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A National Formula to Check Inflationary Pressures

By DR. RAYMOND J. SAULNIER*

Chairman, President's Council of Economic Advisers

Fearful of price inflation's persistent threat, the Administration's top economic advisor admonishes industries enjoying productivity gains to pass them on in the form of lower prices and labor to end wage rises that increase costs and prices. Dr. Saulnier is looking for stable unit labor costs for the economy as a whole and overall price stability which he says is essential to and not competitive with economic growth. His anti-inflation national formula is: live within our means, follow prudent monetary policy, finance the debt on a noninflationary basis, hold average wage and fringe increases within the limits of average productivity gains, and promote more efficiency and thrift.

The avoidance of inflation is vital, not only to the achievement of orderly and balanced growth in our economy and to the progressive improvement of our economic well-being, but also to the permanence and vigor of the political and social institutions for which you have a kind of trusteeship responsibility. A continuing upward trend of prices, even if it proceeds only slowly at first would have the effect of quietly abrogating all contracts involving stated money sums. Lawyers know the variety and scope of such contracts, and the harm that is done when, for reasons beyond the control of the parties immediately involved, such contracts fail to work out as planned and as expected. The erosion of contractual commitments which even a slow inflation brings about is bad enough; but there are other consequences that are worse. If we were to resign ourselves to the continuance of a moderate degree of inflation, the actual persistence of this condition would in time, and probably

Dr. R. J. Saulnier

*An address by Dr. Saulnier before the Corporation, Banking and Business Laws Section, American Bar Association, Miami Beach, Fla., Aug. 25, 1959.

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EDITORIAL

As We See It

As was to be expected, predicted results of the exchange of visits by Nikita Khrushchev and the President range from one extreme to the other. There are those who believe hardly less than disaster can come of them. Others go far in the other direction and are building up their hopes of a full thaw in the cold war. It is hardly likely that either of these extreme expectations will be realized. It may be that one of the persistent desires of the Russian dictator has been to see this country and sit face to face on equal terms with the President; it is possible that some sort of summit meeting or the equivalent has been an important objective of his from the beginning; it is conceivable that he himself may harbor the notion that he can wring a great deal—enough to satisfy him at least for the time being—from his opposite numbers in the free countries (so far as there are any) by dealing with them directly; those who have been saying that personal vanity of a sort has been driving the Russian tyrant could, of course, possibly be right.

It seems to us to be much more probable, however, that Mr. Khrushchev has cherished objectives which far exceed any gratification of personal pride, and that he still hopes to achieve many of them, and is likely to insist upon them through thick and thin, even in face-to-face encounters with the heads of the so-called major powers aligned against him. We most earnestly hope that all this will never come to the point of a major war, but in our view we are faced by an implacable expansionist who aspires to world domination within a much shorter span of time than we like to contemplate. If such is indeed the case he will not be deterred from press-

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European Common Market Threat or Opportunity?

By HAROLD H. SCAFF

Vice-President, Ebasco Services, Inc., New York City

One of America's top management consultants plumbs the stake of U. S. business in the European Common Market and the effect of the ECM upon American business elsewhere including its own domestic market. Mr. Scaff pointedly explains that ECM means more competition for our products everywhere; lists the broad spectrum of manufacturing activities principally affected and cost decisions to consider; outlines essential steps that should be considered in determining the extent and potential of the market assuming a concern is ready for an ECM based operation; and details five basic ways American businessmen can do business abroad. The important matter of institutional factors that make-up the foreign and American behavior pattern is also submitted as an important reminder.

There has been a great deal of speculation since the European Common Market came into being concerning its potential effects on American business. The optimists look hopefully upon the fact that the European Common Market constitutes a block of 170,000,000 people who, by a concerted effort, intend to raise their standard of living to something approximating that of the United States. The pessimists see in the growing economic and industrial power of ECM a threat to our business in the Common Market, in other European countries, in world markets and even in our own country. Each can support his point of view and there is some truth in both points of view. This leaves many American businessmen thoroughly confused as to what ECM means to their own particular business. Let us briefly review what is at stake for the American economy as a whole. During the decade before the Treaty of Rome came into effect, our exports to ECM countries averaged $2.3 billion annually. During this same time,

Harold H. Scaff

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

(This is under no circumstance to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

Interchemical Corporation — Monte J. Gordon, Manager of Research Dept., Bache & Co., New York City. (Page 2)

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MONTE J. GORDON
Manager Research Department
Bache & Co., New York City
Members New York Stock Exchange, American Stock Exchange, Toronto Stock Exchange and Other Leading Stock and Commodity Exchanges

Interchemical Corporation

Interchemical, a company whose name may confuse the uninitiated, distributes its products to areas with decided growth potentials as revealed by its excellent earnings and dividend history. Basically, the company is a producer of chemical coatings and enjoys an extremely strong competitive position in printing and gravure inks, accounting for about 30%-40% of the total market. In addition, the company, which is basically a compounder of finishes making few raw materials and not selling directly to end use consumers, also manufactures industrial finishes, textile colors, adhesives, inked ribbons and polyester resins.

Monte Gordon

The company's sales have expanded from $69.5 million in 1949 to $109.5 million in 1958, a gain of 58.5%. Actually, the percentage growth in sales of present lines in the past 10 years (adjusting for elimination of Interchemical's unsatisfactory consumer products division some years ago) reveals an increase of 84.5%. During this same period, net income before Federal income taxes rose from $3.49 million to $9.59 million, a gain of 174% reflecting a significant actual improvement in profit margins. To a real measure, this is a tribute to management capabilities since higher productivity in the postwar years has not been too customary due primarily to the general cost price squeeze. As far as the stockholder is concerned, the rewards have been substantial with earnings on a per share basis more than doubling from $1.04 in 1949 to $2.15 in 1958 with $3.25 earnings projected for 1959. As another measure of the company's growth, non-cash depreciation charges have also doubled from around $1 million in 1949 to over $2 million, or about $1.14 per share in 1958.

Of the company's sales in 1958, about 38% went to the packaging industry which is the largest and fastest growing customer of Interchemical. This industry uses Interchemical's inks and coatings on boxes, cans, plastic containers, bags, wrappers and drums. Interchemical has, of course, benefited from the fact that the packaging industry, spurred by a revolution resulting from self-service retail distribution, has enjoyed tremendous popularity in the postwar period. An example of this growth is the fact that the packaging industry accounted for sales of $16 billion in 1958 and is today growing at a rate of approximately 10% a year or about three times the growth rate of the United States economy. Certainly, those of us who have shopped in retail stores particularly in the supermarkets, are aware of the myriad of packaging containers developed since the food industry turned to self-service. This change in packaging has now been carried into other outlets such as department stores, hardware and haberdashery. In this respect, the tremendous growth in the use of plastic films is noteworthy. Demand for polyethylene as a film packaging material is growing at a rate in excess of 20% annually, apart entirely from continued good demand for cellophane, vinyls, polyesters and other types of wrapping materials. Indeed, items such as corrugated boxes and steel drums, which are traditional industrial containers, are now printed and colored for advertising benefits.

In the years 1955 to 1958, capital expenditures exceeded $13 million compared with the previous four-year period 1951-1954 expenditures of only $7 million. Interchemical management has been successful in maintaining a strong financial condition despite these substantial expenditures and on June 30, 1959, current assets were $42 million while current liabilities were $13.4 million. Over $9 million in marketable securities were included in current assets and the company intends, as the need arises, to use these assets for further expansion or possible acquisitions. Long-term debt equaled $3.72 million represented by 3⅛% promissory notes maturing in 1963.

Further adding to the growth potentials of Interchemical is the great variety of industries served in addition to the packaging industry. The company's second largest customer is newspaper and magazine publishing which in 1958 accounted for 15% of total sales. It is interesting to note that about 50% of advertising in magazines is now printed in color and this proportion should gain as the impact of color television is felt on a broader scale. Even in the case of newspapers where traditional inks (newsblack) are still dominant, the use of color is growing. This, of course, carries other benefits to Interchemical since color materials carry higher price tags and better profit margins.

A great variety of other industries make up the balance of the company's sales (47%); printing and lithography (10%); textile, leather and plastic converting (14%); household furnishing (3%); transportation equipment (3%); and miscellaneous (17%). Not only does this indicate the high degree of diversification of Interchemical's outlets, but also offering the company an excellent opportunity to execute the task it knows best—making available high quality chemical coatings and exploiting its position in a field suited only to the qualified specialists.

Return on stockholders' invested equity has in the last four years averaged about 14.1%—slightly above the average for the chemical industry as a whole and well above the average of all industrial corporations.

For the six months ended June 30, 1959, Interchemical reported record sales of $63.1 million, resulting in record per share earnings of $1.58. Comparative figures for the similar period in 1958 were $53.1 million in sales and per share earnings of 82 cents. It is particularly significant that second quarter earnings were 95 cents per share or over 50% higher than the first quarter. On this basis, allowing for a modest seasonal decline in the third quarter with an anticipated resurgence in the fourth quarter, it would appear that the estimate of $3.25 per share mentioned earlier for 1959 is entirely achievable. Further, I am of the opinion that earnings of over $3.50 per share by 1960 could well be reported.

Dividends have been increased seven times since 1949 and although the dividend rate has been increased at each of the last two meetings, there appears to be a distinct possibility of another increase once again within the next year.

Taking all these favorable factors — Interchemical's strong competitive capabilities, the company's fine earnings and dividend history, its strong financial condition and the good near and longer term outlook—I believe these shares are undervalued selling at only slightly over 12 times estimated 1959 earnings. I believe the astute investor can look to these good quality shares for capital gains reflecting a rising earnings trend and a further upward revision in the price-earnings multiple.

FRED F. MILLIGAN
Registered Representative
W. E. Burnet & Co., New York City
Members New York Stock Exchange and American Stock Exchange

Basic Incorporated

Basic Incorporated is an excellent example of a stock that possesses good value, good potential, and sound and liberal income. Currently selling around eight times estimated 1959 earnings of $3.00 a share and yielding over 4%, the stock doesn't appear to reflect the company's position as a supplier to one of the fastest growing segments of the steel industry.

Fred F. Milligan

The growing pains of steel producers are mirrored in the need for larger capacity and greater efficiency. One method of obtaining these goals at a mimimum of capital outlays is through the use of oxygen to accelerate the production of steel. In existing open hearth and electric furnaces, pure oxygen is blown into or over the surface of molten iron to speed the refining cycle and greatly increase production rates.

A new steel making furnace designed to make maximum use of pure oxygen is the "L-D" or basic oxygen converter. As a result of greater capacity and cost reduction afforded by this vessel, the industry has increased its oxygen steelmaking facilities at a remarkable rate. At the start of 1957 the nation's steel producers had a basic oxygen capacity of 540,000 tons annually. By the beginning of 1959 this capacity had grown to 4,000,000 tons annually, an increase of almost 650%. Moreover, it has been estimated that by 1965 oxygen steel will account for about 25% of the industry's then total capacity, or 45,000,000 tons per year.

Basic Incorporated, mining its own dolomite, magnesite, brucite and chrome ores and from these manufacturing the vital refractory materials on which steelmaking furnaces are dependent, stands to

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An Appraisal of Our Monetary And Debt Management Policies

By GEORGE T. CONKLIN, JR.*

Vice-Pres. (Finance), The Guardian Life Insurance Co. of America (New York City)

Prominent insurance company economist, answering the argument of the "creeping inflationists", insists that full employment, sustainable economic growth, and general price stability are vitally interdependent and must be pursued as a whole. Avers the Federal Government and Congress must concentrate all policies on ending inflation, and destroying the psychology of inflation. States country has been growing faster than national savings justified. Urges tax system be altered to encourage savings. States Treasury financing and debt management should be aimed at developing a balanced maturity distribution of the debt, not as a tool to combat the business cycle. Characterizes as a "calamitous mistake" current proposals for the Treasury to introduce a "purchasing power bond." Also decries revived proposals for open market operations to support Government Bonds; holding that there are no manipulations of open market operations that can escape the discipline of demand and supply forces in the capital markets.

Before entering into a discussion of Federal financing and debt management, it would be helpful to consider first the objectives of government economic policy, in announcing these hearings, Senator Douglas stated:

G. T. Conklin, Jr.

"I believe that there is general agreement on two propositions: (1) that we should aim, as a nation, at the simultaneous achievement of maximum employment, an adequate rate of growth, and a stable level of prices; and (2) that the government's most potent general tools to help bring about the simultaneous achievement of these three objectives are the practices it follows in the management of its monetary, fiscal, and debt operations."

Senator Douglas' statement suggests that these objectives are mutually compatible and are on an equal plane in importance. That is certainly our conviction. There are, however, a number of influential economists who argue that these objectives are not mutually compatible. Specifically, the basic question which they raise is whether we can, as a country, maintain full employment and vigorous economic growth without inevitably experiencing a further upward push on the cost of living. The argument is frequently made that the **primary** economic goals of this country under conditions of "cold war" must be full employment and vigorous growth, and that pursuit of these objectives will necessarily involve a further rise of the general price level. It is held that under full employment conditions the strong collective bargaining strength of powerful organized labor groups will inexorably produce the wage-cost push as wages are driven up faster than labor productivity increases, with the result a rising general price level.

The Inflationists' Argument

The argument continues that the general price rise could be prevented if the monetary and fiscal authorities of the country would act determinedly to restrain spending by consumers, business, and the government. This they could do by Federal Reserve restriction of the quantity of money and by Federal budget surpluses. That is, the argument holds, the monetary and fiscal authorities have it within their power to prevent or curb a general price rise, but they can do so only by precipitating a sufficiently high degree of unemployment of labor to take the steam out of the wage-cost push. Such a degree of unemployment, it is further contended by these economists, sometimes termed "creeping inflationists," seriously conflicts with the basic objective of vigorous economic growth.

So, it is contended, we must as a nation choose between full employment and maximum growth, on the one hand, accompanied by "creeping inflation," or on the other hand, general price stability but at the same time excessive unemployment and less than maximum economic growth. The choice we make, it is held, must be full employment and vigorous growth, even if it does mean a chronic decline in the value of the dollar. After all, the argument runs, inflation is not so terribly bad—most Americans really like it. Through various "escalators" we have learned more and more to adjust to a decline in the value of the dollar. Moreover, it is argued, there is no reason to believe that "creeping inflation" will have to break into a gallop—our great national output assures that inflation will remain at a creeping pace. Thus, the argument is that general price stability is incompatible with full employment and vigorous economic growth, and that we should recognize that a gradual rise in the general price level is an in-

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*Partial text of Mr. Conklin's testimony before the Joint Economic Committee of the Congress, Washington, D. C.

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Observations . . .

BY A. WILFRED MAY

CAPITAL APPRECIATION "THE THING"

The investment community's ever-growing emphasis on capital profits in lieu of investment income, is likewise strongly pervading the mutual fund field. This trend is strongly highlighted, for example, by numerous elements in the redemption situation. Continuing recent sensational rises in fund-holders' exercise of their cash-in privilege, redemptions during the single month of July last reached $73 million, up from $41 million in July, 1958. During the first seven months of this year, they rose to $501 million from $243 million during the equivalent period last year. Calculated as a percentage of the public's total holdings on an annual basis, the 1959 figure is 6%, up from 4.6% last year.

A. Wilfred May

The industry average of redemptions to sales on an annual basis has risen since last year from 30% to 45%.

Included in the foregoing record is the quite startling experience of one of the major "fanfare funds" which was eagerly grabbed by the public at its establishment last year. During this year's first quarter $10.8 million worth of its units were redeemed, against sales of $13.1; during the second quarter redemptions of $13.3 million far offset sales down to $9.2 million.

This first year liquidation in the face of an 8%—or so buying commission (load)!

The precise motives of all liquidaters is unobtainable short of a Gallup Poll. Nevertheless, in the case of the above-mentioned Fund leader, it is established that the huge cash-ins stemmed from gross and frantic overselling of the original offering—to many of the wrong people—at the frantic initial offering time. In general, the large increase in liquidations, as is usual during rising stock markets, seems to have followed the desire to cash-in profits, partly for the purpose of doing a bit of speculating on their own... Surely the motive has not been concern over the *yield*, or the Fund's investment income.

In the case of the fund industry as a whole, inclusive data regarding the length of time the investment is held before the time of cashing, are unavailable. At any rate it seems to be completely unrealized, or perhaps it purposely is disregarded, that it takes three years or so of the fund's investment income, to recoup the selling commission or "load" (without even making allowance for his personal income tax inroads) with receipt of nothing for income on his capital. In the case of the contractual plans as we shall specify below, this break-even period is considerably longer.

"Keep Moving!"

It is said that premature redemptions are importantly prompted by stock exchange brokers who, having previously put their customer into a fund with compensation far higher than on a listed stock, subsequently get him out for the purpose of un-freezing the account from inactivity. Pressure toward fund-to-fund switching via redemption also comes from all categories of salesmen. Or, on occasion, the holder just feels like taking a profit in a high market range. In any event, in all these categories, the attention is centered on circumstances surrounding capital appreciation—certainly not on "drab" income return.

Abuse in selling seems to be particularly strong in the accumulation plans area, of which over a million are now outstanding. This is so particularly because a large proportion of salesmen work at it on only a part-time basis. Be he barber or policeman, the part-timer is apparently attracted to off-hour fund selling by the bait of the increased sales commission accruing to him the first year. (In selling a $12,000 ten-year plan, his commission amounts to $273 during the first year.) Often they have little knowledge of what they are selling, and also load up the wrong people.

In the case of two groups of contractual funds where the data are available, about 3% of the funds subscribed for have been cashed-in during the first year. Whereas the total selling charge is 11% if the Plan is carried through to the entire 12-year period, such is the early acceleration that, if it is terminated in the first half-year, the deductions amount to 53.02% of the payments made by the Plan-holder. If terminated at the end of one year, they amount to 53.01%; and if carried for two years, the deductions are 30.18%. The investor who discontinues an accumulation plan before completing his intended purchases is penalized because he has paid the selling charge on a larger investment than he has actually made.

Again ordinary income yield is generally omitted in their publication of periodic results by fund managements, for the attention of press and public. The "story" is almost invariably concentrated on the period changes in net asset value, not on investment income. (The Investment Companies Act of 1940 only requires that the income figures be included in prospectuses.) The past record of capital appreciation, with disregard of investment income yield, is used more and more by managements, salesmen, and so-called expert analysts, in citing non-recurrent past-performance as the basis for appraising relative "managerial quality."

The emphasis on capital appreciation rather than yield, carries through to the operations of fund portfolios. Their turn-over per annum is estimated at about 12%, which is considerably higher than exists in other institutional portfolios.

In the general belittlement of income yield it must not be forgotten that the justification for the expectation of passing on a security at an advanced price must rest in part at least on the fact that some purchaser will get a satisfactory income. Otherwise, investment is just a Ponzi Scheme of passing on a security by the chain-system routine of the next fellow automatically paying upward, with the only catch being who will ultimately break the chain ("not on me"). Or putting the investing process in a Musical Chairs game setting, with the only question of who gets left when the music stops.

* * *

"THE STOCK MARKET TRAPEZING ABOVE THE SAFETY NET"

The setting of market prices to follow capital appreciation psychology rather than yield factors is well set forth in the September Monthly Investment Letter of J. R. Williston & Beane. It points out with the market's pricing far outrunning rises in earnings and dividends "the present bull market parted company with investors a long time ago. Today's rising corporate earnings bear the same relation to existing stock prices that a safety net does to a trapeze artist; that is, they offer some insurance against a complete disaster but still leave a long way to fall."

* * *

SALUTE TO THE SEASONS

From this week's Market Letter of a leading brokerage firm bearing the caption, *"September — A Month of Decision."*

"September has proved itself to be a month of momentous events. It was in September, 1929, that the greatest bull market in history, up to that time, reached a peak, which was not to be surpassed for about 25 years. September, 1939, was a fateful month for Europe and the world. It was the month that Hitler invaded Poland and touched of the spark that ignited World War II.

"September promises — in 1959 —to live up to its reputation as a month of crisis. This is the month of the autumnal equinox—a changing of the seasons—a period of celestial disturbances, violent storms, hurricanes and other vagaries of the weather. Mr. Khrushchev and the autumnal equinox will arrive in Washington together. What kind of storms the combination will precipitate, no one can tell. But, it is to be hoped that the usual weather abnormalities associated with this season will not sympathetically affect the equanimity of the Eisenhower-Khrushchev meetings."

And from the current Wiesenberger Investment Report entitled *"The Late Summer Rise."*

"The normal seasonal tendency of the stock market is to rise in the summer, top off in September or October, decline into December, rally into March-April and decline into June.

"Early termination of the usual summer rise tends to be an unfavorable stock market factor. It generally portends a weaker than usual fall and winter. That was the case in such important turndown years as 1957, 1946, 1937 and 1929."

Such "seasonal timing" has been castigated by Lord Keynes as exerting "an absurd influence on the market," and contributing to his "casino" dubbing of the New York Stock Exchange.

But we prefer to go back to Mark Twain for our authority in rebuttal. Said Twain through the mouth of Pudd'nhead Wilson: "October is one of the peculiarly dangerous months to speculate in stocks. The others," he went on, "are July, January, September, April, November, May, March, June, December, August, and February."

* * *

TOPSY-TURVY BOND MARKET

So "Snafu-ed" is the Government Bond market that several of the shorter-term issues of the Treasury (which presumably will continue to meet its obligations) are down to a level actually yielding more after taxes than are Triple A grade tax-exempt municipals. For example, New York State obligations due in 1961 yield 2.63%, whereas Treasury 2½s with approximately the same maturity date offer an after-tax yield of 3.06% to corporations and individuals who are in a 52% tax bracket. Similarly, the Treasury 1½s due October, 1963, yield 3.19% after taxes, against only 2.70% on the New York State issue with a comparable maturity date.

These and other Government issues with a low coupon and hence selling at deep discounts, are advantageous, particularly to the higher tax-bracket individuals, in boosting their after-tax yield because the portion of their indicated return coming from the ultimate appreciation to the principal amount due, gets the benefit of the 25% capital gains tax ceiling. Conversely, the buyer of a tax-exempt issue which sells at a discount, is penalized, with a reduction of the commonly indicated yield, because the portion thereof derived from appreciation to "par" by the maturity date is subject to tax on the capital gain. The tax exemption applies only to annual interest income, not to capital gain.

Another advantage applicable to some Treasury issues selling at a discount is the provision for their immediate repayment at "par" in the "windfall" event of the holder's death.

Perhaps there will be a flow of individual funds into the unusually high-yielding Treasuries, from the far lower-yielding savings bank deposits and commercial banks' savings accounts at the end of the September quarter—such delay being occasioned by the penalty of loss of interest accrued since July 1 on withdrawals; which is the equivalent of about one-half of 1% of the principal of a bond.

Some funds should also flow into the Government bond market in proceeds from lower yielding stocks. But such transfers will probably be limited by bewilderment, and disappointment (along with drastic shrinkages) over the former's performance by any investor who has made this logical move over the past several years.

J. C. Youle Joins Lehman in Chicago

CHICAGO, Ill. — John Clinton Youle, President of the Executive Club of Chicago, has become associated with the firm of Lehman Brothers, 39 So. La Salle St. Mr. Youle is President of Youle Drive-On Gate Company and Vice-Chairman of the board of trustees of Shimer College in Mt. Carroll, Ill. His other interests and activities cover a wide range which include the operation of a purebred cattle ranch and an oil exploration company. Mr. Youle for the past ten years was associated with NBC as a broadcaster and has been accredited with being the original weatherman on television.

John Clinton Youle

The State of Trade and Industry

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

Business activity continued at a peak rate in the mid-summer period with consumer and business purchases remaining strong, the Office of Business Economics reports in the August issue of the "Survey of Current Business," monthly publication of the Department of Commerce. The rate of industrial operations expanded further, as did employment, except in those areas affected by the steel strike. Personal income was little changed from the high June level, seasonally adjusted, as payroll losses primarily in metal and railroad industries after mid-July were about offset by income gains elsewhere. Overall prices in wholesale and retail markets have been relatively stable.

Both factory and trade sales proceeded at a brisk pace featuring an enlarged demand for durable goods. Also the high rate of construction activity—both residential and nonresidential—was sustained in July. In particular, notable gains were reported by capital goods producers. A market strengthening of demand has been in progress in the industrial machinery industries since early 1959 when the volume of new orders received was considerably expanded and sales turned upward. During the first six months, sales and new orders each rose by 25%.

The expansion of consumer purchasing is broadly based as demand has strengthened for practically all major types of goods and services. Retail sales in June and July continued at the high rates of prior months. Sales of motor vehicle dealers in the first seven months of this year were 20% above a year earlier and ahead of the corresponding period of 1957. Following a spurt in June, new car sales slackened during July. With car inventories at a high point, dealers have good supplies for the model changeover period.

Consumers also stepped up their purchases of other durables this year, although much less rapidly than for autos. Sales of the furniture and household apliance stores registered a marked rise and maintained the new high level through July at a rate well above a year ago. The rise in the first seven months of this year in sales of this group brought them to a record level—8% above the corresponding period of last year.

Sales of nondurable goods stores, which were little affected by the recessionary forces last year, rose rather steadily from a seasonally adjusted rate of $11 billion in March 1958 to $12 billion in July of this year. For the first seven months the year-to-year gain has been 6%—comparable to the increase in personal income over this period.

Factory sales reached new highs prior to the onset of the steel work stoppage and the vacation season. The sales volume was affected by some anticipatory buying, mostly concentrated in the metal processing industries.

The work stoppage in the steel industry reduced manufacturing and mining output in July and early August. Steel-making facilities since the walkout have been operating at 12% of rated capacity, yielding a weekly output of 350,000 tons of ingot steel. This compares with a mill rate of 92% and an average weekly output of 2.6 million tons in the April-June period. The impact of the steel strike on other industries has so far been mainly in coal and iron ore and in the movement of freight traffic.

Activity in the major metal fabricating industries since mid-July has been maintained by the drawing down of steel inventories built up earlier in the year. Combined assemblies of passenger cars and trucks in July held close to the high June volume, although a fairly considerable decline normally occurs between these two months. Production in August, however, is expected to show a substantial drop as model changeover operations get into full swing during the month.

Nationwide Bank Clearings 12.5% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures complied by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Aug. 29, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 12.5% above those of the corresponding week last year. Our preliminary totals stand at $22,815,058,322

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Mutuel Fun and Profitability

By DR. IRA U. COBLEIGH

Enterprise Economist

Containing some random notes on the spectator sports, horse and dog racing, and pari-mutuel betting on same; accompanied by swift comment of certain companies operating to profit from these leisurely pastimes.

Sometime soon no doubt we'll all be reading a learned tract on the economics of leisure—the industrial and financial effects of the increasing amount of time most of us are now able to spend away from sources of livelihood; and the vast total sums we are spending on the pursuits of leisure. They're taking this leisure problem quite seriously over in England. Only this past week the Labor Party published a 46-page booklet urging the British Government to spend $26 million on better accommodations for sports, and in subsidizing art and cultural pursuits. And, curiously enough, the tract came out four-square for commercially sponsored television!


Ira U. Cobleigh

Please don't get alarmed, now. No long-hair dissertation on leisure is coming your way in this column today. We do have lots of leisure—too much, if you count the hundreds of thousands beached by the steel strike—but our stint today is to reflect upon a remarkable calculating machine—the Totalisator—and the manner in which this is applied to the exciting sports of horse and dog racing.

The company that makes available this Totalisator at our race tracks, supplies and services pari-mutuel equipment, and issues the tickets (winning and otherwise) is Universal Controls Inc. This company is the result of a merger in 1958 of Universal Products and American Totalisator. General Register, a wholly owned subsidiary, manufactures the Daily Double machines and ticket issuing equipment used not only at race tracks but by rail and bus lines, restaurants and theatres. Other corporate activities include manufacture of electric relays and control equipment, coated copper and aluminum wires, and automatic fare and toll registers.

Universal Controls Inc. is a volatile market performer. Earnings have long been in a rising trend with sales gaining over 10% in the last fiscal year (ended 3/31/59). Earnings of around 55c to 60c a share may not seem exciting in a stock selling around 18½ paying 30c but there is a lot of romance in the issue based on the increased number of race tracks in operation each year, and the rising totals of money bet. Moreover the stock has been split 2-for-1 in 1946, 3-for-1 in 1956, 2-for-1 in 1958, and 4-for-1 in 1959. There are presently outstanding 8,993,864 common shares listed on American Stock Exchange. Animating the issue at the moment are possibilities of off-track betting (employing Totalisators) and rumors of a possible merger. However you may judge Universal Controls common, you have to admit there is no other equity like it.

No race track would make money these days on just the admissions and entry charges and the program, food and drink concessions. It's the betting "handle" that pays the dividends. So let's look at a few representative race parks and see how the Totalisator earns money not only for Universal Controls but for track stockholders.

In flat racing there's a track in Puerto Rico, San Juan Racing Association. It's only three and a half years old but its Commandante Track has become a favorite tourist attraction. It's grandstand has 6,000 seats and accommodation for 12,000 standees; and the Clubhouse, replete with bars and dining rooms, seats 2,000. For the fiscal year ended April 30, 1959, a total of $23,346,265 was bet, of which the track's net share was $5,507,946. This sum plus $892,582 from other sources created a net income of 20c a share on the 5,010,585 shares outstanding. This compares with 11c a share the preceding year. San Juan Racing common sells at 2¾.

A better (possibly bettor!) known property is Monmouth Park Jockey Club at Oceanport, New Jersey, where horse fans from the Metropolitan area of New York are wont to congregate on languid summer afternoons, after a refreshing boat ride to adjacent Atlantic Highlands (and to the Park by bus.) In a racing season of 50 days Monmouth grosses around $7 million. In 1958 a net of $636,244 was realized—74c a share on the 859,298 common shares outstanding. Common has paid dividends since 1951—the present rate 45c. Stock sells over-the-counter at 8.

Trotting tracks have gained wide popularity partly because the races are held at night. By all odds the biggest trotting track in America is Yonkers Raceway. In 104 nights of racing in 1958 the fantastic total of $190,683,574 was bet at Yonkers. This gross delivered to the State of New York $15,600,000 as its share of the handle; and Yonkers Raceway, Inc. collected $10,436,090. Net increment to capital for 1958 was $3.27 a share on the 927,000 shares outstanding. 1958 dividend was 5% in stock. The steady rise in attendance, and in gross and net income at Yonkers Raceway have created a considerable following for the Class A (non-voting) common stock traded over-the-counter, around 32. People who invested in this property nine years ago have enjoyed a remarkable percentage gain in the market value of their shares.

A third large scale patron of Totalisator machines is dog racing. There are fewer dog tracks than the horse variety and they are much smaller. But the sport is catching on rapidly and some of the parks are interesting money-makers. For instance Mile High Kennel Club in Denver offered its Class A Common publicly in 1949 at $1 a share. 1,000 shares costing $1,000 originally have since been split into 3,000 shares now worth totally around $10,000; and dividends paid in the last seven years amounted in all to over $4,000.

The same enterprising management that launched Mile High Kennel Club, four years ago picked out a tract of land at West Memphis, Arkansas (four miles west of Memphis) as ideal for a dog track. The State of Arkansas agreed to grant a racing permit if a suitable track were built. At that point, and in the best traditions of enterprise capitalism, a million dollars was raised by public offering of the stock at $1 per share; the park was built; the permit granted. It is Southland Racing Corporation, now four years old and turning in new high totals of gross and net this year. In 1958 the pari-mutuel handle was $8½ million. This year it should exceed $10 million and deliver net earnings in the order of $300,000. All of which is a tribute to venture some investors who perceived an opportunity, supplied capital and built a facility giving enjoyment to thousands, employment to many, expanded income to the community and a rising trend of profitability to shareholders. Southland common sells around 1¼.

The old folks of Massachusetts are indebted to the eager greyhounds who run at Wonderland Park since the State's share of the "handle" there goes to the State Old Age Fund. Revere Racing Association, which runs Wonderland, has enjoyed a steady success, paying continuous dividends to stockholders since 1946. The present rate is 60c and the shares sell around 7¾. Sole capitalization consists of 1,296,750 common shares.

From the foregoing you can perceive that racing is a big industry, that its profits all center around pari-mutuel betting, and that the percentages flowing to the several states (variously between 6% and 10% of the "handle") are significant sources of revenue. You will also note that early investment in the right racing equities has been most rewarding. And if you think we've overstressed low priced securities, then why not consider Los Angeles Turf Club common (Santa Anita Track)? You can pick up a share for around $70,000!

Conventional Accounting Negates Full Disclosure

By EDWARD T. McCORMICK*
President, American Stock Exchange

Accountants are brought to task for keeping laymen investors in the financial dark by failing to make more meaningful conventional accounting presentations. This chastisement comes from a C. P. A. and former SEC Commissioner for eight years who happens to have more than a casual interest in the subject as head of the American Stock Exchange. Mr. McCormick points out that since the SEC Act's passage millions of prospectuses and annual reports have been sent out to further full disclosure yet to the ordinary investors the usual type of balance sheet and income statement "might as well be written in Sanskrit." He suggests a brief, intelligible presentation be followed by the traditional, detailed ones.

The most recent survey of stockholders in this country showed that in these United States there are now about 12,500,000 owners of corporate securities. In other words, there are about 12,500,000 people in this country who are part owners of the publicly-owned corporations for which members of the accounting profession, year in and year out, prepare financial information and reports.

E. T. McCormick

In this enlightened day and age one would naturally believe that these millions of owners would be among the principal targets and also the considered beneficiaries of the financial information which our profession so laboriously and expertly deduces, assembles and presents. One would think that, at this advanced and socially significant state of our capitalistic economy, our teachers and practitioners might have created and developed an up-to-date technique for the presentation of financial information to these millions of corporate owners in a way that is both easily understood and meaningful. But what have our teachers and practitioners done along this line? I'd say — very little—or practically nothing.

Over the past several decades the accounting profession has developed procedures for recording, assemblying, interpreting and presenting data for the edification of the initiated and financially sophisticated—for the managers of corporate enterprises and the technical analysts. But they have not given anything like proper recognition to, or evidenced actual awareness of, the social-economic revolution which has broken out under their very noses. As a profession it has evidenced a blissful apathy to the growth and existence of an army of 12,500,000 owners of American industry—an army whose existence becomes even more vital to our economy in these days of ideological conflict, an army whose continued well being and numerical increase can not be assured without a proper diet of comprehensible financial information, developed, digested and transmitted by the accounting profession.

Blames Accountants

It is startling to realize how very little the ordinary run of the mill stockholder knows about the financial affairs of the company he partly owns. For this regrettable state of affairs, I place a substantial share of the blame on the shoulders of the accounting profession.

We recognize that these investors should be as fully informed as is practicable and that this means they should know what goes on financially in the company—what has it done and how is it doing — dollars and centswise. We present the information in our own inimitable fashion — the investor may examine it at his leisure—but, so far as he is concerned, it might as well be written in Sanskrit.

In the presentation of financial facts we continue to cling blindly to tradition — to the classical forms of balance sheet and income statement as the vehicles for disclosure in annual and other reports and in prospectuses. Over the past two decades, particularly, the narrative portion of the annual reports and even of prospectuses has become increasingly comprehensible to the average individual — but not the balance sheet and income statement that accompany the report—these still remain stereotyped and rigid behind a practically unassailable wall of convention.

But I think that now the time has come to ask ourselves how useful, really, is the traditional form of presentation to the lay investor? I wonder how many have ever tried to put themselves in the position of an individual without financial or accounting training, set adrift on the sea of a formal balance sheet and income statement, and attempting to find his way through to some sort of adequate appraisal of the company's financial affairs. This may sound ridiculous, but I know of a case where, upon receiving the balance sheet of a prosperous company, an individual became very dubious about the investment because, after observing that the total of assets equalled the total of liabilities, he concluded that the company "Owes every penny it's got." Unaware that it is only a convention that capital stock, reserves, and surplus are listed as liabilities, such an investor may well be baffled by the meaning of these accounts until they are explained.

It is extremely easy for a lay investor to mistake a dollar statement of earned surplus for actual cash on hand. He is likely to make the mistake of believing that, should be purchase an investment in the company, he would be buying a share in an earned surplus having a present value equivalent to the amount set forth in the balance sheet. These and other conventional accounting concepts, reflected in the accumulation of figures called the balance sheet, add up to an unassembled jigsaw puzzle to the nonprofessional.

The income statement is likely to be more pertinent and informative. But, by itself, it still does not permit an adequate over-all appraisal of the company.

We are so deep in the woods that we are in danger of seeing only the trees. The journals of our profession storm with disputes about accounting theory and the meaning and application of accounting concepts. But the profession has not, as yet, paid enough attention to the basic problem whether the usual form of presentation of accounting facts is a meaningful presentation to the untrained investor. The analyst, who is accustomed to using financial statements, accepts the traditional form of balance sheet and income statement as a matter of course. His trained eye directs him to the pertinent parts of the statements containing the essential ingredients of his analysis. Because of his training he can relate the balance sheet, income statement and analysis of surplus in such a way as to enable him to make an appraisal.

Sabotages Full Disclosure

But I can well imagine many investors scanning the standard types of financial statements in despair, and giving up the search, because of lack of familiarity with the terminology and the basic conventions of accounting presentation. Yet, since the passage of the Federal Securities Legislation, millions of prospectuses and annual reports have been printed and distributed to investors on the theory that the usual type of balance sheet and income statement serve the end of informing the ordinary investor.

The principal difficulty seems to be that in the pursuit of fullest disclosure we have lost a simplified presentation. Many of us, trained in accounting and members of the accounting profession, are justifiably proud of the achievements of the profession in making the modern financial statement a full and complete index of the financial position of an enterprise. But we have tended to forget that only a trained individual can make use of that index. And while corporations have made significant progress in simplifying other parts of their reports, relatively little headway has been made in the form of presenting financial data.

Let me make it clear that I am not dealing here with substantive accounting concepts or with disputes in accounting theory. My concern is with methods of presentation, rather than with principles. As I see them, the balance sheet, the income statement and surplus analysis are really an integrated presentation of the status of the enterprise. I am concerned with the fact that in disclosures to ordinary untrained investors convention continues to require the making of separate statements, often containing over-elaborate detail, and in a form which is dictated by tradition rather than by its usefulness as an instrument of investor appraisal.

Progress in simplifying reports and prospectuses does not mean that information of importance to a skilled analyst should be sacrificed. I suggest that the **story be told** to the uninitiated and that the report be supplemented with the traditional, detailed presentation.

Seventeen Years' Experience

In my 17 years with the SEC and eight years with the Exchange I have reviewed thousands of reports and prospectuses of industrial companies. In a fairly typical set of financial statements I have found, as a general rule, that the current asset statement alone is broken into 10 items. The current liability section contains six items. And though the typical income statement may be deemed, by ordinary standards, to be an excellent presentation, yet, in going from sales to net income, a total of 25 items may be set forth, and from the statement of surplus at the beginning of the year to the statement of surplus at year end there is an additional 10 lines of items.

The inclusion of such a statement in a prospectus destined for the use of investors assumes the fantastic proposition that an investor could and would peruse it, item by item, through this maze of disclosure. Though no single item may be out of place—every item representing one of the necessary components of a calculation of net income — still, to present that multitude of items to an ordinary investor for his information and guidance is about as sensible as handing me a set of engineer's blue-prints to convince me that I can safely cross the Golden Gate Bridge.

Both the balance sheet and income statement of the typical company are copiously footnoted. One item alone, such as depreciation, can be footnoted with a schedule which gives pages of detail on expenditures and retirements, breakdowns of additions to reserves in various categories by income charges, breakdowns of reserve deductions through retirements, renewals and replacements, breakdowns of total asset and related depreciation reserves into five categories of capital assets, breakdowns of types of capital assets by cost, statements of ratios of annual depreciation accruals to the carrying value of various types of equipment—and all of the above breakdowns given for a three-year period. In addition, the note will explain the difference between charges to plant asset accounts, depreciation accounts and maintenance and repairs—give details as to the depletion policy with respect to certain natural resources owned by the company and a summary history of the depreciation policies for a 20-year period.

To the trained analyst this note is a revealing statement. To the ordinary investor it is a frightening jumble of words and numbers which he cannot understand; and which has, as its most likely result, a phobia for reading any financial statements.

Other notes to the financial statements of a typical company may be just as exhaustive. Yet, they are seriously prepared and distributed for the information of investors who have had no training in accounting or financial analysis.

So far, I have described the detail which overburdens the financial presentation. However, I think we need not only to condense and generalize the statements of financial information, but that we need, also, to reorganize the form of presentation.

Just as we realize that the formal financial statements really aim at an integrated presentation to an expert, so should our aim be to provide the investor with a single, integrated, simple story or picture. This should cull from the balance sheet, the income statement and the surplus analysis whatever pertinent facts are essential to an understanding of the financial position and operating results of the company. It should present them in layman's language and in an order which follows the rational order in which an investor would normally ask for information about the company.

Admits It's No Easy Task

I cannot believe that we lack the ingenuity to develop a means of furnishing to untrained investors the essential accounting information necessary to make a reasonable appraisal of the situation of any particular company. I do not think that we must remain wedded to the idea that the information must be presented in highly technical language, and in the traditional form of a balance sheet and an income statement set up in the conventional manner. I suggest we start from scratch and develop a technique for presenting this highly important information to the **layman**—to the man who cannot be expected to bring a technical background to the reading of financial statements.

I don't pretend that these goals can be achieved by a flip of the wrist. A good deal of hard thinking and re-orientation will be necessary. Nor do I think that I am necessarily outlining a readily acceptable course. Accountants who prepare financial statements and the teachers of accounting are trained in the old methods. It is easy to follow the traditional course. But in order to do satisfactorily a real job of simplifying, condensing and integrating financial presentation, both practicing accountants and teachers will have to put aside their traditional approach. They will have to put themselves in the position of the investor in order to anticipate his questions and answer them in the simplest and most direct way.

Our economy has come to depend to a great extent on the relatively small individual investor for the necessary supply of equity and venture capital. In order to attract that capital, industry has got to tell its story. And the vital part of that story is told by the accountant.

Accounting has been useful to management. It has been useful to bankers and the large institutions. It has been useful to the taxing authorities. But the growth of share ownership has opened a new field for the profession—to be useful to the millions of ordinary investors who supply the equity capital.

*An address by Mr. McCormick before the American Accounting Association, Boulder, Colo., Aug. 26, 1959.

Program Sessions for Nat'l Bank Women

MILWAUKEE, Wis.—Catherine B. Cleary and Arline Laedtke, Co-Chairman of the Program Committee for the 1959 National Convention of the National Association of Bank Women, announce 32 Association members will participate in program sessions related to professional banking subjects.: Miss Cleary is Vice-President of the First Wisconsin Trust Company, Milwaukee. Miss Laedtke is Assistant Cashier of the First National Bank, Oshkosh, Wisconsin.

Sessions of this 37th National Convention of the Association are scheduled to be held at Hotel Schroeder in Milwaukee Sept. 23—25. Miss Marie B. Loeber, Cashier, Wisconsin State Bank, Milwaukee, is general convention Chairman.

Dr. V. Ernestine Moore, Personnel Director, Wilmington Trust Company, Wilmington, Del., will present a major address on the subject of letter writing on Thursday morning, Sept. 24. Dr. Moore has chosen, "It's the Style" as the topic of her speech.

Salesmanship will be the subject of Mrs. Mildred Muller, Assistant Cashier, First National Bank of Memphis, Memphis, Tenn., also a featured speaker at the Thursday morning session. The title of Mrs. Muller's presentation will be, "It's a Woman's World."

Ten Panels and NABW member participants scheduled for the morning of Friday, Sept. 25 are:

Commercial Loan Panel—Moderator: Mrs. Louis L. Neighbors, Vice-President, National Bank of Commerce, Tulsa, Okla.; "Evaluation and Control of Collateral": Mrs. Dorothy Durning, Assistant Vice-President, Southern Commercial & Savings Bank, St. Louis, Mo.; "Financial Statements for Commercial Loans": Miss Kathleen J. Sweeney, Vice-President, Manufacturers and Traders Trust Company, Buffalo, N. Y.

Country Banks Panel — Moderator: Miss Mary Monson Hart, Assistant Cashier, Peoples National Bank, Conway, S. C.; "The Woman Banker and Community Service": Mrs. Jane Swanson, Assistant Cashier, The Northern National Bank, Bemidji, Minn.; "Internal Operations of a Country Bank": Miss Ruth Haliburton, Assistant Vice-President, First State Bank, Vega, Texas.

Mortgage Loans and Consumer Credit Panel—Moderator—Miss R. Joaquin Seltzer, Vice-President, The Peoples First National Bank and Trust Company, Paducah, Ky.; "Consumer Credit in a Small Bank": Mrs. Esther W. Roache, Vice-President and Director, First

National Bank, Aurora, Ind.; "FHA and VA Mortgages": Miss Mary T. Lynch, Assistant Secretary, County Trust Company, Tarrytown, N. Y.

Problems in Branches Panel—Moderator: Miss Alice McDonald, Assistant Secretary and Manager, Rhode Island Hospital Trust Company, Providence, R. I.; "Building Business With a New Building": Miss Eleanor Thornton, Assistant Vice-President, The Citizens & Southern Bank, Atlanta, Ga.; "Modern Branch Banking as Seen Through Glass Walls": Mrs. Ruby L. Walters, Assistant Secretary, Manufacturers Trust Company, New York.

Bank Operations Panel—Moderator: Miss Treva Ann Moore, Vice-President and Cashier, The Beach Bank, Jacksonville Beach, Fla.; "Teller Operations": Miss Hilda Kollmann, Director, Vice-President and Cashier, State Bank of Blue Island, Blue Island, Ill.; "Proof and Transit": Mrs. Eileen Hobbs, Vice-President and Cashier, Central Bank of Kansas City, Kansas City, Mo.

New Programs in Personnel Administration Panel — Moderator: Mrs. Betty Vortman, Assistant Vice-President Albuquerque National Bank, Albuquerque, N. M.; Staff Indoctrination and Personnel Counselling": Mrs. Jane Greenwald, Assistant Cashier, First National Bank of Arizona, Phoenix, Ariz.; "Developing and Administering an Equitable Sick Leave Policy": Miss Gertrude M. Gill, Personnel Officer, The First National Bank of Boston, Boston, Mass.

Advertising Panel—Moderator: Mrs. Charlsie Leath, Assistant Cashier, Parker Square State Bank, Wichita Falls, Texas; "Some Not-So-Hidden Persuaders in Bank Advertising": Mrs. Esther G. O'Donnell, Vice-President, The Farmers State Bank, Lexington, Neb.; "How Public Relations Tie-Ins Stretch Advertising Dollars"; Mrs. Margo W. Venable, Assistant Advertising Manager, The Citizens & Southern National Bank, Atlanta, Ga.

Programs for Women Customers Panel—Moderator: Miss Marguerite Patton, Assistant Cashier, Seattle-First National Bank, Seattle, Wash.; "The Lady Is Attracted—A Glimpse at the Activities of the Women's Committee of the New York State Bankers Association": Miss Katherine G. Love, Assistant Trust Officer, Genesee Valley Union Trust Company, Rochester, N. Y.; "To Have and to Hold—The Women": Miss Marion King, Assistant Cashier, Bishop National Bank of Hawaii, Honolulu, Hawaii.

Savings Banks Panel—Moderator: Mrs. Marian G. Haefeli, Director of Public Relations, The Prudential Savings Bank, Brooklyn, N. Y.; "The Savings Banks' Position": Miss Louise Seely, Assistant Treasurer, Charlestown Savings Bank, Boston, Mass.; "Savings Programs for our Customers": Miss Christine C. Zink, Assistant Secretary, Buffalo Savings Bank, Buffalo, N. Y.

Trusts Panel—Moderator: Miss Lois Weingartner, Trust Administrator, Lincoln Rochester Trust Company, Rochester, N. Y.; "Human Relations in the Administration of Trusts and Estates": Miss Louise J. McGovern, Assistant Trust Officer, Wells Fargo Bank, San Francisco, Calif.; "New Bank Business Through New Trust Business": Mrs. Edith M. Martin, Vice-President, Fidelity Trust Company, Pittsburgh, Pa.

Gateway Stock & Bond Formed in Pittsburgh

PITTSBURGH, Pa. — Gateway Stock & Bond, Inc. has been formed with offices in the Law & Finance Building, to engage in a securities business. Officers are Clyde F. Fagan, President; James J. Kirsh, and Charles R. Martin, Secretary-Treasurer.

Dealer-Broker Investment Recommendations and Literature

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

British Steel Industry—Analysis with particular emphasis on **Steel Company of Wales**—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Burrus Mills, Incorporated** and a discussion of yield curves in the bond market.

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

Canadian Treasury Bill Market—Analysis—Saunders Cameron Limited, 55 Yonge Street, Toronto 1, Ont., Canada.

Coal Industry—Report—With particular reference to **Consolidation Coal Co., Island Creek Coal Co., Peabody Coal Co.** and **Pittston Co.**—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Fifty Two Dividends Annually—Bulletin—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

Gold & International Liquidity—Review—Bank of Nova Scotia, Economics Department, Toronto 1, Ont., Canada.

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.

Ontario Municipal Statistics—1958 annual report—Department of Municipal Affairs, Parliament Buildings, Toronto, Ont., Canada—$5 per copy (quantity prices on request).

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 Industry—Study with particular reference to **Champion Paper & Fiber, Chesapeake Corporation of Virginia, Container Corporation, Crown Zellerbach, Hammermill Paper, International Paper, Mead Corporation, Minnesota & Ontario Paper, Oxford Paper, Sealright Oswego Falls, St. Regis Paper** and **West Virginia Pulp & Paper**—Bache & Co., 36 Wall Street, New York 5, N. Y.

Paper Stocks—Analysis with particular reference to **West Virginia Pulp & Paper Co., St. Regis Paper Co.** and **Union Bag Camp Paper Corp.**—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Real Estate Bond & Stock Averages—Bulletin—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y.

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Alan Wood Steel — Memorandum—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

Allied Chemical Corp.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **E. I. du Pont de Nemours, Sears, Roebuck & Co.,** a study of the security purchases and sales of 56 investment management groups, and the current issue of "Market Review" with portfolio suggestions.

Allis-Chalmers — Study — du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular is a study of **Beech Aircraft.**

Allis-Chalmers Manufacturing Co.—Memorandum—J. R. Williston & Beane, 26 Broadway, New York 6, N. Y.

Allis-Chalmers — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **Sanborn Company** and **Monsanto Chemical Company.**

American Express Co. — Memorandum — Hills Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

American Insurance Company—Analysis—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles 13, Calif.

American Motors—Data—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also in the same circular are data on **Boeing Airplane.**

American News Company—Analysis—Gruntal & Co., 25 Broad Street, New York 4, N. Y.

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

Arkansas Western Gas Company—Analysis—A. G. Becker & Co., Incorporated, 60 Broadway, New York 4, N. Y.

Arkansas Western Gas Co.—Data—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available in the same bulletin are data on **British Columbia Telephone Co., Carolina Power & Light Co., Citizens Utilities Co., Columbus & Southern Ohio Electric Co., Corning Natural Gas Corporation, Duquesne Light Co., Idaho Power Co., Mountain Fuel Supply Co., Pennsylvania Power & Light Co., Orange & Rockland Utilities, Southern Nevada Power Co., Tennessee Gas Transmission Co.** and **Texas Gas Transmission Corp.**

Colorado Fuel & Iron Co.—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also in the same circular are reviews of **Public Service Electric & Gas** and **Timken Roller Bearing.**

Continental Baking Company — Data — Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Heyden Newport Chemical Corp., St. Regis Paper Co., First National City Bank, International Nickel Co. of Canada,** and **Tung Sol Electric, Inc.**

Eastern Industries, Incorporated—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Government Development Bank for Puerto Rico—Quarterly report—Government Development Bank for Puerto Rico, San Juan, P. R.

Great Northern Paper — Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **Magnavox Company.**

Hammermill Paper Co. — Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Kansas Soya Products Co.—Memorandum—Fahnestock & Co., 135 South La Salle Street, Chicago 3, Ill.

Ling-Altec Electronics, Inc. — Report — Parker, Ford & Company, Inc., 211 North Ervay, Dallas 1, Texas.

Lone Star Steel Company—Review—Alkow & Co., Inc., 40 Exchange Place, New York 5, N. Y.

Magnavox Company — Analysis — Boettcher and Company, Antlers Hotel Building, Colorado Springs, Colo.

Mexican Steel Tube Company — Report — Carl Marks & Co., Inc., 20 Broad Street, New York 5, N. Y.

Michigan Chemical Corp.—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 5, N. Y. Also available is the "Monthly Investment Letter" for September with discussions of **Raytheon, Procter and Gamble, Allis-Chalmers,** and **KLM Royal Dutch Airlines.**

Pittsburgh Plate Glass Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Scott & Fetzer Company — Analysis — Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Seaman Brothers & Seabrook—September issue of the "American Investor"—American Stock Exchange Investor, 86 Trinity Place, New York 6, N. Y.—15c per copy; $1 per year. Also in the same issue are articles on **Roxbury Carpet Company, Providence Gas Company,** and **Cooper Jarrett Inc.**

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

Southern Materials—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Southern Nitrogen Company, Inc.—Analysis—R. G. Worth & Co., Inc., 160 Broadway, New York 38, N. Y.

Tractor Supply Co.—Analysis—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Vocaline Company of America, Inc.—Analysis—George O'Neill & Co., Inc., 30 Broad Street, New York 4, N. Y.

Chesapeake Bay Bond Financing Postponed

The proposed $210,000,000 Chesapeake Bay Bridge and Tunnel District Revenue bond issue, due July 1, 1999 and tentatively scheduled to be brought to market Sept. 7 by an underwriting syndicate headed by The First Boston Corp.; Allen & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc., and Willis, Kenny & Ayres, Inc. has been postponed to a later date, the group announced Sept. 3.

The underwriting syndicate will be maintained, the managers of the group stated.

RUSSELL R. HIRES

Russell R. Hires, active as a special partner of J. W. Sparks & Co., Philadelphia, passed away on Aug. 25 in Fort Smith, Ark., following a short illness. He was 69.

Mr. Hires, who joined the Sparks firm 45 years ago, had been named a general partner in 1936. In July of this year, he had been named a special partner.

Now Delaware Management Co.

PHILADELPHIA, Pa. — The name of Delaware Distributors, Inc., Penn Center Plaza, has been changed to Delaware Management Company, Inc.

The newly-named organization, headquartered in this city, continues as the national distributor of Delaware Fund and Delaware Income Fund shares.

Barret Fitch Names New Officers

KANSAS CITY, Mo. — John M. Buckley, Edward M. Cox, Jr., Maurice M. McNellis and Walter W. Walton, Jr. have been appointed Assistant Vice-Presidents of Barret, Fitch, North & Co., Incorporated, 1006 Baltimore Ave., members of the New York and Midwest Stock Exchanges.

Coming Events

IN INVESTMENT FIELD

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. 24, 1959 (New York City)
Corporate Transfer Agents Association 13th annual golf tournament and outing at Colonia Country Club, Colonia, N. J.

Sept. 28-29, 1959 (Toronto, Canada)
Association of Stock Exchange First Board of Governors meeting at the Royal York Hotel.

Oct. 14-17, 1959 (Philadelphia, Pa.)
Consumers Bankers Association 39th annual convention at the Warwick Hotel.

Oct. 20-23, 1959 (Hollywood-by-the-Sea, Fla.)
National Association of Supervisors of State Banks annual convention at The Diplomat Hotel.

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

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

Nov. 1-5, 1959 (Boca Raton, Fla.)
National Security Traders Association Annual Convention of the Boca Raton Club.

Nov. 29-Dec. 4, 1959 (Bal Harbour, Fla.)
Investment Bankers Association Annual Convention at the Americana Hotel.

April 6-7-8, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

Continues Inv. Business

BOSTON, Mass. — Robert J. Quinn has formed Quinn & Co. with offices at 50 Congress St. He was formerly head of the trading department for Quinn & Co.

Stock Commentator's Lot If Inflation Is Reversed

By PAUL EINZIG

Observing that his country is now at the threshold of reversing the inflationary trend, Dr. Einzig pays especial credit to the just previous Chancellor of the Exchequer, who lost his office before his unpopular policies bore beneficial results, and to his successor who has been in office since early 1958. The impact of the turn about of inflation on stock market commentators, should it occur, is the subject that Dr. Einzig explores. He concludes that their real difficulties will now begin in contrast to the uncomplicated problems during the period of creeping inflation.

LONDON, Eng.—Inflation appears to have been halted in Britain, for the time being at any rate. The cost of living has remained virtually unchanged for the last 16 months. The Chancellor of the Exchequer who is credited with having brought about this result by his drastic disinflationary measures, Mr. Peter Thorneycroft, lost his office at the beginning of 1958, before the beneficial effects of his unpopular monetary policy became evident. But the Government to which he formerly belonged, and the Conservative Party of which he is still a member, are reaping the benefits of his toughness, in the form of a business recovery unaccompanied by inflation. Until recently, this was considered an unobtainable objective—a contradiction in terms. Now it appears to have become a reality.

Paul Einzig

Mr. Thorneycroft's successor at the Treasury, Mr. Heathcoat Amory, is understandably not content with resting on his predecessor's laurels. He is determined to carry the fight against inflation into the enemy's camp. Instead of being on the defensive by merely aiming at preventing a resumption of the rise in the price level his declared object is to bring about a decline in prices. He hopes to attain this end as a result of the increase in the output coupled with the reduction in costs through technological progress. He launched out a vigorous country-wide campaign in favor of an all around cutting down the prices of manufactured goods.

Mr. Amory's campaign has received strong support recently from organizations such as the Council on Prices, Productivity and Incomes (popularly known as "the three wise men") and the National Institute of Economic and Social Research. Recent judgments delivered by the Restrictive Practices Court, outlawing trade practices aimed at enforcing price maintenance in various industries, also tend to operate in the same sense. Between now and the general election various employers' organizations are likely to come out in support of the Chancellor's campaign by word and by action, if only to strengthen the Government's prospects of winning the election and to bring into relief the unmitigated selfishness of trade unions which pursue a policy threatening to re-start the inflationary spiral in their efforts to secure unwarranted wage increases for their members at the expense of the community.

Stock Market Commentators

Commentators on Stock Exchange trends are beginning to feel concerned about the possibility of witnessing a decline in prices, profit margins and even dividends as a result of the new policy. Hitherto the task of prophets has been simple. It appeared to be perfectly safe to assume that inflation would continue to proceed at least at a rate comparable with its progress since 1945. Indeed there appeared to be a strong possibility that the pace of its progress might become accelerated. On the basis of this assumption investment consultants simply repeated themselves to boredom by advising their public to buy equities, equities and still more equities. Admittedly some equities may be overvalued at their present level, and the market as a whole is naturally subject to ups and downs, taking a long view. But the experts' unanimous advice was that by and large investors could not go wrong in acquiring and holding good-class equities.

But now that the possibility of a reversal in the inflationary trend is beginning to be envisaged in many quarters, investment experts are beginning to feel the need to re-appraise the prospects of equities. First of all, they have to make up their mind about the odds in favor of such a reversal, and the possible or probable extent of a reversal if it should materialize. The answer to this problem, like the answer to many other economic, social and political problems, depends in Britain largely on the outcome of the general election. Should the Socialists win the class-selfishness of organized labor would be allowed to proceed without any attempt at effective resistance. The "hard-faced men of Transport House" would be able to force their Government to relinguish for good the weapons of credit squeeze and high Bank rate as a means of restraining the wages spree which would then resume its course, this time unhampered.

Should the Conservative Government be continued there would be a fair chance for Mr. Heathcoat Amory to succeed in his new policy—not necessarily by applying credit squeeze and high Bank rate, but by making Transport House realize that he too could be fully as hard-faced as the trade union leaders are. In possession of a five years' mandate a Conservative Government, with its new Parliamentary majority, would be politically in a position to resort to disinflation if necessary. Even though this would be the last thing it would want to do, the mere fact that it would be in a position to do it might suffice to bring the trade unions to their senses and moderate their greed.

Makes Predicting Complicated

As for the probable extent of the decline in costs and prices, that is of course anybody's guess. The outcome of the wage disputes which are in progress will indicate if and to what extent trade union greed will be able to deprive the rest of the public of the benefits of technological progress. In some industries at any rate there is now a good chance of cuts in costs and prices, thanks to the adoption of labor-saving devices. Until recently the devices were unable to produce their full beneficial effects, because owing to a decline in consumer demand recently modernized plants were not able to work to full capacity. With the revival of consumer demand it will now become possible in many industries to spread the overhead costs over a larger number of units of output, thereby reducing the cost per unit.

Having taken a view about the likelihood of a decline in prices and about its probable extent, investment experts have to make up their mind how individual industries are likely to be affected. This is where the real difficulties begin. During the period of creeping inflation it was easy to predict a rise in almost any section. Everything was bound to rise, and the difference between good advice and bad advice was merely in the extent and time of the inevitable rise. But now the experts and their clients will have to face a considerable degree of uncertainty about the different way and extent to which various industries and firms stand to be affected.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—T. Gary Loomis, Medardo Rangel and Russell W. Sly have become affiliated with Dempsey-Tegeler & Co., 210 West Seventh St. Mr. Loomis was formerly with Eastman Dillon, Union Securities & Co., Mr. Rangel with Lloyd Arnold & Co., and Mr. Sly was with Marach Dofflemyre & Co.

Lehman Opening Paris Office

Lehman Bros., 1 William Street, New York City, members of the New York Stock Exchange, has announced that it will open a European office with headquarters in Paris, on Oct. 1. This new office will be headed by Pierre Uri.

The new Paris office of Lehman Bros., under the direction of Mr. Uri, will undertake to develop further the firm's steadily growing European financing activities.

Until his new association with Lehman Bros., Mr. Uri has been Director of the High Authority of the Coal and Steel Community in Luxembourg and Economic Advisor to the European Economic Community (Common Market) in Brussels. In addition to his new responsibilities with Lehman Bros., Mr. Uri will continue to serve as Chairman of a working group within the Community charged with establishing the long-term perspectives of the economic development.

Woods & Company In San Antonio

SAN ANTONIO, Texas—Woods & Company, Inc. has been formed with offices in the New Moore Building to engage in a securities business. Officers are Don T. Woods, President; George B. Banks, Vice-President; and M. K. Woods, Secretary. Mr. Woods, who has been in the investment business for many years, formerly conducted his own securities firm in San Antonio.

Business Recovery and the Inflation Problem in Canada

By J. DOUGLAS GIBSON*

General Manager, The Bank of Nova Scotia, Toronto, Ontario

There is more than what meets the eye in the word "inflation" as revealed in a timely analysis by one of Canada's top bankers. Aware that the general economic background is not particularly suggestive of inflation, the writer shows: (1) extent and bases of inflationary fears almost universally held—evidenced by the low ebb of confidence in the value of money where there's unemployment; (2) how depression conditioned fear of recession causes inflationary policies that can lay the groundwork for a serious recession; and (3) inflation is a threat rather than an aid to employment. Mr. Gibson maintains that so long as the discipline of the gold standard is rejected we should "be prepared to exercise some discipline ourselves." Thus, he recommends reduced government expenditures, or increased taxes, or both, and acceptance of monetary and credit restraint; and he takes umbrage at the statement that Canadians are powerlessly dependent on the U. S. A. regarding this matter.

The first point that I should like to make is that the present concern about inflation arises more from a fear of what may happen than from the existing economic environment. The physical facts of the present economic scene in Canada are not in themselves suggestive of inflation. Despite a considerable recovery in business, there is still unemployment and substantial unused capacity. A number of major industries are still working well below capacity, for example, the pulp and paper and aluminum industries, and in most lines there are ample facilities available to increase production. We are quite definitely not in the position where there are too many dollars chasing too few goods. We have plenty of goods and plenty of capacity to produce more.

J. Douglas Gibson

No Certainty About Inflation

Nor do we appear to be approaching a situation in which there will be too few goods. It is true that business has shown significant improvement and it seems likely that recovery will continue during the present year, both here and in the United States. The maintenance of a relatively high level of capital expenditure, combined with the rising trend of consumer and government spending, appear to assure an appreciable rise in the national production and income. But, recognizing this, there is still little prospect that the recovery will go so far as to fully take up the slack in 1959. That would require an increase in the national production this year of the order of 12% and this seems unlikely until there has been more of a revival in the world demand for basic commodities.

This leads to the further point that the economic picture in the world at large is not strongly suggestive of inflation, or, to put it more accurately, is less suggestive of inflation than during most of the period since the war. In the last couple of years, for the first time since the end of the war, there have been ample supplies and more than adequate productive capacity of almost all the major industrial raw materials and foodstuffs. The recovery of business in the United States has still a considerable way to go before any general shortages are likely to appear and, for the time being at least, there remains a good deal of excess capacity. And in Europe, the strong upward trend of recent years has been checked and there appears to be ample capacity to meet demands.

Slowed Rate of Growth Increase

There is a good deal to suggest, indeed, that the rate of economic expansion may be somewhat less rapid in the next several years than in the past decade. The job of reconstruction has been done; world markets both for industrial materials and manufactures have become much more competitive; and demands are no longer centered on North America as they were when industrial materials and capital equipment were scarce and urgently needed. This may mean that the impetus toward expansion on this continent may be less strong than has been the case for some years.

These comments might be taken to suggest that inflation is not much of a threat at the present time, or, in any case, less of a threat than during most of the years since the war. And yet it is perfectly clear that inflation is a matter of major concern—of more widespread concern than at any time in the postwar period. Hardly a day passes without some serious pronouncement on the subject. The study by the Senate Committee on Finance is itself a striking indication of the widespread interest in inflation. Inflation has replaced recession as the major topic of business concern on this continent. Fear of inflation is evident, not only in the continuous talk about it, but more concretely in the weakness of the bond market and in the strength of the stock market. Its influence on the bond market and on interest rates is obviously of major proportions, and comparisons of yields between bonds and stocks suggest a preference for stocks and a lack of interest in bonds seldom approached in the past.

Fear of Inflation Is Pervasive

How far the fear of inflation is reflected in other business decisions is not clearly apparent. But its influence is probably very considerable. Businessmen are more likely to rebuild or build up their stocks if they think the general atmosphere is inflationary. Fear of inflation, though often not the leading reason for a decision to invest or to purchase, may be enough to swing the balance when the pros and cons are closely matched. There can be no doubt that widespread expectations of inflation keep costs and prices higher than they otherwise would be. Such expectations encourage efforts to maintain and increase prices and wages and discourage resistance on the part of business and consumers to higher costs.

Why in the light of the broad economic picture referred to earlier should the business community and indeed many other citizens be so concerned about inflation? Perhaps one of the reasons is that prices and costs did not decline — or were very slow to decline—during the recent recession. Basic commodity prices did decline to some extent but prices of manufactures fell very little and consumer prices went on increasing until the end of last year when they at last showed just a little weakness. Wage rates, though not advancing at the pace of 1955 to 1957, showed a further increase, and other business costs, including equipment and services, more often increased than declined. Labor unions argued that one of the most effective ways to cope with the recession was to increase wages so people would be able to buy more. Many businessmen replied that such a process would price their goods out of the market, particularly if it is an export market or a highly competitive one. But other businesses have been less inclined to resist and have indeed sustained the upward tendency in costs and prices by passing on wage and other cost increases to the consumer.

Government Deficits

Undoubtedly, however, the strongest reason for new concern about inflation has been the development of large government deficits, both budgetary and cash, in this country as well as in the United States. Canada's fiscal response to the recession was prompt and substantial—to a degree that might warm the hearts of the most earnest advocates of anti-recession government spending, though it is only fair to add that the process has been strongly aided by the timing of two elections. For the past fiscal year the budget deficit is placed at over $600 million and the cash deficit at about $1,250 million. From an economic point of view the cash deficit, i. e. the amount by which government payments and advances, whether of a current or capital nature, exceed government revenues, is the important figure, and the $1,250 million for the fiscal year 1958-59 compares with a cash deficit of only $300 million in the preceding year. What is most notable is that the great bulk of this cash deficit was deliberate—the result of raising expenditures for pensions, unemployment insurance, hospital insurance, payments to the provinces, aid to grain growers, pay to civil servants, Colombo Plan aid, of making loans for housing in particular, and of reducing taxes. Only about one-fifth of the increase in the cash deficit is the result of the decline in tax revenues associated with the recession.

It was certainly appropriate to run a deficit in the fiscal year just closed and in my opinion a sizable one. In the Spring of 1958 the economic portents were not favorable and the promptness of the recovery took most of the experts by surprise. However, the cash deficits was a large one and the increased expenditures which account for half of it are not readily conducive to substantial or early reduction. Indeed, many of the increases appear to be permanent, such as those in pensions and pay, and some are rapidly rising in character such as the hospital insurance payments. The size and character of the deficit aroused concern in the breasts of many that it would be years before the national budget could be balanced. Meanwhile, with business recovering, it was feared that the large deficit would act as an engine of inflation forcing dangerous increases in the supply of money and credit.

Increased Money Supply

It is a fact that the cash deficit, combined with growing fears of inflation, did bring about a larger increase in the money supply than was probably desirable in the circumstances. From the end of 1957 until September, 1958, the total of money and bank deposits — the money supply — rose by 12½%, though since then it has leveled out. The extent of this increase emphasized the unwillingness of Canadians like Americans to invest in fixed interest-bearing securities in sufficient amount, and specifically their unwillingness to take up the government deficit even at sharply rising rates of interest. Since the public were not interested in buying the government bonds needed to meet the deficit, the central bank expanded the credit base so that the banking system could take them up. And this is what happened up until late last year when the public began to show more interest in the very favorable yields available and in the tax advantages of low coupon bonds, and when businesses found themselves with more liquid funds available to invest.

The recent budget has also relieved the upward pressure on the money supply and has worked to moderate inflationary fears. The projected budget deficit of just under $400 million and the cash deficit put at $850 million represent a marked improvement over last year's figures and the results to date suggest that the actual figures may be materially better than the estimates. The road back to balanced government accounts does not appear as long and as difficult as it did only six months ago. But at the same time, the deficiency is still very substantial and if business continues to improve at the recent rate it may not be long before a government surplus will be needed to combat inflationary tendencies.

Even such a brief analysis as this makes it all too evident why there is so much confusion about this question of inflation. There are, in fact, a variety of conflicting influences, some factual and measurable, and others intangible and psychological but important nevertheless. As I have emphasized, the general economic background is not particularly suggestive of inflation and yet there is a widespread fear of inflation based to a large extent on the increased influence of producer groups in our society, and on the prompt and vigorous measure of expansion pursued by governments to combat recession. Confidence in the value of money has reached a low ebb at a time when there is still a significant amount of unemployment.

An Undesirable Situation

This is a definitely undesirable situation. In the first place, there is the obvious danger that the value of money will decline further—a danger which is increased in the short run by the belief of a much increased number of people that money will in fact lose value. There is the related danger of getting into a mesh of controls in an effort to prevent undue increases in prices and to prevent the additional money needed to finance government deficits from feeding the inflationary fires. And last but not least, there is the danger that fear of inflation will set the groundwork for a serious recession. Sooner or later stock prices may get so high in relation to corporate earnings and to bond prices that a marked reaction may set in. People may suddenly realize that things are getting out of proportion. This is all the more likely if fear of inflation leads to ill-considered capital investment

*A statement by Mr. Gibson before the Senate Committee on Finance, Ottawa, Canada.

in some directions or to unnecessary accumulation of inventories.

The basic facts of economic life do not change beyond recognition in a decade, though fashions in thinking may well do so. From the early postwar period until a couple of years ago we were still greatly concerned about the dangers of a serious recession—a line of thought which was in no small measure influenced by the great depression of the 'thirties. This questioning attitude about continuing prosperity on the part of the business community was on the whole a healthy state of affairs. It worked to prevent things from getting out of hand — it checked speculative excesses. In the last year or so, the atmosphere has changed and the emphasis is on permanent inflation. This is supposed to be the kind of environment in which we are living and, to the unsophisticated, it may appear to suggest a steady but not violent rise in prices and a more or less continuous succession of prosperous times. This is a rationalization of postwar experience, and not a very accurate one at that. It makes a good deal of sense so long as it is not widely accepted, so long as the skepticism to which I have referred prevails. But as soon as it is widely accepted it ceases to make sense, since when people are ready to act upon such an expectation they will hasten and accentuate its appearance and the process of rising prices will cease to be gradual and steady.

Inflationary Fear Causes Recession Risk

If we are in for long-range inflation it will not be steady. The more people believe in inflation the more violent will be the upswing in prices and the more drastic the following correction. It is even doubtful if the theory of long-range inflation holds water because the violence of the ups and downs might very well convince society to take corrective steps. But the point I want to emphasize is that fear of inflation increases the risk of a subsequent and substantial recession or depression. Fear of inflation may promote maladjustments in the economic machinery and bring on a recession.

Economic policy in most of the western countries has since the 'thirties put first emphasis on maintaining a high level of employment. Where this objective has appeared to conflict with prudent financial and fiscal policies, financial and fiscal policies have usually been adjusted. There is no doubt that a high level of employment must be a prime objective of economic policy. But the experience of the postwar period, including the recent recession and present recovery, suggests that we have probably been too concerned about the risk of depression and not sufficiently impressed with the strength and vitality of our economic system. The record suggests that we should have put more emphasis on defending the value of money. In any case, we have now reached the position when it is becoming apparent that inflation is a threat rather than an aid to employment. The pursuit of inflationary policies could, as I have stressed earlier, lay the groundwork for a serious recession. And the prospect of increasing ups and downs in business to which the developing fear of inflation gives rise is anything but favorable from the standpoint of employment.

In this environment of concern about inflation and continued business recovery, it seems clear that the first priority should be given to a further early reduction of the Federal Government's net contribution to the national expenditure, i.e. its cash deficit. To some extent this may be achieved by using less than the amount provided for advances for housing. It will also be assisted by the improvement in business and the relative upturn in government revenues. But if a balance is to be achieved in the reasonably near future, if the government is to put itself in a position where it could if needed play an active part in combatting inflation by running a surplus, then expenditures will have to be reduced, or taxes increased, or both.

Reduce Budget or Hike Taxes

From the standpoint of meeting the underlying concern about inflation it is important that the budget be balanced so far as possible by reducing expenditures rather than by increasing taxes. Rates of taxation are already so high and producer interests are organized to such a degree that a vigorous and fairly effective effort to pass on higher taxes may be expected. In circumstances of improving business activity an increase in taxes is almost certain to find a significant reflection in prices. This is not to say that higher taxes are ineffective in combatting inflation but it is to say that their effectiveness decreases when tax rates are high and that a reduction in spending is a distinctly better method, dollar for dollar.

It is often said that it is unrealistic to suggest a reduction in government spending. But if it is, one should accept less effective and probably even less popular methods of combatting inflation, namely higher taxes. Or one should be prepared to accept inflation. As a minimum objective, it should be possible to start by determining not to permit any further increase in the total of government spending and meanwhile to examine thoroughly the possibilities of economies mainly, I suspect, through assessing the importance and usefulness of the functions performed by government departments, by improvements in organization and by reducing overlapping.

Either Gold or Self Discipline

I should emphasize that I believe cyclical budgeting is an essential tool in fighting inflation. If we do not want to tie our currencies to gold and accept the impersonal and sometimes crude discipline of such an international standard—and it is perfectly clear that we do not—then we should be prepared to exercise some discipline ourselves. And this involves running surpluses in good times as well as running deficits in recessions.

I have not said much about monetary policy because a large cash deficit on the part of the Federal Government can force, and in fact has forced, increases in the money supply. It is, of course, fundamental that the money supply should be kept in hand because if the money is not available it simply is not possible for prices to keep rising. And with a reduction in the cash deficit, monetary policy can be, and I think recently has been, more effective. If it is really desired to prevent inflation, policies of monetary restraint must be accepted and as is becoming abundantly clear these mean relatively high interest rates until the threat of inflation subsides. We are only beginning to face up to the implications of combatting inflation with a managed currency. To succeed we must be prepared to accept and support at appropriate times what have always been regarded as unpopular policies, namely reducing government spending, maintaining and perhaps even raising taxes, and limiting the availability of credit.

Government Must Exercise Leadership

Nothing that I have said is new but though it is old stuff much of it still has to be understood and accepted if we take inflation seriously and if we want a comparatively free economy. And we shall not get very far if we merely hope that men of goodwill will work together. There has to be leadership and in my view effective leadership can only come from the Federal Government which represents everybody. I believe there is a lot of latent support from thoughtful and concerned citizens in every walk of life which would rally behind such leadership. But they will not rally if appealed to as members of organized producer groups, whether business, labor or farmers. Producer groups can be reasonably responsible or irresponsible but it is almost flying in the face of nature to ask them to fight inflation. The easiest and most natural way for organized labor, business and farmers to resolve their conflicting interests and overcome their problems is to raise their prices all round at the expense of the consumer and the citizen at large. It is true that inflation is not in the long-run interests even of producer groups but the fact is that short-run considerations, matters of immediate advantage and disadvantage, bulk heavily in wage and price determination. And the only way to combat the strong influence of producer groups is for the citizen in his role as consumer and responsible member of society to support government policies and government attitudes designed to prevent inflation.

Canada Must Do Better Than U. S. A.

In closing, let me fire a parting shot at another form of fatalism concerning this question of inflation. That is the commonly expressed view that it does not matter very much what we do in Canada about inflation—the question will really be determined in the United States. It is certainly true that the Canadian economy is greatly influenced by the United States and that we should find it difficult to do much better than the Americans in combatting inflation. But we could easily do worse, and doing worse would not only carry with it the obvious disadvantages and inequities of inflation but it would undoubtedly slow our economic growth and lead to a less balanced kind of development. There are plenty of examples of countries in this very position today. And let us not assume that we shall without difficulty do as well as our American neighbors. In the sphere of fiscal policy they are doing more than we are now and they are carrying a relatively larger defence load. Their cash deficit for the past fiscal year has been relatively smaller than ours and they are seriously budgeting for something approaching a balance in 1959-60. In any case, if we value our national identity we must act responsibly and pursue well-conceived economic policies of our own.

Harold Groll with John Small & Co.

Harold G. Groll

Harold G. Groll, formerly manager of the municipal bond department at The First of Arizona Co. in Phoenix, has joined the municipal bond department of John Small & Co., Inc., 25 Broad Street, New York City, it has been announced.

Prior to his affiliation with The First of Arizona, Mr. Groll was with Taylor & Co., bond dealers in Beverly Hills, Calif.

I. C. White Joins Harrison & Co.

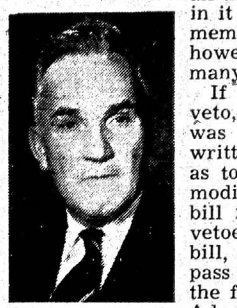
(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Isabelle C. White has become associated with Harrison & Company, Fifth Third Bank Building, members of the New York and Cincinnati Stock Exchanges. Mrs. White was formerly proprietor of D. S. White & Company.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Another Summer in Washington has about ended and it finds the Senate still dawdling on time consuming matters. There is little expectation that Congress will adjourn by Sept. 15 in time to avoid Khrushchev's visit. October 1 will be a more likely guess.



Carlisle Bargeron

The Senate whittled away three days last week, even coming to work on Saturday, to debate the Great Lakes water diversion bill. Chicago wants more water from the lakes to handle their sewage. It is claimed that it would lower the depth of the Great Lakes an inch which hardly seems worth worrying about. But the Wisconsin, Michigan and Ohio Senators are fighting it tooth and nail. Canada also has objected. The debate on the measure was expected to run well into this week. The objecting Senators were obviously filibustering.

The House bill increasing the gas tax by one cent will require long consideration in the Senate and there is some question about the outcome.

The mutual security appropriation bill is still to be considered by the Senate. It has two or three controversial features, including an effort to restore the $400,000,000 in foreign aid taken out of the bill by the House.

On Tuesday the conferees were still discussing the labor bill with very little progress being made.

A time consuming bill will be the Civil Rights measure. If the Southerners decide to filibuster against it, its consideration would run into several weeks.

The House is in much better shape and could wind up its affairs by the end of the week.

The veto by the President of the public works appropriation bill is expected to be overridden by both House and Senate. After all this is a bill which has projects in it for nearly every Senator and member of the House. Mr. Eisenhower claims the bill has too many new items in it.

If the Congress overrides his veto, it will be the first time this was accomplished. As this is written, there was some question as to whether he will accept the modified version of the housing bill recently sent to him. If he vetoes it, as he did the original bill, it will be up to Congress to pass a simple resolution extending the funds of the Federal Housing Administration.

There is considerable criticism in Congress among staunch Republicans as well as Democrats against Mr. Eisenhower for insisting on holding down the domestic budget and quarreling over every penny and yet he freely hands over money to foreign countries.

The Republicans who criticize him on this argue that they can't possibly sell the country on giving away billions abroad and denying funds for additional classrooms and dormitories or urban housing. We will build a road for Laos free of charge and yet all building in this country must be on a pay-as-you-go basis.

The Administration's attitude, of course, is that once you start building classrooms and dormitories, it is only a short distance to buying textbooks. But the people, his critics contend, can't see the difference. This writer has some difficulty in understanding it himself. Building of classrooms and dormitories can't be any more permanent than foreign aid seems to have become.

Senator Kennedy is getting into an increasingly untenable position in his determination to protect most of the secondary boycott rights of organized labor. He says, specifically, that he is determined to protect the garment trades. In other words, if they have a strike going against a manufacturer, they will be permitted to establish picket lines in front of a place which sells the merchandise of this manufacturer.

If I am a retailer, I insist, that labor has no right to have men marching around my store saying that I am unfair to organized labor when I have not done a thing in the world. If the union can't win a strike against the manufacturer by closing him up that would seem to be its hard luck. Sen. Kennedy's Presidential prospects if they were ever very good are likely to be considerably dimmed regardless of the way he goes on the bill. He caters to labor support and even if he succeeds in modifying the bill, he will be blamed for ever introducing it. He got through a very weak package in the Senate committee, one which labor had no serious objection to. But the Senate appreciably strengthened it and the House went still further

Brooks Monroe with DuPont in NYC

Brooks Monroe, formerly Regional Sales Manager for the five Virginia offices of Francis I. duPont & Co., has been promoted to an executive position in the firm's national headquarters at One Wall St., New York City, it was announced by A. Rhett duPont, Senior Partner. Mr. Monroe will be Assistant to the Partner directing new issue sales.

Brooks Monroe

A graduate of the University of Virginia, Mr. Monroe received a B.S. Degree in Commerce in 1949. In his sophomore year at the University, he received the Pindar National Intercollegiate Award, the Lincoln Memorial National Award, the "V" Award, and the National Intercollegiate Speakers Award.

During the Years 1950-1951, Mr. Monroe was an instructor at the University of Virginia College of Arts & Sciences, while attending the University's Law School, from which he received an L.L.B. Degree in Law in 1951.

Following his graduation, Mr. Monroe joined the investment brokerage firm of Scott, Horner & Mason. In 1952 he was appointed Director of Public Relations and Personnel. Two years later he was promoted to Manager of that firm's Richmond office. In 1957, he was made a Vice-President, Sales Manager, and a member of the Board of Directors.

In July, 1958, when Scott Horner & Mason was merged with Francis I. duPont & Co., Mr. Monroe was appointed Regional Sales Manager, the position he has held until his present promotion.

W. H. Tharpe Joins Cooley & Company

HARTFORD, Conn. — William H. Tharpe has joined Cooley & Co., 100 Pearl Street, members of the New York Stock Exchange, as Manager of the firm's municipal bond department, it has been announced. For the past eight years Mr. Tharpe has been associated with the municipal bond department in the New York City office of Drexel & Co. Prior to that he was a reporter for the "Wall Street Journal" for four years.

Mr. Tharpe is a member of The Municipal Bond Club of New York and The Municipal Forum of New York.

Public Utility Securities

BY OWEN ELY

Texas Utilities Company

Texas Utilities is one of the nine large integrated holding companies which survived the SEC purge under the Holding Company Act of 1935. Its three subsidiaries, Texas Electric Service, Texas Power & Light and Dallas Power & Light are fully integrated. Together they serve a population of 2,500,000 in a territory of 72,700 square miles in Northeastern Texas. The principal cities in the area are Dallas, Fort Worth, Wichita Falls, Tyler and Waco. Only 20% of system revenues are from industrial customers, which lends stability to earnings. Principal industries include oil refining and production, aircraft manufacturing, cotton mills, grain storage and mills, and clay products.

Despite the trend toward missiles, manned aircraft seem likely to remain important in the defense structure for some time to come, and the aircraft industry in Fort Worth has led in the concept, design and building of advanced types of manned aircraft. Food processing is important, and the favorable labor situation should lead to future growth of light manufacturing, mainly in consumer type goods. Increases in revenues were realized last year from sales to cement plants, cotton and cotton seed processors, chemical and petrochemical industries, electronics manufacturers and furniture plants. Installation of electric-powered pumps on oil wells and extension of the practice of underground water flooding to augment oil production continues to add to consumption of power in the oil fields; Texas Electric Service connected 2,754 such pumps in 1958, and 763 in the first three months of 1959.

Texas Utilities has not enjoyed as big a gain in revenues as some of the other southern "growth utilities," but has been able to convert growth of sales into a steady series of gains in share earnings and dividends. Thus, consolidated share earnings have increased every year since 1948; earnings in that year were $1.05, for the last year were $2.73 and for the 12 months ended June 30, 1959 reached $2.84. Dividends have increased in each year since 1950. The stock came into the hands of the public in 1949 and has advanced quite steadily from a low around 10 (adjusted) to this year's high of nearly 75.

Over the past five years the company's rate of growth in share earnings (compounded) has been 11%, which compares with other large Texas and Florida utilities as follows, based on recent prices:

	Approx. Yield	Price Earnings Ratio	Aver. Rate of Gain in Shares Earn. 1953-58
Texas Utilities	2.4%	25.6	11%
Houston Lighting	2.4	23.4	8
Central & Southwest	2.7	24.5	8
Gulf States Utilities	2.9	24.6	7
Florida Power & Light	1.7	27.5	18
Florida Power Corp.	2.5	25.0	15
Tampa Electric	2.3	29.7*	9

*Price-earnings ratio would be lower if earnings were adjusted for rate increase.

In 1958 the total number of customers increased nearly 4% (despite the business slowdown in the first half of the year) as a result of the substantial number of homes completed. Residential use of electricity increased 10% to 3,384 kwh; usage has doubled in the past seven years as a result of increased air-conditioning as well as sales of ranges, food freezers, clothes washers and dryers, etc.

Growth in 1959 has accelerated. The annual report to stockholders stated "Construction of new homes, commercial projects, office buildings, institutional buildings and highways is a major factor in the current state of business in the service area. Total building permits issued in the first three months this year in the principal cities and towns on the System show an aggregate increase of 31% in dollar value over the first three months of 1958. A substantially larger number of new homes was planned or being built during these early months of 1959 than at this time a year ago."

The company is continuing with an aggressive construction program, expending about $60 million this year. It is adding two generating units in 1959 with a total capacity of 375,000 kw; 175,000 kw more will be added next year and 240,000 kw in 1961. Peak load in 1958 was 2,317,000 kw, indicating a year-end reserve of capacity of about 24%.

The company should continue to benefit by the installation of new and efficient generating units. However, the rapid rise in the cost of natural gas for boiler fuel presents problems. Years ago the company made gas purchase contracts at low cost figures, but these are now expiring and much higher prices for gas have to be paid as they are renewed. For example, under a new 21-year contract signed with Lone Star Gas last year, the gas will cost just about twice as much as previously. The company is well protected by fuel adjustment clauses in rate schedules covering practically all types of services. However, subsidiary companies are now reviewing these clauses in the light of sharply changing gas costs and partially offsetting increases in the efficiency of new plants. In Texas the utility companies deal only with the municipalities served, with respect to rate adjustments.

Texas Utilities had been selling recently around 72½, this year's range being 74¾-63. The stock was split two-for-one in 1955 and there has been some conjecture that a similar split might be in prospect this year or in 1960.

New Comex Members

The Board of Governors of Commodity Exchange, Inc., New York, has announced the election of four new members to full trading privileges.

Elected were: R. Bruce Cade, President, C. Tennant, Sons & Co. of New York; Henry Eisenberg, Commodity Trader; Felix Joseph Forlenza, General Partner, Felix J. Forlenza & Co.; and Heinrich Peters, General Partner, Westmetall Peters & Co. (Germany).

It was also announced that the special meeting of Comex requested by members of the rubber trade group for Aug. 24 was adjourned for lack of a quorum.

The Electronics Industry Looks Ahead to 1975

By H. LESLIE HOFFMAN*

President, Hoffman Electron'cs Corporation
Los Angeles, Calif.

Electronics industry's pace setting capacity to accomplish our two national objectives—viz., retaliatory power and a dynamic, stable economy—are set forth by Mr. Hoffman who also provides an estimate of the military and non-military electronics growth for the coming decade. To permit the industry to move forward freely, however, top priority must be given to electronics' greatest need today. And that, according to Mr. Hoffman, is to build the industry's marketing capability up to the level of its technical capability. Thus, increased emphasis on marketing and management, it is said, will enable such new breakthroughs as: elimination of smog, weather control, automatic food preparation and housekeeping, meeting foreign competition, and conversion of salt into fresh water. The industrialist points out industry in general still has to learn what electronics can do for it, and he urges for his own industry product-base expansion and diversification of customers.

What does the future hold? One thing we can count on, as a certainty, and that is change. Change is inevitable, and healthy, and is is to be expected in electronics, the most explosive industry from a growth standpoint in America today.

H. Leslie Hoffman

The Western Electronic Manufacturers Association itself reflects this growth. Its initial membership of 25 has grown to 300 out of 770 electronic manufacturers in the West. This year, electronics in the 11 Western states will bill an estimated $2 billion—approximately 40 times its level of 15 years ago. Our volume, in other words, has doubled every three years.

Some of our companies employ more people today than the entire industry did 15 years ago. Our facilities and management techniques have reflected this radical change. Our financial statements have improved. The public has expressed confidence in our future by making sizable investments in our companies.

Here in the West we employ 150,000 persons with a payroll of upwards of $650 million. In California, electronics has become the second largest employer. Nationally, we have moved from 49th in sales volume to 5th in the last decade.

Electronics Can Accomplish Two National Objectives

We have a right to be proud of these accomplishments. We have played a prominent part in an era of history that saw the most accelerated and most concentrated rate of scientific discovery in the history of man. We are destined to play an even greater role in the future.

Before discussing our industry, however, let us recognize that its future must be closely identified with our national objectives. One of these is that we must maintain our retaliatory power at such a level that any potential aggressor can never rationally calculate on a bearable victory.

We can dispel any false optimism about the easing of world tensions. We must be on guard today, more than ever, against any wishful thinking to the effect that the Communist conspiracy for world domination has weakened. It hasn't. The tactics have changed but the objective remains the same.

Another national objective, and an equally important one, is the maintenance of a dynamic but stable economy; stability through heading off inflation, and dynamic through the growth and development of new markets, new products and new services in our civilian economy.

Electronics can be the pace setter for the accomplishment of both of these major objectives.

Before we go any further let us stop for a moment and examine just what our opportunities and responsibilities are in meeting the first of these objectives — that is, maintaining our technical and weapon superiority.

Military Electronics Dollar Growth

Our military electronics dollar has grown from $560 million in 1950 to an anticipated volume this year of $4,475,000,000—an increase of 700%. Despite the fact that our national defense budget is expected to remain at the $40 billion to $45 billion per year level during the next 10 years, the forecast is that by 1970 our military electronic volume could well reach $9 billion to $10 billion. This means that the electronic content of the defense budget may more than double during the next decade.

There will be technical changes as we shift from manned aircraft to missiles and space vehicles. New requirements in concepts will spawn new materials, new components and new end equipments.

There will be changes in our procurement procedures. Increased political pressures will be brought to bear to award military contracts on other than a basis of competence. This we should resist with all of our individual and combined strength.

Competition between companies will increase.

Military equipments and systems will become fewer in number but more complex. The engineering content of each equipment will expand materially.

Our electronic industry here in the West has been the pace setter in military electronics with our advanced work on rockets, missiles and space technology, our systems concepts and our new components, but we cannot afford to relax and assume that we will maintain this position without continuing to demonstrate leadership.

We should remember that we here in the West must have a higher creative content per dollar, or per pound, in our products and services in order to compete successfully in either the military or non-military market.

Electronics Non-Military Growth

Now let's look at National Objective No. 2, which falls in the non-military field. How can electronics spark an expansion of present markets and build new ones, both within and outside our own industry?

We are blessed with the greatest accumulation of new scientific knowledge and technical breakthroughs that any generation has ever possessed. We here on the Western slope have one of the highest concentrations of top technical and scientific personnel of any place in the world today. How can we harness their capabilities? Let's look for the answer to that in our non-military market potential.

Our consumer products or entertainment devices have shown little growth from the $2.3 billion in 1950 to $2.6 billion of this year. However, the forecast for 1970 is a volume of $3.8 billion, an increase of 47%. I am confident that if we can establish new breakthroughs in this already established market this volume can be materially increased.

Component parts, repairs and services amounted to $758 million in 1950, and this year it is anticipated a volume of $2.6 billion, or a 250% increase. The growth of this phase of our industry is interdependent upon the marketing of end equipment. Consequently, it is anticipated that a growth of approximately 40%, or $3.6 billion by 1970 is an attainable goal.

Our industry's greatest new market is in commercial and industrial electronics. This has shown a dramatic growth from $676 million in 1950 to $2,466,-000,000 this year and it is anticipated that this market can grow to a $6 billion market by 1970.

However, just because a company is in this fabulous electronics industry is no guarantee of success. It is a safe assumption that on our 25th anniversary there will be more people employed by fewer companies. Who among us will fail to make the grade? According to Dun & Bradstreet, 65% of the failures in all business in 1958 were due to lack of sales or lack of customers. These companies, in short, lacked marketing capability.

The Industry's Greatest Need

Many of our people have never designed, manufactured or sold any other customer except the government. Our industry's greatest single need today, in my opinion, is to build our marketing capability to the level of our technical capability.

In general, our ability to stay ahead technically, and produce, far outweighs our ability to distribute a product. Let's admit it, those of us to whom this applies, and begin to reappraise the need, and ways and means, of expanding our markets now.

The key to our marketing problem, it seems to me, lies in getting our companies customer oriented. We must find out what the customer wants first, then determine how best he can be served. It is important that we begin to bring the problems of industry and commerce into our laboratories. Our laboratories can provide the answers, we know, but as of today they still don't know what the problem is. People in industry, who know what the problem is, have not yet learned what electronics can do for them.

Proper marketing will find a way to bring these interests together, and, by so doing, uncover some of the greatest potentials in the history of our industry.

If we can accomplish this cross fertilization, in fact, I am confident we will see even greater technical breakthroughs than we have seen so far. And why not? Who would have thought, only three years ago, that Explorer VI would be in orbit today, speaking to us from 25,000 miles in Space through radio equipment powered by electricity converted directly from sunlight? We have accomplished the seemingly impossible in Space; why not in our own homes, offices and plants?

Now to get down to cases, let's ask ourselves what we can do as individuals, and collectively, to bring about this marketing revolution so badly needed in electronics.

The First Step

The first step, I would say, is up to us as management. We must recognize the need to expand our product base, and diversify our customers; we must accept marketing as a top priority function. We need a plan and, many of us, I am sure, need professional help because marketing is a profession.

This is an attitude that technically oriented management sometimes finds it hard to embrace. The technical man's thinking is based on logic. Marketing, however, is a combination of logic and emotion.

We should recognize, in addition, that there is a vast difference between selling and marketing. Selling is only one function of marketing. Marketing normally encompasses sales planning and policy; sales organization, training and compensation; sales forecasts, quotas, budgets, controls; selling operations; industry and customer relations; pricing, advertising, sales promotion, publicity and public relations; market research and development, and the economic evaluation of a new product.

We must encourage closer coordination between market and product research so that the end result is a salable commodity. I think that from a commercial viewpoint this is practically an unexplored area of modern management.

Millions of dollars are spent every year on product research without anyone asking the question: Is there a market for this product if it can be developed? Or, if there isn't a market, can a market be developed and at what cost and how? These questions should be asked and answers developed before these large sums are expended.

This would result in a happier situation for the technical people, because then they would see their ideas utilized, and for a more profitable operation for the company.

Correlation Between Marketing Research and Growth

A recent study by Stanford Research Institute found that more than one-third of the high growth companies maintain strong market research groups; less than 10% of the low growth companies have this capability. There is a strong relationship between marketing research and company growth.

I believe that to solve our overall marketing problem we will have to act collectively as well as individually within our own companies. Have we fully explored the possibility of working with our colleges and universities to get more men trained in marketing procedures? The requirement for marketing men in this new field is unique. They must be market oriented technical men, if you please, in order to be able to serve effectively as liaison between management, production and the potential customer. Also, have we explored the possibility of marketing symposiums?

These symposiums might best be held in co-sponsorship with the universities. If there is a fear of

Continued on page 27

*From an address by Mr. Hoffman before the Western Electronics Manufacturers Assn., San Francisco, Calif., Aug. 19, 1959.

James Cooper with Carreau & Company

Carreau & Company, 115 Broadway, New York City, members of the New York Stock Exchange, announce that James Cooper has joined the firm as Production Manager. Mr. Cooper was formerly associated with J. R. Williston & Beane.

Mutual Funds

BY ROBERT E. RICH

Here and There on the Fund Scene

In such uncertain markets as the present one, the thoughts of investment company men habitually drift toward the so-called "defensive stocks." There have, in fact, been several notable cases in recent months of mutual fund managers taking action to increase their proportionate holdings of stocks in industries having such characteristics.

Thus, the timing of a recent utilities study by the **National Association of Investment Companies** is rather good. According to the NAIC, 153 of its 179 members (155 mutual funds, 24 closed-ends) hold securities of 305 public utilities. A recent tabulation of the value of these holdings is put at $2,372,000,000—about 14% of the total net assets of the investment companies involved. The breakdown by types of securities: $1,814,000,000 in common stock, $306,000,000 in preferred stock and $252,000,000 in bonds.

American Telephone & Telegraph, of course, led the parade in dollar value of overall holdings ($129,916,000) and of common stocks ($117,582,000). Tennessee Gas Transmission ranked second in combined securities ($76,481,000), and Texas Utilities was runner-up in the common stock category ($72,034,000). In the preferred stock group, El Paso Natural Gas stood first ($26,393,000), followed closely by Tennessee Gas Transmission ($23,607,000). Top electrics were Florida Power & Light among the common stocks ($68,001,000), American and Foreign Power among the bonds ($15,741,000) and Pacific Gas & Electric among the preferred stocks ($9,008,000).

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Some help for the mutual fund industry is shaping up in Congress over the Federal stamp tax on purchases of fund shares. The House Ways and Means Committee has approved a bill which would cut this tax from 10c per $100 of stock value to just 4c per $100. Some resistance to passage of the measure, however, is being met from the Treasury Department, which calculates it will reduce tax revenues by $1,000,000 annually.

* * *

Putnam Growth Fund has canvassed those shareholders who are members of its combined mutual fund-life insurance plan and has come up with the word that slightly more than half of those replying prefer the plan for its investment features. "It makes me save and invest regularly" was the sentence checked by 37% of the group, and 15% chose "It represents a sound investment." At the same time, 34% noted "It protects my family in case anything should happen to me" as their reason for liking the plan, and 14% selected "It provides low cost life insurance."

The Mutual Funds Report

More than 200 persons are expected to attend the first general membership meeting of the **National Association of Investment Companies** Oct. 22-23 in the Savoy-Hilton Hotel, New York, George A. Mooney, Executive Director of the association has announced.

Principal speakers at the meeting will be Charles M. White, Chairman of the Board of Directors of Republic Steel Corp.; Congressman Eugene J. Keogh, member of the House Ways and Means Committee, and Herbert R. Anderson, N. A. I. C. President and President of **Group Securities, Inc.**

* * *

Total net assets of **Television-Electronics Fund, Inc.** hit a record high of $315,302,428 on July 31, 1959, representing a rise of 76.6% over the past year, Chester D. Tripp, President, reported. Over the same period, the fund's net asset value per share, adjusted for a 45c capital gains payout in November, gained by 47.3% to $16.58. The number of shares increased 45.8% to 19,011,697, and the number of shareholders grew by 33.6% to 100,422.

Portfolio additions during the latest three months: common stocks of Bausch & Lomb, Federal Pacific Electric and Packard-Bell Electronics, and convertible bonds of Bausch & Lomb, Consolidated Electrodynamics, Northrop Corp. and Varian Associates. Eliminations: common stocks of Beckman Instruments, Cornell-Dubilier Electric, Penn Controls, Technicolor and TelAutograph Corp., and convertible bonds of Topp Industries.

Increased common stock holdings: Borg-Warner, Curtiss-Wright, Ford Motor, General Tire & Rubber and General Dynamics. Reduced common stock holdings: Barry Controls, Clark Controller, Corning Glass Works, Eitel-McCullough, Indiana Steel Products, Martin Co., Perkin-Elmer Corp., Servomechanisms, Square D, Telecomputing Corp., Texas Instruments and Varian Associates.

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Boston Fund, a balanced mutual fund, has announced that its total net assets rose 31% during the past 12 months to $216,391,686 on July 31, 1959. At the same time, net assets per share improved by 16.5% to $17.91, adjusted for a capital gains distribution of 58c last February.

The fund disposed of two convertible bonds—Atlantic Refining 4½s, 1987, and Miles Laboratories, 4⅝s, 1978—and purchased 14 long-term bonds, most of them in the utilities group and only four of them convertible. The largest single bond purchase: $1,000,000 of Quebec Hydro-Electric 5s, 1984. Five preferred stocks, also largely utilities, were either sold or converted to common stock. The single preferred stock purchase was Washington Gas Light, 4.60%.

Common stock holdings increased were in Aluminium, American Hospital Supply, Beneficial Finance, Monsanto Chemical, J. C. Penney, Rohm & Haas and Sherwin-Williams. Decreased were common stock holdings in American Telephone & Telegraph, Cities Service, General Telephone & Electronics, Shell Oil, Socony Mobil Oil, Standard Oil of California, Standard Oil of New Jersey, Texaco and U. S. Steel. Eliminated entirely were 20,000 Sperry Rand warrants.

* * *

The economy of Florida seems likely to continue "onward and upward" at a rapid pace in the foreseeable future so long as new residents and industry maintain their steady march into Florida, according to the August issue of the "Florida Growth Fund News."

The publication, published monthly by **Florida Growth Fund, Inc.,** a mutual fund based in Palm Beach, Fla., points out that people and industry are flocking to the "Sunshine State" in record numbers.

Over 200,000 persons a year are now settling in Florida and employment (excluding agricultural jobs) in June of this year totaled 1,224,000, more than double that of June, 1949. Personal income in May was up 12.9%, or 3% above the national average for that month. Bank deposits at the end of last year amounted to about $4.5 billion, a 158% increase since 1946.

The huge influx of people has zoomed construction expenditures during the past five years to some $4 billion. During this same period 287,000 residential units were built, representing 5.7% of the entire nation's new housing, "Florida Growth Fund News" adds.

New industry, too, is sprouting all over the state, the publication points out. In the 10 year period immediately following World War II, 43,287 new businesses were added to the Florida scene, a rate far in excess of other southeastern states.

"People today don't go where industry is. Industry goes where the people are," the "Florida Growth Fund News" states.

Florida Growth Fund, Inc. is a diversified mutual fund which invests in companies doing business in Florida and the South. The Fund now owns securities in 56 Florida corporations and eight Southern corporations in 20 different industries.

* * *

As of July 31, Boston Fund had 65.5% of its assets in common stock, 17.4% in bonds, 14.1% in preferred stock and 3% in corporate notes. The largest single industry holdings in the common stock group were electric utilities, 16.5%; oils, 8.8%; communication, 4.5%; building and construction, 4.2%; steel, 4.1%, and rubber, 3.8%. Biggest individual common stock commitments were in American Telephone & Telegraph, $7,931,587; Texaco, $5,787,600, and U. S. Steel, $4,202,275.

* * *

Financial Industrial Fund, Inc., which has not missed a quarterly dividend payment since its establishment in 1935, will pay its 95th consecutive dividend Sept. 14 at the rate of $0.027 per share, bringing total dividends from investment income to $0.107 per share for the latest 12 months. On the same date, the fund will also make a $0.153 per share capital gains distribution. For the year-long period, this will bring total dividends to $3.4 million and capital gains distributions to $5.3 million—each figure the highest for any 12-month period in FIF history.

* * *

"A sharp increase in earnings appears in prospect for a large number of electronics companies," predicts Charles E. Salik, President of **Electronics Investment Corp.** in his latest quarterly report. "It is now quite clear that the electronics industry, over the long-term, will continue to be favored with ever increasing military and industrial contracts. A careful analysis of the military spending program for the fiscal 1959-60 period indicates a considerable shift of procurement, with heavy emphasis placed upon the electronics role in the weapons system program. Industrial organizations have begun to accelerate their automation programs and are utilizing electronic control systems to increase production per man-hour to a greater degree than ever before. Consumer electronics has reached record levels in terms of production, sales and services."

During the 12 months ended July 31, 1959, Electronics Investment Corp. increased its total net assets from $17,142,515 to $30,137,333 and, allowing for a 44.5c per share capital gains distribution in May, boosted its net asset value per share from $4.97 to $8.02. Included with the quarterly report was the fund's 3c per share quarterly dividend from investment income.

The fund, which has $26,167,036 of its assets in common stock, added Taft Broadcasting and Textron warrants to its portfolio, eliminated Friden, Thompson (H. I.) Fiber Glass and several classes of U. S. Treasury Bills. Increases were registered in American Broadcasting - Paramount Theatres, Haloid Xerox, Hewlett-Packard, Lockheed Aircraft, Packard - Bell Electronics, Philips' Lamp, Seeburg Corp., Siemens & Halske, Standard Coil Products and United Aircraft. Reduced were holdings in General Railway Signal and Midwestern Instruments.

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In its first nine months, ending July 31, 1959, **Incorporated Income Fund** has emphasized fixed income issues and "defensive" common stocks. During the period, that proportion of the fund's portfolio (comprised of bonds and notes, preferred stocks and tobacco and public utility stocks) has increased from 30.9% to 50.8% of total net assets.

"We were indeed fortunate," noted Charles Devens, President "that the proceeds from the sale of stocks—many previously purchased at considerably lower prices and when stock yields were generally higher—could be reinvested in a bond market where good quality issues are now paying a return for the most part not obtainable in over 26 years and higher than that paid by quality common stocks generally."

Since the end of the fund's last fiscal year, total net assets have grown from $100,046,462, equal to $8.82 per share, to $104,626,603, equal to $9.86 per share.

New securities added during the last three months were Family Finance 3⅞%, due Sept. 23, 1959; Securities Acceptance Corp. Jr., debenture note, 5.90% due June 1, 1971; U. S. Treasury Notes Stamped, 4%, due Aug. 1, 1959; General Motors Acceptance Corp., S. A., 6¼%, due July 15, 1963; General Motors Acceptance Corp., S. A., 6½%, due July 15, 1965. Eliminated were U. S. Treasury, 2½%, due Nov. 15, 1961; U. S. C. of I., 3¾%, due Feb. 15, 1960, and common stocks of Genesco, International Harvester and Montgomery Ward & Co.

* * *

There were portfolio increases in American Bakeries, Consolidated Edison Co. of N. Y., Island Creek Coal, Public Service Co. of N. H.; Southern Natural Gas, Southern Railway 5% preferred and U. S. Rubber 8% preferred. Decreases were reported in Celanese 4½% cumlative convertible preferred A, and common stocks of Ranco and F. W. Woolworth.

* * *

The Putnam Growth Fund reports total net assets of $13,139,000, equal to $17.39 per share, on July 31, 1959, compared to total net assets of $4,064,000, equal to $11.60 per share, one year earlier. The number of shareholders increased from 2,400 to 4,800 during the 12 months, and the number of shares gained from 349,115 to 755,705 over the same period.

As of July 31, 94.7% of assets was invested in 41 common stocks and one convertible preferred stock. Largest industry groups were: public utilities, 11.1%; consumer goods and service, 10.3%, office equipment, 10.2%, and finance, 8.8%. Biggest individual security holdings were in American Photocopy Equipment, General America Corp., Universal Winding and Carter Products.

Added to the portfolio during the latest quarter were N. H. Ball Bearings, Aldens, AMP, Inc., Walter (Jim) Corp., Beauty Counselors and Holt (Henry) & Co. Eliminations were Atlantic Refining, Hammond Organ, Shulton, Richfield Oil and Dominion Stores, Ltd.

Bank and Insurance Stocks

BY ARTHUR B. WALLACE

This Week — Bank Stocks

We get all sorts of headlines today on bank matters, all of which tend to confirm our earlier predictions of increased earnings by the banks, and as a result, higher market prices.

There is the matter of home building. What has been a boom can be a slowdown because of the shortage of mortgage money. About two and a half years ago, funds for home building were available at 4¾% and 5%. In a conversation of the writer with an officer of a large savings bank about two weeks ago the bank officer stated that 6% money was becoming commonplace.

In a "Wall Street Journal" paragraph a Manhattan banker offered the thought that the recent ruling rate of 5¾% would soon go to 6%. It is difficult for many people to get used to rates such as these because they have been inured to the artificially maintained low rates of the New-Fair Deal years.

If we go back to the 1920s we find rates plenty high; and, historically, before the politicians took over the control of money in the 1930s interest rates had their ups and downs just as was the case with commodities, stocks, bonds, and all else.

In a period such as we are in now there is no reason why rates should not follow conditions that influence interest rates. A high economic tempo should be accompanied by high interest rates, relatively, simply because the demand for money is present. Rates for labor go up, so do commodity prices, and a multitude of other items in our economy. Yet just because interest rates advance there is great anguish expressed by our "liberals" and soft money people.

For a while back the orthodox pattern of business loan volume was up in the July-December period when crops had to be moved and Christmas trade provided with inventories; down following December. But of late the pattern has not been too closely adhered to. Nevertheless, in the past few weeks we have seen some loan expansion on a seasonal basis. For example, on Aug. 21 there was an increase in business loans amounting to $77,000,000 (versus a rise a year earlier of $55,000,000). Then on Aug. 28 the rise was $54,000,000 (compared with a drop of $10,000,000 in the 1958 week). The total at that time was $9,890,000,000 for the New York banks, an increase of $187,000,000 since the June 30 quarter date, against a decline of $224,000,000 at the corresponding period a year earlier.

Now look at the rates we read about almost every day. The price trend in the United States Government bond market has continued downward in recent weeks, and there seems to be no end to the move. A recent issue of Treasury notes due in May, 1964, was quoted on Aug. 22 at a yield of 4.61%. When did we last hear of a yield such as that on short-term governments?

And, let it be understood that this condition is not applicable to the United States alone. An Ottawa dispatch of Aug. 14 stated that Bank of Canada's interest rate had stretched to a record of 6.41%, nearly one-half of a percentage point above the figure of a week earlier. Loan volume in the Dominion has been rising; and of course, that country is simply experiencing what we in the States have had to contend with. This leads to a credit squeeze. They are faced with the same heavy demand for loan accommodation to finance their booming economy.

On top of the Federal Government's trip to the market to raise funds, there has been a steady stream of new corporation issues; as well as new state and municipal offerings.

Now all of this spells out better 1959 earnings on bank shares. The average ratio of loans to total assets is close to 50%, a figure which, in earlier years would not have been considered too secure. Of course, today we must make allowances for the large bad loan reserves carried in the statements of condition, and also unallocated reserves which some of the banks carry in addition. But with a large proportion of loans on their books and the ability to roll over into higher interest rates by reason of the banks' preponderance of short-term investments, there can be little argument that 1959 earnings will be well above those of 1958.

* * *

The necessary approval of the merger of Chemical Corn Exchange Bank and New York Trust has not been forthcoming yet from the New York State Banking Department. The indications are that the Department of Justice does not take kindly to this consolidation, although it is felt in some qualified quarters that that department lacks jurisdiction in this case. It remains this department's belief that the merger will be effected, probably not many days after Labor Day.

Holton, Henderson Formed in Los Angeles

LOS ANGELES, Calif.—Holton, Henderson & Co. has been formed with offices at 210 West Seventh Street to continue the investment business of Holton, Hull & Co. Officers are Robert J. Henderson, President; Kenneth D. Mann and Willard Leabman, Vice-Presidents and Bernice O. Ofsthun, Secretary-Treasurer.

Gravity Is Not a Grave Subject When Anti-Gravity Is Discussed

By ROGER W. BABSON

Cheap land located where there are long days of sunshine will jump in price, according to Mr. Babson, if a partial gravity insulator is discovered. This assumes that anti-gravity device will be discovered and that it will be some natural power coming from the skies' or sun's rays.

When I was at Cape Canaveral, Florida, in the Spring, I was convinced that the nation which first discovers a partial insulator for gravity can conquer the world.


Roger W. Babson

I have kept well acquainted with the progress which has been made along such lines in this country through the Gravity Research Foundation of New Boston, New Hampshire, but I am not familiar with the state of development abroad, especially in Denmark and Germany. In Copenhagen, where I have been invited to visit the Mayor of Copenhagen, is located the Bohr Institute. I therefore am leaving for Copenhagen on the nineteenth of this month via the Swedish American Line.

Not only would a partial insulator of gravity add greatly to the safety of all airplane travel, but it would add greatly to the power, the range, and the guidance of missiles by which World War III will be fought. Hence, all nations are now desperately at work seeking to find a partial insulator of gravity.

Gravity Insulators Must Not Depend Upon Power

You may think that an elevator is an anti-gravity machine, but it is not. An elevator needs outside power with which to operate. Therefore, I eliminate all schemes to overcome gravity by any form of electrical rays so long as they must be developed by an outside power which man must produce. If some natural power — such as magnetic rays from the skies, or possibly the sun's rays—could be used, these would be satisfactory for the harnessing of gravity.

An anti-gravity paint would be ideal. Now, while so many synthetic products (from antibiotic medicines to anti-flammable paints) are being made from petroleum, it seems possible that an anti-gravity coating will some day be developed from petroleum. The metallurgists are also carefully watching for some anti-gravity product. Personally, I feel that gravity will be harnessed in conjunction with the sun's rays. I have recently returned from Phoenix, Ariz., where Mr. Walter T. Lucking, President of the Arizona Public Service Co., has gathered together a group of men to harness the sun's rays.

Everyone Should Own Some Very Cheap Land

When a partial gravity insulator is some day discovered, there could be a great jump in the price of all vacant land, especially land in a semi-tropical region such as Florida, or in any of our Southwestern States which have long days of sunshine. Persons buying such land should insist on very cheap acreage and not buy land which might be desirable for possible later subdivision. For harnessing gravity—swamp land, mountain land, wood land, or even desert land could be equally valuable. Such land should be property that is no good for anything else and which now sells for a few dollars per acre.

Of course, when buying acreage for possible subdivision or farming, there are many other considerations. The nearer such land is to a city or town, the more one can afford to pay—probably up to $100 per acre. Let me finally add that a person should never buy any land—in Florida or elsewhere—without first seeing it. Moreover, the best bargains may be within a few miles of where you are now reading this column. Remember the story of the man who hunted all over the world for a certain large diamond, then finally found it in his own backyard!

Australia to Sell $20,000,000 of Bonds

Howard Beale, Australian Ambassador to the United States, stated that the Rt. Hon. Harold Holt, Treasurer of the Commonwealth of Australia, has announced that the Commonwealth filed a registration statement on Aug. 28 with the Securities and Exchange Commission covering $25,000,000 20-year bonds.

The issue will be underwritten by a group of investment firms headed by Morgan Stanley & Co. Public offering of the bonds is expected to be made about September 17.

The proceeds of the issue will be used to finance various public works projects throughout the Commonwealth of Australia.

The most recent sale of bonds of the Commonwealth in the United States market was an offering of $25,000,000 20-year 5% bonds in October 1958.

Donald H. Randell With Pyne, Kendall Firm

Donald H. Randell, former Vice-President of Mutual Management Co., New York City, has been appointed a registered representative for Pyne, Kendall & Hollister, 52 Wall Street, New York City, members of the New York Stock Exchange.

Mr. Randell has been an active member of several committees of the New York Society of Security Analysts.

President Warns Congress of Danger Inherent In Continued Bond Interest Rate Ceiling

President's urgent follow-up to Congress sums up the Administration's plea to end the government bond interest rate ceiling. He warns inaction means harmful inflationary consequences to the economy, discriminatory unfairness to savings bonds' holders, and repercussions on opinion abroad and at home regarding our intent to keep our financial affairs clean and above suspicion. The President stresses this is not an act to raise interest rates and that the Administration does not favor high interest rates.

Before departing for Europe, President Eisenhower reminded Congress of the dire need to remove the artificial interest rate ceiling on Government bonds maturing in five years and longer, also on Series E and H savings bonds. The chief executive pleaded with Congress to act in order "to preserve our financial integrity and to protect our currency."

The text of the President's message to Congress follows:

To the Congress of the United States:


Pres. Eisenhower

On June 8, I transmitted to Congress a message requesting legislation that would (1) remove the artificial limitation which the law now imposes on the interest rate at which the Treasury is allowed to borrow money for more than five years, and (2) remove a similar limitation on the rate the Government can pay on savings bonds.

Last week, the Committee on Ways and Means of the House of Representatives voted to suspend consideration of these proposals for the remainder of this session. This action was a grave disappointment to me.

The American people have a tremendous stake in this proposed legislation. Failure to enact it means that:

Millions of thrifty Americans cannot be fairly treated, since the Treasury will be unable to pay a fair rate of interest on savings bonds;

The cost of living may rise further, as the Treasury will be forced to manage our $290,000,000,000 debt in a way that adds to pressure on prices;

Repercussion Abroad and At Home

Responsible people at home and abroad can only conclude that we have not yet determined to manage our financial affairs as soundly as we should.

I would like to make two things absolutely clear:

First, the Administration is willing to assume full responsibility for managing the Federal Government's debt if it is allowed to do so free from artificial restrictions and on a parity with other borrowers.

Second, if the requested legislation is not enacted, those in the Congress who are unwilling to pass it must assume full responsibility for the possibly serious consequences.

This country's outstanding public debt of almost $290,000,000,000 is held by our citizens and financial institutions, and by foreign central banks and investors who have accumulated dollars as part of their reserves. Each investor has his own investment requirements. He buys different kinds of securities in order to meet those needs. Common to all investors, however, is the requirement that the rate of interest paid on the securities be fair and equitable in the light of other investment opportunities and, secondly, that the purchasing power of their invested dollars will not be impaired.

These considerations apply directly to the way in which the Government handles its debt. There can be no question as to the Government's obligation to deal fairly and justly with the millions of its citizens who invest a portion of their savings, sometimes as a patriotic duty, in Government bonds. And there should be no question as to our determination to manage our debt soundly and in the best interests of all of the people.

What Inaction Can Undo

We have worked tirelessly for a balanced budget. We need this balance so that we can avoid the deficits that lead to higher prices, to a rising cost of living and to an eating away of the value of the billions of dollars that thrifty and far-sighted Americans have saved. But Congressional inaction on our debt management proposal could do much to offset the progress we have made toward fiscal responsibility.

To manage the public debt in a sound manner the Treasury must be able to borrow money for long as well as short periods of time. A 1918 statute now prescribes, however, that we cannot pay more than 4¼% for long-term money. So long as the present prosperity contributes to a strong demand for credit, and thus keeps the cost of new long-term borrowing higher than 4¼%, we will not be able to borrow for periods longer than five years.

Let me suggest one simple parallel to show why the Treasury should be able to borrow for longer periods. Suppose that an individual had a mortgage on his home that had to be renewed every few months. He would be exposed to every shift in the economy and to every change in financial conditions. Yet, the Congress in effect is forcing the Treasury into this type of exposed position. It is saying to the Treasury, "When you have any borrowing to do, do it all on a short-term basis."

Vital Interest of All at Stake

Within the next twelve months the Government must borrow $85,000,000,000 to cover maturing securities, redemptions and seasonal cash needs. This Government, with its great financial resources, can normally carry a sizable amount of short-term debt. But it cannot afford to rely exclusively on borrowing that must be continually renewed. Yet, if the Congress insists that we continue to finance wholly with short-term securities, the whole $200,000,000,000 will grow shorter and shorter. This will make it even harder to handle in the future.

The vital interest of all Americans is at stake because excessive reliance on short-term financing can have grave consequences for the purchasing power of the dollar. The issuance of a large amount of short-term Treasury debt would have an effect not greatly different from the issuance of new money. Because these securities are soon to be paid off, their holders can treat them much like ready cash. Moreover, short-term securities are more likely to become lodged in commercial banks. When a commercial bank acquires a million dollars of Government securities, bank deposits rise by a million dollars. This is the same as a million-dollar increase in the money supply. When the money supply builds up too rapidly relative to production, inflation is the result. The piling up of an excessive amount of short-term debt poses a serious threat that may generate both the fear and the fact of future inflation at an unforeseeable time.

Handicaps the Treasury

Now, while the nation is enjoying a period of rapid economic advancement, we want to keep the cost of living steady. And, if we act wisely, we should be able to do so. We must live within our means and we must exercise all the necessary precautions in the use of credit. We have made good progress toward preventing excessive Government spending. But we may fail in our efforts to keep prices from rising if we do not handle our debt in the proper way. This is why the Treasury must have the capacity to finance the Government's requirements in free credit markets without artificial restrictions.

Foreign Investors to Consider

The need for sound management stems not only from domestic considerations. Foreign investors have substantial holdings of our securities, as well as other claims on this nation. With so large a financial stake in our economy, these foreign central banks and other foreign investors have a very practical interest in the manner in which we handle our affairs. It is essential that they, too, continue to view the American dollar as a strong and stable currency. In a free market economy, confidence is not the simple result of legislation. It is earned by adherence to sound practices.

Let me state plainly as I can that this is not legislation to increase interest rates. This Administration is not in favor of high interest rates. We always seek to borrow as cheaply as we can without resorting to unsound practices. The Treasury already has authority to borrow at any rates of interest on obligations up to five years. What we are seeking is the authority, already possessed by all other borrowers, to obtain funds for longer periods as well. To prohibit the Treasury from paying the market price for long-term money is just as impracticable as telling the Defense Department that it cannot pay the fair market price of equipment. The result would be the same in either case; the Government could not get what is needs.

Savings Bonds Attrition

The need for Congressional action with respect to the existing 3.26% interest rate ceiling on savings bonds is equally pressing. The Government occupies a dual trusteeship position with respect to the 40,000,000 Americans who own savings bonds and the 8,000,000 people who purchase them regularly. The average holder looks to the Government for a fair rate of return, reasonably competitive with other savings opportunities. The Treasury has announced that when the ceiling is removed, it will immediately raise the rate from 3.25% to 3.75% on all newly issued E and H bonds, if held to maturity. Whenever legislation is enacted, this rate increase will be made retroactive to June 1, 1959. In addition, the future return to the investor on savings bonds purchased before June 1 and held to maturity would be increased by ½ of 1%. These actions would result in fair and equitable rates of return on savings bonds.

The second part of the trusteeship relationship of the Government with respect to holders of savings bonds involves the purchasing power of the dollars invested in the bonds. The savings bondholder expects the Government to try to insure that the future value of his savings will not be eaten away by progressive erotion of the dollar. To help assure that the value of the dollar will be protected, the whole debt management proposal should be enacted.

Each of these trusteeship considerations is vital; the thrifty American is entitled to both.

What's at Issue

The issue with respect to our legislative proposals is whether we are going to demonstrate responsibility in the management of our Federal debt. Ours is the richest economy in the world. We have a large public debt, but we can certainly handle it soundly and efficiently if we remove the artificial obstacles to borrowing competitively in the free market. By adopting the Administration's proposals the Congress would be demonstrating to people at home and abroad that we have the determination to preserve our financial integrity and to protect our currency.

No issue of greater importance has come before this session of Congress. In the best interest of the American people, I urge the Congress to enact the Administration's proposals at this session.

DWIGHT D. EISENHOWER.

Alkow Opens New Mutual Fund Dept.


Gerald Belfert

Alkow & Co., Inc., members of the New York, American and Pacific Coast Stock Exchanges, has announced their entry into the Mutual Funds field with the establishment of a Mutual Funds department.

This new department will be under the personal direction of Gerald Belfert, formerly with First Investors Corp. Mr. Belfert was also Vice-President in Charge of Sales of Peoples Planning Corp., and until joining Alkow & Co., Inc. was Group Supervisor of the Mutual Funds Department of Sutro Bros. & Co.

Talcott Securities Placed Privately

James Talcott, Inc., one of the country's oldest and largest independent commercial financing and factoring organizations, on Sept. 2, announced the placement with institutional investors of senior notes, capital notes and preferred stock totalling $16,000,000. The issues are: $10,000,000 of senior notes due 1971; $2,000,000 of capital notes due 1974 and convertible into common stock until July 1, 1969; and 80,000 shares of cumulative preferred stock, $50 par value, convertible into common stock until Sept. 1, 1969.

F. Eberstadt & Co. and White, Weld & Co. assisted Talcott in the placement of these issues.

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

FREDERIC D. CARTER

Frederic Dewhurst Carter, partner in John H. Lewis & Co., passed away Aug. 24 at the age of 62.

Murphey Favre Branch

CHELAN, Wash.—Murphey Favre, Inc. has opened a branch office under the management of Robert W. Little.

The Market...and You

BY WALLACE STREETE

New pinches on the tight money situation and the far more favorable yields available in the bond market as a result, combined to put weight on the stock market this week.

* * *

The timing of the new hikes in prime interest rates that spread through the commercial rate structure rapidly upset much of the Wall Street thinking that the market would loll in an irregular and dull pattern until after the Labor Day holiday is over. It now seems that the mid-August low around 646 in the industrial average — some 32 points below the all-time peak posted Aug. 3 — might be in for a testing before there is any important progress made on the upside.

Steel Developments a Damper

Apart from the money market, the business scene wasn't overly conducive to unbridled enthusiasm with the steel strike still dragging along and starting to interfere with the various indices of general business. So far the immediate victims of the strike have been the rails, some of which were forced into the red ink column as early as July when their business slowed down as the steel mills closed. Their August reports aren't expected to make any better reading. And shortages of the metal are starting to crop up to curtail activities in other areas of the economy.

* * *

It will be nearly a month before the costs of the strike become fully apparent in the steel industry but even the fact that these dour reports are ahead is a situation that calls for caution over the immediate future.

The Former Favorites Sold

The items that took the brunt of the selling when the going was rough were, as usual, the issues where enthusiasm had run wild earlier —the electronics particularly. Steels had their share of selling to absorb, notably Youngstown Sheet where various hopes of good news, including a stock split, were circulating. U. S. Steel, which had finished August with a burst of strength that carried to an all-time peak, was also a bit hard-hit when selling came into the market. Other steels were more mundane.

* * *

Ford, which had also reached a historic peak to end the month of August, was clipped back and the easiness spread rather easily to the others in the Big Three. It was all psychological in the autos since most of the plants are only now starting to build up output of the 1960 models. The shutdowns for the changeover and utter lack of any indications how the new models will be received hardly offered any concrete economic basis for enthusiasm for motors generally.

* * *

For the electronics it was a case of a correction after they had had a good run. Litton Industries had soared more than 60 points above its year's low of 72. Texas Instruments had raced nearly 100 points above its year's low of 61. Their retreats of around a score of points from the peaks were still moderate by the yardsticks of the financial community.

* * *

The relative stability of the steels generally when their closed mills are so large a matter of concern elsewhere is based largely on the thinking that operations will soar to or close to capacity once they resume and struggle to overcome the shortages.

An Exceptional Steel Issue

One outfit that is not normally considered in the steel category is Timken Roller Bearing. For its own needs as long ago as World War I the company set up its own steel mills. In special grades of steels it currently is rated as the nation's fourth largest manufacturer. But where some of the steel companies are expected to slide into red ink for their third quarter as a result of the strike, Timken had a longer contract with the steelworkers that enabled it to continue production for the first five weeks of the strike. That and its normal business in bearings, plus a vigorous rebound once the strike ends, gives Timken an edge up on the prime steel makers when it comes to the third quarter profit.

* * *

Timken also profited from the pre-strike buying rush and was able with the rebound in its bearing business to double first half profits over the $1.16 reported for the same period last year. The projections for 1959 run to or above the $5 mark which would be a vigorous rebound over the $2.10 reported in 1958 and make the $2 dividend candidate for some sort of supplemental benefit. Even at the present rate, the yield is an average 3½%.

Soft Goods Demand

Apart from the heavy goods activities, soft goods demand has held up well and one of the results has been interest in the paperboard firms that have made big inroads into lines once dependent on wood boxes and crates. Container Corp. like the others showed a good rebound from the drag of the recession, but in addition had some heavy start-up costs that held down profits last year.

* * *

With these twin drags on last year's operations removed, earnings for the first half of this year were able to rebound nearly a quarter above last year in the face of unsatisfactory price conditions and on sales of only 10% more than for the same period last year. It gives the company a chance to approach the peak earnings achieved in 1956. The return on the dollar dividend is average but the issue has been a quiet one with a range this year that hasn't yet reached five full points. So there has been little speculative interest in the shares that could be stimulated by the prospect of record or near-record earnings, and perhaps dividend improvement.

* * *

Another outfit enjoying a good rebound in operations is Simmons Co. with a strong trade position in the mattress business. It is also a candidate for dividend liberality in view of the upturn. The company paid $3 in di[illegible]ds in 1957. Last year wh[illegible]n business faltered, the third quarter rate was shaved to 50 cents against the 70 cents paid previously. But by the fourth quarter the directors reconsidered and nudged the quarterly rate to 60 cents, which has been maintained since. Against this indicated payout of $2.40 this year, and operating earnings expected to jump to around $5 with perhaps another dollar added from non-recurring profit, it is felt that the present rate will have to be revised upward. In any case, the yield on even the present rate approaches an above-average 4½%.

* * *

Ford Motor is also a dividend item, as far as its recent popularity is concerned. Since the shares were sold publicly for the first time in 1956, its dividend record was not one of the brighter facets. The 60-cent original quarterly rate had to be shaved to 40 cents in mid-1958. But the indicated payout this year—the 60-cent rate was resumed in the second quarter — would only come to $2.20 with first half profits already standing above $5 and indications that total 1959 earnings will run well above the $8.19 reported in 1955.

[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.]

New Bache & Co. Office

SEATTLE, Wash.—Bache & Co. has announced the opening of a branch office in the recently completed Logan Building, corner of Fifth Street and Union.

The 69th branch of Bache & Co., the Seattle office is under the management of Girton Viereck.

Mr. Viereck began his career in the securities business 20 years ago in Seattle. Prior to joining Bache & Co., he was associated with two New York Stock Exchange firms.

Whitehead Conducts Course at Hunter

Dr. Edward Davison, Director of the Hunter College School of General Studies, has announced that Louis H. Whitehead will conduct the course in Investments beginning Tuesday, Sept. 22. The course will meet one evening a week for a total of 15 sessions.

Louis H. Whitehead

Formerly a member of the faculty of the Syracuse University, and a lecturer for the American Institute of Banking, Mr. Whitehead is a partner of Nye & Whitehead, 44 Wall Street, New York 5, New York, investment advisers and members of the New York and American Stock Exchanges.

Mr. Whitehead has had more than 30 years' experience in investment research and advisory work and is in charge of his firm's Investment Counseling Department. He is a graduate of the Wharton School of Finance & Commerce at the University of Pennsylvania. Since 1942, Mr. Whitehead has been a member of the faculty of the New York Institute of Finance, successor to the New York Stock Exchange Institute. where he conducted courses in Economics and Current Economic Developments Affecting Investments.

Wm. E. Pollock Opens Branch in Miami

MIAMI, Fla.—Wm. E. Pollock & Co., Inc., dealers in U. S. Government securities, and underwriters and distributors of tax-exempt and other types of investment securities, have announced the opening of an office at 100 Biscayne Boulevard, South, under the management of Richard M. Kowalske, Vice-President.

European Common Market Threat or Opportunity?

Continued from first page

our imports from ECM countries averaged close to $1 billion a year. At the beginning of the decade, the European economy was still in the initial stages of its recovery from the ravages of World War II. Towards the end of the 10-year period, this recovery had progressed to a remarkable degree. One indicator of European recovery is the increasing volume of its world trade, including that with the United States. Thus it is evident that the ECM's trade with the U. S. and the rest of the world has been a significant and growing factor even before any of the beneficial results of the Treaty have had time to exert their influence. We cannot avoid the conclusion that further implementation of the Treaty will bring greater strength and prosperity to its signatory countries and that American business will inevitably have to face stronger competition.

There is general agreement that ECM, while liberalizing trade and integrating its constituent economies within the block, will gradually establish common tariffs and quotas that will be protective in nature, and on the average, more burdensome to outsiders than those now prevailing. This will aggravate the handicaps under which our exports to Europe now compete. Nor, unfortunately, is this the whole story.

European industry has been aggressively courting other world markets and with increasing success. ECM exports to the world have jumped from about $6.4 billion in 1948 to over $20 billion in 1956, a better than three-fold increase. Over the same time span, U. S. world exports climbed from $12.5 billion to $18.9 billion, an increase of little more than 50%. It will be noted that total U. S. exports in 1956 were almost $2 billion less than those of ECM countries. This is more significant than at first appears. The great bulk of ECM exports consists of manufactured articles. These countries have only a few raw materials or foodstuffs to spare for world trade, being heavy importers of these items. Our exports, on the other hand, are heavily weighted with agricultural products of which we have a surplus. This spells sharper competition for us in world markets other than ECM, competition which will be felt mostly in the manufacturing segment of our economy.

Finally, let us look at ECM's inroads in our own country. We need not belabor this point. The small European automobile is a star performer and the most publicized one. Another example which should be more jarring to our complacency is a new southern paper mill—an area of technology and engineering where we certainly should excel. Eighty-five per cent of the equipment installed in this new American plant came from Europe because, in the words of a company official, it was both cheaper **and more efficient!** And, just recently, European-built American farm tractors have been landed in this country.

In sum, ECM means more competition for the U. S. made product everywhere.

Where It Hits Us

There is no evidence in the history of the United States that competition, however tough, is synonymous with defeat. On the contrary. This being so, the first thing for an American manufacturer to do after pondering this over-all picture of increasing competition is to determine to what extent, if any, his particular industry and his own business are vulnerable. An analysis of United States-ECM trade over a six-year period shows that the following broad categories of manufactured products are principally involved.

Total ECM Imports:
Manufactured goods of—
- Iron and steel
- Copper
- Textile yarn and thread
- Paper and paperboard

Total ECM Exports:
Manufactured goods of—
- Iron and steel
- Copper
- Textile yarn and thread
- Miscellaneous fabrics
- Cotton fabrics
- Rubber

An analysis of more specific subclassifications, shows the following product categories at the top of ECM's foreign trade list in dollar value.

ECM Imports (All Countries):
- Electrical machinery and appliances
- Miscellaneous machinery
- Metal-working machinery

ECM Exports (All Countries):
- Power generating machinery
- Electrical machinery and appliances
- Passenger cars, busses and trucks
- Rubber tires and tubes
- Ships and boats
- Clothing—except fur
- Metal-working machinery
- Wireless apparatus

This partial list shows that a broad spectrum of manufacturing activities is involved. It follows that these categories of products are in varying degrees vulnerable to ECM competition both within and without the Common Market. An American manufacturer whose products fall into any of the above categories would do well to study both the implied threat and the implied opportunity. The vulnerability of any single company depends to a very large degree on the nature of the product it sells.

It may be that an individual company is not affected at all. For example, a company specializing in heavy, custom-made steel castings such as are used for the base of a large machine tool, the frame of a locomotive and the like. The low value-per-pound of the product almost certainly would not stand the high cost of shipment to Europe and still be competitively priced. ECM has ample facilities for producing such castings locally. By the same token, ECM castings firm would not likely be much of a competitive threat in the U. S. However, if this casting is processed into a finished machine tool in ECM, several thousand manhours of labor at European rates have been added. American labor rates for this type of work range from two to three times higher. There is a lot of room there for lesser efficiencies in the European manufacturing process and for freight absorption to foreign destination. The completed machine tool is now dangerously competitive. So, the American machine tool manufacturer must look for ways to overcome his cost handicap.

Acting on the American business axiom that any product can be improved and that some costs can always be reduced by improved manufacturing techniques, the manufacturer will first explore possible improvements and cost reductions to determine whether they can redress his competitive balance. At the same time, he will undoubtedly investigate the feasibility of improving the performance of his machine to justify in some degree its higher cost. If one or both are possible without excessive development, engineering and retooling costs, he may rest there. If, however he cannot narrow the cost gap sufficiently by such expedients, he will have to took to another course of action.

To decide what this course of action should be, he must first determine what the present and future potential of the market is likely to be. This involves a study not only of the intra-ECM market but also of those markets that can best be served from an ECM base.

A Course of Action

A concern that already has some sort of an operation in ECM will naturally have an idea of what the market and the competition has been to date. A concern that merely exports an occasional shipment from the U. S. but wishes to go into ECM business more aggressively will have a lot of work to do. An adequate investigation will cover:

(1) Characteristics of the EMC Market—

We are here concerned with the pattern of trade in ECM countries, the present and anticipated tariff and quota schedules, if any, within ECM and the trade restrictions which ECM as a whole imposes on imports from non-ECM countries.

It will immediately become apparent to the American investigator that statistical information that he takes for granted at home is not so easy to come by overseas. The United Nations and ECM authorities are making a valiant attempt to assemble and publish complete and comparable economic data but, though much progress has been made to date, much remains to be done. Tariffs and quotas are still in a state of flux and many departures from the pattern set by the Treaty of Rome may still be made.

(2) Market Demand—

The determination of total market demand, by end use, by country and major market area must take into account the impact of the unification of the market. This virtually makes useless any linear projection of pre-Common Market trends.

In making this determination a large element of judgment enters into the equation. We need to make assumptions as to how far unification will really go. The governing criteria will be as much political as economic.

(3) Marketing & Sales Methods—

In this instance, too, we must look at existing practices and policies governing prices, discounts, credit, terms of sale, delivery, guarantee and service as being subject to drastic changes. For one thing, the Treaty of Rome outlaws the much favored "cartel" agreements and the governing authority has the power to break them up. Open competition within ECM will affect channels of trade, warehousing and packaging policies and have a profound bearing on sales and distribution costs.

There is, in ECM, nowhere near the standardization of basic marketing and sales methods. Practices common in the United States may have to be introduced most cautiously in the ECM—or not at all. Illustrative of this is the experience of an American pharmaceutical house some years ago. This company acquired a French cosmetic firm and installed American management to run it. One old established line of products was making a poor showing. To boost volume, the company had recourse to a one month "special" sale at half price. The French housewife, ever logical, reasoned that if a $2 product could now sell for $1, that was all it was ever worth. The day the "special" reverted to its usual price, sales dropped to nothing. To revive the line, the company had to re-name and re-package the whole line.

Another example is the reluctance of many European customers to buy such things as sweaters and hose in protective transparent wrapping. They prefer to judge the quality and "feel" of the goods with their fingers. Factory pre-ticketing hampers both the merchant and the customer in the enjoyment of their traditional right to bargain.

(4) Competition Within ECM—

It is necessary to know the size, location, capacity, marketing methods and trade territory of potential competitors. The past is no trustworthy guide to the future.

We have made reference to the relative dearth of economic and statistical information in some European countries. This is even more disconcerting in the area of trade information. Many enterprises in ECM are closely held or family-owned companies traditionally reticent about disclosing their affairs. This applies even to some of the European giants. If information concerning them is sought by a potential competitor they will be even more close-mouthed. Publicly held corporations in ECM countries have never, and are not now, required by law or custom to divulge the same wide sweep of financial and other information which, in the United States, is regarded as being in the public domain. The veil of secrecy has given rise to the half-joking assertion that in some countries a company must keep three sets of books if it wants to stay in business: one for the Tax Collector, one for the stockholders and one to tell the management what is really happening.

The market study has all the problems familiar to any American sales executive but it has many special problems in Europe which are alien to American experience. And it is precisely these that can prove most troublesome and costly.

Up to this point, we have discussed an American firm's potential vulnerability to ECM competition and we have outlined the essential steps that must be undertaken to determine the extent and potential of the market for an ECM-based operation. Assuming both vulnerability and favorable market prospects, the question then arises how to capitalize on these findings.

Five Basic Ways to Operate

There are five basic ways in which an American seller can do business in a foreign land. He may avail himself of any combination, or even all five, in different parts of the world.

(1) *The Straight Exporter*—He can sell products made at home to foreign buyers, either through foreign-based sales offices or through foreign distributors and agents.

(2) *The Licensor* — He can license one or more foreign manufacturers to make and sell his product(s) in the foreign market.

(3) *The Joint-Venture*—He can acquire a partial or controlling interest in a foreign manufacturer and uses his facilities to make and sell the home product in the foreign market.

(4) *The Branch Plant*—In this case, he can buy or build a wholly-owned plant in a foreign country, either as a branch or a separately incorporated subsidiary.

(5) *Outright Purchase*—He can purchase a foreign concern, lock, stock and barrel.

In order to decide on a cold dollars-and-cents basis which of these five alternative ways of serving the market is most suitable for any one company or product line, one must perforce work out costs, investment and returns for all of them at differing sales levels.

In the case of very heavy equipment such as large rolling mills, the enormous investment involved in setting up manufacturing facilities may well rule out a wholly-owned branch plant. This leaves us with three alternatives: licensing or buying a foreign manufacturer of similar equipment who already has the facilities to handle the job or entering into a joint venture with him.

For a small electric power tool manufacturer, we may find that a wholly-owned branch plant is our solution. The electric motor, the die-cast housing, the gears and some other components can, initially at least, be subcontracted to local suppliers leaving a relatively simple assembly operation requiring little investment. He can buy or build his own plant or he can buy an existing facility outright, including trademark, goodwill and distribution.

To license a foreign manufacturer, enter into a joint venture with him or buy him out requires that the American firm have complete and accurate information concerning the company. It is necessary to know about its manufacturing facilities, its patents, markets, distribution, organization, its investment in new products yet to be marketed, financial history and reputation and a host of other factors too numerous to mention. We have already touched upon the difficulty of gathering reliable information for a market study. This is compounded in the case of a joint venture or acquisition because elementary caution dictates that the probing be very much deeper. Almost certainly, more than one European prospect will have to be looked over with a fine-toothed comb. All in all, it is a massive job.

Our final alternative is the establishment of a branch plant by the American manufacturer. The pattern of potential sales revealed by the market study will point to the general area in which a location should be sought. Within the area, it is probable that several alternative communities will satisfy market requirements. Just as in the United States, labor availability, skills and costs must be determined. Local laws, regulations and customs governing the type of operation need careful scrutiny. Sites and building costs must then be checked out. In most respects, this does not differ materially from a U. S. plant location search. But there is a difference and a rather crucial one. American yardsticks do not always apply. While the dollar-and-cents factors can be assembled and compared, the final choice will be influenced either by tangible factors that do not exist in the U. S. or intangible factors with which we have no experience.

One Small Clause

In one country in Europe, for example, there is buried among the complex laws which govern labor-management relations a small clause relating to severance pay. In the U. S. this matter is subject to management discretion or collective bargaining. The effect of the vague, almost hidden clause is to make it most difficult to separate an employee without paying him what amounts to a life-long pension. This results from current "administrative interpretation" rather than the exact wording of the status. A company with fluctuating volume and employment could be severely penalized.

Another area which can give rise to a kind of trouble not usually encountered in the U. S. is religious custom. In many areas of the ECM, local Saints Days and religious festivals are observed in addition to national holidays. Manning continuous processes on those days can be most troublesome since there is, in the minds of the workers, no such thing as "equivalent" time off some other day. It is well to keep in mind that in some areas in Europe, the local clergy can have considerably more influence in labor relations than it normally exerts in this country.

In many European countries unions are much more political in character than they are here, some actually constituting political parties. This presents the inherent danger that an employer may find himself struck or otherwise hampered as the result of the union's political action without being in any way involved in the issue or in a position to resolve it.

Your Supplier and Your Contract

Sanctity of contract in some ECM countries is somewhat more elastic than in the U. S. and legal enforcement of a contract across national boundaries can be both costly and difficult. An illustration is the case of a shipbuilder who needed several thousand tons of heavy plate to build a tanker he had under contract. He made the rounds of a number of steel mills in several countries. Some bids he received failed to meet his delivery requirements. Others were way out of line in price. Since he was bound by his own tanker contract to a specified delivery date, he returned to those mills offering an acceptable delivery schedule and submitted his order at the lowest bid price. Several refused it but one accepted. There ensued in the vendor's mill an interminable succession of "Acts of God" and the steel plate was finally delivered weeks late. This was not considered a serious breach of contract . . . just a friendly warning not to try to play one supplier off against another. The lesson here is: Know your suppliers.

A number of commercially insurable business risks in the United States either cannot be covered at all in some ECM countries or are insurable only through state agencies. Such are, for example, workman's compensation, health and medical insurance and performance bonds. Some blanket policies with American firms take out, e.g., fidelity bonds, may not be applicable to European personnel.

These examples are only indicative of the range of special or unusual problems confronting American concerns in ECM. Their detection and resolution are most important to a U. S. company planning a substantial investment overseas. Association with a European partner will simplify matters greatly since his familiarity with local conditions can be assumed. The company going it alone must really watch out.

American Behavior Abroad

The picture painted in a recently published book about Americans stationed abroad may not be a true representation of the average American's behavior. True or false, we have nevertheless been roundly criticized by our own and other nationals for a lack of sensitivity for the feelings of other peoples and an unwitting indifference to local customs and mores which they take seriously. It is fitting in this article to touch lightly on the subject. Just as in this country, the businessman in Europe must inevitably have a social life in which his family will be involved. Their social acts will inevitably have indirect repercussions on the business. There are only two points that need be remembered and taken to heart. An American businessman active on a permanent basis in a European country — as distinguished from the occasional sales or buying trip—should at least make an attempt to speak one European language. Few would, for example, want to learn Dutch unless they were permanently established in Holland. It is not a language in widespread use. A Hollander would consider a conversational knowledge of French or German as a reasonable equivalent and respect the American for it.

Another point which needs attention is the matter of social decorum. Americans are universally liked for their friendly, easygoing and informal ways . . . in their own country. Transplanted, however, such ways are apt to grate on the European who will quickly equate excessive familiarity with contempt. If we just remember to temper our natural informality with due regard for the European's ingrained sense of social decorum, we will have no trouble.

Bank of America Group Offers $12.5 Million Los Angeles Bonds

A Bank of America N.T. & S.A. underwriting syndicate, which included First National City Bank of New York; Blyth & Co., Inc.; The First Boston Corp.; Smith, Barney & Co.; Security-First National Bank and California Bank, Los Angeles, and American Trust Co., San Francisco, on Sept. 1 purchased the $12,500,000 bond issue of the City of Los Angeles, Los Angeles County.

The issue consisted of $7,000,000 police department bonds, 1,500,000 library bonds and $4,000,000 fire department bonds. The bank syndicate bid a premium of $11,209 for a combination of 4½%, 3¾% and 4% bonds, or a net interest cost to the city of 3.88%. The bonds were reoffered to investors to yield from 2.75% out to a dollar price of par on the 4% bonds, according to maturity Oct. 1, 1960-1979.

Proceeds of the bond sale will be used for various municipal improvement purposes. Bank of America N.T. & S.A. and the underwriting syndicates it manages have bought more than $637 million of California State and Municipal Bands in the past 12 months. The bank and its underwriting accounts, through a policy of bidding on virtually all California Municipal Bond issues, provide an assured source of funds for civic improvements and public projects required by the State's expanding economy.

Swarthout and Kemmerer Opens

Swarthout and Kremmerer, Inc. has been formed with offices at 165 Broadway, New York City, to engage in a securities business. Officers are Harold A. Swarthout, President; Mahlon S. Kemmerer; and Edith J. Klucewicz, Secretary-Treasury. Mr. Swarthout was formerly an officer of Frederic H. Hatch & Co., Inc. Miss Klucewicz was with Reynolds & Co.

Spencer Trask Branch Opened in Newark

NEWARK, N. J. — The investment firm of Spencer Trask & Co., members of the New York and American Stock Exchanges, has announced the opening of an office at 1180 Raymond Boulevard, with Russell E. Cain as manager and Reginald H. Worthington, assistant manager.

Now in its 91st year of operation, Spencer Trask & Co. maintains its headquarters at 25 Broad Street, New York, and other branches in Albany, Glens Falls and Schenectady, N. Y.; Boston and Worcester, Mass.; Chicago, Ill.; and Nashville, Tenn.

Opens Investment Office

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Jeanette J. Benom is conducting a securities business from offices at 7967 Sunset Boulevard.

Roy A. Larson Opens

FAIRBANKS, Alaska—Roy A. Larson is conducting a securities business from offices at 321 Church St.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Frank Sauter of **The First National City Bank of New York, N. Y.**, was appointed Vice-President Sept. 1 at the regular meeting of the Board of Directors.

Formerly an Assistant Vice-President, Mr. Sauter is assigned to the foreign banking units of the Operating Division. He has been with the Bank since 1929.

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Morris Galler has been appointed a member of the Advisory Board of the 27th Street Office of **Manufacturers Trust Company, New York, N. Y.**, it was announced by Horace C. Flanigan, Chairman of the Bank's Board of Directors.

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Irving Trust Company, New York, N. Y., announces the appointment of H. Miller Lawder, Vice-President, as Officer in Charge of its National Division.

Mr. Lawder joined the Irving in 1923 and has been associated with the National Division for the past 15 years. Most recently he was in charge of the Western District.

The National Division, through its seven geographical districts, provides modern banking service across the nation.

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Federation Bank and Trust Company, New York, N. Y., opened its newest office in Jamaica at 169th Street and Hillside Avenue on Aug. 31, according to an announcement by Thomas J. Shanahan, President.

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Ira Hirschmann, Chairman of **Gotham Bank, Brooklyn, New York**, announced the election of Alfred G. Ruehle as a Vice-President of the Bank. Mr. Ruehle was a Vice-President of the **Brooklyn Trust Company** and the **Bankers Trust Company**. He is also a Trustee of the **Kings Highway Savings Bank.**

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Herman H. Maass, President of **Security National Bank, Huntington, L. I.**, on Aug. 25 announced the appointment of Russell J. Meier as Vice-President and Manager of the 24-office Bank's Riverhead branch.

Mr. Meier has been associated with the Bank, at one time the **Long Island State Bank and Trust Company**, for over 25 years and had been Assistant Vice-President.

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The new building of the **Fidelity Union Trust Company, Newark, N. J.**, was opened on Aug. 31, located at the southwest corner of Broad and Bank Streets, within a block of the Four Corners.

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K. S. Nickerson, President of **The First National Bank of Jersey City, N. J.**, on Aug. 31 announced the appointment of George E. Stock as an Assistant Vice-President of the Bank.

Mr. Stock was formerly an officer of The Chase Manhattan Bank and a member of the group handling the Bank's business in New Jersey and New York. He had been with Chase Manhattan for 14 years.

* * *

J. Lawrence Keyser, Assistant Vice-President of the **First Pennsylvania Banking and Trust Company, Philadelphia, Pa.**, retired, Sept. 1, after 25 years of service with the Bank.

His business career started in 1915 with the private banking firm of **Brown Brothers & Co.** In 1934, he joined First Pennsylvania and was named Manager of the customer securities department. He was elected Assistant Treasurer in 1947 and was promoted to Assistant Vice-President in 1955.

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O. B. Wooldridge, has been elected a member of the General Board of Directors of **The Bank of Virginia, Portsmouth, Va.**, effective Sept 1, Herbert C. Moseley, Bank President, announced.

Mr. Wooldridge is Chairman of the Bank's Portsmouth Board and formerly was Vice-President in charge of that Bank. He retired from The Bank of Virginia on Dec. 31, 1957 but has continued with the Board and as Bank Consultant.

Mr. Wooldridge joined The Bank of Virginia on May 1, 1933 as an Assistant Cashier. He was elected Assistant Vice-President on March 5, 1937; Assistant Vice-President and Cashier (Portsmouth) on Nov. 24, 1944 (when the Bank acquired the **Commercial Exchange Bank**); Vice-President and Cashier (Portsmouth) on June 8, 1945. A year later, on July 12, 1946, he was named Vice-President and officer in charge of the Portsmouth Bank, which position he held until his retirement.

* * *

Mr. Edward E. Brown, Chairman of the Board of **The First National Bank of Chicago, Ill.**, died Aug. 24. He was 74 years old and had been associated with The First National Bank of Chicago since 1910.

Mr. Brown became Attorney and General Counsel of The First National Bank of Chicago in 1910, serving in this capacity until 1923, and was Vice-President from 1923 to 1934. From 1934 to 1945 he was President of the Bank and had been Chairman of the Board since 1945.

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Roger E. Anderson, Vice-President of **Continental Illinois National Bank and Trust Company of Chicago, Ill.**, Aug. 31 was named officer in charge of that organization's international banking department.

Mr. Anderson succeeds Arthur W. Roberts, who has retired. Mr. Anderson joined the Bank in 1946.

Starting with the Bank's Commercial Department he was elected Assistant Cashier in 1949, and shortly thereafter was assigned to the international banking department. He was promoted to Second Vice-President in 1952, and to Vice-President in 1957.

* * *

Robert E. Straus, President, **American National Bank and Trust Company of Chicago, Ill.**, Aug. 28 announced the calling of a special shareholders' meeting on Sept. 9, 1959, to approve a stock dividend of 25%. Such approval will increase the Bank's capital stock to $7,500,000, making a total capital and surplus of $17,500,000. The dividend will be issued on the basis of one additional share of stock for every four held by stockholders of record as of Sept. 9, and an additional 15,000 shares with a par value of $100.00 will be issued, bringing the number of common stock shares outstanding to 75,000.

Tentative approval of the capital stock increase has been given by the Comptroller of the Currency. Final approval will be requested following favorable action by the shareholders and the new stock will be issued shortly after receipt of such approval.

* * *

Ralph P. Bell, O.B.E., has been elected a Vice-President of **The Bank of Nova Scotia, Toronto, Canada**, by the Board of Directors. Mr. Bell has been a Director of the Bank since 1952.

He will, in effect, serve as Vice-President of the Board . . . a title common in Canadian banking circles.

William Carter V.-P. Of North Amer. Secs.

Wm. D. Carter

William D. Carter has been appointed a regional Vice-President and New York area regional representative for North American Securities Company, sponsors of the Commonwealth group of Mutual funds. He will make his headquarters at the firm's office at 44 Wall Street, New York City. Mr. Carter, formerly Associated Press editor, has been sales promotion director for the Channing Corp.

Form McNamara, Simmons

HUNTINGTON, W. Va.—McNamara and Simmons, Inc. has been formed with offices in the First Huntington National Bank Building to engage in a securities business. Officers are Howard R. Simmons, President; Corinne H. McNamara, Vice-President; Louis B. Simmons, Secretary; and John O. McNamara, Treasurer.

As We See It

Continued from first page

ing his campaign by the presence of other heads of states. The cold war, or some equivalent of it, appears to be with us for a long time to come—that is, if we define the term to include all sorts of maneuvers and intrigue by the Soviet chief (or some other Soviet boss) to take what we do not wish him to have.

Battle for Men's Minds

This contest is sometimes described as a battle for men's minds. At times, in places and in some circumstances it is just that. We see evidences of that here at home, at least those of us with eyes to see do. Of course, there are very few if any who would admit that their notions or programs have any resemblance to socialism, and few who suppose for one moment that they have developed their programs under the influence of thinking which comes directly or indirectly down from Karl Marx. The fact is, though, that the historian will find that during the past quarter of a century we have adopted many forms of paternalism, collectivism and restrictions which are consistent with the tenets of Marx, and certainly wholly inconsistent with the ideas of our own forefathers, to say nothing of such liberal leaders as Adam Smith. A struggle for men's minds is going on in this country, and has been for a good while past—and the men with alien philosophies have been largely successful in that battle.

It would, however, be a grave error to suppose that this is the only element or even, perhaps, the chief element in the world struggle that is now under way. It may be that Mr. Khrushchev is as much under the spell of Maxism-Leninism as is alleged. He may be as convinced as he says he is that socialism or communism will rule the world within a few decades. What we are perfectly certain of is that the Soviet dictator is a pragmatist who aspires to be the actual ruler of the earth. In this, of course, he is but continuing and developing the imperialism of the Czarist regimes. He has already effected drastic changes in the Marxist-Leninist dogma in order to make it do the work he has in hand for it to do. He doubtless is determined to have state capitalism in as many other countries as can be arranged in as short a time as can be—with Mr. Khrushchev the real ruler of the states so organized. The point is, though, that he is at least as much interested in getting other peoples under the Russian thumb as he is in their philosophies of life and economics.

Natural Advantages

And in this campaign he has certain natural advantages, or at least certain advantages which he had nothing to do with creating. We should be more than foolish not to understand and face this fact. Many areas of the earth where a great many people live are now governed by governments whose tenure and whose general characteristics fail by far to meet our own ideals. Far too many of these governments are both inefficient and corrupt. Some of them live on the people they rule. Poverty is widespread and extreme. Discontent, long smouldering, has now blazed up in more than one instance. This, of course, is a situation made to order for the professional intriguers in and around the Kremlin. Their carefully trained agents are sent in to foment trouble and to start revolts, with or without substantial direct help from Moscow. It is unnecessary to cite cases. There have been too many and they are too well known.

This often leaves the so-called free world in the position of bolstering and defending a type of government, a regime or a clique which we ourselves can hardly admire very much and which the world at large is hardly interested in saving. Obviously, in a situation of this sort mere aid, either economic or military, is no solution even in those cases where it is of sufficient help to be worth while. Some slight relief from poverty is about all that can be expected, and some bolstering of weak military forces. What is needed is, of course, a basic change which would make these peoples able and willing to abolish their own poverty. But such a change is of necessity long and tedious, and many of these areas are much nearer and more accessible to communist countries than they are to us.

Socialism No Solution

It would, of course, be absurd to suppose that Socialism is any solution of this problem. Economic improvement in such places can come by that route only in the way that it came to Russia—by toil, sweat, tears, and blood. If the natives of these lands are ready to undergo any such rigorous existence in order to improve their economic position, leaders from the free enterprise nations could get the desired results faster and better than could any socialist regime. But the proselytes sent out from communist lands are often able to make the worse appear the better reason—and to find sympathetic ears. Possibly the recent disclosures from China that communism has fallen far short of the results previously claimed for it will help to remove some of the scales from some eyes. But the problem is a real one and will remain so regardless of any exchange of visits by heads of governments.

A National Formula to Check Inflationary Pressures

Continued from first page

without long delay, have a seriously adverse effect on confidence. What had started as a slow rise could then become a rapid upward sweep. We would see not just higher consumer prices, but also the assignment of unreasonable money values to equity interests of all sorts. I doubt that anyone seriously believes that such a surge of inflation, and the speculative excesses that would accompany it, could end in anything but a drastic corrective adjustment.

There is a grave danger, also, that an upward creep of prices, if it persisted for any length of time, and even before it turned into rapid inflation, would incite clamor for direct governmental intervention. No one should fall into the error of thinking that direct controls would succeed in controlling inflation. Instead, they distort and damage the economy without reducing the inflationary pressures which are the root cause of the trouble. And, if direct controls are carried far enough, they do critical and irreversible harm to our free institutions.

An inflationary trend also has consequences for our world economic position. The harmful effects of cost and price inflation on our ability to engage in the international competition—which, whether we like it or not, does exist—is increasingly clear. Whatever the possibilities of rigging our home economy with escalator devices in an effort to escape the differential impact of inflation, gadgetry of this kind is not available to us in our international economic relations. Nor can we find a viable solution by raising tariff walls or placing restrictive quantitative limitations on our trade with other nations. How could such actions do anything but harm to the Free World community in which lies security and hope for the strengthening and further spread of freedom and democratic institutions?

Pursuit of Government Policies

Fortunately, the principal areas of policy to which we must look for the actions that will help prevent inflation are clear. So also are the approaches to policy that should be taken in each of these areas. What is needed most is a good public understanding of the problem, and based on that understanding, public insistence that the needed policies are in fact pursued.

There is no single area of policy on which we can place full reliance in a program to achieve price stability. Action is required in a number of areas and the only effective strategy is to harmonize policies in all of them, so that they reinforce one another. Let me begin with the area of monetary and credit policy.

Under our governmental organization, general monetary and credit policies are formulated and administered by the Federal Reserve System, established by the Congress as an independent agency. The continuing task of Federal Reserve policy is to see to it that the nation's money supply expands sufficiently to facilitate the growth of the economy, but not so fast as to permit, let alone to induce, an inflation of costs and prices and of money values generally.

It is not an easy task to tell, year in and year out, where the line is that divides the increases in money supply needed to help promote economic growth from the increase that will permit or, still worse, promote speculative excesses and an inflation of costs and prices. This is a difficult technical problem, and in a dynamic economy such as ours, judgments will often differ, even among seasoned experts, as to what tactic is right and what tactic is wrong. But there is a more fundamental problem here. It lies in the the fact that monetary policy questions assume a distinctive cast or form in a high-employment economy such as ours. It is absolutely vital that we understand this form of the problem if we are to fight inflation in ways that are consistent with our traditional institutions. Briefly, the problem is this.

There Is No Easy Money Solution

When demands for credit and capital are high and rising, as they are in our economy today, they tend to outrun savings and, in consequence, interest rates tend to rise. This is not a contrived result, but the normal reaction of a competitive market. Yet it inevitably occasions protests against what is alleged to be an excessively restrictive monetary policy, or "tight money." There are things that government can and does do to make credit more readily available in areas of the economy where such steps are needed, but we must avoid like the plague the pseudo-remedy of seeking to lower interest rates by permitting an inflationary expansion of credit. The problem cannot be solved by substituting more money and credit for an increase supply of real savings. This will only cause prices to rise and, by undermining confidence in the value of money, actually cause interest rates, so far as they are free to move, to rise still further.

This is the "easy money" solution to the savings shortage problem, and it will not work. It is the inflationary solution, and it must be resisted at every turn. The right way to resist an upward trend in interest rates, and the only way that is consistent with the avoidance of inflation, is to promote the higher rates of savings that are needed for accelerated economic growth. And this is a case in which we gain strength from success. By following a monetary policy that avoids inflation, we eliminate one of the major factors making for higher interest rates, which is the expectation by investors that the value of the dollar they lend will fall as prices rise.

The Weight of the Federal Debt

The way we manage our Federal debt is the second major element in an adequate program for preventing inflation. The total of this indebtedness stands today at close to $290 billion; on a net basis, Federal debt is equal to about half the net private debt in the United States. It is no wonder, then, that public debt transactions are the most significant single factor influencing capital and credit markets. In the fiscal year 1959, the public debt increased by $8.4 billion, but the Treasury's refinancing requirements were, of course, much larger. In the fiscal year 1960, with a balanced budget there will be no increase in the public debt, but refinancing needs of publicly held securities, excluding regular weekly Treasury bills, are estimated to amount to around $20 billion.

These large amounts of funds must be borrowed economically, of course, but they must also be borrowed with an eye to the effect of the financing on the inflation problem, and thus on our chances for achieving balanced and sustainable economic growth. It would be entirely false economy to borrow at artificially low interest rates today and, in so doing, to create inflationary pressures that would sooner or later increase costs and prices generally, including the costs of operating the Federal Government.

This can happen if Federal obligations are placed in excessive amounts in the commercial banking system, and the more so when they are placed directly in the central banking system. This so-called "monetization" of the debt, if it occurs on a scale that involves an increase in money supply by more than is warranted by the growth of the economy's real output, can create a serious inflationary potential.

In order to avoid this result, Government must be free to compete in the capital markets with other borrowers, public and private, at competitive interest rates. When there are effective limitations in the way of its doing so, Government may be compelled to do excessive amounts of financing—whether new borrowing or the refinancing of maturing obligations — on a short-term basis through the banking system. This is not the way to hold back inflationary pressures. It is not the way to hold prices steady. It is not the way to promote balanced, sustainable economic growth. Our laws should not, as they do at present, put the Federal Government in the position of having to manage its debt in ways that may create inflationary pressures.

Budget Surplus Is Needed

Third, I come to the Federal budget. I do not put this critical area of public policy in third place because it is less important than the two I have already discussed. Indeed, the importance of proper tax and expenditure policies is such that we may properly regard them as the *sine qua non* of effective public policy in preventing inflation and promoting economic growth. Their importance lies partly in the kind of taxes that are levied on individuals and business concerns, and the kinds of spending which Government does. It lies also in the relationship between aggregate revenues and aggregate expenditures.

For present purposes we need consider only the budget or fiscal policy that is appropriate to a period of high economic activity and rapid growth. Under such conditions—with the nation prosperous, with production, employment, and incomes rising, and with capital and credit demands heavy—what is needed is a budgetary *surplus*. This would yield a number of significant benefits. Thus when its budget is comfortably balanced, the Federal Government avoids being an additional claimant on funds in the capital markets. Government becomes, on balance, a supplier of funds, thus tending to ease the pressure of demand on savings and moderating whatever tendencies there may be for interest rates to rise.

Furthermore, a budgetary surplus limits the Treasury's financing needs to the meeting of seasonal requirements and the refinancing of maturing obligations. This reduces the chances of Federal debt being monetized and creating a potentially inflationary expansion of the money supply. It also gives the Federal Reserve authorities a freer hand in the administration of monetary policy.

Finally, a budgetary surplus would bring closer to hand the opportunity for constructive tax reform and reduction. From such measures we can expect to gain a powerful stimulus to economic growth.

But a budget surplus at a time like this would have another, and in some respects even more important, beneficial effect. The budget is uniquely the mirror of government. We are judged in large part by our attitude toward fiscal questions and by the way we manage the financial affairs that are reflected in the budget. A balanced budget at this time would be a sign to the world that we not only know what the right fiscal policy is, but that we have the skill and the willingness to pursue the right policy.

Other Activities Affecting Price

These are the three areas of public policy most significant for the prevention of inflation. But there is a fourth that should be mentioned. I believe it is less well understood than the others.

Over the years, the Federal Government has developed a number of programs that have a more or less direct bearing on costs and prices. I shall not try to list them all, but let me mention a few.

For one thing, we limit the flow of goods into our country by tariffs and by other restrictive devices. By reducing supply and insulating domestic production from foreign competition, these measures keep prices at higher levels than would otherwise prevail.

Also, the Federal Government is itself a very large buyer of goods and services. Indeed, in some parts of the economy its procurement, or that done by its various tiers of contractors, virtually dominates the market. Even apart from the magnitude of procurement demand, the methods which Government follows in letting contracts and executing purchases may also invite cost and price increases that could otherwise be avoided.

In addition, the Federal Government has, for various reasons, entered into large stockpiling programs. Beyond their direct budgetary impact, these programs have the effect of raising prices or of holding prices of many key materials at higher levels than would otherwise prevail.

Finally, the Federal Government has entered into enormously expensive programs for the support of agricultural prices.

This is not an exhaustive list, by any means, but it will suffice to illustrate what I mean by government activities that have a bearing on costs and prices. The fact that much of the impact of these activities is inadvertent makes them all the more deserving of attention. The various programs were established to achieve specific purposes and they must continue to be operated with these goals in mind. But is it not also reasonable to expect that their cost-and-price-increasing impact should be held to the minimum necessary for the achievement of program goals?

As you may know, a special group was organized recently within the Executive Branch—the Committee on Government Activities Affecting Prices and Costs—to study and follow these programs on a continuing basis. I would expect this group to be an increasingly important arm of Governmental policy in seeking to achieve reasonable stability of prices.

So much for the major areas of Government policy that are important to the prevention of inflation. Let me turn now to some questions having to do with policies and practices in the private sector of our economy. I shall restrict myself here to two important matters: the pricing policies of business concerns, and the impact of wage increases on costs and prices.

Can Industry Cut Price?

In many manufacturing industries, companies are reputed to have a wide range of discretion in price setting, but this power to "administer" prices, as it is commonly called, may well be exaggerated. The initial or listed price is not necessarily the final or the actual one. This fact, however, does not diminish the importance of pursuing pricing policies that will help widen markets, help keep the cost of living steady, and help promote sustainable economic growth. True, prices cannot be set or changed without due regard to cost, but it is essential to the effective operation of an enterprise economy that business concerns explore and exploit the opportunities they have, within cost limitations, to reduce prices while maintaining a satisfactory profit rate. In this connection, pricing formulas that may be based on experience in a sellers' market that no longer exists, or on invalidated beliefs as to the habits and preferences of consumers, should be reviewed and, if necessary, revised. But as I have already noted, prices cannot be set, or reduced, without regard to costs. And, since labor is embodied in materials and equipment in addition to being used directly in production, it is idle to think that prices can be reduced significantly without due regard to unit labor cost (including the cost of fringe benefits).

This brings us to the important question of productivity, which inevitably arises when wages and prices are discussed in connection with inflation. The connection between productivity and prices is a simple one. It is the concept of productivity that enables us to translate wages or average hourly earnings into unit labor costs, and it is the movement of unit labor costs (including the cost of fringe benefits) that is relevant to the trend of prices. If a rise in average hourly earnings (adjusted to reflect fringe benefit costs) occurs at the same rate as productivity improves, unit labor cost remains constant, and the opportunity to hold prices constant is enhanced. On the other hand, if this adjusted average rises more rapidly than productivity, unit labor cost rises, and pressure is created for prices to rise. Conversely, if this adjusted average rises less rapidly than the improvement in productivity, unit labor cost falls, and room for price reduction is created.

Wants Productivity Gains Passed On

It is clear, then, that from the standpoint of inflation control, the achievement of stable unit labor costs for the economy as a whole is a virtual necessity. This means that, for the economy as a whole, increases in labor compensation, on the average, should equate to productivity improvements, on the average. It does not mean that increases in the rate at which labor is compensated should match productivity improvements in every industry. Productivity gains vary a good bit from one part of the economy to another; and, since wage increases and fringe benefit improvements tend to be more uniform from one employment to another, stability of unit labor cost for the economy as a whole requires that increases that are almost certain to occur in some sectors should be offset by declines elsewhere. Clearly, these declines should come where productivity gains are especially rapid. And it is in these industries that it is most reasonable to expect the price reductions that are essential for the achievement of price stability over the economy generally. We should aim in these industries, not merely to hold prices steady, but to extend part of the benefit of productivity improvement to the general public in the form of price reductions.

When we consider the hardship that individuals suffer from inflation, it is not surprising that the case for a reasonably stable price level is frequently developed primarily on grounds of equity and fairness. But it is equally important to recognize that over-all price stability is an essential condition for achieving steady and balanced economic growth. Far from being a goal that is competitive with economic growth, over-all price stability provides the best framework for achieving sustainable growth. Could anyone believe that our chances of achieving a high and stable rate of economic growth in the months and years ahead would be improved if prices were expected to rise more or less continuously? Is it not clear that such an expectation, if widespread, would lead to even more rapid increases than were at first assumed? Is it not clear that it would tend to drive savings into speculative uses to the detriment of the more routine, but in the end more productive, uses of thrift? And is it not clear that an expectation of continual price increases would lead to imbalances in our economy which, while they might appear at first as an acceleration of growth, would lead in the end to severe economic reverses?

Inflation Threat Still Remains

Fortunately, very considerable progress has been made in the fight against inflationary forces in the last year, and I think we can say that the outlook for price stability over the months ahead is favorable. We can be gratified that consumer prices have been relatively stable for the past year or more. But it would be a grave mistake to think that the threat of inflation has been permanently disposed of. The plain fact of the matter is that the threat has not been dispelled and that our vigilance respecting inflation must not be relaxed. If we are to achieve reasonable price stability we must not expand Federal expenditures without regard to revenues and pile up new budgetary deficits. We must not permit excessive credit expansion. We must avoid public debt financing of a potentially inflationary character. And we must not indulge in a wave of wage and fringe increases that outrun the productivity improvements, that we can reasonably expect to be sustained over any significant period of time. Indeed, the formula for effective inflation-prevention in our country today is exactly the opposite. The right national formula is to live within our means, to follow a prudent monetary policy, to conduct our public debt financing operations on a non-inflationary basis, to hold average wage and fringe increases within the limits of average productivity gains, and to promote still higher levels of efficiency and thrift.

No one can give guarantees as to the effectiveness of particular policies, much less than he can give guarantees that needed policies will in fact be adopted. But I do feel entirely confident in saying that, if we pursue policies such as I have outlined here, we can be reasonably certain they will keep inflationary pressures in check. And I feel entirely confident in saying that success in this effort will be a powerfully favorable factor in promoting the growth of our economy and the progressive improvement of our economic welfare.

I look for success. Public understanding of the inflation problem and of the policies needed to prevent a persistent upward drift of costs and prices has improved enormously of late. It is on this improved public understanding that I base my belief that right policies will prevail, and that through right policies we will go forward to still higher levels of economic welfare.

Railroad Securities

Effect of the Steel Strike on Railroads

The impact of the steel strike which started on July 15 has made a marked effect on the earnings of the railroads, particularly those serving the Eastern industrial district. It is expected the drop in earnings will be even more pronounced in August results. Carloadings have been falling substantially, mainly as a result of the drop in heavy industry shipments.

One of the most drastic examples of the result of the steel stoppage was the report of the Erie Railroad for the month of July, when the road reported an operating deficit of $1,802,167. This compares with an operating profit of $284,173 in July, 1958, although latter month's earnings were augmented by a retroactive settlement in mail pay amounting to $1,691,897.

Other major carriers which showed the result of the steel strike on earnings, despite close control over expenses, included the Pennsylvania, New York Central and Baltimore & Ohio. The Southwestern and Western roads seemed to have been less hurt earnings-wise than the East.

The Pennsylvania Railroad for July reported a deficit of $974,435 as compared with net income of $4,050,213 in June of this year and a deficit of $4,978,381 in July of last year.

New York Central, another major eastern trunk line, reported a July net loss of $555,439 as compared with a net income of $3,580,584 in June and a loss of $3,759,419 in the like 1958 month.

Revenue freight carloadings during August continued to decline sharply from those of a year ago and preceding months of this year. For the week of Aug. 22, loadings amounted to only 542,561 cars, or 0.2% less than in the preceding week, 91,670 cars, or 14.5% fewer than in the corresponding week of 1958 and 216,679 cars, or 28.5% under the comparable week two years ago. The carloadings of recent weeks indicate that earnings for the month of August will be considerably below those of 1958 and substantially under those reported for 1957.

It is interesting to note that even with the drop in traffic and consequently earnings and in the face of labor negotiations this Fall, that Erie and the Delaware, Lackawanna & Western are still going ahead with their merger program. Stockholders of the two railroads have been sent proxies asking support of the consolidation and special meetings of the holders of the two roads will be held Sept. 22. Approval of the Interstate Commerce Commission also is necessary.

It has been officially announced that the Erie and Lackawanna will begin an extensive coordination of facilities program Aug. 31 between Binghamton and Corning, N. Y. Work on this coordination started before the move for actual mergers of the properties was made. It involves elimination of duplicate mileage between the two cities and joint use of 73 miles of the Erie.

Officials of the two roads state that this project will cost the two railroads $1,630,000, while annual savings in operating and maintenance expenses are expected to reach more than $1,000,000. Salvage value of materials no longer needed has been estimated at more than $2,000,000.

Beil & Hough Group Offers Florida Water & Utilities Co. Shares

Public offering of 86,000 shares of common stock (par $1) of Florida Water & Utilities Co. at $10.75 per share, was made on Aug. 28 by an underwriting group headed by Beil & Hough, Inc.

The net proceeds will be used to reduce outstanding indebtedness of the company, and to provide a portion of the funds for the completion of the company's 1959 construction program, for working capital, and other corporate purposes.

Florida Water & Utilities Co. was organized in Florida on May 4, 1954, under the name South Florida Public Service Co. It adopted its present name of Florida Water and Utilities Co. in December, 1957. It has its principal executive offices at 1491 N. W. 20th St., Miami, Fla., and a field operating office at 9740 Caribbean Boulevard, Cutler Ridge, Dade County, Fla., which is located in the area serviced by the company.

The company has had extensive relations with its affiliated companies as follows:

During the past four years a substantial part of the company's construction work was performed by Cutler Ridge Construction Corp. and Cutler Ridge Building Corp. Both are affiliates of the company. Billings for the work performed during this period of time total approximately $1,658,291 and the cost to the affiliates was approximately $1,428,074. This constituted substantially all of this phase of the company's business. Cutler Ridge Construction Corp. is 65% owned by Joshua J. Segal and 33% owned by David Blumberg. Cutler Ridge Building Corp. is 46½% owned by Mr. Segal and 23½% owned by Mr. Blumberg, and 30% owned by one Morris Fox, 830 Cremona Ave., Coral Gables, Fla.

Cutler Ridge Building Corp. built 501 homes and Cutler Ridge Construction Corp. built 288 homes in the Cutler Ridge area serviced by the company prior to June 30, 1958.

Coast Stock Exch. Trading Hours

The Pacific Coast Stock Exchange will be closed on Monday, Sept. 7, 1959, in observance of Labor Day.

Trading hours on the Pacific Coast Stock Exchange on Admission day Sept. 9, 1959, will be from 7:00 a.m. to 1:00 p.m. (instead of 2:30 p.m.).

Western Pacific Secs.

SEATTLE, Wash. — Western Pacific Securities Inc. is engaging in a securities business from offices at 3046 East 45th Street. Duane C. Frisbie is a principal of the firm.

Claude B. Oleny Opens

EL PASO, Tex. — Claude B. Oleny is conducting a securities business from offices at 206 International Mart Building.

An Appraisal of Our Monetary And Debt Management Policies

Continued from page 3

evitable accompaniment of growth.

I have outlined the general argument of the "creeping inflationists" in order to contrast our own views. We believe that full employment, sustainable economic growth, and general price stability are vitally **interdependent** in the longer run, and that they must be pursued as a **whole** if we are to preserve our free economic society. This is because a national policy of inflation—even creeping inflation—would have destructive consequences for economic growth and economic and political democracy. Many of these consequences are already much too apparent as the result of the inflation we have already experienced since the end of the war. What are these consequences?

First, a continued decline in the value of the dollar is bound to injure and eventually destroy the will of the American people to save voluntarily and thereby to finance economic growth. Under our economic system the growth process springs from the willingness of the people to save some of their income and the investment of these savings in factories, mines, business concerns, homes, public works, and other capital goods. Saving is also the basic source of working capital, so important for the growth of business and industry. Who would have the desire to save under conditions in which the general price level is expected to move upward as a way of life? Who would find it attractive to invest in fixed-income obligations such as corporate bonds or mortgages under such conditions? If inflation should become generally anticipated as being inevitable, people would be driven to spending a higher proportion of their current income before it deteriorated in value. Moreover, under the expectation of inflation—creeping or otherwise—people would have the incentive not only to stop saving but also to incur debt more freely in order to accelerate their spending, for inflation robs creditors to the advantage of debtors.

If continuing inflation should become a way of life, everyone would redouble his efforts to hedge and protect against it. Escalation clauses in labor contracts designed to keep wages in stride with the increasing cost of living would spread throughout the economy. Through other measures such as increased common stock and real estate purchases, variable annuities, purchasing power bonds, and in countless other ways, the American people and business would seek to ride along with rising prices. Regardless of how much escalation did occur, some elements of our society would be unprotected and would suffer because their incomes would be comparatively fixed. However, to whatever extent a stimulating effect of a rising general price level comes from the fact that some elements of society are able to benefit at the expense of others, the stimulus will be weakened as inflation becomes a way of life and means are found by many to ride along with it. Under these circumstances, it is highly likely that bigger doses of inflation would be resorted to in order to produce a stimulating effect. This is one of the important reasons why "creeping inflation" is bound to break out into "galloping inflation" as the public becomes more and more impressed by the need to guard against a continuing rise of the general price level. The history of almost every inflation the world has experienced is that it started out as a modest creeping inflation but, as it proceeded, it sooner or later moved at an accelerating pace into galloping inflation. There is no reason that we can see why creeping inflation would not follow the same course in the United States.

A second important consequence of a continuing rise in the general price level lies in the difficulties encountered in Federal financing. As the general public's expectation of inflation grows, investors are bound to become less and less willing to purchase government bonds because of the fixed-income nature of such securities. The difficulties become especially great when market interest rates rise above the statutory rate on long-term government bonds, now fixed at 4¼%. Under these circumstances investors shift to the purchase of bonds or mortgages bearing higher interest rates—or they shift even more into equity investments of all types. Thus, the government is compelled to rely upon short-term financing, much of which finds its way into the commercial banks, which create new money in purchasing it. The short-term government securities which do not lodge in the banks become highly liquid assets in the hands of corporations and thus render the task of the monetary authorities more difficult in influencing the volume of spending in the economy. With corporate liquidity high, it takes more time for a restrictive Federal Reserve credit policy to have a restraining effect. Moreover, the frequent Treasury trips to the market to refinance short-term debt seriously hamper wise and effective control of the money supply by the Federal Reserve authorities. In addition, a persistent rise of the general price level makes the sale of U. S. savings bonds more difficult and tends to accentuate the redemptions of outstanding bonds. This is a highly important problem because there are over $38 billion of E-bonds outstanding at the present time, payable on demand by the U. S. Treasury.

Continued Federal deficits do much to promote inflation and the expectation of more inflation. There is little wonder, then, why most thoughtful students of fiscal policy think it is urgent that the Federal budget be brought under control.

A third consequence of inflation is that it breeds a multiplicity of government controls and ultimately places serious curbs on our free market economy. For example, inflation is likely to lead to more and more direct controls over the free capital market. As noted earlier, rising interest rates are an inevitable market phenomenon under inflationary conditions because of the heavy demands for capital funds relative to supply. Congressional reactions we have already experienced indicate that a further interest rate rise would soon be met by legislative efforts to hold down the rise of rates through direct government lending and government purchases of mortgages and state and local bonds. Since interest rates are the prices of borrowed funds, if the free movement of interest rates is restricted by government, the result would not only be policies which would accentuate inflation but also the spread of a network of direct government controls over where capital funds can be employed and on what terms.

Moreover, continuing inflationary measures would ultimately lead to the spread of direct government controls over wholesale and retail prices. As we learned so well during World War II, these controls are not effective in stopping inflation because of the breakout of "black market" transactions. This is why, as we go the route of direct government controls, they are bound to multiply and become more pervasive. Under these circumstances could the freedom of labor to bargain collectively remain intact? It seems inevitable that wages would be brought under control, and this would ultimately restrict the freedom of the worker to select his own job.

The Treasury's Financing and Debt Management Policies in Perspective

The problems of Treasury financing and public debt management can only be studied profitably against the background of conditions in the capital market and the economy as a whole. Competing demands for loanable funds have a profound effect on Treasury policies, so that it is important to analyze the trends in these competing demands. Likewise, trends in the flow of long-term capital funds also must be viewed in perspective, as well as the trends in public policy in important areas such as housing, residential mortgage lending, and foreign aid and investment.

During the postwar period, with comparatively moderate interruptions, our national economy has functioned at capacity or close to capacity, and we have achieved a commendable growth in national output. Measured in current prices (i.e., without correcting for price changes), gross national product increased from $211 billion in 1946 to $438 billion in 1958, a rise of 108%. Expressed in 1958 dollars, however, GNP rose from $312 billion in 1946 to $438 billion in 1958, for a real increase in output of 40%. Associated with this growth was a most unfortunate rise of over 48% in prices. The inflation which has occurred is a highly important force affecting Treasury financing today.

Analysis of the capital markets in the period 1946-1958 confirms the above figures. During most years in this period the demand for capital funds from both private and public users has been so great as to outrun the supply of savings. As a natural outgrowth of pent-up desires during the war, as well as other forces such as population growth and technological changes, the postwar demand for capital funds to expand and modernize industry, to build homes, to construct schools, highways, and other public works, and for other capital improvements, has been so enormous as to press sorely against the relatively limited supply of savings. In addition to the purely domestic demand for long-term funds, there has been a heavy draft on the capital market to finance both public and private commitments abroad. Repeated Federal deficits have contributed much to the total demand for funds.

The excess of demand for capital funds over the supply of savings has persisted despite the fact that during 1947-1958 the total of capital funds available from savings sources rose from $16.9 billion to $28.7 billion. This increase in the dollar amount of savings was to a limited extent the product of the growth of national income in **real** terms, but it was also largely the product of the inflated price level and the inflated money incomes of the period. Inflation does raise the level of money incomes and thus produces a **greater** aggregate of money savings, but not real savings. However, as noted earlier, continued inflation is bound to weaken the urge to save and thus the **rate** of saving by our people. Moreover, as figures presented subsequently demonstrate, inflation raises the demand for capital funds much more than it does the total dollar amount of saving.

As the demand for capital funds exceeded the supply of savings in many of the postwar years, the gap was filled by an increase in the supply of money resulting from an expansion of commercial bank credit. The pressure of this expanded money supply in the capital goods fields, with its subsequent ramifications throughout the rest of the economy, contributed to inflationary pressures and provided a climate favorable to the wage-price spiral. Excess demand for goods using this money and the wage-price push teamed to ratchet up prices.

At periods in which private sources of capital funds have not been plentiful enough, at rigidly fixed interest rates, to meet Congressional desires for FHA and VA mortgage financing, the supply has artificially been expanded through purchases of such mortgages* by the Federal National Mortgage Association and direct government lending. Too often this money for FNMA purchases and direct government lending has resulted from an expansion of commercal bank deposits and the money supply. It has thus had an inflationary impact in the residential construction field and consequently in the economy as a whole. It is significant that during the period from 1946 to 1958, the Boeckh index of residential dwelling unit construction costs rose 73%, whereas the BLS wholesale commodity price index rose 51% and the index of consumer prices 48%. The reason why FNMA purchases have been inflationary is that FNMA debentures have usually found their way into commercial banks; also, too often the funds financing direct lending by the Veterans' Administration have been raised by the Treasury by means of security sales to the commercial banks. Usually an expansion of direct government loans and FNMA purchases has conflicted with Federal Reserve efforts to restrain inflationary forces.

Throughout this period, as the Federal Government has become more and more active in the housing and mortgage field, individual investors and financial institutions have come to accept the government-insured and guaranteed mortgage as a desirable and comparatively attractive outlet for their funds. This has been doubly true because government policy has endeavored to encourage investment in these mortgages. Indeed, the readiness with which Congress has been willing to expand direct government lending and FNMA purchases has placed pressure on investors to make mortgage loans in order to avoid having government replace private capital in the residential mortgage field. Of particular significance for the Treasury in its financing efforts is the fact that the net yield to investors (after all costs) on FHA and VA mortgages has consistently been appreciably higher than the yield on long-term government bonds.

It is apparent, therefore, that FHA and VA mortgages (not to mention conventional mortgages and corporate bonds) present stiff competition to the government bond market. This has consistently been true throughout the postwar period. Through its program of residential mortgage insurance and guaranty, the Federal Government has brought into being an investment instrument which is considered to have little more risk than a government bond but which pays a markedly higher net rate of return. Steadily rising quoted real estate values in the inflation have fortified the belief of little risk in an FHA or VA mortgage. It is little wonder, then, that many investors have substituted FHA and VA mortgages in their portfolios for government bonds. During the period 1946-1958, for example, the net increase in life insurance company holdings of VA and FHA mortgages amounted to $13.5 billion, or over 21% of the total net increase in assets during this period. Even more strikingly, the net increase of mutual savings banks' holdings of VA and FHA mortgages in the period amounted to $13.5 billion, or 65% of their net increase of $20.8 billion in total assets.

The above discussion has been in terms of the huge demand for government-insured and guaranteed mortgage loans and the competition such mortgages offer to government bonds. The difficult competitive position of the latter is quite clear. In addition, there have been Federally-guaranteed ship loans and bond issues of various Federal agencies such as the Home Loan Bank System which compete with the U. S. Treasury for funds. But, it should also be kept in mind that throughout the postwar period there has been a consistently large demand for "conventional" or uninsured mortgage loans, both residential and commercial and industrial. Generally speaking, the net yield on the conventional loans, even after allowing for somewhat greater risk of loss, is higher than the net yield on FHA and VA mortgages. Moreover, the net yield on high-grade corporate securities directly placed with institutional investors has consistently been within the same range as the yield on conventional mortgages.

From the standpoint of the Treasury's ability to compete with heavy corporate demands upon the capital market, it should be noted that the 52% corporate income tax rate has reduced the effectiveness of an interest rate increase as a deterrent to corporate borrowing. Since interest cost is a deductible expense in business taxation, the effect of a rise in borrowing costs to a business concern in the higher tax brackets is cut in half. Moreover, it is also important to keep in mind that double taxation of corporate earnings has militated against financing through the sale of stock and has thus contributed to a greater proportion of bond financing. The combined effect of the above-mentioned factors and the heavy demand for capital funds by business and industry has made it difficult for the Treasury to bid successfully for long-term funds. This has been especially true in that, after a decade of very few business and industral failures, many investors have come to regard corporate bonds practically as riskless as government securities. The result is that the risk element in the yield "spread" between corporate bonds and government bonds has narrowed in the postwar period.

In summary, during the postwar period the ability of the U. S. Treasury to sell long-term bonds has been reduced sharply and the problem of maintaining a balanced maturity distribution has become more and more difficult. This is primarily because of the huge competing demands for capital funds in the private sectors of the economy and for state and local financing which too often have exceeded the total supply of savings. These competing demands, encouraged and even stimulated by government housing and tax policies, have outbid the U. S. Treasury in obtaining the available funds. The inflation engendered by an expansion of the supply of money to supplement savings, along with the wage-price spiral, has itself made it more difficult to sell long-term Treasury bonds.

This review of the Treasury financing and debt management in the perspective of the capital market and the national economy as a whole in the postwar period suggests that the following basic steps must be taken if the market for government bonds is to be broadened:

(1) The Federal Government and the Congress must together concentrate vigorously with all fiscal, monetary, and other ap-

propriate policies to bring an end to inflation and to destroy the psychology of inflation. Sound government financing requires that in periods of high prosperity the Federal Government should run a budgetary surplus and should retire some of the debt. This is a principle which has been too easily overlooked in the postwar period. Failure to implement this principle has made the Treasury financing and debt management problems much more difficult. In fact, it is hard to see how debt management problems can be solved unless Federal budgetary policy is conducted on a sound basis.

The Employment Act of 1946 should be amended to make it clear that general price level stability is a goal importance with full employment and economic growth. Moreover, government must cease temporizing with the wage-price spiral. The difficulties involved here are not to be minimized, but inflation is man-made and can be brought under control by intelligent and determined action. The cooperation of private elements in the economy is, of course, essential, but leadership must come from the government and Congress.

(2) Foremost in the fight against inflation, we need better understanding of the fact that the only source of genuine growth in our national economy is real investment and the requisite saving to finance it. As a country we have been attempting to grow faster than our national saving justifies. Too often we have resorted to the creation of money to finance the growth beyond what we have been able to finance through savings. We have learned the painful lesson that capital expenditures financed by an increase of the money supply under boom conditions are the certain way to inflation.

(3) Careful attention must be given to reforms of the Federal tax system which would encourage saving and investment. In view of the shortage of savings relative to the demand for capital funds which has characterized the postwar period, and which will continue in the foreseeable future, our tax system needs to be subject to careful study to eliminate forms of taxation which unnecessarily discourage saving. This is not an easy task, in view of the heavy revenue requirements of the government, but the need is clear in terms of the great demands ahead for capital funds. Toward the same end, interest rate policies of the Federal Government should be reexamined to see if they are consistent with the requirement of greater saving. The level of interest rates has an important influence on the willingness of people to save.

(4) The only possible way for the Treasury to raise long-term funds on a sound basis in a free capital market is to pay the interest rate required to bid funds away from other users. The Treasury task of bidding for long-term funds will be eased to the extent that steps outlined in the foregoing three parts of this summary are carried out. If the Treasury is to be in a position to bid for long-term capital funds, it must be free to meet the going market interest rate.

Specific Questions of Federal Financing and Debt Management. Against the background of the foregoing discussion, I would now like to turn to several specific questions of Federal financing and debt management.

(1) **What should be the basic considerations governing Federal debt management policy?** Since the Middle Thirties a widely accepted theory of Federal debt management has been that in a period of declining general business activity the Treasury should limit its financing (either new money or refunding) to short-term securities suitable for commercial bank purchase, with the thought that this would lead to an expansion of bank deposits and thus have a stimulating effect on business. On the other hand, according to this theory the Treasury should sell long-term bonds to nonbank investors in a boom and thus draw funds away from private financing in order to exercise a restraining effect on business. This theory of debt management was linked to the related idea that Federal budgetary deficits should be incurred in a business decline and surpluses in boom periods. Thus, debt management was viewed as an important tool to be employed by government along with fiscal and monetary policy to combat the business cycle.

Several times in recent years this issue has come to the fore as the U. S. Treasury has sought to sell long-term bonds in order to lengthen the average maturity of the debt. In June, 1958, specifically, the decision of the Treasury to sell a moderate amount of a long-term bond was roundly criticized in some quarters on the grounds that such a bond would interfere with business recovery. It was argued that instead the Treasury should concentrate all of its financing in short-term securities for commercial bank purchase.

The experience of recent years has proved that this theory of debt management has usually, as a practical matter, led to very little long-term Treasury financing. There never has seemed to be a good time to sell a long-term bond. Either the sale of such a bond seemed unwise because it would hamper business recovery, or it was considered out of the question in a boom because it would hurt prosperity or require too high an interest rate for the Treasury to pay.

Our conclusions regarding the basic considerations governing Federal debt management are as follows:

(1) Debt management should not be regarded as an important tool to be employed by government in combatting the business cycle. Government efforts to counteract the cycle have much greater potentialities in the areas of monetary and fiscal policy.

(2) The objective of lengthening the average maturity of the Federal debt has proved so elusive, yet is so important, that the Treasury should take advantage of every opportunity to sell longer-bonds. This means that efforts should not be relaxed to sell long bonds in periods of high business activity. It also means, as a practical matter, that the Treasury must be alert to the opportunity of selling long-term bonds **even in periods of general business slack.** If there is an accumulation of long-term available to purchase government bonds, the Treasury should make such bonds available even though a business recession may exist. If such sales do seem to interfere with business recovery, monetary policy measures can be used to aid in correcting the situation.

(3) Treasury financing and debt management operations should be aimed primarily (as discussed more fully later) at developing a maturity distribution of the debt which will reduce to a minimum the number of trips to the market by the Treasury. A major objective should be to manage the debt in a way so as to interfere as little as possible with the freedom of the monetary authorities.

(2) **What maturity distribution of the marketable Federal debt should the Treasury work toward?** In view of the great practical difficulties which the Treasury has experienced in lengthening the average maturity of the debt, this might seem to be a fruitless question. We believe, however, that it is of vital importance that the Treasury work toward a better maturity distribution.

The ideal maturity distribution of the Federal debt is one which would produce a smooth, regular, and steady flow of maturity issues by means of an orderly spacing of outstanding issues The accompanying exhibit presents a hypothetical debt distribution, based on a total marketable debt of $180 billion, which would produce such a flow of maturing issues, and also shows the new issues required to keep this maturity distribution unchanged over time. The table was drawn up merely to illustrate certain principles; the proportions in each maturity class could be varied considerably without altering these principles.

It will be observed that in the hypothetical maturity distribution $57 billion would be in bonds with a maturity of five years and over, or nearly one-third of the total debt. The portion of the debt with a maturity of 10 years or longer totals $37 billion, or about 20% of the total. Some students of Treasury financing and Federal debt management would question whether this latter percentage is high enough. Others would question the need for having a substantial portion of the debt such as 20% in the longer maturity ranges. They would hold that the case for extending the average maturity of the debt is not a strong one and that the Treasury would be perfectly well off to confine its financing to short-term securities and to abandon efforts to sell longer-term securities. We believe that this argument is not sound and that there are highly important reasons (discussed in the following paragraph) for the Treasury to strive for a balanced maturity distribution with a substantial proportion of longer-term bonds.

A well-balanced maturity distribution would have advantages for the Treasury, the capital market, the Federal Reserve, and the economy as a whole. Advantages to the Treasury are that a "bunching" of maturities in the face of possible uncertain market reception would be alleviated, and the size and frequency of refunding operations involving decisions on new terms would be reduced. In so doing, Treasury efforts to raise new cash for seasonal needs or budgetary deficits would be less subject to interference from large refunding operations with uncertain market reception and attrition. Perhaps most importantly, in view of the uncertain international political situation, it makes sense for the Treasury to have a substantial portion of its debt in a long-term form in order to leave adequate room for emergency financing. From the viewpoint of the capital market as a whole, a more even flow of Treasury maturities and greater certainty about the standard disposition of maturing issues would be advantageous, for it would mean less interference with the basic pattern of corporate, real estate mortgage, and state and municipal financing. It would also mean less uncertainty about shifts in the term structure of interest rates. From the standpoint of the Federal Reserve and the preservation of economic stability, an orderly spacing of maturities and a reduced frequency and size of refunding operations would allow far greater freedom to pursue credit policies consistently. The frequent Treasury trips to the market when so much of the Federal debt is short-term greatly handicap the use of monetary control measures.

For all of these reasons, therefore, we believe that the primary objective of debt management policy should be a well-balanced maturity distribution in which longer-term issues constitute a substantial proportion.

(3) **What can be done to restore the market for long-term marketable Treasury bonds?** This is, of course, the number one problem of Treasury financing. Before launching into consideration of it, it will be helpful to review the facts on trends in ownership of the long-term marketable debt. Long-term bonds are defined here as those due or callable in 10 years or over. Included in the figures are the Investment Series B bonds of 1975-80. Although these bonds themselves are nonmarketable, they are exchangeable for marketable 1½% five-year Treasury notes, and hence it seems desirable to include them. Our data show that the total outstanding long-term Treasury bonds declined steadily from $59.8 billion at the end of 1945 to $15.2 billion at the close of 1957, with a moderate rise to $16.8 billion at the end of 1958. It stood at $17.4 billion at the close of March of this year. Long-term Treasury bonds amounted to 30% of the total outstanding marketable Federal debt at the end of 1945. By the end of 1957 this percentage had fallen to 8.7%. At the end of March, 1959 it was 9.4%. The data show the steady and pronounced decline in holdings of long-term government bonds by commercial banks, mutual savings banks, life insurance companies, fire, casualty and marine insurance companies, and "all other investors" through 1957. This latter category includes not only individual investors but also banks and insurance companies not reporting in the Treasury survey, trust funds, corporations, uninsured pension funds, and others. The uninsured pension fund holdings are shown separately as a "memorandum" item from 1953 on. Even the category "U. S. Government Investment Accounts and Federal Reserve Banks" has shown a tendency to decline since 1951 after Federal Reserve support of the government bond market was abandoned. All of the groups increased their holdings moderately in 1958.

Against the background of the trends we have reviewed, similar as we have seen for most long-term institutional investors, what if anything can be done to restore the market for long-term marketable government bonds? The solution to this problem is a difficult one because there have been powerful forces behind the trends of the postwar period. There are many who believe that the answer lies in new types of marketable government securities and improved sales efforts to appeal to individual investors, to personal trust funds, and to other investors than the major savings institutions. There are also many who believe that ways can be found to increase sharply the net sales of savings bonds to individuals so that a portion of the marketable long-term debt can be shifted to the nonmarketable category. Both of these possibilities are considered later. There are others, however, who hold that in addition to broadening the market with individuals it will still be necessary to find ways to bring the major saving institutions back into the government bond market as net purchasers, at least on a limited scale. This leads, then, to the question of what can be done to accomplish this objective.

Let us first consider this question with respect to the life insurance companies. The basic nature of the problem is about the same for mutual savings banks, uninsured pension funds, and other institutional investors. What can be done to bring the life companies back into the government bond market as net purchasers? The heart of the answer lies in the yield offered on government bonds versus the rate of return on other investments. The all-important step for the Treasury is to offer an interest return fully competitive with the yield on other investments. This the Treasury has not done in recent years despite much talk about "competing in the market." As pointed out earlier in this report, the interest rate on long-term government bonds has consistently been much below the net yield on FHA and VA mortgages, an investment area in which there has been great public pressure for life companies to participate. Moreover, the rate on Treasury bonds has been consistently much higher than the return on direct placements of high-quality corporate bonds and conventional mortgages. The spread between the yield on new issues of government bonds and the yield on new offerings of high-grade corporate bonds directly placed, or conventional mortgages, has consistently been too great to make government bonds attractive to life insurance companies, or most other institutional investors. The interest rate placed on new offerings of government bonds has generally been set slightly above the yield on outstanding government bonds of comparable maturity.

It does not seem to have been adequately recognized that the market for government bonds has been an exceedingly thin one in which the prices and yields are artificial and do not begin to reflect the market forces existing in other parts of the capital market. This is due in part to the limited supply of long-term government bonds available. At the present time, for example, the market quotations on outstanding long-term government bonds (due or callable in 10 years or more) indicate an average yield of about 4.10%. This would suggest that under present circumstances a rate of 4¼% on a cash offering of a long-term government bond would be fully competitive in the mrket. Does this follow, however, under conditions in which FHA and VA mortgages can be purchased on a net yield basis of over 5% after costs, and they are now receiving a diminishing share of the flow of capital funds because investors are able to purchase top quality corporate bonds directly placed and conventional mortgages on an even more attractive net yield basis? The situation which exists today is not unique; it has been characteristic of the past several years. If the Treasury desires to broaden the market for government bonds, it must be willing to bid realistically for funds.

Government bonds possess some favorable qualities for life company investors. For one, they are usually non-callable for nearly the entire life of the bond. In recent years in which interest rates have been subject to sharp fluctuations, life companies have come to place great emphasis on non-redeemability. They have been successful to a large extent in obtaining this in industrial bond issues, but few issues in the electric and gas utility field have provided adequate protection against early redemption. In addition, little protection is afforded against early redemption of residential mortgages. Likewise, although life companies have a high degree of liquidity, the ultimate marketability of government bonds has some advantage. It may not be very great, however, with the government bond market a very thin one. These qualities of nonredeemability and marketability are on the plus side regarding life company purchases of government bonds.

As is apparent in this statement, life insurance company officers recognize the inflationary potential in the sale of government securities to the commercial banks. They understand and appreciate the argument that enlightened

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An Appraisal of Our Monetary And Debt Management Policies

Continued from page 23

self-interest suggests that life companies should purchase government bonds to aid in the fight against inflation. Certainly the life insurance policyholders have a vital interest in a sound dollar. At the same time, the officers of life insurance companies have the responsibility to strive to earn the highest possible return on policyholders' savings consistent with safety of the principal amount. This is the basic objective which must motivate life company investments. Life insurance company funds will naturally flow into government bonds if they are issued at competitive interest rates, and the same will be true of other institutional investors and individual investors.

It is important to bear in mind also that the normal process of life company investing in corporate bonds and mortgages involves forward commitments to make loans and takedowns of these commitments over an extended period of time. At any given time, life companies have a backlog of commitments relative to their cash flow. It would be desirable, therefore, for the Treasury to permit life companies to pay for subscriptions to government bonds on a delayed takedown basis. This would better enable life companies to fit the purchase of governments into their commitment picture and their cash flow expectations. Moreover, possibly some means can be worked out, using the forward commitment technique, whereby life companies enter into commitments with the Treasury to buy government bonds on a scheduled takedown basis.

With regard to other types of savings institutions—mutual savings banks, uninsured pension funds, state and local funds, trust funds, and time deposits of commercial banks—the basic solution to the Treasury problem of selling long-term bonds is the same as with life insurance companies. To restore the interest of such investors in government bonds the Treasury must be willing to pay a fully competitive interest rate. With some of these investors also, because of forward commitments it would be helpful for the Treasury to permit payment for bonds on a deferred basis.

Beyond the institutional investors, are there any steps which can be taken to expand investment by individuals in long-term marketable government bonds? In this area, even more than with the savings institutions, the need to deal a body blow to inflation psychology is clear. Otherwise the strong trend toward equities by individuals will further reduce their role in the government securities market as real long-term investors. Assuming that something can be done to deal with inflation, the question can be raised as to whether through "hard selling" the Treasury could not market considerably more long-term bonds to individuals. Securities are sold just as anything else in this country. Should not the Treasury encourage the securities marketing machinery of the country to go out and sell government bonds? This means the payment of commissions to brokers and dealers. Perhaps if incentives are given to salesmen the improvement in sales of governments may be surprisingly great.

Serious consideration should be given to the idea that investors who realize capital gains, but who invest the proceeds in government securities, might be subject to a lower capital gains tax—for example, 10 or 15%. In order to qualify for the reduced rate, such investors might be required to hold the government securities for some specified period such as two-five years. It is well known that investors are loathe to realize capital gains because of the tax. If the tax were reduced as suggested here, there would be a greater willingness to realize capital gains and hence there should be an appreciable increase in the flow of funds into government securities.

(4) **Should the Treasury undertake a program of advance funding?** The advance funding last year of more than 40% of the Canadian Government direct and guaranteed marketable debt poses the question of whether the U. S. Treasury should not undertake similar measures.

To illustrate what is meant by "advance funding," it would be helpful to consider the Investment Series B, 2¾% bonds of 1975-1980. As noted earlier, these bonds, received by investors in 1951 in exchange for Victory bonds, are themselves nonmarketable, but they are convertible into 1½% five-year notes which are marketable. The total amount of Investment Series B bonds issued was $15.3 billion. By the end of March of this year, nearly $8 billion remained outstanding, so that in the intervening period $7.3 billion had been retired. In other words, holders of $7.3 billion of these bonds had exercised the right to convert into the five-year 1½% notes.[1] Throughout this period, the sale of the five-year notes involved a loss, but investors were able to compensate themselves for this loss over a period of time by reinvesting the funds at a higher rate of return. Thus, under conditions such as have prevailed in the capital markets in recent years, the Investment Series B bonds have come to be little more than five-year notes. This issue, therefore, would seem to be a prime candidate for advance funding.

What the Treasury could do would be to offer the current holders of Investment Series B bonds the opportunity to exchange them for a new marketable long-term issue at a yield in line with the going market rate. Holders of the Investment Series B bonds would undoubtedly find such an exchange attractive because they would be able to dispose of a non-marketable bond with a low coupon, on which a substantial loss exists if the conversion is exercised, and acquire a marketable bond with a yield in line with the market. The advantage to the Treasury is extension of the average maturity of the debt and stoppage of the persistent attrition on the Investment Series B bonds. Also, debt would be retained in the hands of nonbank investors. It would undoubtedly be argued that investors receiving the new bonds, on which presumably there would be little or no market loss, would thus be in a position to dispose of them to acquire higher-yielding corporate bonds or mortgages. Whether this did take place would depend on the interest rate on the new bonds and the future course of interest rates. Regardless of this, in order for sales of the new bonds to take place there would have to be purchasers, and so far as the Treasury is concerned the bonds would remain outstanding and the longer average maturity would be retained. That is, if the new issue of long-term bonds were sold by some investors, the only market would be other long-term, nonbank investors. The new bonds could be made nonmarketable for a given period, say five years. Such a feature would decrease the attractiveness of the exchange and would raise questions for life companies and possibly other investors as to whether they would be legal investments unless there were some means of selling them.

The Investment Series B bonds are not, of course, the only Treasury issues which would be suitable for advance funding. There is a wide range of possibilities, with the 2½s of June and December, 1964-69, the 2½s of March 1965-70, and the 2½s of March 1966-71 being other good possibilities. These bonds are now coming into the commercial bank investment range and will undoubtedly find their way into bank portfolios. Then the Treasury will be faced with the very difficult task of selling new cash offerings of longer-term bonds to replace them if a sound debt structure is to be achieved. Through advance funding, this portion of the debt, now in the hands of long-term nonbank investors, can be kept in their hands. Moreover, a program of advance funding of the 2½s will open up a hole in the intermediate term issues and thus permit the Treasury to do some extending of maturities in this maturity range.

The treasury might find it useful to consider the desirability of combining an advance funding operation with a cash offering of a long-term bond. That is, the Treasury might offer a cash issue of a long-bond, and at the same time permit investors to exchange (par for par) certain other issues for the new cash offering in a fixed ratio to the cash purchases made. For example, the Treasury might decide to offer $1 billion of 30-year bonds at a competitive interest rate. For every two bonds of the new issue purchased, investors would be given the right to exchange one Investment Series B bond (or some other ratio) on a par for par basis for the new bond. The ratio of bonds exchangeable would be adjustable depending on how much encouragement the Treasury wanted to build up for the cash offering.

It would seem that a tie-in between a cash offering and advance funding such as outlined above could be employed successfully by the Treasury to aid in building the market for cash offerings of long bonds. The terms of the cash offering and the exchange would have to be explored carefully with the various investor groups in the light of market conditions. If the Treasury proceeded to make regular limited cash offerings, with the investor permitted to exchange holdings of certain issues of outstanding bonds for the cash offerings, investors would be encouraged to hold those securities likely to be eligible for exchange in future cash offerings. Thus, this financing method might have the collateral advantage of encouraging investors to hold outstanding bonds which otherwise might have been sold.

(5) **Are there any new or improved market techniques which the Treasury should consider to expand or improve the market for government bonds?** The suggestion has sometimes been made that the Treasury should have a "tap" issue of a long-term marketable bond available for investors. Financial officers of life companies have sometimes indicated that if a tap issue were available, they would place more funds in government bonds than is the case when they are confronted at irregular intervals with a government long-term issue. On careful study, it is doubtful that the availability of a tap issue would help to broaden the market for long bonds. It might improve the market with a small minority of purchasers, but actually the overall effect might well be to reduce the volume of sales of long governments. A reason for this would be that investors might come to regard the tap bond as an outlet that would always be present if nothing better could be found.

The advantages which some life insurance company investment officers have in mind in regard to a tap issue could be realized through limiting the uncertainty about allotments on subscriptions and by permitting deferred payment for government bonds. It would be desirable to let savings institutions know in advance that they would be given a definite allotment. Every issue of a long bond by the Treasury sets in motion a guessing game as to what the allotments will be. Wrong guesses are bound to produce unnecessary disturbances subsequently in the market. There seems to be good reason, therefore, for miniminzing the uncertainty about allotments. The big difficulty involved in giving out advance information on allotments is apparently that such a step would reduce the Treasury's ability to control the size of an offering. For example, let us assume that the objective of the Treasury at a particular time was to sell an issue of $1 billion of a long-term bond. If it were certain that the market for the bond with savings institutions and other nonbank investors was about $1 billion, then an advance announcement of 100% allotments to nonbank investors would be possible. The danger is that if such an announcement were made in advance, and the total nonbank subscriptions greatly exceeded expectations, the Treasury would lose control over the size of the issue. Having such control, at least within limits, is important for many reasons, the most obvious being that in the example mentioned the Treasury may have need only for $1 billion.

Ways can be found to narrow uncertainty about allotments. One step would be improved market analysis by the Treasury. Progress has been made through the Treasury advisory groups in judging the potential market for Treasury bonds. Assuming that reasonably accurate estimates can be made of the potential market for a long-term bond at any given time and at a particular rate, it should be possible for the Treasury to be specific in advance about allotments to savings institutions. This does not mean that the Treasury would always be able to announce a definite allotment, but it should be able to do so within a narrow range. Then, if savings institutions could enter their subscriptions with a high degree of certainty about the allotment, and if they knew in advance that payment could be made on a deferred basis, all of the apparent advantages of a tap issue would be achieved.

(6) **What can be done to improve the net sales of savings bonds?** During the past several years the U. S. savings bonds have lost ground as a means of savings in this country. The record in 1959 has become a source of concern. Sales of E and H bonds through May are 6% behind a year ago, with a worsening trend. Similarly, 1959 redemptions are 9% above a year ago, also with a worsening trend. On a cash basis, the net drain on the Treasury of an excess of redemptions over sales of E and H bonds in the second quarter of this year is estimated at $300 million.

Here again, the spread of inflationary psychology poses a serious threat. Unless the expectation of continuing inflation is brought under control, the Treasury will find it more and more difficult to sell savings bonds in competition with equities. Not only this, but the $38 billion of E bonds outstanding are demand obligations for the Treasury and pose the threat of a big cash drain under inflationary conditions. Therefore, it is vital to the savings bond program that an end be made to the inflation psychology of our people.

Beyond this, it goes without saying that the interest rate on savings bonds must be kept in line with other rates if these bonds are to continue to appeal to the smaller investor. It has been argued that the sale of savings bonds is comparatively insensitive to interest rate trends, but the evidence is not convincing. Here again the basic way to induce the individual investor to purchase savings bonds is to pay an interest rate in line with market conditions.

(7) **Should the Treasury issue bonds (either savings bonds or marketable bonds) in which the amount paid at maturity (or the amount of interest) is tied to some price index such as the index of consumers prices?** In view of the depreciation in the value of the dollar which has occurred in the postwar period, and in view of the possibility that there may be more inflation ahead, support exists in some quarters for a "purchasing power bond." It is argued that such a bond would provide investors with a hedge against inflation and should therefore help greatly to broaden the government bond market.

We believe it would be a calamitous mistake for the Treasury to introduce a purchasing power bond. This would be tantamount to an admission of defeat in the struggle to halt inflation. If government bonds are placed on an "escalator" along with wages, an important moral support for the fight against inflation will be lost. All branches of the government must redouble their efforts to fight inflation and not to temporize with it. A purchasing power bond would be temporizing. Moreover, a purchasing power bond would undoubtedly enhance

Hypothetical Federal Debt Transactions During a Year
(In billions of dollars)

Public Marketable Debt	Outstanding at beginning	Maturing each year	Moving into maturity class	Moving out of maturity class*	Added to class by new issue
Bills—3 month	25	100	--	--	100
Certificate—12 mo.	38	38	--	--	38
Total	63	138	--	--	138
Bonds and notes maturing:					
Within 1 year	12	12	12	--	--
1 to 5 years	48	--	4	12	8
5 to 10 years	20	--	3	4	1
10 to 15 years	15	--	2	3	1
15 to 20 years	10	--	1	2	1
20 years and over	12	--	--	1	1
Total bds. & notes	117	12	22	22	12
Tot. marktble. debt	180	150	22	22	150

*Amount outstanding in each maturity class, divided by number of years in the class. Assumes an even distribution of maturities within each class.

[1] This figure of $7.3 billion of retirements includes a small sum growing out of retirement on death of holders.

the expectation of inflation and could thus seriously aggravate the problem.

Federal Reserve Open Market Operations and Treasury Financing

The decline which has occurred in the prices of Government bonds during the past year has revived the argument that the Federal Reserve, through open market purchases, should support the prices of government securities. There are some who contend that the Federal Reserve should return to the practice of "pegging" the prices of government securities as it did during and after World War II until the Treasury-Federal Reserve "accord" in March, 1951. There are others who recognize that a pegging operation would not be in the public interest, but at the same time they contend that from time to time the Federal Reserve should purchase long-term government bonds in order to lend stability to long-term interest rates, and at the same time sell shorter-term government securities if such sales are required to prevent an expansion of commercial bank credit. We would like to set forth our views briefly on these two questions.

Should the Federal Reserve resume the pegging of prices of government bonds? After the disastrous experience under the pegging operation prior to March, 1951, it is difficult to understand support for such a proposal. We certainly oppose a return to pegging of government bond prices because it would put our country on the road to ruinous runaway inflation. The reason is clear and well understood. As the Federal Reserve purchases government securities, it adds to the reserves of the commercial banking system and thus permits a multiple expansion of commercial bank demand deposits in the ratio of six times the reserves supplied. Thus, a pegging operation converts the Federal Reserve into an "engine of inflation" because it forces the monetary authorities to contribute to an uncontrolled expansion of the principal source of our money supply-demand deposits. It amounts to the same thing as running the printing presses to provide more and more paper money.

Should the Federal Reserve lend support to the prices of long-term government bonds by buying long-term bonds and selling short-term securities?

Many who recognize the disastrous consequences of a pegging operation nonetheless argue that the Federal Reserve should conduct its open-market operations throughout the entire range of government securities—long-term as well as short. Thus, it is argued, in recent months, as the prices of long-term government bonds declined, the Federal Reserve could have purchased the longer-term issues to aid in stabilizing this sector of the market and long-term interest rates generally. It is further argued that, to the extent needed to prevent an unwanted expansion of commercial bank reserves, the Federal Reserve could have sold an offsetting amount of short-term government securities.

To the extent that open-market purchases of long-term government securities were matched by sales of short-term Governments, there would, of course, be no expansion of commercial bank reserves from this operation and thus no increase of the money supply. For this reason—the fact that the money supply had not changed — the Federal Reserve would not have affected the total supply of credit and presumably would not have had any influence on the **general** level of interest rates. So far as interest rates are concerned, the principal effect of open market purchases of longer-term government securities and matching sales of short-term securities would be to alter the interest rate structure on government securities. That is, the purchases of long bonds would tend to make the yields on such bonds lower than they might otherwise have been, and the sales of short-term securities would increase the supply of such securities and thus make short-term government yields higher than might otherwise have been the case.

Higher interest costs to the Treasury on short-term borrowing are very quickly translated into a higher service charge on the Federal debt because $76 billion of government securities mature in one year or less. Accordingly, taking steps which will raise short-term rates in order to hold down yields on long-term governments is not any real solution. This is especially true when the Treasury is being obliged to concentrate so much of its financing in short-term issues and has already contributed to a sharp increase in short-term rates.

Moreover, there are other difficulties involved in an open market program of buying long-term government securities and selling short-term securities. Such purchases would tend to hold the prices of long-term governments at an artificially high level (or the yields artificially low) during a period of tightening conditions in the capital markets such as at present. Thus, as the yields on corporate bonds, mortgages, and state and local government securities moved upward in response to heavy demand, investors would be encouraged to dispose of long-term government securities at the artificially high prices. The result would be that the Federal Reserve would have to increase its purchases of long bonds (as well as its sales of shorts) in order to exert the same stabilizing effect. Carried to the end, the Federal Reserve would wind up holding most of the long-term government bonds, and short-term interest rates would be driven to a very high level, with the service charge on the Federal debt much higher in the process because of the huge volume of short-term debt.

In addition, if the Federal Reserve should begin to conduct its open market operations throughout the entire maturity range of government securities, it would immediately be exposed to more and more pressure to move toward pegging the prices of governments, with all the fatal consequences this would involve.

Editor's Note: In appearing before the Joint Economic Committee Mr. Conklin was accompanied by Sherwin C. Badger, Financial Vice-President, New England Mutual Life Insurance Company, Boston; James J. O'Leary, Director of Economic Research, Life Insurance Association of America, New York City; Robert B. Patrick, Vice-President, Bankers Life Company, Des Moines; and Richard K. Paynter, Jr., Chairman of the Finance Committee and Executive Vice-President, New York Life Insurance Company, New York City.

Uses of Capital Funds in Corporate Financing, 1947-1958

(billions of dollars)

Year	Corporate Bonds	Corporate Stocks	Total
1947	3.0	1.2	4.2
1948	4.7	1.1	5.7
1949	3.3	1.3	4.6
1950	2.0	1.5	3.5
1951	3.6	2.3	5.9
1952	4.9	2.4	7.3
1953	4.8	1.9	6.7
1954	3.8	1.8	5.6
1955	4.2	1.9	6.1
1956	4.7	2.5	7.2
1957	7.1	2.7	9.8
1958	6.0	2.1	8.1

Components may not add to totals because of rounding.

Corporate stocks exclude issues of open-end investment companies.

Uses of Capital Funds in Government Financing, 1947-1958

(billions of dollars)

Year	U. S. Governments	State & Local Obligations
1947	—2.5	1.4
1948	—4.1	2.2
1949	4.3	2.3
1950	—0.4	3.1
1951	2.7	2.4
1952	8.0	3.1
1953	7.8	3.5
1954	3.5	4.2
1955	2.0	3.5
1956	—4.1	3.3
1957	—1.7	4.9
1958	8.0	5.9

Net Uses of Funds in Selected Investments of Corporate Pension Funds, 1947-1958

(billions of dollars)

Year	Corporate Bonds	Corporate Stocks	U. S. Governments
1947	0.3	0.1	0.2
1948	0.4	0.1	0.2
1949	0.4	0.1	0 2
1950	0.4	0.3	0.2
1951	0.9	0.3	0.1
1952	1.0	0.5	*
1953	1.0	0.5	0.1
1954	1.2	0.7	*
1955	0.9	0.7	0.3
1956	1.5	0.9	—0.2
1957	1.7	1.0	—0.3
1958	1.3	1.3	*

*Under $50 million.

Net Uses of Funds in Selected Investments of Life Insurance Companies, 1947-1958

(billions of dollars)

Year	Residential Mtges.	Corporate Bonds	U. S. Govts.	State & Local Securities
1947	1.1	2.9	—1.6	*
1948	1.7	4.1	—3.3	0.3
1949	1.6	2.5	—1.5	0.2
1950	2.7	1.7	—1.8	0.1
1951	2.5	2.5	—2.4	*
1952	1.4	3.0	—0.8	*
1953	1.5	2.6	—0.4	0.1
1954	2.0	2.0	—0.8	0.5
1955	2.7	1.8	—0.5	0.2
1956	2.5	1.9	—1.0	0.2
1957	1.2	2.4	—0.5	0.1
1958	0.9	2.2	—0.2	0.3

*Under $50 million.

Associates Investment Debentures Offered

Public offering of $50,000,000 Associates Investment Co. 5⅛% debentures due Aug. 1, 1979 was made yesterday (Sept. 2) by an underwriting group headed by Salomon Bros. & Hutzler and Lehman Brothers. The debentures are priced at 100% and accrued interest.

Associates Investment, the fourth largest automobile sales finance company in the United States, will use net proceeds from issuance of the debentures to increase or maintain its working capital but will initially apply the proceeds to the reduction of short-term notes due within one year.

The debentures are not redeemable prior to Aug. 1, 1964, on and after which date they may be redeemed at the election of the company at prices ranging from 103½% to 100%.

The company and its subsidiaries are engaged primarily in automobile sales financing and insurance incident to such financing, principally in territories east of the Rocky Mountains in the United States and Canada.

Total consolidated income during the year 1958 was $127,075,000 and net income was $17,171,000. During the six months ended June 30, 1959, total income amounted to $62,512,000 and net income to $8,644,000.

Charles L. Gurney, Jr.

Charles L. Gurney, Jr., partner in Vietor, Common, Dann & Co., Buffalo, New York, passed away August 5th.

Richardson Pratt

Richardson Pratt passed away Aug. 16 at the age of 65. Mr. Pratt, senior partner of Charles Pratt & Co., New York City, was Chairman of the Board of Pratt Institute.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The Government market continues to be in an uncertain position, with interest as a whole very much on the limited and professional side. To be sure, there have been some fairly important sales of Treasury issues from time to time, but it remains very much "an order market" since traders and dealers are not inclined to be doing any positioning of these issues, especially since new all-time lows are being made in many of these obligations.

The higher yields that have been available in short-term Treasury obligations continues to attract funds that have to be invested in the most liquid issues. On the other hand, the most distant obligations are still being liquidated with new lows for the year being registered in certain of these securities.

Treasury Must Stick to Short-Terms

The refusal of the House Ways and Means Committee to raise the interest rate ceiling on long-term Government bonds, above the 4¼% level, could have considerable effect upon both the money market and the capital markets in the not distant future. The fact that the Treasury will have to borrow some $6 to $7 billion of new money by the end of the year means that under the existing circumstances the Treasury will have to obtain these funds entirely in the short or intermediate-term markets.

In other words, the Treasury cannot go out more than five years as far as maturity is concerned in its efforts to raise new money because, beyond that time, the Government has a 4¼% limit on the interest rate. Under the present and foreseeable conditions in the money market and the capital market it is evident that the Treasury cannot sell bonds to the public with only a 4¼% coupon rate. Accordingly, the near-term money market will have to be used by the Treasury to get needed funds from, as well as for refunding purposes. This, along with the demand for money for fall and winter business, means that the money market will move up to higher levels unless some of the restrictions are relieved at least a bit by the monetary authorities.

However, the amount of change that may come about in the money market, if any at all, will be dictated in no small measure by the length of the steel strike since this disagreement between labor and management is going to have a marked effect upon the economy, and the money and capital markets will certainly reflect what takes place in the economic system.

Trend Is Toward Higher Interest Rates

Even though the short-term money market has been relieved of a bit of its pressure by the offering of a smaller amount of weekly Treasury bills, this is not being looked upon by most money market followers as more than a temporary breathing spell unless the Federal Reserve Banks are inclined to give some help to the money market. So far some minor purchases have been made of Treasury bills, but these commitments have not done more than prevent the money market from getting more restrictive. *This condition was forcibly illustrated in this week's rise in the prime bank rate, and in other money rate levels, all of which suggests that an upping of the discount rate is a virtual certainty.*

Commercial banks shiftings from Government issues in order to get loanable funds, along with sales of these obligations by savings banks, mutual funds and certain pension funds so as to buy higher yielding corporate bonds, has kept the pressure on most sectors of the Treasury market. Profit taking in the 4¾s of 1964 took these notes down to about the issue price and investment buying again appeared in this obligation.

World Bank Privately Places $100 Million Bonds Outside U. S.

The World Bank has arranged the sale, entirely outside the United States, of a $100 million issue of United States dollar bonds. The sale was made by private placement with 62 institutional investors in 34 countries, and indicates a further broadening of the international market for World Bank bonds.

The new bonds will be known as the "Two Year Bonds of 1959," and will carry interest of 4¾%, payable semi-annually, with the first payment due on March 15, 1960. The issue is dated Sept. 15, 1959, and matures Sept. 15, 1961.

Keen interest was shown in the new issue and total subscriptions received were more than double the principal amount of bonds to be sold. Requests for bonds were received from institutions that had not previously bought bank obligations and from buyers in eight countries where bank issues had not been held before. Purchasers included central banks, government special accounts, and privately owned commercial banks, insurance companies and corporations.

On completion of the current transaction and after allowing for retirement of $50 million of five-year 2½% bonds placed abroad in Sept. 1954, the total outstanding obligations of the World Bank will amount to about $1,950,000,000, of which about $1,640,000,000 is denominated in United States dollars and some $310 million in Belgian francs, Canadian dollars, Deutsche marks, Netherlands guilders, sterling and Swiss francs.

About half of the bank's outstanding debt is held by investors outside the United States. Included in the holdings of these investors, in addition to non-dollar obligations, are some $650 million of the dollar bonds and notes of the bank, or about 40% of its total U. S. dollar obligations.

Vickers, Angelus & Daly Opens in New York

Vickers, Angelus and Daly, Inc. has been formed with offices at 30 Broad St., New York City, to engage in a securities business. Officers are Barry M. Angelus, President; Sydney G. Vickers, Jr., Executive Vice-President; Gerard P. Daly, Secretary-Treasurer. Mr. Angelus was formerly with Keller & Co. Mr. Vickers and Mr. Daly were with Vickers Brothers.

George Nelson

George Nelson, proprietor of George Nelson Company, New York City, passed away Aug. 12, at the age of 66. Mr. Nelson had been in the investment business for 45 years.

Securities Salesman's Corner

BY JOHN DUTTON

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

(ARTICLE III)

This is the third of a series of articles that are being published consecutively covering this most important subject. The primary purpose is to furnish the salesman and the investor with certain basic tools which can be used functionally in the study of the relative attractiveness of various securities and the balance sheet and income account items pertinent thereto. These articles are not intended to be all inclusive but to serve more as a "Do It Yourself Kit" that might become the foundation for further study if desired. —EDITOR.

The Ratio of Current Assets To Current Liabilities

In connection with the observations that follow regarding the well known and much discussed "current ratio" we are referring to the ratios of business organizations, wherein the principal activity is the manufacture and conversion of raw materials, or the sale of goods; and not that of public utility companies, railroads and other such organizations where the fixed investment is large, and the need for current working capital (to carry inventories, receivables, and meet payrolls) is not as heavy as that with the former type of business concern.

The "current ratio," as it is now commonly known, was publicly noticed during the last few years of the nineteenth century. By 1908 one author had written that the ratio of current assets to current liabilities should be about 2½ to 1. For many years the ratio of two to one was the standard basis for comparing degrees of solvency. Many businesmen still look first at this ratio when investigating the credit standing of a business.

As investment analysis and credit investigation expanded it was discovered that what was a satisfactory relationship between the current assets and liabilities for one type of business was not always suitable for another. Added safety was later accepted when the ratio of cash, receivables and marketable securities was at least equivalent to the current liabilities. To this day, a balance sheet showing a two for one ratio, and a one-for-one ratio of cash, receivables and marketable securities to current liabilities is accorded a double measure of strength.

The distribution of quick receivables, and their quality, is therefore an important factor in studying this important basic ratio. It is obvious that a company with a two for one current ratio wherein inventory and possibly slow receivables predominate is in a much less sound position to withstand periods of business recession with accompanied shrinkage in inventory values, bad debts, etc., than another company having the same overall ratios and at least 50% of its current assets in cash, marketable securities, and good receivables.

The Current Ratio Is a Generality

As we continue in this series of articles we will see that other ratios provide standards of comparison of a company's progress and credit soundness that offer the analyst much further insight than is provided by this simple overall ratio of current assets to current liabilities. However, as a starting point, certainly no company with a working capital deficit, or inadequate current assets of quality should qualify for further study. The matter in which this important ratio can effect the financial soundness of a given business can be shown by a simple comparison such as the following:

Year—	1957	1958
Current assets	$1,200,000	$2,400,000
Current liabilities	400,000	1,600,000
Net quick	$800,000	$800,000
Current ratio	3-for-1	1½ for 1

In both 1957 and 1958 this company had the same net quick of $800,000 but let us assume that between the two years the business outlook improved and management added to inventory in the amount of $1,200,000, and to accounts payable by a like amount of $1,200,000. The current situation (if there was a 25% inventory shrinkage in both years) would be:

	1957	1958
Current assets (other)	$600,000	$600,000
Inventory	600,000	1,800,000
Less 25%	150,000	450,000
Net inventory	$450,000	$1,350,000
Total current assets	1,050,000	1,950,000
Total current liab.	400,000	1,600,000
Current ratio	2,625 to 1	1.21 to 1

In this example the expansion of inventory was based upon the assumption that prices would rise and that a profitable turnover of inventory could be accomplished. As is sometimes the case, an increased volume of business is not always forthcoming, profit margins are not adequate to compensate for the increased cost incurred in a rising market, there are added interest charges, etc., and if business is conducted without increasing profits such a company can meet with difficulties in a relative short period of time. In this case, the deterioration in this company's ability to meet its current obligations is obvious.

A thorough study of the current ratio should also include contingencies for notes receivable discounted that have been omitted from the balance sheet. If the contingent liability for notes receivable is added to the current assets then a similiar amount should be included in the current liabilities as notes receivable discounted. The ensuing ratio will then be accurate.

The higher the ratio of current assets to current liabilities and the greater the ratio of cash, marketable securities, and good receivables to such payables, the better the ability of any company to meet its current obligations, withstand market reverses, face competition and expand its activities in a well planned and desirable manner. No company that is weak in this primary ratio should enlist the confidence of investors. It is better to pass such a company by and miss the rare opportunity where new investment capital may occasionally correct and obvious and congenital weakness than to close your eyes and hope for the best. The miracle rarely happens.

New Harris, Upham Office

MIAMI BEACH, Fla. — Harris, Upham & Co. have opened an office at 1085 Kane Concourse in the Bay Harbor area of Miami Beach, Florida.

The new 3,000-square-foot facilities have a complete range of brokerage services including one of the largest and latest model Teleregister boards ever installed in the State of Florida.

Speedry Chemical Products, Inc. Stock Offered

S. D. Fuller & Co. is manager of a group which on Sept. 3 offered 218,333 shares of Speedry Chemical Products, Inc. class A stock at a price of $6.625 per share. Of the total number of shares offered 51,667 shares are being sold for the account of the company and 166,666 shares for the account of Sidney N. Rosenthal, President and Director of the company.

Net proceeds from the sale of its 51,667 shares of stock will be used by the company for machinery and equipment in Chicago, Ill., where its products will be manufactured and assembled for distribution throughout the midwestern states, and for the establishment of a plant in England where the products will be made and assembled for the Euglish as well as the European markets. The balance of the proceeds will be available for general corporate purposes.

Speedry Chemical Products, Inc., with its principal plant and offices in Richmond Hill, New York, manufactures special purpose inks which are instant drying, indelible, waterproof, and smearproof. It also manufactures Speedry Brushpens, Magic Markers and other devices used in the application of such inks. The company believes it is the largest manufacturer in the United States in the field of specialized marking, stamping and stenciling inks created for use with manually operated special devices. Production operations of the company are also carried on in Albuquerque, New Mexico, and Chicago, Ill.

(J. W.) Hancock Inc. Securities Sold

Kenneth Kass, heading an underwriting group, which included Palin Securities, Nassau Securities Service and David Barnes & Co., Inc., on Aug. 19 publicly offered 200,000 shares of 6% cumulative convertible preferred stock (par $2) and 100,000 shares of common stock (par 10 cents) of J. W. Hancock Inc. The 200,000 shares of preferred stock were offered with 50,000 shares of the common stock in units consisting of four shares of preferred stock and one share of common stock at the offering price of $8.50 per unit. This offering has been completed, all of the said shares having been sold.

The remaining 50,000 shares of common stock were offered to the holders of the corporation's 4% subordinated debentures at the rate of one share for each 50c face amount of such debentures surrendered for cancellation (no interest to be paid on the debentures so surrendered). The corporation reserved the right to discontinue this offering to debenture holders at any time after all of the above-described units have been sold, without notice to such debenture holders.

The net proceeds will be added to the general funds and working capital of the corporation.

J. W. Hancock, Inc. was incorporated under the laws of the state of Delaware on March 13, 1959 for the purpose of engaging in the general construction business, with emphasis on institutional construction, i. e., schools, hospitals and the like, subdividing and developing unimproved land, and construction of residential housing projects and shopping centers.

Bruce R. Miner Opens

AMARILLO, TEX. — Bruce R. Miner is conducting a securities business from offices at 2325 Juniper.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

This week our sincere thanks go to Maurice Hart, New York Hanseatic Corporation, and Harry L. Zeeman, Jr. of Carl Marks & Co. Inc., who have both contracted for their usual half page space in the N. S. T. A. Year-Book Convention Supplement. This steady support of N. S. T. A. is most appreciated.


Harry L. Zeeman, Jr.


Maurice Hart


Alfred F. Tisch

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

NATIONAL SECURITY TRADERS ASSOCIATION

The following additional reservations have been received for the National Convention of the National Security Traders Association, Inc., to be held in Boca Raton, Fla., Nov. 1 to 6, 1959.

*Clarence A. Horn	*First of Michigan Corp.*	Detroit, Mich.
*Trevor Currie	*Trevor Currie*	Denver, Colo.
*Richard A. Wernecke	*Burton J. Vincent & Co.*	Chicago, Ill.
*Joseph D. Krasowich	*Gregory & Sons*	New York, N. Y.
Wallace A. Boyd	*Bache & Co.*	St. Petersburg, Fla.
*Sidney Jacobs	*Sidney Jacobs Co.*	New York, N. Y.
*Thomas Greenberg	*C. E. Unterberg, Towbin Co.*	New York, N. Y.
*Walter L. Filkins	*Troster, Singer & Co.*	New York, N. Y.
*Ernest Lienhard	*Troster, Singer & Co.*	New York, N. Y.
*James B. McFarland	*Stroud & Co.*	Philadelphia, Pa.
P. A. Marcusson	*Investment Dealers' Digest*	New York, N. Y.
*William H. Gregory, III	*Gregory & Sons*	New York, N. Y.
*Maurice Hart	*New York Hanseatic Corp.*	New York, N. Y.
*Walter F. Saunders	*Dominion Securities Corp.*	New York, N. Y.
*Joseph E. Smith	*Newburger & Co.*	Philadelphia, Pa.
*Charles A. Bodie, Jr.	*Stein Bros. & Boyce*	Baltimore, Md.
*Nathan A. Krumholz		Brooklyn, N. Y.
*Bernard F. Kennedy	*Bosworth Sullivan & Co.*	Denver, Colo.
*John M. Hudson	*Thayer, Baker & Co.*	Philadelphia, Pa.
*Barney Nieman	*Carl Marks & Co., Inc.*	New York, N. Y.
*Leonard Friedman	*Boettcher & Co.*	Chicago, Ill.
*Joseph P. Carucci	*J. K. Rice, Jr. & Co.*	New York, N. Y.
John M. Trippe	*Allen Investment Co.*	Denver, Colo.
George Warner	*Allen Investment Co.*	Denver, Colo.
*Joseph R. Dorsey	*Bache & Co.*	New York, N. Y.
*Earl L. Hagensieker	*Reinholdt & Gardner*	St. Louis, Mo.
*John W. Bunn	*Stifel Nicolaus & Co., Inc.*	St. Louis, Mo.
*John R. Stein	*Wm. V. Frankel & Co., Inc.*	New York, N. Y.
*Joseph Donadio	*Wm. V. Frankel & Co., Inc.*	New York, N. Y.
*Elbridge H. Smith	*Stryker & Brown*	New York, N. Y.
*James F. Moriarty	*W. E. Hutton & Co.*	Cincinnati, Ohio
*M. A. Cayne	*J. N. Russell & Co., Inc.*	Cleveland, Ohio
Wm. H. Elliott	*J. Barth & Co.*	Los Angeles, Calif.
*Robert M. Green	*Pledger & Co.*	Los Angeles, Calif.
*Frank J. Ronan	*New York Hanseatic Corp.*	New York, N. Y.

*Mr. & Mrs.

Sea View Industries Securities Offered

Sea View Industries, Inc. is offering an issue of $420,000 7% subordinated convertible debentures due in 1969 and 84,000 shares of common stock at $3.50 per share. The debentures are convertible into common stock at $3.33 per share as of Sept. 1, 1959.

Sea View Industries, Inc. is engaged primarily in the business of manufacturing aluminum awnings as well as aluminum carports, patios and screen rooms. Its manufacturing facilities are in Miami, Florida. The underwriting syndicate is headed by Michael G. Kletz & Co., Inc. and includes Roman & Johnson and Stanley Heller & Co.

Mitchum, Jones Office

STUDIO CITY, Cal.—Mitchum, Jones & Templeton has opened a branch office at 12345 Ventura Boulevard under the management of Martin J. Haims.

FHL Banks Sell Notes

Public offering of $181,000,000 Federal Home Loan Banks 5% consolidated notes dated Sept. 15, 1959 and due June 15, 1960 was made on Sept. 1 by the Federal Home Loan Bank Board through Everett Smith, fiscal agent of the banks, and a group of security dealers. The notes are priced at 100%.

Part of the net proceeds from the offering will be applied to retirement of $96,000,000 notes maturing on Sept. 15. The balance of the proceeds will be used to provide additional funds to member institutions of the Home Loan Bank system to meet demand for mortgage money.

Upon issuance of the notes offered today and retirement of the maturing Sept. 15 notes, outstanding indebtedness of the Home Loan Banks will total $1,402,280,000.

The Electronics Industry Looks Ahead to 1975

Continued from page 13

any sacrifice of proprietary position in marketing, this could be resolved by having the symposiums held under the auspices of universities in your respective communities.

Finally, I would like to propose that, as an organization, we create a special marketing award for non-military products, recognizing outstanding achievement in this field the same as you do in the scientific field. It is time we recognize marketing as a profession. A special WEMA, or Western Electronics Marketing Award, would go a long way toward bringing recognition to the field and attracting new talent to it.

I believe that by recognizing marketing talent in this way, and making marketing a key function in our forward thinking, we will be unleasing a new and powerful force in our economy, one that will help push our gross national product to the $700 billion level by 1970.

In conclusion I would like to re-emphasize the importance of improving communications between our scientists and marketing people. It should be the responsibility of our scientists to educate our marketing people as to what can be done, and it should be the responsibility of our marketing people to educate the scientists on what is needed.

Industry's Challenges of Tomorrow

I believe that as an industry we also should begin to think bigger. Consider, as a starter, the many problems created in the first half of the 20th century by our rapid industrialization. Perhaps we should begin to devote the second half of the century by solving them. Air pollution, unnecessary death on our highways and airways, the over-population of our radio spectrum, these are only a few of the man-created problems that cry for attention.

While we are still young, as an industry, let us direct our tremendous vitality and knowledge to fulfilling the promises of the future. Civilization's greatest need, in my opinion, is for low-cost water and energy. A breakthrough leading to the mass conversion of salt water into fresh water, economically, is badly needed.

Medical electronics, still in its infancy, holds great promise both in diagnosis and treatment. We have only scratched the surface in educational electronics. The role electronics will play in speeding up the educational process, and in enriching it, staggers the imagination.

We need a completely new production technology, one that will enable us to compete against low-cost foreign labor. Surely a part of the answer to this problem will lie in staying ahead technically. It is possible that the breakthrough in this area will grow out of the new and exciting art of molecular engineering.

This is not as far fetched as it might sound. Only a few years ago radios were shoe-box size. Today, without compromising quality or performance, we are making them commercially the size of a package of cigarets. It now appears possible to develop a thimble-sized radio so small it would not accommodate a speaker as we know them today.

We have come a long way in a short time, and it is only the beginning. Our history, though short, already points irrevocably to a great and fruitful destiny. Let's live up to it. Our opportunity is great, so great as to be rare in history; it may never be as great again as it is today.

The Security I Like Best

Continued from page 2

be a direct participant in the growth of these processes. Since early 1958 the company has been gaining a strong position in this advancing field by producing tar-bonded basic refractories for the new oxygen converters. In brick form (Tarblok) and in granular form (Tarmix) these refractories are used to construct the linings of oxygen furnaces. Tarmix is also used for repairs between heats. Furthermore, last year the company initiated a broad expansion program which included adding to its facilities for supplying the oxygen steelmaking furnaces.

Another attractive feature in the Basic picture is the record of growth that the company has achieved. If prospects are indicated by a company's past record, Basic's future is exceptionally bright. Sales soared from $6.5 million in 1947 to $24.2 million in 1956. Earnings during the same period rose from 56¢ a share to $2.12, almost a four-fold increase for both sales and earnings. While 1957 and 1958 profits were affected by the recession (net was equal to $1.72 a share in 1957 and $1.30 in 1958), by the end of 1958 the company's fortunes had reverted to the growth trend that had been displayed earlier. In the final quarter of the year Basic's earnings were at the annual rate of $2.80 a share. This rising trend continued in the first half of the current year as the company reported net of $1.81 a share, highest for any six-month period in its history. For the full year net is expected to reach a record $3.00 a share barring a prolonged steel strike. Moreover, with new facilities coming into production this year and next, reasonable expectancy would indicate a further improvement in the 1960 rate.

Over 50 years of experience has led Basic to be the world's largest manufacturer of basic grain refractories, ranging from powder up to the size of a pea. These refractories are manufactured from dolomite, magnesite, brucite and chrome ores. The company's dolomite deposits are the largest in the country and at the present rate of operation could continue to meet the company's need for well over 100 years. These deposits are located in northwestern Ohio in the geographical center of steel production in the United States. Basic's magnesite and brucite resources situated in western Nevada are the major part of one of the only two known commercial deposits in the country. Chrome ore is presently being mined at the company's deposits in Cuba.

Basic's refractory materials are used in open hearth furnaces to form the hearth or basin that contains the molten steel bath. They are also used for the constant repair work required on these hearths. The company's refractories are also used in electric furnaces for original construction and for maintenance. In addition Basic has developed guns to repair furnace linings by air emplacement of the refractory materials. The company is a leading producer of these pneumatic guns which are used in America, Europe, Japan, Africa and Australia.

The company also produces and distributes various products to the building industry. Under the "Tiger" brand name a complete line of plastering and masonry limes is produced, including "Kilnoise," a foamed acoustical plaster. "Tiger Polyroll," a polyethylene roll sheeting used extensively in the building industry as a vapor barrier and protective coating, is also marketed. Furthermore, through this division and as a national distributor for Owens-Corning Fiberglas, Basic markets a complete line of home insulation materials. The division has recently completed arrangements with Abitibi Corporation to distribute insulation board products in several of the Tiger Brands marketing areas. "Tiger" products are sold through a national network of over 2,000 dealers.

Chemical and agricultural products are also produced. Calcined magnesite manufactured at the company's Gabbs, Nevada plant and sold under the names Magox and Agoxide is used in the processing of uranium ores, as a bonding agent in the manufacture of roof deck and insulation board, in fertilizer mixes and in the preparation of caustic soda. Metallurgical lime is shipped to the steel industry from the Buffalo, N. Y. plant and high-magnesia lime to the glass, paper and chemical industries from its plants in Ohio. Agricultural limestone, a by-product of refractory manufacture, is marketed in a six-state area adjacent to the northwestern Ohio operations.

Longer range potentials are enhanced by future developments associated with the company's major position in a syndicate organized for the purpose of carrying out an extended program of prospecting for ore deposits through the use of airborne electromagnetic instruments. As a result of these explorations, leases have been acquired on promising nickel, cobalt and copper occurrences situated accessibly in Maine. More recently this syndicate has found sufficient evidence or iron and zinc deposits in New York State to warrant geological surveys now being conducted and if these confirm previous evidence, test borings will be made in the near future.

Although further financing to round out magnesia production facilities is expected before year end, no equity dilution is anticipated), Basic's finances at June 30, 1959 were more than adequate for operational purposes. Current assets totaled $9.7 million, current liabilities were $2 million, net working capital equaled $7.7 million and the current ratio was 5 to 1. Capitalization consisted of $3.5 million in long-term debt, 12,500 shares of $6.25 preferred, 18,000 shares of $5.60 convertible preference and 773,777 shares of common. The $5.60 preference stock is convertible at $14 a share. It was privately placed in 1958, as were increases in the preferred and the long-term debt.

While operations this year are expected to be at record levels, no increase in the $1.00 cash dividend rate seems indicated. It is apparently the company's policy to effect such increases by paying stock dividends and maintaining the $1.00 cash rate on the new shares. Specifically, this was done following a 20% stock dividend in 1955 and one of 25% in 1956.

In view of the bright earnings prospects, relatively low price and good yield, Basic is an attractive purchase for capital gains.

Form Jerome Robbins Co.

Jerome Robbins & Co., Inc., has been formed with offices at 521 Fifth Avenue, New York City to engage in a securities business. Officers are Jerome Robbins, President, and Joel A. Sherrow, Secretary-Treasurer. Mr. Robbins was formerly with Baron, Black, Kolb & Lawrence of Beverly Hills.

The State of Trade and Industry

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against $20,286,500,730 for the same week in 1958. Our comparative summary this week for some of the principal money centers follows:

Week Ending August 29—	1959	1958	%
New York	$11,363,314,161	$9,913,645,778	+14.6
Chicago	1,196,630,620	1,087,089,125	+10.1
Philadelphia	1,020,000,000	943,000,000	+ 8.2
Boston	76,824,139	639,835,846	+10.5

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. 31 issue.

School and College Enrollments to Set New Record

The impact on business, trade, merchandise and mechanical facilities will necessarily be great when 46,480,000 school and college children return to the forthcoming September enrollment. Last year's enrollment was 44,540,000, and the shortage of qualified teachers is placed at 195,000 this year, compared with last year's 182,000. Since 1929, college enrollment has tripled, high school almost doubled and grade school enrollment has increased by one half. One out of four persons in the U. S. is now attending school.

There will be a shortage of 130,000 public school classrooms in the fall. The complete enrollment will include 33,460,000 pupils from kindergarten through grade eight; grades nine through 12, 9,240,000 will be enrolled; in colleges 3,780,000 are expected as against 3,590,000 last year. More than 7,250,000 students will be in college by 1975 if all the eligible college minded boys and girls increase at its present rate. Since 1929 college enrollment has more than tripled.

Steel Stringency Becoming More Acute

New orders placed for already hard-to-get steel products will not be delivered for five to six months after the steel strike's end, "The Iron Age" reports.

Mills are now sold out for a minimum of three and probably four months on cold-rolled sheet, galvanized sheet, and hot-rolled sheet. But this week, some steel mills are taking orders for these products into the fifth and even sixth month after the strike, the metalworking weekly states.

This means that should the strike end by Sept. 15, orders placed for these products could not reach the user until February or March.

These products already on the tight list are particularly vital to the automotive, appliance and construction industries.

The scrambling for steel at all sources (warehouses, operating mills, and foreign steel brokers) indicates that steel inventory reports may have been greatly inflated. While total steel tonnage was accurately reported, it did not reflect early shortages of some products.

Some auto companies are already concerned over their ability to last out pipeline-filling. The auto companies, which had boasted adequate inventories to get into 1960 model production, are feeling some inbalance in their own stocks.

But they are even more concerned over inventory conditions among their parts suppliers, who were less successful in inventory building.

In the appliance industry, some major shutdowns are set for the third or fourth weeks in September. This hits at the peak of seasonal demand for many major appliances.

Steel warehouse customers are already feeling the pinch in some products. Although the steel service centers report better than three million tons of total inventory, inventory holes are becoming critical.

This points out that warehouse inventories, while outwardly large, are not uniformly distributed over the country and are not uniformly distributed over all steel products.

Mills operating with company unions or extended contracts report increasing requests for steel from users that are not regular customers. But these mills have been operating at capacity and any new business would have to come at the expense of established customers.

The result is that steel users who have holes in their own stocks are finding it increasingly difficult to fill them. This situation will become more critical each week until the strike ends.

Steel Companies Continue Expansion in Spite of Strike

Steel companies are continuing to expand and to plan expansion in the face of the strike, now nearly seven weeks old, according to "Steel," the metalworking weekly.

Construction of a new steel mill has been started at Portage, Ind., by National Steel Corp. Republic Steel Corp. has ordered a new plate mill for the Gulfsteel Works at Gadsden, Ala. Jones & Laughlin Steel Corp. has awarded contracts for two basic oxygen steelmaking furnaces at Cleveland. And Youngstown Sheet & Tube Co. plans to spend twice as much this year on capital projects as it did in 1958.

Other companies are also modernizing although construction work has been interrupted at plants closed by the strike, the metalworking weekly said.

This expansion in the nation's steelmaking capacity (costing hundreds of millions of dollars) is not only evidence of the industry's confidence in the years ahead, but it also indicates steelmen want mills efficient to help keep prices down.

In nationwide newspaper advertisements last week, the industry appealed for the union's co-operation in making labor contracts as modern as steel mill machinery. It pledged that the benefits of increased productivity would be shared by employees, shareholders, and the public.

Steelworkers have lost nearly a half billion dollars in wages, the industry nearly $1.5 billion in sales and $272 million in other things including overhead and salaries of nonproduction workers in steel, and the government nearly a third of a billion dollars in taxes—bringing the amount of direct losses to over $2.5 billion. This does not include losses in other industries affected by the strike.

"Steel" reported that even though more companies are curtailing or closing operations because of a steel shortage, the

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large majority of users have supplies to last until mid-September. A bare majority have enough to go into October or later.

Galvanized sheet inventories in the nation's steel service centers are almost depleted and cold rolled sheets are also coming into critically short supply. As the strike drags on, nonintegrated mills are being squeezed out of the market for want of semi-finished material.

Last week, steelmakers operated their furnaces at 12% of capacity, up seven-tenths of a point from the previous week's revised rate. Production was about 340,000 ingot tons.

"Steel's" scrap price composite on No. 1 heavy melting grade held at $38.33 a gross ton for the fourth consecutive week.

Foreign mills are cashing in on America's steel strike by boosting prices on exports to this country, "Steel" said.

Deformed bars, bar size angles, structural angles, I-beams, channels, and merchant bars are up $2 a ton at Atlantic, Great Lakes, Gulf, and West Coast ports.

Steel Output Based on 12.2% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *21.5% of steel capacity for the week beginning Aug. 31, equivalent to 345,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *20.7% of capacity and 332,000 tons a week ago. [ED. NOTE: A strike in the steel industry began Wednesday, July 15.]

Actual output for the week beginning Aug. 24 was equal to 11.7% of the utilization of the Jan. 1, 1959 annual capacity of 147-633,670 net tons. Estimated percentage for this week's forecast is 12.2%.

A month ago the operating rate (based on 1947-49 weekly production) was *19.8% and production 318,000 tons. A year ago the actual weekly production was placed at 1,666,000 tons, or *103.7%.

*Index of production is based on average weekly production for 1947-49.

Volume Production on 1960 Cars Underway

The final wrap-up for the 1959 model run has set the U. S. auto industry on its way toward volume production of the long-awaited 1960 models, "Ward's Automotive Reports" said.

The week's (period ended Aug. 29) scanty turnout of an estimated 17,565 units is expected to be bettered at least slightly next week when more plants end changeover operations and get into the swing of turning out 1960 model cars.

Three Chrysler Corp plants in Detroit (Chrysler Jefferson, Dodge Hamtramck and Plymouth Lynch Road) and others at Newark, Del., and Los Angeles will begin production of the 1960's on Aug. 31. The Rambler Plant at Kenosha, Wis., and six B-O-P Sites also started 1960 model activity on that day.

The Imperial plant in Detroit and the the new Dodge-Plymouth site at St. Louis already are turning out new models, as is the Studebaker-Packard factory at South Bend, Ind., and Chevrolet's Corvair plant at Willow Run, Mich.

The trade publication said the last U. S.-built 1959 cars were produced by Ford Motor Co. plants located throughout the country.

Truck volume (14,114) in the week ended Aug. 31, remained on a level with last week (14,698) even though one major producer, Chevrolet, began turning out 1960 models. The difference was made up by changeover closedowns at Ford truck plants and reduced output by Dodge.

The week's combined car-truck production was scheduled for an estimated 31,679 units, 31% less than the previous week (46,546), but an increase of 24% over the same year-ago period (25,581).

Car output (17,565) suffered a 45% decline from the previous week's total of 31,848 units.

This year's car-truck volume to date is ahead of comparable 1958 by 48%.

Carloadings Down 14.5% From 1958 Week

Loading of revenue freight for the week ended Aug. 22, 1959, totaled 542,561 cars, the Association of American Railroads announced. This was a decrease of 91,670 cars or 14.5% below the corresponding week in 1958, and a decrease of 216,679 cars or 28.5% below the corresponding week in 1957.

Loadings in the week of Aug. 22, were 1,283 cars or two-tenths of one per cent below the preceding week. It is estimated that about 165,000 additional cars would have been loaded in the current week if there had been no steel strike.

Electric Output 15% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 29, was estimated at 14,109,000,000 kwh., according to the Edison Electric Institute. Output increased by 106,000,000 kwh. above that of the previous week's total of 14,003,000,000 kwh. and showed a gain of 1,837,000,000 kwh. or 15% above that of the comparable 1958 week.

Lumber Shipments 5.6% Below 1958 Week

Lumber shipments of 465 mills reporting to the National Lumber Trade Barometer were 0.9% above production for the week ended Aug. 22, 1959. In the same week new orders of these mills were 2.9% below production. Unfilled orders of reporting mills amounted to 41% 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 42 days' production.

For the year-to-date, shipments of reporting identical mills were 2.2% above production; new orders were 2.4% above production.

Compared with the previous week ended Aug. 15, 1959 production of reporting mills was 1.4% above; shipments were 6.6% above; new orders were 6.2% above. Compared with the corresponding week in 1958, production of reporting mills was 4.1% below; shipments were 5.6% below; and new orders were 11.5% below.

Wholesale Commodity Price Index Slips From Prior Week

Reflecting lower prices on some grains, flour, hogs, lambs, and rubber, the general commodity price level slipped this week from the prior period. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 276.27 (1930-32=100) on Aug. 31, compared with 276.68 a week earlier and 277.22 on the corresponding date a year ago.

There was an appreciable dip in corn prices during the week, as trading was sluggish and supplies were adequate. Volume in rye and oats slackened and prices were down somewhat. Although wheat prices dipped at the beginning of the week, they picked up at the end of the period following a government report that at the end of July nearly 108,000,000 bushels of the 1959 crop had gone into government loan under the price-support program.

Although there was some scattered fill-in buying, over-all trading in flour lagged and prices were down slightly. Some export sales of flour were made to Colombia. Both domestic and export buying of rice picked up moderately during the week and prices matched those of the preceding week. Exporters reported increased interest from Peru in purchasing United States rice.

Sugar trading remained close to the preceding week, but prices were up moderately. Coffee prices finished at prior week levels, but purchases were down somewhat. Cocoa wholesalers reported a moderate gain in trading and prices rose substantially over a week earlier.

There was a significant decline in hog prices this week as receipts in Chicago expanded and trading remained sluggish. A moderate rise in steer prices occurred with trading higher and salable supplies slightly lower. While lamb turnover matched that of the prior week, receipts were lower and prices fell moderately. In contrast to the dip in hog prices, lard prices picked up moderately during the week.

Prices on the New York Cotton Exchange rose at the end of the week and finished slightly higher than the prior week. United States exports of cotton during the week ended last Tuesday came to about 20,000 bales, compared with 46,000 a year ago. For the current season through Aug. 25 exports amounted to about 60,000 bales, against 184,000 last year.

Wholesale Food Price Index Up Slightly for Second Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., advanced 0.3% on Aug. 25 to $5.97 from 5.95 a week earlier. The current level was 7.3% below the $6.44 of the corresponding date a year ago.

Commodities quoted higher this week were wheat, rye, beef, hams, bellies, cottonseed oil and cocoa. Lower in wholesale price were flour, corn, sugar, coffee, eggs, potatoes, rice and steers.

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.

Drop in Business Failures Noted

Commercial and industrial failures dipped to 257 in the week ended Aug. 27 from 263 in the preceding week, reported Dun & Bradstreet, Inc. Although at the lowest level in four weeks, casualties exceeded the 246 occurring in the similar week a year ago but were off slightly from the 262 in 1957. Some 12% more concerns failed, however, than in prewar 1939 when the toll was 229.

All of the week's decline was concentrated in failures with liabilities of $5,000 or more, which fell to 216 from 229 but remained slightly above the 213 of this size last year. A contrasting increase lifted casualties involving liabilities under $5,000 to 41 from 34 a week earlier and from 33 a year ago. Twenty-two of the failing businesses had liabilities in excess of $100,000 as against 19 in the preceding week.

Tolls dipped during the week in all industry and trade groups except retailing where casualties climbed to 129 from 113. The sharpest decline was registered by manufacturers whose total dropped to 39 from 51, while milder dips occurred among wholesalers, down to 23 from 27, among contractors, down to 40 from 45, and among commercial services, off to 26 from 27. More concerns succumbed than last year in all lines except retailing.

Retail Volume Slightly Over Year Ago

The heat wave over most of the country last week slowed sales in many cities. Despite promotions, fall women's apparel, back-to-school clothing, men's wear and homefurnishings all suffered setbacks. Fans and air conditioners were in demand, however. The effect of the steel strike is becoming more noticeable in cities in the strike areas. Car sales in the first 20 days of August totaled 300,500, according to published reports.

The total dollar volume of retail trade in the week ended Aug. 26 was —1 to +3% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: West North Central +3 to +7; Pacific and West South Central +1 to +5; East North Central 0 to +4; South Atlantic, East South Central and Mountain —1 to +3; New England —2 to —6; Middle Atlantic —5 to —9.

Nationwide Department Stores Sales Down 1% For August 22 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Aug. 22, decreased 1% below the like period last year. In the preceding week, for Aug. 15, an increase of 6% was reported. For the four weeks ended Aug. 22, a gain of 5% was registered and for Jan. 1 to Aug. 22, an 8% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Aug. 22 declined 12% over the like period last year. In the preceding week Aug. 15 no increase or decrease was shown. For the four weeks ended Aug. 22 a 1% loss over the same period in 1958 was recorded and Jan. 1 to Aug. 22 showed a 3% increase.

Gabriel Co. Securities Offered to Investors

A public offering of $2,500,000 of The Gabriel Co. 5¾% subordinated sinking fund debentures due June 30, 1974, with common share purchase warrants attached, is being made today (Sept. 3) by Carl M. Loeb, Rhoades & Co. and Prescott, Shepard & Co., Inc. The units are offered at 100%, plus accrued interest from July 1, 1959 to date of delivery.

Each warrant, detachable and exercisable on and after Dec. 1, 1959, entitles the holder to purchase 20 shares of the company's common stock ($1 par) for each $1,000 principal amount of the debentures to which it is initially attached at $20 per share to and including June 30, 1964, at $25 per share thereafter to and including June 30, 1969, and at $30 per share thereafter to and including June 30, 1974, the expiration date.

Net proceeds from the sale of the debentures, together with other funds, will be used by the company for a capital investment program, including new facilities for the Gabriel Electronics Division at Millis, Mass.; for the Rocket Power, Inc. subsidiary; for the Bohanan Division and for added research and development equipment.

The debentures will be redeemable on and after July 1, 1961 at optional redemption prices ranging from 103% to par and through the sinking fund beginning July 1, 1965 at 100%, plus accrued interest in each case. The sinking fund requirements are sufficient to retire 84% of the debentures prior to maturity.

The company, with its principal plant at Cleveland, Ohio, manufactures and sells shock absorbers for trucks, buses and passenger cars, metal couplings for the rubber industry and antenna and accessory equipment for the electronics, aircraft and missile industries. Talco Engineering Co., a wholly - owned subsidiary, designs, develops and manufactures solid propellant ballistic devices, for missiles and military aircraft. Rocket Power, Inc., a recently formed, wholly-owned subsidiary, plans to engage in the manufacture and sale of solid fuels for moderate thrust rockets and missiles and for military aircraft and in research in those and related fields. International Couplings Division of Gabriel is one of four major producers of couplings for the rubber hose industry, while the Gabriel Electronics Division is one of about 25 producers of antennas and other components for radio communications systems. The company's Bohanan Division manufactures force ejection systems and other devices for missiles and aircraft.

For the five months ended May 31, 1959, the company showed consolidated net sales of $11,726,-886 and net income of $360,594, equal to 53 cents per common share outstanding. Upon completion of the current financing, outstanding capitalization of the company and its subsidiaries will consist of $6,395,000 of various debt; 34,056 shares of 5% cumulative preferred stock, and 675,438 shares of common stock.

Forms Partnership

JEFFERSON CITY, Mo.—Robert E. Holliway, 308 Jackson St., has admitted Robert E. Holliway, Jr. to partnership in his investment business which is now being conducted under the name of Robert E. Holliway Co.

Forms Corporation

NEW HARTFORD, N. Y.—Allen C. Baldwin has formed Allen C. Baldwin, Inc., with offices at 108 Colonial Drive to continue his investment business. Mr. Baldwin is President of the new firm.

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)	Sept. 5	§12.2	*11.7	11.2	61.7
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 5	§345,000	*332,000	318,000	1,666,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 21	6,817,125	6,822,575	6,855,125	6,874,735
Crude runs to stills—daily average (bbls.)	Aug. 21	¶8,214,000	7,950,000	7,952,000	7,892,000
Gasoline output (bbls.)	Aug. 21	29,316,000	29,077,000	28,750,000	28,005,000
Kerosene output (bbls.)	Aug. 21	2,059,000	1,939,000	2,056,000	1,791,000
Distillate fuel oil output (bbls.)	Aug. 21	13,197,000	12,024,000	11,802,000	12,004,000
Residual fuel oil output (bbls.)	Aug. 21	6,241,000	5,973,000	6,313,000	6,710,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	Aug. 21	181,422,000	183,104,000	188,157,000	173,756,000
Kerosene (bbls.) at	Aug. 21	29,948,000	29,473,000	28,964,000	27,548,000
Distillate fuel oil (bbls.) at	Aug. 21	153,122,000	147,907,000	134,463,000	132,398,000
Residual fuel oil (bbls.) at	Aug. 21	56,629,000	55,525,000	54,789,000	66,994,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 22	542,561	543,844	536,430	634,231
Revenue freight received from connections (no. of cars)	Aug. 22	486,504	483,610	481,599	524,802
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 27	$293,000,000	$377,900,000	$331,500,000	$397,801,000
Private construction	Aug. 27	140,200,000	210,300,000	140,900,000	195,490,000
Public construction	Aug. 27	152,800,000	167,600,000	190,600,000	202,311,000
State and municipal	Aug. 27	131,200,000	83,300,000	139,500,000	175,705,000
Federal	Aug. 27	21,600,000	84,300,000	51,100,000	26,606,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 22	7,095,000	*7,225,000	7,285,000	8,223,000
Pennsylvania anthracite (tons)	Aug. 22	352,000	341,000	359,000	426,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 22	132	132	117	134
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 29	14,109,000	14,003,000	13,775,000	12,272,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 27	257	263	252	246
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 25	6.196c	6.196c	6.196c	6.188c
Pig iron (per gross ton)	Aug. 25	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Aug. 25	$40.17	$39.83	$39.50	$42.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 26	30.175c	29.600c	29.575c	26.100c
Export refinery at	Aug. 26	27.900c	28.650c	27.125c	24.950c
Lead (New York) at	Aug. 26	13.000c	12.000c	12.000c	10.750c
Lead (St. Louis) at	Aug. 26	12.800c	11.800c	11.800c	10.550c
‡Zinc (delivered) at	Aug. 26	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	Aug. 26	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	Aug. 26	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Aug. 26	102.875c	102.625c	102.000c	94.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 1	81.42	82.56	83.50	88.32
Average corporate	Sept. 1	85.33	85.85	85.98	92.06
Aaa	Sept. 1	89.37	89.78	89.64	96.54
Aa	Sept. 1	87.32	87.86	87.59	95.01
A	Sept. 1	84.43	85.33	85.72	92.06
Baa	Sept. 1	80.81	80.93	81.42	85.20
Railroad Group	Sept. 1	84.43	84.55	84.94	89.09
Public Utilities Group	Sept. 1	84.68	85.07	85.20	91.62
Industrials Group	Sept. 1	87.05	87.99	87.99	95.62
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 1	4.36	4.24	4.13	3.56
Average corporate	Sept. 1	4.76	4.72	4.71	4.27
Aaa	Sept. 1	4.46	4.43	4.44	3.97
Aa	Sept. 1	4.61	4.57	4.59	4.07
A	Sept. 1	4.83	4.76	4.73	4.27
Baa	Sept. 1	5.12	5.11	5.07	4.77
Railroad Group	Sept. 1	4.83	4.82	4.79	4.48
Public Utilities Group	Sept. 1	4.81	4.78	4.77	4.30
Industrials Group	Sept. 1	4.63	4.56	4.56	4.03
MOODY'S COMMODITY INDEX	Sept. 1	384.1	385.6	381.8	392.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 22	299,462	298,923	281,445	275,008
Production (tons)	Aug. 22	320,743	325,729	312,860	293,915
Percentage of activity	Aug. 22	95	96	94	92
Unfilled orders (tons) at end of period	Aug. 22	511,267	551,214	533,760	419,411
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 28	109.35	109.40	109.36	108.68
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 7	2,178,290	2,430,330	3,040,660	2,592,340
Short sales	Aug. 7	340,910	410,020	484,130	494,010
Other sales	Aug. 7	1,745,160	2,044,190	2,538,550	2,118,840
Total sales	Aug. 7	2,086,070	2,454,210	3,022,680	2,612,850
Other transactions initiated off the floor—					
Total purchases	Aug. 7	246,810	360,650	499,530	644,630
Short sales	Aug. 7	10,900	40,400	45,100	33,900
Other sales	Aug. 7	251,980	364,760	468,710	599,640
Total sales	Aug. 7	262,880	405,160	513,810	633,540
Other transactions initiated on the floor—					
Total purchases	Aug. 7	629,596	660,150	923,955	845,290
Short sales	Aug. 7	96,410	113,870	179,820	135,890
Other sales	Aug. 7	637,783	759,137	895,970	892,010
Total sales	Aug. 7	734,193	873,007	1,075,790	1,027,900
Total round-lot transactions for account of members—					
Total purchases	Aug. 7	3,054,696	3,451,130	4,464,145	4,082,260
Short sales	Aug. 7	448,220	564,290	709,050	663,800
Other sales	Aug. 7	2,634,923	3,168,087	3,903,230	3,610,490
Total sales	Aug. 7	3,083,143	3,732,377	4,612,280	4,274,290
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	Aug. 7	1,674,471	1,834,992	2,186,078	1,485,737
Dollar value	Aug. 7	$91,910,446	$98,212,654	$115,413,588	$67,022,937
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 7	1,450,162	1,546,095	1,941,000	1,578,423
Customers' short sales	Aug. 7	7,234	4,798	7,016	11,772
Customers' other sales	Aug. 7	1,442,928	1,541,297	1,933,984	1,566,651
Dollar value	Aug. 7	$77,539,779	$80,042,388	$98,406,933	$69,512,553
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 7	371,820	378,030	479,410	538,510
Short sales	Aug. 7	------	------	------	------
Other sales	Aug. 7	371,820	378,030	479,410	538,510
Round-lot purchases by dealers—Number of shares	Aug. 7	563,640	672,830	741,420	452,750
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	Aug. 7	512,530	621,930	821,780	875,000
Other sales	Aug. 7	12,936,440	15,203,330	18,780,210	18,437,590
Total sales	Aug. 7	13,448,970	15,825,260	19,601,990	19,312,590
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 25	119.2	119.3	119.2	118.7
Farm products	Aug. 25	87.1	87.9	87.5	92.5
Processed foods	Aug. 25	107.0	106.8	107.7	110.2
Meats	Aug. 25	97.5	96.9	97.1	104.4
All commodities other than farm and foods	Aug. 25	128.3	128.3	128.2	125.2

*Revised figure. ¶Includes 999,000 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.

AMERICAN GAS ASSOCIATION—For month of June:			
Total gas sales (M therms)	5,897,300	6,583,200	5,075,700
Natural gas sales (M therms)	5,782,600	6,422,700	4,944,700
Manufactured gas sales (M therms)	10,800	15,300	14,900
Mixed gas sales (M therms)	103,900	145,200	116,100
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of July:			
Total home laundry appliance factory unit sales (domestic)	422,976	423,155	360,629
Combination washer-dryers	9,665	10,423	7,829
Washers	318,063	341,894	277,287
Dryers	95,248	70,838	75,513
AMERICAN PETROLEUM INSTITUTE—Month of May:			
Total domestic production (barrels of 42 gallons each)	250,444,000	243,847,000	216,366,000
Domestic crude oil output (barrels)	223,806,000	217,685,000	193,215,000
Natural gasoline output (barrels)	26,606,000	26,132,000	23,125,000
Benzol output (barrels)	32,000	30,000	26,000
Crude oil imports (barrels)	29,089,000	22,270,000	28,972,000
Refined product imports (barrels)	16,885,000	20,084,000	17,699,000
Indicated consumption domestic and export (barrels)	266,884,000	279,435,000	257,358,000
Increase all stocks (barrels)	29,534,000	6,766,000	5,679,000
AMERICAN RAILWAY CAR INSTITUTE—Month of July:			
Orders for new freight cars	4,159	8,054	376
New freight cars delivered	4,273	3,950	2,113
Backlog of cars on order and undelivered (end of month)	40,309	40,973	25,994
AMERICAN TRUCKING ASSOCIATION, INC.—Month of June:			
Intercity general freight transported by 357 carriers (in tons)	5,761,422	5,528,904	4,737,542
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of July:			
Manufacturing number	203	203	255
Wholesale number	113	130	105
Retail number	518	633	613
Construction number	137	167	181
Commercial service number	100	111	99
Total number	1,071	1,244	1,253
Manufacturers' liabilities	$14,592,000	$12,143,000	$22,673,000
Wholesale liabilities	5,078,000	5,232,000	5,788,000
Retail liabilities	17,052,000	18,234,000	18,784,000
Construction liabilities	11,328,000	8,519,000	13,966,000
Commercial service liabilities	3,147,000	5,069,000	4,164,000
Total liabilities	$51,197,000	$49,197,000	$65,375,000
COAL EXPORTS (BUREAU OF MINES)—Month of June:			
U. S. exports of Pennsylvania anthracite (net tons)	105,905	157,634	232,037
To North and Central America (net tons)	95,178	120,180	163,238
To Europe (net tons)	10,690	28,554	60,074
To Asia (net tons)	37	5,824	8,725
To South America (net tons)	------	3,076	------
Undesignated	------	------	------
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of July 31 (000's omitted)	$759,000	$729,000	$966,000
COPPER INSTITUTE—For month of July:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	89,973	*110,771	73,302
Refined (tons of 2,000 pounds)	134,020	138,403	110,130
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	108,127	*150,117	77,523
Refined copper stocks at end of period (tons of 2,000 pounds)	103,432	*85,674	242,781
COTTON GINNING (DEPT. OF COMMERCE):			
To Aug. 16 (running bales)	472,200	------	589,748
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—Crop as of August 1 (in thousands):			
Corn, all (bushels)	4,173,470	4,224,450	3,799,844
Wheat, all (bushels)	1,118,960	1,155,132	1,462,218
Winter (bushels)	909,333	932,878	1,179,924
All spring (bushels)	209,627	222,254	282,294
Durum (bushels)	20,858	19,913	22,077
Other spring (bushels)	188,769	202,341	260,217
Oats (bushels)	1,048,533	1,009,625	1,422,164
Barley (bushels)	406,857	414,355	470,449
Rye (bushels)	20,996	21,437	32,485
Flaxseed (bushels)	23,231	27,596	39,543
Rice (100 lb. bags)	52,090	52,166	47,015
Sorghum grain (bushels)	508,394	------	614,845
Cotton (bales)	14,815	------	11,512
Hay, all (tons)	109,339	109,594	121,924
Hay, wild (tons)	8,893	8,956	10,481
Hay, alfalfa (tons)	61,574	61,797	67,134
Hay, clover and timothy (tons)	21,632	21,785	24,441
Hay, lespedeza (tons)	4,647	4,581	6,017
Beans, dry edible (cleaned—100 lb. bags)	18,535	18,434	18,981
Peas, dry field (cleaned—100 lb. bags)	4,101	4,045	2,475
Soybeans for beans (bushels)	531,439	------	574,413
Peanuts (pounds)	1,726,995	------	1,835,800
Potatoes (hundredweight)—			
Winter	3,874	3,874	4,971
Early spring	3,311	3,311	4,703
Late spring	22,553	22,553	24,152
Early summer	13,633	13,614	14,659
Late summer	33,664	33,206	34,308
Fall	168,957	------	182,936
Total	245,992	------	265,729
Sweetpotatoes (hundredweight)	17,852	17,598	17,434
Tobacco (pounds)	1,863,801	1,783,199	1,736,204
Sugarcane for sugar and seed (tons)	8,048	8,048	6,681
Sugar beets (tons)	16,075	15,918	15,183
Broomcorn (tons)	31	------	32
Hops (pounds)	52,641	51,492	48,407
Apples, commercial crops (bushels)	118,707	119,122	126,610
Peaches (bushels)	72,639	75,781	71,069
Pears (bushels)	32,277	32,680	28,890
Grapes (tons)	3,129	3,251	3,026
Cherries (tons)	219	224	192
Apricots (tons)	230	240	108
Pecans (pounds)	138,200	------	174,750
NEW YORK STOCK EXCHANGE—As of July 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,528,000	$3,546,000	$3,168,999
Credit extended to customers	155,000	158,000	148,868
Cash on hand and in banks in U. S.	363,000	363,000	331,447
Total of customers' free credit balances	1,079,000	1,094,000	1,079,936
Market value of listed shares	309,519,664	298,785,388	234,506,830
Market value of listed bonds	106,135,307	105,872,009	116,425,440
Member borrowings on U. S. Govt. issues	527,000	473,000	659,004
Member borrowings on other collateral	2,316,000	2,350,000	2,051,563
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	*36,527,000	33,350,000
Capacity used (per cent)	100	96	98

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. (9/11)
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. (9/14-16)
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, New York.

Alaska Mines & Metals Inc.
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter**—To be named by amendment.

Albertson's, Inc. (9/14-18)
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.

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. (10/5-9)**
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.

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 Greetings Corp., Cleveland, Ohio (9/29)**
Aug. 28 filed $5,000,000 of 20-year convertible subordinated debentures due Oct. 1, 1979. **Price**—To be supplied by amendment. **Proceeds** — To retire short-term loans and for general corporate purposes. **Business**—The company is engaged in the design, manufacture and sale of greeting cards and gift wrappings. **Underwriters**—Goldman, Sachs & Co., New York, and McDonald & Co., Cleveland, Ohio.

★ **American Hardware Corp.**
Aug. 26 filed 50,000 shares of common stock, to be offered under the company's executive Incentive Stock Option Plan. **Office**—102 Washington Street, New Britain, Conn.

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. The SEC had scheduled a hearing, to begin on Sept. 2, which will determine whether a stop order will be issued suspending the offering.

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.

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 addtional 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 September.

★ **Anderson Electronics, Inc.**
Aug. 24 (letter of notification) 180,000 shares of class A non-voting stock and 20,000 shares of voting common stock, the latter to be offered to purchasers at ratio of one share of common for each 20 shares of class A stock purchased. **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—1012 Chestnut Ave., Altoona, Pa. **Underwriter**—None.

★ **Anglo Murmont Mining Corp., Ltd.**
Sept. 1 filed 250,000 shares of common stock. **Price**—Initial price of 40 cents per share. **Proceeds**—To be used to pay for exploration and development of mines and rest of the funds will be added to general funds of the company and used for working capital. **Office**—Prince Albert, Saskatchewan, Canada. **Underwriter** — None.

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.

★ **Associations Investment Fund**
Aug. 28 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks. **Office**—301 W. 11th Street, Kansas City, Mo. **Underwriter**—Jones Plans, Inc., a subsidiary of R. B. Jones & Sons, Inc.

★ **Australia (Commonwealth of) (9/17)**
Aug. 28 filed $25,000,000 of 20-year bonds due Sept. 15, 1979. **Price**—To be supplied by amendment. **Proceeds**—For various public works projects. **Underwriter**—Morgan Stanley & Co., 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.
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. **Offering**—Expected in September.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notiifcation) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

Basic Materials, Inc.
April 9 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Harold A. Roberts, President, Arroyo Hondo, Santa Fe, N. Mex. **Underwriter** — Hyder, Rosenthal & Co., Albuquerque, N. Mex. Letter to be amended.

● **Belco Petroleum Corp. (9/21-22)**
Aug. 14 filed $7,200,000 of 5.83% convertible subordinated debentures, due 1974, and 400,000 shares of common stock (par $1) to be offered in units, each unit consisting of $36 of debentures and two shares of common stock. **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.

★ **BEM Photocopy Manufacturing Corp. (9/30)**
Aug. 27 (letter of notification) 100,000 shares of capital stock (par five cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—42 W. 15th St., New York, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

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. (9/22)**
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.

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.

Bradco 1960 Associates, Inc.
Aug. 24 filed $2,500,000 of participating interests under a Participation Agreement in Associates Oil and Gas Exploration Program. **Price**—$10,000 per unit. **Proceeds**—For the acquisition and exploration of undeveloped oil and gas properties. **Office**—Bank of the Southwest Bldg., Houston, Texas. **Underwriters** — The offering is to be made on a best efforts basis by 2338 Sales, Inc. (an affiliate of the issuing company) and certain company officers, including W. H. Hendrickson, Board Chairman.

Brush Beryllium Co. (9/16)
Aug. 20 filed $6,500,000 of convertible subordinated debentures, due 1974. **Price**—To be supplied by amendment. **Proceeds**—To retire funded debt; for expansion; and for general corporate purposes. **Office**—4301 Perkins Ave., Cleveland, Ohio. **Underwriters**—Kuhn, Loeb & Co. of New York, and McDonald & Co. of Cleveland.

● **Bzura Chemical Co., Inc. (9/21-25)**
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.

Cador Production Corp., Far Hills, N. J.
Aug. 13 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**—At par in exchange for "property interests." **Agent**—Dewey & Grady Inc., Far Hills, N. J. on a "best efforts" basis for the class A stock only.

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.**
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. **Offering** — Expected today (Sept. 3).

Casco Chemical Corp.
July 10 (letter of notification) 300,000 shares of common stock (par 10 cents). **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, Texas. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

★ **Castle Hot Springs Hotel, Inc.**
Aug. 20 (letter of notification) 132 shares of class A common stock (par $5) and 6,468 shares of class B common stock (par $5) to be offered in units of one share of class A common and 49 shares of class B common; $50,000 of 15-year 1½% promissory notes to be offered in multiples of $250; $35,000 of nine-year 1½% promissory notes to be offered in denominations of $5,000 each and $75,000 of eight-year 1½% promissory notes to be offered in multiples of $10 each. **Price**—Of stock, $250 per unit; of notes, at par. **Proceeds**—For construction and operation of a hotel. Office—363 N. First Avenue, Phoenix, Ariz. **Underwriter**—None.

● **Central Corp. (9/14-18)**
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., Inc., New York.

★ **Central Electric & Gas Co.**
Aug. 19 (letter of notification) 12,500 shares of common stock (par $5) to be offered to employees of the company or its subsidiaries. **Price** — $19 to $24 per share. **Proceeds**—For general corporate purposes. **Office**—144 S. 12th St., Lincoln 1, Neb. **Underwriter**—None.

● **Central Transformer Corp. (9/21)**
Aug. 20 filed 98,750 shares of common stock, of which 89,773 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—To retire debentures, to construct and equip a new plant in Florida, and for general corporate purposes including working capital. **Office**—2400 West Sixth St., Pine Bluff, Ark. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas, Texas.

Century Properties
Aug. 5 (letter of notification) 33,880 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of one new share for each 10 shares held. **Price**—$4 per share. **Proceeds**—To retire in part its current bank loans. **Office**—1758 La Cienga Blvd., Los Angeles, Calif. **Underwriter**—None.

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.

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NEW ISSUE CALENDAR

September 8 (Tuesday)

Collier Acres, Inc. — Common
(Williams & Associates) $300,000
Control Data Corp. — Common
(Offering to stockholders—underwritten by Dean Witter & Co.) 93,594 shares
Dynex, Inc. — Common
(Myron A. Lomasney & Co.) $600,000
Empire Financial Corp. — Common
Dempsey-Tegeler & Co.) 260,000 shares
Georgia-Bonded Fibers, Inc. — Common
(Sandkuhl & Co., Inc.) $300,000
Long Mile Rubber Co. — Debentures
(Scherck, Richter & Co.; Burnham & Co. and S. D. Lunt & Co.) $1,500,000
Lytton Financial Corp. — Common
(William R. Staats & Co.) 110,000 shares
Narda Microwave Corp. — Common
(Milton D. Blauner & Co. Inc.) 50,000 shares
New West Amulet Mines Ltd. — Common
(Willis E. Burnside & Co., Inc.) 200,000 shares
Nord Photocopy & Business Equip. Corp. — Common
(Myron A. Lomasney & Co.) $500,000
Sta-Rite Products, Inc. — Common
(Loewi & Co., Inc.) 118,270 shares
Tex-Star Oil & Gas Corp. — Debentures
(Stroud & Co., Inc. and Auchincloss, Parker & Redpath) $1,000,000
United States Communications, Inc. — Common
(Hett, Kann & Infante, Inc.) $225,000
Wellington Electronics, Inc. — Common
(Amos Treat & Co., Inc. and Truman, Wasserman & Co.) $1,440,000

September 9 (Wednesday)

Chicago, Burlington & Quincy RR. — Eq. Trust Ctfs.
(Bids noon CDT) $3,150,000
Community Public Service Co. — Preferred
(Bids 11 a.m. EDT) $3,000,000
Concert Network, Inc. — Common
(R. A. Holman & Co., Inc.) $156,250
Monarch Marking System Co. — Common
(McDonald & Co.) 100,000 shares

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
Pacific Outdoor Advertising Co. — Debentures
(Lester, Ryons & Co. and Wagenseller & Durst, Inc.) $650,000
Radio Frequency Co., Inc. — Common
(Myron A. Lomasney & Co.) $300,000
Union Electric Co. — Common
(Bids to be invited) 1,036,602 shares
York Research Corp. — Class A
(Myron A. Lomasney & Co.) $450,000

September 11 (Friday)

Acme Missiles & Construction Corp. — Common
(Myron A. Lomasney & Co.) $1,200,000

September 14 (Monday)

Aid Investment & Discount, Inc. — Notes
(Paine, Webber, Jackson & Curtis) $1,000,000
Albertson's, Inc. — Common
(J. A. Hogle & Co.) 200,000 shares
Central Corp. — Common
(Arnold Malkan & Co.) $600,000
Entron, Inc. — Common
(Allkow & Co., Inc.; James Anthony Securities Corp.; and F. W. Schwerin & Co.) $1,000,000
Florida Palm-Aire Corp. — Common
(Hardy & Co. and Goodbody & Co.) $1,780,000
Foto-Video Laboratories, Inc. — Common
(Arnold Malkan Co.) $300,000
Matronics, Inc. — Common
(Vermilye Brothers) $750,000
National Cleveland Corp. — Debentures
(Merrill, Turben & Co., Inc. and Loewi & Co., Inc.) $600,000
Southern New England Telephone Co. — Common
(Offering to stockholders—no underwriting) $24,115,000

September 15 (Tuesday)

American States Insurance Co. — Common
(Offering to stockholders—underwritten by City Securities Corp.) 108,144 shares
Construction Products Corp. — Common
(Clayton Securities Corp.) $750,000
Electro-Sonic Laboratories, Inc. — Common
(L. D. Sherman & Co.) $300,000
Steak'n Shake, Inc. — Common
(Offering to stockholders—underwritten by White & Co.) $303,902.50
Transdyne Corp. — Common
(Simmons & Co.) $300,000
West Coast Telephone Co. — Common
(Blyth & Co., Inc.) 125,000 shares

September 16 (Wednesday)

Brush Beryllium Co. — Debentures
(McDonald & Co. and Kuhn Loeb & Co.) $6,500,000
Edward Steel Corp. — Common
(Charles Plohn & Co.) $700,000
Hooker Chemical Corp. — Debentures
(Offering to stockholders—underwritten by Smith, Barney & Co.) $25,000,000

September 17 (Thursday)

Australia (Commonwealth of) — Bonds
(Morgan Stanley & Co.) $25,000,000
General Contract Finance Corp. — Preferred
(G. H. Walker & Co.) $4,000,000
Georgia Power Co. — Bonds
(Bids 11 a.m. EDT) $18,000,000
Hoerner Boxes, Inc. — Common
(Goldman, Sachs & Co.) 246,500 shares

September 21 (Monday)

Belco Petroleum Corp. — Debentures & Common
(White, Weld & Co. and Goldman, Sachs & Co.) $7,200,000
Buckingham Transportation Inc. — Common
(Cruttenden, Podesta & Co.) 250,000 shares
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
Central Transformer Corp. — Common
(Eppler, Guerin & Turner, Inc.) 89,773 shares
Crowley's Milk Co., Inc. — Common
(Auchincloss, Parker & Redpath) 60,000 shares
Dixon Chemical & Research, Inc. — Preferred
(Hardy & Co. and P. W. Brooks & Co., Inc.) $1,000,000
Dooley Aircraft Corp. — Common
(Mallory Securities, Inc.) $750,000
Fair Lanes, Inc. — Common
(R. S. Dickson & Co. and Alex. Brown & Sons) 120,000 shares
New England Telephone & Telegraph Co. — Debens.
(Bids noon EDT) $45,000,000
Random House, Inc. — Common
(Allen & Co.) 222,060 shares
Southeastern Development Corp. — Common
(No underwriting) $850,000
Southern New England Telephone Co. — Common
(Bids 11 a.m. EDT) 1,467,120 rights
Technical Materiel Corp. — Common
(Kidder, Peabody & Co., Inc.) 80,000 shares
Waddell & Reed, Inc. — Common
(Kidder, Peabody & Co.) 80,000 shares

September 22 (Tuesday)

Beverages Bottling Corp. — Common
(Financial Management, Inc.) $300,000
Heublein, Inc. — Common
(Glore, Forgan & Co.) 425,000 shares

September 23 (Wednesday)

Fredonia Pickle Co., Inc. — Common
(Summit Securities, Inc.) $300,000
Harnischfeger Corp. — Common
(The First Boston Corp.) 200,000 shares
Pacific Finance Corp. — Common
(Blyth & Co., Inc. and Hornblower & Weeks) 160,000 shares
Space Components, Inc. — Common
(Bertner Bros. and Earl Edden Co.) $200,000

September 24 (Thursday)

Sylvania Electric Products, Inc. — Debentures
(Paine, Webber, Jackson & Curtis and Halsey, Stuart & Co. Inc.) $25,000,000

September 28 (Monday)

Gateway Airlines, Inc. — Common
(Dunne & Co.) $600,000
Guerdon Industries, Inc. — Common
(Blair & Co., Inc.) 400,000 shares
National Co., Inc. — Common
(White, Weld & Co.) 200,000 shares
Service Life Insurance Co. — Common
(Kay & Co., Inc.) $500,000

September 29 (Tuesday)

American Greetings Corp. — Debentures
(Goldman, Sachs & Co. and McDonald & Co.) $5,000,000
Southern California Gas Co. — Bonds
(Bids 8:30 a.m. PDT) $30,000,000

September 30 (Wednesday)

BEM Photocopy Manufacturing Corp. — Common
(Myron A. Lomasney & Co.) $300,000
Magnuson Properties, Inc. — Preferred & Class A
(Blair & Co., Inc.) 150,000 shares of each

October 1 (Thursday)

Pantasote Co. — Debentures
(Blair & Co., Inc.) $2,700,000

October 5 (Monday)

Allied Petro-Chemicals, Inc. — Common
(Philadelphia Securities Co., Inc.) $400,000

October 6 (Tuesday)

Electronic Communications, Inc. — Debentures
(Laird & Co., Corp.) $5,000,000

October 8 (Thursday)

Columbia Gas System Inc. — Debentures
(Bids to be invited) $25,000,000
Manchester Bank of St. Louis (Mo.) — Common
(Offering to stockholders—underwritten by G. H. Walker & Co.) 45,000 shares

October 12 (Monday)

Shell Electronics Manufacturing Corp. — Common
(Schweickart & Co.) $340,000

October 14 (Wednesday)

Philadelphia Electric Co. — Bonds
(Bids to be invited) $50,000,000

October 20 (Tuesday)

Southern Bell Telephone & Telegraph Co. — Debs.
(Bids to be invited) $70,000,000

October 21 (Wednesday)

Western Massachusetts Electric Co. — Bonds
(Bids 11 a.m. EDT) $8,000,000

October 22 (Thursday)

American Electric Power Co. — Common
(Bids 11 a.m. EDT) 1,200,000 shares

October 27 (Tuesday)

Florida Power & Light Co. — Bonds
(Bids to be invited) $20,000,000

October 28 (Wednesday)

Puget Sound Power & Light Co. — Bonds
(Bids to be invited) $20,000,000

November 17 (Tuesday)

American Telephone & Telegraph Co. — Debens.
(Bids to be received) $250,000,000

November 24 (Tuesday)

Gulf States Utilities Co. — Bonds
(Bids 11 a.m. EST) $16,000,000

December 1 (Tuesday)

Consolidated Edison Co. of New York, Inc. — Bonds
(Bids to be invited) $50,000,000

Continued from page 31

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.

Cohu Electronics, Inc.
July 20 filed 353,535 shares of common stock (par $1) being offered to common stockholders on a basis of one share for every three shares held as of Aug. 21, 1959; rights to expire on Sept. 9, 1959. **Price**—$5.25 per share. **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.

● **Collier Acres, Inc., Miami Beach, Fla. (9/8-11)**
Aug. 17 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase properties; advertising and for working capital. **Underwriter**—Williams & Associates, Newark, N. J.

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. **Offering** — Expected some time in October.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock Price—To be supplied by amendment. Proceeds — To construct refinery. Underwriter—Lehman Brothers, New York. Offering—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

Community 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. (9/9)
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 Development Corp.**
Aug. 28 filed 448,000 shares of common stock, of which 198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price** — For the shares to be offered to the debenture holders, 75 cents per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — For general corporate purposes. **Office**—Calle 23, No. 956, Vedado, Havana, Cuba. **Underwriter**—H. Kook & Co., Inc., New York.

Construction Products Corp., Miami, Fla. (9/15)
Aug. 25 filed 250,000 shares of class A common stock (par $1), 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. **Price**—$3 per share. **Proceeds**—For working capital. **Underwriter**—Clayton Securities Corp., Boston, Mass.

● **Control Data Corp. (9/8)**
Aug. 17 filed 99,594 shares of common stock (par 50 cents) to be offered to common stockholders of record Sept. 3, 1959, on the basis of one new share for each eight shares then held, with an oversubscription privilege; rights to expire on or about Sept. 22. **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.

★ **Cordillera Mining Co., Grand Junction, Colo.**
Aug. 31 filed 4,234,800 shares of capital stock, of which 2,179,800 shares are to be offered solely to the holders of previously-issued options. These shares, together with the remaining 2,055,000 shares, may be offered for public sale by the holders thereof in the over-the-counter market from time to time. **Price**—To be related to the market price at the time of sale. **Proceeds**—For general corporate purposes, including working capital. **Underwriter**—None.

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. (9/21)**
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** — Auchincloss, Parker & Redpath, New York.

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.

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. **Underwriter**—None. **Offering**—Expected before Sept. 15.

Development Corp. of America
June 29 Registered issue. (See Equity General Corp. below.)

● **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 late 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**—Michael Fieldman, 25 Beaver St., New York.

● **Dixon Chemical & Research, Inc. (9/21-25)**
Aug. 25 filed 10,000 shares of 6% cumulative convertible preferred stock ($100 par). **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—1260 Broad St., Bloomfield, N. J. **Underwriters**—Hardy & Co. and P. W. Brooks & Co., Inc., both of New York.

● **Dooley Aircraft Corp. (9/21-25)**
Aug. 14 filed 506,250 shares of common stock (par one cent), 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, including expenses for advertising. **Office**—105 West Adams St., Chicago, Ill. **Underwriter**—Mallory Securities, Inc., New York.

Drake Associates
Aug. 20 filed $5,905,000 of limited partnership interests. **Price**—$10,000 for each of 590½ units. **Proceeds**—To buy the Hotel Drake, located at 56th St. and Park Ave., New York, from Webb & Knapp, Inc. **Office**—60 East 42nd St., New York. **Agents**—Domax Securities Corp., and Peter I. Feinberg Securities Corp., both of New York. **Offering**—Expected sometime prior to Oct. 1.

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.

★ **Durrazzo Products, Inc.**
Aug. 26 (letter of notification) 2,500 shares of common stock to be offered for subscription by stockholders. **Price**—At par ($10 per share). **Proceeds**—For additional improvement and for the purchase of machinery and equipment. **Office**—2593 Highway 55, St. Paul 18, Minn. **Underwriter**—None.

Dynex, Inc. (9/8-11)
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.

● **Edward Steel Corp., Miami, Fla. (9/16)**
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.

★ **E. H. P. Corp.**
Aug. 31 filed 160,000 shares of capital stock, of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds**—To provide funds for the purchase of vending machines, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York.

★ **Eichler Homes, Inc. (9/21-25)**
Aug. 18 filed 75,800 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—2001 El Camino Real, Palo Alto, Calif. **Underwriters**—J. S. Strauss & Co. and York & Co., both of San Francisco, Calif.

● **Electro-Sonic Laboratories, Inc. (9/15)**
Aug. 14 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loan; to increase inventories; for sales and promotional activities; to improve production facilities and to acquire new and improved tools and machinery; for development and research and for working capital. **Office** — 35—54 Thirty-sixth St., Long Island City, N. Y. **Underwriter**—L. D. Sherman & Co., New York, N. Y.

★ **Electronic Communications, Inc. (10/6)**
Aug. 28 filed $5,000,000 of subordinated debentures, due Sept. 15, 1974 (with warrants for purchase of 20 shares of common stock for each $1,000 of debentures). **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including the repayment of outstanding indebtedness, the completion of construction, and the purchase of additional equipment. **Office**—1501 72nd St., North, St. Petersburg, Fla. **Underwriter**—Laird & Co., Corp., Wilmington, Del.

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.

● **Empire Financial Corp. (9/8-11)**
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. (9/14-18)**
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., and James Anthony Securities Corp., both of New York, and F. W. Schwerin & Co., Great Neck, L. I., N. Y.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

Equity General Corp.
June 29 filed together with Development Corp. of America, registration statements seeking registration of securities, as follows: Equity General, 500,000 shares of common stock and 149,478 shares of preferred stock; and Development Corp., 500,000 shares of common stock. The Equity Corp. is the owner of 5,343,220 shares of Equity General common stock and proposes to offer 500,000 of such shares to the holders of Equity common in exchange therefor, on a one-for-one basis. Equity General is the owner of 2,399,504 shares of Development Corp. common and proposes to offer 500,000 of such shares to the holders of Equity General common in exchange therefor, on a one-for-one basis. The Board of Directors of Equity General has authorized the issuance of a maximum of 149,478 shares of Equity General preferred stock in exchange for shares of preferred stock of Development Corp., on the basis of one share of Equity General preferred for two shares of Development Corp. preferred. **Office**—103 Park Ave., New York City.

ESA Mutual Fund, Inc.
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

● **Fair Lanes, Inc., Baltimore, Md. (9/21)**
Aug. 18 filed 120,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital and other general corporate purposes. **Underwriters** — R. S. Dickson & Co., Inc., Charlotte, N. C., and Alex. Brown & Sons, Baltimore, Md.

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.

First Philadelphia Corp.
Aug. 21 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share (gross 30 cents per share to brokers selling 2,500 shares or less, and 45 cents per share to those brokers selling more than 2,500 shares). **Proceeds**—For working capital; general corporate purposes and to develop dealer relations. **Business** — A broker-dealer firm formed to underwrite and distribute new security issues. **Office**—40 Exchange Place, New York 5, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y. **Offering**—Expected sometime in September.

★ **Flintkote Co., 30 Rockefeller Plaza, New York**
Aug. 28 filed 324,483 shares of common stock, to be exchanged for common stock of Calaveras Cement Co. on the basis of 1.7 shares of Flintkote common for each outstanding share of Calaveras common. The exchange will be pursuant to an agreement whereby Calaveras will be merged into Flintkote on Sept. 30, 1959. **Underwriter**—None.

● **Florida Palm-Aire Corp. (9/14-15)**
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**—Hardy & Co. and Goodbody & Co., both of New York.

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. (9/14-18)**
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. (9/23)**
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.

★ **Freeport Sulphur Co.**
Aug. 26 filed 450,000 shares of common stock, to be offered to certain employees of the company and its subsidiaries pursuant to the Key Employees' Stock Ownership Plan. **Office**—161 East 42nd Street, New York.

Fyr-Fyter Co.
Aug. 12 (letter of notification) 3,300 shares of 6% cumulative preferred stock. **Price**—At par ($30 per share). **Proceeds**—To go to selling stockholders. **Office**—2 West 46th St., New York 36, N. Y. **Underwriter**—None.

★ **Gateway Airlines, Inc. (9/28-10/2)**
Aug. 31 filed 400,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes, including the purchase of airplanes, spare parts, and equipment, the retirement of debt, and the increase of working capital. **Office** — MacArthur Field, Islip, L. I., N. Y. **Underwriter**—Dunne & Co., New York.

● **General Contract Finance Corp. (9/17)**
Aug. 24 filed 200,000 shares of convertible preferred stock, series A, ($20 par). **Price**—To be supplied by amendment. **Proceeds**—To aid in the expansion of the company's loan and finance company subsidiaries. **Office**—901 Washington Ave., St. Louis, Mo. **Underwriter**—G. H. Walker & Co., St. Louis, Mo. and New York, N. Y.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Union Securities Investment Co., Memphis, Tenn. Statement effective April 24.

General Underwriters Inc.
April 6 (letter of notification) 225,000 shares of common capital stock (par 25 cents). Of the total, 195,000 shares are to be offered for the account of the company and 30,000 shares for a selling stockholder. **Price**—$1 per share. **Proceeds**—For furniture inventory and improved merchandising methods, to finance the real estate department and insurance policy loans. **Office**—211-215 Pine St., Pine Bluff, Ark. **Underwriter**—Lovan Securities Co., Inc., Pine Bluff, Ark. **Offering**—Expected any day.

Genesco, Inc.
July 29 filed 535,000 shares of common stock (par $1), to be offered to the common shareholders of The Formfit Co., Chicago, Ill., on the basis of 0.891⅔ shares of Genesco common stock for each share of Formfit common stock. [Genesco has agreed to exchange 454,318 shares of its common stock for an aggregate of 509,516 shares or approximately 84.9% of the common stock of Formfit.] **Office**—111 Seventh Avenue, North, Nashville, Tenn. **Underwriter**—None.

● **Georgia-Bonded Fibers, Inc. (9/8-11)**
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 & Company, Inc., Raymond Commerce Building, Newark, N. J.

Georgia Power Co. (9/17)
Aug. 21 filed $18,000,000 of first mortgage bonds due Sept. 1, 1989. **Proceeds**—Together with other funds, will be used for the construction or acquisition of permanent improvements, extensions and additions to the company's utility plant. **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. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 17 at the office of Southern Services, Inc., Room 1600, 260 Park Ave., New York 17, N. Y.

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 September.

★ **Golden Point Development Corp. of Washington**
Aug. 24 (letter of notification) 700 shares of 6% preferred stock. **Price**—At par ($100 per share). **Proceeds**—For construction, maintenance and operation. **Office**—11149 Viers Mill Rd., Wheaton, Md. **Underwriter**—None.

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.

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. **Offering**—Expected probably in September.

★ **Great Lakes Bowling Corp.**
Aug. 31 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office** — 6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Great Western Life Insurance Co.
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.

● **Greek Voice of America, Inc.**
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. **Offering**—Expected any date.

★ **Griswold Aeronautical Corp.**
Aug. 20 (letter of notification) 2,000 shares of common stock (par $1). **Price**—$100 per share. **Proceeds**—For working capital. **Address**—Whippoorwill Lodge, Blackhall, Old Lyme, Conn. **Underwriter**—None.

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.

Guarantee Mortgage, Inc.
Aug. 14 (letter of notification) $100,000 of 10-year 6% sinking fund debentures (in denominations of $1,000). Each debenture may be purchased with 100 warrants to buy one share of class A common stock (par $10). The right to purchase class A common stock by way of warrants will terminate Dec. 31, 1969. **Price**—90% without warrants. **Proceeds**—For investment purposes. **Office**—725 Failing Bldg., Portland 4, Ore. **Underwriter**—None.

● **Guerdon Industries, Inc. (9/28-10/2)**
Aug. 21 filed 400,000 shares of class A common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank indebtedness by $3,500,000, and to pay off $2,500,000 notes. **Office**—3782 South Van Dyke Road, Marlett, Mich. **Underwriter**—Blair & Co., Inc., New York.

Haag Drug Co., Inc., Indianapolis, Ind.
July 27 (letter of notification) 16,650 shares of common stock (par $1). **Price**—Not to exceed an aggregate of $300,000. **Proceeds**—For working capital. **Underwriter**—City Securities Corp., Indianapolis, Ind.

★ **Harnischfeger Corp. (9/23)**
Aug. 28 filed 200,000 shares of common stock (par $10). **Price**—To be related to the market price of outstanding shares at the time of the offering. **Proceeds**—In part to repay outstanding unsecured short-term bank loans, expected to approximate $4,000,000, with the balance to be used for general corporate purposes. **Office**—4400 W. National Ave., Milwaukee, Wis. **Underwriter**—The First Boston Corp., New York.

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**—707 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.

Heublein, Inc., Hartford, Conn. (9/22)
Aug. 21 filed 425,000 shares of common stock (par $5), of which 300,000 shares are to be sold for the account of the company, and 125,000 shares for the account of certain selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of short-term borrowings, the financing of additional inventories and accounts receivable, and the general expansion of the firm's business. **Underwriter**—Glore, Forgan & Co., New York.

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.

● **Hoerner Boxes, Inc. (9/17)**
Aug. 19 filed 246,500 shares of common stock (par $1), 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., New York.

Hooker Chemical Corp. (9/16)
Aug. 21 filed $25,000,000 of convertible subordinated debentures, due Sept. 15, 1984, to be offered for subscription by common stockholders of record Sept. 15, 1959, on the basis of $100 principal amount of debentures for each 30 shares of common stock held; rights will expire Sept. 30, 1959. **Price**—To be supplied by amendment. **Proceeds** — For capital expenditures. **Office**—Niagara Falls, N. Y. **Underwriter**—Smith, Barney & Co., New York.

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Hotel Corp. of Israel
July 13 filed 39,000 shares of common stock (par $5) and $1,560,000 of 6% subordinated debentures, due Aug. 1, 1974. **Price**—$1,500 per unit, consisting of 30 common shares at $10 per share and $1,200 of debentures at par. **Proceeds**—To purchase, complete, and furnish various properties and for general corporate purposes. **Office**—11 South La Salle St., Chicago, Ill. **Underwriter**—None.

★ **Hycon Manufacturing Co.**
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

I C Inc.
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.

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.

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 Vinyls, Inc.
Aug. 20 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For the purchase of machinery and equipment to expand the company's facilities for handling thermoplastics, to reduce current bank borrowings, and for general corporate purposes including the addition of working capital. **Office**—5511 N. W. 37th Ave., Miami, Fla. **Underwriters** — The Robinson-Humphrey Co., Inc., Atlanta, Ga., and Clisby & Co., Macon, Ga.

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.

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.

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.**
July 30 filed 223,000 shares of common stock (par $1), being 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**—$5 per share. **Proceeds** — For general corporate purposes, including the equipping and stocking and possibly the construction of new stores. **Office**—5165 Beach Boulevard, Jacksonville, Fla. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

● **Jamaica Development Co., Inc.**
June 15 filed 105,000 shares of common stock (par $1), being offered to stockholders of record Aug. 20, 1959 on a basis of 2⅓ new shares for each share held; rights to expire on Sept. 20, 1959, unsubscribed shares to public. **Price**—$10 per share. **Proceeds**—To be used for the purchase of land, cattle, machinery and equipment, fishing lodge, and development expense. **Office** — 1841 North Meridian St., Indianapolis, Ind. **Underwriter**—None. Statement effective Aug. 31.

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.

★ **Jostens, Inc.**
Aug. 31 filed 290,035 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Business**—The company is principally engaged in sale and manufacture of class rings, graduation announcements, yearbooks and diplomas. **Underwriter**—A. G. Becker & Co., New York, and Chicago.

★ **Kentucky Central Life & Accident Insurance Co.**
Aug. 28 filed 81,717 shares of common stock, of which Kentucky Finance Co., Inc. will offer its stockholders 51,000 shares. **Price**—Of 30,717 shares, $115 each; and of 51,000 shares, $116 each. **Proceeds**—To selling stockholders. **Office**—Anchorage, Ky. **Underwriter**—None.

★ **Key Color Studios, Inc.**
Aug. 25 (letter of notification) $225,000 of 6% five-year debentures and 25,000 shares of common stock (par 10 cents) to be offered in units of $450 of debentures and 50 shares of stock. **Price**—$500 per unit. **Proceeds**—For equipment and working capital. **Office**—600 Old Country Road, Garden City, N. Y. **Underwriter**—None.

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.

★ **Kittanning Telephone Co., Kittanning, Pa.**
Aug. 24 filed 14,000 shares of common stock, to be offered by subscription to holders of outstanding common stock on the basis of approximately 0.212 new shares for each share held. **Price**—$25 per share. **Proceeds**—In part to repay a bank loan in the amount of $450,000 representing funds acquired for general modernization, improvement, and expansion. **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.

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.

★ **Lenkurt Electric Co.**
Aug. 31 filed 10,000 outstanding shares of class B common stock. **Price**—$83.31 per share. **Proceeds**—To selling stockholder. **Office** — 1105 County Road, San Carlos, Calif. **Underwriter**—None.

● **Lincoln Telephone & Telegraph Co.**
Aug. 6 filed 30,000 shares of 5% convertible preferred stock ($100 par), being 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 stockholder has waived his rights as to 5,004 common shares. **Price**—$100 per share. **Proceeds**—To reduce bank loans incurred for construction program. **Office** — Lincoln, Neb. **Underwriter** — Dean Witter & Co., New York.

Long Mile Rubber Co., Dallas, Tex. (9/8-11)
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.

Lytton Financial Corp. (9/8-11)
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. (9/30)**
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par 10), and 150,000 shares of class A common stock, par $1, with common stock-purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—To be supplied by amendment. **Proceeds**—$291,099 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; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York.

★ **Manpower, Inc., Milwaukee, Wis.**
Sept. 2 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business** — Provides temporary help services for a comprehensive range of business requirements. **Underwriter**—Smith, Barney & Co., New York.

● **Matronics, Inc. (9/14-18)**
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. Statement withdrawn Aug. 27.

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.

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. **Financial Adviser**—Hill, Richards & Co., Inc., Los Angeles, Calif.

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.

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. (9/9)**
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. (9/8-11)
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

National Citrus Corp.
April 20 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For new equipment, inventory and working capital. **Address**—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich. **Offering**—Expected in September. Statement to be amended.

★ **National Co., Inc. (9/28-10/2)**
Aug. 28 filed 200,000 shares of common stock (par $1) of which 150,000 shares are to be offered for the account of the company and 50,000 shares for the account of the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the retirement of a bank loan in the amount of

$675,000, which was incurred to retire certain 5% convertible debentures. **Office** — 61 Sherman St., Malden, Mass. **Underwriter**—White, Weld & Co., New York.

National Cleveland Corp., Cleveland, Ohio (9/14-18)
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**—Loewi & Co. Inc., Milwaukee, Wis., and Merrill, Turben & Co., Inc., Cleveland, Ohio.

National Industrial Minerals Ltd.
Aug. 4 filed 150,000 shares of common stock (no par). **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 Life & Casualty Insurance Co.
March 25 filed 250,000 shares of common capital stock to be offered to holders of certain of company's life insurance policies issued on or prior to Dec. 31, 1955, and to certain employees. **Price**—$4.44 per share. **Proceeds** — To increase capital and surplus. **Office** — 2300 North Central Avenue, Phoenix, Ariz. **Underwriter**—None.

● **National Sports Centers, Inc.**
July 2 filed $1,000,000 of 6% convertible income debentures cumulative due 1969, series C, and 100,000 common stock purchase warrants. **Price** — 100% of principal amount. **Proceeds**—To be used for completion of and/or payment of certain bowling alley and other properties, and the balance will be added to the company's general funds available for development of properties and the acquisition and development of additional bowling properties. **Office**—55 Broadway, New York. **Underwriter**—General Investing Corp., New York. **Offering**—Expected sometime 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. **Offering**—Expected today (Sept. 3).

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.

● **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. Statement withdrawn Aug. 27.

Navco Electronic Industries, Inc.
Aug. 18 (letter of notification) 142,800 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase a plant, equipment, material, inventory and for working capital. **Office**—1211 4th St., Santa Monica, Calif. **Underwriter**—Aetna Securities Corp., New York, N. Y.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—To acquire fishing tools for leasing; and for working capital. **Address**—P. O. Box 672, Odessa, Texas. **Underwriters**—To be designated.

★ **New England Telephone & Telegraph Co. (9/21)**
Aug. 28 filed $45,000,000 of 35-year debentures, due Sept. 1, 1994. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent company, which are expected to approximate $42,700,000 at the time of the offering, with the balance for general corporate purposes. **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 up to noon (EDT) on Sept. 21 at Room 2315, 195 Broadway, New York.

New West Amulet Mines Ltd. (9/8-11)
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.

Nielsen-Tupper Instruments, Inc.
Aug. 19 (letter of notification) 29,399 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase machines, tools, office equipment, furniture, drafting and printing equipment and for working capital. **Office** — 1411 Fourth Ave., Seattle 1, Wash. **Underwriter**—Crawford Goodwin Co., Seattle, Wash.

● **Nord Photocopy & Business Equipment Corp. (9/8-10)**
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.

Oak Valley Sewerage Co.
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., Philadelphia, Pa. **Offering**—Expected in September.

Oak Valley Water Co.
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., Philadelphia, Pa. **Offering**—Expected in September.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La. The SEC has scheduled a hearing, to begin on Sept. 2, to determine whether a stop order should be issued suspending the offering.

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 Finance Corp. (9/23)**
Aug. 24 filed 160,000 shares of common stock (par $10) **Price**—To be supplied by amendment. **Proceeds**—To be added to the working capital of the company, and may be initially applied to reduce short-term indebtedness. **Underwriters**—Blyth & Co., Inc., Los Angeles, Calif., and Hornblower & Weeks, New York.

● **Pacific Outdoor Advertising Co. (9/10)**
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 (par $5), of which 40,000 shares are to be offered for the account of the issuing company, and 10,000 shares for the account of the present holders thereof. **Price**—To be supplied (for each issue) by amendment. **Proceeds** — 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.

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.

★ **Pantasote Co. (10/1)**
Aug. 28 filed $2,700,000 of 6% subordinated sinking fund debentures, due Oct. 1, 1974 (with warrants attached entitling the holder to purchase 50 shares of common stock of the issuing company for each $500 of debentures). **Price** — At 100% of principal amount. **Proceeds** — For construction, equipping, and placing in operation of a new plant, with the balance to be used for general corporate purposes. **Office**—26 Jefferson St., Passaic, N. J. **Underwriter**—Blair & Co. Inc., New York.

Participating Annuity Life Insurance Co.
June 4 filed $2,000,000 of variable annuity policies. **Proceeds** — For investment. **Office** — Hathcock Building, Fayetteville, Ark. **Underwriter**—None.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1) **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

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.

★ **Pioneer Fund, Inc., Boston, Mass.**
Sept. 1 filed (by amendment) an additional 600,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

★ **Polaris Mining Corp.**
Aug. 19 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—636 W. Oro Street, Tucson, Ariz. **Underwriter**—None.

Porce-Alume, Inc.
Aug. 3 (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.

Powell River Co., Ltd.
Aug. 20 filed 4,500,000 ordinary shares (no par) to be offered, following a two-for-one stock split in September to holders of record of, and in exchange for outstanding class A and class B shares of MacMillan & Bloedel, Ltd., on the basis of seven shares of Powell River stock for three shares of MacMillan & Bloedel stock, whether class A or class B. **Office** — 1204 Standard Bldg., Vancouver, B. C., Canada. **Dealer-Managers**—White, Weld & Co., Wood, Gundy & Co., Inc., and Greenshields & Co., all of New York; and Wood, Gundy & Co., Ltd., and Greenshields & Co., Inc., of Canada.

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 City Products Co., Inc.
Aug. 17 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For machinery and electronic test equipment, environmental testing equipment, placing accounts payable on discount basis, retiring trade notes, retiring loans outstanding, research and development and for working capital. **Office** — Centre & Glendale Sts., Easton, Pa. **Underwriter**—None.

Radio Frequency Company, Inc. (9/10)
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.

★ **Random House, Inc. (9/21-25)**
Aug. 27 filed 222,060 outstanding shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 457 Madison Ave., New York. **Underwriter**—Allen & Co., New York.

Raub Electronics Research Corp.
July 15 filed 165,000 shares of common stock (par $1), subsequently reduced by amendment to 115,500 shares, of which 100,000 shares will be offered to the public. **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—1029 Vermont Avenue, N. W., Washington, D.C. **Underwriter**—Weil & Co., Washington, D.C.

Realsite, Inc.
July 28 filed 200,000 shares of class A stock. **Priced**— $3 per share. **Proceeds**—To pay off mortgages and for working capital. **Office**—Jamaica, L. I., N. Y. **Underwriter**—Robert L. Ferman & Co., Miami, Fla.

Republic Resources & Development Corp.
June 29 filed 1,250,000 unit shares of capital stock. **Price**—$2 per 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.

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.

★ **Roto-American Corp.**
Aug. 28 (letter of notification) 80,000 shares of common stock. **Price**—$3.75 per share. **Proceeds**—To redeem pre-

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ferred and common stock outstanding held by Roto Bag, a wholly-owned subsidiary; for the purchase of new tooling to expand production; for working capital and general corporate purposes. **Office**—93 Worth St., New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y.

★ Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office**—659 10th Avenue, New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., 580 Fifth Avenue, New York. **Offering**—Expected in three or four weeks.

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.

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.

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.

Seagraves Mining Co., Inc.
Aug. 5 (letter of notification) 300,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders; unsubscribed shares to public. **Price**—To stockholders, 80 cents per share; to public, $1 per share. **Proceeds**—For exploration and mining operations. **Office**—3439 N. E. Sandy Blvd., Portland 12, Ore. **Underwriter**—None.

● Service Life Insurance Co. (9/28-10/2)
Aug. 25 filed 25,000 outstanding shares of common stock (par $1). **Price** — $20 per share. **Proceeds** — To selling stockholder. **Office**—400 West Vickery Blvd., Fort Worth, Texas. **Underwriter**—Kay and Company, Inc., Houston, Texas.

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.

★ Shell Electronics Manufacturing Corp. (10/12-16)
Aug. 28 filed 170,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes, including the repayment of indebtedness, the purchase of equipment, and for working capital. **Office** — 112 State St., Westbury, L. I., N. Y. **Underwriter**—Schweickart & 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. **Offering**—Expected in September.

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 (par 10 cents), 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.)
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. **Offering**—Expected late in September.

● Southeastern Development Corp. (9/21)
Aug. 14 filed 738,964 shares of common stock (par $1), of which 340,000 shares will be offered publicly. Each purchaser is also to receive a non-transferable option to purchase a like number of shares on or before April 7, 1960 exercisable at $2.50 per share. Of the total, 37,429 shares are to be issued in exchange for outstanding shares 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%; 21,535 shares are covered by outstanding warrants which are exercisable at $2.50 per share. **Price**—For public offering, $2.50 per share. **Proceeds** — To be used to complete building program of Southeastern and to expand other divisions. **Office**—Hattiesburg, Miss. **Underwriter**—None.

Southern California Gas Co. (9/29)
Aug. 24 filed $30,000,000 of first mortgage bonds, series D, due Oct. 1, 1984. **Proceeds**—To repay short-term indebtedness to Pacific Lighting Corp., the issuer's parent corporation, which is expected to approximate $3,000,000 as of Oct. 1, 1959, with the balance to be used to finance in part the costs of the company's construction and expansion program. **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). **Bids**—Expected to be received at Room 1216, 810 South Flower St., Los Angeles, Calif., at 8:30 a.m. (PDT) on Sept. 29, 1959.

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**—615 Hillsboro St., Raleigh, N. C. **Underwriter**—None, 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 Gulf Utilities, Inc.
Aug. 24 filed 135,000 shares of common stock (par 5c). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion. **Office**—7630 Biscayne Blvd., Miami, Fla. **Underwriter**—Jaffee, Leverton, Reiner Co., New York.

● Southern New England Telephone Co. (9/14)
Aug. 24 filed 689,000 shares of common stock (par $25), to be offered for subscription to stockholders of record Sept. 8, 1959, in the ratio of one new share for each 10 shares then held; rights to expire on Oct. 9, 1959. **Price**—$35 per share. **Proceeds** — To repay advances from American Telephone & Telegraph Co. (owner of 21.3% of the outstanding stock) which are expected to approximate $20,000,000, and the balance, if any, to be used for general corporate purposes. **Office**—227 Church St., New Haven, Conn. **Underwriter**—None.

★ Southern New England Telephone Co. (9/21)
Aug. 24 filed 1,467,120 rights to purchase an undetermined number of shares of capital stock (par $25) to be issued to American Telephone & Telegraph Co., which owns 21.3% of the outstanding stock of Southern New England Telephone Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 21.

★ Space Components, Inc., Washington, D. C. (9/23)
Aug. 20 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—1048 Potomac St., N. W., Washington, D. C. **Underwriters**—Bertner Bros. and Earl Edden Co., both of New York, N. Y.

● 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. Stop-order proceedings instituted by SEC.

● 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. Stop order proceedings instituted by SEC.

Sta-Rite Products, Inc. (9/8)
Aug. 7 filed 118,270 shares of common stock (par $2), 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.

Steak'n Shake, Inc. (9/15)
Aug. 24 filed 65,505 shares of common stock, to be offered by subscription by common stockholders of record Sept. 15, 1959, on the basis of one new share for each 9 shares then held. **Price**—$4.62½ per share. **Proceeds**—For general corporate purposes, including the developing of three drive-in restaurants on company-owned building sites. **Office**—1700 West Washington St., Bloomington, Ill. **Underwriter**—White & Co., St. Louis, Mo.

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 (par $1), 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.

★ Sylvania Electric Products, Inc. (9/24)
Sept. 1 filed $25,000,000 of sinking fund debentures, due Sept. 1, 1984. **Price** — To be supplied by amendment. **Proceeds**—To be applied to indebtedness. **Office**—730 Third Avenue, New York. **Underwriters**—Paine, Webber, Jackson & Curtis, and Halsey, Stuart & Co. Inc., both of New York.

Tang Industries, Inc.
May 25 filed 110,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase machinery and equipment; for research and development; for certain expenses and for working capital. **Office**—49 Jones Road, Waltham, Mass. **Underwriter** — David Barnes & Co., Inc., New York.

★ Tassette, Inc.
Aug. 26 (letter of notification) 100,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For purchase of furniture and fixtures, selling, advertising and other working capital. **Office**—170 Atlantic St., Stamford, Conn. **Underwriters**—Amos Treat & Co., Inc. and Truman, Wasserman & Co., both of New York, N. Y.

● Technical Material Corp. (9/21-25)
Aug. 20 filed 85,000 shares of common stock (par 50 cents), of which 80,000 shares are to be publicly offered and 5,000 shares to employees. **Price**—To be supplied by amendment. **Proceeds**—To be added to working capital for the purpose of carrying additional inventories and accounts receivable. **Office**—700 Fenimore Road, Mamaroneck, N. Y. **Underwriter**—Kidder, Peabody & Co., New York.

Technology, Inc.
May 15 filed 325,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To pay off in full the subscription of Microwave Electronic Tube Co., Inc. stock, represented by notes, to pay for improvements upon the plant leased to Microwave, and for working capital. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter** — E. L. Wolf Associates, Inc., Washington, District of Columbia.

Tennessee Gas Transmission Co.
Aug. 21 filed 473,167 shares of common stock (par $5), to be exchanged for common stock of East Tennessee Natural Gas Co. on the basis of one share of Tennessee Gas Common for 2.75 shares of East Tennessee common. This offer is subject to various conditions, one of which is that all of the 5.20% cumulative preferred stock ($25 par) of East Tennessee shall have been purchased or redeemed and cancelled. East Tennessee is presently negotiating for the sale of $5,800,000 of which 11-year 5¾% debentures, contingent upon the consummation of the exchange offer, $4,568,785 of the proceeds of which will be applied to the redemption of the 5.20% cumulative preferred stock. **Office**—Tennessee Bldg., Houston, Texas. **Dealer-Managers** — Stone & Webster Securities Corp., and White, Weld & Co., both of New York.

★ Tennessee Investors, Inc.
Aug. 28 filed 500,000 shares of common stock (par $10). **Price**—$12.50 per share. **Proceeds**—To provide investment capital and consulting and advisory services to small businesses. **Office**—Life & Casualty Tower, Nashville, Tenn. **Underwriters**—The offering is to be made on a "best efforts" basis through NASD members, who will receive an underwriting commission of 90 cents per share.

● Tex-Star Oil & Gas Corp. (9/8-11)
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.

★ Texmar Realty Co., New York
Sept. 1 filed $1,819,000 of limited partnership interests in the company. **Price**—At par ($5,000 per unit). **Pro-**

ceeds—To be used to pay for properties. **Underwriters**—Lifton Securities, Inc. and Hechler-Weingrow Securities, Inc., both of 375 Park Avenue, New York, N. Y.

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 Textron Inc. stockholders on the basis of one share of Textron Electronics stock for each 10 shares of Textron Inc. stock held as of Sept. 2, 1959; rights to expire on Sept. 25, 1959. **Price**—To be supplied by amendment. **Office**—10 Dorrance Street, Providence, R. I. **Underwriter**—None.

★ **Tower's Marts, Inc.**
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

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.

Transdyne Corp. (9/15)
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 1,036,602 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.; Eastman Dillon, Union Securities & 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.**
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. **Offering**—Expected today or tomorrow (Sept. 3-4).

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.

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**
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. **Offering**—Expected this week.

● **United States Communications, Inc. (9/8-11)**
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.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price** — $2 per share. **Proceeds** — For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

★ **United Utilities, Inc. (9/29)**
Sept. 2 filed 229,606 shares of common stock (par $10) to be offered for subscription on or about Sept. 29, 1959 in the ratio of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

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 Gibraltar Life Bldg., Dallas, Tex. **Underwriter**—Texas National Corp., San Antonio, Tex.

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. **Offering**—Expected sometime in September.

● **Waddell & Reed, Inc. (9/21-25)**
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 5, 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.

★ **Washington Mortgage and Development Co., Inc.**
Aug. 24 filed 100,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For investment in mortgage notes secured by real estate. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C. **Underwriters**—American Diversified Mutual Securities, Inc. and Gildar & Co., both of Washington, D. C.

● **Wellington Electronics, Inc. (9/8-11)**
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**—1714 California St., Everett, Wash. **Underwriter**—Blyth & Co., Inc., Los Angeles and New York.

★ **West Florida Natural Gas Co.**
Aug. 31 filed $837,000 of 7½% 30-year subordinated income debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). **Price**—$100 per unit consisting of one $100 debenture and a warrant to purchase three shares of class A common stock. **Proceeds**—To be applied, together with moneys in the sinking fund of the issuing company, to the redemption of the outstanding 6% 20-year debenture bonds at their redemption price of 103% of their principal amount. **Office**—Maple and 3rd Streets, Panama City, Fla. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla. **Offering**—Expected in September.

Western Empire Life Insurance Co.
June 29 filed 212,000 shares of common stock and options to purchase 172,701 shares (plus the underlying shares). The company proposes to make a public offering of three blocks of stock in amounts of 40,430, 38,570 and 36,935 shares at prices of $1, $2 and $3, respectively. The remaining 96,065 common shares and options for the 172,701 shares (together with shares underlying such options) are to be offered by the present holders thereof. The options permit purchase of the underlying shares at $1 per share. **Proceeds**—For general corporate purposes. **Office**—2801 East Colfax Ave., Denver, Colo. **Underwriter**—None.

★ **Western Heritage Life Insurance Co.**
Aug. 26 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—533 East McDowell Road, Phoenix, Ariz. **Underwriter**—None. Some of the shares may be sold by salesmen employed by the company, or by registered broker-dealers. A commission not to exceed 17%, or 34 cents per share, may be paid to sellers of such shares.

★ **Wilson Brothers**
Aug. 31 filed 261,752 shares of common stock, to be exchanged for the common stock of Virginia Iron, Coal and Coke Co. on the basis of one share of Wilson common for five shares of Virginia common. **Office** — 180 Madison Ave., New York.

York Research Corp. (9/10)
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

Allied Radio Corp.
Aug. 25 it was reported that a registered secondary offering of common stock is being planned. **Proceeds**—To selling stockholders. **Underwriter**—White, Weld & Co.

American Electric Power Co. (10/22)
Aug. 26 it was announced that the company plans to sell 1,200,000 shares of common stock (par $10). **Proceeds**—Principally to retire $52,000,000 of notes, due 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Eastman Dillon, Union Securities & Co., and The First Boston Corp., all of New York. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 22.

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 Jet School, Inc., Lansing, Mich.**
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business** — In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter** — In New York to be named in early October. **Offering**—Planned for mid-October.

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.

★ **Border Steel Rolling Mills**
Aug. 31 it was reported that the company may issue and sell in the near future $2,000,000 of sinking fund debentures due 1974 and 200,000 shares of common stock to be offered in units of $50 of debentures and five common shares. **Underwriters**—First Southwest Co., Dallas, Tex., and Harold S. Stewart & Co., El Paso, Tex.

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

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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. (9/21-24)
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.

Chicago Burlington & Quincy R R. (9/9)
Bids will be received by the company up to noon (CDT) on Sept. 9 for the purchase from it of $3,150,000 of equipment trust certificates to mature semi-annually from March 1, 1960 to Sept. 1, 1974, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Coffee House, Inc., Lansing, Mich.**
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York to be named in early October. **Offering**—Planned for mid-October.

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).

Cyprus Mines Corp.
July 15 it was reported that approximately 1,000,000 shares of a secondary issue common stock will be registered in the Fall. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Dallas Power & Light Co.
Aug. 3 it was reported that the company contemplates the issuance and sale of about $20,000,000 of senior securities, but type or types has not as yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon, Union Securities & Co.; Blair & Co., Inc. and Baxter & Co. (jointly); Lehman Brothers. (2) For debentures: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blair & Co. Inc.; The First Boston Corp. **Offering**—Expected in the latter part of this year.

Duquesne Light Co.
Aug. 3 it was reported that the company is contemplating the issuance of an undetermined amount of subordinated convertible debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; A. C. Allyn & Co., Inc. and Ladenburg, Thalmann & Co. (jointly); White, Weld & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Drexel & Co. and Equitable Securities Corp. (jointly). **Offering**—Expected later this year.

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.

Florida Power & Light Co. (10/27)
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. **Bids**—Expected Oct. 27.

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. **Underwriter**—Financing in past has been handled by Blyth & Co., Inc.

Gulf States Utilities Co. (11/24)
Aug. 20 it was reported that the company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers; Stone & Webster Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 24.

● **Harrison Electronics, 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. **Registration**—Expected next week.

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.

Hoffman Electronics Corp.
Aug. 25 it was reported that there is a possibility that this company may issue and sell some additional stock. **Underwriter**—Blyth & Co., Inc., New York.

★ **Independent Radio, Inc., Lansing, Mich.**
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For acquisition of radio stations. **Business**—Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York to be named in early October. **Offering**—Planned for mid-October.

★ **I. T. I. Electronics Inc., Clifton, N. J.**
Sept. 1 it was reported that this company plans early registration of 125,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

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.) (10/8)
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. 8, 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.**
Aug .24 company offered to its common stockholders the right to subscribe for 264,013 additional shares of common stock on the basis of one new share for each seven shares held of record July 24. Warrants will expire Sept. 30. **Price** — $13 per share. **Proceeds** — For capital expenditures. **Underwriter**—None.

National Mail Order Co., Lansing, Mich.
Aug. 26 it was announced company plans to register in a few days an issue of about $500,000 of common stock. **Price** — To be supplied by amendment. **Proceeds** — For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

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.

★ **New-Era Corporation, Rochester, Mich.**
Sept. 1 it was reported that this company contemplates the early registration of approximately 200,000 shares of common stock. **Business**—Manufacturer of mufflers and gears. Underwriter—Mortimer B. Burnside & Co., Inc., New York.

Northern Natural Gas Co.
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.
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 SEC and the Pennsylvania P. U. Commission $50,000,000 of 30-year 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.; 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.

Puget Sound Power & Light Co. (10/28)
May 15, Frank McLaughlin, President, announced company plans to issue and sell first mortgage bonds reportedly in the amount of $20,000,000, later in the year. **Proceeds**—To reduce bank loans. **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). **Bids**—Expected to be received on Oct. 28. **Registration**—Planned for Sept. 21.

Ryder System Inc.
Aug. 3 it was reported that the company plans issuance this Fall of an additional 75,000 shares of present common stock (par $5), or 150,000 shares of new common stock (par $2.50). The ICC has approved the proposed two-for-one stock split. **Underwriter**—Blyth & Co., Inc., New York.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

Southern Bell Telephone & Telegraph Co. (10/20)
Aug. 24 company announced it plans to issue and sell $70,000,000 of 35-year debentures. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 20. **Registration** — Planned for late September.

★ **Tex-Tube, Inc.**
Aug. 28 it was announced that the stockholders of this company have authorized an additional 150,000 shares of common stock. **Proceeds**—For working capital. **Underwriter**—Moroney, Beissner & Co., Houston, Tex. **Offering** — Expected in the near future of a block of common stock.

Transwestern Pipe Line Co.
Aug. 25 it was reported that this company expects to issue and sell $40,000,000 to $50,000,000 of new securities, probably in units. **Proceeds**—To build a pipe line from West Texas to the Arizona-California border. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York.

Western Massachusetts Electric Co. (10/21)
Aug. 25 it was reported that this company plans the issuance and sale of $8,000,000 first mortgage bonds due 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Lee Higginson Corp. (jointly); The First Boston Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 21 at the office of the company, 201 Devonshire St., Boston, Mass.

★ **World Fidelity Life Insurance Co.**
Aug. 17 it was reported that the company plans to use its best efforts to register 5,000,000 shares of common stock with the SEC. **Price**—$1 per share. **Office**—314 First National Bank Bldg., Colorado Springs, Colo.

Our Reporter's Report

Events this week proved once again that coming events frequently (do) cast their shadows before. Certainly the top quality investment market, including U. S. Treasury obligations forecast quite accurately the further tightening of basic money rates.

U. S. Governments and top quality corporate bonds had been slipping steadily for a fortnight following an earlier show of firmness that had raised hopes of bankers and borrowers that we had "topped-off" at last for the time being.

But with the Treasury paying 4.468% for six-months money (the ceiling fixed on long-term bonds is 4.25%) on its last turn around, it became clear that Congress notwithstanding, the Government must meet market conditions if it is to raise the funds it needs and successfully refinance maturing issues as they come due.

The markup in rates, touched off by Tuesday's advance by commercial banks in their prime lending charge to 5%, highest in 29 years, from 4½%, naturally turned attention to today's meeting of the New York Federal Reserve Bank.

Both the prime rate and the Treasury's bill rates now are far out of line with the 3½% rediscount rate in force for member bank borrowings.

The hope now is, of course, that the Reserve will act quickly to close the abnormal gap. In any event feeling seems to be quite general in money circles that the gilt-edged investment markets have pretty well-discounted a markup in central bank rates.

Break for Bankers

Underwriters got something of a break on this occasion since the new issue calendar was almost devoid of business of substantial size this week. And in the case of the only large project reaching market, news of the advance in money rates came before the syndicate handling the business had signed agreements with the issuer.

Associates Investment Co.'s $50 million of 20-year debentures came to market yesterday carrying a coupon rate of 5¼% and a price tag of 100, for a yield of 5¼%. Moreover, this issue is nonrefundable for the first five years.

So it was no particular surprise to have bankers able to report brisk demand for the debentures upon opening of the books. This had been indicated by preliminary inquiry upon release of the terms early on Tuesday.

Rough on Recent Issues

The going has been a bit rough on syndicates sponsoring some of the recent corporate offerings. The turnabout in the market, along with the piling up of substantial volume of new prospects for the weeks ahead, caused a number of them to dissolve and write off their losses on unsold portions.

In a number of instances these offerings when released from syndicate have yielded as much as three to four points from their original offering prices. Fortunately most of them had enjoyed better than fair distribution so that only here and there were the remnants weighty in volume.

Pacific Gas & Electric Corp.'s recent offering, along with that of General Motors Acceptance Corp., both still in syndicate, were expected to weather the storm well, judging by comment in market quarters.

Another Dull Week

Next week promises little or nothing in the way of new corporate financing beyond the sale, on Thursday, at competitive bidding, of 1,057,725 shares of Union Electric Co. common stock.

The day previous shows Chicago, Burlington & Quincy Railroad due to open bids for $3,150,000 equipment trust certificates and Community Public Service Co. bids for $3 million of preferred stock.

In fact, aside from a "rights" offering of $25 million of debentures by Hooker Chemical Corp., slated for Sept. 16, the calendar continues light until the rash of new telephone financing gets under way with the offering of New England Tel. & Tel. $45 million of debentures now tentatively set for bidding on Sept. 21.

New York Capital Funds Com. Stock Marketed

Public offering of 1,000,000 shares of New York Capital Fund of Canada, Ltd. common stock is being initiated today (Sept. 3) by an underwriting syndicate managed by Carl M. Loeb, Rhoades & Co.

In single transactions involving less than 2,000 shares, the price per share is $13.75 until 2 p.m., Eastern Daylight Time, Sept. 3. Offering prices will change twice daily thereafter and will be adjusted downward for larger sales.

New York Capital Fund of Canada, Ltd., is a Canadian corporation registered under the United States Investment Co. Act of 1940 as a diversified, open-end investment company. Its shares are redeemable at net asset value at the option of the holder. The basic policy of the Fund is to invest in the securities of companies deriving their income from sources outside of the United States, with not less than 50% of its total assets in securities of companies which derive their income from sources outside of both Canada and the United States. At July 1, 1959, the Fund had about 34% of its total assets invested outside of Canada. As of June 30, 1959, the net asset value of the Fund was $27,540,178.

From its incorporation in 1954 to the present time the Fund has always elected to be taxed as an non - resident owned investment company under Canadian tax law. This has had the effect, under the provisions of Canadian law of subjecting its taxable income only to a 15% flat rate in Canada. There is no capital gains tax in Canada. Because the Fund is a Canadian corporation not resident in the United States and because it derives no income from United States sources, it pays no U. S. income taxes. Since it is the policy of the Fund not to pay dividends, the United States investor realizes increases in value of the Fund and its shares, if any, only by selling or redeeming shares which under normal circumstances are taxed only as capital gains.

The Fund has a contract for investment advisory services with New York Capital Management Co. of Canada, Ltd. Investment research and assistance is furnished to the investment adviser by Empire Trust Co., New York, Carl M. Loeb, Rhoades & Co., New York, and Stein Roe & Farnham, Chicago. The common shares are offered for sale to non-residents of Canada only.

Now Corporation

The investment business of J. J. Harris & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, will be continued by a new member corporation, J. J. Harris & Co., Inc. Officers are Joseph J. Harris, President and Treasurer, and James F. Rafferty, Secretary.

Clinton Frasier Opens

Clinton W. Frasier is engaging in a securities business from offices at 122 East 42nd Street, New York City. Mr. Frazier was formerly with Coburn & Middlebrook, Incorporated.

Edmund D. Quinn Opens

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis.—Edmund D. Quinn is conducting a securities business from offices at 611 Hubbard Street, specializing in Catholic institutional bonds in the Green Bay Diocese.

Washington and You

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The unpredictable American Congress, with adjournment apparently around the corner, has a series of important bills hanging in the air. As a new week began, no one, and that includes the pair of Texans, Senate Majority Leader Lyndon B. Johnson and House Speaker Sam Rayburn, knew what was going to happen to some of the measures.

The most beclouded measures are the highway financing measure to keep the interstate road system going on schedule, the Eisenhower Administration proposal to raise the ceiling on Government bonds, and labor reforms.

It has not been unusual on Capitol Hill for days now for some members of Congress to declare these bills dead for this session, only to have them revived quickly with prospects somewhat favorable for passage a few hours later. Their final fate is anybody's guess at the moment.

The first session of the 86th Congress is running weeks beyond the normal adjournment date. There is no question but the law-makers have had some momentous issues before them. The session started off at a slow pace, like most sessions, but the members for the most part have been hard workers.

Although the picture can and probably will change quickly, there is some discussion that Congress might take a recess, and come back in October or later. The odds appear against this, however. Some of the leaders want to darken the halls of Congress before Soviet Premier Nikita Khrushchev arrives in the United States so they will not have to invite him to address a joint session.

Democrats on the Spot

The Democrats have been somewhat on the spot at this session. They control both Houses by lopsided majorities. It has been up to them to try and have a good session. Next year is the big election year, and they do not want to have the session tabbed as a "do nothing" Congress.

They remember how President Harry S. Truman made great political capital in 1948 in his slam-bang speeches in which he described the then Republican Congress as a "do-nothing" Congress. As a result Senator Johnson and Speaker Rayburn have worked harder than usual this year.

At the beginning of the session in January it appeared that the Republicans in the House were going to start a political feud over their leadership. There were some bitter words spoken, and perhaps there were some tears that welled in many an eye on the Republican side.

Harmony in GOP

The Republican majority ousted House Minority Leader Joseph W. Martin of Massachusetts, and replaced him with the younger Representative, Charles A. Halleck of Indiana. The House then turned around and gave Mr. Martin a little office at the Capitol, a black Cadillac limousine and a chauffeur, to take some of the sting out of the action by the majority of the House Republicans.

The cleavage among the Republicans did not last long. Mr. Halleck, aggressive and dynamic, has pulled the Republicans together. The Republicans in the House are a small, but effective minority. Even Democrats are saying publicly that Minority Leader Halleck has carved a real niche for himself in the Republican party. He has proved to be a strong leader.

Southern Democratic conservatives hold Mr. Halleck in respect. Unofficially, the Southern Democratic leaders worked closely with Mr. Halleck in connection with the passage by the House of the Landrum-Griffin labor bill which the big labor union bosses have fought so hard.

At the beginning of the session members of Congress and observers everywhere were expressing some apprehension that the overwhelming Democrat majority in Congress would run rampant. It has not turned out that way by any means.

Next year the Congress will of necessity have to adjourn around the July Fourth holidays. The Democratic National Convention, to nominate a President and Vice-Presdent, will open in Los Angeles on July 11.

This Congress has been faced with some of the greatest peacetime issues and problems. Furthermore, it has enacted into law some historic legislation. For instance, legislation to pave the way for Hawaii becoming the 50th State in the Nation was passed. Now the United States Senate, still one of the world's most exclusive clubs, has 100 members.

New Housing Bill Provisions

The most important piece of legislation passed within the past few days is the revised housing bill. Housing legislation vitally affects the economy of this country. Building of housing units and furnishing them involves an annual outlay of many billions of dollars. It is so great that it affects the interest rates and the employment generally.

Some of the pertinent provisions in the newly-enacted bill that has been sent to the White House include: Increase the total amount of mortgages the Federal Housing Administration could insure by $8 billion through October 1, 1960; extend FHA's home improvement and modernization program to October 1, 1960; increase the maximum FHA mortgage on a family home from $20,000 to $22,500, and reduce the downpayment on homes in the bracket range of from $13,500 to $18,000 to 10%.

Other provisions in the measure include authorization of urban renewal grants of $550,000,000 upon enactment; authorize Federal subsidization of an additional 37,000 public housing units; increase the revolving college loan plan for student housing by $250,000,000, and authorize the FHA to insure mortgages up to 5,000 family housing units (Capehart housing) at military installations.

Highway Bill Likely

It appears that Congress will get around to taking action on the highway financing legislation within the next few days. The 41,000 mile-interstate stoplight free expressway highways are at stake. It is a question of whether there will be a stretch-out of the program, or whether it will continue under the 13-year plan as provided under the Highway Act of 1956.

The regular primary, secondary and urban highways—those roads where the states and local government bodies put up 50% and the Federal Government 50% — are not involved because they have priority over the interstate system in the pay-as-you-go provision under the Byrd amendment to the Highway Act.

As Congress drives toward adjournment, it is now evident that no action will be taken at this session to increase the minimum wage, provide Federal aid to education, curb the powers of the Supreme Court of the United States, and increase postal rates.

Measures Approved

Written into law thus far this session in addition to Hawaii statehood are the important measures increasing the debt ceiling, extending the corporate and excise taxes, providing Federal funds for airport construction, extending the service draft for two more years, raising life insurance taxes, and authorizing the Tennessee Valley Authority to issue up to $750,000,000 of bonds.

Passage of the Defense Department appropriation bill, an appropriation larger than for operating all other Government agencies and services combined, has taken place. Although President Eisenhower vetoed the $1,200,000,000 civil works appropriation bill, it is certain that Congress will pass another bill before adjournment.

Why will Congress pass a new bill? Because this is a bill that most Congressmen personally want. It is worth a lot politically to them. This annual appropriation bill represents a lot of construction in most Congressional districts. President Eisenhower vetoed it only because it bore funds for 77 new starts that would cost an ultimate $800,000,000. Mr. Eisenhower does not think they should be started at a time when economic conditions are good and while he is trying to balance the budget.

[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.]

WILLIAM K. PATON

William K. Paton passed away at the age of 65, Aug. 25, following a brief illness. He was Chairman and President of the Farmers Bank of the State of Delaware.

Bernard Jabin Opens

FARGO, N. Dakota — Bernard Jabin is engaging in a securities business from offices at 104½ Broadway.

BUSINESS BUZZ

"Notice how I fixed the water cooler, Miss Ploop?—Remember how hard it used to be to turn the water on?"

Businessman's BOOKSHELF

Career for Women in Banking—Brochure—National Association of Bank Women, 60 East 42nd Street, New York 17, N. Y. (paper).

Case Study on Audit of a Self-Administered Union-Industry Welfare Fund—American Institute of Certified Public Accountants, 270 Madison Avenue, New York 16, N. Y. (paper).

Common Stocks and Business Cycles—Edgar Lawrence Smith —The William-Frederick Press, 391 East 149th Street, New York 55, N. Y. (cloth), $10.00

Costs of Nuclear Power—Office of Technical Services, Department of Commerce, Washington 25, D. C. (paper), 50¢.

Economic Indicators, August, 1959 —Prepared for the Joint Economic Committee by the Council of Economic Advisers—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 20c.

Great Provider: The Dramatic Story of Life Insurance in America—John Gudmundsen—Industrial Publications Co., 26 Monroe Street, South Norwalk, Conn., $7.00.

How to Increase Your Creative Output—Industrial Relations News, 230 West 41st Street, New York 36, N. Y.—$1.50.

How to Profit From Special Situations in the Stock Market—Maurece Schiller—American Research Council, Larchmont, N. Y. (hard covers), $5.95.

Iron Ore—1958—Statistics on the industry — American Iron Ore Association, Bulkley Building, Cleveland 15, Ohio (paper).

Oil Producing Industry in Your State—1959 anniversary edition —Independent Petroleum Association of America, Ring Building, Washington 6, D. C.

Principal Electric Utility Generating Stations and Transmission Lines in the United States—Eight regional maps—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., 20¢ each, except for map of Southwest (region 5), which is 25¢.

TV and Film Production Data Book—Ernest M. Pittaro—Morgan & Morgan, Inc., 101 Park Avenue, New York 17, N. Y., $6.95.

U. S. Participation in the UN—Report by the President to the Congress for the Year 1958—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 75c.