffected By Wall Street's Setback

By PAUL EINZIG

British observer reports on London's surprising shrugging-off of the New York stock market's break. Explains the divergent action by yield differential, signifying over-valuation of American equities. Commenting on the factor of possible Cold War thawing, Dr. Einzig states the psychological effect of the public's relief is expected to offset any set-back to armament industries. Also reports substantial opinion holding that a Conservative victory in the autumn election will now entail a further rise in British equities, because of the deflationary policies which it will be necessary to adopt.

LONDON, Eng. — When stockbrokers and their clients in London read in their morning papers on Tuesday August 11 that there was a break in Wall Street on the previous day they feared the worst. It was generally expected that the London Stock Exchange would follow Wall Street's lead. Until then it was precisely the anticipation of that contingency that prevented British equities from getting the full benefit of the improved economic situation and prospects and of the improved domestic and foreign political situation. It was widely believed that a sharp setback in Wall Street was long overdue and that, when it would materialize, it would provoke a corresponding slump in London.

Paul Einzig

To everybody's surprise the London Stock Exchange displayed remarkable resistance to the material and psychological effects of Wall Street's "Black Monday." There was no sign of any heavy selling. Equity prices were marked down, but to nothing like the extent of the previous day's losses in Wall Street. After a weak opening there was a partial recovery. And on the following day when Wall Street became steadier London staged a recovery and for the rest of the week most equities became steady to firm.

Dealers, investors and speculators were greatly relieved to find that the sharp drop in Wall Street on August 10 was not, after all the beginning of a slump. They were, if anything, even more relieved about the evidence of London's ability to resist the adverse influence of a setback in Wall Street. Were it not for the fact that the holiday season is well advanced, the realization that the London Stock Exchange is not, after all, at the mercy of Wall Street trends might have resulted in a noteworthy boom.

The Yield Differential

The main reason for London's capacity to resist adverse influences from Wall Street lies in the discrepancy between yields on British and American equities. The view is gaining ground that since American equities are overvalued compared with British equities a fall in the former need not necessarily be followed by a fall in the latter. The extent of the discrepancy is considerd unjustified, and, it is argued, a fall in Wall Street without a corresponding fall in London merely tends to reduce the existing abnormal disequilibrium.

Nor is British opinion inclined to share Wall Street's expectations of the effect of an improvement in East-West relations on the industrial situation. For one thing it is considered premature to assume that Mr. Khrushchev's impending Washington visit would really produce a noteworthy betterment of the international political situation and would pave the way for large-scale disarmament. But even if this should happen it is not expected to depress equities in the long run. Needless to say industries directly concerned with armament would be affected. But the psychological effect of the relief felt about the mitigation of the cold war would offset, and more than offset, that adverse effect in the long run.

A Minority View

Optimistic views about the prospects in general are not held unanimously, however. A strong minority persists in their view that even a Conservative victory in the autumn election need not necessarily mean a further rise in equities. For, it is feared, once the Government is confirmed in office it would have to devote its attention to the impending inflation. The recently published figures of increased bank lending and instalment financing, together with the deterioration of the balance of payments, are regarded as symptoms which no Government, Tory or Socialist, could afford to ignore. So it is fairly widely believed that the appreciation of British equities in anticipation of a Conservative victory will not be maintained after the achievement of a Conservative victory.

Professional pessimists are inclined to regard with disfavor, even the absence of a rising trend in the cost of living. They argue that rising wages in the absence of rising prices would mean an increase in consumer demand, which again would mean more imports and less exports. The Government's campaign in favor of price cuts is subject therefore to a certain amount of criticism.

Until recently it was the official view of the Treasury that in given circumstances a rise in prices is apt to be disinflationary because it absorbs the surplus purchasing power. This rule was first put forward in public by a junior Treasury Minister, Sir Edward Boyle, three years ago and was subject to sarcastic comment. It came to be known as "Boyle's Law." In fact it was the idea of the Treasury's chief economic advisor, Sir Robert Hall. Those who believe in it must also believe, in order to be consistent, that a decline in prices is inflationary because it releases additional purchasing power.

Prices, Inflation and the Balance Of Payments

Yet if investors had nothing worse to worry about than a paradoxical fear of inflation through a fall in prices they could well afford to depart for their holidays and forget about their investments for the time being. After all, if prices fall British exports will tend to become more competitive. And thanks to the existence of considerable unused producing capacity in a great many industries as a result of automation in recent years, it would be possible to increase the output sufficiently to meet the increased domestic demand and at the same time to increase the exportable surplus.

So there is no real danger of a deterioration of the balance of payments resulting from a fall in prices, and the authorities will be under no necessity to adopt disinflationary measures after the election in order to meet the situation. It is true, the visible balance of payments has grown worse during the last two months. But it would be unwise to attribute this deterioration to the alleged inflationary effects of the absence of a rise in prices.

Garry Riggs Opens

HAMILTON, N. Y. — Garry Riggs is conducting a securities business from offices at 35 Maple Avenue.

J. D. Wade, Jr. Opens

SHREVEPORT, La. — James D. Wade, Jr., is engaging in a securities business from offices at 411 Lake Street.

Three With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Bartlett Burnap, Jack B. Mackey and James L. Ronnow II have joined the staff of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 523 West Sixth Street.

Form Action Securities

Action Securities Co., Inc., has been formed with offices at 350 Broadway, New York City, to engage in a securities business.

Max Allentuck Opens

Max Allentuck is conducting a securities business from offices at 1545 Broadway, New York City.

Capital Sponsors Opens

Capital Sponsors, Inc., has been formed with offices at 15 William Street, New York City, to engage in a securities business.

Supercrete Ltd. Stock Now Being Offered

Straus, Blosser & McDowell headed an underwriting group on August 19 which offered 300,000 shares of Supercrete Ltd. common stock at a price of \$7⅜ per share.

Net proceeds from the sale of 200,000 shares will go to the company and will be applied to the reduction of bank loans; proceeds from the sale of 100,000 shares will go to a stockholder who will purchase from the company a three-year 6% note for a like amount. Outstanding common stock will be increased to 850,247 shares.

Supercrete and its subsidiaries are engaged in the business of manufacturing and distributing readymix concrete and related products. Its selling territory includes southwestern Ontario and southern Manitoba and southern Saskatchewan. Headquarters are at St. Boniface, Man., adjacent to Winnipeg.

Supercrete in 1958 reported net earnings of \$339,065 (Canadian), equal to 58 cents per share of common stock outstanding on Dec. 31, 1958. In recent quarters, the company has been paying stock dividends at the rate of 2% quarterly. The company intends that the August 1959 dividend and the November 1959 dividend, each of 2% in stock, will be combined and will be paid to stockholders in November. Purchasers of the new issue will be entitled to both dividends.

Public and Private Saving Programs Have a Common Interest

By HON. IVY BAKER PRIEST*
Treasurer of the United States, Washington, D. C.

The importance of private insurance, and the government's social security and savings bond program, in a non-inflationary environment is stressed by Mrs. Baker in depicting the joint effort being made to bring greater security to American families. Mrs. Baker finds it paradoxical that many people who save favor spending programs that undermine their investments; stresses the essentiality of thrift and savings to our economy; and reviews the influences that would interfere with growth and prosperity. After summarizing the growing need for capital and calling attention to its only source—i.e., savings—the Treasurer terms it regrettable that some people advocate policies ruinous to savings. In concluding, Mrs. Baker explains why she fears the resumption of inflation, and she strongly urges sound fiscal and monetary policies.

Since its first small beginnings in the field of marine risks, dating back many centuries before Christ, the institution of life insurance has developed ways of meeting the financial burdens associated with many varieties of human risks and occurrences. First came the development—halting but sure—of scientifically based ordinary life insurance. Following on that—again through a slow evolutionary process—came insurance against the costs of disability, sickness, hazardous travel (going full circle back to Phoenician times), loss of a business partner, loss of a family head during the children's minority, loss of income at retirement, to name only a few. Possibly no other private institution in our western world provides a more striking example of growth and adaptation to the changing and highly individual needs of people. Yet insurance services, as they have grown and changed, have never encroached on the freedom of choice of the participants to determine the amount and type of protection best suited to their needs. Starting with protection against a limited and specific risk, life insurance coverage available to private purchasers now has almost the variety of the goods offered in our modern department stores.

Ivy Baker Priest

*From an address by Mrs. Priest on the occasion of Equitable Life Assurance Society's centennial anniversary, New York City, July 28, 1959.

And this again we take for granted as being highly appropriate in a variegated society such as ours, with its many different individual requirements and demands.

It is this concern for the individual and his particular needs which members of totalitarian societies often find it difficult if not impossible to understand.

I know of no better answer to the question which the Russians are fond of putting to American observers than the words of John Winant in the first Annual Report of the Social Security Board, of which he was the original chairman.

After noting that one of the objects of our Constitution is "to secure the blessings of liberty to ourselves and our posterity," Mr. Winant asks:

"But what is security? It is no blessing to be had for the asking. It is no gift of the government through a single legislative act. It is no abstraction too nebulous for definition. Security begins with bread and butter. But a mere subsistence is no security for the American citizen. . . . In positive terms, the security of a people is the sum of the arrangements set up by business, by the government, and by society through which the things we cherish are safeguarded against the hazards we, as individuals, cannot control."

Arthur Altmeyer, the second chairman of the Social Security Board, made this thought even more explicit. "Neither the present law nor any other act of government can make a man 'secure'", he said. "All social legislation can do, or is intended to do, is to furnish the individual a solid footing on which to achieve security for himself."

Behind every one of our great free institutions is the labor of men—to construct, to improve, to change, to build better. We read with repugnance of the pretended efforts of the Soviet authorities—hypocritical though they may be—to hew to every dot and comma of the doctrines as set down by Marx and Lenin.

"Above all," John Winant said in the report to which I referred earlier, "security is not static. The march of the decades brings changed conditions. Old problems have to be freshly stated, established safeguards to be supplanted by new."

The dynamic power of free institutions — their adaptability to changing conditions—are what need stressing, and all the more so because we ourselves so often take these qualities for granted. Our social security system itself, with its careful provision for a minimum coverage which we have determined every citizen should have, simply could not have come into being without the labor of men over two and a half centuries to perfect the scientific basis on which risks can be safely shared.

Joint Enterprise With Government

Because life insurance companies are engaged in a joint enterprise with the Government in bringing greater security to American families, they share with the Government an overwhelming important national objective: the promotion of thrift and savings. Nations of thrifty people in the industrial history of the world have typically been countries noted for growth and progress. Thrifty people are responsible people. They tend to favor sound and responsible Government, sound fiscal policies, and dependable currencies. A thrifty nation may grow even with poor natural resources, but a thrifty people blessed with abundant resources has unbeatable possibilities.

Life insurance companies perform a function essential to our national growth by combining and channeling people's savings to serve active investment needs. Savings do not automatically go into productive investment. They require an intermediary that is skilled in putting savings effectively to work. By facilitating the conversion of savings into productive investment areas, the insurance companies do much to help maintain production, employment and economic growth.

Insurance companies promote thrift and savings by constantly seeking out ways of educating people to the need of providing for the future, presenting the many advantages of thrift, and developing attractive and convenient plans for saving and financial protection.

We at the Treasury are proud of the part played by our Savings Bond program during the 24 years of its existence in promoting thrift and saving in many forms. Year after year, the Treasury has been carrying on the most extensive campaign for saving ever known. Savings bond advertising reaches into every city and village. It goes into the homes, the schools, the factories and offices. It is publicized in magazines and newspapers, on television and radio and on movie screens. This advertising, which enlists the services of many nationally known people, business firms, banks, advertising groups, national and local publications, and thousands of volunteer workers, is provided without cost to the Government as a service in the public interest. It is directed toward making people savings-conscious. It urges regular saving to provide for the future.

Millions of people accomplished their first systematic savings under the Treasury program. To a large proportion of them, savings bonds represented the first securities of any kind that they had ever bought. A great expansion of the program, particularly under the payroll savings plan, contributed substantially to financing the war. Today more than 8 million people employed in industry and Government are saving regularly under the payroll savings and bond-a-month plans, and investment in savings bonds has now reached the total of $50 billion.

With the enlargement of savings opportunities in other forms after the end of World War II, people have increased substantially their savings through private financial institutions. In the past three years, total financial saving of individuals has been at a new peacetime record. Savings bond ownership, however, has declined slightly. This is a trend which the Treasury feels cannot safely be allowed to continue. Savings bonds, we sincerely believe, have a place in the financial program of every American family. President Eisenhower has recently proposed and Secretary Anderson has forcefully presented to the Congress various revisions in savings bonds terms which we feel will bring these securities back to an investment position more nearly in line with other savings outlets. We are hopeful that Congress will act on these proposals in the very near future.

Hindrances to Growth and Prosperity

Since the life insurance industry grows with the nation, and prospers as the nation prospers—since it is essentially an industry that looks far into the future—it is deeply concerned with any influences that would interfere with maximum growth and sustained prosperity.

Foremost among these influences is any threat to the stability of the dollar. It has been argued recently by some, for example, that growth and prosperity can be boosted by a little inflation. Others have taken the position that growth can be helped by more Government spending, regardless of its effect on prices. These people charge that those who insist on a balanced budget and fiscal soundness are too rigidly adhering to old-fashioned concept"—that they are against maximum growth.

I cannot answer this better than in the words of President Eisenhower, who said: "Let us not be misled. A balanced budget and all that it means today in the way of fiscal soundness is a highly positive objective. It is the advocates of unbalanced budgets and deficit spending in our present economic environment who are against rather than for the maintenance of healthy growth in America."

America, today, paradoxically, faces both a future of remarkable promise and an economic challenge of serious import. Economists are virtually unanimous in their appraisal of the "golden 60s" as a period of economic growth and prosperity extending far beyond any present levels of production, employment and economic well-being. The basis for this expected prosperity rests both on the unusually rapid population increase that has already occurred and is continuing, and on our accelerated technological development, which is rapidly bringing new products and more efficent techniques of production and distribution.

Looking a little further into the future, the Secretary of the Treasury recently told the graduating class of the University of Houston: "Within the next twenty-five years we will virtually double the producing capacity of America. We are going to have to create some 35 to 40 million new jobs. We shall need something like one million additional school rooms and 30 million more homes. We shall have to build hundreds of thousands of miles of new highways and thousands of new hospitals, and somehow find room for 60 million more automobiles and trucks. We must develop more than 10 million acres of bare land for homes and streets in our spreading metropolitan areas. The development and conservation of water resources will be a major task, and so will the development of an energy base to meet a demand which may well triple."

This strong outlook is generally held to be clearly foreseeable, and it is widely taken as a basis for business and investment planning. Unfortunately, however, one important ingredient needed to bring this outlook to realization is in real danger of proving inadequate. This is the large volume of investment funds that will be required to build the new plants and equipment and provide the new jobs that will be needed if our economy is to keep fully in step with our growing population and improved technology.

The question must inevitably be raised: From what source are we going to accumulate the necessary capital for a doubling of output over a 25-year period?

Only Savings Can Provide Capital

The answer is clear. The necessary capital can safely come from just one place: savings—the excess of what people earn over what they spend. There is no other acceptable source.

Yet it is a regrettable fact that some few people today are advocating policies that strike at the very heart of the savings process.

Savings built this country. They came first from Europe when our nation was new and had very limited financial resources of its own. Then capital began to be accumulated from industry and trade along the Eastern seaboard—and these funds before long became the basis of America's industrial expansion.

Now, almost every American family is a source of savings and investment funds. According to a recent survey made by the Federal Reserve Board, covering liquid assets only, three-fourths of the spending units covered in the survey had some savings in liquid form and a surprising 20% had liquid assets of $2,000 or more.

Savings habits are indeed deeply ingrained in the American economy. We must recognize, however, that the savings process is not an automatic feature of our type of private enterprise system. As President Eisenhower has emphasized, the decision to put aside funds for future use can only take place in a climate of confidence—confidence in the value of the dollar and confidence in the capacity of our economy for sound and sustained growth.

History has taught that inflation creates an urge to spend, not to save. Evidence appeared during the past year that savers were becoming seriously disturbed over the prospect of further inflation. This was particularly observable in the shift of demand away from bonds and into stocks. Although personal incomes this year are well above those of last year, net financial saving of individuals in the first quarter was no greater than in the recessionary first quarter of 1958.

An Economic Paradox

The life insurance industry, the government and all others concerned with the future of America have a common interest in halting this impairment of confidence in the nation's currency. Fortunately it has not extended to a loss of confidence in savings deposits, annuities, and most other fixed income investments generally. An economic paradox is that many people are continuing to accumulate these dollar investments for spending in the future while favoring and voting for government policies and programs which carry the threat of undermining the value of their investments.

There have been attempts in recent months to minimize the danger of inflation, particularly by those who would increase government spending programs. The fact that prices and living costs have held generally stable over the past year is cited as evidence that the inflationary trend has lost its force.

The basic facts, however, show contrary evidence. They indicate that price inflation is still with us, and that inflationary pressures are continuing.

It may be noted, for example, that although wholesale prices and living costs have leveled out during the past year, both price indexes have topped their former record highs by small margins during this period. More importantly, the apparent stability of the price indexes over the past year has been due almost entirely to excess supplies of farm products. Declining prices of farm products and foods have masked continued advances in other prices. Meanwhile, wage rates in manufacturing industries have continued to rise, and wholesale prices of manufactured products have been increasing noticeably to new highs since last summer. These trends, of course, are later reflected in retail prices.

Nothing to Be Complacent About

Very clearly, there is nothing in this picture to warrant complacency over the inflation outlook. On the contrary, as the life insurance industry has been among the first to recognize, there is a very obvious need for a considered program to reverse the drift toward loss of confidence.

During the past two decades the value of the dollar has fallen by more than 50%; but there is certainly little general understanding of the inflationary dangers resulting from continuing large government deficits.

A sound fiscal program calls particularly for discipline and prudent responsibility in government spending. Spending discipline will mean facing reality in selecting what the nation can afford and what it cannot afford—in deciding between things that are necessary and things that are merely desirable. Not even the most prosperous country can afford at one and the same time everything that seems desirable to every group. A balanced budget requires hard work, under standing and compromise, but it is essential if we are to maintain the flow of savings required for continued sound expansion.

The danger to our economy represented by continued government deficits actually comes about through a very simple process.

When the government spends more than it takes in, it must borrow the difference in order to pay its bills. To the extent that these funds can be obtained only by resorting to borrowing from the commercial banking system, there is real inflationary pressure.

The reason borrowing from commercial banks increases inflationary pressures is that the commercial bank will simply credit the Government on its balance sheet for the amount requested, say, $100 million. It does not switch out of any other investment to make the purchase. As Secretary Anderson has stated, this is in effect like adding $100 million, subject to reserve requirements, to the money supply of the nation without relation to an increase in goods. Borrowing from the pool of investment funds, on the other hand, does not increase the money supply; it makes use of savings accumulations already in existence.

The problem of maintaining and enlarging the proportion of the Federal debt held outside the commercial banking system is not, of course, a simple one. The thrift institutions — life insurance companies, savings banks, pension funds, and so on—are properly conscious of their fiduciary obligations to those whom they serve and they can pursue no course of action that is not consistent with these obligations.

In this area, however, to the extent that our savings institutions as well as individual investors are able to purchase Government securities, they are making a most valuable contribution to sound Government financing. They are helping to protect the value of their dollar and of the dollars of all of us.

Evils of an Inflationary Society

An inflationary society is a disorganized and an inefficient one. It is a very poor base from which to conduct a large-term worldwide struggle against those who would destroy us if they could. It is a particularly poor base from which to meet the strain of a sudden emergency. An indifferent attitude toward imprudent spending and toward other measures that threaten the stability of the dollar could in time destroy the basis of both our economic growth and our national security — the confidence of Americans in the future of this country.

In a free nation, this confidence stems in the last analysis from the actions of individual citizens. It cannot be legislated into existence, nor maintained by Government decree.

One of the most thoroughly American of our nineteenth century writers, Henry David Thoreau, once observed that he felt himself standing at "the meeting of two eternities, the past and future." I was vividly reminded of this observation one morning recently when I was hurrying to keep an appointment in the Department of Commerce Building, just down the street from the Treasury. There in the lobby was the huge clock-like mechanism which ticks off our ever-changing present—recording a birth every $7\frac{1}{2}$ seconds, a death every 20 seconds, the record of immigration and emigration, and finally, as a result of all these, the net increase in our population which is taking place now at the rate of one person every 11 seconds.

I had often glanced at this clock before, but not until then had its symbolism impressed me so deeply. Each generation—as Thoreau's observation serves to remind us—has responsibilities which are uniquely its own. Our young people still in school—the children now being born — will receive their American heritage not as it came down to us, but as we have shaped and changed it by the choices and decisions which we are making or failing to make today.

That is why I feel that occasions like the Equitable Life Assurance Society's centennial anniversary—all too rarely occurring—are of such value. They force us to stop for a moment to appraise the traditions which we cherish from the past, in the light of the problems which we face in the present.

Let us make no mistake about it. Our way of life is on trial, and the choices we make today may determine the course of freedom for many millions of people in the generations to come.

In the troubled reconstruction days toward the end of his life, Ralph Waldo Emerson wrote that what we needed in this country were men and women "of original perception and original action, who can open their eyes wider than to a nationality—namely, to considerations of benefit to the human race . . . ; men of elastic mind, men of moral mind, who can live in the moment and take a step forward."

Men of original perception—men of elastic and moral mind—are not found in a society ruled by tyranny. Their voices are heard only in a climate of freedom. Let us remember George Washington's advice to the new American republic. Liberty and self-government, he said, are "finally staked on the experiment entrusted to the hands of the American people."

With wisdom, with patience, and with self-discipline, we can and I believe that we will make the right choices to insure that freedom will not retreat before the forces of autocracy, but will extend its frontiers until it becomes the birth right of all mankind.

With Zilka, Smither

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Douglas M. Kieft is now affiliated with Zilka, Smither & Co., Inc., 813 Southwest Alder, members of the Pacific Coast Stock Exchange.

Two With Inv. Bankers

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John F. Crawford and Claude M. Mayes have become affiliated with Investment Bankers, Inc., First National Bank Building.

Joins Copley & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Earl S. Boggess is now affiliated with Copley and Company, 818 Seventeenth Street. He was formerly with Hathaway Investment Corp.

Joins Samuel & Engler Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Gordon B. Butler is now affiliated with The Samuel & Engler Company, 16 East Broad Street. He was formerly with Westheimer and Company.

Charles E. Lucke, Jr.

Charles E. Lucke, Jr., partner in Thomas Marsalis & Co., New York City, passed away August 6th.

Anderson Expresses "Grave Concern" On Killing of Bond Interest Ceiling Bill

WASHINGTON — The vote of the House Ways and Means Committee of Aug. 18 turning down for this year at least, Administration's request for the elimination of the long-standing $4\frac{1}{4}\%$ interest rate ceiling on long-term Government Bonds elicited the expression of great concern by Treasury Secretary Robert B. Anderson. Maintaining that this action could bring about a situation generating both the fact and the fear of future inflation, the Secretary pledged that the Administration would continue to seek a solution to the deadlock with the Democratic Congress.

Robert B. Anderson

Secretary Anderson's full statement follows:

"The action of the Ways and Means Committee this morning in connection with the Administration's debt management proposals is a matter of grave concern. The Nation cannot afford to sit idly by at a time of rising levels of business activity and allow a situation to continue in which both the fact and the fear of future inflation can be generated.

"We have tried to make it clear that under present restrictions the Government in the management of the debt can actively contribute to inflationary pressures by being confined to short-term financing, which, the shorter it gets, is more nearly like money.

"We have tried to make it clear that the Government has a dual responsibility for 40 million savings bonds holders. First, we should see to it that they get a fair return on their savings and, second, we should take such actions as will help guarantee their savings against loss in the purchasing power of the invested dollar.

"We have tried to make it clear that vital to the security of the free world is the maintenance of international confidence in our collective resolve to maintain sound financial systems. Because of our position as a leader in this community of nations, many countries hold large dollar deposits with us and have large investments in our securities. They have therefore a real concern in the way in which the United States manages its financial affairs. In asking to have the artificial restrictions removed from our debt management legislation, we seek to assure the people both at home and abroad that we will manage the debt in a way consistent with the preservation of the dollar as an international standard of value.

"The Administration will continue to earnestly urge appropriate action to obtain adequate flexibility in the management of our debt. This is a matter of such great importance as to require the best efforts of all Americans on a bi-partisan and national basis."

Economic Mobilization Planning

By DR. REUBEN E. SLESINGER

Professor of Economics
University of Pittsburgh, Pittsburgh, Pa.

Drawing upon W. W.s I and II experience, Prof. Slesinger reviews what economic mobilization entails in a partially and fully mobilized Economy. He also suggests that the unforeseeable future may require reversing the traditional economic practice of concentrating on the peacetime economic relationships and of treating wars as abnormal in view of the impact of defense economics on fiscal, monetary and international economics. Some of the special factors he believes must be considered are: (1) avoiding waste in procurement; and (2) application of mathematical programming which was begun by the Federal Government in 1948. The economist points up the difficulties in centralized detailed control involving the latest analytical tools and techniques of programming.

The conduct of war requires that certain basic essentials—manpower, capital facilities, producer goods—be withdrawn from their normal civilian uses and be diverted to fulfilling military requirements. Troops must be fed, clothed and equipped. The men and their equipment and supplies that are necessary to conduct a war can come only from the resources of the nation. With the spread of global warfare, especially beginning with World War I, more attention has been given to the economic problems that stem from war, its preparation, prosecution, and repercussions. War is the most disturbing force that interferes with the functioning of any economy. Ocean transportation is interrupted, essential imports either are curtailed or cut off, basic raw materials become scarce, labor is unavailable, and consumer goods are rationed, to mention but a few of the direct economic consequences of war.

Dr. R. E. Slesinger

In order that an economy may endure in spite of these many disturbances, it is necessary that its resources be mobilized for the objective of preserving national security. The mere accumulation of resources, manpower, and financial capacity alone is insufficient. These sources of potential strength require integration, that is, it is necessary that there be effective programming for economic mobilization which may be described as the coordination of the resources — physical, human, financial, and otherwise—of the nation along with its materials, facilities, and wealth for the purposes of national security, both in times of war and peace.

Economic mobilization thus calls for action not only during the stages of armed conflict, but also during the period of defense "build-up" preceding this time and during the reconversion or demobilization period following the cessation of armed hostilities.

The Pressure of Economic Mobilization on the Domestic Economy

What may be achieved by means of economic mobilization at any particular time will be influenced by the degree to which the productive factors of the economy are being utilized. The outer limits to what may be mobilized are set by the available resources of all kinds within the economy. If the economy is not utilizing its resources near the level of full employment the pressure of military requirements will be less than if full employment exists. For example, a very important factor that allowed the United States to expand its military production during the early days of World War II without impairing the overall efficency of the economy was the fact that a considerable segment of the total productive capacity was operating at substantially less than full employment. This made it possible to have both guns and butter. In Germany, on the other hand, there was little excess capacity, and so the domestic economy was forced to sacrifice to a considerably higher degree; hence, guns in lieu of butter.

Until the period following World War II, there had been an inclination in the analysis of economic problems to treat wars as abnormal and to concentrate attention on peacetime economic relationships. However, since the end of World War II, and probably for the unforeseeable future, there would seem to be little reason to follow such an inclination. In fact, the fundamental economic disturbances of today, especially those concerned with monetary and fiscal policy and international economics, are, to a large degree, the direct result of defense economics.

Billions of dollars worth of the national product have been spent for end products which cannot be consumed by the civilian population, and millions of man-hours are assigned to making weapons of war or learning how to handle them. In spite of this,, however, the bulk of the resources of most nations continues to be available to produce and distribute the goods and services needed for "normal" living. The problem is to assure that both of these goals may be achieved, side by side.

The size of the national defense program may be appreciated when it is expressed as a percentage of the gross national product. In the United States, for example, in the early stages of the post World War II "cold war," the defense program cost approximately 10% of the gross national product. This, it should be pointed out, involves the economics of partial and not total mobilization as contrasted with a "hot war" period.

Sooner or later, under conditions of total or partial mobilization, shortages appear in particular materials or components and difficulties arise in maintaining operations without interruption. Attention is focused immediately on the bottlenecks and steps are taken to remedy the situation. An integrated over-all scheduling procedure is not impossible, although this would require a great deal of centralized control. It is somewhat improbable that such centralization would be tolerated in a period of partial defense mobilization such as is characteristic of today, particularly in any free economy. Only in a period of total war might the advantages appear sufficiently strong to offset the drawbacks.

Government in a period of armament production is faced with the tremendous task of guiding industrial mobilization and of wisely allocating the national product between the defense effort and the maintenance of civilian and allied requirements. This is a problem of balancing and apportioning resources between different programs. Immediately problems arise connected with the balancing of various security programs, the coordination between allies, the balance between measures for security and those for national well-being, the allocation of the military portion between combat power in being, and mobilization measures concerned with the allocations among the branches of the Armed Services.

Although many of the economic problems of a mobilization economy are not unlike those of any economy, there are certain special factors that must be considered.

1—Requirements

In order to know what is the scope and content of mobilization it is essential that the requirements be outlined. There will be requirements for raw materials, semi-finished goods, component parts, end products, manpower, facilities, fuel, transportation, and the like.

These needs will reflect the requirements of the military as well as the allied nations. In accepting the military requirements, full cognizance must be given to the fact that a wartime economy requires that certain essential civilian needs also be assured. Thus, during World War II the programming of civilian requirements was made an essential feature of the wartime effort, even in the face of tremendous military necessity.

One of the most difficult requirements problems concerns manpower. Just how many men may be called for the armed forces without stripping the economy of its necessary labor force cannot be answered with dogmatic certainty. Elements of politics also enter to dictate who shall be subjected to military service and who shall be deferred. In the United States, for example, during World War II about 20% of the labor force was in the armed services, about 30% produced goods destined for civilian use, and about 50% was engaged in direct wartime production.

2—Production

Once the requirements for goods have been determined the next problem is producing these goods. Production problems are complicated because of the special nature of military goods. Some of these problems include the production of new items, the use of substitute materials, changed standards and specifications, changed designs, accelerated delivery dates, and scarcities.

Time becomes the keynote in guiding military production. There are countless steps that must be followed before goods that are required are produced. These involve blueprint drawings and designs, manufacturing models, machine tool production, allocation and procurement of necessary materials, management engineering, and finally actual production of the end item. During the World War II, much valuable time was lost in many instances because of a considerable amount of duplication in connection with a number of these steps.

Production also seeks to assure a constant flow of spare parts for those items that are produced. Rapid strides have been made in the use of gages and other precision measuring instruments to help to satisfy the demand for replacement parts. Although differences in machine made items may only be minute, these may be enough to cause the malfunctioning of a strategic piece of military equipment with damaging results.

3—Priorities and Allocations

Ultimately what may be produced is determined by the volume of resources available and the determination of essential civilian needs. When voluntary allocation of materials through the forces of the market does not correspond to what is required for national security some sort of mandatory priorities and allocation system usually is relied upon to divide the available goods among the conflicting requirements.

The experience of most nations, especially the United States, with priorities during World War II revealed a number of difficulties. To begin with, priority preference ratings were given too generously and there were too many classifications of priorities. The original thought was that a series of ratings would indicate the relative priority of different activities and that goods would be allocated accordingly. But it must be remembered that priorities do not produce goods; all that they do is to indicate preference.

4—Procurement

The mission of procurement is to enable the national government to get the materials that are needed when they are needed, at the best price, and of the desired quality. Early during a war, it generally is recognized that centralized procurement not only is essential but also is the most economical method. During wartime, however, procurement may result in some purchases at higher prices because the prime objective of military necessity might force cost considerations into the background.

The procuring authority must devise general regulations that are fair to all types of producers. It may even go so far as to permit some higher prices to marginal producers in order to keep a diversity of supply sources. The high prices act as a subsidy to these producers. Producers above the margin may be given special inducements to encourage them to make necessary expansions.

If extreme caution is not exercised there may be a considerable amount of waste in military procurement. This stems basically from the duplication of procuring authorities and from differences of a minute nature in the design of products. During World War I many wartime contracts called for a cost-plus-percentage-of-the-cost price. Such an arrangement undertook to pay the producer his costs plus an agreed upon percentage of his cost to cover entrepreneurial returns. Such a plan often became uneconomical since it gave no encouragement to efficiency in that a reduction in costs brought with it a reduction in the amount of the "plus" to be added. These contracts aroused considerable public opposition so that they seldom were used during World War II. During that war most of the procuring contracts provided for a negotiated price which was the result of open bidding and negotiation between the government and the producer.

Many additional complicating factors enter the picture. However, an approximation to the real situation may be obtained by means of an "idealized" mathematical or analog model of the economy or of the particular economic sector being studied. In most general terms, the problem is to determine which alternative course of action is most effective relative to the set of pertinent objectives. Consequently, in formulating the problem, a measure of effectiveness must be specified and its suitability must be established.

Applying Mathematical Programming

The model expresses the effectiveness of the system under study as a function of a set of variables at least one of which is subject to control. The general form of such a model might be

$$E = f(x_1, y_1)$$

where E represents the effectiveness of the system, x_1 the variables of the system which are subject to control, and y_1 those variables which are not subject to control. The restrictions on values of the variables may be expressed in a supplementary set of equations and/or inequations. Where a number of activities is to be per-

Continued on page 39

Connecticut Brevities

The Connecticut Bank and Trust Company has announced its intention to build a six and a half million dollar bank and office building in Constitution Plaza, Hartford's downtown redevelopment project. The new building, which will serve as the main office, will enable the bank to consolidate many of its downtown operations.

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The Singer Manufacturing Company of Bridgeport has acquired exclusive rights to manufacture a miniature electronic motion detector. The new unit, to be known as the "Singer Sensor System," will be produced and marketed by the Singer Military Products Division. The compact, inexpensive device, described as a simple radar system, has been tested by a number of government agencies, and will replace electronic detection systems that cost as much as $45,000.

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Stockholders of **Perkin-Elmer Corporation**, Norwalk, recently approved an increase in the authorized common shares to 2,500,000 from 1,000,000 and at the same time approved a two-for-one split in the outstanding shares. The company manufactures infrared and other scientific equipment.

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The **Rogers Corporation** of Rogers has voted a 3% stock dividend on its class B shares, payable Sept 1 to stockholders of record Aug. 27. The class B shares were split seven-for-one in March.

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General Electric, which has spent $27 million in plant expansion in various Connecticut locations since World War II, plans to spend an additional $9 million for this purpose. The company has four plans and seven non-manufacturing facilities in Connecticut, most of which are located in the Bridgeport area. Some 17,000 Connecticut residents are G. E. stockholders.

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Employment at **Kaman Aircraft Corporation,** Bloomfield, is up 50% over a year ago. In June, 1959, the company employed 2,417, a record high, compared with 1,627 at the same time last year. The helicopter manufacturer is still adding to its personnel and expects to reach a peak, based on present contracts, of around 2,600.

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The **Southern New England Telephone Company** has announced plans to sell an unspecified number of shares in order to repay $19 million of temporary loans from American Telephone and Telegraph Co. The new stock will be offered under rights to stockholders. The rights will be issued Sept. 19 and will expire Oct. 9. The price of the new stock and the ratio in which the shares will be offered have not yet been determined.

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The Sikorsky Division of **United Aircraft Corporation** recently signed an agreement to sell three S-61 helicopters to Chicago Helicopter Airways. The 25-passenger sky liner will be powered by three gas turbine engines and have all-weather flight capability. CHA, which has experienced rapid growth since starting passenger service less than three years ago, is the first of the world's four scheduled helicopter airlines to indicate its intention to purchase a three-engine, turbine-powered machine. The initial flight of Sikorsky's new turbocopter is scheduled for next year, and delivery to Chicago is planned for early 1961. The S-61 will carry approximately twice as many passengers as the single-engine, piston-powered aircraft now in use on commercial helicopter lines and will have a speed in excess of 150 miles an hour. Sikorsky is currently producing both single engine and twin engine turbocopters at its Stratford plant.

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The Delta Corporation of Hartford has announced plans for construction of a 55,000 square foot plant on a 23-acre tract in East Granby. Approximately 5,000 square feet of space in the new building will be used for office facilities. The Delta Corporation was organized in 1954 for the manufacture of experimental parts for aircraft and missiles. The firm has 185 employees. The new plant will make it possible to consolidate manufacturing operations conducted now at several different locations.

New Firm Name to be Chaplin McGuiness

PITTSBURGH, Pa. — Effective September 1st the firm name of Chaplin and Company, Peoples Bank Building, members of the New York and Pittsburgh Stock Exchanges, will be changed to Chaplin, McGuiness & Co. J. Mabon Childs and William P. Bohn will become partners in the firm on September 1st.

Edwin R. D. Fox II will acquire a membership in the New York Stock Exchange, and will be admitted to partnership in Chaplin & Company on August 27th. He will make his headquarters at the firms New York office, 40 Wall Street.

Midwest Exchange Member

CHICAGO, Ill. — The Executive Committee of the Midwest Stock Exchange has elected to membership in the Exchange: Carl A. Falk, Kirkpatrick-Pettis Company, Omaha, Nebraska.

Elected Director

Ralph E. Carpenter, Jr., a partner of Reynolds & Co., has been elected a director of International Recreation Corporation and its wholly-owned subsidiary, Freedomland, Inc., it has been announced by Peter DeMet, president.

Joins Burgess & Leith

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — David D. McNeish has become affiliated with Burgess & Leith, 53 State Street, members of the Boston Stock Exchange. He was previously with Schirmer, Atherton & Co.

Securities Salesman's Corner

BY JOHN DUTTON

Some "A. B. C.'s" of Investment Analysis

(ARTICLE I)

Herewith is the first of a series of articles that will be published consecutively each week in the CHRONICLE covering a most important subject. The primary purpose is to furnish the salesman and investor with certain of the basic tools which can be used functionally in the study of the relative attractiveness of various securities and the balance sheet and income items that are pertinent thereto. These articles are not intended to be all inclusive but more as a "Do It Yourself Kit" that can serve as a foundation upon which further study may be accomplished if desired.—Editor

Why Is Internal Analysis of Financial Statements Important?

Regardless of the market action of any particular stock at a given moment, successful investment procedure over the longer term must also encompass the acquisition of sound companies with adequate resources that have access to future resources on a favorable basis, and management that is capable. Both a favorable market climate and a healthy internal operation are necessary if maximum results are to be achieved by the investor.

The internal analysis of balance sheets on a comparative basis covering a period, of at least four years, and a company's income account for the same period, disclose to the trained analyst factors that indicate to a large degree the probabilities of the future regarding the operations of most business enterprises. The extraneous and unpredictable factors limit all analysis of investments, which by its very nature is confined to a study of the past, to that of an inexact science. But even in this area of the study of probabilities the past is many times an indication of the future. For example, a management that is merger minded, or that has fostered the acquisition of additional subsidiaries may be reasonably expected to continue along that same path in the future. On the other hand, a company that has maintained a conservative course and has been backward in meeting growing competition, meanwhile holding its liquid reserves and building such resources to a point proportionately out of line with the needs of the business, can reasonably be expected to continue to do so unless a change in top management at the policy level is effected. The comparative analysis of balance sheets shows the effects of such policies—change is not accomplished unless there is a change of people at the top. These two brief illustrations of the connection between the record of the past as revealed by balance sheet analysis and what the future may portend are so well known they are often taken for granted. As the twig is bent so grows the tree; such is the life of a business as well.

Weaknesses Revealed

An understanding of the balance sheets and the income account on a comparative basis also discloses many weaknesses that can be spotted sometimes a year or more before actual financial difficulty overtakes a company. Overtrading which is a prevalent cause of failure among young and overly ambitous managements can be deteced by any careful reader of the figures as disclosed by the annual reports. Inadequate profit margins can be determined by a study of the income account on a comparative basis, and with other successful competitors in the same field of activity (if you wish to go that far). Inventory turnover that is below the ratio for successful profit making, top heavy current debt and current liabilities that indicate an imbalance between receivables, cash, and inventory, are all visible to the student who takes the time to compare what happened during the last period of the company's business history and that which is now current activity.

In this highly technical field of security analysis, as in any involved endeavor, I concur that a little knowledge is a dangerous thing. However, in this following series of articles it is my hope that the ideas presented will be of such a nature as to allow the non-professional investor and the salesman as well, to use these certain basic fundamentals as a grounding foundation that will enable him to approach the study of investments with more confidence in his own judgment, a better grasp of what to avoid and what to look for in the constant seeking after suitable investment media. For those who are professionals there will be little that is new I am certain. As for other readers who are inclined to go further into this most involved and challenging subject, may the following articles in this series at least pique their curiosity and encourage them to delve further into this rewarding subject.

The man who moves forward and bases his judgment upon a study of all the known available data acts with confidence. His record over the longer term should be superior and it usually is.

Form Draper, Gaither & Anderson on Coast

SAN FRANCISCO, Calif.—Formation of the partnership of Draper, Gaither & Anderson has been announced. The new firm, which is capitalized at $6,000,000, maintains offices in San Francisco and in Palo Alto, California. It will be concerned primarily with investing its funds in western industrial companies.

General partners of the new firm include William H. Draper, Jr., presently retiring Chairman of the Board of the Mexican Light & Power Co., former partner of Dillon, Read & Co., and former Under Secretary of the Army; H. Rowan Gaither, Jr., of New York City, former Ford Foundation Board Chairman, and head of the committee which in 1957 issued the Gaither Report; Frederick L. Anderson of Palo Alto, financier and retired Air Force general; and Laurence G. Duerig, also of Palo Alto, former security analyst and investment counselor. Mr. Draper and Mr. Gaither will shortly be moving to the San Francisco area.

In addition to the above, limited partners, whose participation will be very substantial, will include Lazard Freres & Co., New York investment banking firm; Edward H. Heller and family of San Francisco; and several members of the Rockefeller family.

Samuel K. Phillips, Jr.

PHILADELPHIA, Pa. — Samuel K. Phillips, Jr., a general partner in the investment securities firm of Samuel K. Phillips & Co., passed away August 12th after a short illness.

Mr. Phillips had been active in the investment securities business for the past 30 years. He had been associated with Samuel K. Phillips & Co., since 1930 and a general partner in the firm since 1939.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The demand for Governments appears to have expanded in a limited way, mainly because of the purchases which are being made of the 4¾% obligations, especially the 1964 maturity. The yield on the latter's issue has declined steadily since its issuance and is now very materially below the coupon rate. The 4¾% issue of 8/15/60 has also been well bought, with a premium also being shown for this obligation. However, in the case of the 1960 security the demand has been mostly institutional.

Higher Interest Rates Envisaged

The big concern of the money market now is the trend of interest rates that will be witnessed this Fall and Winter. The opinions appear to be very strong among some money market specialists that with the settlement of the steel strike in the near future, interest rates should continue up, with an increase in the prime bank rate and the discount rate not to be unexpected.

Last week the Treasury completed its Summer new money raising when $1 billion of 258-day tax anticipation bills were sold at auction at an average interest cost of 3.719%. These new bills were an addition to the 258-day tax anticipation bills which were used to borrow $3 billion early in July. At that time the interest cost to the Treasury was 4.075%. The lower interest rate for the Treasury in its last offering of tax anticipation bills reflects the better demand for short-term securities.

It is the opinion of most money market specialists that the steel strike is responsible in no small way for the ease which has been evident in the near-term sector of the Government market. Also, this condition is expected to continue as long as the disagreement between the steel companies and labor goes on. According to all indications there are no signs yet of a new contract being worked out, in spite of the meetings that are being held between the lower echelon of the parties concerned.

4¾s of 1964 Command Premium

The Government list as a whole has been moving within a restricted range, and not an unimportant part of this volume and activity can be attributed to professional operations. The 4¾% note due 1964 has been pretty much of an issue all by itself, apart from the market as a whole, since there has been some real investment interest in this obligation from both large and small buyers. It is reported that the bulk of the recent buying in this security has come in small lots, indicating that funds have been switched from other obligations into the 1964 maturity by those that are attracted by the high yield. There is evidence that much of this money has come from savings bank accounts as well as from the stock market.

The fact that the 4¾s of 1964 are selling at a premium above the issue price of 100 proves that there is a demand for a Government issue which has a yield that will meet the needs of investors. Although this note does not quite run for five years, it is not too far away from that five year non-call feature which most institutions demand before they will think of making commitments in most corporate bonds.

Issue Attractive to Institutional Investors

To be sure, the current price of the 4¾s of 1964 gives a yield which is quite a bit under that which was available when the issue was first offered, but it still is nonetheless one of the best returns which is obtainable in the note classification of Government securities. Also, an institution that is interested in the five-year non-call feature can still make purchases of the long 4¾s, and have at the same time the best grade obligation that is available.

Some institutions, on the other hand, have been making not too sizable purchases of the 2⅝s due 1965, which can be obtained at a considerable discount while at the same time the yield to maturity is comparable to that available in the 4¾s of 1964. The after tax return on the 2⅝s of 1965 is much better than that which is obtainable in the long 4¾% note.

Proposed Increase in Rate Ceiling Pigeonholed

The question of raising the present 4¼% interest rate on Treasury issues maturing in excess of five years became academic, for this year at least, as a result of the action of the House Ways and Means Committee on Aug. 18. The Committee approved a motion to shelve the subject until next year.

Representative Frank Ikard, (D., Tex.), who made the motion, said he had become convinced since last week's tentative vote by the Committee in favor of a bill that opposition in Congress was too great and that what might happen to the bill as it went through Congress was likely to cause more confusion in the markets than the committee decision to put off action until 1960.

Renshaw Inv. Co. Opens

DETROIT, Mich. — Renshaw Investment Co. has been formed with offices in the Buhl Building to engage in a securities business. Officers are Thomas H. J. Renshaw, president and treasurer; E. G. Renshaw, vice president; and Dennis A. Darin, Jr., secretary.

Now Corporation

WASHINGTON, D. C. — E. L. Wolf Associates, 1511 K Street, N. W., is continuing its investment business as a corporation, E. L. Wolf Associates, Inc. Officers are Emanuel Wolf, President and Treasurer; David Wolf, Vice-President; A. R. Schlakman, Secretary; and B. J. Black, Assistant Treasurer.

H. C. Hudgins Opens

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — H. C. Hudgins & Co., has been formed with offices at 239 A Street to engage in a securities business. Partners are Herbert C. Hudgins, general partners, and John C. Abels, Jr. and Ethel M. Hervey, limited partners.

H. C. Watson Forms Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Hugh C. Watson is engaging in a securities business from offices at 6462 West 85th Place under the firm name of Hugh C. Watson & Co. He has recently been with Christensen & Co.

Walter Kennedy with H. Hentz & Co.

Walter V. Kennedy has become associated with H. Hentz & Co., 72 Wall Street, New York City, members of the New York Stock Exchange, as sales manager of the institutional department.

Walter V. Kennedy

Mr. Kennedy was formerly an officer of Coffin & Burr Incorporated in charge of the corporation bond department of the New York office.

First Philadelphia Opens in New York

First Philadelphia Corporation announces the opening of offices at 40 Exchange Place, New York City, to provide an underwriting and wholesaling dealer service, specializing in new security issues.

Among the principals are Alvin Abrams, who will be in charge of underwriting activities, and Dougald C. White who will handle the dealer relations department. Mr. Abrams, author of "Arbitrage in Taxes and Securities," is President of Arbitrage Investors. He was formerly with Hardy & Co. as an analyst working on a special situations. Mr. White was formerly a department manager with Granbery, Marache & Co. and has acted as wholesale representative for pioneer Fund.

Formation of the new firm was previously reported in the "Chronicle" of July 2.

Golkin, Bomback Co. Formed: SE Member

Dissolution of the investment firm of Golkin & Co. and the formation of Golkin, Bomback & Co., members of the New York Stock Exchange, have been announced. Headquarters of the firm will continue at 25 Broad Street, New York.

General partners in the newly organized firm are Milton J. Bomback, Saul Golkin, George J. Golkin and James G. Burke. C. V. Converse is manager of the Allentown, Pa., branch office.

Lester Grant Forms Inv. Co. in Oakland

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Lester Grant & Co. has been formed with offices in the Central Building to engage in a securities business. Lester M. Grant is president of the new firm. He was formerly president of Grant, Fontaine & Co.

With Loewi & Co.

MILWAUKEE, Wis. — Donald F. Schmidt has joined Loewi & Co., Incorporated in the firm's Mayfair Office as a registered representative.

Immediately prior to joining Loewi & Co., Mr. Schmidt, a 1951 Business Administration graduate of Carroll College, was associated with the Musical Isle Record Co., Milwaukee, as Sales Manager. Previously, Mr. Schmidt was employed by Remington Rand, Milwaukee, and the Guaranty Trust Co., of New York.

Roy E. Bard

Roy E. Bard, partner in Shearson, Hammill & Co., New York City, passed away August 10th.

The Market...and You

BY WALLACE STREETE

Stocks continued to grope for a support area on the downside this week as the selling that had killed off the summer rally a week ago flared up again.

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There was little in the news to account for the new pressure which, however, was not unexpected since last week's rebound had seen volume drop to the lowest level in well over a year, an unfavorable technical sign.

Caution the Keynote

Caution was the keynote and it didn't take much in the way of liquidation to depress prices. In the process the industrial average fell well under the low of the previous squall. Rails were little help since their average was also drifting downward without any sign yet that a floor has been reached.

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Utilities had some occasional strength as the cautious investors moved into this section which is traditionally the defensive one, but the overall pressure kept the group from perking up more than momentarily.

An Epochal Dividend Omission

United Fruit which had seen its high investment standing a bit tarnished when the first 1959 payment was trimmed, was a definite chill to the quality section when a plunge in earnings forced omission of its quarterly payment at this week's dividend meeting. It ended a 60-year string of uninterrupted quarterly payments.

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Motors followed the general market but were quiet since it will be some time before the new models are introduced and the extent of public acceptance gauged, particularly in the compact cars that the Big Three are set to offer. A jarring note for the motors were estimates of Cadillac officials that their new models would be only a token showing for dealers unless the steel strike was settled speedily.

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The strike showed no such signs and labor unrest in the copper and aluminum businesses also contributed some more caution to the stock market. If the labor tieups persist past Labor Day, the usual sturdy fall rebound in business will be snuffed out importantly, and the stock market is not noted for making important progress when there is industrial chaos around.

Some "Black Ink" Steel Companies

Steel stocks themselves were following a restrained course, particularly those where operations aren't completely closed down. National Steel was able to buck down markets after the company indicated that enough of its operations were continuing full blast to keep the company in the profit column for the third quarter. Armco, which also operates a large part of its facilities through strikes, was buoyant for the most. Both have important facilities manned by independent unions.

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The high yield in the specialty steel section is Keystone Steel & Wire which is a name not bandied about much and consequently not too-well known by investors. The stock so far this year has yet to carve out a range of as much as a dozen points and has offered at recent levels a yield of as much as 4%.

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Keystone is also working busily since its labor contract with an independent union doesn't expire until early next year. For the fiscal year that covered the first half of the 1959 calendar year, the company showed a fat increase in earnings and with its operations running close to capacity, results in the current fiscal year are destined to post a new record well ahead of the $5.38 peak of 1956. The profit for the fiscal 1959 year was $4.84.

Diversifying From Coal

Coal companies occasionally come in for comment by market students both because they have had little in the way of excessive price action and some have succeeded in diversifying to where it is moot whether they are correctly called coal companies these days. Pittston, for instance, has spread around in other fields to where only a little more than a quarter of sales and only half of profits are dependent on the coal business.

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And this is the extent of diversification of a company that has stood out as one of the most efficient coal miners. Pittston's other revenue currently comes from transportation and warehousing services and distributing oil products with smaller interests in natural gas and timber. The stock has been a bit laggard since the steel strike began because it produces a good percentage of metallurgical coal, but its diversification, including acquisition of Brink's, the armored car company, shores profits up well. The company pays cash-plus-stock, so the cash yield is low, under 2% recently. Its 5% stock payment, however, changes the situation drastically and has been in effect since 1955. With the earnings rebound reported so far this year, the same payments are virtually certain to be retained.

Copper Cos. Hedged Abroad

Copper refineries have been having strike troubles, so far on a spotty basis since contracts are only now expiring officially. Here, as in the steels, there are hedge items that can keep a good part of their operations going through any shutdown of the domestic industry. Anaconda gets the bulk of its production from Chile and the contracts in force there don't expire until next year.

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The strike threat has brought firmness for a change in the price of the red metal which is a new note of strength in this gyrating commodity. So Anaconda's position is a favored one, what with price strength and continued operations in South America apparently able to offset the effects of any shutdowns of facilities in this country. The fact that the indicated dividend was covered and more by earnings of the half year alone makes the issue something of a candidate for dividend improvement eventually. The first half earnings, incidentally, were triple the results of the similar period last year.

Favorable Aspects of the Oils

Oils were subdued once more after recently showing signs of stirring when first half earnings showed general improvement over last year in the nature of 25%. This has occurred despite some troubles that still harass the industry. The continued whittling of investment company holdings of oil stocks is considered favorable since the heavy concentration in such stocks in recent years had kept the funds out of the oil section of the market. The oils also are favored in that their labor costs are low and any inflationary aspects of a steel strike settlement will be minor to them. They also offer some of the better yields available for quality issues, running to as much as 5% in Sinclair and well past 4% in such an investment favorite as Standard Oil of Jersey.

[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.]

Extrudo-Film Corp. Stock Being Offered

An underwriting group headed by Maltz, Greenwald & Co., on August 18, offering publicly 175,000 shares of common stock of Extrudo-Film Corp., at $3 per share.

The company manufactures polyethylene film which it now produces at an approximate rate of 6,000,000 pounds a year. This film is made in various widths and gages and is offered either as tubing or flat sheeting. Both types are subsequently processed by customers on high speed converting machinery for use as consumer and industrial packaging.

Proceeds from the sale of the stock will be used by the company for the purchase and rental of machinery and equipment for a new plant at Pottsville, Pennsylvania, for the installation of bulk handling facilities there, and for the payment of certain indebtedness. The balance of the proceeds will be added to general corporate funds.

Upon completion of the offering, the company will have outstanding 500,000 shares of common stock.

To Be General Partner

On September 1st Francis Kernan will become a general partner in White, Weld & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, and will cease to be a limited partner.

Colo. Fuel & Iron Corp. Private Placement

The Colorado Fuel & Iron Corp. announced on August 17 that it placed privately $40,000,000 of 5¾% first mortgage and collateral trust sinking fund bonds due 1979 and that $20,000,000 first mortgage and collateral trust bonds 5% sinking fund series due 1971 have been issued in exchange for a like amount of outstanding first mortgage and collateral trust twenty-year sinking fund 4¼% bonds due 1971. Allen & Co., negotiated for the corporation the agreements relating to the private placement and the exchange of the bonds.

Proceeds from the placement of the $40,000,000 of 5¾% bonds will be used by Corporation to finance a program of plant expansion and modernization and to simplify the corporation's debt structure.

Form Atlantic Secs. Corp.

WASHINGTON, D. C.—Atlantic Securities Corporation has been formed with offices at 1010 Vermont Avenue, N. W., to engage in a securities business. Officers are Harry I. Barnett, president and Orie Seltzer, secretary and treasurer.

Sol Goldstone Opens

HICKSVILLE, N. Y. — Sol Goldstone is engaging in a securities business from offices at 15 Sleepy Lane under the firm name of S. Goldstone Investments.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Approval was given to Certificate of Increase of Capital Stock from $4,949,000 consisting of 49,490 shares of the par value of $100 each, to $5,472,100 consisting of 54,721 shares of the same par value, of the **J. Henry Schroder Banking Corporation, New York, N. Y.**

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Following a meeting of the Board of Trustees of **The Kings County Savings Bank, Brooklyn, N. Y.**, President Charles D. Behrens announced the election of Frederick H. Quell as a new Member.

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Application, dated Aug. 6, for approval of change of name from **The Citizens Bank of Arcade, N.Y. to The Citizens Central Bank, N. Y.** was filed.

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A merger of the **First Camden National Bank & Trust Co., Camden, N. J.** and the **First National Bank of Collingswood, West Collingswood, N. J.**, has been approved by the Directors and is to be voted upon by shareholders of both Banks. Under the merger, Collingswood shareholders would get one and one-half First Camden shares for every one they held.

Total resources of First Camden as of June 30 were $7,797,097.

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The First Camden National Bank and Trust Company, Camden, New Jersey, increased its common capital stock by a stock dividend from $2,500,000 to $2,625,000, effective Aug. 4. (Number of shares outstanding — 420,000 shares—par value $6.25).

* * *

By a stock dividend, effective Aug. 7, the **Edgewater National Bank, Edgewater, New Jersey**, increased its common capital stock from $50,000 to $250,000. (Number of shares outstanding—5,000 shares, par value $50).

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Western Pennsylvania National Bank Aug. 19 announced opening dates for its 18th, 19th and 20th community offices. They will be dedicated within a one-month period starting Aug. 22.

First of the three to be dedicated will be the new facility at New Eagle (Monongahela) on Aug. 22.

On Sept. 11, the bank's new office at the Great Valley Shopping Mart will be dedicated; and on Sept. 19, WPNB will open the new Drive-Thru Bank in McKeesport at the corner of Walnut Street and Sixth Ave.

* * *

President Francis H. Beam of the **National City Bank, Cleveland, Ohio**, announced two officer promotions Aug. 12.

John L. Squire, Assistant Vice-President in the International Banking Division, was named Vice-President in charge of that division, and William G. Lambacher was raised from Assistant Manager to Manager of the Bank's Rocky River Office. He succeeds Ben McEnteer who has accepted a position as Vice-President of the **Titusville Trust Company, Titusville, Pa.**

* * *

The Citizens National Bank of Sidney, Sidney, Ohio, with common stock of $250,000, consolidated with the **First National Bank of Jackson Center, Jackson Center, Ohio**, with common stock of $100,000, effective July 31 under the charter of the Sidney Bank and the title **The Citizens Baughman National Bank of Sidney**, with capital stock of $460,000, divided into 46,000 shares of common stock of the par value of $10 each.

* * *

American Fletcher National Bank and Trust Company, Indianapolis, Ind., with common stock of $5,000,000 and the **Fidelity Bank & Trust Company, Indianapolis, Ind.**, with common stock of $2,568,750 consolidated July 31, 1959 under the charter and title of **American Fletcher National Bank and Trust Company**, with capital stock of $6,798,120, divided into 679,812 shares of common stock of the par value of $10 each.

* * *

The Buena Vista National Bank of Chester, Ill., increased its common capital stock by the sale of new stock to $200,000 from $100,000, as of Aug. 10. (Number of shares outstanding — 4,000 shares, par value $50).

* * *

Rodney O. Daly has been elected a Vice-President of the **American National Bank and Trust Co. of Chicago, Ill.**, it was announced by Lawrence F. Stern, Chairman, on Aug. 12.

Mr. Daly has been with the bank since 1958.

* * *

The Manufacturers National Bank of Detroit, Mich., opened on Aug. 10 its 39th office in temporary quarters at 1012-16 North Hunter Boulevard, Bloomfield Township, according to an announcement by Arthur J. Fushman, President.

* * *

The Third Northwestern National Bank of Minneapolis, Minn., as of Aug. 14, increased its common capital stock from $350,000 to $450,000, by the sale of new stock. (Number of shares outstanding—4,500 shares, par value $100).

* * *

John W. Hunt, Assistant Vice-President of the **Midland National Bank of Minneapolis, Minn.**, was named Vice-President.

* * *

By a stock dividend, the **Fourth National Bank in Wichita, Kans.**, increased its common capital stock from $5,000,000 to $6,000,000, effective Aug. 5. (Number of shares outstanding — 600,000 shares, par value $10).

* * *

The Commercial Bank, Waynoka, Okla., was placed in voluntary liquidation and succeeded by **First State Bank, Waynoka, Okla.**, effective July 20.

* * *

The National Bank of Commerce of Gastonia, N. C., increased its common capital stock from $300,000 to $400,000 by the sale of new stock and from $400,000 to $500,000 by a stock dividend, effective Aug. 7. (Number of shares outstanding — 100,000 shares, par value $5).

* * *

The First National Bank of South Carolina, of Columbia, S. C., increased its common capital stock from $1,650,000 to $1,800,000 by the sale of new stock, effective Aug. 14. (Number of shares outstanding + 180,000 shares, par value $10).

* * *

William G. De Witt, Vice-President of **Chemical Corn Exchange Bank, New York, N. Y.**, on Aug. 13 was elected a Director and President of **The First National Bank in St. Petersburg, Fla.** J. W. Walter also was elected to the Board. It was announced that Mr. De Witt would assume his new post at the early convenience of Chemical Corn Exchange Bank where he has been Vice-President since 1946.

Mr. De Witt began has career with the **Tennessee National Bank, Johnson City, Tennessee**, in 1922, transfered to the **State Planters Bank of Commerce, Richmond, Va.**, in 1923 and has been with Chemical Corn Exchange Bank since 1924. He became Assistant Vice-President of Chemical in 1939 and Vice-President seven years later.

* * *

The First National Bank of Tuscaloosa, Tuscaloosa, Ala., increased its common capital stock by the sale of new stock from $1,000,000 to $1,100,000, effective Aug. 7. (Number of shares outstanding — 220,000 shares, par value $5).

* * *

Ben H. Carpenter, on Aug. 11 was elected a Director of the **Republic National Bank of Dallas, Texas**, it was announced by Karl Hoblitzelle, Chairman of the Board.

* * *

The First National Bank of Arizona, Phoenix, Ariz., increased its common capital stock from $9,660,000 to $10,143,000, effective Aug. 12, by the sale of new stock. (Number of shares outstanding—1,014,300, par value $10).

* * *

By a stock dividend, the **Citizens National Bank, Los Angeles, California**, increased its common capital stock from $10,500,000 to $12,600,000, effective Aug. 6. (Number of shares outstanding—1,260,000 shares, par value $10).

* * *

Formal approval by the Boards of Directors of **Crocker-Anglo National Bank, San Francisco, Calif., The First National Bank of Monterey, Calif., The Bank of Carmel, Calif.**, and **The First National Bank of Pacific Grove, Calif.**, of the merger in which the three latter banking institutions would merge into and become part of Crocker-Anglo was announced jointly on Aug. 12 by Paul E. Hoover, President of Crocker-Anglo National Bank, and T. A. Work, Chairman of the Board of the three Monterey Peninsula Banks.

The proposed merger is now contingent upon approval by the respective shareholders and consent of supervisory authorities. Separate special meetings of the shareholders of all banks concerned will be held in the near future for the purpose of considering and acting on the merger plan.

Deposits of the three Monterey Peninsula institutions would increase by approximately $27,500,000 Crocker-Anglo's total deposits of more than $1,500,000,000; their combined assets in excess of $29,500,000 would be added to Crocker-Anglo's assets of more than $1,750,000,000; and a total of almost $2,000,000 would be joined to Crocker-Anglo's more than $120,000,000 in capital accounts.

The First National Bank of Monterey was established early in 1904. Robert McKever, Jr., is its President. The Bank of Carmel, a state institution, was founded in 1923 and currently has A. G. E. Hanke as its President. R. H. Partridge is President of The First National Bank of Pacific Grove, which began operations in 1929.

* * *

Bank of Hawaii, Honolulu, Hawaii, share-owners on Aug. 6, approved an increase in the authorized capital stock of Bank of Hawaii from 343,750 shares ($20 par value) to 500,000 shares. This lifted the authorized capital stock from $6,875,000 to $10,000,000.

The share-owners further authorized the Board of Directors to provide for issuance from time to time of any or all of the additional 156,250 shares of newly authorized capital stock of the bank either for cash or as and for a stock dividend or dividends or both for cash and as stock dividends.

At a Board of Directors meeting following the share-owners meeting, the Board authorized a subscription offering of stock to share-owners of record as of Aug. 14, 1959 on the basis of one new share for each ten shares owned by the share-owners. It authorized a $60 subscription price for the new shares. Warrants for subscription rights for the new shares will be mailed about Aug. 19 and subscription rights will expire at 12 Noon on Sept. 15, 1959.

Board of Directors also authorized the increase of the quarterly dividend rate from 55c to 60c per share payable on Sept. 8, 1959 to stock of record as of Aug. 28. (New shares will not participate in the Sept. 8 dividend).

Hornblower, Weeks Adds

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Clifford F. Green has been added to the staff of Hornblower & Weeks, 300 Main Street.

Two With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Arnold B. Goldstein and Michael J. Kosowan have joined the staff of Keller Brothers Securities Co., Inc., Zero Court Street.

Amer. & Foreign Debentures Quickly Oversubscribed

The First Boston Corp., and Lazard Freres & Co. are joint managers of the group which offered on Aug. 18 an issue of $15,000,000 6% convertible junior debentures, due 1984, at 100%. This offering was oversubscribed.

The debentures are convertible into common stock of the company, unless previously redeemed, at a conversion price of $16 per share from Dec. 1, 1959 through the opening of business on Dec. 1, 1969 and at $18.50 per share thereafter. They are not redeemable prior to Aug. 1, 1961, and, subject to certain qualifications, are not refundable at an interest cost of less than 6% prior to Aug. 1, 1964. Otherwise, they are redeemable at the option of the company at a redemption price of 105% from Aug. 1, 1961 through July 31, 1964 and at prices declining thereafter to 100% on or after Aug. 1, 1968.

Of the net proceeds, $10,000,000 will be used to repay outstanding bank loans, and the balance will be available for general corporate purposes, including investment in subsidiary companies to aid in financing their construction programs.

The company has paid dividends on its common stock since 1952; in 1958 they amounted to $1 per share. For the first six months of 1959, the company paid two quarterly dividends of 25c per share.

The principal business of American & Foreign Power's operating subsidiaries is the production, transmission, distribution and sale of electric energy in 10 Latin-American countries where the subsidiaries serve 1,215 communities in an area having a population of over 20 million.

For the 12 months ended March 31, 1959, consolidated operating revenues amounted to $210,795,000 and consolidated net income to $14,046,000 compared with $207,104,000 and $14,076,000 for the calendar year 1958. Corporate net income amounted to $12,492,000 and $12,553,000 for these periods.

Giving effect to the sale of the convertible junior debentures, consolidated capitalization of the company at Dec. 31, 1958 amounted to: $365,229,000 in long-term debt; $59,023,000 in public equity in capital stocks of subsidiaries; and 7,312,306 shares of common stock, no par value, amounting to $286,229,000.

Now With Lester Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John L. Liddle is now with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with Walston & Co., Inc. and Dempsey-Tegeler & Co.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Daniel W. Woolley has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith, Inc., 523 West Sixth Street. He was previously with Kidder, Peabody & Co.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Stella Falkine has joined the staff of Walston & Co. Inc., 550 South Spring Street.

Joins Grant Fontaine

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Douglas Garrett has become affiliated with Grant, Fontaine & Co., 360 Twenty-first Street. He was formerly with Reynolds & Co.

Chicago Bond Club to Hear Godfrey Schmidt

CHICAGO, Ill. — There will be a luncheon meeting of the Bond Club of Chicago, Thursday, August 20, 1959, at 12:15 P.M., in the Red Lacquer Room of the Palmer House.

Guest Speaker will be Godfrey P. Schmidt, whose subject will be "The Incipient American Fascism." Mr. Schmidt served as counsel for some of the rank and file members of the Teamsters Union at the last election of officers for this organization, which was held in October, 1957. In January 1958 he was appointed by a Federal District Court as one of a three-man board of monitors, who were responsible to the court in watching over the activities of the officers of the Teamsters Union.

Reservations should be made with Elmer G. Hassman, of A. G. Becker & Co., Incorporated. The tariff $4.50 per person.

Eagle Food Centers, Inc. Stock Being Offered

Offering of 188,500 shares of $2.50 par value common stock of Eagle Food Centers, Inc. was made on Aug. 19 at $17.50 per share. Of the total offering, 168,500 shares are being offered publicly by an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith, Inc. and 20,000 shares are being offered by Eagle Food Centers to employees. Any of the shares not purchased by employees by 3 p.m. CDST on Aug. 19, 1959 will be purchased by the underwriters.

The company will receive proceeds from the sale of 160,000 of these shares; 28,500 shares are being sold for the account of selling stockholders. The company will use these funds to redeem all of the preferred stock of a subsidiary (which will then be wholly-owned); to pay oustanding 6% subordinated notes; to purchase equipment in four stores leased from G & W Realty, Inc.; and to pay off chattel mortgages on equipment in five other stores. The balance will be added to general funds to meet, in part, expenses of opening six new super markets in 1960.

Outstanding capitalization, upon completion of this financing will consist of $684,000 of 6% subordinated notes; 209,431 shares of $2.50 par value common stock and 444,903 shares of $2.50 par value Class B common stock.

The company operates a chain of 30 super markets, 18 of which are located in the "Quad-City" area (Davenport, Iowa, and Rock Island, Moline and East Moline, Ill., plus adjoining communities). Ten super markets are operated in various eastern Iowa cities within 165 miles of the Quad-City area. Two super markets have been opened within the past year in the Chicago area, also approximately 165 miles from the Quad-Cities. In the past five years the company has opened ten stores and completely remodeled five additional stores.

Now State Securities

NEWARK, N. J. — The firm name of Investors Trading Corporation, 24 Commerce Street has been changed to State Securities Corporation.

In Securities Business

NORFOLK, Va. — Kaufman Bros. Co., is conducting a securities business from offices in the National Bank of Commerce Building. Officers are George M. Kaufman, president; Charles L. Kaufman, Jr., secretary-treasurer.

Plan New Stock Exchange For Newer, Smaller Cos.

A third national stock exchange in New York is now being planned by the New York Mercantile Exchange and will be primarily devoted to listing the securities of newer, smaller corporations of high quality. In advance of formal application for approval to the Securities and Exchange Commission, "The Little Board" is now accepting letters of intention to list their securities from interested corporations.

The decision to move ahead on plans for the new stock trading facility came as a result of a survey carried out by the New York Mercantile Exchange. Replies showed that brokers throughout the nation would welcome a third national stock exchange and that many corporations were interested in an exchange that would be primarily concerned with smaller, younger companies. Because of its interest in newer, smaller corporations, the projected exchange has been nicknamed "The Little Board".

The decision to accept letters of intention to list was made after formulation of the necessary rules and machinery for handling trades. The new exchange will be a wholly owned subsidiary of the New York Mercantile Exchange, which has been in continuous operation since it was chartered by the State of New York in 1872. Inquiries about the projected stock exchange and about letters of intention to list securities should be addressed to John W. Clagett, Executive Director, New York Mercantile Exchange, 6 Harrison Street, New York 13, N. Y.

Form Life Inv. Planning

Life Investors Planning Service of New York has been formed with offices at 170 Broadway, New York City to engage in a securities business. Officers are Mitchell Plachter, president and Harold Cohen, secretary treasurer.

With F. I. du Pont

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.— Donald R. MacDonald is now with Francis I. du Pont & Co., 317 Montgomery Street. He was previously with Taylor & Co.

Schirmer, Atherton To Admit Douglas

BOSTON, Mass. — Schirmer, Atherton & Co., 50 Congress St., members of the New York and Boston Stock Exchanges, on Sept. 1st will admit Archibald Douglas, Jr., member of the New York Stock Exchange, to partnership.

Mainland Secs. Opens

Mainland Securities Corporation has been formed with offices at 250 West 57th Street, New York City to conduct a securities business. Officers are Benjamin Horowitz, president; Bruce Goldstone, vice president; and Max Friefeld, secretary-treasurer.

Continued from first page

Bank Mergers: Important Factor In Economic Growth

expanded through merger and other forms of amalgamation. This one reason for the merging of banks overshadows the others in economic importance, especially in the United States which, unlike other major nations, prohibits privately-owned nationwide branch banking, thus closing to banks one other door of possible growth. When otherwise justifiable, mergers represent a method through which banks may acquire enlarged legal lending limits.

Larger Growth of Industrial Corporations

Many industrial corporations have grown faster than the banks. Since World War II approximately 330,000 business formations have been discontinued annually in the United States, and mergers have been one of the contributing factors. The Department of Commerce has recently made available information for the last decade on corporate mergers and acquisitions in manufacturing and mining. In these two industrial sectors alone 1773 firms were acquired in the period 1948-54, 525 in 1955, 537 in 1956, and 490 in 1957. In each of these instances by far the greatest percentages of the mergers occurred among acquiring concerns with the largest assets, more specifically, acquiring concerns in the two asset classes $10,000,000 to $49,999,999 and $50,000,000 and over. In both the 1948-54 period and in the year 1957, 36.1% of the mergers and other acquisitions occurred among acquiring firms with assets in the former class and 29.4% among firms with assets in the latter. On the other hand, only 3.2% of the mergers in 1948-54 and 1.0% of those in 1957 occurred among acquiring concerns with assets under $1,000,000.

Since both federal and state banking laws relate the size of individual loans to the size of the lending bank, the above figures point out the need for larger banks if the banks are to continue to adequately serve their customers. It is not always feasible to resort to syndicating a loan in an attempt to retain a customer.

Attraction of Term Loan

Corporations are increasingly attracted to the term loan, and mergers prepare the way for the greater utilization of this bank credit with maturities of over one year and often as long as ten years. In the period 1955-57 large banks held more than one-half of the outstanding amount of these loans, while banks with deposits of under $100,000,000 held less than one-fifth of the dollar amount.

The Federal Reserve survey referred to above shows that all major industry groups of borrowers shared in the recent growth in term loans with special emphasis, however, upon industries in which expenditures for fixed capital were relatively heavy, for example, fabricators, manufacturers of petroleum-rubber products, and public utilities. The largest businesses tend to borrow in the longer maturity ranges, five years and over. More than 75% of the term loans at the largest banks represent credit to borrowers with assets of over $5,000,000. Banks in the two largest size groups were almost the sole source of term loans to larger firms. The Federal Reserve points out that this concentration of borrowing reflects the fact that only banks with large resources are able to meet such extensive credit needs.

A close relationship between size of bank and size of borrower is further shown in the industrial classification of term loan customers among banks in various size groups. The Federal Reserve states that industry groups heavily weighted by large corporate organizations accounted for more than three-fifths of the term loan volume of banks with total deposits of $1,000,000,000 or more. In addition, approximately one-third of the dollar volume of term loans has been syndicated and thus involves the participation of two or more banks. These syndicates have been arranged mainly by the largest banks for the purpose of meeting the credit demands of large borrowers. The proportion of loans arranged on a participation basis rises as the size of the loan increases. It becomes significant for loans of $100,000 or more.

Expansion of Credit Demands

In the present business upsurge, credit demands have expanded. Business loans outstanding in the second quarter of this year amounted to $1.9 billion, representing the largest postwar increase for the spring quarter. Many commercial banks have reduced their security holdings in order to more adequately meet these needs. The loan to deposit ratio has been pushed to approximately 50%, the postwar peak level of 1957. As the year progresses, Reserve Bank officials anticipate further increases in credit associated with inventory accumulation and with plans to accelerate expenditures for the expansion of plant and equipment.

The outlook appears very favorable for banks to play a more significant role in reinforcing and promoting general economic growth. Mergers represent one path. Early opposition to the merger idea seems to have weakened considerably. On May 14 the Senate passed merger legislation jointly sponsored by Senators Fulbright, Capehart, and Robertson. This bill recognizes the need for a strong banking system and is aimed at working out standards for federal approval of mergers involving insured banks. The Federal Reserve and the Treasury endorse this legislation. Several of the outstanding postwar mergers have occurred in the New York area where the number of banks in the Clearing House Association has been cut in half. It is interesting to note, however, that in evaluating New York experience, the Syracuse University Research Center concludes that bank mergers have been beneficial to the merged institutions and have not injured the remaining independent banks.

Continued from page 3

25 Years of SEC Regulation

all brokers and dealers who sell securities in interstate commerce must register with the agency. It also requires further that corporations listed on the 14 national securities exchanges must file annual, semi-annual and periodic reports with the agency. Officers, directors and 10% stockholders of such listed companies must file reports as to their stock ownership in their particular companies and any changes in such ownership. In addition, that Act provides that proxy solicitation material to be used by listed companies must be filed with our agency at least ten days before it is used.

In addition to these two acts, we are charged with the responsibility of administering four other statutes:

The Four Other Acts

The Public Utility Holding Company Act of 1935, which has to do with the regulation of the public utility holding company systems and their operating companies. There are today some 22 such systems which are required to comply with regulatory provisions of that Act in terms of their financial plans. These systems contain some 176 operating companies with assets in excess of $10 billion.

The Trust Indenture Act of 1939, which requires that corporate indentures contain certain protective provisions for the benefit of bondholders, including a requirement that the trustee in the indenture be completely independent from management. This latter Act operates comparably to the 1933 Act in that it is basically a disclosure act complementing the 1933 Act;

The last two acts, both of which became law in 1940, are the Investment Company Act and the Investment Advisers Act. The former gives the Commission regulatory power over investment companies or mutual funds. Those publicly held funds must, of course, register with our Commission and must comply with many provisions protective of the interest of the security holders. The Investment Advisers Act merely tries to regulate persons who are selling investment advice for compensation.

In addition to these statutes, we act as advisers to the Federal District Court in corporate reorganizations under Chapter X of the Bankruptcy Act.

The Capital Markets' Post-1950 Build-Up

The important thing that I would like to talk to you about is the sizable build-up in the capital markets which has occurred since 1950. Up until 1950, the market seemed to have rocked along somewhat listlessly without appearing to go anywhere in particular. In 1950, the total number of shares sold on all United States securities exchanges was 893 million shares. By 1958, the total number sold had risen to an annual rate of 1,400 million shares. For the first half of 1959, the shares sold on an annual rate were in excess of 2 billion shares. In terms of the dollar value of these sales, they rose from $21.8 billion in 1950 to $38.4 billion in 1958. For the first half of this year, the sales were at an annual rate in excess of $50 billion. From 1950 to 1959, the investment banking business employees rose, in accordance with the Department of Labor's Bureau of Labor Statistics, from 60,000 in 1950 to 84,600 in 1958, or an increase of 24,600 people. It appears that this increase only includes employees who have some connection or relationship with customers. It does not include the many thousands of employees who are engaged in relatively minor positions within the investment banking business. Merrill Lynch, Pierce, Fenner & Smith has some 6,000 employees, Blyth & Co. has around 740 employees, and Reynolds & Co. has around 1,000 employees. Brokers and dealers selling securities in interstate commerce registered with our commission rose from 3,930 in 1950 to 4,906 in 1959.

In the 25-year history of the Commission, there have been more than 15,000 registration statements filed for a total dollar value of $161 billion, yet one-third of these filings in number and one-half of the dollar amount sought occurred in the last six years.

It is both logical and natural that accompanying this really fantastic build-up in the capital markets will be great stimulation and interest in areas other than the so-called financial centers of our country, i.e., Wall Street in New York City and LaSalle Street in Chicago, Illinois. It seems to me that more and more corporate issuers will tend to raise needed capital for expansion and development from local sources. Throughout the Commonwealth of Virginia, attorneys, who by reason of study and understanding, become conversant with the acts which the SEC administers, are inevitably going to be in a position to reap the benefits of this expanding capitalistic system. We, as an agency, have always maintained a desire to be helpful in guiding attorneys who are unfamiliar with the intricacies of our statutes. We have spent over the years a tremendous amount of time in trying to assist members of our profession to educate themselves in the basic functions of the SEC, and we always hope that attorneys who desire to obtain information with respect to a client's problem will seek us out for guidance so that as attorneys they can be in a better position to furnish to their clients sound legal advice.

The Fraud Element

One of the really bothersome features of the surge in capital market price conditions is the tendency for such activity to attract into the market place persons who are seeking by schemes and artifices to defraud public investors. We have seen fraud artists, "con-men," shysters and fast-talking swindlers practice the most diabolical schemes in order to separate innocent public investors from their life savings. You probably would not believe that in New York City two years ago I picked up a classified telephone directory and, under the listing of "Mails," I found four pages of companies which would furnish me a list of any conceivable category. I suppose I could have obtained a list of 50,000 red-headed Baptists. In the small type advertisements in this directory, there was one in which a list of 50,000 widows with assets of $50,-000 or more was mentioned. I telephoned this company and spoke to one of its employees. I was told that this particular list would cost me $2,500. I was also informed that it was an efficacious list, that the company had had good results with it! I asked whether it was the company's best list. "No," was the reply, "the best list would cost $5,000." "What was that list?" I asked. That was a list which contained—and here I quote him—"50,000 names of current widows with net assets in excess of $50,000." I asked him what "a current widow" was and he said—again I quote—"A current widow is a widow who has enjoyed that status for less than six months!" The mere telling of this incident, I believe, emphasizes the diabolical nature of the scheme which can be and is employed by certain unscrupulous persons to sell securities which, in almost any sense, have little or no value. Throughout our vast and great country, persons are being called by long distance telephone, only because their names are to be found on a similar list, by salesmen whose only interest is to make a sale, whose only purpose is to find another sucker.

The real reason I tell you this story is to alert you to a problem which is widespread but which can only be stopped if the SEC policeman can get the word. You can do a world of good for your client if you can apprise him of the dangers of dealing with persons he does not know, or if you can convince him to use a comparable amount of common sense as he would use in buying a new car or a new house. He ought to at least perform checks similar to picking up the hood of the car to see if there is an engine. Certainly in buying a house you would want to see the abstract of title. Get your client to ask the stranger for a prospectus and thus get something in writing. Then, I implore and beseech you to get in touch with us. We, of course, cannot tell you anything about the merits of a security or whether you or your client should purchase or not, but we certainly want to know what course of conduct is being employed by unscrupulous persons in selling securities. Believe me, we have methods to deal with such persons effectively and expeditiously.

Let me, at this point, say something about the investment banking profession. It is possessed of a great many men of the highest moral integrity and honor. Few people, lawyers especially, realize that transactions in amounts of many billions of dollars are consummated in any year, either on national securities exchanges or in the over-the-counter market, predicated upon oral representations that "I will buy" or "I will sell," yet there is practically never any welshing. Persons continuously engaged in this business have to live by a premise that their "word is their bond." I want to make it abundantly clear that it is not these persons about whom I am talking. Personally, I have a tremendous respect for members of the honorable securities business. But, as in almost every endeavor in life, there is a segment which because of shortsightedness, avarice or greed will act solely for its own personal interests without any consideration for the proverbial black eye such conduct may give the industry as a whole. It is against persons of this ilk whom you and your clients must always be on guard

I might also say that these fraudulent manipulators usually don't get anywhere with the highly sophisticated investor located in the center of a financial community; they often seek out small towns to talk to uninformed, uninitiated local businessmen or doctors. In fact, they seem to love doctors! But these are the types of persons found in any locality and they are your prospective clients who are in real need of your services. If they come to you as a result of some telephone call they have had from some complete stranger, I hope you can assist them to guard against their own folly by telling them not to invest until they can get the facts. These are available largely because the SEC insists that, before public sales of securities are made, a registration statement which sets forth all the facts be filed and distributed to public investors.

The Injunction Use

Let me tell you of a few other types of cases with which we have recently been involved. You may recall that last June we went to court in Texas seeking an injunction to prevent the sale of securities by a prospectus used in an intrastate offering, which sought to comply with an exemption from the registration requirements of the 1933 Act. The prospectus stated that the company was seeking to raise capital to produce a space ship which was to take off from Space, Maryland, on a 14-day trip to the moon in December of this year. In the prospectus there was an assertion that a do-it-yourself flying saucer kit could be purchased for $5.00. You'd scarcely believe it, but public investors in Texas were purchasing this security.

In another case, we recently went to court to prevent a person from selling securities in a nonexistent corporation on whose purported board of directors was claimed to be a Member of Congress, a high-ranking General who had been dead for six months, and the President of the Gettysburg College.

These are only two simple examples of the types of proceedings which we have been compelled to institute in order to protect the securities markets from fraud and misrepresentation.

In fiscal 1959, we commenced numerous proceedings against interstate brokers and dealers who were in violation of the protective provisions of the 1934 Act, such as finding themselves completely and entirely insolvent, selling securities where no registration statement had been filed under the 1933 Act, and for many other sundry types of misconduct, including the grossest type of fraud and misrepresentation.

Greater Activity, But Fewer Employees

There is another important matter I would like to discuss with you. We have been, as I have already told you, very busy during the last year; so have the market places. The value of all stocks listed on the New York Stock Exchange as of June 30, 1959 was $298.8 billion, as contrasted to the $89 billion figure I mentioned as of Sept. 1, 1929. Incidentally, the value of all stocks on all exchanges was around $337.6 billion. In registration statements filed with our agency under the 1933 Act for fiscal 1959, ending June 30, there were 1,226 for a total dollar value of over $16.6 billion, as against 913 for $16.9 billion in fiscal 1958. Thus, there were 313, or some 34% more registration statements filed this year over last. This increased number has literally swamped the SEC's Division of Corporation Finance which processes these statements.

In addition, we opened more investigations and we referred more criminal cases to the Department of Justice than in any previous year in our history. Yet the number of employees in our agency has fallen from 998 in 1950 to 937 at the end of June, 1959.

In January, we went before the Subcommittee on Independent Offices of the House Committee on Appropriations, chaired by the Honorable Albert Thomas of Houston, Texas. That Committee heard our presentation, listened to our estimate of needs for the agency, and proceeded drastically to cut our appropriation by $475,000, allowing us an increase of only 10 persons and stating specifically that the 10 persons must be used in our regional offices.

Subsequently, we appeared before the Subcommittee on Independent Offices and General Government Matters of the Senate Committee on Appropriations. That Committee heard our presentation and came to the conclusion that it was essential that this agency be properly staffed and that it be given a proper appropriation. It restored our appropriation *in toto*, i.e., put back the $475,000. Thank God for the United States Senate!

A conference between the House and the Senate occurred in which the differences of the two bodies were resolved, partially in our favor and partially against us. We were given back $300,000, which allows us to take on an additional 45 persons. We lost $175,000, which would provide for 20 persons.

I might say at this point that last year of our total appropriation of $7,705,000 we recovered for the benefit of the United States Treasury 34.6% in terms of the fees which we charge for registration statements and in terms of the 1/500ths of 1% charge imposed upon all sales on national securities exchanges.

In our investigative work, we are opening more cases than we are closing and, in fact, we simply cannot with our limited personnel do much more than what at times seems to be little more than a holding operation. Yet the appropriations committees of Congress failed to give to this agency all the funds which we felt essential to the proper functioning of our agency. What strikes me as being completely anomalous is that these same appropriations committees of Congress provided a budget for the General Services Administration which includes the expenditure of around $500,000 for the renovation of the building in which we are housed, which has often been termed "the broken down, dilapidated, World War II temporary tarpaper shack" on Second Street. That temporary building, built in 1942, was designed to accommodate the Federal Government's expanded activities during the Second World War. One of the men on the job, in humor, said to me the other day that it had been purposely constructed of non-permanent, secondary quality materials because it was hoped that the building would not become comparably permanent to the Navy Department temporary buildings constructed on Constitution Avenue during the First World War. They are still there.

It is my humble belief that the budget limitations which Congress has imposed upon us are going to cause serious restrictions upon our activities in the capital markets. A columnist recently said:

"Several years ago, Russia actually expected the U. S. to be destroyed as a result of the collapse of its economy, being followed by the Communists and their fellow-travelers taking over the Government. Russia's prediction of a financial catastrophe failed, but they were right in one thing—America can be destroyed by financial failure just as completely as by bombs, planes, submarines and missiles. In other words, the maintenance of a sound and adequate financial system is just as important to us today as the Army, Navy and Air Defense facilities are."

Our Capitalistic Economy at Stake

It is the SEC, which is one of the agencies of your Government, which attempts to protect the soundness of the expanding financial system. Unless the integrity and the honesty of the capital markets can be preserved so that public investors will continue to have faith and confidence in the functions of those markets, our whole capitalistic economy cannot succeed in the cold war which we are still facing today. It is the SEC, as the "Investor's Watchdog" and as "Uncle Sam's financial police force," which is charged with the duty of protecting the financial markets.

In my judgment, the Appropriations Committee of the House has failed to recognize the tremendous importance of staffing this agency properly at a time of unprecedented growth in financial activities. I believe that the Committee members have indulged in a penny-wise pound-foolish philosophy and have placed this agency in a political arena in order to accomplish personal aims or objectives. This is a situation which I deplore and about which I wanted to say something to you.

A Closer Look at Soviet Trade Overtures

Morgan Guaranty Trust Co., study finds only slight prospects for any substantial rise in USA-USSR commerce. Cites 1958 figures as continuing 10-year record of negligible volume. Points out that deterrents antedate the Cold War tension. Points out that the Soviets are only interested in buying the most advanced machinery and technical data.

Only a slight increase in Soviet-American trade can result from the possible occurrence of an easing of Cold War tension. The Soviet leaders' pleas for more trade and the representation of U. S. policy as anti-trade are mainly propaganda moves, according to the August issue of the monthly "Morgan Guaranty Survey."

The publication points out that:

"Among the recurrent themes played by high Soviet officials visiting this country, one of the most insistent has been their protestation that the Soviet Union wants to carry on more trade with the United States. Deputy Premier Mikoyan repeatedly expressed the desire for increased trade during his visit here last January, and wanted to spend most of his time meeting representatives of business. First Deputy Premier Kozlov reiterated the theme when he was here last month. Premier Khrushchev took the occasion of Vice-President Nixon's visit to Russia to bring up the subject, and it will be surprising if he does not refer to it during his visit to the United States scheduled for next month.

"American response to these importunings has been noticeably unenthusiastic. Neither governmental nor private quarters have shown any substantial interest in following up the Soviet overtures. An examination of the reasons for this reaction suggest that the prospects for any appreciable rise in commerce between the two nations are slight.

Present Level of Trade

"The current volume of Soviet-American trade is negligible. The U. S. in 1958 bought $17.6 million worth of goods from the Soviet Union—mostly furs, benzene and platinum—and sold her a total of $3.5 million, principally steel, chemicals, and machinery. Not since 1948 have the figures been significantly higher; and even then the total movement of goods both ways was only $115 million.

"The explanation of these low levels can be found in factors both new and old. For one thing, it is hard to envision extensive buying and selling between two nations which for more than a dozen years have been engaged in a confrontation most often described as a 'cold war.' This state of tension is the reason, of course, for such restrictions as the United States enforces on the kinds of goods American companies may ship to Russia. It also underlies, at least in spirit, the continued application against Russia of import barriers and credit bans which long since have been relaxed or completely removed as to trade with more friendly countries.

"The Soviet Union has seen propaganda opportunities in these American policies, presenting as they do visible obstacles to trade. One reason for the Soviet leaders' frequent pleas for more commerce is doubtless a desire to embarrass the U. S. by picturing it as anti-trade. Conveniently, the Soviets are able to achieve complete control of their trade without using formal restrictions, since the government is the sole trading agent.

Slight and Sporadic

"The deterrents to any substantial build-up of Soviet-American commerce, however, go deeper than cold war tension and antedate it historically. The Soviet Union has never been an important factor in world trade. Notwithstanding her ability to create considerable temporary impact in a selected situation, she plays even now a role that is, in total perspective, not consequential. Exports from the Soviet Union to the free world in 1957, the latest year for which complete figures are available, totaled about five billion rubles, and imports from the free world about matched them. (The official rate of exchange is four rubles to the dollar, but in the free market the ruble trades at about 50 to the dollar, and the Soviet Government offers tourists 10 rubles to the dollar.)

"Russia's role as a trader, besides being slight, has been sporadic. She has never tried to develop her exports on any sustained basis. Instead, when she has needed foreign exchange to buy imports of plant and machinery required for one or another of her 'plans,' she has made dramatic and sometimes disruptive selling forays into world markets. Soviet sales of tin to the free world, for example, rose from only 189 metric tons in 1955 to 12,000 tons in 1957 and 18,000 tons last year. Sales of aluminum, which totaled only 1,000 tons in the period 1951-54, were 81,000 tons in the 1955-57 period—although a Russian official told the 21st Communist Party Congress early this year of a serious aluminum shortage in the Soviet Union.

"Committed basically to a goal of economic self-sufficiency, Russia has proved neither a dependable supplier nor a steady customer for the industries of other countries. Presently she is an active buyer of the most advanced types of industrial equipment, but experience indicates this probably will last only until her technicians have managed to copy the imported designs and processes.

Steadier Sources Needed

"Rather than rely on such erratic resources as Russia affords, most U. S. companies prefer to develop steady and assured supplies of raw materials. Many have done so at the cost of making large investments in overseas production facilities. Even if individual firms were willing to jeopardize their relations with regular suppliers in order to take advantage of possibly temporary Russian offerings, many would still be restrained by consideration of public opinion, a substantial body of which regards dimly any kind of trade with the Soviet Union.

"In addition, more than adequate supplies of virtually all industrial raw materials which the Russians have shown any interest in selling—such as manganese and chromium ores, asbestos, iron ore, lumber, and ferrous alloys—are currently being offered by friendly countries, in many cases by underdeveloped nations which the U. S. is engaged in aiding. Any important shift of American purchasing to the Soviet Union would aggravate the foreign-exchange shortages of those countries, and perhaps necessitate an increase in American aid to them.

"Nor do other classifications appear to offer much scope for increased Soviet sales to this country. The agricultural production of the two countries is duplicative rather than complementary. The Soviets have shown little interest in selling finished manufactures, except to some underdeveloped countries where the sales are designed to increase Soviet prestige and are often tied in with political programs. Having deliberately de-emphasized the manufacture of consumer goods for many years, the Soviets cannot have much to sell in that category, and there is also little indication that they have or are likely to develop an exportable surplus of capital equipment.

Legal Barriers Secondary

"In view of all these inauspicious factors, the legal impediments to Soviet exports to the U. S. are of secondary importance. In the case of a few items—crabmeat, which is banned under a section of the 1930 Tariff Act excluding goods made by slave labor; and certain kinds of furs, which are shut out in candid deference to domestic producers—the restrictions do block trade that probably would otherwise occur. In pre-restriction 1948, Soviet fur shipments to the United States totaled $40.7 million; last year they were $6.3 million.

"Most-favored-nation tariff treatment, granted to the Soviet Union by the commercal agreement of 1937, was withdrawn in 1951. As a result, some materials are dutied at a higher rate when imported from the Soviets than from other suppliers. Manganese ore and abestos manufactures are among Soviet products thus affected. Many other items produced by the Soviets, however—chromium ore and crude asbestos, for example—are not subject to duty and thus suffer no discrimination.

"The complete embargo which the United States maintains on trade with Communist China affects some exports from the Soviet bloc because of the ban on imports from any bloc country of products which are presumed to be wholly or partially of Chinese origin. Tin, antimony, tungsten, and hog bristles are among the commodities in this category.

Premier Khrushchev's Letter

"The Soviet campaign for more trade actually began just over a year ago with a lengthy letter from Premier Khrushchev to President Eisenhower which placed principal emphasis on the prospect of Soviet purchases from U. S. industry. Writing before the American economy had begun to recover from the recession, the Soviet chief of state played that circumstance for what he thought it was worth. He spoke to Soviet purchases in the U. S. that 'might amount to several billion dollars in the next few years' and pointed out that 'American firms are interested in obtaining orders now.' He then hastened to suggest that paying for such purchases might require instalment payments and the extension of long-term credits. The letter conceded, inferentially, that Russia would be in no position to pay for any substantial volume of U. S. shipments by exports of its own goods.

Long-Term Credits Banned

"Most of the items in which Mr. Khrushchev expressed particular interest—one example petrochemical plants, complete with technical data—are among those which the U. S. Government is unlikely to approve for security reasons. But, even if the goods could be sold, it is difficult to see how the credits Mr. Khrushchev suggested could be arranged. The United States Government is not likely to grant them, and private sources are legally forbidden to extend them even if they were disposed to do so. Provisions of the Johnson Act, passed in 1934 to bar long-term credits to any government in default on debt to the United States, still apply to the Soviet Union because, like many other countries, she has not maintained payments on the American loans granted in connection with World War I. An amendment in 1945 lifted the Johnson Act's ban in the case of countries joining the International Monetary Fund and the World Bank, but the Soviet Union has joined neither. Further, she has refused to settle her lend-lease debt from World War II.

"It is sometimes suggested — though not by Russians—that the Soviet Union might finance rather considerable purchases in the United States by exporting gold. Her annual production and total holdings of gold are secret but are thought to be substantial. In the two years 1957-58 she sold $470 million worth of gold to the West. This exceeded her sales in the entire 1951-56 period. However, from the Soviet Union's usual policy of balancing trade individually with each nation with which she deals, it appears that the Kremlin still parts with its gold reluctantly and is not likely to use it heavily for purchases of goods from the U. S.

"Since 1949, U. S. law has required the obtaining of individual licenses for almost all exports to the Soviet Union and the countries in her bloc. For items considered strategic and included in the Department of Commerce's 'positive list,' individual approval is required for sale to any country except Canada; and applications to export them to the Soviet bloc are subject to what the Department of Commerce calls a 'presumption of denial.'

"America's cold-war allies have joined her in applying some restrictions to their sales of goods to Iron Curtain countries. In general, however, their approach has been less strict. As a result there have been some cases in which American firms have been denied permission to sell Russia equipment or technical data which the Soviets were easily able to secure from other countries. The Department of Commerce, which administers the licensing program, justifies its stringency on the ground that in some fields the U. S. has such a wide technological lead over the rest of the world that her ban is effective in keeping the most advanced equipment and processes out of the hands of the Soviets, regardless of what other countries may be willing to sell them.

What Is Strategic?

"It is only the most advanced machinery and technical data that the Soviets are interested in buying. This is evident from the inquiries and license applications which the Department of Commerce has been receiving. An official there has said: 'The processing of these applications is one of the knottiest problems that the Bureau of Foreign Commerce has ever faced. . . . The same type plant that produces motor grade gasoline can make aviation fuel. The same type plant that produces fertilizer can produce explosives. The same type plastic that is used for squeeze bottles and packaging also goes into proximity fuses and military communications wire. . . . The main considerations which we employ in studying such inquiries or applications are two. First, does the proposed sale of equipment or technical data involve items of significant strategic importance? And, second, would a denial be meaningful—or would it only result in making it easier for a foreign firm to get the business?'

"In general, the government has not been under very strong pressure from the business community to ease its policy on licenses. One important reason for this is that, all over the West, manufacturers have found to their disappointment that trade with the Soviet Union is usually a one-shot operation. After the first delivery is completed, no further replacement or servicing orders are received. The Soviets are accused of having virtually no respect for foreign patents, and the opinion has become general that they buy goods from other countries largely for the sake of copying and reproducing them. In this way they save the time it would take their technicians to develop and design complex machines and processes.

"The Soviets have shown no interest in purchasing sizable quantities of consumer goods in the United States. Despite occasional minor relaxations, their policy continues to be one of holding down consumption in order to free resources for the development of heavy industry and for their military program.

Of course, the prospects for more Soviet-American trade would be improved by any appreciable lessening of the tension between the two countries. But even such a happy development as termination of the cold war could not be expected to produce a massive flow of goods unless there were also a drastic change in the Soviet Union's economic ideology and commercial practices. The emphasis which they place on self-sufficiency within the Communist bloc and their policy of severely limiting consumption would both have to be relaxed.

"There are areas, even under present circumstances, in which trade could be increased; but for the most part they are not areas in which both sides can reconcile their own national interests. The essence of trade is that both parties gain an advantage from the exchange. Trade does not occur simply because some one declares it would be a good thing, and it may be presumed that the Russians know this, despite the frequency and seeming fervor of their protestations."

Hudson Radio & Television Offering Oversubscribed

Underwriters led by J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., on Aug. 14 publicly offered 200,000 shares of common stock (par 25 cents) of Hudson Radio & Television at $5 per share. 125,000 shares were sold for the company, and 75,000 additional shares were sold for the account of certain stockholders. This offering was oversubscribed and the books closed.

Hudson plans to us part of the sale proceeds for acquisition of additional inventory, reduction of obligations and retirement of a bank loan. Unallocated funds will be added to working capital for possible sales promotion, expansion of market distribution outlets and other related activities in the company's best interests.

Incorporated in 1944, the company is engaged primarily in wholesale and retail sales of electronic components and retail sales of high-fidelity equipment. It has three wholly owned subsidiaries in New York and New Jersey and operates three retail stores, two in Manhattan and one in Newark, N. J.

Inv. Service Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Allen M. Petersiel has been added to the staff of Investment Service Co., 818 Seventeenth St.

New Courts Branch

ATLANTA, Ga.—Courts & Co. has opened a branch office in Building 45 H, Lenox Square, under the management of Joseph J. Maddox.

Goldman, Sachs Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.— Harold R. Anderson has been added to the staff of Goldman, Sachs & Co., 135 South La Salle St.

Joins E. F. Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert J. Frugoli has become affiliated with E. F. Hutton & Co., 160 Montgomery Street.

T. A. Paretta Opens

FLUSHING, N. Y. — Thomas A. Paretta is conducting a securities business from offices at 163-02 Northern Boulevard.

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As We See It

by traveling about the country for a short period of time. And the President's name is apparently well known to many in Russia and he is said to enjoy very great prestige in that land. Just how much difference it makes what the rank and file think in Russia, it is difficult to tell at this distance. But however all this may be we can hope that good can and will come from having the people of each country get to see and hear important leaders from the other.

Basic Facts

Certain basic facts are, however, very likely to be overlooked or forgotten in all this hub-bub about these exchanges of VIP visits. Mr. Khrushchev is not likely to tell the President that the regime that has been set up in his country to give effect to the ideas of Karl Marx and his followers is day-by-day getting more and more like the system which Marx (and Mr. Khrushchev himself, too) believe doomed to early extinction. Yet such is a fact. President Eisenhower is not expected to tell the Russian dictator that the "free countries" of the world have, consciously or not, taken a good many leaves from the communist notebook. Yet that, too, is a fact. Thus Mr. Khrushchev may possibly be right in saying that our grandchildren will live under socialism — or at least something that might well have been termed socialism by most students of the subject at the turn of the past century. President Eisenhower could, if he chose, predict that the grandchildren of the present-day Russians will be living under capitalism—or something that Karl Marx and even Lenin would view as hardly more than a modified version of hated capitalism.

Wide difference among people is rather likely to suffer historical erosion, particularly in present world conditions of greatly increased contacts and intercommunications. Certainly changes have come fast under the leadership of the pragmatic Mr. Khrushchev. Very little is now heard about the ideal communistic society where everyone produces according to his ability and each receives the product in proportion to his needs. In point of fact Mr. Khrushchev himself has warned that any such state of affairs is a long, long way off—and it may be that he doubts if it will ever come. Meanwhile, incentive — in imitation of the capitalist system — is the main dependence of the powers that be. Of course, information is far from plentiful about what goes on behind the scenes in Russia, but there is every reason to believe that a good many other leaves have been taken from the notebook of capitalism—and a good many of the dreams of Marx and Lenin have faded from the scene, whatever may the professions and the protestations of the Kremlin figures.

Socialistic Drift

Certain it is that since the advent of Franklin Roosevelt we have been drifting further and further away from the ideas of Adam Smith and even of Alfred Marshall—to say nothing of the doctrines which motivated and governed the founding fathers. And these deviations have uniformly been in the direction of paternalism, control and direction of the economic activities of the people. We have retained our constitution, of course, though it has undergone very considerable alterations by the courts, and still leave the individuals much more liberty and freedom of action than is anywhere found in Russia at the present time. But compared with the state of affairs which existed say a half century ago in this country we are tempted to say that we have already moved a long step in the direction of basic socialism at least in our thinking and in very substantial degree in our actual behavior. And although we have twice placed in the White House a President who disavows "creeping socialism" the fact is that he has regularly supported and even initiated measures which are just about as New Dealish in their nature as those sponsored by the New Deal itself.

Just how much further all this will go either in Russia or in this country we do not profess to know. We are, however, convinced if presently we are living under something close to socialism or the Russians are operating a capitalist country or something closely approaching it, the change will come in the manner indicated rather than in any such way as the Communists, so-called, profess to expect. For our part, we most earnestly hope that any reduction in the differences still existing between the social and economic structures of the United States and that of Russia will be effected by changes in Russia, not further socialization of our society still blessed with freedom and individual liberty far exceeding that now found in Russia. What the Russians choose to do in the decades and centuries to come—barring efforts to force their system or their ideas upon us—is, of course, their own affair. It is, however, our suspicion that if they are to continue what seems to be very real progress in the economic field they will find it necessary to move nearer and nearer to the ways of the capitalist system.

Let it not be supposed, however, that any tendency to grow more alike in economic and related activities has anything very much to do with the danger of conflict between what are now the communist nations and those which are commonly termed the free world. At bottom, the drive behind the imperialism of the Kremlin is the same as that which has led Russia along the path of imperialism through the centuries. Mr. Khrushchev would doubtless like to see us adopt socialism, but most of all, he wants to dominate the scene here.

Enhanced Economic Recovery in Western Europe Envisaged by Chase Manhattan Bank

Bank looks for high rate of recovery possibly outdistancing the U. S. Reports the size of European markets is usually underestimated; and that actually the Common Market countries offer a $200 billion market, representing 45% of U. S. output of goods and services. Concludes each E.E.C. country will continue to be attractive for certain types of U. S. investment.

"Recent trends point to a continued and rapid economic recovery in Western Europe . . . at a rate possibly above that in prospect for the U. S." This conclusion is reached in the current issue of "REPORT ON WESTERN EUROPE," The Chase Manhattan Bank's bimonthly survey.

The report asserts that it is not easy to determine which of the European Common Market countries offers the most advantages to a U. S. manufacturer. "The usual comparisons — based on official exchange rates — greatly underestimate the size of European markets. More meaningful are gross national product figures which have been adjusted to reflect the real purchasing power of the national currencies involved. In these terms, the Common Market countries together offer a market of almost $200 billion — roughly 45% of U. S. output of goods and services."

The Chase Manhattan survey suggests that U. S. companies investing in Europe look at the size of each Common Market country, its growth rate, trading relationships and general level of wages and taxes.

The study points out that:

Germany, with a gross national product of some $72.4 billion in 1958, accounts for over a third of the Common Market's purchasing power.

France leads in per capita ownership of automobiles, Germany in TV and Benelux in telephones.

The Benelux countries export over 40% of their total production.

Holland and Italy have the lowest hourly wage rates, almost 15% below France and 20% below Belgium and Germany.

"While it is possible to rank the six countries in many important respects," the report concludes, "it is not possible to rank them very meaningfully in an over-all sense. Each E.E.C. country has been — and will continue to be — an attractive site for certain types of U. S. investment."

General Magnaplate Offering Completed

Robert L. Ferman & Co., Inc., and Casper Rogers Co., on Aug. 14 publicly offered 75,000 shares of common stock (par 50 cents) of General Magnaplate Corp. at $4 per share. This offering has been completed, all of the said shares having been sold.

The net proceeds will be used for expansion, purchase of X-ray equipment, for working capital and other corporate purposes.

The company was organized in New Jersey on May 26, 1959. It does business through four wholly-owned subsidiaries and proceedings are pending for the merger into Magnaplate of three operating subsidiaries. The company is principally engaged in the business of conducting a Non-destructive Testing laboratory for testing materials, products and components, and operating a plant for specialized electroplating, coating, metal treatment and related industrial finishing operations. It does business with firms in the aircraft, nuclear, electronic, missile and other industries. The company's offices and plant are located at 331 Main St., Belleville, N. J.

H. S. Rust Opens

LOS ALTOS, Calif. — Hubbard S. Rust is conducting a securities business from offices at 285 State Street. Mr. Rust was formerly with Marache Dofflemyre & Co.

J. B. Flynn Opens

James B. Flynn is engaging in a securites business from offices at 860 West 181st Street, New York City.

Forms Gibraltar Secs.

Sylvia R. Madoff is engaging in a securities business from offices at 149 Broadway, New York City, under the firm name of Gibraltar Securities.

Forms Stephens Co.

Monahans, Tex. — Roy E. Stephens is engaging in a securities business from offices at 209 South Eric under the firm name of R. E. Stephens Co.

Continued from first page

Inflation in the U. S. Today —What Can You Do About It?

It may be the price we shall have to pay for long continuing inflation. But that reckoning is probably not imminent. It can easily be put off by further inflating our money supply.

The word "money" will be used in place of the technically more accurate term, "purchasing media," to include currency and coin and the checking account, or demand, deposits in commercial banks.

Although the greater likelihood is more inflation, we have to take into account those interim minor deflationary movements that are referred to as "recessions." When you chart the trends of industrial production, prices, and the inflationary part of the money supply since 1939, you see a few comparatively brief and shallow interruptions in the long-term upswing. It is as if the supposedly old-fashioned business cycle were feebly reasserting itself in reactions that soon are overcome by the persistent and powerful influence of chronic inflation.

What Is Inflation?

Let's see just what we mean by this word "inflation." Certainly it is used or misused in many different ways. You hear of "price inflation," "cost inflation," "wage inflation," "credit inflation," "currency inflation," and so on.

Perhaps there cannot be a definition of "inflation" that is simple and also accurate and useful. One eminent monetary authority has suggested that economists, instead of ever using the word "inflation," should say each time exactly what they mean. There is merit in that suggestion, but, although the word may not be a scientifically accurate term, it has one great virtue. That is its connotation. To most minds the word "inflation" signifies something that is undesirable. In fact, in countries where there has been ruinous inflation, the word stands for a very great evil. The people **know by experience** inflation's bitter consequences.

One very brief definition of inflation—ascribed, I believe, to Hugh Dalton, the British economist, is "too much money chasing too few goods." Another brief one is simply, "an unwarranted increase in the money supply."

These are helpful, and they have the virtue of making clear the fact that inflation is primarily a monetary phenomenon, but they hardly tell us enough.

Inflation Defined

Here is a fairly short definition that tells us a great deal more:

Inflation is a condition resulting from an extension of purchasing power, either in the form of money or credit, which is not secured by reserves or commodities sufficient to liquidate it.

This is a good definition, but every part of it cries out for further definition and explanation. Let me just rephrase it in somewhat loser (and less accurate) language.

Inflation is a condition caused by additional money that is not offset by gold or goods which can liquidate that additional money.

Actually, the term inflation, properly used, may refer to either the **process** by which an unwarranted addition is made to the money supply, or to the **condition** that results from that process. We can say, for example, that inflation is taking place when the government monetizes some of its debt. The condition resulting from that occurrence — that is, the existence of an unwarranted and excessive addition to the money supply — is termed "inflation," also.

How Inflation Comes About

As a preliminary to observing how inflation takes place, a few statistics are in order.

In 1939, the total amount of money in circulation (currency and demand deposits) was approximately $35 billion. Very little of it was idle or hoarded, and practically none of it was of an inflationary nature.

Today the total is approximately $140 billion. From this amount we should subtract about $20 billion which is estimated to be idle or hoarded. The amount that is idle or hoarded is potentially inflationary. If it is brought into circulation it will increase the inflationary part of money in use and add to the upward pressure on prices. Studies made by the American Institute for Economic Research show that of the $120 billion of currency and demand deposits in active use, nearly $60 billion is of inflationary origin—about one-half of the total. In other words, the present money supply is about double what it would be under sound money and credit conditions.

We're all of us uncomfortably aware of what happened to prices while this inflationary situation has been developing. Since 1939, the consumer price index of the Department of Labor has increased from about 60 to 124. That is a 107% increase. The cost of living has more than doubled. Or, to describe what has happened in another way, more than half of the purchasing power of the dollar has disappeared. Today you have to spend a dollar to buy what 48 cents would have bought 20 years ago.

We see, then, two striking phenomena: a great increase in the **inflationary** part of the money supply, and a great increase also in the level of prices. There is little doubt that the former is the cause of the latter.

If we think again of our simplest definition of inflation—too much money chasing too few goods" we can see more readily what has been happening. "Debt monetization" is the term for it. Debt monetization is inflationary when the transformation of debt into money is not accompanied by the production of additional marketable goods that are equal in value to the amount of the new money. As the additional money moves into circulation there is more demand for goods, but no more goods to meet it.

In earlier times inflation by governments was more direct and less sophisticated. They simply ran the printing presses overtime and then sought by edict or statute to give the printed pieces of paper a fixed value.

Public debt and private debt both can be monetized. When either the government or private individuals and firms place their securities or promissory notes with the banks in exchange for newly created demand deposits (rather than new additions to savings deposits) the money supply is increased. Such borrowing is inflationary when it is for purposes that will not promptly bring more goods to market.

Genuine commercial loans are not inflationary — although they are made by means of credits to the borrowers' checking accounts. They are not inflationary because they finance the movement of goods through the various stages of production and marketing; that is, they result in more goods coming to market. As the goods are sold the loans are repaid with the proceeds. The checking account deposits that had been created, spent, circulated, and finally reacquired by the borrower are destroyed when he uses them to pay his note.

Thus, the principal part of our money supply—checking account deposits—can expand and contract with the needs of business and with the volume of goods coming to market; and the amount of currency in use tends to expand and contract simultaneously. There need be neither too much nor too little of this kind of money, and it cannot be inflationary. This assumes, of course, that the commercial loans are actually for commercial purposes.

Effects of Inflation

We have already noted the effect of inflation on prices. To further the case against inflation, I shall list now—as briefly as possible—its broader effects. All of them are pernicious.

(1) It reduces and can obliterate the value of all savings that are represented by fixed-dollar claims: savings accounts, life insurance, pensions, bonds, mortgages, social security and unemployment trust funds. A recent study shows, for example, that due to inflation the loss in buying power, just of life insurance, between 1940 and 1958, has been almost $130 billion.

(2) By making saving less attractive and consumption more attractive it directs the nation's economic processes toward the production of more consumer goods and services and away from the production of capital equipment.

(3) It expropriates property unequally and inequitably and causes a redistribution of wealth without regard for ability or need.

(4) It impairs the obligation of contracts.

(5) It weakens and can destroy the government's credit.

(6) It increases business uncertainty and becomes an added element of business risk and business costs.

(7) It erodes, and can wipe out, the endowments of colleges, hospitals, libraries, research organizations, and other institutions.

(8) Through overly full employment it makes labor less efficient.

(9) It induces uneconomic speculation, extravagance, and the hoarding of goods.

(10) It leads to price, wage, and other controls which prevent the free flow and best use of resources.

(11) It leads to international trade barriers that make the allocation of world resources less efficient.

(12) It can eat away the nation's capital through inadequate depreciation of productive facilities and the overstatement of business earnings.

(13) As it progresses it becomes socially demoralizing, for it breeds discontent, widespread misery and suffering, evasion of laws, loss of respect for government, corruption, class hatred, and political upheaval.

Elements of a Sound Money-Credit System

We can hardly discuss the problems of an **unsound** money-credit system without some discription of a sound system. There are four conditions essential to it. They are: (1) sound commercial banking, (2) sound fiscal policy, (3) an independent central bank, and (4) a fully redeemable currency.

The nature of **sound commercial banking** has been described, so I won't dwell on it further.

The essence **of sound fiscal policy** is that the budget of the Federal Government be balanced, preferably each year, but not nessarily if one year's deficit is certain to be offset in due time by another year's surplus. If deficit borrowing is to be **non-**inflationary, the government must sell its securities in exchange for the savings of the people rather than for newly created deposits at the banks.

The Board of Governors of the Federal Reserve System must be independent of Congress, the President, and of all special interests. The Governors must be able to act freely and promptly in applying short- and longer-run measures of monetary control, **with their attention always on the long-run interests of the entire nation.** If political influence can affect the Board's decisions, those decisions will almost always be in the direction of inflation, because inflation is the easy and momentarily pleasant way, politically, to deal with the nation's money supply. Politicians know that a Spartan-like course of restraint upon the growth of the money supply doesn't get votes.

The fourth essential condition of a sound money-credit system is a **redeemable currency.** Full and free redeemability of the currency in gold is a requisite of the gold standard. Our monetary standard today can be described as being a gold bullion standard internationally and an irredeemable paper standard domestically. This means, simply, that foreign governments and central banks can exchange U. S. currency for gold at the United States Treasury, but American citizens cannot.

If everyone could freely exchange his currency for gold, any movement toward inflation would induce some people to claim gold. The resulting reduction in the gold reserve would flash a warning, and if the inflationary measure were not abandoned gold would continue to flow from the reserve.

People would want the gold simply because it is the best of all hedges against inflation. It is the money commodity itself.

If a country is on the gold standard, and is determined, when necessary, to take measures to remain on the gold standard, inflation can't go very far.

Why "Creeping Inflation" Is Undesirable

A surprising number of economists favor what is called "creeping inflation." They believe that only by continually increasing the money supply so that demand "presses hard on productive capacity" can there be full employment of the Nation's material resources and manpower. Although those economists acknowledge that under such conditions, prices would keep rising, they appear to believe that the rise would be gradual, of small significance, and could be controlled. Some have suggested that a yearly increase in the price level of 5% would be a small penalty to pay for what they call "full employment." Others believe that 2 or 3% would be sufficient.

Now I know that this idea has found wide acceptance by many well-intentioned and highly respected individuals. But if it were to become the basis of National policy the result finally would be ruinous.

The economic stimulation in the earlier stages of "creeping inflation" would not lead to the **optimum** employment of material resources and manpower. Instead, it would result in overly full employment, with all its inefficiencies, diseconomies, bottlenecks, waste, incompetence, and speculative excesses. Here I shall quote a summary of this effect of inflation, which appeared in one of the American Institute's publications:

"Economic growth to be at its maximum cannot be overall growth; it must be differential growth in which the less economical producers are continually being replaced by the more economical. It cannot be induced by an expansionary monetary policy that enables obsolescent industries and firms to survive.

"That is what occurs when demand, augmented by inflationary additions to the supply of purchasing media, 'presses hard upon productive capacity.' Then the excess of dollars in pursuit of goods brings windfall profits even to businesses that would otherwise incur losses.

"When inflation occurs, businesses that would otherwise fail or at least curtail output and release factors of production (men, capital, and natural resources) for transfer to the **growing** industries are enabled to remain in business with a resulting delay in the shift of resources to more rapidly growing industries. **Change,** not creeping inflation, is the price of economic growth; and experience suggests that change is inhibited and delayed by inflationary prosperity."

There is no support for the hypothesis of "creeping inflation" in our Nation's past experience. I quote again from one of our publications:

"During that remarkable period of economic growth from 1873 to 1893, when material wealth increased by about 140%, prices **decreased** more than 40%. Far from being a period of 'creeping inflation,' it was the era in which the United States prepared to return to the gold standard, resumed redemption of its currency in gold (1879), and maintained the gold standard against the assaults of the inflationists.

"We do not mean to imply that deflation is a condition necessary to **maximum** economic growth, but it plainly did not prevent very rapid growth in that period. Probably the optimum condition is one in which there is neither inflation nor deflation.

"Also notable historically, but in the opposite way, is our experience with inflation in the 1920's, when the banking system expanded the supply of purchasing media more rapidly than the requirements of business justified. That decade was followed by 10 years of massive unemployment and economic regression.

One more moment about "creeping inflation." The deterioration in the purchasing power of the dollar though a rise in prices of only 2 or 3% a year (compounded) would cut the value of the dollar in half **again,** in a generation. And who can say that such inflation will always "creep," as distrust of the dollar's future value is repeatedly confirmed? If we do not halt inflation while it can be halted, the "creep" is likely to change to a run, and the run to a wild flight from the dollar.

What Can We Do About Inflation?

When a individual asks, "What can I do about inflation?" he may be asking two rather different questions. He may mean, "What can I do about it as a citizen?" He may mean, also, "What can I do to protect myself and family against it?"

If you, as a citizen, believe that inflation is an evil, then, of course, oppose it in every way that you can, and at every opportunity. Speak out against it, combat it with the written word, express your conviction to those who represent you in government. And in fighting inflation, you can properly have that conviction, because the case against inflation is a strong one.

But a person has a duty, also, to protect himself and his family against inflation. What he can do, however, is not at all clear and simple. First, there is the question how to hedge against an inflationary rise in prices in ways suited to his particular circumstances. Second, there is the possibility that at some point the inflation will be halted or reversed, with a consequent downturn in prices. Inflation hedges then would bring losses instead of protection.

The problem is a grave one for the middle classes—all those who have some savings, who own a moderate amount of property in some form or other. The wealthy can readily cushion themselves against inflation or deflation. The very poor have no savings to protect. Their problem is to subsist—to make both ends meet—as the cost of living rises.

Until inflation began to take hold in this country, and mounting prices almost continually reduced the purchasing power of the dollar, depression has always been the great fear of the industrious and thrifty. As an individual progressed he might acquire government and other high grade bonds, or even invest in conservative first mortgages. Liquidity and safety of principal were the primary considerations in a prudent individual's investment program; income was subordinate to them. It was not until he had a fair amount of means that he would consider equity investments other than in his business and the ownership of his home. Common stocks, for example, were not thought of as suitable investments until a person was moderately well off, for they involved speculative risk. In a depression they could lose much of their value.

But inflation and the prospect of more inflation has been with us for so long that many people have revised their financial programs. They realize that savings placed in banks, building and loan associations, bonds, and mortgages can buy less than half of what they could two decades ago; and that if the dollar continues to depreciate at the rate it has, their losses will be cruel indeed. Often, to protect themselves against inflation, they have been advised to place their funds in equities, such as land, buildings, common stocks, mineral rights, goods or commodities. The assumption, of course, is that equity investments will increase in value along with a general rise in prices.

The German experience with a wild inflation, which culminated in 1923 when the mark fell to one-trillionth of its 1913 value, is an extreme example of what can happen when a nation's currency gets out of control. We are far from being in the situation that Germany was, but what happened there shows dramatically the havoc inflation can wreck on savings. It also shows that so-called hedges against inflation are far from perfect protection. In the German episode, savings accounts and most bonds became worthless. Insurance kept about 6% of its value, and endowments and trusts about 12%. Real estate retained about 40% of its value. Prices of common stocks kept pace with the general rise in prices for several years, but, when the depreciation of the mark was most rapid, stock prices no longer responded.

Bresciani-Turroni, in his great study of the German inflation "The Economics of Inflation," tells us that about a year and a half before the inflation reached its highest point, which was in the Autumn of 1923, the movement of stock prices no longer parallelled that of commodities and foreign exchange. There had been a "black Thursday" in the stock markets as early as December, 1921, and "the public, badly hit by the fall of share prices, realized that not even the purchase of shares was a safe means of investing their savings." In October, 1922, prices of shares were only 89 times what they had been in 1914, "while the value of the dollar (expressed in terms of German marks) had increased over 1,500 times; coal, 1,250 times; bar iron, 2,000 times; and the index number of wholesale prices, 945 times. Dividends were less than in 1913. According to one estimate, those who had held shares of German companies continuously between 1913 and 1924 lost 75% of their investment.

Other ways of hedging against inflation are sometimes suggested. A person might purchase quantities of goods that eventually can be used and may later be more expensive, or he might buy newly mined gold (our government permits this, although it forbids possession of gold coins), or he might buy diamonds (the resale value of which is always far below retail prices). Borrowing money and using it to acquire goods and equities is a way to give leverage to one's inflation hedges, but it is a very risky way.

The great "catch" to every method you can use to protect yourself against inflation is that either inflation's impact on some prices may be delayed for a considerable period of time or the inflation suddenly may be brought to a halt. What is not always recognized by economists in their discussions of inflationary price trends is that they can be interrupted from time to time by deflationary movements of sufficient magnitude to obscure the long-run upward trend. Then havoc is wreaked upon those who had placed themselves in a vulnerable financial position. This occurred in the United States a dramatic way in the deflationary interlude of 1937-38 when prices declined abruptly and precipitously; and it has occurred to a lesser extent at several times since. Sooner or later, every inflation comes to an end, but no one can foretell when.

What can a person do? If he weighs his financial arrangements to hold his own against inflation, deflation can cause him serious loss. If he protects his assets against deflation, inflation can destroy their value. The best a person can do, it seems, is straddle the fence—be ready for either, and hope not to lose too severely. The wise policy, if an individual's circumstances permit, is to divide what he has between equities that may rise in price with further inflation and conservative fixed-value assets that will retain their worth during a deflation.

Regardless of what one does, it will almost certainly be to his interest to advocate every measure that will prevent further inflation. An all-out inflation means loss to practically everyone, for it brings to a halt the economic processes of the country. An extremely painful readjustment must take place before the production of goods is again sufficient for a comfortable standard of living. The only real protection against inflation is the same for everyone: a sound and stable currency. It can't eliminate the ups and downs of the business cycle, but it can prevent the extremes of inflation and deflation.

The Alternatives Before Us

What lies in the future only Providence can know with certainty. Of the possible developments that may occur, the first and, I believe, the most likely, is **marked further inflation** probably with brief interruptions. **Severe** deflation though perhaps later rather than sooner, is also highly probable. A grim alternative to either of these could be rigid, overall governmental control of the economy.

Another, and desirable, alternative would be the development and application of fiscal and monetary policies of a kind that can halt inflation and prevent severe deflation, while encouraging public and private thrift and a high level of confidence in America's economic future.

Continuing inflation can bring us only economic chaos and demean us before the world. Next to war, inflation is our greatest menace.

Bank and Insurance Stocks

BY ARTHUR B. WALLACE

BANK OF AMERICA N. T. & S. A.

Bank of America National Trust & Savings Association was organized in 1904 as Bank of Italy with resources of no more than $285,000. Today they total over $11 billion, making the largest bank in the United States out of the small unit that in its earlier years operated in the produce district of San Francisco. And today it maintains 647 domestic and overseas branches. In 1930 it merged with Bank of America, adopting that title.

The bank owes its great growth to the fact that long before the other large banking institutions, it recognized the wisdom of serving the smaller individual who was in need of bank facilities. Bank of America worked on the principle that the smaller (financially) man's account was worth going after, and as a consequence it built up a large volume of savings deposits, a departure from the accustomed practice of commercial banks generally. This, in turn, led to the use by the bank of comparatively high-yielding investments. Indeed, at the June 30, 1959 quarter-date the total of savings accounts was $5,475,496,000, versus $4,697,535,000 in demand deposits, making it the nation's largest savings bank. It has on its books over 7,000,000 deposit accounts of all kinds; and, whereas some ten years ago it took pride in having 395 deposit accounts for every 1,000 California residents, at the end of 1958 this ratio stood at 486.

In 1958 Bank of America derived 67% of its gross operating income from loan operations, 17% from securities, and 16% from trust facilities and other sources. It offers various "Timeplan" facilities to its customers: consumer lending; education; retail dealer needs; etc. It also does an important volume of municipal bond underwriting. Its 1958 annual report tells of having participated in that year in 269 such issues totaling over $733 million.

The subsidiary unit, Bank of America (International), owns a controlling interest in an Italian bank which operates 66 offices. The bank is a member of the Federal Reserve System, and of Federal Deposit Insurance Corporation, and practically every banking service is offered to its customers. There are 200,000 shareholders.

Statement of Condition—June 30, 1959

RESOURCES—		LIABILITIES—		
Cash and due from banks	$1,686,327,395	Capital	$160,000,000	
U. S. Govt. obligations including guarantees	2,072,718,165	Surplus	340,000,000	
Federal Agency securities	99,165,772	Undiv. profit	116,155,032	
State & municipal securities	719,787,229			$616,155,032
Other securities	124,009,500	Reserves		6,212,805
Stock in Fed. Reserve Bank	15,000,000	Reserve for pos. loan losses		108,153,682
Loans guaranteed or insured by U. S. Government	1,466,080,961	Deposits— Demand		4,697,535,008
Other loans and discounts	4,621,102,408	Savings and time		5,475,495,630
Accrued interest & accts. rec.	73,619,914	Liability on acceptance		138,342,905
Bank premises, etc.	142,856,056	Reserve, int. rec. in advance		76,884,295
Other realty owned	1,413,219	Reserve, int., taxes, etc.		40,633,907
Customers' liab. on accept.	135,715,079			
Other resources	1,617,566			
	$11,159,413,264			$11,159,413,264

A break-down of the above assets into principal categories follows:

Cash	15.1%	Other loans and discounts	41.4%
United States obligations	18.6	Real estate	1.3
Other securities	8.6	Miscellaneous assets	1.9
Loans guaranteed by U. S. Govt.	13.1		

At the end of 1958 Bank of America's government bond portfolio showed 80% maturing within five years. The average maturity at that time was three years and two months.

Ten-Year Statistical Record—Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range— High	Low
1949	$14.94	$2.65	$205	$1.25	22⅞	16¾
1950	16.45	2.27	223	1.50	31	22
1951	16.97	2.20	263	1.60	29	25½
1952	17.46	2.37	278	1.60	31¼	28¼
1953	18.18	2.66	288	1.60	35⅜	28¾
1954	19.21	2.64	319	1.60	39½	33⅛
1955	20.00	2.75	315	1.75	43¼	36
1956	21.76	2.89	321	1.75	40⅜	36
1957	22.54	2.81	341	1.80	38½	31¾
1958	23.49	3.01	366	1.80	41⅝	32

*Adjusted for the 1950 2-for-1 split.

In 1958, at the year-end, Bank of America was selling at about 13.9 times that year's operating earnings. It showed a most favorable rate of earnings on the year-end book value, i.e., 12.8%; and the dividend pay-out was the conservative 60% of operating earnings. The invested assets figure stood at $366 a share, 7.3% higher than a year earlier. Selling at present at about 48½ in the over-the-counter market, the $1.80 dividend returns about 3.7%. There are outstanding 25,600,000 shares of the stock of $6.25 par value. At the year-end, 1958 deposits were about 17.3 to 1 of capital funds (giving no effect to a reserve of $6,212,000). However, the bank is so heavily committed in its holdings to short-term bonds that this ratio is reasonable. Further, the fact that savings and time deposits are in excess of demand gives less significance to the ratio.

This department expects moderately higher earnings in 1959, with the possibility of an increase in the dividend to $2.00 by next spring.

The shares rank among the better grade investment issues in the bank stock group.

A. G. Becker Co. Appoints Officers

CHICAGO, Ill. —— Frank H. Link, formerly assistant secretary of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges, has been elected secretary of the company. Charles A. Stuart, formerly assistant treasurer, has been elected treasurer, and J. Harold Ahlberg has been named assistant secretary and assistant treasurer.

Form Larry Richards, Inc.

JERSEY CITY, N. J. — Larry Richards, Inc. is engaging in a securities business from offices at 2322 Hudson Boulevard. Officers are Isadore B. Silverman, president; Ada G. Parness, secretary; and Harriet J. Eisenberg, treasurer. All were formerly associated with L. L. Fane & Co.

Security Planning Opens

HOUSTON, Tex. — Security Planning Services, Inc. has been formed with offices at 3030 Louisiana Street to conduct a securities business. Officers are Charles E. Andrews, president; Phillip B. Costa, secretary; and O. I. Andrews, treasurer.

Form Securities Traders

HOUSTON, Tex. — Securities Traders, Inc., has been formed with offices in the Texas National Bank Building to engage in a securities business. Officers are Albert T. Schrader, president; Claude L. Alden, Jr., executive vice president; and Joe S. Maniscalco, secretary-treasurer. All were formerly officers of Standard Securities Service Corp.

With Bache & Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—Thomas Lamb Jr. has become affiliated with Bache & Co., 21 Congress Street. He was formerly with W. E. Hutton & Co. and White, Weld & Co.

Form Inv. Associates

ALBANY, N. Y. — Investment Associates has been formed with offices at 284 State Street to engage in a securities business. Partners are Thomas C. Plowden-Wardlaw, Rosamond A. Plowden-Wardlaw, Sylvian Mohan, and Anne E. Butler.

Continued from page 7

The Sovereign, the Central Bank And the Monetary Standard

It was, in its way, a rule of law in money affairs.

Answers Anti-"Bills Only" Argument

The rule rested on many rational considerations. Speaking entirely for myself and not for my colleagues, the rule seemed logical in a free economic system. Upon an examination of my own conscience and competence, I had to admit that in the infinitely ramified complex of factors affecting the numerous sectors of the long market, I simply did *not* know what the long rate ought to be—a subject in which many of the System's critics are apparently better prepared. Then too, it seemed to me that if intervention were desirable in order to allocate money capital as between long and short commitments, logic would equally require that the alloctaion of capital also be administered as between geographical areas, as between industry and government, as between Federal Government and local government, as between industry in general and particular industries, as between firms and plans . . . And so on and on, until there would emerge a totally controlled economic society, enforceable only by a police state. The final confrontation in my own mind was whether or not I actually believed in a free economic society. I do.

I submit this partial recall of my own reasoning only for purposes of illustration. The point I want to make here is that this attempt of the System to establish a rule of law in its procedure has been savagely criticized and probably has evoked more criticism than support, even though the rule was intended to avoid, among other things, the endless confusion and dismay of the citizen when he is confronted with unpredictable *ad hoc* decisions. Criticism has rested on many "it might be" or more often "it might have been" hypotheses. At bottom, however, it has seemed to me that criticism has rested on the belief that an announced rule of procedure giving the citizen a basis for judging his own decisions (wherein there will be penalties for error and imprudence) is less desirable than management in the name of the citizen (wherein it must be supposed that the management will be responsible and omniscient) so that the citizen will be convenienced in spite of himself. If in the case I have cited, we Americans were not prepared to give cordial support to a minor rule, how much less prepared would we be to accept a rule in the far more important area of a monetary standard, or even in the more basic criteria for central bank action, where short-run discipline in the interest of long-run welfare can be a good deal more severe.

Yet, as I have indicated, the fundamental problem in the monetary affairs of our own country and our own time and in the free world at large is the search for a rule of law. I believe the search will ultimately succeed only if it is recognized that we must have a monetary standard fundamentally different from those implied by the regimes of fiat money that have created such havoc in so many countries. What ultimate monetary standard the free world must find, if it is to remain free, is obviously beyond my analytical or intuitive prescience. Let me venture, however, a few comments

Disciplining the Sovereign

In speaking of the public purpose served by the independence of central banks, I said that the central bank, being the creature of the sovereign, could not in the end discipline its creator. Yet the main problem facing the modern world in its search for a monetary standard lies precisely in the difficulty of making the sovereign itself amenable to discipline.

It must be remembered that the sovereign is always beset by a swarm of clients, courtiers, panhandlers, and enemies. His clients and courtiers always allege the public welfare in the nurture of their own self-interest; and the sovereign tends to yield to them out of a laudable munificence and in a simple effort to maintain his sovereign position. The sovereign must sustain and nourish his servants; he must stand up to his enemies. Whether person or state, the sovereign seems always tempted to believe that loyalty is a purchasable commodity.

Thus the sovereign is nearly always necessitous. In nearly all ages, but notably in our own, he hesitates to make plain that what he gives to the one must be taken from the other. So he is nearly always the most impetuous, largest, most continuous, and most necessitous borower in the realm; and when the borrowing of real savings fails, he is attracted to the creation of monetary symbols, whether by clipping the coinage, as in days gone by, or by using the engaver's bench, as is now the custom.

We are hardly going to find a monetary standard having more than emphemeral and transitory significance unless we face up to the fact that it is precisely in the difficulty of disciplining the sovereign himself that we find now, as the world has found in the past, the central problem of a monetary standard. If such language be deemed inept, let it be more gently phrased. Let it be said that we must provide in the monetary standard a shield behind which the sovereign may at times honorably retire. This is why a monetary standard of any long-run validity must have a deep and abiding — almost religious — tradition behind it. A mere enactment of a legislative assembly will not suffice.

Discipline of the sovereign can finally be accomplished only through his own prudence. The posture of prudence is, however, difficult for the sovereign to sustain because of the pressures upon him by the people themselves. The degree of that pressure partly rests upon the character and integrity — or their lack — in the population governed. But the pressure on the sovereign is nearly always severe; for there are always large elements in society that think it better to be the clients and courtiers of the sovereign—even though they finally end as his servants and slaves—than to be honest men and free. They tend to be joined by others who would have a differing preference but find themselves justly aggrieved as one group gains the sovereign's favor, and they thus seek to repair their own injury by a claim upon the sovereign for equal or greater favor. So far as the monetary standard is concerned, the problem of disciplining the sovereign —better stated, of assisting him in self-discipline — can only be solved, I think, by a monetary standard having not only the characteristics I have previously mentioned but also the characteristic of permitting prudent men to exercise an effective counterpoise against imprudence.

Requires Access to Ultimate Money

Such a standard can be had, if at all, only if the individual has access to ultimate money. The mere pleas of prudent individuals against monetary imprudence will not be sufficient. This is why, in my opinion, no tabular standard, however rational, will ultimately be satisfactory. There must be a fundamental personal right, recognized by all of society, including the sovereign, for the individual to protect his savings by demanding money—by demanding value — not merely a symbol of money.

III
Conclusion

In conclusion, one final word about expectations. It is true, of course, that a good monetary system is a profoundly useful adjunct to an economic society. But I think that too often we expect too much. We would do well, I believe, to remember that in a free economic system there are many things that greatly influence the level and stability and efficiency of its operation and that do not yield themselves to monetary management, even if it were perfect, which it will never be, or to a monetary standard, even if perfect, which it will never be.

Our time suffers a kind of schizophrenia. We are having great difficulty in making up our minds whether we want to be regulated, controlled, bribed, and pushed up hill and down dale by the sovereign—all in the name of our own welfare and his wisdom —or whether we think that in the long run the mistakes of the sovereign will be a greater disaster than the mistakes that surely beset a free economic system. If we choose the former, then there is not too much point in extended debate on the monetary system. The system should be simply devised for the maximum convenience of the sovereign in gathering to himself the resources of economic society. If it is the latter, then the debate on money is profoundly important.

But I believe we should be under no illusion. A free economic society, whatever may be its tremendous advantages in the economic sphere, and its utter necessity for political and personal freedom, is going to produce from time to time some exceedingly uncomfortable results that do not yield themselves to the best of monetary managements or the best of monetary standards. We thus find ourselves confronted with the task of choosing, by deliberation or indirection, the kind of society we want. Therein lies a problem of value judgment that —excepting only our posture before our enemies—is the greatest problem of our time.

Jerry Brunell Opens

KEW GARDENS, N. Y. — Jerry Brunell is conducting a securities business from offices at 84-51 Beverly Road.

Bernard Faver Inv. Co.

BRONX, N. Y. — Bernard J. Faver is engaging in a securities business from offices at 2442 Throop Avenue under the firm name of Bernard J. Faver Investment Co. Mr. Faver was formerly with National Securities & Research Corp. and First Investors Corp.

Alexander C. Wood, Jr.

Alexander C. Wood, Jr., partner in A. C. Wood, Jr. & Co., Philadelphia, passed away suddenly August 10th at the age of 79.

Form First Republic

First Republic Underwriters has been formed with offices at 49 West 32nd Street, New York City to engage in a securities business. Partners are Ira Sands and Jerome Washner. Both are officers of the First Republic Corp.

Railroad Securities

Atchison, Topeka & Santa Fe

Earnings of Atchison, Topeka & Santa Fe continue at high levels. This is one of the few roads which did not suffer a sharp decline in earnings in 1958 because of its well diversified traffic pattern.

In the first five months of 1959, gross revenues were up 16.1% over the like 1958 period, while expenses rose only 9.5%. On the other hand, Federal tax accruals during the period increased 82%. However, net income increased to 88 cents a common share as compared with 58 cents a share in the like 1958 months. For the full year, it is estimated that gross revenues will be close to $635,000,000 as compared with $595,298,000 reported in 1958 and net income should approximate $2.75 a share against $2.51 reported last year.

Finances of the Santa Fe are exceptionally strong, with dividends amounting to 30 cents quarterly plus a year-end extra of 25 cents a share which might be augmented. As of May 31, 1959, cash and cash equivalents amounted to $176,000,000, while current liabilities were $103,600,000. Working capital aggregated $142,100,000 as compared with $99,900,000 on the like 1958 date. Capital expenditures this year are expected to increase to around $55,000,000 from the $35,000,000 expended in 1958. Estimated depreciation charges are placed at $36,700,000 which will exceed equipment trust maturities by some $31,000,000, with most of its equipment being purchased for cash rather than financed.

During the first half of last year, Santa Fe showed a smaller drop in revenues than the majority of carriers but still was able to show a gain in carloading this year of close to 15% during the period as compared with an industry gain of 11.7%. The less than average decline last year was due to heavy shipments of grain, the resultant revenue increase from this source of $23,400,000 over the return in the earlier having offset more than two-thirds of the decline in the revenues from the shipment of miscellaneous products.

Revenues and the territory served are expected to continue to grow. Agricultural products will continue to play a large part in the road's future, but industrialization of the district will be a large factor. Last year, 385 new permanent industries located in the railroad's territory and 359 expansion programs for existing plants were undertaken. Traffic volume from this business actually was ahead of the previous year and further gains are anticipated.

Further cuts in passenger business losses are anticipated. Last year, almost 3,000,000 train miles were eliminated and the out-of-pocket deficit was reduced to $2,400,000 from $10,300,000 in 1957. Further cuts in this loss are possible during 1959 since the year will have the advantage of the reductions in service for the full year.

Non-rail income has been showing a decline. In both 1956 and 1957 this "other income" was about equal to fixed charges and preferred dividend requirements. In 1958, the combination of lower prices for crude oil and the curtailment of production of oil in both Texas and California cut combined net after taxes of the separately operated companies by 13% to $9,093,000. This was responsible for the drop to $8,000,000 from $9,700,000 in dividends received from wholly-owned subsidiaries. Not much change is looked for from this source, although over the longer term Santa Fe should benefit from its holding in oil, lumber, coal, real estate and other subsidiary companies.

Railroad's Strike Insurance Program To Become Effective

American railroads have "overwhelmingly accepted" the proposed service interruption insurance plan and "practically the entire industry has applied for a policy," the Association of American Railroads said on Aug. 17.

Daniel P. Loomis

The plan, which would insure carriers against specified financial losses resulting from work stoppages, will go into effect "very shortly," the announcement disclosed.

Commenting on the industry's adoption of the insurance, Daniel P. Loomis, A.A.R. president said:

"The railroads felt it was not only in their interests but also in the broad public interest to seek protection from huge financial losses that are an inevitable consequence of work stoppages. The insurance plan is in the public interest as it guards a railroad against complete financial collapse and, therefore, is protection for the public and the nation.

"In the past, a railroad has had no protection against work stoppages that violate provisions of the Railway Labor Act or take place in defiance of recommendations of a Presidential Emergency Board. On the other hand, the railroads have had to finance strikes by their employees. This ironic state of affairs prevails because of a unique provision in the Federal Railroad Unemployment Insurance Law under which railroad employees engaged in a 'lawful' strike are to be paid unemployment benefits from a fund to which the railroad companies are the sole contributors. The railroads are the only industry where such is the case."

Form First Pennington

PITTSBURGH, Pa. — First Pennington Co., has been formed with offices in the Investment Building to engage in a securities business. Officers are Naomi R. Jezzi, president and Joseph S. Schuchert, Jr., secretary. Miss Jezzi was formerly secretary and cashier for the First Washington Corp.

Investors Growth Mutual

Investors Growth Mutual Corporation is engaging in a securities business from offices at 154 Nassau Street, New York City. Officers are Seymour Levy, president; Theodore B. Verdon, David Shapiro and Henry Chin, vice presidents; and Bernard Bernstein, secretary. All are associated with Investors Growth Corporation.

Richard A. Robertson

Richard A. Robertson III, partner in Robertson & Co., New York City, passed away suddenly August 12th at the age of 59.

Union Bag-Camp Paper Secondary Offering

An underwriting group headed jointly by Blyth & Co., Inc. and Cyrus J. Lawrence & Sons on Aug. 18 offered 327,042 shares of capital stock of Union Bag-Camp Paper Corp.

The stock, which is being sold by The Louis Calder Foundation, is priced at $44.75 per share. No proceeds will be received by the company. The Louis Calder Foundation is a trust established in 1951 by Louis Calder exclusively for religious, charitable, scientific, literary and educational purposes.

Union Bag-Camp Paper is the largest United States producer of paper bags. The company operates two fully-integrated pulp and paper mills situated at Savannah, Ga. and Franklin, Va., having aggregate annual capacity of 925,000 tons of paper and board. Other products include container-board, corrugated boxes and sheets, bleached paper and board, and various types of converter and wrapping paper. The company, which also manufactures and sells lumber, owns or leases about 1,425,000 acres of timber land in five southeastern states, of which 75% is owned in fee. Other plants are at Trenton, N. J.; Chicago; St. Louis; New Hope, Pa.; Richmond, Glens Falls, N. Y. and Lakeland, la.

Net sales for the six months ended June 30, 1959 were $88,315,000 and net income $9,580,000, equal to $1.30 per share, compared with sales of $73,722,000 and net income of $6,743,000, or 92 cents per share, in the first half of 1958. For the full year 1958, sales were $156,908,000 and net income $15,654,000, or $2.13 per share.

Dividends have been paid continuously since 1940 with the regular quarterly rate 30 cents in 1957 and 1958, supplemented by extra dividends in like amount in each year.

As of June 30, 1959 capitalization of the company consisted of: $37,553,233 of long-term debt and 7,379,388 shares of $6⅔ par value common stock.

Branson Instruments Common Stock Offered

Public offering of 40,000 shares of Branson Instruments, Inc. common stock at a price of $20 per share was made on Aug. 20 by McDonnell & Co., Inc. Of the 40,000 shares offered, 10,000 shares are being sold for the account of the company and 30,000 shares for certain stockholders.

Net proceeds from the sale of its 10,000 shares of stock will be used by the company to finance additional inventory. The balance of the proceeds will be added to the company's general funds and will be available for working capital.

The company is engaged in the design, manufacture and sale of ultrasonic thickness testers and flaw detectors. Through a subsidiary, the company is engaged in the design, manufacture and sale of ultrasonic cleaners and cleaning systems. Offices and manufacturing facilities of the company and its subsidiary are located in Stamford, Conn.

For the five months ended May 31, 1959 the company and its subsidiary had consolidated net sales of $645,656 and net income of $53,465. For the year 1958 net sales were $1,266,683 and net income was $106,789. Upon completion of the current financing outstanding capitalization of the company will consist of 160,000 shares of common stock, $1 par value, of an authorized 200,000 shares.

Mutual Funds

BY ROBERT E. RICH

It's the Green, Not the Grass

There are many new broad-horizon growth industries, but though they be as different as air-conditioning, electronics, nucleonics or solar power are from each other, they all have this in common—they will not long have the field to themselves. This is the age of diversification and it's hardly realistic to suppose that industrial leaders, whether they are afflicted with small profit margins or a highly cyclical business, would look for more of the same in their quest for diversity.

The rush to greener pastures can take on the aspects of a stampede if the cost of getting into the new field does not involve onerous financing. Thus, in the case of air-conditioning, dozens of appliance manufacturers jumped in. Their reasoning was elementary: they had the dealers who sold their standby appliances and there was no lack of manufacturers eager to produce the units under contract. So, with no capital investment, they broadened their line. Even as they were filling the pipeline to the trade, the profits flowed.

It is pretty much the same kind of reasoning that has driven insurance companies to the idea of variable annuities. They have the clientele and the resources; the demand is there. To be sure, not all insurance companies want that kind of diversity, as Metropolitan Life Insurance Co.'s Fred Ecker has made clear. But, assuming legislative approval of the variable annuity idea for insurance companies, the competition for the investment dollar will be plenty, even without mighty Metropolitan.

Nor are the managers of mutual funds without ideas of their own. With net assets of $15 billion and well over four million accounts, this fast-growing field already has numerous salesmen who are prepared to sell their customers a complete package—shares in a mutual fund and life insurance.

Now, the mutual fund field is nothing like the railroad equipment industry, which diversified in the desperation created by the hand-to-mouth buying of their carrier customers. The funds are well-heeled and growing at a pace that is unequaled in any area of our commerce.

Prior to World War II their assets toted up to less than a half billion dollars and there were less than 300,000 accounts. So this is no case of people envying someone else's greener grass, but rather seeking more green. Indeed, it would appear that only the green light from state insurance departments and the availability of personnel (it's a rare fellow who is thoroughly grounded in both mutual funds and insurance) are needed to send the mutual funds off to a large niche in the insurance field.

Overcoming personnel problems figures to be a minor chore alongside the jousting with bureaucrats and certain insurance company officials, who are not taking kindly to the idea of competing with this new young giant.

Mutual Fund Reports

The National Association of Investment Companies reports that at June 30 there were 1,006,720 active accumulation plans for the purchase of mutual fund shares. This compares with 750,000 a year earlier. The association also announced it will hold a membership meeting in New York on October 22 and 23. Sessions will be addressed by Charles M. White, President of Republic Steel Corp., and Herbert R. Anderson, President of the association.

Delaware Fund sales for the first seven months of 1959 totaled $10,419,039, a rise of 106% from the $5,059,673 in the same period last year. July sales were up 82.8% from a year ago.

Massachusetts Investors Trust, the nation's first and largest mutual fund with June 30 assets of more than $1.5 billion, attained its present stature from a modest beginning just 35 years ago this summer.

MIT started operations on June 23, 1924, with a subscription account for investment of some $29,300. The trustees put this money to work almost immediately, investing in a group of common stocks, and the portfolio began to take shape.

Among the initial purchases were these common stock investments: $971.50 of U. S. Steel, $670 of General Motors, $1,077.75 of Eastman Kodak, $1,041.50 of Atchison, Topeka & Santa Fe, $780.55 of Texaco, and $729.13 of National Lead Co.

Although these six stocks appear in the current MIT portfolio list, only one—Eastman Kodak—has been held continuously through the 35-year period, and, of course, today's holdings are quite a bit more substantial. The U. S. Steel commitment is at 560,000 shares and is valued at $55.7 million. General Motors holdings now total 721,000 shares at $37 million; Eastman Kodak, 222,000 shares at $19 million; Santa Fe, 775,000 shares at $23.6 million; Texaco, 527,100 shares at $42.4 million; and National Lead, 128,112 shares at $15.9 million.

Some entire industries that were prominent in the 1920's subsequently lost their investment appeal and were replaced in the portfolio by stocks of companies in other industries, Dwight P. Robinson Jr., Chairman, explained. On the other hand, he added, important industries now represented in the portfolio, such as drugs, chemicals, electronics, business machines and natural gas, did not start their great expansion until years after the trust's first portfolio was acquired.

Total net asset value of **Allied Resources Fund** for the fiscal year ended July 31, were $746,416, compared to $349,800 a year ago, an increase of 120%. The net asset value per share increased 34% during the year from $5.28 to $7.09. Total net assets per shareholder were up from $1,705 to $2,850.

Investors Planning Corporation of America on Aug. 19 launched distribution of a new contractual plan for the accumulation of shares of National Investors Corporation, America's oldest growth stock mutual fund.

National Investors Corporation, with net assets of $120 million, is one of the $297 million Broad Street Group of mutual funds.

The N. I. C. plan is the third to be developed and sponsored by Investors Planning Corporation for distribution by its 3,000 registered representatives in the New York metropolitan area, and its franchised affiliates throughout the United States, Europe and Asia.

Details of the plan were disclosed by Walter Benedick, President of I. P. C., and Milton Fox-Martin, President of Broad Street Sales Corporation, general distributor of National Investors Corporation shares.

Mr. Benedick said the N. I. C. plan will follow the same format as the other I. P. C.-sponsored plans, one for the accumulation of shares of Axe-Houghton Fund B, Inc., and the other for shares of Axe Science & Electronics Corporation.

The plan will call for a maximum of 150 monthly payments of from $20 to $2,000 and higher, with optional group life insurance up to $30,000 covering uncompleted payments in case of death.

Blue Marlin Tourney Won By P. R. Team

The Blue Marlin International Fishing Tournament between members of the Cape Hatteras Bill & Fish Club and Club Nautico of San Juan, Puerto Rico, held off San Juan, August 13-15, resulted in Cape Hatteras being designated the Blue Marlin Capital of the World for 1959 since while two blue marlins were caught off San Juan, eight were caught off Cape Hatteras in competition between the two teams last June.

In the two contests, the total score of the Puerto Rican Team was 2307 points or nine blue marlins; the Cape Hatteras Team, 336 points or one blue marlin.

William G. Carrington, Jr., partner of Ira Haupt & Co., members of the New York Stock Exchange, caught a 438¼ lb. blue marlin on Aug. 14, representing the Puerto Rican team, and Esteban A. Bird, Executive Vice-President of Banco Credito y Ahorro Ponceno, San Juan, caught a 154 lb. blue marlin on Aug. 15. Mr. Carrington was presented with a rod and reel by the Cape Hatteras Team for scoring the highest individual points, 961, for the Puerto Rican team. A marlin trophy was presented to the Cape Hatteras team and a silver cup to the Puerto Rican team, along with replicas of the cup for team members.

Forms E. J. Quinn Co.

STATEN ISLAND, N. Y. — E. J. Quinn & Co., Inc., has been formed with offices at 544 Oakland Avenue to engage in the securities business. Officers are Engene J. Quinn, president; Michael J. Quinn, Jr., vice president; and Gerald F. Quinn, secretary-treasurer. Michael Quinn was formerly with White, Weld & Co. and J. F. Reilly & Co.

With Midland Inv.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Frank R. Kaspereen has been added to the staff of Midland Investors Company, 1286 West Lane Avenue.

With G. H. Walker

Joachim A. Schumacher has become associated with G. H. Walker & Co., 45 Wall Street, New York City, members of the New York Stock Exchange, in the investment management department.

J. J. Krieger Co.

J. J. Krieger & Co., Inc., is engaging in a securities business from offices at 120 Liberty Street, New York City.

Form L. I. Securities

HEMPSTEAD, N. Y. — Long Island Securities Co., Inc., has been formed with offices at 50 Webb Avenue to engage in a securities business.

Futures Diversified

Futures Diversified Planners has been formed with offices at 11 West 42nd Street, New York City, to engage in a securities business. Partners are Francis Waschler and S. David Hoffman.

Paisner and Druskoff Open

Paisner and Druskoff has been formed with offices at 1635 Popham Avenue, New York City to engage in a securities business Partners are Leon H. Paiser and Eli Druskoff.

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The State of Trade and Industry

to the U. S. at $225,000,000. Lost production was estimated at 9,625,400 ingot tons.

One steelmaker sees the strike aiding imports. "With the nationwide steel strike, foreign producers are threatening to move in on us in a big way," asserts William M. Hall, Wheeling Steel Corp. Vice-President. "They've combined the lessons of technology learned from us with . . . low employment costs . . . an extremely tough combination to beat," he says.

During July, the Port of Chicago received 37,459 tons of foreign steel vs. 35,635 tons in June. Belgium, Norway, and Germany accounted for most of it.

Steelmaking operations last week edged up to 12% of capacity, eight-tenths of a percentage point above the previous week's revised rate. Output was about 340,000 ingot tons. Sixty-eight plants of 59 steel companies were operating. Their combined annual ingot capacity is 22,324,990 tons, about 15% of the industry's total.

"Steel's" scrap price composite on No. 1 heavy melting grade was unchanged at $38.33 a gross ton. Tonnage is being booked for delivery after the strike settlement.

The U. S. has 5573 foundries, 185 fewer than were in operation two years ago, according to Penton's Foundry List. Canada has 512 foundries, 50 less than two years ago. Trends since 1957 are mixed. There are fewer makers of gray iron, brass and bronze, and aluminum castings, but more plants are casting magnesium and zinc. Leading states: Ohio, California, Pennsylvania, Illinois, Michigan, New York, Indiana, and Wisconsin.

Steel Output Based on 11.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *21.0% of steel capacity for the week beginning Aug. 17, equivalent to 337,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *20.9% of capacity and 335,000 tons a week ago. [ED. NOTE: A strike in the steel industry began Wednesday, July 15.]

Actual output for the week beginning Aug. 10 was equal to 11.8% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 11.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *22.7% and production 365,000 tons. A year ago the actual weekly production was placed at 1,690,000 tons, or *105.2%.

*Index of production is based on average weekly production for 1947-49.

1959 Model Car Output Continues Lower

The first Ford plants to close for the 1960 model changeover shut down Aug. 14 at Dearborn, Mich., and Lorain, Ohio, as industry production continued at its slowest pace of the year.

Ward Automotive Reports estimated the week's assemblies (period ended Aug. 15) at 72,630 cars against 108,240, the year's previous low mark, last week. A year ago this week 59,677 cars were built.

Truck volume for the latest week was up slightly at 11,861 compared with 11,200 a week ago and 12,976 a year ago. Studebaker and Dodge have begun 1960 assemblies.

The four millionth car of the calendar year was built during the week under review and production now stands at 4,023,211 cars since Jan. 1. A year ago this date the figure was 2,700,966.

Electric Output 6.2% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 15, was estimated at 13,648,000.000 kwh., according to the Edison Electric Institute. Output decreased by 27,000,000 kwh. below that of the previous week's total of 13,675,000,000 kwh. but showed a gain of 798,000,000 kwh. or 6.2% above that of the comparable 1958 week.

Car Loadings Down 14% From 1958 Week

Loading of revenue freight for the week ended Aug. 8, 1959, totaled 532,304 cars, the Association of American Railroads announced. This was a decrease of 86,900 cars or 14% below the corresponding week in 1958, and a decrease of 208,167 cars or 28.1% below the corresponding week in 1957.

Loadings in the week of Aug. 8, were 12,160 cars or 2.2% below the preceding week. It is estimated that there was a loss of about 160,000 cars in the current week due to the steel strike.

Intercity Truck Tonnage 10.3% Above 1958 Week

Intercity truck tonnage in the week ended Aug. 8 was 10.3% ahead of the corresponding week of 1958, the American Trucking Associations, Inc. announced. Truck tonnage was 0.3% 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 Decline 1.9% From 1958 Week

Lumber shipments of 473 mills reporting to the National Lumbertrade Barometer were 1.9% above production for the week ended Aug. 8, 1959. In the same week new orders of these mills were 2.2% below production. Unfilled orders of reporting mills amounted to 42% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 41 days' production.

For the year-to-date, shipments of reporting identical mills were 2.2% above production; new orders were 2.5% above production.

Compared with the previous week ended Aug. 1, 1959, production of reporting mills was the same; shipments were 3.2% above; new orders were 4.5% below. Compared with the corresponding week in 1958, production of reporting mills was 4.2% below; shipments were 5.2% below; and new orders were 15.8% below.

Business Failures Drop in Aug. 13 Week

Commercial and industrial failures dipped to 269 in the week ended Aug. 13 from 274 in the preceding week, reported Dun & Bradstreet, Inc. Exceeding their 1958 level for the first time in nine weeks, casualties were up from 262 in the similar week of last year and from 222 in 1957. Also, failures ranged 6% above the prewar total of 253 in the comparable week of 1939.

All of the week's decline was concentrated among casualties involving liabilities of $5,000 or more, which fell to 226 from 249 a week earlier and which were off slightly from the 227 a year ago. In contrast, small failures, those with liabilities under $5,000, climbed to 43 from 25 in the previous week and 35 last year. Twenty-three businesses succumbed with liabilities in excess of $100,000, as against 24 in the preceding week.

Retailing accounted entirely for the week-to-week downturn; casualties in this group dropped to 126 from 149 last week. Meanwhile, manufacturing casualties rose to 45 from 39, construction to 43 from 38, and commercial service to 33 from 26. Fewer manufacturers failed than a year ago, but tolls ran above 1958 levels in all other groups.

Wholesale Commodity Price Index Rises Moderately Over Previous Week

Higher prices for hogs, rye, tin, zinc and rubber moved the general commodity price level up over last week's figure despite declines in the prices of cocoa, flour, rice, beek and other commodities. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc. was 277.24 (1930-32=100) on Aug. 17, compared with 276.06 a week ago and 278.86 one year ago.

There was little influence in the grain market during the past week. The price of wheat remained unchanged after fluctuating narrowly during the week. Corn prices dropped a fraction as did those for barley. Oats remained steady but rye prices edged up a little.

Soybean futures dropped sharply following the government's August Crop report which forecast a larger production than had been previously estimated. Prices declined for the third straight week, bringing the price down by as much as nine cents a bushel since Aug. 1.

The domestic flour market quieted down this week after a very busy two week period and prices declined moderately. Lower prices were again being quoted by millers on several grades of rice. Early arrivals of new crops were grading high and export inquiry continued active.

With trading volume gaining in the world market as well as in the domestic market, the outlook for sugar is considered good. Prices remained firm over the past week. Coffee prices held steady with last week in moderate trading. Cocoa declined slightly during the week despite gains made on Friday.

Normal supplies of steer beef moved well during the past week. Initial price declines were recovered and the market ended at the level of the previous week. Hog prices advanced over last week, turning upward at the close. Lamb receipts this week were 15% higher than in the previous week and prices remained unchanged.

Forecasts of a heavy cotton supply, coupled with lagging exports, influenced selling on the New York Cotton Exchange this week. Prices ended a little below those prevailing at the close of the previous week. United States exports of cotton for the week ended last Tuesday were approximately 13,000 bales as compared with 60,000 bales last week and 64,000 bales a year ago.

Wholesale Food Price Index Lowest Since March 1956

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., declined 1.0% on Aug. 11 to $5.93 from $5.99 a week earlier. This was the lowest level since March 27, 1956, when the index stood at $5.89. The current level was 9.8% below the $6.57 of the corresponding date a year ago.

Commodities quoted higher this week were flour, rye, butter and peanuts. Lower in wholesale price were wheat, corn, oats, beef, hams, bellies, lard, sugar, coffee, cottonseed oil, cocoa, eggs, rice 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 Exceed Last Year's Figures

Paced by continued strong demand for furniture and women's ready-to-wear, and stimulated by back-to-school promotions and white sales, retail volume during the past week showed further gains over those of one year ago. There were reports of spotty sales in some categories in cities affected by the steel strike but the impact on retail trade has been mild this far. Automobile sales varied in different cities from down 10% compared to last year to up 20%.

The total dollar volume of retail trade in the week ended Aug. 12 was 4% to 8% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Mountain +7 to +11; East North Central and West South Central +6 to +10; Middle Atlantic +5 to +9; Pacific +4 to +8; New England, West North Central and South Atlantic +2 to +6; East South Central —1 to +3.

Nationwide Department Stores Sales Up 9% for August 8 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Aug. 8, increased 9% above the like period last year. In the preceding week, for Aug. 1, an increase of 6% was reported. For the four weeks ended Aug. 8, a gain of 7% was registered and for Jan. 1 to Aug. 8 an 8% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Aug. 8 a 9% increase was reported over the like period last year. In the preceding week, July 25, a 3% increase was reported. For the four weeks ended Aug.8 a 6% gain over the same period in 1958 was recorded and Jan. 1 to Aug. showed a 4% increment.

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The Security I Like Best

panding field. Vibration and sound represent two of the most critical problems confronting designers and manufacturers of rockets, missiles, aircraft and components, and are potentially of great importance in many industrial areas yet to be explored.

Commercial sales will be in the field of electrical contracting, manufacture and sale of high-fidelity and other sound systems, theatre and other public address systems and related products, and closed circuit, low-cost commercial and amateur TV, and nationwide servicing of them all. It is worthy of special note that in the field of commercial television the company through a subsidiary can now equip a television station for $25,000 to 30,000 as compared to a former minimum outlay of $100,000 to $200,000. This opens a tremendous new field since many smaller towns will now be able to support a commercial television station. Orders for 17 station installations have already been received. This is an explosive area of future earnings.

For those who like a dash of Buck Rogers romance in their situations, this company offers its entry into the vital sonar program. Anti-submarine warfare is considered by our military leaders as perhaps the most critical area of present scrutiny. Ling-Altec engineers are perfecting a system of miniaturizing sonar power units and the company presently has a backlog of orders of over $2,500,000 for production prototype equipment, which are expected in due course to be followed by production contracts which in turn will have a most favorable impact on 1960 sales and earnings.

For the quarter ended June 30, 1959, the company reported earnings of $0.405 per share on sales of $6,299,000 and $0.51 per share for the six months to June 30. We estimate sales and earnings for the second six months of this year at $16,000,000 and $1.00 per share respectively.

However, this is only the beginning. The company has at least three strong arrows in its bow. The market for environmental vibration and acoustic testing equipment is mushrooming. The market for low-cost commercial TV stations awaits only FCC approval of the many additional applications pending to virtually explode. Large production contracts in the sonar field are expected before the end of this year. All divisions of the company are operating profitably and there is hardly a cloud on the horizon.

The company's growth, particularly in the last three years, has been fantastic but there is ample reason to believe that a period of even greater growth *lies immediately ahead*. It is Ling's ambition to have his company in the first 500 U. S. corporations by 1961 and I personally would not care to bet against him.

(Just prior to going to press, it was announced that Ling-Altec has acquired Continental Electronics for $3,600,000, mostly cash. This newest acquisition will result in sharply higher sales and earnings for the balance of 1959 than the projections made above. The newest acquisition is the largest yet made by this rapidly growing company).

C. B. Demarest Opens

KEW GARDENS, N. Y. — C. Brooks Demarest is conducting a securities business from offices at 120-39 Eighty-third Avenue under the firm name of C. B. Demarest Company.

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. 22	§11.9	*11.8	12.9	62.6
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 22	§337,000	*335,000	365,000	1,690,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 7	6,788,975	6,807,975	6,802,425	6,836,185
Crude runs to stills—daily average (bbls.)	Aug. 7	¶7,836,000	7,997,000	7,836,000	7,597,000
Gasoline output (bbls.)	Aug. 7	28,167,000	28,948,000	28,434,000	27,589,000
Kerosene output (bbls.)	Aug. 7	1,436,000	1,699,000	1,644,000	1,545,000
Distillate fuel oil output (bbls.)	Aug. 7	12,415,000	12,046,000	11,457,000	11,730,000
Residual fuel oil output (bbls.)	Aug. 7	6,153,000	6,573,000	6,466,000	6,641,000
Stocks at refineries, bulk terminals, in transit, in pipe line—					
Finished and unfinished gasoline (bbls.) at	Aug. 7	183,481,000	186,496,000	192,752,000	177,297,000
Kerosene (bbls.) at	Aug. 7	29,004,000	29,298,000	28,494,000	26,306,000
Distillate fuel oil (bbls.) at	Aug. 7	142,994,000	139,154,000	125,818,000	124,838,000
Residual fuel oil (bbls.) at	Aug. 7	56,573,000	55,668,000	54,349,000	67,251,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 8	532,304	544,464	554,426	619,204
Revenue freight received from connections (no. of cars)	Aug. 8	484,596	480,032	457,519	521,867
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 13	$412,400,000	$411,700,000	$446,600,000	$336,876,000
Private construction	Aug. 13	230,200,000	197,000,000	228,100,000	152,018,000
Public construction	Aug. 13	182,200,000	214,700,000	218,500,000	184,858,000
State and municipal	Aug. 13	150,500,000	175,600,000	139,100,000	148,749,000
Federal	Aug. 13	31,700,000	39,100,000	79,400,000	36,109,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 8	6,840,000	7,185,000	1,520,000	7,923,000
Pennsylvania anthracite (tons)	Aug. 8	368,000	362,000	44,000	404,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 8	131	121	126	120
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 15	13,648,000	13,675,000	13,415,000	12,851,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 13	269	274	242	262
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 11	6.196c	6.196c	6.196c	6.188c
Pig iron (per gross ton)	Aug. 11	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Aug. 11	$39.83	$39.83	$39.17	$41.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 12	29.600c	29.600c	30.900c	26.100c
Export refinery at	Aug. 12	28.800c	27.600c	25.675c	25.475c
Lead (New York) at	Aug. 12	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	Aug. 12	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	Aug. 12	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	Aug. 12	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	Aug. 12	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Aug. 12	101.750c	101.750c	102.750c	95.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 18	83.48	84.07	84.06	91.13
Average corporate	Aug. 18	86.11	85.98	85.85	93.23
Aaa	Aug. 18	89.92	89.92	89.23	98.25
Aa	Aug. 18	87.99	87.72	87.59	96.23
A	Aug. 18	85.85	85.72	85.46	93.23
Baa	Aug. 18	81.29	81.17	81.29	86.11
Railroad Group	Aug. 18	84.81	84.68	84.94	89.64
Public Utilities Group	Aug. 18	85.46	85.33	85.07	93.23
Industrials Group	Aug. 18	88.27	88.13	87.59	97.16
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 18	4.13	4.07	4.07	3.29
Average corporate	Aug. 18	4.70	4.71	4.72	4.19
Aaa	Aug. 18	4.42	4.42	4.47	3.86
Aa	Aug. 18	4.56	4.58	4.59	3.99
A	Aug. 18	4.72	4.73	4.75	4.19
Baa	Aug. 18	5.08	5.09	5.08	4.70
Railroad Group	Aug. 18	4.80	4.81	4.79	4.44
Public Utilities Group	Aug. 18	4.75	4.76	4.78	4.19
Industrials Group	Aug. 18	4.54	4.55	4.59	3.93
MOODY'S COMMODITY INDEX	Aug. 18	382.9	381.8	382.3	398.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 8	366,851	351,802	255,670	298,376
Production (tons)	Aug. 8	336,991	331,482	180,359	288,874
Percentage of activity	Aug. 8	98	98	56	92
Unfilled orders (tons) at end of period	Aug. 8	578,875	550,614	567,234	471,682
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 14	109.42	109.33	110.91	109.30
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	July 24	2,465,690	2,580,010	2,346,590	2,425,130
Short sales	July 24	372,010	419,430	335,610	628,350
Other sales	July 24	2,013,960	2,123,440	1,944,660	1,838,600
Total sales	July 24	2,385,970	2,542,870	2,280,270	2,466,950
Other transactions initiated off the floor—					
Total purchases	July 24	335,530	417,850	407,240	653,740
Short sales	July 24	12,400	24,100	45,300	68,700
Other sales	July 24	346,560	405,730	355,600	526,810
Total sales	July 24	358,960	429,830	400,900	595,510
Other transactions initiated on the floor—					
Total purchases	July 24	721,752	864,624	739,618	818,340
Short sales	July 24	123,970	140,560	115,890	146,760
Other sales	July 24	753,172	786,092	713,250	757,269
Total sales	July 24	877,142	926,652	829,140	904,029
Total round-lot transactions for account of members—					
Total purchases	July 24	3,522,972	3,862,484	3,483,448	3,897,210
Short sales	July 24	508,380	584,090	496,800	843,810
Other sales	July 24	3,113,692	3,315,262	3,013,510	3,122,679
Total sales	July 24	3,622,072	3,899,352	3,510,310	3,966,489
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 24	1,736,861	1,780,171	1,653,714	1,478,058
Dollar value	July 24	$92,082,884	$92,811,252	$90,089,463	$68,517,401
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 24	1,510,654	1,606,150	1,537,468	1,521,088
Customers' short sales	July 24	4,869	6,153	7,682	19,974
Customers' other sales	July 24	1,505,785	1,599,997	1,529,786	1,501,114
Dollar value	July 24	$75,231,473	$79,381,710	$77,071,580	$66,151,566
Round-lot sales by dealers—					
Number of shares—Total sales	July 24	381,920	433,320	436,710	506,670
Short sales	July 24	------	------	------	------
Other sales	July 24	381,920	433,320	436,710	506,670
Round-lot purchases by dealers— Number of shares	July 24	614,640	593,870	564,070	489,470
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 24	576,510	680,410	582,950	1,203,580
Other sales	July 24	14,945,330	15,791,830	14,804,890	18,527,810
Total sales	July 24	15,521,840	16,472,240	15,387,840	19,731,390
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 11	119.1	119.2	119.4	119.0
Farm products	Aug. 11	87.1	87.8	88.6	93.2
Processed foods	Aug. 11	106.1	106.5	107.5	111.2
Meats	Aug. 11	95.0	96.5	99.8	109.9
All commodities other than farm and foods	Aug. 11	128.2	128.2	128.2	126.0

*Revised figure. ¶Includes 1,030,000 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.

	Month Latest	Month Previous	Ago Year
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of May	163,857	155,213	126,327
Stocks of aluminum (short tons) end of May	112,710	131,460	183,557
AMERICAN ZINC INSTITUTE, INC.—Month of July:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	73,101	75,544	65,119
Shipments (tons of 2,000 pounds)	60,454	102,162	60,187
Stocks at end of period (tons)	182,033	169,386	257,911
COAL OUTPUT (BUREAU OF MINES)—Month of July:			
Bituminous coal and lignite (net tons)	23,970,000	36,470,000	23,944,000
Pennsylvania anthracite (net tons)	1,140,000	*1,683,000	1,377,000
COKE (BUREAU OF MINES)—Month of June:			
Production (net tons)	6,043,665	*6,376,771	3,943,900
Oven coke (net tons)	5,922,648	*6,243,859	3,897,700
Beehive coke (net tons)	121,017	*132,912	46,200
Oven coke stock at end of month (net tons)	2,906,050	*3,154,278	3,876,637
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM — 1947-49 Average=100— Month of July:			
Adjusted for seasonal variation	147	*144	140
Without seasonal adjustment	119	*136	112
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate customers— Month of May (000's omitted)	50,409,616	50,434,196	44,707,315
Revenue from ultimate customers—Month of May	$841,988,000	$842,723,000	$768,636,000
Number of ultimate customers at May 31	56,643,611	56,508,384	55,432,513
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of June:			
Weekly earnings—			
All manufacturing	$90.54	$90.32	$83.10
Durable goods	98.88	98.23	89.89
Nondurable goods	79.20	*79.20	75.08
Hours—			
All manufacturing	40.6	40.5	39.2
Durable goods	41.2	41.1	39.6
Nondurable goods	39.6	*39.6	38.7
Hourly earnings—			
All manufacturing	$2.23	$2.23	$2.12
Durable goods	2.40	2.39	2.22
Nondurable goods	2.00	*2.00	1.94
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of July (1947-49=100)	64.2	64.4	63.6
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of June (000,000's omitted):			
Ordinary	$4,408	$4,206	*$3,878
Industrial	598	633	*600
Group	1,091	754	*786
Total	$6,097	$5,593	*$5,264
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of July:			
Total number of vehicles	667,059	679,104	388,572
Number of passenger cars	555,685	558,337	321,245
Number of motor trucks	111,282	120,482	66,967
Number of motor coaches	92	285	360
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of July:			
Industrials (125)	2.96	3.09	3.79
Railroads (25)	4.36	4.29	5.44
Utilities (not incl. Amer. Tel. & Tel.) (214)	3.91	4.05	4.31
Banks (15)	3.57	3.77	4.54
Insurance (10)	2.67	2.71	2.94
Average (200)	3.18	3.28	3.97
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of July	£57,498,000	£20,763,000	£33,206,000
NEW YORK STOCK EXCHANGE— As of June 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,546,000	$3,549,000	$3,168,445
Credit extended to customers	158,000	164,000	239,760
Cash on hand and in banks in U. S.	363,000	364,000	323,700
Total of customers' free credit balances	1,094,000	1,188,000	1,047,470
Market value of listed shares	298,785,388	299,044,482	224,903,638
Market value of listed bonds	105,872,000	106,395,664	118,287,158
Member borrowings on U. S. Govt. issues	473,000	543,000	958,611
Member borrowings on other collateral	2,350,000	2,329,000	2,120,363
PORTLAND CEMENT (BUREAU OF MINES)—Month of June:			
Production (barrels)	33,455,000	33,428,000	30,078,000
Shipments from mills (barrels)	36,082,000	32,992,000	30,262,000
Stocks at end of month (barrels)	33,621,000	36,528,000	33,350,000
Capacity used (per cent)	100	96	98
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of June 15:			
All farm products	242	245	250
Crops	229	230	223
Commercial vegetables, fresh	213	254	208
Cotton	266	269	246
Feed, grains and hay	163	163	164
Food grains	199	205	199
Fruit	223	223	270
Oil-bearing crops	228	230	234
Potatoes	297	217	168
Tobacco	509	508	474
Livestock	252	258	272
Dairy products	229	232	227
Meat animals	329	338	348
Poultry and eggs	124	126	169
Wool	241	240	215
U. S. GOVT. STATUTORY DEBT LIMITATION —As of July 31 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$288,000,000	$280,000,000
Outstanding—			
Total gross public debt	288,681,726	284,705,907	275,466,164
Guaranteed obligations not owned by the Treasury	110,278	111,019	102,094
Total gross public debt and guaranteed obligations	$288,792,005	$284,816,926	$275,568,258
Deduct—other outstanding public debt obligations not subject to debt limitation	416,576	418,452	429,147
Grand total outstanding	$288,375,429	$284,398,474	$275,139,111
Balance face amount of obligations, issuable under above authority	6,624,571	4,601,535	4,860,888
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of July 31	$288,792,005	$284,816,926	$275,568,258
General funds balance	5,836,768	5,350,391	5,118,714
Net debt	$282,955,237	$279,466,535	$270,449,544
Computed annual rate	2.909%	2.867%	2.632%

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Abbott-Warner Co., Inc.
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.70 per share. **Proceeds**—To prepare estimates and to submit bids, as a prime contractor on specialized construction projects. **Underwriter**—Strathmore Securities, Inc., 605 Park Bldg., Pittsburgh 22, Pa.

● Acme Missiles & Construction Corp. (9/2)
July 24 filed 200,000 shares of common stock (par 25c), 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.

● Aid Investment & Discount, Inc. (9/16)
Aug. 12 filed $1,000,000 of capital notes, 1959 issue, due Sept. 1, 1974, which will be convertible into common stock, and in addition filed 150,000 shares of common stock. **Price**—To be supplied, together with the interest rate on the notes and the underwriting terms, by amendment. **Priceeds**—For general corporate purposes, including the providing of funds for expansion. **Office**—Akron, Ohio. **Underwriter**—Paine, Webber, Jackson & Curtis.

● Air Products, Inc. (8/20)
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.
July 8 filed 30,843 shares of $5.50 series A cumulative preferred stock, par $100 (with attached warrants) being 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**—$100.50 per share **Proceeds**—To pay construction costs. **Underwriters**—White, Weld & Co., New York; and Sterne, Agee & Leach, Birmingham, Alabama.

Alaska Mines & Metals Inc.
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter**—To be named by amendment.

★ Albertson's, Inc. (9/7-11)
Aug. 13 filed 300,000 shares of class B (non-voting) common stock (par $1) of which 200,000 shares will be publicly offered and 100,000 shares will be offered to company personnel. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the outfitting of new supermarkets. **Office**—1610 State St., Boise, Idaho. **Underwriter**—J. A. Hogle & Co., Salt Lake City and New York.

● Aldens, Inc.
July 21 filed $4,550,600 of 5% convertible subordinated debentures, due Aug. 1, 1979, being 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; debentures convertible into common stock at $38.50 per share. **Office**—Chicago, Ill. **Price**—At par. **Proceeds**—For general corporate purposes. **Underwriter**—Lehman Brothers, New York.

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.

★ Alyeska Ski Corp., Girdwood, Alaska
Aug. 4 (letter of notification) $94,000 of 10-year 6% debentures and 117,500 shares of common stock (no par) to be offered in uints of $1,200 debenture and 1,500 shares of common stock. **Price**—$1,800 per unit. **Proceeds**—For salaries, survey for ski lifts, legal and accounting expenses, etc. **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 approved the exchange offer, and voted to increase the number of outstanding shares from 250,000 to 2,000,000. **Office**—118 N. 11th St., Brooklyn, N. Y. **Underwriter**—None.

★ American Buyers Credit Co.
Nov. 13, 1958, filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office** — 2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American 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 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 & St. Lawrence Seaway Land Co., Inc.
July 8 filed 500,000 shares of common stock (par $1). **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. (9/15-30)
Aug. 3 filed 108,144 shares of class A stock (par $1) limited voting, 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, Ind.

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.

★ Apache Realty Corp.
Aug. 13 filed $1,500,000 of 6% subordinated debentures and 360,000 shares of common stock (par $1). **Price**—$6,200 per unit of five debentures and 1,200 shares of common stock. **Proceeds**—For the purchase and development of land to be made into a shopping center in St. Anthony, Minn., and other real estate dealings. **Office**—523 Marquette Ave., Minneapolis, Minn. **Underwriters**—The issuing company and its subsidiary, The Fund Corp. of Minneapolis.

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. These shares will not be sold in N. Y. State. **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.

Arapahoe Chemicals, Inc.
Aug. 3 (letter of notification) 13,000 shares of common stock (no par) to be offered for subscription by stockholders at the right of one new share for each three shares held; rights to expire in 30 days. **Price**—$20 per share. **Proceeds** — For capital investment; research and development and other working capital. **Office** — 2800 Pearl St., Boulder, Colo. **Underwriter**—None.

● Associates Investment Co. (8/31-9/4)
Aug. 11 filed $50,000,000 of 20-year senior debentures, due Aug 1, 1979, not to be subject to redemption for the first five years. **Office**—South Bend, Ind. **Underwriters**—Salomon Bros. & Hutzler, and Lehman Brothers, both of New York.

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.

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.

★ Belco Petroleum Corp.
Aug. 14 filed $7,200,000 of 5.83% convertible subordinated debentures, due 1974, and 400,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including repayment of all existing debts to banks. **Office** — 630 Third Ave., New York. **Underwriters**—White, Weld & Co., and Goldman, Sachs & Co., both of New York. **Offering**—Expected in late September.

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.
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. The offering is expected any day.

Big Apple Supermarkets, Inc.
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. **Offering**—Expected any day.

● **Bostic Concrete Co., Inc.**
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. The offering is expected any day.

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.

★ **Bzura Chemical Co., Inc (9/14-18)**
Aug. 12 filed $2,400,000 of 6½% first mortgage bonds, due 1979 and 240,000 shares of common stock (par 25 cents), to be offered in units consisting of $500 principal amount of bonds and 50 shares of common stock. **Price**—$500 per unit. **Proceeds**—To be used for placing a new plant in operation in Fieldsboro, N. J. **Office**—Broadway and Clark Streets, Keyport, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York.

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 William 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 (letter of notification) 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.

★ **Cador Production Corp., Far Hills, N. J.**
Aug. 18 filed 1,500,000 shares of class A stock (par $1) and 225,000 shares of class B stock (60c par). The 225,000 shares of class B stock are not being offered for sale, but may be issued as commission in connection with the distribution of the class A stock. **Price**—To be supplied by amendment. **Agent**—Dewey & Grady Inc., Far Hills, N. J. on a "best efforts" basis for the class A stock only.

● **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. Statement was withdrawn on Aug. 7.

Central Charge Service, Inc. (8/24-25)
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 (par 10c). **Price**—$3 per share. **Proceeds**—For manufacturing and sales facilities and working capital, of subsidiaries; to repay loans. **Office**—1315 Dixwell Ave., Hamden, Conn. **Underwriter**—Arnold Malkan & Co., New York.

★ **China Telephone Co., South China, Maine**
Aug. 7 (letter of notification) 2,000 shares of preferred stock to be offered for subscription by stockholders and the company's subscribers. Unsubscribed shares to the public. **Price**—At par ($25 per share). **Proceeds**—To install a dial exchange at East Vassalboro, Maine; to construct a cable; to repay notes, etc. **Underwriter**—None.

Citizens' Acceptance Corp.
June 29 filed $600,000 of series F 6% five-year subordinated debentures, to be offered to the present holders of the company's subordinated debentures in exchange, at face value, on the maturity dates of those securities so long as there are bonds remaining unsold in this offering. No bonds will be reserved for this exchange offering. **Price**—100% of principal amount. **Proceeds**—To increase or maintain the working capital of the company but will be initially applied to the reduction of short-term notes due within one year. Part of the proceeds may also be used to retire outstanding subordinated debentures not exchanged. **Office**—Georgetown, Del. **Underwriter**—None.

City Discount & Loan Co.
July 30 (letter of notification) 120,000 shares of common stock (no par). **Price** — $2.50 per share. **Proceeds** — For working capital. **Office**—1005 Northeast Broadway, Portland, Ore. **Underwriter**—R. G. Williams & Co., Inc., New York, N. Y. **Offering**—Expected during the latter part of August.

● **Cohu Electronics, Inc.**
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. **Offering**—Expected any day.

★ **Colorado Insurance Service Co.**
Aug. 12 (letter of notification) 100,000 shares of common stock (no par). **Price**—$2.50 per share. **Proceeds**—To be added to the general funds of the company for loans

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NEW ISSUE CALENDAR

August 20 (Thursday)
Air Products, Inc. — Common
(Kuhn, Loeb & Co.; Reynolds & Co.; and Drexel & Co.) 115,000 shares
Florida Water & Utilities Co. — Common
(Beil & Hough, Inc.) 86,000 shares
Hancock (J. W.) Inc. — Preferred & Common
(Kenneth Kass, Securities Service and David Barnes & Co., Inc.) $425,000
Investors Funding Corp. of New York — Debentures
(No underwriting $500,000
Leeds Travelwear, Inc. — Common
(Auchincloss, Parker & Redpath) 262,500 shares
Rorer (William H.), Inc. — Common
(Kidder, Peabody & Co. and Schmidt, Roberts & Parke) 90,000 shares

August 24 (Monday)
Babcock Radio Engineering, Inc. — Common
(Schwabacher & Co.) 100,000 shares
Buckingham Transportation Inc. — Common
(Cruttenden, Podesta & Co.) 250,000 shares
Cary Chemicals, Inc. — Debentures
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $3,500,000
Central Charge Service, Inc. — Debentures
(Auchincloss, Parker & Redpath) $500,000
Cincinnati, New Orleans & Texas Pacific Ry. — Equip. Trust Ctfs.
(Bids to be invited) $4,440,000
Curtis Industries, Inc. — Common
(Prescott, Shepard & Co., Inc.) 100,000 shares
Gabriel Co. — Debentures
(Prescott, Shepard & Co., Inc. and Carl M. Loeb, Rhoades & Co.) $2,500,000
Maritime Telegraph & Telephone Co. — Common
(Offering to stockholders—no underwriting) $3,432,169
Narda Microwave Corp. — Common
(Milton D. Blauner & Co., Inc.) 50,000 shares
Paddington Corp. — Class A Common
(Lee Higginson Corp. and H. Hentz & Co.) 150,000 shares
United Artists Corp. — Common
(F. Eberstadt & Co.) 100,000 shares
Wellington Electronics, Inc. — Common
(Amos Treat & Co., Inc. and Truman, Wasserman & Co.) $1,440,000

(August 25 Tuesday)
Broadway-Hale Stores, Inc. — Debentures
(Blyth & Co., Inc.) $10,000,000
Infrared Industries, Inc. — Common
(Lehman Brothers) 100,000 shares
Northwest Defense Minerals, Inc. — Common
(Caldwell Co.) $300,000
Pacific Gas & Electric Co. — Bonds
(Bids to be invited) $65,000,000
Silver Creek Precision Corp. — Common
(Maltz, Greenwald & Co.) 1,550,000 shares)

August 26 (Wednesday)
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 & Bean) 450,000 shares
Entron, Inc. — Common
(Alkow & Co., Inc.) $1,000,000
Hofman Laboratories, Inc. — Common
(Myron A. Lomasney & Co.) $300,000
Nord Photocopy & Business Equipm't Corp. — Com.
(Myron A. Lomasney & Co.) $500,000
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
Tool Research & Engineering Corp. — Common
(Shields & Co.) 250,000 shares

August 27 (Thursday)
Lincoln Telephone & Telegraph Co. — Preferred
(Offering to stockholders—underwritten by Dean Witter & Co.) $3,000,000

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
Oak Valley Sewerage Co. — Bonds
(Bache & Co.) $145,000
Oak Valley Water Co. — Bonds
(Bache & Co.) $125,000

August 31 (Monday)
Associates Investment Co. — Debentures
(Salomon Bros. & Hutzler and Lehman Brothers) $50,000,000
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)
Acme Missiles & Construction Corp. — Common
(Myron A. Lomasney & Co.) $1,200,000
Dynex, Inc. — Common
(Myron A. Lomasney & Co.) $600,000
Edwards Steel Corp. — Common
(Charles Plohn & Co.) $700,000
General Motors Acceptance Corp. — Debentures
(Morgan Stanley & Co.) $125,000,000
National Sports Centers, Inc. — Debentures
General Investing Corp.) $1,000,000
Radio Frequency Co., Inc. — Common
(Myron A. Lomasney & Co.) $300,000
York Research Corp. — Class A
(Myron A. Lomasney & Co.) $450,000

September 3 (Thursday)
Control Data Corp. — Common
(Offering to stockholders—underwritten by Dean Witter & Co.) 93,594 shares
Greek Voice of America, Inc. — Common
(Karen Securities Corp.) $300,000

September 7 (Monday)
Albertson's, Inc. — Common
(J. A. Hogle & Co.) 200,000 shares
Empire Financial Corp. — Common
Dempsey-Tegeler & Co.) 260,000 shares
New West Amulet Mines Ltd. — Common
(Willis E. Burnside & Co., Inc.) 200,000 shares
Pacific Outdoor Advertising Co. — Debentures
(Lester, Ryons & Co. and Wagenseller & Durst, Inc.) $850,000
Sottile, Inc. — Common
(Bear, Stearns & Co.) 2,000,000 shares
Speedry Chemical Products Co., Inc. — Common
(S. D. Fuller & Co.) 218,333 shares

September 8 (Tuesday)
Salant & Salant, Inc. — Class A Capital
(Kidder, Peabody & Co. and Jesup & Lamont) 100,000 shares

September 9 (Wednesday)
Allied Petro-Chemicals, Inc. — Common
(Philadelphia Securities Co., Inc.) $400,000
Community Public Service Co. — Preferred
(Bids 11 a.m. EDT) $3,000,000
Fredonia Pickle Co., Inc. — Common
(Summit Securities, Inc.) $300,000

September 10 (Thursday)
Earle M. Jorgensen Co. — Common
(Blyth & Co., Inc.) 150,000 shares
Heritage Corp. of New York — Common
(Golkin, Bomback & Co.) $300,000
Matronics, Inc. — Common
(Vermilye Brothers) $750,000
Union Electric Co. — Common
(Bids to be invited) 1,057,725 shares

September 14 (Monday)
Bzura Chemical Co., Inc. — Bonds
(P. W. Brooks & Co., Inc.) $2,400,000
Bzura Chemical Co., Inc. — Common
(P. W. Brooks & Co., Inc.) 240,000 shares

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 Coast Telephone Co. — Common
(Blyth & Co., Inc.) 125,000 shares
West Florida Natural Gas Co. — Notes & Common
(Beil & Hough Inc.) $1,750,000

September 17 (Thursday)
Georgia Power Co. — Bonds
(Bids to be invited) $18,000,000

September 21 (Monday)
New England Telephone & Telegraph Co. — Debens.
(Bids to be invited) $45,000,000

September 22 (Tuesday)
Waddell & Reed, Inc. — Common
(Kidder, Peabody & Co.) 80,000 shares

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 8 (Thursday)
Columbia Gas System Inc. — Debentures
(Bids to be invited) $25,000,000

October 14 (Wednesday)
Philadelphia Electric Co. — Bonds
(Bids to be invited) $50,000,000

November 17 (Tuesday)
American Telephone & Telegraph Co. — Debens.
(Bids to be received) $250,000,000
Florida Power & Light Co. — Bonds
(Bids to be invited) $20,000,000

December 1 (Tuesday)
Consolidated Edison Co. of New York, Inc. — Bonds
(Bids to be invited) $50,000,000

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and use in the premium finance business. **Office**—Suite 723, University Bldg., Denver 2, Colo. **Underwriter**—Not named.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price** — $205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo.

★ **Columbian Financial Development Co.**
Aug. 14 filed $1,000,000 of Plans for Investment in Shares in American Industry, of which $500,000 was for Single Payment Investment Plans and $500,000 for Systematic Investment Plans and Systematic Investment Plans With Insurance. **Office**—15 East 40th Street, New York. **Underwriter**—None.

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.

Community Public Service Co. (9/9)
Aug. 7 filed 30,000 shares of cumulative preferred stock, series A (par $100). **Proceeds** — To repay outstanding bank loans, which were incurred for extensions and improvements to property made in 1959 and for construction in progress. **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—Will be received up to 11 a.m. (EDT) on Sept. 9, 1959 at 90 Broad Street, 19th Floor, New York, N. Y.

★ **Concert Network, Inc.**
Aug. 10 (letter of notification) 125,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To discharge outstanding debts and for working capital. **Office**—171 Newbury St., Boston 16, Mass. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

★ **Consolidated Factors Corp.**
Aug. 12 (letter of notification) 300,000 shares of common stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—115 Louisiana St., Little Rock, Ark. **Underwriter**—None.

★ **Control Data Corp. (9/3-22)**
Aug. 17 filed 99,594 shares of common stock, to be offered to common stockholders of record Sept. 3, 1959, on the basis of one new share for each eight shares then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital. **Office**—501 Park Ave., Minneapolis, Minn. **Underwriter**—Dean Witter & Co., New York.

● **Coral Ridge Properties, Inc. (8/26)**
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) to be offered in units of one share of 60 cent cumulative convertible preferred stock and one share of class A common stock. 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. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill., and J. R. Williston & Beane, New York.

★ **Cree Mining Corp. Ltd.**
April 17 filed 260,000 shares of common stock. **Price**—80 cents per share. **Proceeds**—For exploation progam. **Office**—2100 Scarth St., Regina, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., also of Regina.

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 641,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter** — To be supplied by amendment.

● **Curtis Industries, Inc. (8/24)**
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 (par $2.50). **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.

Desert Inn Associates
Aug. 7 filed $3,025,000 of participations in partnership interests in associates. **Price**—$25,000 per unit. **Proceeds**—$2,875,000 to supply the cash necessary to the purchase of Wilbur Clark's Desert Inn, Las Vegas, Nev., which will leave the $7,000,000 balance to be covered by mortgages; $200,000 for disbursements in connection with the transaction. **Office**—60 East 42nd St., New York.

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.)

★ **Diablo Laboratories, Inc.**
Aug. 6 (letter of notification) 130,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For equipment to be used in testing and developing progams, working capital, etc. **Office** — Berkeley, Calif. **Underwriter**—None.

● **Dilbert's Leasing & Development Corp.**
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. **Offering**—Expected in September.

Dixie Natural Gas Corp.
July 30 (letter of notification) 277,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For expenses for developing leases in West Virginia. **Office**—115 Broadway, Suite 1400, New York 6, N. Y. **Underwriter**—None.

★ **Dooley Aircraft Corp.**
Aug. 14 filed 506,250 shares of common stock, of which 375,000 shares are to be publicly offered. **Price**—$2 per share. **Proceeds**—To repay loans; to pay the $80,000 balance due on the company's purchase of the complete rights to the MAC-145 aircraft; and for working capital, includuing expenses for advertising. **Office**—105 West Adams St., Chicago, Ill. **Underwriter**—Mallory Securities, Inc., New York.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

● **Dynex, Inc. (9/2)**
Aug. 6 filed 120,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including product research, the purchase of new equipment, and expansion. **Office** — 123 Eileen Way, Syosset, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Edwards Steel Corp., Miami, Fla. (9/2)**
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.

● **Empire Financial Corp. (9/7)**
Aug. 6 filed 250,000 shares of common stock, of which 25,000 shares will be offered for the account of the issuing company, and 225,000 shares for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—13457 Van Nuys Blvd., Pacoima, Calif. **Underwrtier**—Dempsey-Tegeler & Co., St. Louis, Mo.

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**—2430 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.

★ **Fair Lanes, Inc., Baltimore, Md.**
Aug. 18 filed 120,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and other general corporate purposes. **Underwriters** — R. S. Dickson & Co., Charlotte, N. C., and Alex. Brown & Sons, Baltimore, Md.

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. **Offering**—Expected in early September.

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.

★ **First Northern-Olive Investment Co.**
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix.

● **Florida Palm-Aire Corp.**
Aug. 12 filed 1,010,000 shares of common stock (par $1) of which 445,000 shares are to be offered to the public. **Price**—$4 per share. **Proceeds**—For further development of company. **Office**—Pompano Beach, Fla. **Underwriters**—Goodbody & Co. and Hardy & Co., both of New York. **Offering**—Expected in September.

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.

★ **Forming Machine Co. of America**
Aug. 11 (letter of notification) 5,000 shares of common stock (par $1). **Price** — $10 per share. **Proceeds** — For working capital. **Office**—18 Hamilton St., Bound Brook, N. J. **Underwriter**—None.

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. (8/24)**
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 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 Motors Acceptance Corp. (9/2)**
Aug. 11 filed $125,000,000 of 21-year debentures, due 1980. Application will be made to list the debentures on the New York Stock Exchange. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the meeting of maturing debts, the purchase of receivables, and the reduction of short-term borrowings. **Underwriter**—Morgan Stanley & Co., New York.

General Time Corp.
July 8 filed $6,197,900 of convertible subordinated debentures due 1979 being 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**—At par. **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.

Genisco, Inc.
July 29 (letter of notification) 20,000 shares of common stock (par $1). **Price** — $12 per share. **Proceeds** — For working capital. **Office**—2233 Federal Ave., Los Angeles 64, Calif. **Underwriters**—Lester, Ryons & Co., Los Angeles, Calif. and Wilson, Johnson & Higgins, San Francisco, Calif.

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.

Georgia International Life Insurance Co.
June 30 filed 1,665,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—The Robinson-Humphrey Co., Inc., Atlanta, Ga., and The Johnson Lane, Space Corp., Atlanta, Ga.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp. **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.

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 American Publications, Inc.**
Aug. 11 filed 260,000 shares of common stock (par 10 cents) of which 195,000 shares are to be publicly offered on a best effects basis. **Price**—At market. **Proceeds** — For working capital. **Office** — New York. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

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. (8/20)
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. (8/20)**
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. The statement became effective Aug. 17.

★ **Hardware Wholesalers, Inc.**
Aug. 7 (letter of notification) 2,380 shares of common stock (par $50) to be offered in units of 20 shares and 500 shares of non-voting common stock (par $50) to be offered in units of 10 shares. **Price**—Of common. $1,000 per unit; of non-voting common, $500 per unit. **Proceeds**—For working capital. **Office**—Nelson Road, Fort Wayne, Ind. **Underwriter**—None.

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.

★ **Health Havens, Inc.**
Aug. 11 (letter of notification) 25,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To purchase land, a building, equipment and for working capital. **Office**—73 Willett Ave., East Providence, R. I. **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.

★ **Heritage Corp. of New York (9/10)**
Aug. 10 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—12 State St., Albany, N. Y. **Underwriter**—Golkin, Bomback & Co., 25 Broad St., New York 4, N. Y.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo. **Offering**—Expected sometime in August.

★ **Highway Trailer Industries, Inc.**
June 9 filed 1,110,052 shares of common stock (par 25 cents) being offered to common stockholders of record Aug. 12, 1959, on the basis of one new share of common stock for each two shares of common then held (with an oversubscription privilege); rights will expire at 3:30 p.m. (EDST) on Aug. 28. **Price**—$4 per share. **Proceeds**—To be used for new equipment and plant improvement; for inventory and production requirements of the Hazelton, Pa., plant and increased production at the Edgerton, Wis. plant; to discharge a short-term bank loan; and the balance will be used for general corporate purposes. **Agents**—Van Alstyne, Noel & Co. and Allen & Co., both of New York.

★ **Hoerner Boxes, Inc.**
Aug. 19 filed 236,500 shares of common stock, of which 199,000 shares will be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—To finance an equity investment, and to finance a loan to Waldorf-Hoerner Paper Products Co., which will be 50% owned by the issuing company. **Office**—Keokuk, Iowa. **Underwriters**—Goldman, Sachs & Co.

● **Hofman Laboratories, Inc. (8/26)**
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. The statement became effective July 31.

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.

I C Inc. (8/28)
June 29 filed 600,000 shares of common stock (par $1). **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.

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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, 800,000 common shares are being 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 being 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 until Aug. 31, 1959. The issuing company is also offering 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; rights to expire Aug. 31. **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.**
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. **Offering**—Expected any day.

Infrared Industries, Inc. (8/25)
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 Tuna Corp.**
April 3 (letter of notification) 175,000 shares of class A common stock (par 50 cents). **Price** — $1 per share. **Proceeds**—For equipment and working capital. **Office**—Pascagoula, Miss **Underwriter**—Gates, Carter & Co Gulfport, Miss. **Offering**—Expected first week in September.

★ **Investment Trust for the Federal Bar Bldg.**
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

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.

Jorgensen (Earle M.) Co. (9/10)
Aug. 10 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To expand existing warehouse facilities and to construct new warehouse facilities, and the balance to be added to working capital. **Office**—10650 South Alameda St., Los Angeles, Calif. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

Kaiser Aluminum & Chemical Corp.
May 11 filed 64,028 shares of 4¾% cumulative convertible (1959 series) preference stock (par $100) and 128,051 shares of common stock (par 33⅓ cents) issued in exchange for the outstanding stock of Mexico Refractories Co. through merger. **Proceeds**—To selling stockholders. **Underwriter**—None. Statement effective June 5.

Kilroy (W. S.) 1960 Co.
June 8 filed $3,500,000 of Participating Interests under Participant Agreements in the company's 1960 Oil and Gas Exploration Program, to be offered in amounts of $25,000 or more. **Proceeds**—Acquisition of undeveloped oil and gas properties. **Office**—2306 Bank of the Southwest Bldg., Houston Texas. **Underwriter**—None.

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. (8/20)**
July 21 filed 262,500 shares of class A common stock (par $1). **Price**—$5.75 per share. **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.

Lincoln Telephone & Telegraph Co. (8/27)
Aug. 6 filed 30,000 shares of 5% convertible preferred stock ($100 par), to be offered to stockholders of record Aug. 27, 1959, on the basis of one new preferred share for each nine common shares then held; rights to expire on Sept. 14. To permit the offering on such basis one common stockholders has waived his rights as to 5,004 common shares. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans incurred for construction proram. **Office**—Lincoln, Neb. **Underwriter**—Dean Witter & Co., New York.

★ **Long Mile Rubber Co., Dallas, Texas**
Aug. 18 filed $1,500,000 of sinking fund subordinated debentures, due Sept. 1, 1974, with warrants for the purchase of 60,000 shares of common stock. The statement also covers 225,000 shares of outstanding common stock, to be offered for the account of certain selling stockholders. **Price** — For debentures with warrants, 100% of principal amount; and for common stock, to be supplied by amendment. **Proceeds**—To be used to pay off notes to bank and to repay $700,000 of other money obligations. **Underwriters**—Scherck, Richter & Co., St. Louis, Mo.; Burnham & Co., New York; and S. D. Lunt & Co., Buffalo, N. Y.

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 on or about Aug. 18, 1959. After Sept. 1, 1959, the offering price will be net asset value. After about Oct. 18, 1959, shares will be offered only to shareholders of Loomis, Sayles & Co., Inc., and its affiliated companies. **Proceeds**—For investment.

★ **Lynch Carrier Systems, Inc.**
Aug. 13 filed 45,000 shares of capital stock in order to satisfy the privileges of warrant holders. None of the shares is to be publicly offered. **Office**—695 Bryant St., San Francisco, Calif. **Underwriter**—None.

Lytton Financial Corp. (8/31-9/4)
Aug. 3 filed 110,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To enable the wholly-owned 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 Blvd., Hollywood, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common 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.**
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. **Offering**—Expected in September.

● **Matronics, Inc. (9/10)**
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. **Underwriters**—Vermilye Brothers; Kerbs, Haney & Co.; Mid-Town Securities Corp.; and Cortland Investing Corp., all of New York.

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.

Metallurgical Processing Corp., Westbury, N. Y.
Aug. 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire debts; to acquire new equipment for processing metals and to expand its overall capacity; to move its facilities and new equipment into a new building and for further development and expansion. **Underwriter**—Netherlands Securities Co., Inc., New York, N. Y. **Offering**—Expected sometime in September.

● **Micronaire Electro Medical Products Corp.**
June 1 filed 200,000 common shares (par 10 cents) and 50,000 one-year warrants for the purchase of common stock, to be offered for public sale in units of 100 shares of common stock and 25 warrants. The registration also includes an additional 200,000 three-year warrants, exercisable at $3, of which 150,000 have been issued to certain stockholders and employees. **Price**—$275 per unit. **Proceeds**—To discharge indebtedness; for expansion of sales efforts; and for working capital. **Office**—79 Madison Ave., New York. **Underwriter** — General Investing Corp., New York. Statement withdrawn Aug. 11.

Microwave Electronics Corp.
July 2 filed $500,000 of 10-year 5% subordinated debentures due July 1, 1969 together with 250,000 shares of common stock (par 10 cents) to be offered in units of $10,000 principal amount of debentures and 5,000 common shares. An additional 138,000 shares may be issued in connection with the company's restricted stock option plan. **Price**—$10,500 per unit. **Proceeds**—To purchase machinery, equipment and other fixed assets, for operating expenses, and the remainder for working capital. **Office**—4061 Transport St., Palo Alto, Calif. **Underwriter**—None.

Mid-America Minerals, Inc.
June 22 filed $921,852 of Working Interests and Overriding Royalty Interests in 26 oil and gas leases covering lands in Green and Taylor Counties, Kentucky, some of the interest being producing interests and some non-producing. The offering is to be made initially to participants in the Mid-America Minerals, Inc., 1959 Fund. **Price**—$2,221.33 per smallest unit. **Proceeds**—For investment in oil and gas lands. **Office**—Mid-America Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

★ **Mile High Hockey, Inc.**
Aug. 6 (letter of notification) 220,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For advertising, salaries, expense of offer, working capital, etc. **Office**—222 Majestic Bldg., Denver, Colo. **Underwriter**—Copley & Co., Denver, Colo.

● **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. Statement effective Aug. 3.

● **Monarch Marking System Co. (9/14-18)**
Aug. 12 filed 100,000 shares of common stock (no par), of which 50,000 shares are to be offered for the account of the issuing company, and 50,000 shares, representing outstanding stock, are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Dayton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● **Narda Microwave Corp. (8/24-28)**
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. **Ad-**

dress—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich. **Offering**—Expected in September. Statement to be amended.

★ National Cleveland Corp., Cleveland, Ohio
Aug. 18 filed $600,000 of convertible subordinated debentures, due Sept. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—To be used to retire short-term bank loans and for additional working capital. **Underwriters**—Merrill, Turben & Co., Inc., Cleveland, Ohio and Loewi & Co. Inc., Milwaukee, Wis.

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 Securities & Research Corp.
Aug. 7 filed $5,000,000 of National Growth Investment Plans for the accumulation of shares of the Growth Stock Series of National Securities Series, an investment company. **Office**—120 Broadway, New York.

● 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 **Offering**—Expected in September.

National Telepix, Inc.
Aug. 4 (letter of notification) 100,000 shares of common stock (par one cent). **Price** — $3 per share. **Proceeds** — For acquisition of film properties; for prints equipment, machinery and supplies and working capital. **Office**—545 5th Avenue, New York, N. Y. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., 580 5th Avenue, New York, N. Y.

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.

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. Statement effective July 29.

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. Closing price Aug. 7 was 84 cents. **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. (9/2)
June 30 filed 1,000,000 shares of common stock (par 34 cents). **Price**—At net asset value (as of Sept. 2), plus underwriting discounts and commissions. **Proceeds** — For investment. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York. Statement effective Aug. 11.

● Nord Photocopy & Business Equipment Corp. (8/26)
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 were to have expired 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.

Northeast Furniture Center, Inc.
Aug. 4 (letter of notification) 600 shares of class B common stock (no par). **Price**—$500 per share. **Proceeds**—To purchase furniture, fixtures and equipment and for other working capital. **Office**—751 Summa Ave., Westbury, New York. **Underwriter**—None.

● Northwest Defense Minerals, Inc., Keystone, S. Dakota (8/25)
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. (8/28)
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. (8/28)
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.

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.

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 Outdoor Advertising Co. (9/7-11)
Aug. 10 filed $850,000 of 15-year 6% subordinated debentures, due Sept. 1, 1974, with attached warrants for the purchase of 30,600 shares of common stock, and, in addition, filed 50,000 shares of common stock. **Price**—To be supplied (for each issue) by amendment. **Proceeds**—The proceeds from 10,000 shares of common stock will go to selling stockholders. The balance of the proceeds will be used to purchase advertising structures and poster panels, to pay Federal and state tax liabilities, to purchase motor trucks, to pay certain debts, and to assist in the purchase of two similarly engaged companies. **Office**—995 North Mission Road, Los Angeles, Calif. **Underwriters**—Lester, Ryons & Co., and Wagenseller & Durst, Inc., both of Los Angeles.

● Pacific Power & Light Co.
July 7 filed $10,996,000 of 4¾% convertible debentures, being 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.

Paddington Corp. (8/24-28)
July 31 filed 150,000 shares of class A common stock (par $1), 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-Alaska Corp.
Aug. 7 filed 2,612,480 shares of common capital stock to be issued pursuant to options held by Marine Drilling, Inc. Latter company will, in turn, offer its stockholders rights to purchase two shares of Pan-Alaska common, at 20 cents a share, for each share of Marine Drilling stock. Marine Drilling also plans to sell 250,000 shares of the 680,000 shares of Pan-Alaska it now owns. **Underwriter**—Any stock not subscribed for by holders of Marine Drilling will be publicly offered by Crerie Co., Houston, Texas and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn., at a price of 20 cents a share.

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. Statement withdrawn Aug. 12.

● 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; rights were to have expired on July 31, 1959, but expiration date has been extended to Sept 15. **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.

● Porce-Alume, Inc.
July 30 (letter of notification) 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. **Offering** — Expected in September.

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.

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.

★ Radio Frequency Company, Inc. (9/2)
Aug. 12 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — Medfield, Mass. **Underwriter**—Myron A. Lomasney & Co., New York.

Raub Electronics Research Corp.
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. The offering is expected later this month.

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 unit of 100 shares. **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. (8/20)
July 22 filed 155,269 outstanding shares of capital stock (par 33⅓ cents) subsequently reduced by amendment to 90,000 shares. **Price**—$48.75 per share. **Proceeds**—To selling stockholder. **Office**—4865 Stenton Ave., Phila-

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delphia, 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.

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) being offered by the company in exchange for 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. The exchange offer will expire on Aug. 31, unless extended. **Office**—150 East 42nd St., New York. **Underwriter** — None. Statement has been amended.

★ St. Regis Paper Co.
Aug. 12 filed 453,731 shares of common stock, to be offered in exchange for the outstanding shares of the capital stock of the Cornell Paperboard Products Co. on the basis of .68 of a share of St. Regis common for each share of Cornell capital stock. The offer will be declared effective if 90% of the outstanding shares of the Cornell stock are deposited for exchange, and may be declared effective if 80% of said shares are so deposited. **Office**—150 E. 42nd Street, New York.

Salant & Salant, Inc. (9/8)
Aug. 7 filed 100,000 outstanding shares of class A capital stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company is a leading producer of men's, boy's and juvenile popular-priced utility and sports shirts, utility pants and casual slacks. **Underwriters**—Kidder, Peabody & Co. and Jesup and Lamont, both of New York.

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.

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. (8/25)
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.

★ Skiatron Electronics & Television Corp.
Aug. 18 filed 172,242 shares of common stock, of this stock, 128,500 shares were issued or are to be issued pursuant to warrants issued in 1956; 13,742 shares are to be issued to various persons in lieu of cash for services rendered, pursuant to authorization of the directors in January 1958; 30,000 common shares are to be offered by owner Arthur Levey for sale by brokers. **Proceeds**—For working capital. **Office**—New York City. **Underwriter**—None.

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.

★ Southeastern Development Corp., Hattiesburg, Miss.
Aug. 18 filed 738,964 shares of common stock, of which 340,000 shares will be offered publicly. Each purchaser will receive an option for the purchase on or before April 7, 1960, of the same number of shares at $2.50 per share. An additional 37,429 shares are to be offered in exchange for the common stock of Southeastern Building Corp., on a one-for-one basis, conditional upon the tender of sufficient Building stock for exchange so that the Development Corp. will own at least 75%. **Price**—$2.50 per share. **Proceeds**—To be used to complete building program of Southeastern and to expand other divisions.

● Southern Frontier Finance Co.
Aug. 11 filed 1,300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For working capital and to purchase products for company. **Office**—Raleigh, N. C. **Underwriter**—No underwriter is involved, but the company officials, who are making the offering, may pay a 10% commission to dealers in connection with the sale of their shares.

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.

★ Southland Oil Ventures, Inc.
July 22 filed $1,000,000 of participations in the company's 1959 Oil and Gas Exploration Program. **Price**—$5,000 per participation (minimum is 2 participations). **Proceeds**—For oil and gas exploration program. **Office**—2802 Lexington, Houston 6, Texas. **Underwriter**—None.

Southwestern Drug Corp.
July 22, 1959 filed 37,818 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital. **Office**—Dallas, Texas. **Underwriter**—First Southwest Co., Dallas.

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.

Sperry Rand Corp.
Aug. 7 filed 1,500,000 shares of common stock (par 50 cents), to be offered pursuant to the company's Incentive Stock Option Plan for Key Employees. **Office**—30 Rockefeller Plaza, New York.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Road, Great Neck, N. Y. **Underwriter**—None.

Sta-Rite Products, Inc.
Aug. 7 filed 118,270 shares of common stock, of which 52,100 shares are to be offered for the account of the issuing company and 66,170 shares, representing outstanding stock, are to be offered for the account of a selling stockholder. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, mostly in connection with equipping a new plant and reducing bank loans incurred for its construction. **Office**—Delavan, Wis. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

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. **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 mortagage; 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.

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.

● Terminal Tower Co.
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, Ohio. **Offering** — Expected in early September.

★ Tex-Star Oil & Gas Corp.
Aug. 12 filed $1,000,000 of 6% convertible debentures, due Sept. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including exploring for oil and acquiring properties and small oil and gas companies. **Office**—Meadows Bldg., Dallas, Texas. **Underwriters**—Stroud & Co., Inc., Philadelphia, Pa., and Auchincloss, Parker & Redpath, New York. **Offering**—Expected in September.

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. (8/26)
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.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

★ Transcontinental Gas Pipe Line Corp.
Aug. 17 filed $2,957,352 of Interests of Participants in its Thrift Plan for Employees, together with 135,193 shares of common stock, and an aggregate of 178,929 shares of five series of preferred stock which may be purchased under the Thrift Plan during the three years of its operation beginning July 1, 1959. **Office** — 3100 Travis St., Houston, Texas.

★ Transdyne Corp.
Aug. 7 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For relocation of plant; purchase of additional electronic laboratory equipment; purchase of additional machine shop equipment; development of new products and for working capital. **Office**—58-15 57th Drive, Maspeth, New York. **Underwriter**—Simmons & Co., New York, N. Y.

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 Electric Co. (9/10)
Aug. 7 filed 1,057,725 shares of common stock (par $10), to be offered for subscription by stockholders of record Sept. 10, 1959, on the basis of one new share for each 10 shares then held; rights to expire Sept. 30. The company will also offer to its employees and those of its subsidiaries shares not deliverable under the offering to stockholders, and also 21,123 shares now held in the

treasury. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the financing of additions to plant and property and the retirement of loans already incurred for these purposes. **Office**—315 North 12th Blvd., St. Louis, Mo. **Underwriter** — To be determined by competitive bidding. Probable bidders: Lehman Brothers; White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc. **Bids**—Expected to be received on Sept. 10, up to 11 a.m. (EDT).

United Artists Corp. (8/24-28)
July 31 filed 100,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—729 Seventh Ave., 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 Industries Co., Inc., Houston, Texas (9/2-4)**
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.

United States Communications, Inc.
Aug. 5 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2.25 per share. **Proceeds**—For a plant and equipment; purchase and construction of research and development test equipment and laboratory and operating capital. **Office**—112 Clayton Avenue, East Atlantic Beach, Nassau County, New York. **Underwriter**—Heft, Kahn & Infante, Inc., Hempstead, N. Y. **Offering**—Expected sometime during this month.

★ **Universal Crankshaft Corp.**
Aug. 10 (letter of notification) 1,898 shares of common stock of which approximately 1,000 shares are to be offered to employees. **Price**—At par ($100 per share). **Proceeds**—For equipment and tools. **Office**—324 N. Maple St., Bowling Green, Ohio. **Underwriter**—None.

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. Statement became effective Sept. 9, 1958. An amendment, filed July 27, 1959, noted a change of name to Oremont, Inc. **Underwriter**—O. W. Sorensen. 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. Statement effective Aug. 11.

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.

★ **Vita-Plus Beverage Co., Inc.**
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Caldwell Co., New York, N. Y.

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.

★ **Waddell & Reed, Inc. (9/22-25)**
Aug. 17 filed 370,000 shares of class A common stock (par $1), non-voting, of which 80,000 shares are to be offered for public sale for the account of the issuing company and 290,000 shares, representing outstanding stock, by the present holders thereof. **Price**—About $28-$32 per share. **Proceeds**—To redeem at 105% of the par value thereof, 1,500 shares of class A preferred stock ($100 par) and at 120% of the par value thereof, 375 shares of $100 par preferred stock now outstanding and the balance will be added to the company's working capital "in anticipation of further expansion of its business." **Office**—20 West 9th St., Kansas City, Mo. **Underwriter**—Kidder, Peabody & Co., New York.

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. The offering is expected in September.

● **Wellington Electronics, Inc. (8/24)**
May 6 filed 240,000 shares of common stock (par 75 cents. **Price**—$6 per share. **Proceeds**—For repayment of a bank note; to complete the automation of the etched foil production plant at Englewood, N. J.; for manufacture of machines to be leased to capacitor manufacturers; and for working capital. **Office**—65 Honeck St., Englewood, N. J. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., both of New York. Statement effective July 8.

★ **West Coast Telephone Co. (9/15)**
Aug. 13 filed 135,000 shares of common stock (par $10), of which 10,000 shares are to be offered to employees under the company's Employee Stock Option Plan, and 125,000 shares offered for public sale. **Price**—To be supplied by amendment. **Proceeds**—For construction, including the repayment of about $800,000 of bank loans already incurred for this purpose. **Office**—1744 California St., Everett, Wash. **Underwriter**—Blyth & Co., Inc., Los Angeles and New York.

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.

● **York Research Corp. (9/2)**
Aug. 10 filed 150,000 shares of class A stock (par $1). **Price**—$3 per share. **Proceeds** — For general corporate purposes, including the discharge of various indebtedness and the purchase and installation of new equipment; and for the establishment of a new testing laboratory. **Office**—Stamford, Conn. **Underwriter**—Myron A. Lomasney & Co., New York.

Prospective Offerings

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.

★ **American Telephone & Telegraph Co. (11/17)**
Aug. 19 the directors authorized a new issue of $250,000,000 of debentures. **Proceeds**—To be used for the improvement and expansion of Bell Telephone services. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on Nov. 17.

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 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.

★ **Brooklyn Union Gas Co.**
Aug. 19 it was reported that the company is contemplating some additional equity financing, the form it will take will be decided on shortly. **Proceeds**—For construction program. **Offering**—Expected before the end of the year.

● **Buckingham Transportation, Inc. (8/24-28)**
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 shortly 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.

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.

★ **Columbia Gas System Inc. (10/8)**
Aug. 19 it was reported that the company is contemplating the issuance and sale of $25,000,000 of debentures due Oct. 1, 1984. **Proceeds**—For 1959 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Morgan Stanley & Co. **Registration**—Scheduled for Sept. 11. **Bids**—Expected to be received up to 11 a.m., (New York Time) on Oct. 8 at the office of the company, 120 East 41st Street, New York.

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.

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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.

★ **Florida Power & Light Co. (11/17)**
Aug. 17 it was reported that the company plans to file with the SEC $20,000,000 of first mortgage bonds. **Proceeds**—To help finance the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc. and Lehman Brothers (jointly); White, Weld & Co., and The First Boston Corp.

● **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** — Dunne & Co., New York. **Registration** — Planned for Aug. 25.

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-Pacific Corp.**
Aug. 19 it was reported that the company plans to register about $15,000,000 of convertible debentures or preferred stock, conversion of which would add about 600,000 shares to the number of common shares currently outstanding. **Proceeds**—To assist in the financing of the recently acquired Booth-Kelly Lumber Co. **Office**—Olympia, Wash.

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.

★ **Harrison Electrosonics, Inc.**
Aug. 6 it was reported that the company plans to register 133,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For working capital and expansion of plant facilities, and for hiring more engineers. **Office**—Newton, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York. **Offering** — Expected in late September.

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. **Underwriter**—Smith, Barney & Co., N. Y.

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.

★ **Manchester Bank of St. Louis (Mo.)**
Aug. 19 it was reported that the bank's stockholders will vote on Oct. 6 to approve a 2-for-1 stock split of its 75,000 outstanding shares of common stock (par $20), a 3½% stock dividend on the 150,000 shares of new common stock (par $10) outstanding, if approved, would be payable on or about Nov. 2. An offering of 45,000 shares of additional common stock (par $10) would be issued to stockholders of record on or about Oct. 3, 1959; rights to expire on or about Oct. 22. **Proceeds**—To increase capital and surplus. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

● **Maritime Telegraph & Telephone Co. Ltd. (8/24)**
Aug. 17 the Nova Scotia Board of Commissioners of Public Utilities approved a subscription offering by this company to its stockholders of 264,013 shares of common stock, to be offered on the basis of one new share of common stock for each seven shares held of record July 24. Warrants will expire Sept. 30. **Price**—$13 per share. **Proceeds**—For capital expenditures. **Underwriter**—None.

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.

★ **New England Telephone & Telegraph Co.**
Aug. 19 it was reported that the company will issue and sell $10,000,000 of preferred stock. **Proceeds**—For capital expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman, Dillon, Union Securities & Co. (jointly); Equitable Securities Corp., Kidder, Peabody & Co., Lee Higginson Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received sometime in December.

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.

★ **Seaboard Air Line R. R.**
Bids will be received by the company up to noon (EDT) on Aug. 24 for the purchase from it of $4,470,000 of equipment trust certificates, to mature in 15 equal annual instalments from June 1, 1960, to 1974. Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler.

★ **Southern California Gas Co.**
Aug. 17 it was reported that the company will issue and sell $30,000,000 of first mortgage bonds due 1984. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly).

★ **Southern New England Telephone & Telegraph Co.**
Aug. 19 directors authorized a $24,000,000 common stock issue. Plan is to offer approximately 688,900 shares. The issue is subject to approval by the Connecticut State Public Utilities Commission and by the Securities & Exchange Commission. It will be made available on the basis of one new share of common stock for each ten shares held. **Price**—$35 per share. **Proceeds**—To repay temporary borrowings incurred for the company's expansion program. **Underwriter**—None.

Southern Pacific Co. (8/27)
Bids will be received up to noon (EDT) on Aug. 27 for $6,000,000 of equipment trust certificates, maturing in 15 equal annual instalments, commencing Aug. 1, 1960. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Sylvania Electric Products**
Aug. 19 it was reported that this division of General Telephone & Electronics Corp. is preparing to borrow $25,000,000 in its own name. The division is planning the sale of 25-year straight debentures. **Underwriter**—Paine, Webber, Jackson & Curtis, New York. **Offering**—Expected sometime late in September.

● **Union Electric Co. (Mo.) (9/10)**
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 10 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.

Our Reporter's Report

The House Ways and Means Committee threw a fast curve at the Treasury and, indirectly, at the investment market generally this week when it voted to pigeonhole a bill to remove the ceiling on interest rates which the government may pay on its bonds.

True the issue had been in doubt for weeks but up to just recently it appeared that a compromise proposal would go through aimed at helping the Treasury which must raise additional new money, and, at the same time refund maturing obligations, try to accomplish at least a part of these programs on a long-term basis.

Even though last-minute action may develop to permit raising of the present 3¼% rate on U. S. Savings Bonds it now appears certain that the Treasury will have to do its new borrowing and refinancing through the issuance of short-term obligations.

Secretary of the Treasury Robert B. Anderson, obviously disturbed by the turn of events, warned again that "if the ceilings are not removed, the government cannot help actively contributing to inflationary pressures by being forced to confine its bond sales to short-term."

Seemingly assured against any sudden turn by the Treasury to long-term financing, long U. S. Governments might be expected to reflect that fact by developing a firmer tone. That quarter of the market has been stiffening a trifle of late along with the top strata of the corporate bond market.

High Coupons Draw

A run-down of recent new corporate debt issues carrying high coupons tells the story of what has been happening in the bond market where a generally firmer tone has prevailed.

It develops that the issues coming to market with the more liberal interest rates have been in brisk demand, sufficiently strong to make for premiums of as much as 3¼ points over the offering prices for some of these favorites.

Accordingly, with some of the latter seemingly getting a little "rich" pricewise, from the buyer's viewpoint, there has been more of a tendency to search out high-grade obligations carrying lower coupons but offering good yield and chance for capital appreciation over a period.

Lenders As Borrowers

The big finance companies, notably General Motors Acceptance Corp., and Associates Investment Co., finding their lending resources being strained a bit are coming into the capital market for substantial new funds.

GMAC has registered to market $125 million of 21-year debentures through a nationwide banking syndicate. This operation will be completed well in advance of the fall upturn in motor demand as new models appear.

Associates Investment plans to raise an additional $50 million to put it in funds to meet demands of customers. Non-redeemable for the first five years, this issue is expected to be on the market early in September.

Abbreviated Calendar

Underwriters and their distributing affiliates will be coasting through the greater part of the coming week unless, of course, some issues which have been in abeyance suddenly are dusted off and brought to market.

For the calendar now shows Pacific Gas & Electric Corp. $65 million of bonds, due up for bids on Tuesday, as the only substantial issue on tap.

On the same day bankers are slated to market $10 million debentures of Broadway-Hale Stores Inc. on Monday Cincinnati, New Orleans, Texas & Pacific Railway is opening bids for $4,440,000 equipment certificates and United Artists Corp. is scheduled to market 100,000 shares of common.

Continued from page 14

Economic Mobilization Planning

formed and there are alternative ways of accomplishing them yet resources and facilities are not available for performing each activity in the most effective way, a solution may be obtained which combines activities and resources in such a way as to maximize over-all effectiveness. Various types of mathematical programming furnish excellent tools which have come to be most closely associated with allocation problems. An attempt to apply these mathematical programming methods to mobilization planning was begun in 1948 by the United States Government. The agencies involved included not only the Bureau of Labor Statistics, but also the Munitions Board, The National Security Resources Board, and the military services.

Series of equations can represent each alternative and the total array of such alternatives can be solved by the methods of matrix algebra to yield an "optimum" allocation. Many operational difficulties exist, especially those connected with securing of cost and other types of data required from the various industries in order to arrive at a satisfactory expression of the equations and the development of the matrix. The components of the matrix may consist of the total quantity of selected specific materials required to turn out the goods and services programmed with the probable supply of these materials. The quantity of manpower required to turn out the goods and services programmed may be compared with the probable supply of labor. Total plant capacity of specific types may be programmed with the probable capacity available.

There may be other criteria, or measures of effectiveness, than cost—such considerations as time, location and other factors may also be used in measuring efficiency of goal implementation. In order to measure effectiveness, one must have a measure of the importance of the objectives, although such a measure frequently is difficult to obtain. A weighted average of all the objectives thus may be established. The solutions achieved should always be tested for consistency with the national strategy relating to a hot or cold war.

One of the most serious problems that develops in the programming of production is timing. Arrivals behind time interrupt the assembly operation and interfere with production. Arrivals ahead of time are costly in terms of space consumed and confusion that may be caused. The flow of production can be considered as a multi-stage process where in order to obtain a certain output of end-products in Period 6, for instance, the intermediate materials may have to be ready during Period 5, and the raw materials would have to be produced, say, during Period 2. This consideration of time staging as an element in programming is the subject-matter of a relatively new area called "dynamic programming" in contrast with "static programming" which looks at one period at a time only rather than at a series of such intervals.

The foregoing has been a survey of one aspect of Programming Mobilization analysis applied to defense economics, primarily from the allocation standpoint. It may not be inappropriate to conclude with some of the possible political and economic consequences of such measures.

Political and Economic Consequences

In the past, the great distinction between the physical sciences and the social sciences has been the impossibility to carry out controlled experiments in the latter. Other distinctions have been made, namely that while the laws in the physical sciences tended to be fairly universal, such was not the case in the social sciences. However, intuitively speaking, there appears to be a stronger analogy. For example, let us compare the social sciences and medical science. In medical research, and more generally, biological research, the differences between the individuals under study often may take away from some of the universality (such as in physics or chemistry) of the theories. But controlled experiments are important because they enable the scientist to develop and subsequently confirm or reject theories on the behavior of the system studied.

At the present time, because of developments in electronic computer technology and of the art of economic research, the field of economics may be given the opportunity on the possibility at least of conductive controlled experiments. There is a strong likelihood that digital and analog computers can be used to carry out "under glass" as it were the experiments desired by scientists. However, the following reservation must be kept in mind: Adequate mathematical or analog models of the economic situation to be studied have to be developed. Here the computers can also assist by trial-and-error to detect any errors of omission or commission of pertinent factors in the model.

Varying the different factors individually or simultaneously to study the results on the system may give rise to fictitious results. Several assumptions may have to be made in dealing with socio-economic systems, which quite often involve random processes. Many of these assumptions may turn out not to be valid, but their degree of approximation to reality may sometimes be satisfactory. Sensitivity analyses can assist in testing the significance of the errors.

No proofs as such are available for many of these models and premises, and inductive methods of checking the answers probably are the only ones which can be used.

Centralized detailed control involves several difficulties. Furthermore, when objectives are fluid and production methods changing, as may happen during an emergency period, added difficulties arise. To attempt to impose detailed instructions on output, flow of components, and outputs of millions of separate enterprises may lead to many inefficiencies. Probably some local initiative must be permitted to allow the benefit from local observations to be obtained and also the application of specialized knowledge and ingenuity. This allowance is quite important, for probably seldom does sufficient information trickle back to the central control point. When information does reach it, it may be only approximate and often belated.

What is needed for effective mobilization programming is a compromise between the two extremes, where a central control point is able to coordinate its activities with the scattered points of applications of the policies and programs. Also important is the risk of building up a powerful centralized bureaucracy and of developing certain habits that would tend to persist even after the emergency has passed. The risk especially is apparent in a national emergency of the cold-war type which may continue indefinitely.

Nevertheless, the application of analytical tools to the problem of best allocating resources, both material and human, can contribute to the increased efficiency of the defense program, provided all the limitations of such tools are heeded.

Joins Blyth Staff

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Robert W. Hill has joined the staff of Blyth & Co., Inc., Pacific Building. He was formerly with Foster & Marshall.

Certified Industries Offering Completed

Singer, Bean & Mackie, Inc. on Aug. 17 publicly offered 66,500 shares of class A stock (par $1) of Certiifed Industries Inc. at $4.50 per share. This offering has been completed, all of the said shares having been sold.

The company was organized under the laws of the State of Delaware on March 9, 1959, and is qualified to do business in the State of New York. It maintains its principal executive and sales offices at Commack Road, Commack, Long Island, N. Y.

The company is engaged in the business of producing and supplying ready-mixed and dry batch concrete for use in diverse types of construction, including the construction of residential housing, commercial and industrial buildings and warehouses, and governmental and institutional projects such as roads, airports, schools, hospitals, military bases, sewers and tunnels in addition to selling to the construction industry an extensive line of over 400 building supply products. The company has been engaged in the distribution of building supplies since 1952 and in the production and sale of concrete since 1953.

Henry Ludner Opens

Henry Ludner is engaging in a securities business from offices at 1472 Broadway, New York City.

Real Estate Profit Plan

BROOKLYN, N. Y. — Real Estate Profit Plan, Inc., is engaging in a securities business from offices at 417 Utica Avenue.

Sidney Sole Opens

Sidney Sole is conducting a securities business from offices at 107 William Street, New York City.

Form Wayne Madoff Secs.

Ralph Madoff and Walt R. Wayne have formed a partnership Wayne Madoff Securities, with offices at 149 Broadway, New York City, to engage in a securities business.

With W. G. Nielsen Co.

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif. — Earl D. Van Keuren has become affiliated with W. G. Nielsen Co., 362 East Olive Avenue. He was formerly with White, Weld & Co.

Washington and You

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—In a surprise move, the House Ways and Means Committee on Aug. 18 decided to postpone until 1960 any further consideration of the proposal to raise the present 4¼% ceiling on five-year or longer Treasury security issues. A companion feature of the proposed legislation called for an upward adjustment in the rate of return on Series E and H bonds.

The motion to shelve the measure until 1960 was introduced by Congressman Frank Ikard. The Texas Democrat asserted that the slim 15-to-10 vote by which the compromise proposal had been approved earlier by the Committee indicated that it would meet with extreme opposition in Congress. Accordingly, he reasoned, any attempt to seek approval at this session would be likely to cause more confusion in the capital market than the decision to put off any further action until 1960. A not unrelated factor, too, is that the Treasury Department has completed most of its scheduled financing operations for the current calendar year.

Originally, the Committee proposed, as an adjunct to upping the ceiling rate, that the Federal Reserve Board be required to step in and buy government securities of all types rather than confine its open-market purchases to Treasury bills primarily. However, the Committee subsequently changed the so-called "Sense of Congress" resolution in a manner that proved acceptable to both Reserve Board Chairman Martin and Treasury Secretary Anderson. Both had been insistent that the bill as originally drafted was inflationary and a throw-back to the era which preceded the Treasury-Reserve accord in 1951 when the Board followed a policy of supporting the prices of government bonds at the par level and hence was basically "an engine of inflation."

Market Scrutinized

The government security market is evoking more and more study by Congress, simply because the government securities market is the largest financial market in the world. The Treasury Department acknowledges that the daily trading volume exceeds $1 billion.

The bonds of the government are quite sensitive. They respond to international developments, policies of the government and business generally, like the stock market.

Interest earnings on Federal bonds are not subject to state income taxes in most States. Interest earnings on state and local bond issues are not subject to Federal taxes, but because the Federal taxes are so high the tax-free state and local bonds are creating more and more competition for Uncle Sam's bonds.

The Government securities market is the world's largest financial market. The New York Stock Exchange apparently is becoming interested in re-establishing an auction-type market in Government securities on the Exchange.

The Government securities are now handled by dealers in over-the-counter transactions. The Treasury Department and the Federal Reserve System recently completed a study into the functioning of the Government securities market. Among other things the study was to point the way to improve the market and prevent speculative excesses.

Report Being Analyzed

Chairman Wilbur D. Mills (Democrat of Arkansas) of the Ways and Means Committee and his committee colleagues have been studying the findings of the joint inquiry which are borne in a special printed report.

The joint report, signed by Secretary Anderson and Chairman William McChesney Martin, Chairman of the Board of Governors of the Federal Reserve System, raises a number of pertinent observations.

One thing the report noted is the lack of facilities designed to serve small invsetors of Government securities. The report said some observers are convinced that market participation by small investors in Government securities could be developed more effectively on the New York Stock Exchange, if arrangements could be worked out for active floor trading in long-term Government securities to take place alongside the dealer market for these securities.

Asserted advantages presented in favor of this proposal include the Exchange marketing mechanism with more than 2,500 scattered offices over the nation for generating buying and selling orders. Then, Mr. Anderson and Mr. Martin made this observation:

"These characteristics, however, do not assure effective use of the present Exchange as a secondary market for long-term bonds. Since trading by individuals is small, volume might be insufficient to permit matching of bids and offers unless the Treasury issued marketable securities with special features, such as tax exemption, designed to attract wider individual ownership of marketable issues. Exchange rules do not set minimum commissions for United States Government bonds as they do for corporate securities . . ."

Problems Outlined

Growing out of the Treasury-Federal Reserve study, the New York Stock Exchange reviewed the potentialities of establishing an auction-type market in Government securities on the Exchange. But problems were immediately raised.

"One specific problem to be resolved," said the Treasury-Federal Reserve study, "was the difficulty under existing conditions of interesting Exchange specialists in taking the business risk of making a market in Government securities. In the first place, the specialists would be in competition with established Government securities dealers.

"Secondly, they might at time need to build up very large positions in Government securities, since the market, in contrast to the market for securities of individual corporations, is a heavy volume market and, when sharp price movements occur, quotations on maturities throughout the list tend to move together. Finally, because of the public nature of transactions at Exchange trading posts, the specialists in taking positions to make orderly and continuous markets would be unduly exposed to raids by nonmember dealers and other large traders."

There are other problems such as developing an adequate incentive for handling Government securities on the Exchange through a commission schedule that would be competitive with narrow spreads prevailing in the dealer market.

Necessary Essentials

Secretary Anderson and Chairman Martin listed four other specific points that they say are necessary for an effective Exchange market. They are:

(1) A larger supply of long-term Government bonds, particularly those having interest to individual investors through tax exemption or other special features.

(2) Placing of all Federal Reserve transactions in bonds, where the Reserve Banks act as agents, on the Exchange, and possibly, official support of the Exchange market.

(3) A potential requirement for all transactions in Government bonds of member firms to be executed on the Exchange, except for possible "off board" trades in exceptional circumstances.

(4) Provide a means of protecting the interest of the member firms that now act as Government securities dealers.

The New York Stock Exchange has indicated a willingness to cooperate in further studies toward developing an active trading of United States bonds on the Exchange. Certainly additional study will be needed if it is considered desirable to encourage more widespread holdings of marketable securities among small investors, the officials said.

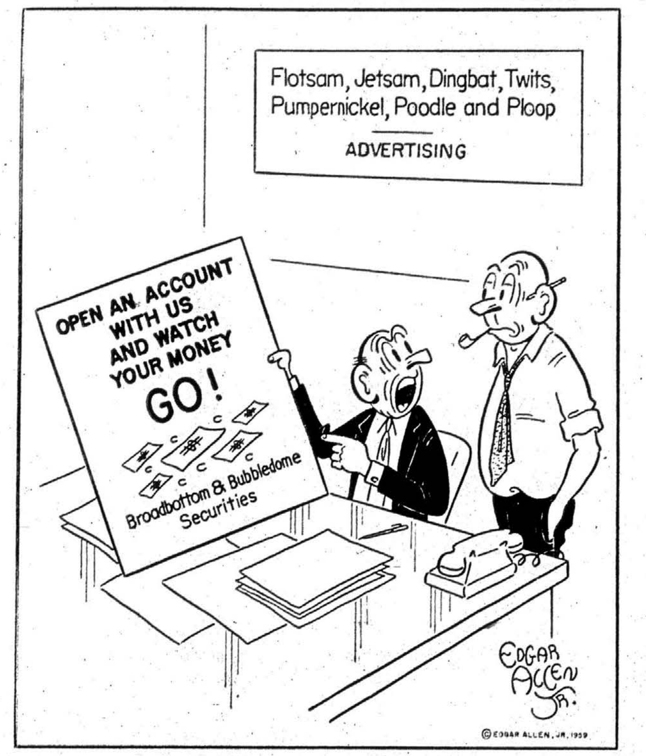
Interest Rates Seen Rising

The joint Treasury-Federal Reserve study group has been working continuously since last spring. Secretary Anderson told the Joint Economic Committee of Congress recently that while the market mechanisms study will be quite helpful, it cannot be expected to solve the basic financial problems which this country faces, such as the tendency of the public debt to grow shorter and shorter in its maturity structure, and the rising public debt.

Meantime, United States Government long-term bonds are now yielding around 4⅛%, and tax-free state and municipal bonds in excess of 3½%. There are some economists in Washington that believe that the interest rates will edge even higher in the autumn months.

[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



"GROW, you idiot—not GO!"

Businessman's BOOKSHELF

Development of Banking in the District of Columbia—David M. Cole — The William-Frederick Press, 391, East 149th Street, New York 55, N. Y. —cloth—$10.00

Economic Developments in Pakistan — International Monetary Fund, 19th and H Streets, N.W., Washington 25, D. C.—paper—on request.

European Market — Brochure on business opportunities in various fields—Publicis Corporation, 610 Fifth Avenue, New York 20, N. Y. (paper), on request.

Foreign Agricultural Trade of the United States by countries for the calendar year 1958—U. S. Department of Agriculture, Foreign Agricultural Service, Washington 25, D. C. (paper).

Gas Facts and Gas Data Book, 1959 Edition—American Gas Association, 420 Lexington Avenue, New York 17, N. Y.— $3 (quantity prices on request).

Government in North Dakota — Vol. 6, No. 32 of a series—1957 Census of Governments, U. S. Department of Commerce—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 40c.

Historical Summary of Governmental Finances in the United States — 1957 Census of Governments, U. S. Department of Commerce — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25c.

How American Buying Habits Change — U. S. Department of Labor, 341 Ninth Avenue, New York 1, N. Y.—$1.

Investment for Jobs — Economic Research Department, Chamber of Commerce of the United States, Washington 6, D. C. (paper), 50c.

Reading Habits Among Industrial Buyers — Survey — Associated Purchasing Publications, Penton Building, Cleveland, Ohio — On request.

Strategies That Close Sales—John A. MacDonald — Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y.—cloth—$4.95.

U. S. Import Duties on Agricultural Products 1959 — Foreign Agricultural Service, Foreign Market Information Division, U. S. Department of Agriculture, Washington 25, D. C.

When a Family Faces Cancer — Elizabeth Ogg—Public Affairs Pamphlets, 22 East 38th Street, New York 16, N. Y. (paper), 25c.

Writing and Publishing Your Technical Book—F. W. Dodge Corporation, 119 West 40th St., New York 18, N. Y.—on request.