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Federal Farm Policy and The Consumer's Interest

By DON M. SOULE and C. CLYDE JONES

Mr. Soule is Assistant Professor of Economics, Bureau of Business Research, University of Kentucky; Mr. Jones is an Associate Professor at the University of Illinois.

Validity of the economic and humanitarian arguments advanced in favor of farm subsidies is scrutinized by a pair of Illinois economists who find no justification on either ground for wasting resources involving a million still poverty-stricken farm families. The authors consider what might happen in a non-supported farm market; advocate a government policy that would effectuate a gradual transfer of our unneeded resources out of agriculture into the cities; and draw on projections to show there is no need to fear unemployment in the cities as a result of government efforts to lubricate rather than retard the mechanism of change. The Professors deny this would depress non-farm income, national consumption or employment levels.

Adam Smith observed in *The Wealth of Nations* that "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it." But, like many other self-evident truths, this one has largely been ignored by those who determine government policies. Probably the most important current example is Federal farm policy. For more than a quarter of a century, Congress has neglected the interest of the con-

Don M. Soule

C. Clyde Jones

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EDITORIAL

As We See It

Word comes from Washington that the persistent deficit of the United States in international transactions is stimulating opposition to a continuation of the very large aid grants that we have been making to various foreign countries. The feeling is said to be growing that this foreign aid load is too much for the dollar to carry very much longer. The argument is being made that foreign aid which presently brings the dollar into question would be of little value to any one. From this distance it is impossible to know how much of all this arises without prompting and how much of it is inspired by the ardent opponents of our recent foreign aid programs. There can be no doubt that the net of our foreign transactions has not been in our favor for a good while, and that foreigners have been building up short-term balances in this country and have been drawing upon our still large supply of gold. Nor is there any reason to suppose that our foreign aid program is not a factor in this situation—although, of course, not the only one by any means.

The word is that President Eisenhower took advantage of his talks with the heads of leading European governments to press for larger contributions to the needs of undeveloped countries the world over in the thought that in this way some of the burden would be removed from our shoulders. The Administration is, of course, still quite convinced that large grants in aid to many areas of the world are essential to combat communist influence. The fact that aid from the communists is not of large proportions is not regarded as particularly significant, since the purpose of the grants is to allay unrest and thus render the climate less favorable to communist subversion.

Continued on page 20

Nuclear Power and Free World Economic Strength

By FRANCIS K. McCUNE

Vice-President for Atomic Business Development, General Electric Company

Industrial expert in nuclear matters maintains that for a world situation demanding alertness and innovation on the part of industry, there must be further acceleration of atomic power development. Maintains that only through the assumption of the greater portion of development work in its privately-financed industrial laboratories can we assume the development of a healthy self-sufficient atomic industry capable of meeting the international challenge. Asserting that we will make as much technical progress in the next 10-20 years as we have in all recorded history, holds it is necessary to our survival that we match technical success with an equivalent social maturity.

We, as a country, are engaged in an economic and technical, as well as political cold war. The object of the war is to achieve peace—not to defeat an army or to conquer a nation. It is usual for the government to conduct our international affairs, but when these affairs become deeply immersed in the economic and technical fields, we are faced with many new problems. Let us first recognize that many of this country's world problems are the result of our being strong. Ours is a strength which is industrial (or economic), as well as military (or political). Hence, it is the government's task to direct the use of our industrial strength, and industry's task to maintain it. As our country becomes more and more involved in international affairs, industry must inevitably take the leadership in its normal sphere of action and face up to the challenges created by this new government-industry association. To argue the necessity of maintaining our world leadership is futile; and to ignore the

Francis K. McCune

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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 26.

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

Electronic Specialty Co.—William L. Dewart, of John Muir & Co., New York City. (Page 2)

Southern Nevada Power Co.—Carl Stolle, President, G. A. Saxton & Co., Inc., New York City. (Page 2)

WILLIAM L. DEWART

John Muir & Co., New York City
Members New York Stock Exchange and Associate Member American Stock Exchange

Electronic Specialty Co.

Electronic Specialty Co. was formed 15 years ago. The home plant and office are at 5121 San Fernando Road, Los Angeles 39, California.

William L. Dewart

The company now is organized into six divisions and within the past year has made three acquisitions of most noteworthy importance, viz.:

(1) Systems Laboratories Corp. of Sherman Oaks, Calif., which specializes in design and analysis of Space Age weapon systems.

(2) Technicraft Laboratories of Thomaston, Conn.

(3) Electrical Engineering and Manufacturing Corp. of Los Angeles.

The six divisions of the company are as follows:

(1) The EEMCO Division makes AC & DC motors, rotary and linear activators completely integrated for precision workmanship.

(2) The Avionics Division makes transistorized timers, flashers and sensors for missile fuzing, engine controls and terminal guidance.

(3) The Radiating Systems Division manufactures antennas, cabling, diplexers, baluns, power dividers, switches and filters and completely matched antenna systems for communications and electronic counter measures.

(4) The Relay Division makes Es relays utilizing snap action switches for low-level and high current applications.

(5) Technicraft Division Specialists in rigid and flexible wave guide and transitions.

(6) Systems Division combines the techniques of the other five Divisions with ingenuity and has resulted in creating proximity fuze, miss-distance system, word warning and other unique systems. Applications vary between manned aircraft, guided missiles and target drones with advanced space programs for good diversification.

The aforementioned three recent acquisitions which now completes the six divisions will increase profits and sales by over 100%—with volume at a $10 million rate for fiscal 1960 compared with $4 million during fiscal 1959.

Net sales for the three months ended June 30, 1959, were $2,080,000. The best quarter in the company's history, and an increase of 99% over the corresponding period in 1958. Earnings after taxes were 20 cents per share versus two cents per share in like 1958 quarter.

Backlog of unfilled orders as of June 30, 1959 was $3,500,000. This is also a record high.

The financial condition is excellent. Total assets as of June 30, 1959 were $3,150,000 and net worth $1,646,000. Current assets were $2,239,000 versus current liabilities of $1,040,000, making a current ratio of 2.2 to 1.

Cash flow is more than adequate. Company has a substantial line of credit with the Security First National Bank of Los Angeles.

Long-term debt is only $500,000 in 6% promissory note due 1970 and convertible into common stock at $11.78 per share to August, 1962 and at a higher price thereafter.

There are 470,240 shares of common stock issued and outstanding out of 2,000,000 shares authorized.

Selected projects won by the company over the keenest competition of rivals were:

(1) The Panda Project — an advanced proximity fuzing for atomic missiles and space craft.

(2) The Midas Scorning System.

(3) Mission and Traffic Control Antenna System for the triple sonic F-108 interceptor being built by NAA.

(4) Escos Avionics—leaders in the field of static components, relays, sensors, flashers and power supplies.

The company is now foremost in the space, missile target drone and manned aircraft fields with more and greater projects still to come from its brilliant research staff, which now numbers over 175 in the engineering group.

CARL STOLLE

President, G. A. Saxton & Co., Inc.
New York City

Southern Nevada Power Company

In this business of selecting investments these days, a securities man can lose his audience quickly by not emphasizing the fact that the stock about which he is talking is a "growth" stock. The term is gradually becoming outworn and to be actually a matter of relative measurement. Some of the favorite growth stocks of a year or two ago have already proven by market action that growth of an industry can be accompanied by a volatile and sometimes painful experience in the price of a given company's stock in the market.

Carl Stolle

On the other hand, the field of public utility "growth" stocks has been fraught with relatively little in the way of violent market price swings. True, at certain times and during certain market periods, the prices of individual stocks have failed to continue to discount at the same rate the continued growth of the companies and have as a matter of fact either been laggard or have backed down to temporarily lower levels. However, for the most part the pain has been eased by the fact that dividends have continued uninterruptedly and usually at growing rates.

During a time when market psychology has emphasized electronics, chemicals, drugs and other wonder companies of the future, many investors, and particularly the more recent investors, have failed to see the romance in power and light companies' stocks. How can anyone who sees growth and market price enhancement for stocks of the industries mentioned above fail to realize that in the "great new world of tomorrow" which these companies are going to serve the power and light companies in strategic areas of the country, where many companies of this type are located, are also going to expand and build earning power for their equities?

We have seen the stocks of public utility companies in Florida, Texas and Arizona benefit marketwise in remarkable degree, not only from growth of territory but also from the ability of management to improve operating results as a consequence of continued application of all of the efficiencies available to them in this field.

Therefore, in choosing a stock for this column at this time, I have turned to another territory where growth has been going on and is promised for the future; namely, the area served by Southern Nevada Power Company, and I recommend Southern Nevada Power Company common stock as an excellent means of participating in the growth of that area. In only six years—1953 through 1958—total operating revenues increased from $2,496,000 to $8,265,000.

This remarkable growth in revenues was accompanied by a very substantial increase in the company's property investment, which at the end of 1958 totaled $32,500,000 before depreciation, of which more than $23,500,000 represents new plant and equipment installed since June, 1954, therefore resulting in what is probably one of the most modern and efficient electric utility plants in the United States. The bulk of the large construction program of recent years has placed the company in a position where, with the power purchase contracts for Hoover Dam power, plus its own generating facilities, the company has now ample capacity to serve Southern Nevada for several years at the present rate of expansion in the territory.

It seems appropriate to tell in some detail the story of the territory served because, while Las Vegas is known primarily to everyone as a spot of glitter and glamour, it should be emphasized that there are other facets to the descriptive story of the area that give evidence of its growth along constructive and substantial lines.

In the first place, it is said over 2,950,000 persons visited the Lake Mead-Hoover Dam recreational area in 1957 and some 8,250,000 visitors spent $188,000,000 in the Las Vegas region. Las Vegas, which is of course the largest of the communities served, is growing into a substantial small city with three hospitals, 49 resort and commercial hotels and 262 motels, with more under construction. Greater Las Vegas has 70 churches, 29 elementary schools, three high schools, and two colleges. There are daily morning and evening newspapers. Also three television and seven radio stations.

The Las Vegas, Nevada, Chamber of Commerce, is aggressively publicizing the area and is largely responsible for the phenomenal growth of the area, attracting numerous businesses, large and small. The principal industrial activity is concentrated in the Henderson area, 12 miles southeast of Las Vegas, where five major firms employ over 1,600 people with a combined $12,030,000 annual payroll. Titanium Metals Corporation of America, subsidiary of National Lead and Allegheny Ludlum Steel Corpora-

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Inflation—Past and Present

By HUGO STEINER

President, Hugo Steiner, Inc.
New York City

A fast moving, vivid sketch of inflationary crises in American history, and abroad, is presented by Mr. Steiner in order to highlight the effects of complete inflation upon the best planned portfolios and inflation-hedges. The mortgage banker concludes by offering several recommendations to bring our present spending program under control in order to "overcome the insidious force of inflation . . . undermining the main foundation of our economic power."

A virtual Niagara of ink has flowed from pens of numerous writers on various aspects of inflation; this extended coverage of the topic with some emphasis on one industrial nation's economy and its experience, unparalleled in recent modern history, will add to the flood. President Eisenhower has also highlighted this problem by indicating that it will be an important election issue in 1960.

Hugo Steiner

What is inflation? Do various types of inflation exist? Is it controllable? How?

Any process, whether by natural or by artificial means, which tends to lift the price level; that is the simplest fundamental definition of inflation. It can occur during a period of high production when strong demand forces the temporary capacity use of plant, equipment and available labor supply. Sharp increases in marginal costs (use of antiquated, inefficient machinery, overtime for workers) erupts into a temporary bulge. Under ordinary circumstances, after the satisfaction of the bulge requirements, a lessened demand and lower prices (deflation) ensue. In its simplest outline, this action and reaction denote prosperity (automatic price increase in response to heightened demand) followed by deflation or recession.

Recounts German Experience

Hyperinflation: The writer witnessed the tragedies, both personal and national, that accompanied this particularly pernicious degeneration of a country's currency as a direct consequence of devastating military defeat and its aftermath, when he lived in Germany for three years in the early 1920's. He hopes never to experience its like again. The only close parallel in American History is the situation that prevailed in the Confederate States in 1865, after Lee surrendered at Appomattox.

The original Deutsche Reichsmark, once one of the most respected of European currencies, had an exchange rate of four to $1.00 prior to World War I. In the brief period of 1920-23, its value was completely destroyed. The imposition of huge reparations payments, imposed by the Versailles Treaty, proved too great a strain on the highly organized industrial complex of the German Nation. Deprived of her gold, foreign exchange, goods and services, the Government resorted to the printing press to meet its internal obligations.

The desperate dilemma of the situation is forcefully demonstrated by one easily comprehensible example: the fantastic price rise (inversely, the depreciation of the currency's purchasing power) caused the issuance of larger Mark denominations, in greater volume, to meet the exigencies created by the plunging valuta. By December, 1922, the volume of paper Marks issued by the Reichsbank was 10 times that outstanding in December, 1921. At the year end, in 1923, the printing presses had spewed forth such an enormous quantity of large denomination notes that currency circulation had soared more than 225,000,000 times that of a year earlier! The collapse of the Mark was beyond all redemption.

The shattering effect of this vast monetary inflation that engulfed the German Nation can best be illustrated by the following recital of facts:

The Best Portfolios Sank

Capital, thriftily accumulated over the years and left on deposit as savings, was completely lost. Interest paid in Marks of rapidly shrinking buying power caused widespread withdrawal of savings accounts. Banks, in order to satisfy their depositors' demands, were compelled to sell their once prized bonds and mortgages on a steadily declining market. There was no RFC, as was created in the United States in 1932, to bail them out. Creation of such an Agency would have been futile anyway. Near the end of the inflation in 1923, less than 2,000,000 of the 23,000,000 savings accounts on record in 1914 were still hopefully in banks. They were, of course, utterly worthless to the depositors.

Insurance and trust funds suffered a similar fate. Bonds acquired by insurance companies, for the protection of the insured, dwindled to slightly over 4% of their original cost; mortgages paid off in sharply depreciated Marks, at the discretion of mortgagors, became worthless. Beneficiaries, who had anticipated funds to ease the burden of living in their later years, received barely enough to provide one day's subsistence. During the rampant stages of the inflation, a postage stamp, necessary to forward the claim for insurance, cost more than the face value received from

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Observations . . .

BY A. WILFRED MAY

FAREWELL TO INCOME YIELD

The long-awaited so-called Size Study of investment companies, which is being conducted at the Wharton School of the University of Pennsylvania, under the aegis of the Securities and Exchange Commission, is nearing completion. Delivery of the findings is expected to be made toward the year-end. This investigation is centered on the amount and result of the power over industry and the stock market that is exerted by the Funds (a partial re-run of the TNEC inquiry of 1938-39).

A. Wilfred May

Equally important, we suggest, would be an objective study of the intensification of speculation in lieu of investment, that is exerted by Fund managements in activities ranging from dividend policy to portfolio operations; by distributers and retail salesmen; and, quite unknowingly, by the shareholders.

The fund-holders' attitude toward the buying commission ("load") is consistent with the general swing of the Fund community's attention to speculation for capital appreciation and the overlooking of income yield. Under one of the representative Contractual Plans, 600,000 of which are now outstanding, seven years of holding have been required for the distributions of investment income to catch up with the acquisition charges ("load") initially levied on the buyer. In other words, it takes seven years of income merely to restore the buyer's principal. Nevertheless there is considerable redemption of holdings "prematurely" (that is, before the expiration of the seven-year restoration period); with about 3% occurring during the first year.

Some of these cash-ins are prompted by the holder's dissatisfaction over his fund's capital performance — perhaps prodded by a salesman's pressure to switch to a competing fund. Others redeem through satisfaction over capital appreciation, and are glad to pocket a "fast buck." (Originally made as an investment, the stake has turned into a good speculation). In the case of either of these motivations, which regularly result in increased redemptions during bull markets, surely the speculative approach has completely replaced the investor's occupation with income.

Incidentally, those who deny that capital profits are fortuitous and regard them as investment income, to be consistent should denounce the advantageous income tax provision of the 25% ceiling which the statute discriminatorially confers on capital gains.

* * *

SPLIT-MERGER-VOLUME-LISTINGS INQUIRY

Also, then, meriting an objective expert inquiry is the potential effect of the split on the Exchange's total number of shares listed, and on trading volume. It must be remembered that the present merger proclivities constitute a real threat to the split's service volume-wise to the Stock Exchange. Mergers definitely reduce the number of listed issues, and possibly also the number of shares and the total volume of trading.

As happily celebrated by the Stock Exchange stock splits during the first six months of this year soared to 51, runner-up to the number in the equivalent interval in 1956. And over-the-counter, too, per action on Aetna Life Insurance last week, the split routine is catching on.

* * *

"EXTRA-EXTRA. MARKET GAME RESULTS"

Again reflecting the whipping-up of public speculation is the enthusiastic inauguration of mechanisms to speed up the dissemination of prices from the Stock Exchange floor. Electronics and other automation have been perfected to enable afternoon newspapers to publish prices at speeds "that were only a dream a few years ago—enabling more newspapers to print complete tables with prices only minutes old." Gleefully reports "The Exchange," the monthly magazine published by the New York Stock Exchange: "Stock lists will arrive at newspapers at five times the speed of previous methods. The new service gives shareholders in American business a more immediate watch over their investments—a figurative look over the shoulders of brokers on the Stock Exchange trading floor. The New York Stock Exchange is being moved closer to the millions of [*sic*] investors around the country."

What the feverish speed-up of quotations, as with horse race results, has to do with *investment* (or the Exchange's claimed function of "saving our free enterprise system by supplying the nation's capital requirements") we fail to grasp. In fact, this electronic speed-up constitutes a *reductio ad absurdum* of the glorified quotation system.

"P.S."—We learn that one of the entertainment world's top showmen has installed a ticker in his New York mansion—"to aid me in *investing* my capital, of course." Private individuals may, and do (with the inclusion of a sizable proportion of women), secure personal ticker facilities, in the absence of a black mark on their financial history.

* * *

THE MONTH'S DIVIDEND ITEM

Additional item on the public's growing indifference to investment return: the stock market's sharp declines in the face of the news of last month's unprecedentedly favorable company action on dividends.

* * *

ON A VALUE-BASED MEDIUM

The community's sharply increasing departure from considerations of income, and an investment attitude, and the switch of emphasis to capital appreciation and speculation; have been pointed out in our recent columns. A major exception to such categorization is the *special situation*. Although the goal is capital appreciation, it is based exclusively on factors of value; with expectation that a particular development which is under way will give a profit irrespective of the course of the general market. The profit is expected to materialize within a definite interval of time. Heretofore most popular in bearish markets, this medium is particularly sound now after the record price advance. And the resulting profits usually being in the form of capital gains, an important tax advantage is afforded to most participants.

Timely and welcome then is a new comprehensive volume "How to Profit from SPECIAL SITUATIONS in the Stock Market," by Maurece Schiller (American Research Council, Larchmont, N. Y., 180 pp., $5.95). It describes in detail the various forms of this technique, with over 100 examples, including mergers and acquisitions, spin-offs, liquidations, stubs, tenders, reorganizations (including railroad and utility), recapitalizations, appraisals, oversubscriptions and what the author calls "something doing."

As specified by Mr. Schiller, the following four conditions are prerequisite to a genuine Special Situation:—A specific "corporate action" occurs. The security is undervalued. The investment gain is calculable. The security is at a minimum-risk level.

Today's Spin-Offs

Particularly timely now is a chapter on Spin-Offs, because of the growing tendency to stretch the application of the term. The author defines the Spin-Off as a hybrid corporate action having characteristics common to dividends, liquidations, and reorganizations. The creation of the profit potential is marked by the distribution of an asset as distinguished from earned income. Distributions are in the form of securities. Profit possibilities may exist in securities of either the parent or the spun-off company, because an effective change in the corporation would be taking place.

Latest version of this device is the current so-called or quasi spin-off by the Textron Co., the big textile organization which is turning over its electronics assets to a new unit, "Textron Electronics, Inc." The 500,000 new shares which are being offered to Textron shareholders of record at 7½, are selling at 8¼, with the rights worth about 7 cents. We use the qualification "so-called, or quasi" in this instance, because traditionally use of the term "spin-off" has been technically limited to the distribution of assets free of cost to the parent company's shareholders.

Chemical Bank New York Trust Co.

The Chemical Corn Exchange Bank and the New York Trust Company have merged to form the Chemical Bank New York Trust Company. The main office of the new organization will be at 165 Broadway, New York City.

Chief officers are Harold H. Helm, Chairman; Adrian M. Massie, Chairman, Trust Committee; Isaac B. Grainger, President; Gilbert H. Perkins and Hulbert S. Aldrich, Vice-Chairmen; John L. Gibbons, Clinton C. Johnson, Howard W. McCall, Jr. and William S. Renchard, Executive Vice-Presidents; and Willis McDonald, Senior Vice-President.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Fred L. Thexton is now affiliated with Bache & Co., Dixie Terminal Building.

E. M. Adams Adds

(Special to THE FINANCIAL CHRONICLE)

EUGENE, Oreg — Waldo W. Ott has been added to the staff of E. M. Adams & Co., Laraway Building.

Joins Black Staff

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — John R. Carney has joined the staff of Black & Co., Inc., U. S. National Bank Building.

With Milwaukee Co.

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis. — Richard J. Denis has become affiliated with The Milwaukee Company, 213 East Walnut Street.

With Continental Secs.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Clark H. Moss has joined the staff of Continental Securities Corporation, 611 North Broadway.

Phillips Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Mrs. Carol A. Paulson is now connected with Phillips Securities, Inc., 5856 North Port Washington Road.

With Bell & Farrell

MADISON, Wisconsin—Leslie E. Hayes is now with Bell & Farrell, Inc., 119 Monona Avenue.

MBA Convention Set for New York

Gov. Nelson A. Rockefeller of New York will be the principal speaker at the forthcoming 46th annual Convention of the Mortgage Bankers Association of America at Hotel Commodore, New York, Sept. 21 to 24, to run concurrently with the annual Exhibit of Building, Industry and Services, a national home show for institutions financing home building. The meeting will be the largest ever held by the organization with nearly 3,500 mortgage, commercial and mutual savings bankers, life insurance and title and trust company executives, and other institutional lenders and investors attending.

Others to address the four-day Convention are Walter C. Nelson, Association President and President, Eberhardt Company, Minneapolis; John deLaittre, President, National Association of Mutual Savings Banks and President, The Farmers & Mechanics Savings Bank of Minneapolis; Dale M. Thompson, President, City Bond & Mortgage Co., Kansas City, Mo.; Carey Winston, President, The Carey Winston Co., Washington, D. C.; Carl T. Mitnick, President, National Association of Home Builders and President, Collingswood Construction Corp., Collingswood, N. J.; Dr. Arthur R. Upgren, Professor of Finance, Macalester College, St. Paul; Perry Prentice, Editor and Publisher, "House & Home" magazine, New York; Deane C. Davis, President, National Life Insurance Co., Montpelier, Vt.; Norman P. Mason, Administrator, Housing and Home Finance Agency, Washington, D. C.; Samuel E. Neel, Association General Counsel, Washington, D. C.; J. Stanley Baughman, President, Federal National Mortgage Association, Washington, D. C.; Philip N. Brownstein, Director, Loan Guaranty Service, Veterans Administration, Washington, D. C.; and Julian H. Zimmerman, FHA Commissioner, Washington, D. C.

Mutual Funds Inv.

BUTTE, Mont.—Mutual Funds Investors Service has been formed with offices in the First National Bank Building to engage in a securities business. Officers are Harold G. Burgess, President; F. Janly Burton, Vice-President; John N. Newland, Treasurer; and E. R. Blinn, Secretary.

With Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Roger W. Van Winkle is with Foster & Marshall, Southwest Sixth Ave. at Oak St.

Now R. B. Leonard Sons

The firm name of Ralph B. Leonard & Co., Inc., 25 Broad St., New York City has been changed to Ralph B. Leonard & Sons, Inc.

The State of Trade and Industry

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

The economic health of the nation continues strong despite the rising threat of production bottlenecks stemming from the steel strike. So states the Harris Trust and Savings Bank, Chicago, in its September business summary.

"The Barometer of Business" goes on to say July personal income rose slightly despite the modest dip in seasonally adjusted employment as weather conditions depressed agricultural jobs. The virtual cessation in steel production pulled industrial output down two points, and a further decline occurred last month.

In late August the short-term money market tightened despite steel inventory liquidation. Treasury short-term borrowing costs rose to the highest level since March 1933, with 90-day bills yielding 3.8% and 26-week bills yielding 4.2%. The Harris Bank believes that the factors accounting for the sharp rise in short-term rates included: an increase in Treasury bill offerings, recognition by investors that Treasury short-term financing may be increased further due to a recent refusal of the House Ways & Means Committee to permit the Treasury to offer competitive rates on longer term bonds, a non-seasonal rise in bank loans, a flow of short-term money from the U. S. into the Canadian bill market where Treasury bills are yielding over 6% and, continued monetary restraint by the Federal Reserve.

The "Barometer" finds the uneven impact of last year's recession is reflected in a recent Commerce Department release. Although total personal income for the U. S. was up 2% in 1958, regional changes ranged from a gain of 5% in the Plain and Southwestern states to a loss of 1% in the industrial Great Lakes area. Illinois (+1%) and Wisconsin (+2%) were the only states in the Great Lakes region that enjoyed income gains, whereas West Virginia (—4%) was the only state outside the Great Lakes region that suffered a decline. The Harris Bank notes that the largest per capita increases in personal income occurred in the agricultural plain states (+4%) with the Great Lakes region (—3%) showing the largest decline, but the industrial regions appear to be enjoying the largest income improvements in the current expansion.

In the year following the trough of the recession, the annual rate of spending on current production of goods and services (Gross National Product) increased $50 billion or 11.5%. Since price increases were limited during that period, real output rose 11%. Nearly 41% of the total spending increase resulted from the sharp rise in consumer outlays to an annual rate of $311 billion. The recent spurt in credit buying of automobiles and household durables was particularly strong.

Although total business buying is currently only one-fourth as large as consumer purchasing, the "Barometer" finds that the higher business outlays accounted for slightly over half of the rise in total spending during the past year. Increased business buying has been sharpest in the inventory component. Inventories were liquidated at a $5.8 billion pace in the second quarter of last year contrasted to a $10.4 billion rate of accumulation one year later. New construction rose $6.4 billion whereas spending on producers' durables was up only $3.4 billion. During the same period Federal outlays were up $2.6 billion and state and local purchasing increased $3.9 billion.

The Harris Bank concludes that two of the star performers during the past year, home construction and inventory change, will provide little stimulus to production in coming months. However, continued increases in consumer spending and stepped up plant and equipment outlays along with factors of lesser import, are likely to push total spending to near the half trillion dollar mark by year-end.

Nationwide Bank Clearings 26.2% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago, and are significantly boosted by five as against four weekdays for last year's comparable week. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from

Continued on page 22

West Virginia Pulp & Paper Co.

By DR. IRA U. COBLEIGH

Enterprise Economist

Offering some general observations on the paper business together with a review of certain factors at work, at West Virginia Pulp and Paper, which should result in a substantial rise in earning power.

In some respects the paper industry is like the cement trade. Both require very heavy outlays of capital for mills, both have to run at high capacity to make any real money, both are highly unionized as to labor and accordingly quite strike prone, both took an awful beating in the thirties due to over-capacity; and both have, in recent years, attained high investor acceptance. And both are quite legitimately tagged as "growth" industries.

Ira U. Cobleigh

The paper industry weathered the 1958 recession pretty well. Volume held up and the principal problems were price competition and thinning profit margins. Total production in 1958 was 30,797,000 tons, actually up 120,000 tons over 1957. Toward the end of 1958 a substantial upturn was observable and it looks as though for 1959, a new high in production total will be recorded, 3 million tons above last year. Paper mills in recent weeks have been running at 94% of capacity; and paper board mills at 96%.

All of which suggests that inventories have been reduced, that 1959 earnings for representative companies will be higher, and that selected stocks, especially those selling substantially below 1956 highs, may deserve serious consideration during the present period of modulated market enthusiasm.

From a swift survey of the list, West Virginia Pulp and Paper common seems to have considerable merit. Its title is a little misleading since the Company has 3 big mills and 3 smaller ones (six altogether) and none of them is in West Virginia. Total capacity is 3,350 tons a day—over a million tons annually. In addition to these integrated pulp and paper mills, West Virginia owns and operates 16 box and 5 bag plants.

Considered as one of the largest producers of white printing and converting paper, West Virginia Pulp and Paper is an important factor in kraft paper and board with these latter items representing 36% of sales last year. Printing and white papers accounted for 22%, folding cartons 5%, bags 4%, containers 26% and miscellaneous 7% in fiscal 1958.

The Company has been for some years expanding its facilities for converting its basic output into finished products. In 1953 it purchased Hinde & Dauch Paper Company then grossing around $43 million annually from output of paper board and boxes. Since then, these acquired properties have been modernized and new box plants, adding over 50% to capacity, have been built in Kansas, Ohio, North Carolina and Connecticut.

In 1957 West Virginia Pulp acquired Virginia Folding Box Company (grossing $9 annually at the time). This company is a major supplier of packaging material to the tobacco industry, specializing in "flip-top" cigarette boxes. Demand has been expanding so rapidly that the plant capacity of this division (at Richmond, Va.) is being doubled. This enlargement will be completed this year.

Another dynamic area in West Virginia operations is the production of a new kind of paper. Cluett Peabody & Co. (famous collar and shirt maker) and West Virginia share ownership (50% each) in a company called Clupak, Inc. This is essentially a research and development company delving into ways of making paper stronger and more versatile in its qualities and uses. A major result of this research is Clupak stretchable paper (which competes with polyethylene). It is now used in multiwall sacks and grocery bags, but probably diversely adapable for bed sheets, aprons, coveralls, and hospital and surgical attire for doctors and nurses. Clupak, Inc. licenses this manufacturing process on a royalty basis. West Virginia not only shares in the royalty income of Clupak, Inc. (there are 16 licensees now) but produces Clupak stretchable paper, and bags made of it, under license as well. And if any new products are developed, from Clupak research, West Virginia is pretty likely to get the first crack at manufacturing them. West Virginia was the first to produce Clupak and now has capacity in its Charleston, S. C. plant to produce 180,000 tons annually.

Other end results of research (West Virginia spends about $2.9 million a year on research) would include: Flakeboard, a material made of hardwood and resins that looks like high grade plywood but sells at a much lower price; coated board, extremely white and stiff, useful for food containers, cereal and ice cream boxes; and chemicals produced as a by-product of paper manufacturing.

All of the company's mills have their own pulp facilities, and are situated close to pulp supply. The Company itself has assured its raw material supply for years to come through its control of 870,000 acres of timberland; but it is not tapping these stands extensively, currently buying most of its pulpwood from others.

West Virginia Pulp and Paper Co. is a steadily expanding enterprise. This expansion is due both to mergers and the building up of plant by capital expenditures. In the five year period ending Dec. 31, 1960 about $150 million will have been spent on capital account. Extraordinary charges related to the foregoing capital expenditures have retarded, somewhat, growth in earning power. It is apparent now, however, that a new horizon of profitability will emerge when this expansion program has been completed. For 1959 this uptrend is clearly visible. For the first 9 months of the fiscal year (ending 10/31) sales were $171,670,000 against $150,263,000 for 1958; and net per share was $1.63 for the same period against $1.26 a year earlier. For 1959 we would expect a new high in total sales of around $220 million and per share net of around $2.20 (not including $2.29 per share in nonrecurring income from sale of controlling stock, 52.7% of Hinde & Dauch Paper Co. of Canada, Ltd.) This is comfortable coverage for the present $1.50 dividend.

West Virginia, in common with a number of other paper companies, has had a tough time with the profit margin. For example pre-tax return on invested capital was around 19% for both 1955 and 1956. It was only 9.1% for 1958. The best way to get this ratio up would be to operate virtually at capacity, eliminate strikes, achieve higher product prices, and get past extraordinary charges for new plants, start up costs, etc. For 1959 this profitability ratio has gone up a little. There was a strike in the Mechanicville plant; and, on the other side of the ledger, there was a $10 per ton price increase in white paper, and mills, totally, operated at higher percentages of capacity.

Capitalization of WP is $57.2 million in long term debt, 90,770 shares ($100 par) of $4.50 preferred and 5,136,669 shares of common, listed N.Y.S.E. Range for the past 6 years has been between a low of 23¼ (1954) and a high of 63 (1956). Today's quotation is 49½.

Considering the greatly expanded invested capital base on which to predicate future earnings, the strong financial position ($78 million in net working capital 7/31/59), the excellence and productivity of its research programs, the competence of management, the bright market outlook for many new products, the recent streamlining of its sales organization and the rising demand for paper products, WV is a stock with a forward look. It is in an industry, growing at a rate of about 4½% annually, and constantly developing new uses for its products. In the case of WP it is not at all unreasonable to project earnings in the $4.50-$5.00 range three years hence. Meanwhile the shares do not seem over-priced, historically or in relation to prospects, and the sustained quality of this equity is documented by the fact that cash dividends have been paid, without hiatus, since 1892.

Should Bank of England Intrude In Foreign Exchange Market?

By PAUL EINZIG

After predicting the Conservative Party's re-election, barring unforeseen events, Dr. Einzig weighs the impact of that and other developments causing the phenomena of forward dollars selling at a discount and the weakening of British Government London Stock Exchange issues. The writer advises Bank of England intervention in the forward exchange market to widen forward dollar discount to point where it would offset profit on interest arbitrage in preference to raising competitively the London interest rate with New York's. He also would discourage retaliatory move to leave short-term dollar investments uncovered by allowing spot sterling to depreciate to the lower support point of $2.78.

LONDON, Eng. — The Prime Minister is now expected to announce the date of the general election in the immediate future, and that it is now safe to expect it to take place in October. Realization of the imminence of the election affected both sterling and the Stock Exchange towards the turn of the month. Once the official announcement is made the markets are likely to come overwhelmingly under the influence of election prospects.

Paul Einzig

Predicts Conservative Party's Re-election

Public opinion surveys foreshadow the return of the government with an increased majority. Its popularity in the country has increased as a result of the recovery in trade and employment, coupled with the stability of the cost of living over a long period. Mr. Macmillan's foreign policy, favoring a summit meeting and a less rigid attitude towards the Communist countries, is also popular in the country. Barring unforeseen developments. the government certainly stands a reasonable chance of being confirmed in office, though whether it will be with an increased or reduced majority is anybody's guess.

Given the prospects, it may appear strange that both sterling and the Stock Exchange should have been weakish lately. But it must be borne in mind that both sterling and equities have been exceptionally firm during the greater part of the current year. It is not unreasonable to assume that at their present level they have already largely discounted a Conservative victory. That being so it seems a matter of elementary prudence on the part of holders not to expose themselves to the ever-present possibility of a disappointing outcome of the election.

Forward Dollar at a Discount

During the last week of August foreign exchange market witnessed an important event. The forward dollar went to a discount, for the first time since the war. This had nothing to do with the anticipation of the future course of the sterling-dollar spot rate which was inclined to be weaker than of late. It was simply the result of the increase in interest rates in New York. Now that short-term funds can earn more in New York than in London there has been a certain amount of shifting of funds engaged in interest arbitrage.

In the old days European banks would have considered it perfectly safe this time of the year to keep balances in New York with the exchange risk uncovered. For the seasonal factor kept the dollar firm during the autumn. Today British banks, and also banks of other countries, are prevented by exchange restrictions from increasing their uncovered balances beyond a certain level. Seasonal influences are now less dependable. And even though hardly anyone seriously envisages a dollar devaluation within the next three months, its very remote possibility is borne in mind by prudent bankers. Even Swiss banks, which are entitled to hold unlimited amounts of uncovered dollars, prefer to cover nowadays most of their dollar balances. This means that a demand for spot dollars is usually linked with the selling of forward dollars. Hence the development of a discount on forward dollars in London, notwithstanding the weakness of spot sterling.

Proposes Government Increase Dollar Discount

The rise in interest rates in New York also caused British Government loans to weaken in anticipation of a higher bank rate in London. In reality it would be a mistake to take it for granted that the London Bank rate must necessarily be raised if higher New York interest rates should tend to attract inconveniently large amounts of funds from London. For an alternative device is at the Bank of England's disposal to stem the tide of covered interest arbitrage by intervening in the foreign exchange market to widen the discount on forward dollars to a figure at which it would offset the profit on interest arbitrage.

During the last year or two there has been much discussion—mostly by academic economists—on the question whether the bank of England should intervene in the forward exchange market. Most of those in favor agreed that in a situation such as existed in 1957 when forward sterling was weak owing to speculative pressure, the Bank of England, by supporting forward sterling, could have made it unprofitable for banks to transfer funds from London to New York with the forward rate covered. The view was put forward that such operations should always be pursued whenever sterling is subject to speculative pressure, regardless to its causes and circumstances, in order to prevent heavy losses of gold resulting from interest arbitrage. This technique was advocated by two economists in their evidence before the Radcliffe Committee. But the Report of that Committee, which was published at the end of August, rejected the suggestion, while leaving the door open for official forward exchange operations in special circumstances.

Even though the report does not specify the circumstances it had in mind, quite obviously the present situation provides an instance. In fact, the history of 1929 is repeating itself on an infinitely more moderate scale. In 1929 the United States authorities were anxious to discourage Wall Street speculation and over-trading, and to that extent they wanted to tighten money conditions. But higher money rates attracted additional funds from abroad. Keynes suggested that this could be prevented by means of official forward exchange operations aiming at increasing the cost of covered interest arbitrage. His advice was not followed, however, the same advice could be applied in present-day conditions. Indeed it would be more effective today than it would have been 30 years ago, because at that time very few holders of dollars deemed it necessary to cover the exchange risk, while today a very large proportion of holders would consider it safe to do so.

Opposes Dear Money for London

A stiffening of money rates in London as a reaction to the withdrawal of funds to take advantage of higher interest rates in New York would be anything but welcome at the present stage. Even though business conditions in Britain have improved they are still far from booming and no dear money is called for to damp down production and consumer demand. Indeed a further expansion, especially in the sphere of capital goods, would be welcome. From the point of view of election prospects, too, a setback resulting from dearer money would come most inopportune to the Government and to conservative banking and business interests. It could be obviated by intelligent use of the device of intervention in forward exchanges to check the flow of banking funds from London to New York.

Such intervention could only affect covered interest arbitrage because many of those who are sufficiently certain that the dollar would not depreciate in the near future would disregard the discount on forward dollars and would leave their short-term dollar investment uncovered against exchange risk. To discourage such uncovered arbitrage the authorities could allow spot sterling to depreciate to the lower support point of $2.78. In doing so they would increase the exchange risk attached to uncovered interest arbitrage, apart altogether from the very remote risk of an early devaluation. Holders of dollars would be exposed to a depreciation of one percent or more in three months, which is equivalent to a loss of four per cent or more per annum. This would be several times more than any conceivable profit on the London-New York interest differential.

Conceivably the British authorities, even if they do not actively intervene to lower spot sterling, may deliberately abstain from supporting it in face of pre-election pressure, in order to discourage uncovered interest arbitrage. The application of such a technical device might in existing circumstances go a long way towards isolating London from the effects of higher American interest rates.

G. E. Henderson Opens

MEMPHIS, Tenn. — George E. Henderson is engaging in a securities business from offices at 1145 Russwood, under the firm name of G. E. Henderson & Co. He was formerly with B. C. Morton & Co.

Pearson, Murphy Branch

STAMFORD, Conn. — Pearson, Murphy & Co., Inc. has opened a branch office at Stamford House, West Park Place, under the management of Andrew J. Foster. Robert W. Hines is associated with the new office as registered representative.

Joseph M. Kelly With Greene and Company

Joseph M. Kelly

Joseph M. Kelly has become associated with Greene and Company, 37 Wall Street, New York City, in the trading department. He was formerly with Eastern Securities, Inc.

Quinn & Co. Opens New Branches

ALBUQUERQUE, N. Mex.—Quinn & Co., 200 Second Street, N. M., members of the New York Stock Exchange, announce the opening of offices at 818 Seventeenth Street, Denver, under the management of John T. Webb, and at 111 South El Paso Street, El Paso, Texas, under the management of L. Philip Holmberg.

The firm also maintains offices in Santa Fe and Farmington, N. Mex.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio—Mrs. Alyce M. Swary has become affiliated with Merrill Lynch, Pierce, Fenner & Smith, Inc., 616 Madison Ave.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The following additional registrations have been received for the National Convention of the National Security Traders Association, Inc. to be held at Boca Raton, Fla., Nov. 1-5, 1959.

*James R. Cruttenden	*Cruttenden, Podesta & Co.*	Chicago, Ill.
George E. Heinze	*Walston & Co.*	New York, N. Y.
Carl R. Walston	*Walston & Co.*	New York, N. Y.
Fremont W. Robson	*McLeod, Young, Weir, Inc.*	New York, N. Y.
*Sidney A. Siegel	*E. Siegel & Co.*	New York, N. Y.
Harold E. DeShong	*Dallas, Rupe & Co.*	Dallas, Texas
*Ralph M. Dahl	*Evans, MacCormack & Co.*	Los Angeles, Calif.
*Wilbur Krisam	*John C. Legg Co.*	New York, N. Y.
*Casper A. Rogers	*Casper Rogers & Co.*	New York, N. Y.
*John S. Barker	*Lee Higginson Corp.*	New York, N. Y.
John A. Putnam	*W. E. Hutton & Co.*	Boston, Mass.
*Wilfred G. Conary	*G. H. Walker & Co.*	Providence, R. I.
*F. D. Fusz	*Fusz-Schmelzle & Co.*	St. Louis, Mo.
Peter W. Brochu	*Allen & Co.*	New York, N.Y.
*George J. Elder	*Straus, Blosser & McDowell,*	Detroit, Mich.
*William M. Doherty	*Fahnestock & Co.*	New York, N.Y.
*Herman C. Betz	*California Bank*	Los Angeles, Calif.
*Ralph C. Deppe	*Edward D. Jones & Co.*	St. Louis, Mo.
*George N. Meeks	*J. M. Dain & Co.*	Minneapolis, Minn.
*Herbert E. Beattie	*H. A. Riecke & Co.*	Philadelhpia, Pa.
*Donald D. Schubert	*Dempsey-Tegeler & Co.*	Chicago, Ill.

*Mr. & Mrs.

Business: Today and Tomorrow

By WILLIAM R. KUHNS*

Senior Deputy Manager, American Bankers Association

Noting that all the principal indicators, except investment, point up, banking editor Kuhns asks and answers such "unchartable" questions as to the direction of money rates, inflation, capital expenditures, and our foreign situation.

This looks like a year when quite a few records will be broken. Among the familiar items which seem to be heading for new high ground are Gross National Product, industrial production, national income, personal income, corporate earnings, construction, employment, and consumer spending.

William R. Kuhns

Practically all the principal indicators except investment in new facilities, which is the one that is most important for the future, are showing strength commensurate with the unusual force of this recovery.

If Gross National Product, that handy statistical gadget, continues to grow in the second half of the year as it did in the first, it will easily pass an annual rate of $500-billion before we welcome the new year. In each of the first two quarters the increase was about $13 billion, bringing the yearly rate at this point almost to $486 billion, so that the rise from now on could be only half that fast and still reach the $500 billion milestone.

All this looks beautiful from a little distance and creates such a satisfying picture that it becomes almost a patriotic duty to ignore several questions of an unchartable nature which are getting some attention but should get more.

There is space to mention only a few of them:

Money rates: Are they going up or down and why?

Inflation: Is the danger past or passing?

Plant and equipment spending: Why is this indicator lagging?

Our foreign situation: Is it getting better or worse, economically and politically?

Some of History's Biggest If's

First, a word about the immediate trend, which is mixed because of special factors, including the steel strike and the automobile model changeover period. Judging from past experience, the effects of both will be temporary and will look like simply another jog in the charts before the year is over.

This is not to under-rate the enormous cost of the strike, particularly in steel centers, to the workers, to the industry, and to many businesses depending on steel. Nor can we afford to overlook the foreign competitive angle which will be examined a few paragraphs later.

Money Rates, Up or Down And Why?

The debate on interest rates goes on and on, with statisticians and political leaders lined up in solid rows throwing treatises at each other, but they might as well use marshmallows, or so it seems from the meager results, in terms of public attention and benefit.

The role of interest rates in the economy extends from top to bottom, from the price the Treasury must pay for funds to the price banks must pay for savings.

For ten years the trend has been generally upward, the yield on long-term Government bonds, for example, being about 2¼% in 1949 and about 4½% today.

The debate has several distinct facets. There is the Treasury's desire to have Congress remove the ceiling of 4¼% on Government bonds of five years or more. There is the effort of some banks to raise the rate paid for savings. Also there is the little-understood international aspect involving the flow of funds to places where they receive the highest rates.

Both the Treasury and the Federal Reserve regard enforced easy money as inflationary. The President is supporting this view. But most important of all, from the national standpoint, is that foreign owners of huge dollar balances feel the same way and they are watching carefully to see whether we handle our serious monetary problems courageously or in an inflationary way dictated by short-sighted politics.

In the banking field the rate debate has centered around competition for savings. Some of the savings and loan associations, especially in the West, are paying up to 4½%. Some of the mutuals in the East are moving up to 3½% and want to go higher.

There has been some effort to lift the 3% ceiling on commercial bank rates for savings, but there is still a wide difference of opinion as to the wisdom of such action, both in banking circles and among supervisory authorities.

If business recovery maintains its present momentum and the demand for money grows faster than the supply, the whole rate structure is bound to feel the pressure. So, the question of paying more for savings may become livelier in the next few months.

A thing that surprised the supervisory authorities is that the debate among banks on this subject has not yet generated much heat. At least they find no evidence of it in correspondence. They expected a flood which did not occur.

The supervisory authorities can object to rate increases only on the basis of inadequacy of earnings and surplus. Commercial banks might be forced to consider this rising rate structure in the competition for the savings dollar of the public, since for many banks savings accounts form a very large part of their deposits.

Inflation, Is the Danger Past?

The recovery movement does not seem to have the inflationary flush that it had earlier this year. In fact, prices have been remarkably steady for over a year.

It is not surprising, under the circumstances, that a new doctrine should appear to the effect that the danger is past. It is based on several assumptions.

One is, to quote a competent exponent of this theory, "that we stay at peace." If one can call today's condition "peace," while we are spending most of our budget for defense, let's hope we do not stay at this kind of peace too long.

Another assumption of the "inflation's-over" school is that prices will remain stable or fairly so. This, however, seems to rest on the false premise that organized labor will temper its demands. When that occurs the union leaders will be out of work.

Some of the other assumptions seem to have more substance. One is that the monetary authorities can control things better now than before. Fifteen years ago the banks had about $90 billion of Government securities against $26 billion of loans. If the Fed squeezed them they simply unloaded bonds to get funds to lend.

Now the ratio is $63 billion in bonds to $100 billion in loans, so if the banks are squeezed they have no easy escape.

Plant and Equipment Spending

Capital investment in new plant and equipment is rising and is now at a rate of about $34 billion annually. It was $35 billion in 1956 and $37 billion in 1957, but through the years most of this money went for expansion of capacity. Less than half was for the replacement of old facilities with modern, more efficient equipment.

Almost all foreign countries which are becoming serious competitors in various manufacturing fields provide for replacement costs or rapid depreciation.

Our Foreign Situation Improving or Not?

Fortunately, the question of our economic and political future as a world leader has been coming more and more into frank and open discussion. Our steady loss of gold first drew attention to a weakness in our position, but the subject of gold is technical and lacks the dramatic possibilities for attracting public attention.

It is easier to understand what is happening to us when we hear that German steel can be delivered in Kansas much below the domestic price. Also the opening of the St. Lawrence Waterway has made it possible for similar competitive situations to occur affecting a vast number of products.

Steel is a good, typical example of a trend that is much too general. Competition from abroad has been growing for two years. Imports of steel mill products topped exports by almost 80% in the first half of this year. Imports in May were 384,787 net tons, or 226% above May 1958.

Never in history has there been such a sustained reversal of the traditional pattern. The approaching strike was a factor but even last year imports were running well ahead of exports.

In construction the immediate outlook is good, although some concern is felt about over-building of both residential and office space in various sections. In the first seven months of this year residential building was 32% ahead of last year.

This is reflected in mortgage recordings, although there is some expectation of a slow-down because home mortgage volume is usually sensitive to the level of interest rates.

The rate charged for conventional mortgages has been rising. In July the average was 5.9% against 5.6% a year ago. Investors prefer the conventional mortgages over those of lower rate guaranteed by the FHA and VA. In June 76% of all mortgages were of the conventional type.

Corporate earnings are setting new records. After taxes 395 companies reported $1,733,943,000 for the second quarter, a boost of almost 75% over the low earnings of the same quarter in 1958.

L'Affaire Khrushchev

The invitation to the Communist dictator may be an important step toward peace or it may be, in the words of Senator Dodd of Connecticut, a national disgrace. It is either a calculated gamble or a miscalculated blunder with unpredictable consequences. This might be a good time for everyone to read J. Edgar Hoover's book, *Masters of Deceit*.

Without waiting for the judgment of history, we already know that the invitation is regarded by the Communists as a triumph and that the anti-communists in free and captive nations, whom we have been courting, must certainly be watching this new flirtation with anxiety and despair.

Whatever this exchange of visits is called, it is a super-summit meeting without any guarantees and assurances as a prelude. It can serve a useful purpose, but whose purpose?

Everyone knows what the other summit things produced—tragedy in Hungary, Poland, the Middle East, and the Far East.

We do not make many small mistakes. When we make them they are usually dandies. Let us hope this is not a mistake, and that it may have some good results, but let us not be surprised if it ranks eventually with those masterpieces of misjudgment such as Yalta, the isolation of Berlin, Hiroshima, and our impulsive siding with Russia against England and France when our friends were about to recover extremely valuable property in Suez which had been taken by force.

*From a paper prepared by Mr. Kuhns in his capacity as Editor of "Banking", Journal of the A. B. A.

A. J. Lombardo with N. Y. Hanseatic

Angelo J. Lombardo has joined the Bond Department of New York Hanseatic Corp., 120 Broadway, New York. He has been in the investment business for six years. He was formerly Assistant Secretary of C. F. Childs and Co.

Hayden, Stone to Admit R. Higgins

LOS ANGELES, Calif.—Robert I. Higgins on October 1st will become a partner in Hayden, Stone & Co., members of the New York Stock Exchange. Mr. Higgins is Sherman Oaks, Calif., Manager for Daniel Reeves & Co.

S. B. Lyons Joins Cruttenden Podesta

CHICAGO, Ill.—Sam B. Lyons has become associated with Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, as director of customer relations.

Loker, Sparrow Co. Opens in Boston

BOSTON, Mass.—Loker, Sparrow Co. has been formed with offices at 201 Devonshire Street, to act as dealers in municipal bonds. Partners are Robert P. Loker and Fredrick S. Sparrow. Mr. Loker was formerly with Kidder, Peabody & Co. Mr. Sparrow was with George P. Fogg & Co.

Dealer-Broker Investment Recommendations and Literature

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

Building, Construction and Capital Goods Stocks — Bulletin with particular reference to **Ft. Pitt Bridge Works, Morgan Engineering Company**, and **Sargent Company**—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y.

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

European Common Market and Opportunities for U. S. Chemical Industry — Discussion — F. Eberstadt & Co., Inc., 65 Broadway, New York 6, N. Y.

Foreign Exchanges—Review—Samuel Montagu & Co., Ltd., 114 Old Broad Street, London, E. C. 2, England.

Investing for Banks—Major B. Einstein—First National Bank in St. Louis, St. Louis 1, Mo.

Investing for Income—Article in September issue of "The Exchange" magazine—The Exchange, 11 Wall Street, New York 5, N. Y., 20 cents per copy; $1.50 per year. Also in the September issue are articles on **Food Fair Stores, Inc. Stock Splits, Dividends Every Month** and brief data on **Food Mart, Inc., Missouri Portland Cement Company, Packard Bell Electronics Corp., Universal Match Corp., Vanadium Alloys Steel Co.**, and **Wallace & Tiernan Inc.**

Japanese Rayon Pulp Industry—Review with particular reference to **Sanyo Pulp Co., Ltd., Nippon Pulp Industry Co., Ltd** and **Tohoku Pulp Co., Ltd.**—Daiwa Securities Co., Ltd., 8, 2-Chome Otemachi, Chiyoda-Ku, Tokyo, Japan, and 149 Broadway, New York 6, N. Y. Also available are statistical circulars on stocks listed on Tokyo Stock Exchange.

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.

Low Price Oil & Gas Common Stocks—Comparative tabulation Metropolitan Dallas Corporation, Mercantile Bank Building Arcade, Dallas 1, Tex.

Market Basket Portfolios—Two suggested portfolios of companies in the food and allied fields—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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

Paper Industry—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Stran-Steel Buildings — Literature on commercial, industrial and farm buildings in Stran-Satin colors—Department NSF-13, Stran-Steel Corporation, Detroit 29, Mich.

Strength in Steels—Review—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available are reports on **Sheraton Corp. of America** and **Elliott-Automation Ltd.**

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Allis Chalmers Manufacturing Company—Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y.

American Fidelity Life Insurance Co.—Memorandum—Copley & Co., Independence Building, Colorado Springs, Colo.

American News Co.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Analogue Controls, Inc.—Analysis—Annett and Company Limited, 220 Bay Street, Toronto 1, Ont., Canada.

Castle & Cooke, Inc. — Memorandum — H. B. Shaine & Co., McKay Tower, Grand Rapids 2, Mich.

Ceco Steel Products Corporation — Analysis — Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

Central Wisconsin Motor Transport Co.—Analysis—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of **Pfaudler Permutit Inc.**

Charles Bruning Co.—Memorandum—The Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

Columbian Carbon Company—Analysis—T. L. Watson & Co., 25 Broad Street, New York 4, N. Y.

Connecticut State — Greater Hartford Bridge System Bonds—Data—Stern Brothers & Co., 1009 Baltimore Avenue, Kansas City 5, Mo.

First National Life Insurance Company—Analysis—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

Franklin National Bank—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

General Gas Corp. — Memorandum — The Kentucky Co., 320 South Fifth Street, Louisville 2, Ky.

General Motors Corp.—Review in current issue of ABC Investment Letter—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y. In the same issue are brief reviews of **Reichhold Chemicals, Inc., Arthur G. McKee & Co., Transcontinental Gas Pipe Line Co.**, and **Southern Nevada Power Co.** Also available is a tabulation of **Real Estate Bond & Stock Averages.**

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

Great Atlantic & Pacific Tea Co.—Memorandum—Orvis Brothers & Co., 15 Broad Street, New York 5, N. Y.

Houston Natural Gas Corp.—Memorandum—Creston H. Funk, Hobbs & Co., Frost National Bank Building, San Antonio 5, Tex.

Papercraft Corporation—Report—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

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

Reichhold Chemicals Inc.—Report—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

Robertshaw Fulton Controls Company—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Montgomery Ward & Co.** and **Kelsey Hayes Co.**

San Juan Racing Association, Inc.—Report—G. Everett Parks & Co., Inc., 52 Broadway, New York 4, N. Y.

Timken Roller Bearing—Memorandum—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

Tuboscope Co.—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y. Also available is a comparative tabulation of **Public Utility Common Stocks.**

Will Ross, Inc.—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **Arizona Public Service Co.**

F. W. Woolworth Co.—Analysis—Newburger, Loeb & Co., 15 Broad Street, New York 5, N. Y.

Joins Keenan & Clarey

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Richard A. Mitchell is now affiliated with Keenan & Clarey, Inc., Pillsbury Building.

Future Investment Planners

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

Delbert B. Hensley Opens

(Special to THE FINANCIAL CHRONICLE)

UPLAND, Calif. — Delbert B. Hensley has opened offices at 313 North Second Ave. to engage in a securities business.

Ronald I. Gershen Opens

BROOKLYN, N. Y.—Ronald I. Gershen is conducting a securities business from offices at 2331 Ocean Ave., under the firm name of R. I. Gersheen Co. He was formerly with H. G. Stolle & Co.

A. J. Radawiec Opens

SPRINGFIELD, Mass.—Albin J. Radawiec is engaging in a securities business from offices at 737 Newbury under the firm name of Albin J. Radawiec Co.

Stein & Hoffman Opens

BAYONNE, N. J.—Morton N. Stein and Joe D. Hoffman have formed Stein & Hoffman with offices at 1137 Ave. C to engage in a securities business.

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. 15, 1959 (Detroit, Mich.)
Bond Club of Detroit annual Fall Outing at Orchard Lake 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. 21-24, 1959 (New York City)
Mortgage Bankers Association 46th annual convention at Hotel Commodore.

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.

Moore & Co. Formed

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—La Rue Moore and La Rue Moore, Jr. have formed a partnership, Moore & Co., with offices at 301 Pine St. to engage in a securities business.

Form E. J. Roberts Co.

RIDGEWOOD, N. J. — E. J. Roberts & Co. is engaging in a securities business from offices at 10 Wilsey Square. Officers are Alexander A. Manddalena, President; George W. Reich, Jr., Vice-President; and M. R. Soellner, Secretary-Treasurer.

From Washington Ahead of the News

By C. BARGERON

Oregon used to be one of the most conservative states in the Union. Year after year solid Republicans were sent to Washington and Republican Presidential candidates carried the state. It was looked upon in every national election as in the bag for the Republicans.

Carlisle Bargeron

But the situation has changed. The state has a member of Congress who has been traveling in Latin America and giving encouragement to the states which do not have democracy to overthrow their governments. He has made speeches in Congress to that effect. At a time when we obviously want stability of Latin American governments he is preaching revolution. He is so advanced in his views that he wants us to recognize Red China and admit them to the United Nations. It is amazing that he is so broadminded because, until he came to Washington, it is not known that he was ever out of State of Oregon, even so far as going to California, an adjoining state. I refer to Congressman Porter. He has stirred up a lot of trouble.

Then we have Senator Neuberger who is an advanced liberal and whose contribution to this Congress has been to submit a bill which has been passed by the Senate to create a Youth Conservation Corps, modeled after the old New Deal National Youth Camps.

Neuberger is not offensive as is Porter and is fairly well accepted by his colleagues.

The outstanding contribution that Oregon has made to the National scene is Senator Wayne Morse. Undoubtedly if a vote were taken tomorrow on the most despised Senator in the upper chamber he would win hands down.

As of this writing, he has been obstructing the proceedings of the Senate for three days and the end is not yet. He is not filibustering against any idea which he holds uppermost or any principle that he holds dear. As one Senator told me, if Morse had any objective such as heading off legislation which he was strongly against, this Senator said he would fight for his right to be an obstructionist and to do anything under the rules to prevent that legislation from being enacted.

But that is not the case. In the first place, Senator Morse had a tilt with the Majority Leader Lyndon Johnson. In the second place, he is bitter about the labor legislation that was passed, being one of two Senators who voted against the labor bill.

The Senators decided that in order to get away from here by Sept. 12 they should meet on Saturday and the following Monday, Labor Day.

Senator Morse monopolized both days with parliamentary tactics such as insisting upon the reading of the journal and refusing unanimous consent to let committees meet while the Senate was in session.

As a result the Senate had to periodically recess to let a committee meet. The Senate finally succeeded in passing the bill it had in mind by remaining in session until midnight.

Now what sort of a man is it that will do that. Ninety-nine Senators are against him but Morse taunts them that if they don't like what he is doing, they can change the rules. That is the last thing in the world that the Senators would do.

They attend the Senate and when Morse pulls one of his tactics they retire to the cloakrooms and grumble. But it is an outrage for full grown men, some of them advanced in age, to have to attend sessions when they know that Morse will take over. Entreaties to him have gone unavailing.

Senator Pastore, of Rhode Island, asked him the other night if he thought he was God. It didn't faze Morse in the slightest. He talked for four and a half hours on the labor bill, and announced that on Labor Day he was to read a three volume history of the American labor movement. The Senate succeeded in circumventing this.

There is something to Clare Luce's remark that Morse has never been the same since he was kicked in the head by a horse.

With J. Sturgis May

(Special to THE FINANCIAL CHRONICLE)

HIGH POINT, N. C.—Margaret B. Osteen has joined the staff of J. Sturgis May & Co., Security National Bank Building.

With McDonald Evans

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Paul Clark has become associated with McDonald, Evans & Co., 1009 Baltimore Avenue, members of the Midwest Stock Exchange. He was formerly with A. E. Weltner & Co.

Ball, Burge & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Lida M. Heath is now connected with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Grey V. P. of American Secs.

PHILADELPHIA, Pa.—American Securities Corporation has announced the election of Clifford E. Grey as a Vice-President and Co-Manager with John R. Woolford, also a Vice-President in the firm's Philadelphia office at 123 South Broad Street.

Mr. Grey joined American Securities Corporation in March, 1957. Prior thereto he was associated with Spencer Trask & Co.

Inflation in Underdeveloped Areas and Lessons for the U. S.

By J. BURKE KNAPP*

Vice-President, International Bank for Reconstruction and Development, Washington, D. C.

International banker catalogues sequence of events causing and developing inflation in underdeveloped lands which, unless the vicious circle is cut, fortifies the originating cause and enlarges the resultant disorders on the next inflationary round. From this he: (1) cautions against the belief that public or private inflationary finance methods in the United States can make a useful contribution to economic growth; (2) observes that, except for small profiteering minority, no significant group can escape inflation's ravages; and (3) reports a tremendous amount of talent and energy is wasted in unconstructive activities. Noting that governments are learning to avoid the temptation to spend their way out of political-economic troubles without regard to economic consequences, Mr. Knapp terms it a moot question whether even developed countries are knowledgeable and competent enough to handle money supply expansion without suffering disruptive, inflationary after-effects.

There is perhaps no country in the world today where economic growth has not become a pressing political, social and economic issue. In addressing myself to the international ramifications of this timely problem, I might have turned to almost any country or group of countries and have found some experience suitable for consideration. There is also almost univeral concern with the problem of how to use monetary policy to stimulate economic growth, or alternatively how to avoid abuses of the monetary system which inhibit economic growth. Almost every country, or at least every country with a modern monetary system, has confronted the dilemma of how to achieve the stimulating effects of an expanding money supply without suffering the disruptive consequences of inflation.

J. Burke Knapp

By way of establishing a general setting, it might be noted that in recent years monetary policy, or more specifically, monetary discipline, has been coming more and more into its own all over the world following a period of relative eclipse. During the throes of the Great Depression in the thirties, which no doubt called for unorthodox remedies, monetary orthodoxy was progressively abandoned and even became to some extent discredited. Then during the war years most countries found that the discipline which was required of their economies was so great that it had to be imposed by means of direct economic controls rather than by broader monetary measures. Immediately after the war there was a strong tendency in Europe to perpetuate controls and to reject monetary policy as an instrument for attaining internal and external economic balance. Strangely enough, the Germans were among the first to break out of that pattern and the miracle of German economic recovery owes a very great deal to the sound management of the new German currency which was introduced in 1948. One by one, other European countries have followed suit; Italy and Austria are two striking cases of how vigorous economic growth has been achieved even in relatively weak countries with the right brand of economic, and especially monetary, policy.

Most of these countries passed through periods of acute financial disorder before achieving the comparative economic stability that they now enjoy. But the country where inflation seemed most deeply rooted was France, which had to await a major constitutional overturn before coming to grips with its devastating economic ills. Here, during the past year, the new government under General de Gaulle has executed a far reaching stabilization program, relying principally upon the assertion of strict controls over budgetary expenditures and the expansion of bank credit. This program was presented to the French people in December 1958 in a so-called "Report on the Financial Situation of France," prepared by the well-known French economist, Jacques Rueff. Mr. Rueff made no bones about the fact that the principal ill of the French economy had been excessive resort to the creation of money for both public and private purposes, and he held out no hope of recovery until "the tap of inflation has been turned off tight." Indeed his report set forth the following specific "principles of a reform strategy" for France:

"(a) Relieving inflation by saving;

"(b) Breaking the inflationary cycle;

"(c) Establising with certainty that the inflationary process is over;

"(d) Substituting elasticity by investment for elasticity by inflation."

I need only add that the Rueff program has been vigorously implemented, and that France has staged an extraordinary economic recovery during the last few months as a result of this program.

Resort to Inflation Cure

As indicated by the title of my paper, however, I propose to devote my main attention to the situation in the undeveloped world. In this vast area the problem of inflation still has a pressing immediacy. The governments of almost all the undeveloped countries in Asia, Africa, and Latin America, are under the strongest compulsion to accelerate their economic development in order to meet the clamor of their peoples for improved living standards. At the same time, unlike more advanced countries such as those that I have already mentioned, they lack experience in formulating and administering economic and financial policies. They are therefore beset by fearful temptations to try to spend their way out of political and economic troubles without regard to the consequences for their economic systems. In my opinion, this situation is fraught with the most serious danger. If the undeveloped countries of the free world fail to achieve reasonable economic progress, or if in their attempts to do so, they overreach themselves and fall victim to destructive inflationary disorders, they will have great difficulty in withstanding the competition of Communist forms of organization and ideology.

Ten years ago, or even less, it might have been necessary to convince people in many undeveloped countries that inflation was a bad thing. There were still some responsible leaders who thought that inflation was a useful or indeed indispensable stimulant to the economy. Much was heard about how economic progress could be accelerated through a kind of "forced saving," i.e., a process by which the government financed a large part of its expenditures on economic development by forcing depreciating money into the hands of its people. But this day is over. Most countries have by now had their bout of inflation and if the plague still runs its course in the undeveloped world, it is no longer because doctors have prescribed it but rather because the body politic is too weak to resist it. Governments no longer embrace inflationary policies, but they do still succumb to them. Sometimes they succumb unwittingly, sometimes because of internal political pressures, or sometimes because they genuinely consider (almost always wrongly) that this course will be the least of many evils. The resulting disorders are no less serious because the intentions are good!

What then do we mean by these "inflationary disorders?" How do they originate and what are their economic effects? In particular what are their effects on business? Without attempting any precise analysis, and without pointing an invidious finger at any individual countries, I might indicate briefly the main lines along which inflation in an undeveloped country runs its course.

Root of the Trouble

Nine times out of ten, the root of the trouble lies in a deficit in the governmental budget which is financed by the creation of new money. The government may be spending too much because it is trying to do too much, or because what it is trying to do is executed so inefficiently. (At the same time, an important bulwark *against* inflation may be the sheer incapacity of government departments to spend money as fast as it is allocated to them.) Of the government may be failing to collect sufficient revenues, either because the tax structure is inadequate or because the laws are not enforced. Of course it requires political courage to levy high taxes, and governments often rationalize their failure to act on the tax front by assuring themselves that increases in taxes or other charges (i.e., public utility rates) would only give further impetus to the inflationary cycle. In short the government is living beyond its means, and unless it receives support in the form of friendly aid from abroad, it must borrow to fill the gap.

But here the possibilities open to the government of an undeveloped country are strictly limited. One of the things characteristically least developed in such a country is its capital market. The institutions for collecting the savings of the people will be rudimentary, the credit of the government may not be securely established, and (here comes the vicious circle) the currency may be depreciating so that no fixed obligation stated in that currency (or at least no long-term obligation bearing a reasonable interest rate) will be salable. If then the government cannot borrow any of the existing money supply, it can satisfy its needs only by demanding that the banking system create new money for its purposes. Whether this takes the form of outright currency printing by the central bank or the more subtle creation of commercial bank credit, the result is to give a further impetus to the inflationary mechanism of "too much money chasing too few goods."

As the currency is thus debased, its value depreciates—i.e., prices rise. This sets in motion a series of chain reactions including the following:

Item—The rise in the cost of living touches off demands for wage increases. If these are granted, fuel is cast on the fire; if not, the seeds of serious social and political dissension have been sown.

Item — The government intervenes to limit the rise in prices of essential commodities, especially foodstuffs. Production of such commodities ceases to be remunerative and declines, thus creating new shortages and price pressures. Or the government seeks to resuscitate production through subsidies, thus creating a new source of budgetary deficits.

Item—Unless the exchange rate is altered (which the government is most loath to do lest that too drive up the cost in local currency of imported commodities), all imported goods become artificially cheap and imports expand. On the other hand production for export ceases to be remunerative in the face of rising internal costs, and exports wither. The combined foreign trade effects creates heavy drains upon the country's gold and foreign exchange reserves, and the decline in reserves further undermines confidence in the currency. Soon shortages appear in imported fuel, raw materials, spare parts, etc. Import licensing is imposed but still production languishes.

Item—Investment in productive industrial and agricultural enterprises becomes less and less attractive. Public utilities, such as electric power companies, are denied rate increases to match their rising costs; since they are therefore unable to expand or even maintain their properties, the government takes over their business. The "smart money" flows into commodity hoards (again accenuating scarcities and price pressures) or into urban real estate, usually luxurious apartment dwellings for inflation profiteers.

Item—Yes, although the country as a whole may be sliding rapidly downhill, there are still a few who profit from the debacle. Some make killings in commodity speculation, preferably using borrowed money. Some who are fortunate enough to obtain import licenses sell cheap imported goods at inflated internal prices. Others simply buy foreign exchange to hold abroad until their own currency is devalued, at which time they can bring their money back home at a big profit in terms of their own currency. Sometimes the government seeks to prevent such capital movements through the imposition of exchange controls, but usually it fails.

Final Item—Many different inflationary manifestations, including some already mentioned, serve to drag the government deeper into the pit of budgetary deficits. The costs of government operations rise because prices are rising, and also because new functions are undertaken. In some fields the government tries to take over from private enterprise (cf. the public utilities); in other fields a large bureaucracy is installed in a vain effort to fight inflation by regimenting private activities. Government revenues also tend to rise but not in the same proportion. Some tax sources tend to dry up—notably customs revenues, in view of the exchange shortage; others simply lag behind the general inflationary trend. The net effect is to drive the government toward more and more resort to bank credit in order to pay its bills, thus continuously expanding the money supply and fortifying the prime cause of the original inflation.

An Increasing Series of Government Intervention

Note the number of times I have mentioned government intervention. Circumstances such as those which I have outlined breed a series of petty Canutes seeking to sweep back the inflation with a broom. This would be bad enough in itself, if only because of the stultifying effects of bureaucratic controls upon productive economic activity. But, worse yet, every such Canute is a potential focus of inflation's worst disorder, corruption. Inflation profiteers can afford to pay for services rendered, especially if these services are essential to the profiteering. And civil servants, hard pressed by the rising cost of living and falling under the influence of the "easy money" atmosphere, may be vulnerable. Indeed, in those countries which have suffered the full ravages of the inflationary disease, it has often been found that a goodly share of the luxury apartments referred to above have come to be occupied by obscure civil servants who happened to be employed in strategic positions in the economic ministries.

This all reminds me of a conversation which I had a while ago with the eminent British economist, Professor Lionel Robbins (now Lord Robbins), who was on his way back to London from his first visit to South America. In touring that continent, he had found much to praise and much to blame, but with reference to one country he remarked, with his eyes still wide open from the experience: "My dear fellow, it is a perfect laboratory of economic pathology!"

At this point I must pause to ask myself whether I have been guilty of presenting a caricature. How could any economic or social system withstand the sort of flagrant abuse which I have but briefly sketched? My first response is that every feature I have described has had its replica—all to many replicas—in real life in the undeveloped world. But have I nonetheless overdrawn the picture in putting together the ensemble? Perhaps a little bit. The foregoing account may be a little too pat. Actual events are somewhat more complicated and the chain of inflationary reactions takes time to work out. One bulwark against inflation is the fact that many people go about their "business as usual" simply because they don't believe how bad the situation actually is. But I assure you I have not exaggerated the ultimate threat of inflationary disorders; here I need only point to the dismal record where entire economic, social, and political systems have been brought by such disorders to eventual total ruin.

Without going back to the great inflations of the past such as occurred in Germany after World War I or in China after World War II, let me allude briefly to two recent instances, the sad failure of Parliamentary government in the new State of Pakistan, and the fall of the Peron dictatorship in Argentina.

A Sad Failure in Pakistan

Inflation was clearly one of the main instruments in producing the rot in Pakistan which ended by completely destroying the confidence of the people in their democratic form of government. After the partition from India in 1947, Pakistan set its feet on the path of Western parliamentary procedure. No general elections were ever actually held, but the forms of representative self-government were established, and although the new country faced forbidding internal political and economic difficulties, there was every hope for the successful evolution of Pakistan along democratic lines. Unfortunately, economic disorders mounted rapidly, the government showed itself impotent to cope with them, and last October the Army assumed power

*An address by Mr. Knapp before the Stanford Business Conference, Stanford University, California.

in a bloodless take over of political authority.

The new regime has launched a far-reaching economic stabilization program which rests upon a stern resolve to balance the budget and to cease resort to the inflationary financing of budgetary deficits. The conditions which the new government had to face were very well and effectively described in a speech delivered by the new Finance Minister, Mr. Mohamed Shoaib, in introducing his new budget to the nation in March of this year:

"When your new Government stepped in about six months ago the process of economic deterioration had gone too far and too fast. The country had moved almost to a state of collapse. Scarcity of consumer goods, rising spiral of prices, shortage of food, superfluity of money, continuous fall in foreign exchange earnings, depletion of reserves, large-scale deficit financing by Government, business malpractices such a smuggling, hoarding and blackmailing, characterized this state of affairs. To lift the country from this morass, drastic action had to be taken. This was possible only after promulgation of Martial law throughout the country.

"For a long time before Martial Law, prices and the cost of living had been steadily rising. There was too much money about and too few goods to buy. On the one hand, the Government had been pumping money into the economy by borrowing from the State Bank and on the other hand imports had been falling and domestic production, particularly agricultural output, had been lagging. Inflation at home and declining demand abroad had made substantial inroads on our export earnings. We had been forced to curtail ever more severely imports of consumer goods and even imports of the raw materials and spares which are the lifeblood of our own industries. A vicious circle of rising prices and declining supplies had set in.

"Under the circumstances your Government as a first step thought it imperative to impose sweeping price controls. But at the same time we know that such controls are not a fundamental or lasting remedy. When prices are fixed at a level where demand exceeds supply, supplies become exhausted or goods tend to disappear once more into black market channels. We are determined to restore this balance between supply and demand. On the one hand, we must avoid Government deficits which can only be met by borrowing from the State Bank and putting more money into circulation to chase the limited supply of goods. On the other hand, we must do everything humanly possible to increase our output and to export more of our production so that we can in turn import the goods vital to a revival of our economy."

The Fall of Peron

As for Argentina, you will recall that General Peron was expelled from the country in 1955, and that after an interim period of rule by a military junta, Dr. Frondizi was elected President. By the end of 1958 Frondizi had decided that the damage wrought by the Peron regime on the once proud and wealthy land of Argentina was so far-reaching that nothing short of radical surgery could redress it. He therefore announced a sweeping program of economic austerity and stabilization, designed to lay the basis for a long-term reconstruction effort. This program, the success of which still hangs in the balance, received full endorsement and extensive financial support from the United States Government and the International Monetary Fund. One of its prime purposes is to put an end to the inflationary financing of public expenditures. In announcing his program to the Argentine people on Dec. 29, 1958, Dr. Frondizi described in the following terms the state into which the country had fallen under the Peron regime:

"The basic problem by which Argentina's economy is afflicted is seen in the process of steady impoverishment resulting from the fact that the growth of our productive capacity has not kept pace with that of population and social needs. The financial and other resources which might have been employed for productive purposes have been used instead for non-productive investment and the maintenance of consumption at levels which exceeded the country's true production capacity.

"Inflation was the 'chosen instrument' of disinvestment, prodigality and final impoverishment. An abundant money supply created the illusion of wealth and well-being which was completely at variance with the reality of the national economic development process. Excessive consumption was thus stimulated, capital equipment was not renewed, the reserves were run down through excessive importing, and national indebtedness grew progessively heavier.

"The basis and structure of the economic and social system was also affected. The speculator and adventurer benefited at the expense of the genuine producer and of all economically sound enterprise. The situation thus created favored the making of vast fortunes in record time, fortunes that were amassed without effort and without any positive contribution being made to the general well-being of the community. Respect for the orderly processes of advancement, based on effort and the enterprise of the individual, on thrift, honesty and creative capacity, was destroyed. Here we glimpse something of the evil of inflation as the underlying cause of a national crisis which transcends the strictly economic aspect of the problem, affecting, as it does, the political, social and, very particularly, the moral bases on which society and the place of the individual in it rests."

Well, what does all this signify for business, first for business in general in a country afflicted with inflation and, secondly, for foreign business enterprises that are operating there?

Surely the question answers itself. There is always a speculative fringe on the edge of an inflation where profits can be freely made and, if you like, there is, therefore one element of the business community which may prosper. But the fate of the business community generally is clearly linked with that of the nation as a whole, and if the foregoing analysis has any validity it shows that no significant group in the economic system can escape the ravages of inflation.

Problems Which Beset Business

More specifically, consider the problems which beset a businessman in the advanced stage of the inflationary cycle.

Item—The price of his product may be rising, but so are the prices of all of his factors of production, and he scarcely knows from day to day what his costs will be. His wage costs may indeed be lagging behind, but if so he will have labor unrest and the constant threat of work stoppages. Cost accounting becomes a lost and indeed a useless art.

Item—Our businessman cannot count on the continued availability of imported materials and supplies required in his business, nor can he count on the continued provision of public services (electric power, transportation, etc.). All these may be rationed, leaving him at the mercy of unpredictable and probably erratic administrative controls.

Item—He will soon be running short of working capital, and he will find it extremely difficult to obtain additional short-term credit, especially if the government is trying to dampen down the inflationary movement through credit controls. In any case the interest rates will be extremely high since any lender will desire compensation for the depreciation of his money while it is outstanding on loan. As for long-term capital, this will scarcely be available at any price for productive enterprise; it will be taking refuge in inflation storm cellars, such as real estate, commodity hoards, etc.

Item—Governmental regulation will be pressing him from every side. If in addition corruption has begun to flower, he must face the competition of the unscrupulous business operator who is prepared to buy his way through the administrative restraints.

Item—Finally, if he does succeed after all in making some honest profits, how is he to preserve them in the face of the continued inflation? Even in the unlikely event that the market for his product remains promising, he will probably be unable to expand his plant for lack of the imported capital equipment required for this purpose. In the end our worthy businessman may well end up himself trying to protect his capital by neglecting his business in favor of speculative adventures.

The foreign businessman has all the foregoing problems to contend with and is greatly handicapped in dealing with them by his lack of familiarity with local conditions and by the need to obtain clearance with his home office at a time when rapid-fire action is probably necessary. In addition, he must worry about making profit and other remittances abroad. If the exchange rate is being artificially maintained by the government, he will certainly be able to make remittances abroad only under close licensing control; alternatively, if the exchange rate is rapidly depreciating, he will find his remittances melting away in value by the time they reach their foreign destination.

Diversion of Talents to Unconstructive Efforts

Where then does our businessman find time to tend to his business? I have asked this question many times of businessmen operating under conditions such as those I have described and the answer is that anywhere from 50 to 90% of their time becomes employed in wrestling with the special problems created by the inflationary environment. As little as 10% of their time may then be available for carrying out the constructive work of building their enterprise. If you consider that most other elements in the community are similarly affected in greater or less degree, it will be apparent that the heaviest toll which inflation lays upon a country is the diversion of human talents and energies from constructive to unconstructive channels.

Well, I have just about concluded my catalogue of the evils of inflation. I hope I have not left the impression that all of the undeveloped world, or even a very large part of it, is under its spell. As I pointed out at the beginning of my paper, a great many of the undeveloped countries have by now learned their lesson and learned it well, partly from their own experience and partly from the striking examples which have been set by monetary stabilization programs in Western Europe. But some countries remain vulnerable, and it is perhaps the first task of economic statesmanship in the undeveloped world to resist the temptation which each nation has to overspend its available resources.

Significance to Our Policies

There remains the question of how far this foreign experience may be significant for the determination of economic and monetary policies in the United States. I shall not pretend to formulate the conclusions on this subject when it comes to weigh the dilemma to which I referred at the beginning of my discussion, namely, how to achieve the stimulating effects of an expanding money supply without suffering the disruptive consequences of inflation. One will no doubt hear arguments that the kind of inflation, or rather the different kinds of inflation, which may arise in a very advanced industrial economy like the United States, present much more complex problems of analysis than the simple and virulent form which afflicts more primitive economies. You may also hear the view that we in this country are far more knowledgeable and competent than governments in undeveloped lands when it comes to designing measures to offset and contain inflationary pressures brought about by expansionary monetary policies. I express no categorical views on these issues. I shall have accomplished my modest purpose if you will only think twice—or maybe thrice — before you accept the conclusion that in the United States inflationary methods of public or private finance can make any useful contribution to economic growth.

Harry Cronan V. P. Of Amos Treat Co.

Harry C. Cronan has been elected a Vice-President of Amos Treat & Co., Inc., 79 Wall Street, New York City.

May & Gannon Add

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Gerald J. D'Ambrosio has been added to the staff of May & Gannon, Inc., 140 Federal Street.

California Bank Appoints Three

Victor Etienne, III

Frank L. King, Jr.

C. M. Whitmore

LOS ANGELES, Calif.—Appointment of Victor Etienne III, Frank L. King, Jr., and C. M. Whitmore to assistant vice-presidents in the national division of California Bank has been announced by Frank L. King, Chairman of the Board.

Mr. Etienne joined the staff of the bank in 1954 and was assigned to the national division in April, 1957.

Mr. King joined the staff of California Bank in 1951 and served in various departments and branch offices before being assigned to the national division earlier this year.

Mr. Whitmore joined California Bank in 1953 and prior to his assignment to the national division was assistant manager of the bank's Bell Office.

The Security I Like Best

Continued from page 2

tion, produces titanium sponge and ingots. Stauffer Chemical Company of Nevada is one of the world's largest chlorine producers. Other products include caustic soda, hydrogen, insecticides and hydrochloric acid. American Potash and Chemical Corporation manufactures manganese dioxide, chlorates and perchlorates used as solid rocket fuels. United States Lime Product Corporation is the largest lime producer in 11 western states. Other products, high calcium and dolomitic limestone, lime flux and calcium quicklime. Manganese, Inc. produces ferro manganese used as a steel alloy. Pabco Products, Inc., mines gypsum.

Other large users of electricity are the military installations. Nellis Air Force Base, a permanent installation eight miles northeast of Las Vegas, is the largest jet base in the United States. Indian Springs Air Force Base, 45 miles northwest, is a satellite field under Air Force Special Weapons Command. Lake Mead Ammunition Depot, adjacent to Nellis, is an ordnance storage facility. The military and civilian personnel total 7,080 with a payroll of $24,000,000.

The McCarran Airport through a $6,000,000 expansion and modernization program is becoming a major "jet age" terminal for the entire southwest. This airport, said to be the busiest in the world on a per capita basis, will be the largest field west of Denver, except for Los Angeles and San Francisco. Also recently built in Las Vegas are a $5,500,000 convention hall with a seating capacity of 8,500, 22 meeting rooms and 90,000 square feet of exhibit space, and a $4,000,000 court house. A $2,000,000 sewer plant has recently been put into operation. The Southern Nevada Telephone Co. has a $5,500,000 expansion program, including a four-story office building. More than $117,000,000 of new construction is already planned for the next few years in the service area—resort, industrial, highway and civic projects. The increasing population is estimated to grow to 155,000 by 1960. Nearby and served by Southern Nevada Power the Atomic Energy Commission has spent $12,000,000 on its Nuclear Test Site for the commission's Atomic Rocket Propulsion program and is expected to spend another $15,000,000 in the future.

There are no State income, inheritance, death transfer, or intangibles taxes in Nevada. The year-round climate is about ideal —83% of possible sunshine, low humidity (average 28% over a nine year period), temperature averages 65.8 degrees with an average high of 80.3 and a low of 51.3 degrees.

Southern Nevada Power Co. was incorporated in 1929 but the common stock was not publicly offered until 1954. It supplies electricity at retail in Clark County, serving the county seat, Las Vegas and North Las Vegas, the Nellis Air Force Base, part of the city of Henderson, and the towns of Whitney, Pittman and Goodsprings. The electric rates are among the nation's lowest, being 1.2 cents per kwh. for residential service compared with the national average of 2.5 cents. Average residential usage went up from 9,373 kwh. in 1957 to 9,860 kwh. in 1958, about three times more than national average usage, and believed to be the highest of any investor-owned public utility in the nation.

Following two steps early this spring to establish permanent financing of the recent heavy construction program, the capitalization of the company as of June 30, 1959, consists of $14,018,000 of long term debt, $1,500,000 of 5½ preferred stock, and 715,852 shares of common stock. No further permanent financing is expected until late 1960 or early 1961.

Net income of the company for the 12 months ended June 30, 1959, amounted to $1,260,146, equal after preferred dividends to $1.78 per share on 680,252 average common shares outstanding during the period. On the 715,760 average common shares outstanding during the June quarter of 1959, net income was $284,669, equal to 38¢ a share, compared with $228,633, or 33¢ per share, on only 637,286 common shares outstanding in the June quarter of 1958. One of the encouraging comments in the company's interim report is to the effect that construction work in the Las Vegas area during the past six months has been at a higher rate than at any time in several years, with home construction particularly active. The number of building permits issued for family units was double that of the same period last year, and company expenditures for lines and equipment to serve new customers were 30% higher. It is not difficult to believe that Nevada, as recently prognosticated in a leading publication, will be number 1 in percentage growth in the next ten years, with expectations of a 94% increase in population during that period, a large part of which growth will undoubtedly be in the Las Vegas area.

Following the accomplishment of permanent financing of construction expenditures and the attainment of continued increases in the net income available for common stock, the directors of the company recently increased the dividend from $1.00 per share to an annual basis of $1.10 per share. At the present price of this stock, representing an equity in a growing company, the stock appears to me to offer an attractive investment.

Krumholz Joins Ogden, Wechsler

Ogden, Wechsler & Co., 39 Broadway, New York City, specialists in Convertible and Corporate Bonds and Real Estate securities since 1947, announce the admission of Nathan A. Krumholz as a partner of their firm, and the change of their firm name to Ogden, Wechsler & Krumholz.

Nathan A. Krumholz

Mr. Krumholz was President, during 1957, of the Security Traders Association of New York, largest affiliate of the National Security Traders Association, and has been active in the investment business since 1927. He is currently a member of the Board of Directors of STANY.

Born in Brooklyn, he is a graduate of N. Y. U's School of Commerce and is an active member of the Paul Revere Lodge of the Masonic Order. He was formerly a partner of Siegel & Co., New York.

James W. Zink with Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—James W. Zink has become associated with Mitchum, Jones & Templeton, Russ Building, members of the New York and Pacific Coast Stock Exchanges. Mr. Zink was formerly in the Trading Department of the Los Angeles office of Eastman Dillon, Union Securities & Co.

With Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Paul F. Ochs, Jr. is now with Kidder, Peabody & Co., 75 Federal Street.

With H. C. Wainwright

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Thomas J. Bond, Jr. has become connected with H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges.

Meadows Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Archie C. Fisher has become affiliated with Meadows & Co., 1490 Main Street.

Joins J. C. Flax

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Leon J. Bastien, Jr. has become connected with J. Clayton Flax & Co., 1562 Main Street.

Now With Joseph Mellen

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Richard L. Goldman is now with Joseph, Mellen & Miller, Inc., Union Commerce Building, members of the Midwest Stock Exchange. He was formerly with Bache & Co., in Cincinnati.

Public Utility Securities

BY OWEN ELY

El Paso Electric Company

El Paso Electric, one of the smaller "growth" utilities in Texas, supplies El Paso and 18 other communities in Texas and 22 in New Mexico, plus adjacent rural areas; Texas contributes about 82% of revenues and New Mexico 18%. Total population is estimated at 374,000, of which 320,000 are in metropolitan El Paso. The territory served is in the Rio Grande Valley, extending 110 miles northwesterly from El Paso to Caballo Dam in New Mexico, and 120 miles southeasterly from El Paso to Van Horn, Texas. While cattle and cotton are still important factors, oil refining, smelting and refining of copper, and the manufacture of clothing are now important industries (industrial revenues are about 14% of total gross).

El Paso is a trading, transportation and defense center. Five major railways have terminals there and three of them maintain shops. It is also an airline and bus center. The company serves six nearby military installations, consisting of: U. S. Army Air Defense Center at Fort Bliss, Briggs Air Force Base, William Beaumont Army General Hospital, White Sands Missile Range, Holloman Air Development Center and McGregor Firing Range. All these installations are permanent in nature and are continually growing to keep pace with the development of missiles and space exploration.

The area enjoys rapid population growth, which has approximated 39% in the past five years. Residential usage gained substantially last year reaching 3,553 kwh compared with 3,147 in the previous year. Residential rates averaged 2.3c last year, substantially under the national average.

The company produces virtually all its power needs although a small amount was purchased from public agencies last year. Production cost was low averaging only 3.7 mills per kwh. Hydro power is sometimes available from the government's Rio Grande development. The company participates in a regional power pool.

As indicated in the table below revenues have gained rapidly, now amounting to over three times those of 1947. Share earnings have gained in each of the past 11 years except in 1955 when they held even. Dividends paid have increased in each year since 1948 excepting in 1958.

President Holik issued an optimistic report to stockholders in June. The company was expected to pass the billion mark in kwh sales this year for the first time. At the end of April the company had 90,296 customers, a gain of 8½% over the previous 12 months. Military establishments in the area continued to grow, and a 69,000 volt line was installed to a new missile firing range early this year.

The motel business is being expanded rapidly in El Paso; eight motels totaling 1,118 units are under construction or projected (each to be completely equipped with electric air conditioners) to take care of increasing commercial and tourist business. Other construction work is booming, building permits earlier this year having shown an increase of 23% over 1958. A new steel mill is to be located in the El Paso area and is scheduled for completion early in 1960.

El Paso Electric uses natural gas for fuel with an efficiency of 12,109 btu per net kwh. Generating capacity at the end of 1958 was 263,000 kw compared with a summer peak of 188,000; the anticipated peak for 1959 was 211,000. Construction work on the company's new Newman Station is progressing on schedule, the 80,000 kw generating unit (expected to cost about $11 million) being scheduled for completion early next year.

The construction program this year will approximate $11.2 million. In May the company sold $3.5 million 1st mortgage bonds, $2 million preferred stock and $2.1 million common stock. Common was sold on a 1-for-25 subscription basis at $28; dilution of earnings was thus only about 4%. Following this financing the capital structure was approximately as follows: 1st mortgage bonds 42%, debentures 8%, preferred stock 15% and common stock equity 35% (1,988,840 shares being outstanding). The rating on the mortgage bonds was raised from A to Aa in 1958.

Earnings for the 12 months ended June 30 were $1.56 on the slightly increased number of shares, compared with $1.48 in the previous 12 months. El Paso Electric has been selling recently in the over-counter market around 36, this year's range approximating 37-32. At the current price, with a $1 dividend, the yield is 2.8%. The price-earnings ratio of 23 is somewhat lower than for other leading Texas utilities (see table in last week's Chronicle). The company's five-year rate of growth in share earnings has averaged about the same as for Central & South West and Houston Lighting, is slightly higher than that of Gulf States Utilities, but lower than Texas Utilities.

		Common Stock Record*		
Year	Revenues (Mill.)	Earnings	Dividends	Approx. Range
1958	$15.6	$1.57	$1.00	35-21
1957	13.8	1.40	1.00	25-20
1956	12.4	1.36	.93	23-19
1955	11.0	1.21	.83	22-18
1954	9.9	1.21	.80	18-15
1953	9.0	1.06	.65	14-11
1952	8.1	.98	.60	12-11
1951	7.2	.91	.53	11- 8
1950	6.3	.87	.50	10- 8
1949	5.9	.84	.45	9- 6
1948	5.4	.74	.40	7- 6
1947	4.8	.68	.40	7- 5

*Adjusted for stock reclassification in 1947 and 2-for-1 stock splits in 1951 and 1957.

Long-Run Growth and the Demand for Consumer Credit

By PROF. THOMAS G. GIES*

Associate Professor of Finance, University of Michigan, Ann Arbor, Mich.

Michigan economist alerts financial institutions to expect a 100% rise in the demand for consumer credit within the relatively short space of the next two decades. Bases forecast on a number of factors, including sharp increase in number of younger-households and spectacular increment in national income.

The impressive rise of consumer credit in the past 14 years from a level of $5.7 billion in 1945 to more than $45 billion currently has been an outstanding feature of the postwar scene. Even in an economy where new records of achievement are commonplace, an eight-fold expansion during such a relatively brief period leads one to speculate on the future of this industry and the dimension it may assume in the future.

Prof. Thomas Gies

Four factors, whose outline is now clearly visible, will shape the demand for consumer credit in the next two decades, and raise the volume of consumer credit outstanding to at least twice its present level. Between now and 1980, we must anticipate that the population of the United States will reach about 250 million and the number of households more than 70 million. Second, a restructuring of the population toward younger families will further amplify demand for consumer credit. Third, the additional population will locate itself in suburban rings around the great metropolitan areas, where transportation requirements will tend to raise the number of multi-car families. Fourth, the increase in income during the next two decades — GNP is expected to reach the $800-850 billion range by 1980—will bring a larger proportion of families into a credit-worthy status.

Function of Consumer Credit

The basic function of any kind of credit is to shift the burden of payment forward in time. In this respect, consumer credit is not different from production loans. In the case of financing producers' durables, borrowing enables the firm to minimize investment of its own funds in deferred production and to shift payment for capital goods closer to the scheduled flow of productive services from the asset. The function of consumer credit is analogous. The bulk of such credit is used for durable goods and enables the consumer to reduce investment of family "working capital" in the stored-up services enbodied in the automobile, washing machine or other household equipment.

It follows naturally, therefore, that the surge of growth in consumer assets in recent years should be accompanied by a corresponding rise in consumer loans. One of the salient features of recent decades is the enormous volume of wealth accumulated by households in the form of durable consumer goods. In his definitive *Study of Saving in the United States*, Raymond W. Goldsmith observes that the most pronounced trend of personal saving in normal periods from 1897 on has been the increased share in the form of consumer durables. Present value of consumer holdings of durable goods, after allowance for depreciation, is estimated at more than $200 billion, or better than three times the value of their holdings of Treasury securities.

This accumulation is in part the result of the change in services or processes wrought by introduction of new types of consumer durables. Air conditioners, deep freeze units, and a host of other appliances now considered standard equipment have provided fundamentally different services to Americans. This mechanization process, however, has included development of substitute sources of goods and services already part of the consumer diet. Accumulation of our present stock of passenger automobiles clearly has substituted for greater outlays on public transportation — busses, streetcars, and railroads, just as television has replaced demand for more moving picture theaters. It is clear that these purchases of consumer capital represent a kind of alternative to investment by business in capital goods rendering competing services, and that they have tremendous repercussion on the quantity of wealth and associated debt in the consumer sector of the economy.

Long-Run Forces

American financial institutions must be geared for a rise in consumer credit of at least 100% in the short space of the next two decades. Assuming the price level remains constant, the level of consumer loans on the books of lenders should reach at least $80 billion and may well go above the $100 billion mark.

One of the principal factors raising the level of consumer credit outstanding will be the vast army of new families making their appearance between 1959 and 1980. According to Bureau of the Census projections, there will be a continuous increase in the number of households during the next 20 years, with the rate of increase accelerating from 1960 onward. By 1980, the number of households will probably be somewhat above 70 million, a gain of about 35%.

Net household formation will be not less than 640,000 per year from 1960-65, according to Census and may rise as high as 1,000,000 per year in this early period. By 1965, it appears virtually certain, however, that the booming birth rate initiated at the close of World War II will show its impact in a larger number of marriages and an uptrend in household formation. Thus, it is expected that the average number of households formed per year will climb to a range of 850,000 to a million-plus in the 1965-70 period. From 1970 on, it is anticipated that the net increment in households will average not less than 1,000,000 per year, and may indeed run 25% above this. These projections are based largely upon individuals already in the population, of course, and therefore possess a high degree of validity.

Age Structure of the Population

Analysis of modifications in the age structure of the population between 1959 and 1965 reveals an additional factor which is likely to be significant for consumer credit developments. While the total number of households is expected to rise by approximately 11 to 12% in six years, households with heads under 25 years will increase by not less than 36% and perhaps by as much as 67%. In succeeding years, the proportion of younger households—those in the first ten years of existence—will become considerably more numerous, relatively. These are precisely the families, according to surveys of consumers' financial positions, who are the best customers for major durable goods and who consequently are most frequently in need of credit. According to the latest Federal Reserve survey of consumer finances, purchase of major durable goods was most frequent in each of the past four years among families where age of the head was between 25 and 34 years. This is especially notable, since in the typical case income and paying-capacity has not yet approached its maximum at this age. This same age group showed the highest frequency of debt at the time of the 1959 survey. Four-fifths of the 25 to 34 years age-group had some debt, compared with about half this frequency (41%) in the 55 to 64 age-group and only 26% in the 65 and over category. Moreover, the frequency of relatively large amount of debt ($1,000 or more) was highest among this younger group.

The Exurbanites and Interurbanites

Demographers and sociologists have supplied us recently with two new terms to designate the members of that new class of consumers which reflects the very important spatial shift in community areas, the Exurbanites and Interurbanites. These are the people who have formed the ever-widening circle of residential suburbs around great metropolitan areas where the bulk of growth is occurring. It is anticipated that by 1980 about 65% of the population will have been concentrated in the metropolitan areas. And this growth is expected to take place very largely in the outer rings of the metropolis, rather than in the central part of the city. One demographer has estimated that suburban populations will rise approximately 180% between 1959 and 1980, almost twice as much as total population.

These new residents typically require extensive amounts of household durables to furnish the new house in the new suburb. The Ex- and Interurbanites, if past patterns continue in the future, will be nearly 100% homeowners, and in the 1947-56 period, spending units owning their own homes spent some 17% of income on durables, compared with only 10.5% for renters. Additional transportation requirements occasioned by the increased distance from home to office, school, and shopping center place a high priority upon multi-car ownership. All of these, in turn, increase the need for short and intermediate term consumer credit.

Long-Term Trend of Incomes

The well-established long-run rise in real income of spending units bodes well for the ability of a growing proportion of the population to purchase durable goods, and, therefore, to use consumer credit. Recent projections indicate that Gross National Product will be $800-850 billion by 1980 (in 1957 dollars), a rise of 100%. One of the limitations on extension of credit for any purpose is the ability of the borrowers' income to meet repayment schedules. Evidence of this is found in the cross-section surveys of consumer finance mentioned earlier, which show that spending units with annual incomes below $2,000) generally are able to borrow more compared with middle-income groups. Furthermore, the low-income families (under $2,000 generally are able to borrow only modest amounts, compared with families in the $5,000-10,000 range. Hence it should be anticipated that as productivity and income rise, a rising percentage of spending units will become credit-worthy borrowers.

*An address by Prof. Gies before the School of Consumer Banking, University of Virginia, Aug. 10, 1959.

E. J. Quinn & Co. In New York City

E. J. Quinn & Co., Inc. has been formed with offices at 135 Broadway, New York City. The firm will maintain primary markets in over-the-counter securities. Eugene J. Quinn is a principal.

Elected Director

Howard E. Buhse, partner in Hornblower & Weeks, 71-year-old investment banking and stock brokerage house, has been elected to the board of directors of Ceco Steel Products Corp., according to an announcement by Ned A. Ochiltree, President of the company. Mr. Buhse is the first outside director to be elected to the company's board.

Now Mutual Funds Corp.

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

Detroit Bond Club Elects Officers

DETROIT, Mich.—The Board of Directors of the Bond Club of Detroit are pleased to announce that at the Annual Meeting held Aug. 31, 1959, Harry A. McDonald, Jr., of McDonald-Moore & Co. was elected President for the coming year, succeeding Wilfred J. Friday of Friday & Co.

H. A. McDonald, Jr.

Other officers elected were Vice-President, Julius Pochelon of Kenower, MacArthur & Co. and Secretary-Treasurer, John G. Martin of First Michigan Corporation. Thaddeus Obuchowski of Goodbody & Co., was elected to the Board and will serve a three year period, along with Directors Wilfred J. Friday, ex-officio; Richard C. Spaulding, H. V. Sattley & Co., Inc. and Richard J. Wallace, Braun, Bosworth & Co.

At this meeting plans were completed for the Annual Fall Outing to be held at Orchard Lake Country Club, Sept. 15, 1959.

Bache & Co. May Incorporate

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange is considering incorporation in 1960 it is reported.

Twin City Inv. Women Election Meeting

The fall meeting of the Twin City Investment Women's Club will be held at Coleman's in St. Paul, Wednesday, Sept. 16, 1959. There will be a social hour 5:30 p.m. to 6:30 p.m. followed by dinner at 6:30 p.m.

Election of officers for the ensuing year will be held following the dinner.

C. R. Ahier Co. Opens

WASHINGTON, D. C.—Clair R. Ahier is engaging in a securities business under the firm name of C. R. Ahier & Company. Mail address is P. O. Box 1655.

Persistent Price Inflation Alarms Nixon's Committee

The second in a series of reports preliminary to recommending policies for promoting economic growth and reasonable price stability by Vice-President Nixon's Committee was issued coincidentally on Labor Day and it places considerable stress on the built-in price inflation in our price level structure. The Committee calls attention to the exceptional virtual absence of price dehydration during the past 25 years. It adds, however, that past price level decline can again occur, and the absence of seriously falling average prices can be toted as a step toward reasonable price stability. As a reminder, the Committee adds a postscript to show why in important instances our price indexes do not measure downward price changes that have occurred.

Inadvertently or advertently, the Administration selected Sept. 7th to release a recapitulation of the record of prices wherein it called attention to the singular persistence of prices to remain lodged in our price structure for the past 25 years. Labor undoubtedly will see in this coincidence an onus which it will strongly deny.

The statement, made public on Labor Day, is entitled "The Record of Prices" and was issued by the Cabinet Committee on Price Stability for Economic Growth, of which Vice-President Nixon is Chairman.

In view of the seriousness with which the fact is stressed that, unlike previous periods, we are experiencing a "virtual absence of falling prices," the Cabinet Committee in its subsequent policy recommendation report can be expected to deal not only with preventing future price level rises but also with effectuating downward price adjustments now.

This is the second of a series of statements which the President announced, in making public the June 29 Interim Report of the Committee, would be issued to inform the public on questions relative to economic growth and price stability. The first statement of the series, issued on Aug. 17, was entitled "What Do We Really Want From Our Economy?" It was published in the *Chronicle* on July 9, p. 12.

The Cabinet Committee will later recommend policies for promoting economic growth and maintaining reasonable price stability. In the meantime, it is issuing this series of analyses of the basic facts related to the problem.

The text of the second in a series of Committee reports follows:

Some have suggested that inflation is unavoidable in a democracy, with its freedom for every group to advocate its own interests. Actually, any idea that continuously rising price levels have characterized our history is contradicted by the record. In the past generation, however, practically all rises in the price level have become permanent, hence cumulative, so even small increases are dangerous in a way that they were not before. This means that preventing rises in the price level will require in the future more vigilant and vigorous public policies than have been pursued in the past generation. But a long view of our history gives a sound basis for optimism that vigilant and vigorous public policies can in all probability achieve reasonable stability of the general price level.

The Over-All Record

Charts and statistical tables are available which record with some fair degree of accuracy the wholesale price level for nearly two and a half centuries and the consumer price level for more than a century and a half.

Over-all, the average rate of rise for the 240 years covered by the records has been something like one-half of one percent per year. But the record of prices does not show a prolonged, continuous creep. It shows, on the contrary, a mixture of many different types of movement:

Prolonged tides upward or downward, sometimes lasting several decades;

Short waves in which upward and downward movements together cover only a few years;

Occasional sharp peaks, followed by periods of subsidence.

War and Peace

The sharp peaks in the price level are all associated with war. The Revolutionary War, the War of 1812, the Civil War, the First World War, the Second World War, the Korean War—all but the brief Mexican and Spanish Wars—were accompanied by rapid rises in prices. For all the years of war combined, the rate of rise in the price level has averaged about 10% per year. For years of peace, in contrast, the price level has on the average *declined* by roughly one-half of 1% per year. Prices have, in fact touched approximately the prewar level within a decade or two after each war—though they certainly show no such tendency in the 14 years since the Second World War or the five years since the Korean War.

Tides

During the past century there have been four tide-like movements in prices:

From 1865, when the Civil War ended, until 1897 consumers' prices fell at an average rate of 2% per year.

From 1897 until the outbreak of the First World War consumers' prices rose at an average rate of 1% per year.

From the end of the First World War until 1933 consumers' prices fell at an average rate of 2% per year (this period can be divided into two, one of stability until 1929, then a rapid fall).

From 1933 until now consumers' prices have risen in years of peace (omitting war years) at an average rate of 3% per year.

Whether these long tidal movements in prices were rising or falling had no consistent relation to economic growth. Periods of rapid economic growth have occurred both when price tides were rising and when they were falling; and the same is true of periods of less rapid growth.

Expansions and Contractions in Economic Activity

The comparatively small waves that appear in the charts of prices are in general associated with the ebb and flow of economic activity. Since 1873 there have been 18 of these cycles in our economic affairs in peacetime. On the average, wholesale prices have fallen about 16% with each contraction, and have risen about 14% with the following expansion. In the six most severe recessions or depressions, wholesale price declines have average 28% and in the following recoveries the rises have averaged 21%. In the 12 milder recessions, wholesale price declines have averaged 10% and in the following recoveries the rises have averaged 11%. (These numbers would be smaller but the pattern would be about the same if the measurements were made from consumers' prices.)

Recent Experience

While a long view shows that permanent rises in the price level can be avoided, and in fact were avoided quite successfully until 20 years ago, it is necessary to examine more closely the experience of the last generation for clues that may indicate the extent to which the past may be a guide to the future.

Prices now are more than double what they were nearly 25 years ago after pulling out of their depression trough. (In contrast prices then were only double what they had been two hundred years before.)

Consumers' prices climbed from early-1933 until late-1937, the average rate for the period being 3½%.

For about half a year in late-1937 and the beginning of 1938 consumers' prices fell, then remained stable until the beginning of 1941, the rate of decline averaged over the whole period from late-1837 to the beginning of 1941 being 1% per year.

Then consumers' prices rose at an average rate of 8% per year until mid-1948, three years after the end of the war.

From mid-1948 until early 1950 there was a decline averaging 3% per year.

Early in 1950 (several months before the Korean War began) the rise resumed and averaged 4% per year until late-1953 (shortly after the Korean War ended).

The period from late-1953 until early-1956 was one of stable prices.

Then for two years there was a rise of 3% per year.

Another period of stability began early in 1958 and lasted until at least mid-1949.

In the past three months consumers' prices have been rising, but since this rise has been caused partly by seasonal factors, it is still too early to say whether the period of stability has ended. In periods of rapid economic expansion like the present, however, upward pressure on the price level is always great.

Recent Periods of Stability

In the past quarter of a century, then, there have been three periods of stability in the price level:

About 3 years, 1938 through 1940;

About 2½ years from late-1953 to early-1956, and

At least 1¼ years beginning in early-1958.

Even when the level of average prices is stable there are, of course, many divergent movements within the average. Throughout the recent period of stability, for example, rents rose steadily, average food prices fell steadily, and clothing prices were steady except for small ups and downs; and even within the broad categories of rent, food, and clothing there were divergent movements.

Prices in Recent Recessions

As we have seen, in earlier periods recessions have been accompanied, on the average, by some decline in prices. In the past quarter of a century, although there has been one severe recession (1937-38) and four mild recessions (1945, 1948-49, 1953-54, and 1957-58), only one of the mild recessions was accompanied by an appreciable decline in consumers' prices, that from mid-1948 to early-1950. Thus, the price rises which have generally characterized economic expansion have been cumulative, and therefore threaten permanent damage in a way that earlier price rises did not.

Prices After Recent Wars

Perhaps the greatest difference between the past quarter of a century and our previous history is that wartime price rises seem to have become permanent. After each previous war, prices experienced a long declining tide, and within a decade or two even fell back to the prewar level. While it is not yet two decades since the second World War and not one decade since the Korean War, it is clear that we are experiencing a rising, not a declining, tide, though since the Korean War ended in mid-1953 the rise has slowed to 1½% per year.

The Lessons of Recent Price History

In summary, it is not the periods of rising average prices but the virtual absence of periods of falling average prices that makes the past 25 years different from our previous history. The elimination of periods of seriously falling average prices is, of course, an important step toward reasonable price stability, for a major decline in the price level is just as damaging, though in different ways, as a major rise. But the elimination of periods of major price decline does mean that rises in the price level are now permanent and cumulative in a way that they were not in the preceding two centuries. Price rises that in earlier times could have been dismissed as normal under certain circumstances, now must be matters of serious concern.

Policies to achieve reasonable stability of the price level must, therefore, seek to check inflationary forces vigilantly and vigorously when they arise, thus nipping in the bud any incipient rises in the level of prices which, were they to occur, would in all probability prove permanent.

It is clear that public policies for combatting inflation must be more energetic in the future than they have been in the past quarter of a century. Great progress has been made since the Korean War, but not enough, for while the rate of rise in prices has been slowed, it has not been stopped. From research now under way on this and on related questions the Cabinet Committee will formulate a comprehensive program for price stability and economic growth.

Postscript on Price Indexes

The Consumers' Price Index prepared by the Bureau of Labor Statistics attempts to measure *changes in prices* of certain specific things consumers buy. It does not measure changes in the cost of living, except changes in the cost of continuing to live in exactly the same way. Changes in the cost of living result from many things besides changes in prices, for example, changes in the size of a family, changes in ages of children, changes in residence, or increases in income which lead to buying more or better things. It is easy to be misled about the amount of increase in prices because there has been such a great increase in the standard of living—that is, in the quantities and qualities of commodities and services bought — that much more would be spent even if prices had not changed.

As a measure of price changes, however, the index has limitations. Ought the price of a tire to be included in the average, for example, or the cost of a mile of tire service? The price of a tire may go up, but if the tire is more durable, the cost of a mile of tire service may go down. And even if the cost of a mile of tire service goes up it may be a mile carrying more weight at higher speeds and accelerations with more comfort and safety, and thus actually a lower cost in relation to the service obtained.

Similarly, ought the price of a day in the hospital to be included in the average, or the cost of a hospital stay for a certain kind of illness? The price per day may rise, but if the necessary length of stay is reduced by medical advances, the cost of getting well may be less. And even if the cost of getting well goes up it may be a safer, sounder, pleasanter process, so the cost may be lower in relation to the service obtained.

Though the cost of tire service or the cost of hospital service is the cost that is important when the consumer spends his income, practical considerations make it necessary to use the price of a tire and the price of a day in the hospital. There are numerous examples of the same sort. This means that the index may rise more than it should, or fail to fall as much as it should, because *no index can reflect adequately improvements in quality.* Over a period of years these effects may cause the index to overstate actual price increases to an important degree.

New products are not included in the index until they come into fairly wide use. By that time, they are likely to have gone through considerable price reductions. Thus, *price declines for new products never are reflected adequately in the index.* Color television sets, for example, are not now included in the index. Should their price fall greatly, no doubt they would become an important enough factor in consumer buying to justify including their prices in the index. But, of course, the price decline would not be reflected in the index, have preceded the inclusion of the product. This is another reason why the index may rise too much or not fall enough.

The index is not adjusted for normal seasonal changes. Prices of new automobiles, for example, usually rise about 10% in the Fall when new models are introduced and "discounting" is stopped. This rise is reflected in the index, even though it is transitory and will normally disappear as the model year progresses and discounting re-appears. Other seasonal effects are associated with food prices. It is because of seasonal effects that it is too early to say now whether rises in the index in the past three months signal an end of the recent period of price stability. The rises may be almost entirely seasonal, in which case equivalent declines should occur later in the year.

The Consumer Price Index is perhaps the best of its kind in the world, and research is now under way looking toward substantial improvements, but it will necessarily continue to require care in its use and interpretation.

Respectfully submitted,

CABINET COMMITTEE ON PRICE STABILITY FOR ECONOMIC GROWTH

Richard M. Nixon, Vice-President (Chairman)

Robert B. Anderson, Secretary of the Treasury

Ezra Taft Benson, Secretary of Agriculture

James P. Mitchell, Secretary of Labor

Frederick H. Mueller, Secretary of Commerce

Raymond J. Saulnier, Chairman, Council of Economic Advisers

Arthur E. Summerfield, Postmaster General

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

There Are Two

In the "Financial Chronicle" of Aug. 13th in reporting the election of Mrs. Edna F. McKiernan to Vice-President of First Mutual Securities of America, Inc. it was indicated that Mrs. McKiernan is the only woman wholesale representative in the mutual fund industry. We are informed that Yvonne Swanson of Selected Investments Co., Chicago, has been a wholesale representative for the Selected funds for a number of years, and there may be others.

Banker Back From European Trip Praises Stability and Growth There

European commercial bankers recently visited by head of Girard Trust Corn Exchange anticipate our raising the mint value of gold, a view not shared, however, by central banks of five countries. But they all agree, Mr. Smith further reports, we should balance our budget and call a halt to pricing ourselves out of the world market.

The following is a summary of Mr. Geoffrey S. Smith's comments on the extent of European economic progress and reaction to developments occurring here as viewed by European bankers interviewed. Mr. Smith is President of the Girard Trust Corn Exchange Bank in Philadelphia, Pa.

I have just completed visits to England, France, Germany, Switzerland, Italy and Sweden. A trip of one month in Europe visiting six countries gives, of necessity, a very brief view of each country and a very limited opportunity to form conclusions. However, since almost the entire month was spent in discussions with bankers in the financial centers of those countries, it did perhaps furnish some view of the thinking of the financial community there.

Geoffrey S. Smith

In each country real prosperity was apparent from the goods in the stores, the numbers of automobiles, the prevalence of European vacationers, the appearance of the people and the general atmosphere. The bankers in each country confirmed this impression. They do have prosperity everywhere.

Confidence in Economic Stability

The banking fraternity voiced confidence in the economic stability of each country we visited. In each case they emphasized the steps taken to eliminate inflation or, in the case of Germany, to prevent inflation, while at the same time attaining economic growth and improvement in their standard of living. Sweden was perhaps the only exception to this. There they are plagued by our problems: an unbalanced budget and increasing wage rates and prices. In all countries they stressed the importance of achieving a balanced budget and preventing excessive wage and price increases.

Two additional factors leading to confidence are the European Common Market, and the ability to reach complete or relative convertibility throughout Europe.

The European Common Market is recognized as having made only a beginning in the three countries which I visited and which participate in it—France, Germany and Italy. All of these countries, however, are pleased that it has been successfully organized, and appear to believe that it will bring, in the future, a larger market for distribution of goods, and greater freedom of opportunities for both capital and labor within a larger area.

The three countries visited which are not members of the European Common Market—England, Switzerland and Sweden—are concerned lest the Europen Common Market create tariff barriers to the detriment of the nonparticipants. It seemed apparent that the motive for the arrangements concluded by the conference at Saltjobaden in Sweden last month for an additional seven nation trade areas, including England, Switzerland, Norway, Sweden, Denmark, Portugal and Austria, was somewhat defensive. Those countries appear to believe that by joining together they can better meet the problems posed to them by the European Common Market, and can ultimately achieve a larger European unified trade area by combining their group and the European Common Market group into one.

Of particular interest, of course, were the views of the European bankers respecting the economy of the United States and its future. All of them were happy about our swift and strong recovery from our recession in 1958.

Course of U.S.A. Gold

The commercial bankers were, for the most part, concerned by the outflow of gold from the United States over the past 12 months, and in many instances they expressed the belief that the United States would, of necessity, have to increase the price of gold—in other words, to devalue our currency.

However, the representatives of the five central banks with whom we talked—the Bank of England, Banque de France, Banque Nationale Suisse, the Sveriges Riksbank in Sweden and the Deutsche Bundesbank in Germany—did not agree with this view. These central banks believe that there is no necessity for such action on the part of the United States and feel that any such action would be most unsettling to the monetary and fiscal affairs of all countries throughout the world, would create a great loss of confidence and could only result in the principal European countries following suit with some sort of revaluation to restore proper balance in their exchanges. They believe the only gains would be for Russia, a producer of gold, and the gold mining concerns of South Africa and elsewhere. These central banks believe that any such talk of the need for United States devaluation is not well founded and should be disregarded.

Fear High Tariffs

The central bankers, as well as the commercial bankers, however, believe that the United States must attain a balanced national budget and must put a stop to our excessive increases in wages and prices; otherwise, we will price ourselves out of world markets. They recognize as inherent in this situation the danger of our returning to high tariffs in the United States. This, they feel, would be most damaging to world trade and ultimately to the economic stability of the free world and might affect adversely the friendly relationships between the other countries of the free world and the United States.

Phila. Secs. Assns. To Hear Dr. Barnes

PHILADELPHIA, Pa.—Dr. R. Bowling Barnes, Ph.D., President of Barnes Engineering Co., will address a luncheon meeting of the Philadelphia Securities Association on Tuesday, Sept. 15, at the Barclay Hotel.

Gordon L. Keen, of R. W. Pressprich & Co., 123 South Broad St., Philadelphia, is in charge of arrangements.

Now H. J. Cooney Co.

Herbert J. Cooney is continuing the investment business of H. J. Cooney & Co., 50 Broad St., New York City, as a sole proprietorship under the name of H. J. Cooney Co.

The Babson System of Investing

By ROGER W. BABSON

Mr. Babson reduces to writing his system of stock and bond selection. The former consists of three constantly changing factors, which he explains, and the latter includes a fourth factor—maturity. The dean of financial writers advises against "electronic" and "space" stocks and suggests safe growth stocks as chemicals for profit and public utilities for income.

Many have asked what is my definite system of investing. I hesitate to put this down in writing because it is easier to explain than to perform! The Babson System consists of three constantly changing factors, as follows:

Capitalizing the Composite Business Cycle

(1) The composite Business Cycle is a combination of a number of separate cycles. Most investment advisers forget that each commodity, each nation, and each family has its own special cycle. There are hundreds of these cycles, but we take about 50 and observe when the declines of most of them reach their low points at the same time and are ready to turn upward. In other words, if these different cycles were drawn one over the other every month, then — when most of the cycles were at their low point — that, according to the Cycle Theory, is the time to invest. This Cycle Theory, however, is only one of the three tests, all of which are very important.

Roger W. Babson

Studying the Temporary Trend

(2) The Trend of the Market is determined by studying the combined earnings of the leading companies, the prices of their stocks, and other barometers such as the best-selling books and the character of what appears in the movies and on radio and on television. Bank statistics are considered, as well as the honest opinion of various advisory services which accept no advertising and are not interested in mutual funds. The Cycles mentioned in the above paragraph may last 20 years, with an average life of about four years. But the Trend of the Market may change every 30 days.

Another thing — we try never to be "wholly bullish" or "wholly bearish"; but to say that there are a certain number of "chances" out of 10 that the market will advance or a certain number of "chances" out of 10 that it will decline. We remember that there is always a buyer for every seller and that the reason the market goes up some months is because people are then more impatient to buy than to sell. When it goes down people are more impatient to sell than to buy. Therefore, whatever the 20-year Business Cycle may indicate, there are certain times when one should buy stocks rather than at other times. This especially applies to those who are buying primarily for income. Such people do not care to wait and depend wholly on the long Business Cycle; but then desire to buy whenever they have money to invest.

Selecting the Best Stocks

(3) The third factor of the Babson System is to select the stock to buy, either for profit or for income. The careful investor should, however, decide which of these two aims is his real goal. All investors should try to purchase safe securities, whether buying for income or for profit, remembering that there must be a buyer for every seller and vice versa. The question of impatience to buy or to sell is equally important in selecting definite stocks. At times investors are more impatient to buy some special popular stock than to buy some other less popular but safer stock. This means that an investor should especially study volume, remembering that in a "bear" market the volume signifies one thing, while in a "bull" market it signifies another thing. Let me say that for a profit the Babson System demands the purchase or sale of active stocks as these will show the greatest increase in a bull market. On the other hand, these same very active stocks will decline the most in a bear market. When the odds are 50-50, then the investor must do some guessing or remain out of the market.

What About Bonds?

We have not discussed bonds today in this column. Bonds have a maturity factor which stocks do not have. Also, when buying preferred stocks, the investor should be sure that they are non-callable and their dividends cumulative. To study the outlook for common stocks, only three factors have to be considered. But when studying bonds or preferred stocks, a fourth factor is necessary. This complicates the situation.

For those who are expecting me to make specific recommendations, I advise against now purchasing the present popular "electronic" and "space" stocks, but prefer, safe growth stocks. These today are the chemicals for profit, and the public utilities for income.

Ralph Samuel in New Quarters

Ralph E. Samuel & Co., members of the New York Stock Exchange, and The Energy Fund Inc. have announced the removal of their offices to new and larger quarters at 2 Broadway, New York City.

Darling, Wack & Jensen

BLOOMINGTON, Ill.—Darling, Wack and Jensen, Inc. has been formed with offices in the Unity Building to engage in a securities business. Officers are Hugh Darling, President; Clifford C. Wack, Vice-President; and Paul T. Jensen, Secretary-Treasurer. All were formerly with White & Company.

The Market...and You

BY WALLACE STREETE

Stocks had their post-Labor Day selloff this week, continuing a pattern that has been rather pronounced in recent years, with the reasons for it not exactly news.

The tight money market and the continued impasse in the steel strike, which threatens to choke off other industrial production as inventories run out, were the main reasons advanced for the market's upset. These are conditions that have been around for weeks, the steel strike, by coincidence, becoming officially the longest in history as the holiday passed.

As is usually the case when the market sells off, there wasn't much contrary action to brighten the list. Casualties were prominent in most major sections except the well-depressed oil and aircraft groups.

Electronics, Steels Reactionary

Electronics gave ground easily as did the steels which have been buoyant more times than not through the long strike so far. Motors were also depressed easily as fears mounted that the new model production will be hurt if the steel impasse doesn't end soon. Rails eased sympathetically but without much fanfare since they have already felt the strike immediately through lower carloadings and have been reflecting this for some time now while other sections of the list were buoyant. So there wasn't any surprise element for the carriers.

American Motors' Outstanding Strength

American Motors, as it has been several times recently, was one of the wonder-workers able to buck a strong downtrend although not without suffering from some liquidation at times itself. American, apart from price action, is well on the way to setting a modern-day record in turnover this year. It is already nudging the nine million share level in activity. In the score of years that such figures have been compiled, as Exchange Magazine notes, the all-time yearly record was the 11,889,000 turnover in Commonwealth & Southern in 1946 which is within easy reach of American if the trading in it holds up.

As far as price action is concerned, American's shares were able to post a new peak right through the roughest selling in more than a month which is good contrary action. The specific hope that is shoring up the issue is that all the attention being given to the compact car field by the Big Three auto makers will serve mostly to broaden the field for American so solidly entrenched in it. In any event, its price is now double the 1959 low and nearly seven times last year's low. Such action has gone a long way to reflect the changed fortunes of this independent producer but, apparently, without yet chilling the enthusiasm with which American is regarded in some circles.

Swing to Defensives

Otherwise the market's sour approach to what the Street regards as the beginning of fall served mostly to divert attention to the defensive issues with long dividend records, while not completely immune to market gyrations, a number of such companies have shown good ability in the past to keep up earnings and move narrowly during troubled periods. Such as Wrigley, International Shoe, American Snuff and U. S. Playing Card with indicated yields of 5% or better are among the traditional favorites in which to take shelter when the market is indecisive or troubled with excesses that might call for a correction.

Papers Favored

Paper stocks were rather widely favored since packaging materials enjoy good demand when the economy is expanding. They were clipped at times by some of the uncertainties over the general economy in the face of an earnings jump that came close to a 40% improvement in the year's first half. Over the years the paper companies have paid their tithe to research and have steadily broadened the uses of their wares. The increase in paper production has run well past industrial production generally. The more impressive member of this group is Scott Paper which concentrates on consumer lines and has boosted its sales nearly threefold in the years since World War II.

While most paper shares are low-yield items, Diamond Gardner Corp. offers an above-average return mostly because it is still viewed widely as a match company. A forced trim last year in its dividend was also a sobering action and it has had a restrained life this year with a range of less than eight full points.

Diamond Gardner has stressed its packaging and lumber business in recent years to where the match activities are down to around 15% of sales, against more than half from cartons and paperboard. This has tended to make its business more cyclical and contributed to the shaved dividend during last year's recession period. But it also leaves the company with an unbroken dividend record of some three-quarters of a century at a price a dozen points under its 1956 peak.

American Optical is a rather unique company which hasn't had any sort of market play since the early days of wide-screen movie projection systems in which it participated at that time. It is also an issue with an above-average return of around 4¼% and one that has moved narrowly.

A spirited upturn in its business late last year enabled the 125-year old optical company to report record sales when such marks weren't overly conspicuous. Rising costs, however, made earnings lag behind the sales increase. So far this year, however, the company seems to have brought earnings up to par, and they are more than double those of last year on a sales increase of only 20%, and could well reach a record peak themselves this year. It is also an issue with a book value some 10 points above the recent market price and a modest price-earnings ratio, both indicating the lack of interest in the shares so far this year by investors generally.

Neglected Issue

Another somewhat neglected misnomer is United Shoe Machinery which has held well under the peaks reached prior to 1955, when an anti-trust decree ended the old system of leased machinery only. Since some of its machinery has been available for sale, there have been years when capital gains added up importantly, although as in other lines, new machines that improve on old ones make the customers less inclined to buy and more in favor of leasing the newest.

However, United Shoe has built up its non-shoe business to where more than a third of sales are to other than the shoe industry, it is an important overseas operator, both adding growth stature to this old-line company still regarded as connected with only one industry. At recent prices it also offered a yield well above normal, approaching 5%. The other lines in which it is a factor currently include fastenings for metal-working industries and automatic tools. It is active in research on packaging machinery, plus participating in components for nuclear reactors, all far remote from footwear lines.

[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.]

Nuclear Power and Free World Economic Strength

Continued from first page

challenge is, in effect, an admission that the Communist approach is the way to economic strength and technological superiority.

Old Rules May Not Suffice

The demands of this international competition may not necessarily be met by application of all the old rules and principles. We may need new rules in our relationship both with the government here and abroad. It is, however, peculiarly our responsibility to maintain the free enterprise system which has given us our strength. We must maintain this system in a time when the easy way out so often seems to be to forget the economic foundations our country's strength.

It is not necessary to delve too far into history to find the events which produced this present situation. First, the development of weapon systems over the past two decades has removed for all time the geographical sanctuary which two oceans afforded this country up to the beginning of World War II. The loss of our tight little island forced us to change our national attitude from complete independence to a new realization of the interdependence among nations.

Next, the collapse of the coalition of countries which won the war taught us that interdependence stemming from the instinct of preservation in times of conflict is much more easily achieved than the spirit of cooperation necessary for continuing interdependence in times of peace. Since 1946, we have witnessed the political enslavement of one nation after another who accepted Russia's help to improve their economic lot. Conversely, it has been this country's policy to insure to the maximum of our ability that each nation is free to choose its form of government without economic pressures. It becomes obvious that ours is the more difficult task, and it is equally evident that we cannot tolerate industrial nonchalance and expect to survive. The greatest weapons we could give the Communists would be lethargy and complacency on the part of American industry.

An Industrial Offensive

The solution is not simple— yet there are certain basic things which should be done. We must launch an industrial offensive with the following objectives:

(1) We must shorten the R & D cycle for all goods. The faster a given product becomes marketable on a competitive basis, the sooner the business returns to normal commercial practice.

(2) We must beware of spectacular international competition for competition's sake. If it is necessary to repeatedly prove the technical strength of free nations, let us do so in areas where the end result is of greatest security or economic use to these countries. Failure to follow this principle can spur government spending to a point where all industry will be forced into a socialistic box.

(3) Industry must participate in identifying the technical programs which will satisfy our national objectives. The very fact that our government depends upon industry to achieve technical success makes it mandatory that industry do this job.

(4) We must keep a constant eye on our business practices to insure preservation of the incentives and profits which our system demands. At the same time, we must be vigilant that incentives and profits are deserved through our production of goods and services of superior quality.

(5) Finally, we must continually, but cooperatively, demonstrate to the government and to the world at large that the free enterprise system can achieve technical success faster, better, cheaper, and with greater reward than any other system devised by man.

Atomic Power an Opportunity

In the achievement of economic atomic power around the world, we have an excellent opportunity to put these objectives into practice. Atoms for peace is not just a scientific spectacular; it is the key to a new cooperative spirit between nations because it offers the primary ingredient of economic betterment — power for peace.

It has been recognized since the beginning, that energy from fission, and later from fusion, will ultimately free the world from all dependence on the limited supply of chemical fuels. In retrospect this may be the outstanding technical achievement of the twentieth century.

Beyond this, we can only speculate. But history reveals that man changed from an incredibly skilled hunting animal only when he learned to control fire at a temperature of 1000 degrees. A few hundred degrees more gave him pottery and the bronze age, and a few hundred more, the iron age. In all history until 1942, we had achieved only 10,000 degrees. We now have created temperatures expressed in terms of millions of degrees—yet we can but wonder whether this tremendous advance in man's power will again produce a major change in our society.

A Bearing on Political Issues

While atomic energy in its first use directly and forcefully bears on such major political issues as national security, and the safety and health of our citizens, the United States Government has followed a positive path to keep the peacetime applications of atomic energy as free as is practically possible.

The government has sponsored many bilateral agreements for the sale and exchange of information and materials with other nations. These agreements have provided an opportunity for all to profit from our success in this field. They have guaranteed to foreign countries the use of enriched fuels and reprocessing services, without which our reactor systems would not be saleable outside the United States. And, they have offered certain financial assistance to countries undertaking approved nuclear projects.

In this country, the government has returned to American industry its traditional right to invest in this business, and has, by law, assured industrial participation in the world market. Without this government action, the General Electric Co., as one of the industrial team, could not have displayed its confidence in the ultimate success of the atomic energy business. Practical demonstrations of this confidence include construction of the country's largest privately-financed nuclear research facilities and the building of the nation's first all privately-financed nuclear powered generating stations. Recognition by the government that our nation's strength lies within the principles of the free enterprise system has afforded the General Electric Co. the opportunity to offer a positive program to help achieve the national objective of economically competitive atomic power.

Industry Responsibility

The industry has been passed the ball and it is up to us to see that it isn't fumbled. The fact that nuclear power is not now competitive is the challenge. Abroad, we cannot play the waiting game until all classes of nuclear plants become completely competitive. There is an immediate need for gaining the technical experience which will enable foreign nations to weave the atom into their industrial complex, thus bolstering their long-term economic and social independence.

In this country, we must achieve economically competitive atomic electric power for reasons of international prestige. This social demand is even more of a test of our industrial sophistication than the achievement of competitive atomic power abroad. Here the need for positive action is most pressing because industrial inactivity will most assuredly result in government control.

The action which the industry must take has two objectives. The first, relatively short range, is the achievement of economic competitive atomic power. The second, of longer range, is to select new concepts of future development. The basic problem with which we are faced, is to attain the first objective as soon as possible with minimum additional expenditures and with minimum risks to the industry. The pursuit of many reactor types on a major scale is obviously incompatible with the goal of achieving competitive atomic power in the shortest time with minimum risk. There are now concepts which, having proved feasible, deserve our concentrated attention. Following a very few of these concepts through to the end is not only the shortest road to success, but the only one which is within the capacity of industry to undertake.

Continued Reactor Development

The second, more long-range objective, is the continued development of new reactor concepts, beyond the day when we achieve economically competitive atomic power. This calls for a very clear distinction between the research and development stages of the business, including construction of critical experiments, and the subsequent stages of construction of true prototypes and large scale reactors.

There is no doubt that government responsibility for basic research and development will continue if for no other reason than the simple economic reality that it will be some time before there is sufficient equipment business to permit the industry to carry the total R & D burden. In the process of development, however, many concepts will be dropped along the wayside. It is our responsibility to conduct a search for those systems which show the greatest promise and press for their development.

In addition, industry has a responsibility to obtain the greater portion of government-financed development work in its own privately-financed industrial laboratories. Only through this approach can we assure the development of a healthy self-sufficient atomic industry which is capable of meeting the international challenge.

A Business Crossroads

We have reached the crossroads where the spirit of business enterprise is being tested. We in the industry are being, and will continue to be, measured by how we step up and meet the problems before us. We cannot pass the decision-making authority to the state by default without seriously affecting our stature. Nor can we afford a false sense of independence which frustrates cooperation. We must recognize that some of our problems are so immense that they can only be resolved through joint government-industry team work.

We are living in an age of almost unbelievable technical progress. We shall, undoubtedly, make as much technical progress in the next 10 to 20 years as we have in all recorded history. It is not only within our power, it is necessary to our survival that we match each technical success with an equivalent social maturity. Only then can we devote maximum industrial effort to the positive aspects of waging peace.

New Murphey Favre Br.

OROVILLE, Wash.—Murphey Favre, Inc. has opened a branch office here under the direction of Jack W. Banker.

Lacy Baynes with United Secs. Co.

GREENSBORO, N. C.—Lacy G. Baynes has announced his association with United Securities Co., Southeastern Building, as Comptroller. Mr. Baynes will also act as executive assistant to Robert B. Dixon, President.

Prior to his association with United Securities Co., Mr. Baynes was a Certified Public Accountant with the firm of Lindsay, Squires and Everett for a period of two years. He was also a lieutenant in the finance section of the United States Army where he wrote part of the army's book on accounting procedures.

3 With A. G. Edwards

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Frank Apostol, Jr., Carl Finney and Walter H. Nietert are now connected with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Milton Van Riper With M. A. Lomasney

Milton A. Van Riper has become associated with Myron A. Lomasney & Co., 39 Broadway, New York City, and will be in charge of the firm's newly formed trading department. Mr. Van Riper was formerly New York Manager for Cruttenden, Podesta & Co.

Joins G. H. Walker Co.

CLAYTON, Mo. — Howard R. Lofgreen has been appointed a registered representative of G. H. Walker & Co., 8224 Forsyth Boulevard, according to an announcement by Roy W. Jordan, Resident Partner.

Mr. Lofgreen has been in the investment business for a number of years and has in the past been associated with Reinholdt, Gardner, Stifel, Nicolaus & Co. and B. C. Christopher.

Mr. Lofgreen, while doing a general investment business, has specialized in Mutual Funds.

With H. O. Peet Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Harry C. Vollrath, Jr. is now affiliated with H. O. Peet & Co., 23 West 10th Street, members of the New York and Midwest Stock Exchanges. He was formerly with A. E. Weltner & Co.

Mutual Funds

BY ROBERT E. RICH

Accentuate the Positive

That old demon inflation has been with us for so long that it is hardly surprising that it has come to dominate the thinking and the planning of many investors. The mutual funds, at least those that emphasize common stocks, have pulled many a dollar into their net assets as a result of the flight from fixed-income securities. This is, as many fund men have observed privately, a very negative way to promote the fund industry. Unfortunately, however, inflation-conscious investors have beaten the door down.

There is a very good case that can be made for common stocks over the long-term, and it is a positive one. Distributors Group, Inc., sponsor of Group Securities, Inc. puts forth just such an argument in the most recent issue of its bulletin, the "Brief Case."

To begin with, says the "Brief Case," inflation and rising stock prices do not necessarily go hand in hand. There have been periods when stock prices declined during inflation and vice versa. In recent years, in fact, while common stock prices have soared, the rate of inflation has decreased steadily on an annual basis. As the "Brief Case" points out, the sharp uptrend in stock prices has been supported by potent factors other than inflation. These are the growth of the Gross National Product (up 130% from 1939 to 1958, even allowing for dollars of constant value), the rise in per capita personal income (up 78% over the period, also in firm dollars) and the increase in the nation's population (up by more than a third during the 19 years).

If, notes the "Brief Case," the big rise in stock prices had only reflected the deterioration of the dollar, the stock market (as charted in the Standard & Poor's Industrials) would have only doubled over the 1939-58 period to offset the 50% decline in the dollar's buying power. Actually, however, the market *tripled* during that period. Observes the "Brief Case:" "This significant 'additional' appreciation is due to the inherent dynamic qualities of common stocks. During the period 1939-58, not only did wages and prices rise, but also profits and dividends."

The Mutual Funds Report

In just eight months of 1959, **Investors Planning Corp. of America** has already topped its sales volume for the entirety of 1958, President Walter Benedick has announced. Mutual fund sales so far this year amounted to $88,-782,000, compared to $82,700,000 for all of last year. During the month of August, sales came to $11,100,000—nearly twice that of the same month last year and a record total for any summer month.

"With current sales running over 83% ahead of last year's" said Benedick, "prospects are excellent for hitting the $150,000,000 mark before Dec. 31, particularly with the addition of the **National Investors Corp.** contractual plan to the roster of systematic investment programs distributed exclusively by I. P. C."

* * *

The SEC is trying to find out just how much "reciprocal business" is transacted between mutual funds and stock brokers. As a result of its investigation of Managed Funds, Inc., the SEC is planning to survey all mutual funds to determine which funds place their purchases and sales of securities with brokers and dealers in return for sale of the funds' shares. What the SEC fears is that too many unwarranted security transactions are being made simply to fulfill commitments with brokers. Its objective is to force funds engaged in "reciprocal" practices to declare that fact in their prospectuses.

* * *

A special meeting of shareholders in **T. Rowe Growth Stock Fund, Inc.** has been called for Sept. 29 to act on a proposal to increase the fund's authorized capital stock from 2,000,000 to 10,000,000 shares. If the increase is approved, the fund's board of directors has announced it will authorize issuance of two additional shares of stock for each share held. Recipients will be shareholders of record Oct. 9, 1959.

The board has noted that the offering price of the fund's stock is currently somewhat high in relation to the price of many other similar investment companies. The lower price is intended to make it easier for investors to buy in 100-share lots, to purchase full shares at regular intervals in small amounts and to reinvest dividends in additional full shares.

* * *

The Chase Fund of Boston, which began its portfolio operations little more than a year ago, boosted its net assets 136.3% to $12,353,013 from June 30, 1958, to July 31, 1959. Over the same interval, assets per share gained 44.2% to $13.19. Shares outstanding increased from 571,374 to 936,452, representing net new funds added of $4,226,883.

In reporting its portfolio as of July 31, the fund provided its shareholders with a brief description of each of the 48 common stocks it holds. The breakdown: consumer goods and services, 18.5%; industrial goods and equipment, 13.3%; electronics, 12.2%; foreign, 11.5%; aircraft and missiles, 4.2%; building, 3.5%; other industries, 16%; short-term notes, 12.1%.

During the latest three months, the fund added to its holdings of Vertol Aircraft and Dravo Corp., reduced its commitment in Barden Corp. and H. I. Thompson Fiber Glass.

New additions were New Hampshire Ball Bearings, Hilton Hotels, Jim Walter Corp., Cooper-Bessemer, Spiegel, Inc., Baryllium Corp. and short-term notes (Central Bank for Coop., 4⅞s, 1960; Fed. Home Loan Bank, 4⅞s 1960, and Fed. Intermediate Cr. Bank 4⅞s, 1960). Eliminations were Bestwall Gypsum, Copeland Refrigeration, Cutler-Hammer, Hazeltine, Kern County Land, Mallory (P. R.) & Co., Marquardt Aircraft, Packard Bell Electronics, Royal Dutch Petroleum, Sprague Electric, The Superior Oil Co., and U. S. Foil Co. B.

Largest individual common stock holdings at the end of the period were Hilton Hotels, Technology Instrument, International Telephone & Telegraph and Brunswick-Balke-Collender.

* * *

Two companies which issue variable annuities are appearing before the SEC this week at hearings on their applications for exemption from the Investment Company Act. The firms are the **Variable Annuity Life Insurance Company of America** and the **Equity Annuity Life Insurance Company.** Both are headquartered in Washington, D. C. Under a Supreme Court ruling earlier this year, the SEC was given the right to regulate sale of variable annuities.

* * *

"A strong recovery in the earnings of industry generally is taking place," says President Herbert R. Anderson of **Group Securities, Inc.** in a dividend message to shareholders. "This is particularly true of many of the companies whose earnings suffered most in the correction of the past year or two. In many cases this improvement has not yet been reflected in the dividend rates paid by such companies; in fact, it now appears probable that, as in earlier recovery years, the pattern may well be one of extra dividends toward the year-end, with higher current rates also being established at that time."

* * *

Over the three months ended Aug. 31, Institutional Shares, Ltd. made new investments in U. S. Treasury Notes, 4¾ 1960; City of Montreal, 5⅜ 1980; American Tobacco; Standard Oil of New Jersey; Transcontinental Gas Pipe Line, 5.60 Pfd., and U. S. Steel. Investments eliminated were Burlington Industries, Sub. Cv. Deb. 4¼ 1975; Cities Service; City Stores; Curtiss-Wright, and Sinclair Oil.

* * *

New records in total net assets, net assets per share and shares outstanding were set by **American Mutual Fund, Inc.** in the nine months ended July 31, 1959. Total net assets as of that date were $121,413,228, equal to $9.78 per share, compared to $94,920,871, equal to $8.47 per share, on Oct. 31, 1958, and $83,368,040, equal to $7.98 per share, on July 31, 1958. Capital gains distributions of 44¢ per share were paid over the latest 12-month period, including 18¢ per share paid over the latest nine months.

At the close of the July quarter, the fund had 83.2% of its assets in stocks, 9.8% in corporate bonds and U. S. Treasury notes, and 7% in U. S. Treasury bills, corporate notes maturing in less than one year and net cash assets. Largest industry holdings were utilities and telephone, 11.6%; steel, 9.3%; oil, 7.2%; transportation, 7%; electrical and electronic, 5.4%, and banks, 5.2%. Biggest individual investments were U. S. Steel, American Telephone & Telegraph, International Harvester, Norfolk & Western, Southern Pacific, Standard Oil of California and Texaco.

New additions were American Metal Climax, Interchemical Corp., Mississippi River Fuel, National Steel, Northern Pacific, Sprague Electric and Tennessee Gas Transmission. Eliminated were American Airlines, Ford Motor of Canada, Gulf Oil, Libbey-Owns-Ford, Pennsalt and Royal Dutch Petroleum.

With Television Shares

CHICAGO, Ill. — William H. Cooley, President of Television Shares Management Corp., investment managers and principal underwriters for Television-Electronics Fund, Inc., has announced the appointment of Albert S. Howe as Field Representative service securities dealers in the mountain states of Colorado, Idaho, Montana, Utah and Wyoming.

Mr. Howe, whose home is at 1661 Cook, Denver, is former Executive Director of the Denver Centennial Commemoration Authority, and has had broad experience in the field of public relations, particularly in the area of community service. He is a former director of the Downtown Denver Improvement Association, a member of the Colorado Trade Executives Institute, the Chamber of Commerce Managers' Association of Colorado.

With H. L. Robbins Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Morton L. Goldfader is now with H. L. Robbins & Co., Inc., 37 Mechanic Street.

Joins Robert L. Smith

ST. PAUL, Minn. — Robert L. Smith 3rd, has joined the staff of Robert L. Smith & Co., Pioneer Building.

Southern Inv. Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Virginia A. Williams has been added to the staff of Southern Investment Company, Johnston Building.

Joins R. S. Hays

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C. — Helen L. Hunt has joined the staff of R. S. Hays & Company, Inc., 111 Corcoran Street.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Directors of **The Chase Manhattan Bank, New York** have appointed three Vice-Presidents in the international department, George Champion, President, announced Sept. 3. They are Glenn C. Bassett, Jr., James W. Bergford and James W. Watts, all former Assistant Vice-Presidents at head office.

Mr. Bassett, in the Latin-American division, joined the Bank in 1949. He was appointed an Assistant Manager in 1953 and advanced to Assistant Vice-President in 1957.

Mr. Bergford and Mr. Watts are in the European division. Mr. Bergford joined the bank in 1949 and was appointed an Assistant Manager in 1953. He was promoted to Assistant Vice-President in 1957. Mr. Watts, with the bank since 1927, was named an Assistant Manager in 1950 and an Assistant Vice-President in 1955.

Four Assistant Treasurers in the international department also were named: Donald O. Cameron, Richard A. Fenn, John C. Haley and Francis L. Mason.

* * *

Merger of **The New York Trust Company, New York, N. Y.**, with **Chemical Corn Exchange Bank, New York, N. Y.**, under the name **Chemical Bank New York Trust Company** becomes effective Sept. 8 following the necessary approval by state and Federal regulatory authorities.

In making this announcement, Harold H. Helm, Chairman, said the combined bank has resources of more than $4,000,000,000 and capital funds of more than $390,000,000.

The merged institution will operate under the charter of Chemical Bank which was founded in 1824 by the New York Chemical Manufacturing Company "to provide for the financial needs of both industry and individuals." During the money panic of 1957, when it was the only New York bank to continue specie payments, Chemical earned the nickname "Old Bullion."

The New York Trust Company was founded in 1889. It developed one of the most respected fiduciary divisions among New York banks and also became outstanding in commercial banking, both domestically and abroad.

The top management of the combined bank will comprise Mr. Helm as Chairman; Adrian M. Massie, Chairman of the Trust Committee; Isaac B. Grainger, President; Gilbert H. Perkins, Vice-Chairman, and Hulbert S. Aldrich, Vice-Chirman.

* * *

Israel's largest Commercial bank domestically and internationally, **Bank Leumi le-Israel B. M.** (in translation: National Bank of Israel), will shortly start foreign bank agency operations in New York City.

Bank Leumi, with assets on June 30, 1959 exceeding IL 400 million (equivalent to $225 million) has 95 branches in Israel and four overseas offices. The bank has maintained a Representative Office at 20 Pine Street, New York. since 1950.

The Agency will be inaugurated in the latter part of October by the Chairman of the bank, Dr. Y. Foerder, due soon to arrive in the U. S. for a five-week stay.

* * *

The appointment of August F. Schmutz, Jr. as an Assistant Secretary of **Manufacturers Trust Company, New York,** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Schmutz joined the bank in 1951 and was appointed Assistant Branch Manager in 1956.

Mr. Schmutz is assigned to the bank's office located at 386 Park Avenue South, New York City.

* * *

Mr. G. Russell Clark, New York State Superintendent of Banks, announced on Sept. 2 his intention to approve the merger of **Chemical Corn Exchange Bank, New York** and **The New York Trust Company, New York** to form **Chemical Bank New York Trust Company.**

* * *

Comptroller of the Currency, Washington, D. C. has given tentative approval to the proposed merger of the **Central Bank and Trust Company of Great Neck, Long Island** with the **Meadow Brook National Bank of Nassau County.** Final approval awaits stockholder meetings of each bank to be held next month.

The combination will bring Meadow Brook's total assets to $450,000,000 according to figures published June 30. It will also add five offices to Meadow Brook's present total of 32.

Under the merger, 1.42 shares of Meadow Brook's stock will be issued for each share of Central Bank stocks.

* * *

Stockholders have approved the merger of the **State Bank of Albany, N. Y. and the National City Bank of Troy, N. Y.** on Sept. 3. The combined resources will be more than $400,000,000 and capital more than $24,000,000, bank officials said in a joint announcement. The merger is subject to approval of state and Federal regulatory agencies.

* * *

Shareholders of **Peoples First National Bank, Pittsburgh, Pa.** and **Trust Company and Fidelity Trust Company, Pittsburgh, Pa.,** on Sept. 2 approved the consolidation agreement previously entered into by the Boards of Directors of the two banks. The name of the consolidated bank will be **Pittsburgh National Bank.**

Preliminary approval from the Comptroller of the Currency, Ray M. Gidney, was granted on July 28. Final approval is expected within the next few days, with the effective date of the consolidation scheduled to be at the close of business on Sept. 11.

Shareholders of both banks approved the consolidation by large majorities, according to the statement issued jointly by John A. Byerly, President of Fidelity Trust, and Frank E. Agnew, Jr., President of Peoples First.

Of the 1,343,803 shares outstanding in both banks, 89% were voted, and of these 98.01% were recorded in favor of the consolidation.

Slated to be elected at an organization meeting of the new Board on Sept. 11 are the following senior officers:

Chairman of the Board, John A. Byerly; Vice-Chairman of the Board, John H. Lucas; President, Frank E. Agnew, Jr.; Senior Vice-President in charge of the Trust Department, Philip K. Herr.

* * *

Northeastern Pennsylvania National Bank and Trust Co., Scranton, Pa. elected John S. Davidson to the board.

* * *

The First National Bank of Millersburg, Pa. changed its title to the **First National Bank & Trust Company of Millersburg, Pa.,** effective Aug. 31, 1959.

* * *

Directors of the **Farmers Bank of the State of Delaware, Wilmington, Del.,** elected O. H. P. Baldwin, President of the Bank, Sept. 4.

Mr. Baldwin, who was formerly Senior Vice-President, and President of the Bank's Wilmington office succeeds William K. Paton, who died Aug. 25.

Mr. Baldwin was associated with the National Shawmut Bank of Boston for several years and left that institution in 1944 to join the First National Bank of Akron, Ohio, as Vice-President. Two years later he joined the Farmers Bank as Vice-President in charge of the Wilmington office and became President of the Wilmington office the same year.

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Lawson V. Smith was elected a Director of the **First National Bank of Arizona, Phoenix, Ariz.**

* * *

The Toronto-Dominion Bank, Toronto, Canada, with over $1,800,000,000 in assets, opened the door of its new New York offices at 45 Wall Street Sept. 3.

The Toronto-Dominion Bank is one of Canada's oldest banking houses, founded 104 years ago. It has maintained an agency operation in New York City for over 25 years. It moved Sept. 2 from its former location at 26 Broadway.

* * *

The first West Indian branch of the **Bank of London and Montreal, Ltd.,** was opened in Kingston, Jamaica, Sept. 4 by Norman W. Manley, Q.C., Premier of Jamaica. The Branch is under the management of Herbert B. Twiss.

The Bank of London and Montreal, Ltd., was formed last autumn to serve The West Indies, Latin America and the Bahamas, and has its head office in Nassau, Bahamas. It is owned jointly by the Bank of Montreal and the Bank of London and South America Ltd. A second West Indies branch is scheduled to open early next year at Port-of-Spain, Trinidad.

Mr. Twiss served with the Bank of Montreal in Canada for many years before moving to Kingston. His last Canadian post was in Victoria, B. C.

With Mitchum, Jones

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Mitchum, Jones & Templeton, 650 South Spring Street, members of the New York and Pacific Coast Stock Exchanges, have added to their staff Martin J. Haims, Stanley E. Henslee, Ora M. Bush, James McClelland, Milton Ponitz, Lauretta F. Savory, Raymond L. Sodersten, and B. B. Smith. Mr. Henslee was previously with Lester, Ryons & Co. All the others were associated with Dempsey-Tegeler & Co.

Adds to Staff

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Robert R. Logefeil has been added to the staff of Woodard-Elwood & Company, Rand Tower, members of the Midwest Stock Exchange.

With Merrill Lynch

(Special to The Financial Chronicle)

ASHEVILLE, N. C. — David S. Mallett has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 29 Page Avenue.

With A. E. Aub

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Jack R. Sayers has become affiliated with A. E. Aub & Co., Fifth Third Bank Building.

Davis & Davis Admit

PROVIDENCE, R. I.—On Sept. 3 George T. Giraud became a partner in Davis & Davis, 70 Westminster Street, members of the New York and Boston Stock Exchanges.

Bank and Insurance Stocks

BY *ARTHUR B. WALLACE*

This Week — Insurance Stocks

We have pointed out before now that insurance accounting being the involved thing that it is, the related statistics customarily are about the last to get into the services. This year being no exception, the data of a number of the larger companies has not yet been made available. However, a number of units have reported, and we will give some salient figures on these:

First Half 1959*

	Stat. Und. Prof. or Loss		Net Invest. Income		Combined Loss & Exp. Ratio		Other Invest.** Gains or Losses	
	1958	1959	1958	1959	1958	1959	1958	1959
Glens Falls	—$1,850	—$2,700	$1,726	$1,823	104.0%	104.6%	$2,516	$2,093
Nat. Union	— 1,419	— 1,110	892	929	108.8	105.1	3,415	295
New Amsterdam	— 3,790	— 2,765	1,360	1,512	110.1	107.0	1,903	60
Security Ins.	— 198	315	357	262	112.1	98.3	350	323
Bank. & Ship.	— 312	— 348	283	312	100.9	99.3	817	195
Cont. Casualty	469	1,877	4,831	5,540	99.1	97.1	9,513	5,435
Federal	1,094	2,572	2,333	2,404	93.5	90.2	6,322	4,242
Fire. Fund	— 5,982	— 3,567	4,050	5,082	104.7	100.6	13,460	7,378
Gen. Re Ins.	962	160	1,842	1,925	94.0	94.3	3,638	—360
Home Ins.	—11,844	— 5,184	7,423	7,458	102.0	102.1	22,862	8,220
New Hampshire	— 1,403	— 453	848	877	103.5	98.9	2,558	712
Northern	— 805	— 351	810	810	102.0	99.4	2,792	1,814
Pacific	— 355	— 396	374	406	101.0	99.3	1,045	162
Standard Acc.	— 3,623	— 614	1,177	1,223	107.4	100.0	1,710	558
American Ins.	— 4,148	— 2,105	2,656	2,633	106.9	101.6	7,943	14
National Fire	— 947	— 815	2,021	2,045	102.2	97.4	4,484	1,743
Reliance Ins.	— 1,866	— 1,269	1,349	1,338	107.8	104.4	5,314	853

*Dollar figures in thousands.
**Consists principally of portfolio mark-up (or mark-down) to market.

Now, while this schedule is by no means complete, it is broad enough to give us an indication of what the first half was like, and how it compared with the like period in 1958. We find that in most cases the 1959 half was a somewhat better one so far as statutory underwriting results were concerned. And, while the improvement of most companies over the 1958 half was by no means spectacular, it seems to point the way out of the slough that the fire-casualty companies had gotten into.

Be it remembered, too, that the 1959 half saw some catastrophic losses—losses that were abnormal. Industry personnel does not expect the second half to be as bad as the first, simply on the law of averages, let us say.

In all except a few cases, net investment income was higher in the second half. As 1959 is expected to set a record for dividends and interest payments, it is probable that when the books are closed on the year, investment income data will be quite satisfactory.

One factor that does not appear in this material, and that will not be evident until the annual reports come along, is the extent of income tax carry-forwards resulting from the several years of bad statutory underwriting results. These credits are likely to be quite sizeable.

It must not be forgotten that in the investment end of the business, an insurance company is taxed on dividend only about 7.8%, as it is assessed on only 15% of its receipts. So, all-in-all, there will be some balm for the insurance companies that at this juncture probably is not recognized by the investing public as it should be.

While the portfolio appreciation figures are not anywhere nearly as impressive as 1958's showing, the stock market has not treated these companies badly at all. True, a bear market can well take a sizeable toll on a company's holdings, but over the long range there is growth in insurance company portfolios if only because the regular run of them offer better-than-average management. Among the companies that have reported investment income, there was a fairly satisfactory increase.

* * *

Shareholders of **Continental Casualty** will act at a special meeting in early October to enable the directors to authorize a 100% stock dividend. There will also be ordered an extra cash payment of $1.00 (this not to be applicable to the new increase in the number of shares, however).

Northern Insurance of New York has offered to holders of Maine Bonding & Casualty Company 56/100ths of a share of its stock per share of Maine Bonding.

Aetna Life announces a two-for-one-split of its stock, plus a 33⅓% stock dividend, and a cash payment of 90 cents.

Fire losses in July, 1959, ran to about $82,334,000, an increase of about 1.9% over the figure of a year earlier; and 5.7% above June, 1959. But for the first seven months, 1959 showed a 2.8% improvement over the like 1958 period.

New Murch Branch

PAINESVILLE, Ohio—Murch & Co., Inc. has opened a branch office in the Lake County National Bank building under the management of Marshall C. Doolittle II and Murray C. Kephart. Mr. Doolittle was formerly local representative for Fulton Reid & Co., Inc.

Mr. Kephart was with Eastman Dillon, Union Securities & Co.

Joins Mitchum, Jones

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert A. Wilson has been added to the staff of Mitchum, Jones & Templeton, 650 South Spring Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Wilson was formerly with Hill Richards & Co. and First California Company.

Joins Bond & Share Staff

(Special to The Financial Chronicle)

PASADENA, Calif. — Eunice S. White has joined the staff of Bond & Share Co., 16 North Merengo Street.

As We See It

Continued from first page

Of course, in the final analysis communism has nothing of value to offer these needy peoples, but its proselyters are extraordinarily skilled. What success the President had—assuming that reports of his efforts in this matter are correct—remains for the future to disclose.

Not the Only Cause

It would, however, be a fateful error for us to suppose that foreign aid is the sole factor in the balance of payments situation. On the contrary, there are many other factors, some of which if they remain and continue to develop could in time cause us serious balance of payment difficulties even if foreign aid were to be discontinued altogether. We are, of course, now meeting increasingly keen competition from a rebuilt and revived European economy—the more so by reason of foreign aid granted in the early postwar days which enabled some of our keenest competitors to construct the most modern of plants embodying the then latest improvements in production and the like. It was all but inevitable that we should find it none too easy to keep the flow of our exports (paid for, that is) strong and vigorous.

But it was at just such an unfortunate time that we permitted our costs to get out of hand. It would be more accurate to say perhaps that we permitted the government to create conditions which made unnecessarily high costs almost unavoidable. Instead of a steady and substantial year-to-year reduction in the public debt after the close of the war, it has been in a rising trend, and is today at a peak. We furthermore have no ground for hoping that it will presently reverse its course. This, of course, means that taxes must be raised to meet an increasing load of public debt charges. But so profligate has Administration after Administration been in the postwar years, that more and more taxes also had to be raised to meet that part of current outlays (other than interest) which were not covered by further borrowing. An indefinite continuation of this sort of financial policy can not fail to add continually to the burden that business, already beset by foreign competition, must carry.

Unfortunately, over-indebtedness tends to do more than that. Since the banks carry so large a part of outstanding Federal obligations, and since Congress will apparently not remove the coupon rate restriction on longer term obligations thus forcing more and more of the debt to take short-term form continuous deficit financing definitely lays the basis for inflationary rises in prices which, of course, make it all the more difficult for business to sell abroad in competition with foreign producers or even sometimes to compete in our own markets. Thus we find faulty governmental financial practices tending to reduce exports and to increase imports. This is but another way of saying that balance of payment difficulties are stimulated if not caused by our own mistakes right here at home.

Too Much Welfare Economics

Then there are the various so-called welfare economics measures, and the general political attitude toward organized labor and the organized farmer, which all inevitably drive costs and prices higher and higher just at the time when competition from abroad would probably have become increasingly acute in any event. A thoroughly sound domestic economic policy, which would take government wholly out of those areas where it never should have entered, and leave business to work out its own salvation, would do more to ensure freedom from worry about our international balance of payments than anything else. How much foreign aid we should then find it wise to carry is another story. Certainly we could carry much more than we can today.

Fortunately, we have as yet reached no point of great immediate danger in this matter of our foreign financial relations. Those who grow so frightened about the extent of foreign held short-term assets in this country often forget that a very large balance of this sort is necessary for foreigners if they are to continue their foreign trade and other international activity. There is hardly a possibility, short of world war, that these holders of bank balances and other short-term assets here will ever try to pull them out in the way that some alarmists sometimes foresee or at least fear. The mere fact that they are now approaching the size of our gold holdings is no cause for alarm. Neither is the fact that we now have less than $20 billion in the yellow metal a cause for special worry. Under present laws our credit system could expand enormously on the basis of the gold we have left—not that the mere ownership of the gold is any reason for such expansion.

Now while we have the time to do so in a more or less leisurely manner, it would be an excellent thing if we should begin to think in realistic terms about this matter of our international balance of payments and the factors which have brought it to their present state. Much more than foreign aid would have to be included in any such survey.

Federal Farm Policy and The Consumer's Interest

Continued from first page

sumer in an attempt to raise farm income and prices. The reason for this is not difficult to discern. A strong farm "bloc" stands guard in Washington while consumers remain haplessly disorganized. And, as is so frequently true when one group derives benefits at the expense of another, consumers have been told that everyone is really better off. Advocates of Federal subsidies to farmers argue that consumers truly benefit from higher farm prices and that a change in policy would harm consumers as well as farmers.

This argument for high prices and restricted crop output is not self-evident. To the contrary, the consumer's interest is best served by efficient, low-cost production and the reallocation of unneeded agricultural resources. This works in two ways: it keeps downward pressures on food prices and it leads to greater non-farm production. The very basis of economic progress over the centuries has been the release of workers from farming in order that they might produce luxury and semi-luxury goods. These non-farm products, in part made possible by improvements in farm technology, make up a large part of our high living standard. If we are to continue to raise this standard, we must encourage even greater agricultural efficiency.

Efficient farming is more than the mere use of modern, scientific methods. It also involves the complex matter of determining the proper sized farming unit within a particular locale. Farm management experts and agricultural economists have apparently answered many of the questions of efficiency. Most unsuccessful modern farms, say the experts, are basically too small for effective use of expensive equipment. Two unsuccessful small units might be combined into a single successful operation. This is but a part of the process of transferring labor out of farming. Technological progress dictates this trend. The farm laborer of a century ago supplied the food and fiber for five city dwellers. His modern counterpart produces more than enough for 20 others. Just since 1940 the productivity of farm labor has doubled. Meanwhile, markets for farm products have increased only modestly. The consequence of such circumstances is an overcapacity in agriculture. Currently, two million of our four and a half mililon farms are capable of furnishing virtually all of our farm needs.

Progress, Yes; Defect, No.!

The reduction of agricultural resources inevitably creates hardships and suffering for the displaced workers. But these results should not be viewed as perverse. Nor should they be considered indicative of a fundamental defect in our economy. A free enterprise economy relies upon relative differences in incomes to signal the need for a reallocation of resources. Low incomes and losses are vital characteristics of any industry in which technological advances have reduced the need for workers. If low incomes do not push people out of agriculture, how else can they be encouraged to move? If every farmer's income were favorable relative to what he could earn in other types of employment, few would quit farming, and over-capacity would always prevail. It is only reasonable that society should alleviate some of the hardships thus created, but the government must clearly recognize that long-run economic progress requires fewer farmers and more individual productivity both in and out of agriculture. A poorly designed farm policy is a barrier against such adjustments.

A brief review of our past farm policy reveals that the Federal Government has been shortsighted. Instead of promoting efficiency and encouraging unneeded workers to leave agriculture, we have relied upon price supports and crop restrictions. These devices have generally produced unhappy results. Only those farmers who plant crops can benefit from high support prices; consequently, there is no incentive for these farmers to give up their land, and overcapacity continues. The wastes of producing and storing huge surpluses are apparent. What is not so apparent is the waste which results when some efficient farmers do take good crop-land out of cultivation while many inefficient operators continue to farm inferior acreages.

If the defects in our farm policy and the requisites for a more logical program are so clear, why do consumers permit the continued subversion of their best interest? Reverence for the "family farm" and the "rural way of life" is an insufficient explanation of our tendency to cling to high price supports, plowed-under crops, continued cultivation of inferior lands (which can and ought to be converted to grasslands or woodlands), and the stockpiling of cotton, wheat and corn beyond reasonable amounts. The primary cause is consumer apathy and misinformation. Undoubtedly, a well-informed body of consumers would demand a major change in farm policy. Therefore, a large part of the blame for continuing an outmoded program rests squarely on farm politicians and pessimistic economists who preach that greater efficiency and fewer farmers would do more harm than good. This defense of farm subsidies deserves critical examination.

Only Economic Arguments for Supports

The professional economist may offer two basic arguments to support schemes which are designed to raise income to farmers. First, government aid to farmers takes income away from people who tend to oversave and puts it into the hands of low-income farmers who spend all of their earnings. This produces a net increase in consumer spending and therefore results in greater national income. Second, when farm incomes decline, farmers spend less, thereby reducing total consumer spending which in turn causes unemployment and depression.

Effect on National Income

The first line of reasoning—that which advocates the redistribution of income from non-farm to farm population—stands or falls on the validity of an assumption. The assumption is that the transfer of income reduces the hoarding of savings, thereby causing total spending in the economy to increase. This is true **only** when savings are hoarded and do not re-enter the national income stream through private investment. There has been little if any hoarding of savings since the early 1940s. In fact, there have often been a shortage of savings and business investment has been financed by expansion of bank credit, often with inflationary results. Considering the period since World War II as a whole, redistribution of income through farm subsidies probably has not had any significant uplifting effect on national income because of the general absence of hoarding.

There is even reason to suspect that farm price and income supports have had a negative impact on national income. The cost of these programs really consists of two parts: higher market prices for farm products and higher taxes for benefit payments, crop purchases and loans. The first cost is borne proportionately more by lower income groups than by higher income groups. This is because it is paid in accordance with purchases of farm products, and lower income families are known to spend relatively more of their incomes on consumption than do more wealthy families. This effect is more particularly pronounced in food expenditures. Thus the burden of higher prices rests heavily on families whose incomes probably are not as high as the average incomes of those farmers who receive most of the government payments. These payments flow primarily to the two million commercial farmers who produce 85% of all cash commodities. These are **not** low-income families. The **net money** income for these farms averaged about $5,600 in 1953, compared to an average of $5,000 for **all** non-farm families in the same year. The second part of the cost—that paid out of tax funds—more nearly accomplishes the purpose of raising total spending and income. But it does so only insofar as our tax system is progressive and the transfer of income to farmers reduces savings. Since there has been a virtual absence of hoarding generally for the past 17 years, the loss of purchasing power for the masses of non-farm families negates nearly all of the possible uplifting power which the transfer might otherwise have.

The second basic proposition which must be examined critically is that a decline in farm income reduces total consumer spending and creates unemployment. True, farmers must buy fewer manufactured articles and spend **less** money as their incomes fall. **But** does this reduce national income? It does so **only** if other incomes remain the same. If other incomes are relatively higher because of lower food prices and lower taxes, will not increased spending out of these incomes offset the reduction in farm spending? When hog prices sagged drastically in 1955, it seemed apparent that consumers enjoyed increased incomes at the expense of the pork producers. Not only did consumers eat more and better cuts of pork, but they had money left over from food budgets to spend on other goods and services.

Effect on Total Income

There is no obvious reason why a decline in farm incomes must necessarily depress non-agricultural incomes. It was undoubtedly the case a hundred years ago when two-thirds of our population lived and worked on farms, but it is far less likely today. Farm population and incomes are too small, as a percentage of national totals, to exercise a strong influence on national income. In 1956, there were about 4.8 million farm families with a population of around 22 million. Their net farm income was approximately $11 billion or only 3% of the national total. And, significantly, many of these farm families have substantial non-farm incomes while many others earn reasonably good incomes even when agricultural prices and incomes fall. Therefore, in dollar terms, reductions in farm incomes are not apt to lower national consumption or employment levels.

Humanitarian Motive

If low farm incomes have depressed national spending at all, it might well have resulted from Federal price supports and benefit payments to farmers. If these programs have retarded efficiency in agriculture and prevented the movement of unneeded resources out of farming, then the output of non-farm products has been held back. Admittedly, a humane aspect of our past farm legislation has been the reluctance to force individuals to give up the "rural way of life." These persons have suffered hardships in order to retain something which they consider worthwhile. But so did the operators of hand looms in England in the 18th Century when improved textile machinery began to replace them. Should the British Government have kept the weavers at their old hand looms in order to preserve the independent craftsman's way of life? Humanitarian motives compel society to bear a part of the cost of dislocations and sufferings which accompany progress. The government should make the transition to a different society as painless as possible. But the temporary or emergency measures, adopted during the depressed years of the 1930s, have proved ineffective in coping with the problem. At least a million farm families are still proverty-stricken and will continue to be so until they are transformed into successful farmers or, better still, into useful productive workers in some other line of endeavor. The consumers' best interest is served by efficient farming, which frees resources for upgrading our living standards.

But, asks the critic, does not efficient production merely add to existing surpluses and push farm prices and incomes lower? Assuming that all farmers will increase output and that total purchases will not be greatly stimulated by lower prices, the answer to this question is definitely "yes." But the phraser of the question has probably failed to consider that all farmers cannot adopt improved methods at the same time or to the same degree, and also that the most efficient producers typically make money even when agricultural incomes are low. Through the years, changes naturally occur in demand, output and production costs in all lines of endeavor, not just in farming. The businessmen's constant duty (and the farmer, to be successful, must be a businessman) is to adjust to these changes in order to keep his business profitable. The only lines of action open to an individual operator, under a free-market economy, are increased efficiency with lower costs or movement into other employment. Let us examine the effects of greater efficiency on farm incomes and resource allocation from the viewpoint of the individual farmer.

Producers Cannot Cut Costs At The Same Time

The individual farm operator cannot control his market price and thus cannot increase his profits by raising the selling price of his products. He can, however, control his profit margins. Profits occur whenever the unit cost of production is lower than market price and the alert farmer can lower his costs through more efficient use of labor and materials. Of course, if all farmers become more efficient simultaneously and accordingly place large crops on the market, prices decline sharply. However, it is obvious that all producers will not act at the same time and in the same way. Some cost-reducing techniques require a size of farm, a type of soil, an investment in machinery, and other ingredients which are inaccessible to many farmers. Furthermore, progress never takes place in a manner whereby all producers make changes simultaneously. Thus, some farmers will reduce their costs while others will not, and the lower costs will occur before and in an amount greater than the resulting fall in price. The successful farmer is the man who initiates the changes in methods and keeps his expenditures falling at a faster rate than his cash receipts. His success will be duplicated by other vigilant operators, but many farmers cannot lower their costs immediately — in fact, they may never be able to do so. Meanwhile, as the industry as a whole tries to adjust to new techniques, the early innovators have time to introduce even newer and more efficient methods. They must do so if they hope to stay ahead in the race for profitable operation. The farmers who prove most efficient succeed financially; the others earn less or suffer losses.

The fear that greater output by agriculture as a whole will reduce net farm incomes is based on a faulty preoccupation with aggregates and a disregard for changing relationships between prices and costs. The relatively slight response of total purchases of farm products to lower prices does not necessarily depress **net** farm income. With no change in demand, the free market prices of agricultural commodities fall when output increases, but net income is not determined by price alone. Net income is the composite of prices and production costs. Farmers will prosper to the degree that they are able to preserve a differential between revenues and expenses. Although greater efficiency might actually reduce total receipts from the sale of agricultural products, total costs of production might be reduced by the same amount, thus preserving **net income**. More likely, total costs of production would be reduced even more because of the withdrawal of those farmers who could not reduce their costs. In this respect, it is the duty of the Federal Government to facilitate the transfer of our unneeded resources out of agriculture, because natural adjustments have never operated smoothly. Government policy needs to lubricate the mechanism of change, not retard the transition.

Public Education

One of the nation's top agricultural economists, John D. Black, remarked recently that the political climate will not permit the implementation of a "reverse Homestead movement." He does not believe that our people will tolerate a plan to resettle low-income farm families in urban areas. If this be true, then the public needs to be appraised of the long-run benefits of such a program. In terms of monetary costs, relocation of farm families, including vocational training, will be cheaper than the past programs. A particularly appealing aspect of this proposal is that a farm family, once resettled, will not constitute a constantly recurring expense for the government.

The people of the United States need not fear that this shift of population will create mass unemployment in the cities. First of all, the movement would of necessity be a gradual one, operating over no less than a decade. Secondly, if our economic forecasters are correct, we will need all of the urban workers we can muster in the next 15 or 20 years. Peter Drucker, in "America's Next Twenty Years" (*Harper's Magazine*, March, 1955), predicted that we must double our productivity by 1975 in order to keep our standard of living increasing as fast as it has for the past 25 years. This is because the productive labor force will not increase as rapidly as the general population. Therefore, it is essential that we facilitate the movement of workers from farming to other pursuits, while at the same time stimulating greater productivity among those who remain on the land.

These principles are the logical elements of an effective farm policy. Emergency actions, such as those taken during the 1930s, are justifiable only as temporary deviations from the long-run pattern. Unfortunately, our past farm policy, when viewed in retrospect, has suffered from the fact that stopgap measures have tended to become permanent. This should not be. "Consumption is the sole end and purpose of all production . . ." and maximum consumer welfare should be the legitimate objective of any government program. Our permanent farm policy should serve to achieve this highly desirable goal.

Now With Walston Co.

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — Glenn Paine is now affiliated with Walston & Co., Inc., 625 Broadway. He was formerly with Eastman Dillon, Union Securities & Co.

Revel Miller Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Edward P. Prescott Jr. has been added to the staff of Revel Miller & Co., Inc., 650 South Spring Street, members of the Pacific Coast Stock Exchange.

With Paine, Webber

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Barron C. Boyd, Carl E. Lozito and James M. Rosborough are now with Paine, Webber, Jackson & Curtis, 626 South Spring St.

New Tabor Office

KANKAKEE, Ill.—Tabor & Co. has opened a branch office at 258 East Court St. under the direction of Myron J. Schultz.

Now Chauncey, Walden

The firm name of Fifth Securities, Inc., 580 Fifth Ave., New York City, has been changed to Chauncey, Walden, Harris and Freed, Inc.

Dempsey-Tegeler Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Ellis M. Joseph and Alice S. Kavanagh have been added to the staff of Dempsey-Tegeler & Co., Russ Building. Mr. Joseph was formerly with Reynolds & Co. Miss Kavanagh was with Hooker & Fay.

With Dempsey-Tegeler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Dempsey-Tegeler & Co., 210 West Seventh Street, have added to their staff G. Tilton Gardner, Albert G. Lisa, Jack J. Maghakian, Carl A. Moran and Ralph E. Lidster.

Join Hugh C. Watson

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Cyrus R. Bohannon, Henry A. Leverentz and Robert J. Watson have joined the staff of Hugh C. Watson Co., 6462 West Eighth Place. All were previously with Ansgar M. Christensen, Jr.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The Government market—that is, the short-term sector—is still in a state of flux even though there is a sizeable demand around for these securities. It is evident that the uncertainty which is overhanging the money market and the capital market is not likely to be resolved immediately, which means that not a few investors are making purchases in the most liquid Treasury obligations. The rising interest rate pattern can be hedged against to some degree by making commitments in near-term obligations.

Although many Government bonds have made new all-time lows and the selling of the intermediate-term obligations by the deposit banks still goes on, there are reports that there is a growing institutional interest in selected issues. At the moment, the refunding 4¾% of 1964 appears to be the leading issue in the Treasury list, with quite a few individuals as well as certain institutions making purchases of this security.

Markets Under Tight Credit Conditions

The money markets and the capital markets continue to operate under the shadow of tightening credit conditions which also means higher interest rates. The increase in the prime bank rate last week was the start of the move which carried the cost of obtaining funds to higher levels, in fact, the highest level that has been seen in close to 30 years. To be sure, it had been expected in certain quarters that the prime bank rate would not be increased until some time later in the month or until the steel strike had been settled.

However, the demand for loanable funds was evidently sizeable enough so that the deposit banks were forced to up the charge which these institutions make of their best and largest customers for the credit which the latter must have in the ordinary course of business. An increase in the prime bank rate means that all other loaning rates have also been advanced.

Volume of Credit Being Curtailed

Even though the prime bank rate has been pushed ahead to 5%, the cost of obtaining funds is not really excessive to corporate borrowers since the high income tax rate (52%) means that the Government is carrying more than half of this load. On the other hand, it appears as though the way in which the credit limiting policies of the monetary authorities are going to be carried out effectively is not so much by making loans more costly but by making less credit available to those that are interested in making loans.

It is evident, nontheless, that the increased cost of obtaining loanable funds will take a certain number of borrowers out of the market.

How Much Will Discount Rate Be Raised?

An increase in the Central Bank rate is very definitely in the cards, even though it was not pushed up last week. In order to maintain a firm control over the money market and the availability of credit the Federal Reserve banks will have to move up the discount rate from the 3½% level. The opinions in the financial district are that the Central Bank rate will go to 4% or even 4¼% with the time at which it will be announced the only element of uncertainty in this picture.

The action of the capital markets indicates that a not unimportant amount of funds are being invested in fixed income bearing obligations. So far most of this money has been going largely into corporate and tax-exempt bonds, because the returns on these issues are more favorable than the yield which is available in direct Government securities. The higher income which is available in agency obligations, however, has brought some new buyers into these issues.

Buying in the 4¾s of 1964

Nontheless, there has been and still is, according to reports, important positions being taken in the 4¾s of 1964 by institutional investors, with the mutual funds among the leaders in this new development. It is indicated that money which would ordinarily be going into the equity market is now being put into selected Government bonds, corporates and tax-protected obligations. Also with short-term rates as high as they are, some of the institutional investors are being attracted to these securities.

With Manley, Bennett

BLOOMFIELD HILLS, Mich. — James J. Heatherson has become associated with Manley, Bennett & Co., members of the New York Stock Exchange, as a registered representative. He will be located in their Bloomfield Hills office, Woodward at Long Lake Road.

Mr. Heatherson spent several years in the brokerage business subsequent to graduation from the University of Detroit in 1929. During the period 1942-1959, he was associated with General Motors Corp. and Ford Motor Co. in finance and sales activities.

Four With Bond & Share

(Special to The Financial Chronicle)

PASADENA, Calif. — David I. Davies, John R. Engelsman, Frank I. Piper and William B. Russell have become connected with Bond & Share Co., 16 North Marengo Street.

Now Proprietor

BALTIMORE, Md. — Bedford Chapin is now sole proprietor of Chapin, Walker & Co., 4812 Roland Avenue. Mr. Chapin was formerly a partner in the firm.

Family Investment Branch

BROOKLYN, N. Y. — Family Investment Company has opened a branch office at 296 Kingston Avenue under the direction of Morris J. Rothman.

Harrison Opens Branch

LEESBURG, Fla.—John H. Harrison and Company has opened a branch office at 918 West Main Street under the direction of Farris Campbell, Jr.

New Bateman Office

DELRAY BEACH, Fla.—Frank B. Bateman Ltd. has opened a branch office at 125 Palm Court. Frank D. Bateman will be in charge.

United Artists Common Stock Oversubscribed

An underwriting group headed by F. Eberstadt & Co. on Sept. 3 offered for public sale 100,000 shares of United Artists Corp. $1 par value common stock, priced at $29.25 per share. This offering was oversubscribed.

The shares were sold for the account of Robert S. Benjamin, Chairman of the Board of the company, and Arthur B. Krim, President, for their own account and for the account of others and all of the proceeds of the sale will go to the selling stockholders.

The shares originally owned by the selling stockholders were class B common shares and converted into common stock by the underwriters prior to the offering. After this sale Messrs. Benjamin and Krim and associates will continue to own more than 27% of the company's outstanding shares of class B stock as joint tenants. Of these, Messrs. Benjamin and Krim will each continue to own 6.41% and their associates will own lesser percentages.

United Artists is one of the major distributors in the United States and throughout the world of motion pictures produced by independent producers.

Since the new management headed by Messrs. Benjamin and Krim took office in 1951, the company has distributed a large number of films which were notably successful at the box office. Its record in the first half of 1959 included "Separate Tables," "The Horse's Mouth," "Alias Jesse James," "Some Like It Hot," "Pork Chop Hill," "The Horse Soldiers," "Shake Hands With the Devil," "A Hole in the Head," and "The Devil's Disciple."

For the three months ended April 4, 1959 the company reported film rentals and other income of $19,330,524, compared with $16,578,933 in the similar period of 1958. Net earnings for the 1959 period were $712,451, compared with $636,010 for the first three months of 1958. For the 53 weeks ended Jan. 3, 1959 film rentals and interest were $84,446,557 and net earnings $3,701,963, equal to $3.16 per share on the average number of shares outstanding during the year.

The company paid dividends of 35 cents a share on the common stock from June, 1957 through the second quarter of 1958, the first dividend having been declared at the first public offering of the company's common stock in April, 1957. In September, 1958 and quarterly thereafter a dividend of 40 cents was declared and paid. No dividends have been declared or paid on the class B common stock and the board of directors has no present intention of declaring a dividend on this stock.

Two With Sutro Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Alexander C. Keith and Don Wilson have become affiliated with Sutro & Co., Van Nuys Building.

Jack J. Schreiber Opens

NYACK, N. Y.—Jack J. Schreiber is engaging in a securities business from offices at 132 Main Street.

Herzfeld & Stern Office

MIAMI BEACH, Fla.—Herzfeld & Stern has opened a branch office in the Americana Hotel under the direction of Paul A. Cohen.

Join Kentucky Co.

(Special to The Financial Chronicle)

LOUISVILLE, Ky. — Joseph D. Chandler and Jerry D. Kelsey have become affiliated with The Kentucky Company, 320 South Fifth Street, members of the Midwest Stock Exchange.

The State of Trade and Industry

Continued from page 5

the chief cities of the country, indicate that for the week ended Saturday, Sept. 5, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 26.2% above those of the corresponding week last year. Our preliminary totals stand at $23,183,671,622 against $18,368,084,457 for the same week in 1958. Our comparative summary in leading money centers for the week follows:

Week Ended Sept. 5—	1959	1958	%
New York	$11,933,350,523	$9,139,517,339	+30.6
Chicago	1,244,675,783	978,848,483	+27.2
Philadelphia	1,048,000,000	858,000,000	+22.1
Boston	720,213,818	540,548,581	+33.2

For a detailed summary of bank clearings in U. S., refer to the Statistical Edition of the "Chronicle," issued Mondays. For this week's summary, refer to page 49 of the Sept. 7 issue.

Prospects Dim for Early Steel Peace

Pressures on both sides to settle the steel strike, and on the government to intervene, are in the making, reports "The Iron Age."

But the metalworking weekly magazine cautions the pressures are still quite mild. When they will have any real effect is probably some time away.

Both sides are far apart on reaching any agreement, either on contract language or on economic issues.

"The Iron Age" says the union believes the steel companies have established an Oct. 1 deadline. After that date, the union believes the negotiating companies will loosen up a little in their tight position.

However, there is no deadline from the steel company side. The industry is still committed to stand united for a non-inflationary agreement to be bargained after contract changes are agreed upon. Time is not the factor.

Pressures for settlement include:

In the union:

Political effect of the shutdown on 1961 union elections; loss of wages, using up of worker nest eggs; evidence that the USW may have lost the strike and that original demands may be scaled way down.

In the companies:

Steel shortage and user pressure; a serious iron ore emergency ahead at tremendous cost; daily drain on earnings and out-of-pocket cash.

In the government:

Senate demands to "do something"; political impact on 1960 elections of too long a strike; slowup of boom, less revenue, more spending.

All elements fear the use of the Taft-Hartley injunction.

On steel market developments, "The Iron Age" says that major steel users are starting to fight a rearguard action against shutdowns threatened by fast-developing steel shortages.

Probably most critical shortage today in the tightening of cold-rolled sheets in the Midwest. While this shortage is most acute in Chicago and the Mississippi Valley, it is spreading into other metalworking centers.

As the strike goes into its ninth week, even the best-stocked steel consumers are admitting real concern over their steel supply situation.

If the strike extends beyond Sept. 15, even companies that boasted 90-day and better pre-strike inventories will be in for trouble. This is because a minimum of four weeks will drag on after the strike before steel mills will be able to make sizable deliveries.

Worst Steel Shortages to Follow Strike's End

Some of the worst steel shortages will come after the strike is over because it will take several weeks for the industry to gear up and get back into the shipping pattern, "Steel" magazine reported Sept. 7.

It would take two weeks to pour ingots, make slabs, inspect them, and get ready to roll. Preparing to process would take another week. In all, normal deliveries of product mix would not be possible until five or six weeks after the contract is signed. During that period, some consumers would be suffering.

Although automakers have big stockpiles of the steel they use in quantity, spot shortages of items used in trim may halt 1960 model runs sooner than many observers realize. Auto executives are beginning to show some interest in conversion deals because they fear slow shipments after the strike.

The steel strike was 55 days old on Labor Day, equaling the record for the longest postwar walkout in the industry. The other marathon ran from June 2 through July 26, 1952.

Cost of the present strike: Nearly $2.9 billion has been lost directly in steelworkers' wages ($562,000,000), industry sales ($1,638,000,000), taxes ($360,000,000) and other expenses $312,000,000). Add the indirect losses to railroads and other industries, and the figure could approach $5 billion.

Indications are that the two sides are at last making progress toward a settlement.

Observers point out that the strike can't continue too much longer. Soon, the whole economy will feel the effects of the steel shortage. Financial pressure is also mounting on the steelworkers even though some of the pressure is off most of the 28,000 strikers in New York state who last week became qualified to receive jobless compensation. The $1 million strike relief fund to be given the steelworkers by the AFL-CIO won't go far—it amounts to only $2 per striker.

"Steel" said some producers, fabricators, and other companies having contracts with the USW are endangered by being struck on a spot basis—either through failure to negotiate a contract extension or because of difficulties in negotiating settlements to accommodate local situations.

Others have won extensions of 30 days beyond a big steel settlement. Of 13 United Steelworker contracts with steel producers which expired Aug. 31, only one was not extended.

Some 60 basic steel firms, accounting for about 15% of the total ingot capacity are still operating. The ingot rate last week was 12% of capacity, up three-tenths of a point from the previous week's revised rate. Output was about 340,000 ingot tons. Output during August was only 1,450,000 tons (vs. 5.2 million in July and 10.9 million in June).

"Steel's price composite on No. 1 heavy melting scrap advanced 67 cents last week to $39 as a result of higher prices paid for auto offerings.

Steel Output Based on 11.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *21.0% of steel capacity for the week beginning Sept. 7, equivalent to 337,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *20.7% 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. 31 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 11.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *20.9% and production 335,000 tons. A year ago the actual weekly production was placed at 1,780,000 tons, or *110.8%.

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

Auto Industry Squared Away for Production Race

With new-model cars coming off U. S. assembly lines in steadily-increasing numbers, the industry in the week ended Sept. 5 squared off for a production race wihch is expected to outclass the '59 model boom, "Ward's Automotive Reports" said.

The trade publication noted, however that increases in the industry's currently slack volume would not begin to appear for at least another week and that near-normal production is about a month distant.

All car builders but Ford Motor Co. and GM's Cadillac division were in the '60 model act in the week under review. and five-day programming was in effect at plants throughout the nation, with many of them maintaining double shifts.

The six Buick-Olds-Pontiac plants began '60 model assembly together with Pontiac at Pontiac, Mich., Buick at Flint, Mich., and Oldsmobile at Lansing, Mich. Chrysler Corp. also turned out the first new-model De Sotos and Chryslers at plants in Detroit and Los Angeles.

Ford Motor Co. is expected to enter the '60 model race by mid-September, and Cadillac will start assembling its new cars on Sept. 8.

According to Ward's, the week's estimated automobile volume (15,004) was 18% lower than the week before (18,335). Truck building, however, showed signs of a resurgence from the changeover slump, with the estimated output (16,139) topping the previous week (15,294) by 6%. Adding impetus to the truck program was an increase in '60 model work by Dodge and an assembly buildup at Chevrolet truck plants.

The week's (period ended Sept. 5) combined car-truck production was scheduled for an estimated 31,143 units or a 7% decline from the previous week's turnout of 33,629 units. The year's car-truck volume to date is running ahead of corresponding 1958 by 48%.

Intercity Truck Tonnage 20.2% Ahead of 1958 Week

Intercity truck tonnage in the week ended Aug. 29, was 20.2% ahead of the corresponding week of 1958, the American Trucking Associations, Inc., announced. However, the increased tonnage is influenced in large measure by strike conditions in Western States last year. Truck tonnage was less than 1% ahead of that of the previous week of this year—up 0.9%.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at over 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage over a year ago in 27 localities. Six points reflected decreased tonnage from their 1958 level while reports from one metropolitan area were incomplete.

Electric Output 14.4% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 5, was estimated at 13,759,000,000 kwh., according to the Edison Electric Institute. Output decreased by 350,000,000 kwh. below that of the previous week's total of 14,109,000,000 kwh. but showed a gain of 1,734,000,000 kwh. or 14.4% above that of the comparable 1958 week.

Carloadings Down 15.1% From 1958 Week

Loading of revenue freight for the week ended Aug. 29, 1959, totaled 548,820 cars, the Association of American Railroads announced Sept. 2. This was a decrease of 97,406 cars or 15.1% below the corresponding week in 1958, and a decrease of 196,800 cars or 26.4% below the corresponding week in 1957.

Loadings in the week of Aug. 29, were 6,259 cars or 1.2% above 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. Based on these week to week estimates the cumulative loss now exceeds one million cars.

Lumber Shipments Down 2.5% From 1958 Week

Lumber shipments of 475 mills reporting to the National Lumber Trade Barometer were 1.2% above production for the week ended Aug. 28, 1959. In the same week new orders of these mills were 9.8% below production. Unfilled orders of reporting mills amounted to 40% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 18 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 2.0% above production; new orders were 1.8% above production.

Compared with the previous week ended Aug. 22, 1959, production of reporting mills was 4.8% above; shipments were 5.1%

above; new orders were 2.2% below. Compared with the corresponding week in 1958, production of reporting mills was 0.7% below; shipments were 2.5% below; and new orders were 9.3% below.

July New Business Incorporations at Record High

The number of new business incorporations in July rose slightly from June to the highest level for any July on record, reports Dun & Bradstreet, Inc. This was the 13 month in a row that a monthly record was set. The number came to 16,562 in July, up 2.5% from the prior month's 16,157 and 33.0% over the 12,454 of a year ago, the prior July record.

The number of new concerns listed for the first seven months of 1959 was 119,562, the highest for any first seven months period. There was an increase of 44.2% over the 82,933 of the comparable period a year ago.

The consensus of opinion is that much of the sharp increase in incorporations begun last Fall was due to the approval on Sept. 2, 1958 of the Technical Amendments Act which provided for tax advantages for small corporations and encouraged many small proprietorships and partnerships to incorporate. Of course, it would be difficult to estimate what proportion of the rise resulted from this legislation and how much was due to recovery from the recent recession.

Business Failures Up Considerably in Sept. 3rd Week

Commercial and industrial failures climbed to 308 in the week ended Sept. 3 from 257 in the preceding week, reported Dun & Bradstreet, Inc. The toll was the highest in 13 weeks and exceeded considerably the 191 a year ago and 208 in 1957. However, tolls in the previous two years were lowered by the Labor Day holiday which fell a week earlier. Similarly, casualties were up sharply from the prewar level of 209 in the comparable week of 1939.

Failures involving liabilities of $5,000 or more rose to 266 from 216 in the preceding week and 169 in the similar week last year. Casualties with liabilities under $5,000 edged to 42 from 41 and were almost twice as numerous as a year ago when there were 22 of this size. Liabilites exceeded $100,000 for 33 of the concerns failing during the week, as against 22 a week earlier.

Retailing casualties climbed to 163 from 129, and manufacturing to 49 from 39. Mild increases also lifted the toll among construction contractors to 46 from 40 and among commercial services to 27 from 26. In wholesale trade, mortality held steady at 23. More businesses failed than a year ago in all industry and trade groups. Retailers registered the sharpest upturn from 1958, but marked increases also occurred in construction and service lines.

Geographically, the week's rise was concentrated in five regions. The toll in the South Atlantic States jumped to 39 from 10, in the East South Central to 17 from 5, in the West South Central to 19 from 7, in the West North Central to 18 from 6, and in New England edged to 23 from 15. In contrast four regions reported declines from the previous week: Middle Atlantic casualties dipped to 82 from 87, East North Central to 47 from 50, and Pacific to 61 from 72. Casualties were considerably heavier than last year in all regions except the Mountain States.

$79,000,000,000 Spent for Food in 1958

The 12th annual report of food expenditures in U. S. A., compiled by the Topics Publishing Co. announces that the complete food bill totaled $79 billion in 1958. This huge outlay included expenditures for food sold in supermarkets, grocery chain stores, restaurants, hotels, delicatessens and the armed forces post exchanges and commissaries.

According to Richard F. Tomlinson, Vice-President of Topics Publishing Co., non-food sales in supermarkets and grocery stores included $49,000,000 in phonograph records and over $942,000,000 in health and beauty aids such as tooth paste, hair sprays and other odds and ends. The sale of magazines and newspapers also accounted for an additional $60,000,000 more of sales. "What the Public Spends" report reveals that 15.7% of every available dollar expended for personal consumption in 1958 went to supermarkets and food stores compared to 15.1% in 1957. The attainment of all these totals occurred in a recession year, with millons unemployed.

Wholesale Food Price Index Rises for Third Week in a Row

For the third consecutive week the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc. rose from the prior week. On Sept. 1 it climbed 0.3% to $5.99 from $5.97 a week earlier. There was a decline of 6.3% from the $6.39 of the comparable date a year ago.

Higher in price this week were wheat, rye, butter, sugar, cocoa, peanuts, eggs, potatoes and steers. Lower in wholesale price were flour, hams, bellies, lard, cottonseed oil and hogs.

The Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Moves Moderately Higher

Higher prices on grains, lard, sugar, butter and steers offset declines in flour, hogs, cotton and tin this week boosting the general commodity price level moderately over that of the prior week. On Sept. 4 the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 278.01 (1930-32 =100), compared with 276.27 a week earlier and 277.18 on the corresponding date a year ago.

Although trading in wheat slackened at the end of the week, prices finished slightly higher than a week earlier. Export purchases of wheat moved up, with sizable commitments made to India, Pakistan and Yugoslavia.

Both domestic and export buying of corn expanded during the week, and prices rose appreciably. Corn offerings were light, but crop prospects are good and supplies are expected to expand noticeably in the coming weeks. There was a modest rise in prices on rye and oats as trading picked up. Prices on soybeans remained close to the prior week as transactions were limited. Prices are expected to rise soon since a smaller crop is likely.

There was another slight dip in rice prices this week which stimulated trading. A rise in export inquiries occurred, with Brazil interested in sizable shipments. Rice harvesting was well underway in most growing areas.

Flour wholesalers reported a decline in new business resulting in a slight dip in prices. Sugar buying moved up and supplies in some markets were limited which helped prices climb slightly. Coffee trading during the week was limited, and prices remained close to the preceding week. The threat of a pier tie-up at the end of this month and increased interest helped cocoa prices rise moderately during the week.

Cattle receipts in Chicago rose noticeably from the prior week and trading was moderately higher; steer prices advanced fractionally from the prior week. Hog prices were down slightly on lower receipts and slow trading. There was a slight rise in lamb transactions and prices were fractionally higher.

Although cotton trading remained close to the prior week on the New York Cotton Exchange, prices dipped fractionally. United States exports of cotton amounted to 129,000 bales in July, compared with 236,000 in June and 469,000 in July 1958, according to the United States Bureau of the Census.

Advance Report on Retail Sales, July 1959

Total sales of retail stores in July were $18.2 billion, the U. S. Department of Commerce announced Aug. 10. This advance figure, after adjustment for seasonal factors and trading day differences was virtually unchanged from June and about 9% above July 1958.

The July sales figures are based on the Advance Report on Retail Trade, a monthly survey of the Bureau of the Census conducted in cooperation with a representative cross-section of about 1,700 retail firms which, in total, operate some 35,000 stores in the United States. The firms which are cooperating in the early reporting of sales are part of a larger group which furnishes figures at a later date. The advance estimates are preliminary and subject to revision, but the revision of the total seldom exceeds 1½%.

Consumer Buying Slips Below Year Ago

Extremely hot and humid weather and the effects of the steel strike held consumer buying in many areas below that of both the prior week and a year ago during the week ended this Wednesday. Year-to-year comparisons were also influenced by the earlier occurrence of Labor Day last year which a year ago stimulated earlier buying of Fall and back-to-school merchandise. The most noticeable decreases from last year occurred in apparel, furniture, and linens. Scattered reports indicate that sales of new passenger cars remained well over those of a year ago.

The total dollar volume of retail trade in the week ended Sept. 2 was from 5% to 1% below a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Mountain +2 to +6; Pacific Coast +1 to +5; East South Central 0 to +4; West South Central —1 to +3; South Atlantic —4 to 0; New England and West North Central —6 to —2; East North Central —9 to —5; Middle Atlantic —10 to —6.

Although volume in women's Summer sportswear and beachwear rose slightly over a year ago due to the hot weather, gains here were noticeably offset by declines in Fall coats and suits. Despite extensive back-to-school sales promotions, the call for children's Fall clothing was well below that of last year. Overall sales of men's apparel dipped appreciably below the similar 1958 week; sports coats and slacks fared better than did Fall coats and suits.

While the heat wave encouraged purchases of air conditioners and fans boosting sales considerably over a year ago, the buying of television sets, laundry equipment, and lamps was down noticeably; sales of refrigerators were close to year earlier levels. Sales promotions did not help furniture, floor coverings, draperies, or linens, where volume fell moderately from the similar 1958 week.

Although grocers reported marked gains from the prior week in frozen foods, ice cream, soft drinks, cold cuts, and canned fish, interest in fresh meat, poultry, dairy products, and baked goods was down moderately.

Wholesale purchases of canned goods were slow again this week, despite some increased interest in vegetables. There was a marked rise in trading in sugar, rice, and eggs, while volume in flour, butter, cheese, and fresh meat remained close to the prior week. A slight gain in the buying of frozen foods, fresh produce, poultry, and baked goods occurred.

Nationwide Department Store Sales Down 7% for Aug. 29 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Aug. 29, decreased 7% below the like period last year. In the preceding week, for Aug. 22, a decrease of 1% was reported. For the four weeks ended Aug. 29, a gain of 1% was registered and for Jan. 1 to Aug. 29, a 7% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Aug. 29 declined 14% over the like period last year. In the preceding week Aug. 22 an 11% decrease was shown. For the four weeks ended Aug. 29 a 5% loss over the same period in 1958 was recorded and Jan. 1 to Aug. 29 showed a 3% increase.

Loewi Group Offers Sta-Rite Common Stock

An underwriting syndicate headed by Loewi & Co. on Sept. 9 publicly offered 118,270 shares of common stock (par $2) of Sta-Rite Products, Inc. at $12.75 per share. Of the total 52,100 shares are offered for public sale for the account of the issuing company and 66,170 shares, representing outstanding stock, by the present holder thereof.

Sta-Rite is engaged principally in the manufacture of residential and commercial pumps and domestic water systems and their sale at wholesale directly or through subsidiary companies. It has outstanding 228,640 common shares in addition to certain other securities.

Net proceeds of the sale of additional stock by the company will be added to its general funds to replenish working capital depleted by payments for the new Delavan plant, and to provide funds to complete equipment at the new plant. A major portion of such proceeds will be applied toward reduction of short-term bank loans incurred to carry seasonal increase in accounts receivable and to temporarily finance a portion of the cost of the new plant ($1,300,000).

New Shields Office

Shields & Co., members of the New York and American Stock Exchanges, have opened a branch office on the second floor of the new Tishman Building at 666 Fifth Ave., New York City.

The office is co-managed by John B. Lynch and Frank J. Crimmins. Twelve account executives have been transferred from the firm's main office.

Now With Stern, Frank

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Paul E. Malmuth has become affiliated with Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Malmuth was formerly with Kalb, Voorhis & Co. and prior thereto was Los Angeles representative for Securities Company of Massachusetts, Incorporated.

Dean Witter Adds

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—Charles B. McGaughey has been added to the staff of Dean Witter & Co., 632 South Spring Street.

With H. C. Hudgins

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—Francis M. Hamilton and Wesley H. Harris have become associated with H. C. Hudgins & Co., 239 A Street. Mr. Hamilton was formerly with Woolrych, Currier & Carlsen, Inc.

Now With Harris, Upham

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Karl L. Falconer is now with Harris, Upham & Co., 232 Montgomery Street. He was formerly with E. F. Hutton & Company and Reynolds & Co.

Bear, Stearns Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—Ralph S. Klemperer is now affiliated with Bear, Stearns & Co., 135 South La Salle Street.

With Lorraine Blair

(Special to The Financial Chronicle)

CHICAGO, Ill.—Mary S. Wilson has joined the staff of Lorraine L. Blair, Inc., 30 North La Salle St.

Joins Vincent Newman

(Special to The Financial Chronicle)

CHICAGO, Ill.—Eben W. Erikson is now with Vincent Newman & Co., Inc., 231 South La Salle St.

With Baron, Black

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — J. Leland Anderson has joined the staff of Baron Black, Kolb and Lawrence Incorporated, 253 North Canon Drive.

Quincy Cass Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Wiro A. Schnabel has been added to the staff of Quincy Cass Associates, 727 West Seventh Street, members of the Pacific Coast Stock Exchange.

Joins Lester, Ryons

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Virginia N. Weber has become affiliated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges. Miss Weber was previously with Dempsey-Tegeler & Co.

With Paine, Webber

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—J. Ogden Mills Jr. has become connected with Paine, Webber, Jackson & Curtis, 626 South Spring Street.

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. 12	§11.9	*11.7	11.8	65.9
Equivalent to— Steel ingots and castings (net tons)	Sept. 12	§337,000	*332.000	335,000	1,780,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 28	6,821,425	6,817,125	6,807,975	6,863,335
Crude runs to stills—daily average (bbls.)	Aug. 28	¶8,362,000	8,214,000	7,997,000	7,937,000
Gasoline output (bbls.)	Aug. 28	30,162,000	29,316.000	28,948,000	28,206,000
Kerosene output (bbls.)	Aug. 28	2,121,000	2,059,000	1,699,000	1,978,000
Distillate fuel oil output (bbls.)	Aug. 28	12,854,000	13,197,000	12,046,000	11,895,000
Residual fuel oil output (bbls.)	Aug. 28	6,338,000	6,241,000	6,573,000	7,286,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	Aug. 28	183,082,000	181,422,000	186,496,000	173,470,000
Kerosene (bbls.) at	Aug. 28	31,044,000	29,948,000	29,298,000	28,624,000
Distillate fuel oil (bbls.) at	Aug. 28	159,541,000	*153,684,000	139,154,000	138,322,000
Residual fuel oil (bbls.) at	Aug. 28	56,449,000	*56,067,000	55,668,000	67,018,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 29	548,820	542,561	544,464	646,226
Revenue freight received from connections (no. of cars)	Aug. 29	491,278	486,504	480,032	544,575
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 3	$490,100,000	$293,000,000	$411,700,000	$284,377,000
Private construction	Sept. 3	332,800,000	140,200,000	197,000,000	71,569,000
Public construction	Sept. 3	157,300,000	152,800,000	214,700,000	212,808,000
State and municipal	Sept. 3	139,800,000	131,200,000	175,600,000	172,312,000
Federal	Sept. 3	17,500,000	21,600,000	39,100,000	40,496,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 29	7,255,000	*7,150,000	7,185,000	8,250,000
Pennsylvania anthracite (tons)	Aug. 29	346,000	352,000	362,000	448,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 29	138	132	121	149
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 5	13,759,000	14,109,000	13,675,000	12,025,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 3	308	257	274	191
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 1	6.196c	6.196c	6.196c	6.188c
Pig iron (per gross ton)	Sept. 1	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Sept. 1	$41.17	$40.17	$39.83	$42.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 2	31.475c	30.175c	31.050c	26.050c
Export refinery at	Sept. 2	28.775c	27.900c	26.700c	25.125c
Lead (New York) at	Sept. 2	13.000c	13.000c	12.000c	10.750c
Lead (St. Louis) at	Sept. 2	12.800c	12.800c	11.800c	10.550c
‡Zinc (delivered) at	Sept. 2	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	Sept. 2	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	Sept. 2	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Sept. 2	102.375c	102.875c	103.250c	95.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 8	81.40	81.42	83.94	89.47
Average corporate	Sept. 8	85.07	85.33	85.98	90.63
Aaa	Sept. 8	89.09	89.37	89.78	95.01
Aa	Sept. 8	86.78	87.32	87.72	93.52
A	Sept. 8	84.30	84.43	85.72	90.34
Baa	Sept. 8	80.57	80.81	81.29	84.43
Railroad Group	Sept. 8	84.30	84.43	84.81	88.81
Public Utilities Group	Sept. 8	84.30	84.68	85.33	90.77
Industrials Group	Sept. 8	86.78	87.05	88.13	92.64
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 8	4.37	4.36	4.09	3.45
Average corporate	Sept. 8	4.78	4.76	4.71	4.37
Aaa	Sept. 8	4.48	4.46	4.43	4.07
Aa	Sept. 8	4.65	4.61	4.58	4.17
A	Sept. 8	4.84	4.83	4.73	4.39
Baa	Sept. 8	5.14	5.12	5.08	4.83
Railroad Group	Sept. 8	4.84	4.83	4.80	4.50
Public Utilities Group	Sept. 8	4.84	4.81	4.76	4.36
Industrials Group	Sept. 8	4.65	4.63	4.55	4.23
MOODY'S COMMODITY INDEX	Sept. 8	386.1	384.1	380.2	392.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 29	309,620	299,462	351,802	299,431
Production (tons)	Aug. 29	323,961	320,743	331,482	307,590
Percentage of activity	Aug. 29	96	95	98	95
Unfilled orders (tons) at end of period	Aug. 29	570,415	511,267	550,614	407,334
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 4	110.36	109.35	109.33	108.75
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 14	2,405,330	2,178,290	2,580,010	1,926,830
Short sales	Aug. 14	275,690	340,910	419,430	342,410
Other sales	Aug. 14	2,064,160	1,745,160	2,123,440	1,523,970
Total sales	Aug. 14	2,339,850	2,086,070	2,542,870	1,866,380
Other transactions initiated off the floor—					
Total purchases	Aug. 14	321,400	246,810	417,850	507,930
Short sales	Aug. 14	22,000	10,900	24,100	41,400
Other sales	Aug. 14	339,210	251,980	405,730	500,450
Total sales	Aug. 14	361,210	262,880	429,830	541,850
Other transactions initiated on the floor—					
Total purchases	Aug. 14	620,946	629,596	864,624	618,410
Short sales	Aug. 14	85,630	96,410	140,560	119,710
Other sales	Aug. 14	652,075	637,783	786,092	673,046
Total sales	Aug. 14	737,705	734,193	926,652	792,756
Total round-lot transactions for account of members—					
Total purchases	Aug. 14	3,346,776	3,054,696	3,862,484	3,053,220
Short sales	Aug. 14	383,320	448,220	584,090	503,520
Other sales	Aug. 14	3,055,445	2,634,923	3,315,262	2,697,466
Total sales	Aug. 14	3,438,765	3,083,143	3,899,352	3,200,986
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. 14	1,886,071	1,674,471	1,780,171	1,223,120
Dollar value	Aug. 14	$102,677,211	$91,910,446	$92,811,252	$54,312,556
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 14	1,520,490	1,450,162	1,606,150	1,275,383
Customers' short sales	Aug. 14	15,619	7,234	6,153	5,446
Customers' other sales	Aug. 14	1,504,871	1,442,928	1,599,997	1,269,937
Dollar value	Aug. 14	$83,237,138	$77,539,779	$79,381,710	$55,131,067
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 14	381,580	371,820	433,320	434,350
Short sales	Aug. 14	------	------	------	------
Other sales	Aug. 14	381,580	371,820	433,320	434,350
Round-lot purchases by dealers— Number of shares	Aug. 14	716,360	563,640	593,870	381,420
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. 14	517,590	512,530	680,410	673,040
Other sales	Aug. 14	13,937,700	12,936,440	15,791,830	14,673,710
Total sales	Aug. 14	14,455,290	13,448,970	16,472,240	15,346,750
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 1	119.3	*119.3	119.2	118.8
Farm products	Sept. 1	87.6	87.1	87.8	92.6
Processed foods	Sept. 1	106.7	107.0	106.5	110.2
Meats	Sept. 1	96.7	97.5	96.5	106.2
All commodities other than farm and foods	Sept. 1	128.3	128.3	128.2	126.1

*Revised figure. ¶Includes 954,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BANK CREDITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of July (000's omitted)	$235,625,000	$228,581,000	$206,524,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of June (Millions of dollars):			
Manufacturing	$52,100	*$51,600	$50,200
Wholesale	12,300	12,200	12,100
Retail	24,700	24,500	24,100
Total	$89,100	$88,300	$86,400
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of August (000's omitted):			
Total U. S. construction	$1,495,000	$2,482,000	$1,621,675
Private construction	777,700	1,164,000	721,439
Public construction	717,300	1,318,000	900,236
State and municipal	540,600	983,000	733,023
Federal	176,700	335,000	167,213
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of July:			
All manufacturing (production workers)	12,456,000	*12,520,000	11,353,000
Durable goods	7,178,000	*7,246,000	6,270,000
Nondurable goods	5,278,000	*5,274,000	5,083,000
Employment indexes (1947-49 Avge.=100)—			
All manufacturing	171.4	*171.3	144.8
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	100.7	*101.2	91.8
Estimated number of employees in manufacturing industries—			
All manufacturing	16,407,000	*16,449,000	15,161,000
Durable goods	9,518,000	*9,575,000	18,496,000
Nondurable goods	6,889,000	*6,874,000	6,665,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of June:			
Death benefits	$265,700,000	$241,300,000	$229,700,000
Matured endowments	51,900,000	48,700,000	58,700,000
Disability payments	10,000,000	10,100,000	9,900,000
Annuity payments	55,800,000	52,900,000	49,600,000
Surrender values	128,600,000	119,200,000	115,800,000
Policy dividends	123,900,000	109,800,000	115,500,000
Total	$635,900,000	$582,000,000	$579,200,000
MANUFACTURERS' INVENTORIES AND SALES Month of June (millions of dollars):			
Inventories—			
Durables	$30,181	*$29,734	$28,528
Nondurables	21,903	*21,865	21,718
Total	$52,084	*$51,599	$50,246
Sales	31,256	*30,742	25,747
METAL PRICES (E. & M. J. QUOTATIONS)—August:			
Copper—			
Domestic refinery (per pound)	29.893c	30.077c	26.088c
Exports refinery (per pound)	28.270c	26.732c	25.179c
††London, prompt (per long ton)	£232.838	£220.875	£205.813
††Three months, London (per long ton)	£231.463	£221.739	£206.056
Lead—			
Common, New York (per pound)	12.286c	12.000c	10.856c
Common, East St. Louis (per pound)	12.086c	11.800c	10.656c
††London, prompt (per long ton)	£72.163	£70.250	£70.384
††Three months, London (per long ton)	£73.153	£71.060	£71.853
Zinc (per pound)—East St. Louis	11.000c	11.000c	10.000c
§§Zinc, prime Western, delivered (per pound)	11.500c	11.500c	10.500c
††Zinc, London, prompt (per long ton)	£85.297	£80.530	£63.831
††Zinc, London, three months (per long ton)	£83.972	£79.666	£64.566
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.399c	91.375c	88.625c
Silver, London (per ounce)	78.844d	78.261d	75.000d
Sterling Exchange (check)	$2.80950	$2.81165	$2.80511
Tin, New York Straits	102.327c	102.380c	94.933c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$229.381	$236.130	$237.769
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound), bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound), boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$77.000	$77.000	$61.000
Cadmium (per pound, deliver ton lots)	$1.20000	$1.20000	$1.55000
Cadmium, (small lots)	$1.30000	$1.30000	Not avail.
Cobalt, 97% grade (per pound)	$1.75000	$1.75000	$2.00000
Aluminum 99% grade ingot weighted average (per pound)	$26.800	$26.800	$26.782
Aluminum, 99% grade primary pig	$24.700	$24.700	$24.682
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MONEY IN CIRCULATION—TREASURY DEPT. As of June 30 (000's omitted)	$31,914,000	$31,638,000	$31,172,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of July (in billions):			
Total personal income	$384.1	*$383.8	$363.5
Wage and salary receipts, total	261.2	*261.7	243.2
Commodity producing industries	109.8	*110.9	97.2
Manufacturing only	86.7	*87.7	76.1
Distributing industries	68.2	*68.0	63.8
Service industries	37.3	37.2	34.8
Government	45.9	*45.6	47.4
Other labor income	10.1	10.0	9.3
Business and professional	34.8	*34.7	32.4
Farm	12.2	12.1	14.1
Rental income of persons	12.0	12.0	11.8
Dividends	13.3	13.1	12.6
Personal interest income	22.4	22.2	20.4
Transfer payments	26.5	*26.4	26.8
Less employees' contribution for social insurance	8.4	8.4	7.2
Total nonagricultural income	368.1	*367.8	345.7
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of July 15:			
All farm products	240	242	250
Crops	226	229	222
Commercial vegetables, fresh	215	213	192
Cotton	287	266	260
Feed, grains and hay	161	163	163
Food grains	200	199	192
Fruit	206	223	274
Oil-bearing crops	222	228	228
Potatoes	232	297	163
Tobacco	503	509	474
Livestock	252	252	274
Dairy products	239	229	238
Meat animals	314	329	348
Poultry and eggs	139	124	167
Wool	248	241	211
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of June (000's omitted):			
Exports	$1,425,700	$1,551,800	$1,406,300
Imports	1,369,400	1,263,800	1,031,300

¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne U. S. Duty included. ††Average of daily mean and bid and ask quotations per long at morning session of London Metal Exchange. ‡‡Increase all stocks.

Inflation—Past and Present

Continued from page 3

many substantial insurance policies.

The vanishing purchasing power of assets behind trust and endowment funds caused untold hardship to individuals who were unable to adjust themselves to the swift change; hospitals and other institutions were forced to close down. In many instances the State found itself faced with the problem of providing for the sick and elderly citizens.

Real estate afforded one measure of protection—at least in the early stages of the inflation. Buyers of properties with substantial mortgages were able to liquidate their indebtednesses with depreciated Marks at small fractions of the original contract values. If a landlord carried his mortgage to the end of the inflationary era, he satisfied it for the equivalent price of a couple of litres of milk or a pound of butter or several loaves of broad.

Real Estate Fared a Bit Better

It was not all beer and skittles for the real estate owner. He was caught later between frozen rents and laws that were liberally interpreted to protect the rentor from summary eviction and sharply rising property taxes as well as prohibitive costs of maintenance and repair. However, real estate owners did have a higher survival potential and fared relatively better than the holders of bonds, mortgages and savings deposits. At least some equity in the original investment could be realized.

Common stocks of natural resources companies (copper, coal, lead, zinc, etc.) and shares of industrial oligopolies (such industries as steel, auto, chemicals) proved the best hedges against the depreciating currency. This is not to be taken as a blanket endorsement for all common stocks: those companies with proven management ability and demontsrated earnings were the ones to weather the heavy inflation. Smaller companies, with limited working capital, found the swiftly rising costs of wages and materials an almost impossible hurdle to overcome.

Those individuals, who had the means to do so and were endowed with a certain degree of clairvoyance, bought foreign exchange and kept their funds outside of Germany. They fared best as the valuta continued to plunge lower under the onslaught of unfavorable events.

The writer has attempted to oversimplify this classic example of the erosion of a once highly regarded currency with two thoughts in mind:

(1) The thrifty, industrious segment of the population, which had accumulated savings, insurance protection and pension privileges over the years, was the most vulnerable and least able to protect itself against the ravages of inflation in any of its stages. Its interests would best be served only by a stable purchasing power of the currency.

(2) Few escaped the ultimate effects of continuing currency deterioration.

Our Earliest Experience

The United States has experienced several types of inflation. During the American Revolution, the Continental Congress, without the power to tax, turned to the printing press for funds to conduct the war effort. The Continental Currency, backed by the "integrity" of the Congress (recognized in Europe only as an outlaw revolutionary body) began to lose its exchange value in terms of food and commodities almost immediately. Tea, a staple item in the colonies, became an almost unattainable luxury; the going price for butter ranged between $10.00 and $12.00 per pound; flour, $1,200-$1,500 a barrel. Currency became unacceptable and barter was restored to as a means of exchange. In 1780, due to the efforts of Franklin and Adams in obtaining specie loans from France, Holland and Spain, the Continental Currency was funded at one-fortieth of its face value.

Despite the hardships endured by those who accepted Continental Currency in payment for goods and services, this was one of the rare instances when Government credit inflation "paid off" handsomely. It helped launch a new nation, which was subsequently to play a major role in world history.

The inflationary bubble of 1830-36 was generated by widespread speculation in Western land development. The public land mania was financed largely by a rapid expansion of State Bank credit. This period of "on the cuff" buying of public land came to an abrupt halt in 1837, when the government demanded specie payment. Swift deflation of land values followed and many over extended banks failed.

The next large scale round of inflation occurred in the Civil War period. In the early stages, Congress issued legal tender notes known as greenbacks, in the amount of $450 million. This war time government enforced type of inflation was primarily responsible for a perpendicular rise of almost 100% in the prices of commodities between 1861 and 1864. It was during this period that Chase, who was Lincoln's Secretary of the Treasury, successfully urged Congress to create the National Bank System in order to help the government finance the war by means of bond issues. Approximately 25 years elapsed before the war-borne commodity inflation was cancelled out.

When the Kaiser's armies marched into France in 1914, the gross federal debt was approximately $1¼ billion. The enormous cost of converting America to the war effort expanded our debt almost 20 times. At the close of the war, the Federal debt was approximately $25½ billion.

When Easy Credit Was Fostered

The 1920-21 commodity correction was subsequently followed by a period of excess speculation, which continued to feed upon itself and was further abetted by liberal credit as a result of the easy money policy of the Federal Reserve System. This easy credit was created by large scale Federal Reserve purchases of government securities in the open market, thereby greatly expanding the volume of loanable funds at the disposal of the member banks. Open market purchases rose from $253,896,000 on May 11, 1927 to the then huge holdings of $627,403,000 on Jan. 4, 1928, before attempt at restraint was made. It was during this period that many large office buildings and apartment hotels were constructed, that the Florida land boom expanded and collapsed and that stock market speculation carried prices to excessive levels in 1929. World-wide deflation which followed was a severe correction of the inflation which had been built up in 1914 to 1929. In the United States, economic life was paralyzed to a point where banks were closed for a very short period in 1933. The decisive steps taken by the New Deal, such as expanded use of the R. F. C. (created by Herbert Hoover), to bail out frozen assets of the long-term credit institutions (such as banks, insurance companies, title and mortgage companies), establishment of the C. C. C. which established work for 250,000 people immediately, extension of credit to debt ridden formers and railroads—all these steps helped to re-inflate the economy.

Government Intervention Comes Of Age

The concept of the Welfare State was ushered in on the American scene. A more equitable distribution of income and wealth was its dominant theme. This concept introduced an about face in the function of government; instead of acting as an impartial force or balance, it now became an active interventionist imposing controls and regulations. The laissez-faire state overnight became a social service state with a vastly expanded machinery of government agencies and bureaucrats. Balancing the budget (a bill was signed with this end in view in March 1933, reducing salaries of government employees and cutting back on benefit payments to veterans) gave way to the policy of lend and spend.

The wheels of the inflationary spiral were turning again. Despite a relative period of peace, deficit financing to support the New Deal philosophy of social service increased the national debt to approximately $39 billion just prior to the outbreak of World War II.

The vast deficit financing necessitated by World War II was not reflected for a number of years in sharp price raises due to repressive action by the government in freezing and controlling prices on a broad front. The price raising effect of the vastly augmented supply of money came into play following the peace settlement, when controls were lifted and a more "orderly" adjustment of prices could be absorbed by the economy. The adjustment has been accompanied by a series of upward price wage revisions to the present time.

During this interim (1940-1959), the Federal Budget has been in precarious balance in only isolated instances. The 1959 deficit of $12.7 billion is sure to be followed by another but considerably smaller one for the current fiscal year to end June, 1960. The Federal Budget will have been in balance only five times in 30 years! The Federal debt ceiling is presently $295 billion. The annual interest charge to support this huge figure is approximately $8¾ billion.

Both Parties Give Lip Service

Both major political parties have given lip service to budget balancing. But the political enticements of social service philosophy along with the unavoidable consequences of war financing have caused continued debt financing.

What can be done to bring spending under control? "Modification" is the key word.

Modify the farm program to reduce the outgo of the taxpayer's money for the accumulation of further unusable surpluses.

Modify the Employment Act of 1946 so that the government is not **compelled** by law to indulge in massive spending each time the economy tends to slow down for a breather. Reasonable employment instead of full employment should be the goal.

Create a central purchasing agency for the armed services to eliminate duplication and unnecessary waste of "hardware" dollars.

Put much of the spending as possible on a "Can we afford this 'now' basis." Raising taxes for current expenditures would act as an automatic brake.

Modify or eliminate the interest rate ceiling (4¼%) on long governments (over five years). This would remove the continuous inflationary impact of large scale short-term financing and help stabilize the purchasing power of the currency.

Check labor racketeering to remove hidden charges against every day consumers' items.

Balance the Federal Budget and start reducing the National debt.

Have we the moral courage and mental discipline to grapple with these compelling problems? If so, we can overcome the insidious force of inflation that is gradually but inevitably undermining the main foundation of our economic power.

Securities Salesman's Corner

BY JOHN DUTTON

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

(ARTICLE IV)

This is another in 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 Liabilities to Net Tangible Assets

Industrial and commercial business organizations with a net worth of over $250,000 should have a ratio of current liabilities to net tangible assets of not over 66⅔%. When the ratio exceeds this figure it is cause for concern and caution on the part of the analyst. Current liabilities are a call against cash and must be met in the ordinary course of business. When a company's creditors have invested more than two dollars in current liabilities for every three that the owners of the business have invested, it is readily apparent that even temporary reverses could be serious and embarrassing.

Ratios of current liabilities to tangible net worth vary in soundly financed businesses from a range of about 20% to approximately 65%. In determining tangible net worth it is also advisable to conservatively evaluate assets such as good-will and also other intangibles such as unamortized bond discounts, financing expenses, leaseholds, improvements and the like.

Ratio of Total Liabilities to Tangible Net Worth

The usefulness of this ratio (as well as that for the ratio of current liabilities to tangible net worth) is clearly indicated when you stop to consider that in order for a business to be healthy it must have sufficient capital to finance its growth. When any business has too large a percentage tied up in long-term debts, the proceeds of which have been invested primarily in heavy fixed assets, the drain on earnings caused by high depreciation charges, interest, and taxes places such a company at a competitive disadvantage.

Operating earnings can only be generated by increased sales, and larger profit margins brought about by managerial efficiencies, or both. Increased sales require increased working capital. When a business has combined current and long-term debts that equal or exceed net tangible working capital (in other words where the creditors have invested as much or more than the owners), it is time to take stock of the situation and look with suspicion on any increase in this ratio. With the exception of certain lines of activity where great sums must be invested in equipment such as the utilities and railroads, most properly and soundly financed concerns maintain a ratio of much less than one to one in respect to total liabilities vs. tangible net worth.

Studies of both these ratios can readily be determined for various lines of endeavor. Both ratios are basically important and when net worth increases less rapidly than debt the analyst can usually find other signs of weakness that portend future problems for such a company.

Ratio of Fixed Assets to Net Worth

Another ratio of value in determining the internal financial conditions of a company is obtained through a comparison between the ratio of fixed assets to tangible net worth as disclosed by the annual statements. As a general rule the less amount invested in non-productive fixed assets the better, especially for companies dealing in the production, conversion, and distribution of raw materials and finished products. The exception would be real estate holding companies, land companies, and companies dealing in fixed assets.

This ratio is obtained by dividing the depreciated value of the fixed assets by the tangible net worth. This ratio should remain fairly constant from year to year and as depreciation takes its toll the amount invested in fixed assets should decline from year to year. Additions thereto are reflected by increases in the tangible net worth or in the long-term liability account or both.

Although the average ratio varies for different lines of business engaged in manufacturing, wholesaling and retailing, careful scrutiny should be observed when the ratio of fixed assets to tangible net worth exceeds 75%.

A business that has kept its investments in fixed assets at the lowest possible figure is in a much better competitive position due to smaller depreciation charges, taxes, insurance charges and interest costs than that where large sums are invested in the ownership of sometimes non-productive real estate and superfluous equipment.

Joins Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Richard K. Friedman is now connected with Eastman Dillon, Union Securities & Co., Union Commerce Building.

Vercoe Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Edward J. Mahle has been added to the staff of Vercoe & Co., Huntington Bank Building, members of the New York Stock Exchange.

With Hunter, Prugh

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio—Alfred J. Baille has joined the staff of Hunter, Prugh, Ball & Davidson, Inc., Winters Bank Building.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio — Thomas K. Treon is now with Merrill Lynch, Pierce, Fenner & Smith Inc., 616 Madison Avenue.

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. (9/28-10/2)**
July 24 filed 200,000 shares of common stock (par 25c), of which 150,000 shares will be offered for public sale for the account of the company, and 50,000 shares will be offered for the accounts of the present holders thereof. **Price**—$6 per share. **Proceeds**—For general corporate purposes, including additional personnel, office space, equipment, and the provision of funds necessary to compete for certain contracts. **Office**—2949 Long Beach Road, Oceanside, L. I., N. Y. **Underwriter** — Myron A. Lomasney & Co., New York.

Aid Investment & Discount, Inc. (8/24)
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.

★ **Airtronics International Corp. of Florida**
Aug. 31 (letter of notification) 109,090 shares of common stock (par 10 cents). **Price**—$2.75 per share. **Proceeds**—To be used to pay off loan and increase working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

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.

★ **Alaska Title Guaranty Co., Anchorage, Alaska**
Aug. 31 (letter of notification) 5,400 shares of common stock (par $10). **Price**—$50 per share. **Proceeds**—To be deposited in paid-in capital, developing title plant, purchase furniture and equipment and for working capital. **Underwriter**—None.

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.**
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. Statement to be withdrawn and a new one filed.

★ **Allied Radio Corp. (10/6)**
Sept. 3 filed 333,335 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—100 North Western Ave., Chicago, Illinois. **Underwriter** — White, Weld & Co., New York.

● **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. Statement effective Aug. 25.

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. (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 Hospital Supply Corp.**
April 20 filed 20,610 shares of common stock (par $2) being 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. Statement withdrawn Aug. 19.

American States Insurance Co. (9/15-30)
Aug. 3 filed 108,144 shares of class A stock (par $1) limited voting, to be offered for subscription by holders of outstanding class A and class B stock at the rate of one additional share for each four shares of class A and class B stock held as of the record date. **Price**—To be supplied by amendment. **Proceeds** — To be added to the general funds of the company. **Office**—542 North Meridian Street, Indianapolis, Ind. **Underwriter**—City Securities Corp., Indianapolis, Ind.

Ampal-American Israel Corp.
July 30 filed $3,000,000 of five-year 5% sinking fund debentures, series G, due 1964, and $3,000,000 of 10-year 6% sinking fund debentures, series H, due 1969. **Price**—At 100% of principal amount. **Proceeds**—To develop and expand various enterprises in Israel. **Office**—17 E. 71st Street, New York. **Underwriter**—None. **Offering**—Expected sometime during September.

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.

★ **Aurora Plastics Corp. (10/5-9)**
Sept. 2 filed 225,000 shares of common stock (par $1) of which 150,000 shares are to be sold for the account of the issuing company, and 75,000 shares for selling stock holders. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including the purchase of additional equipment and raw material, and for additional working capital. **Office**—44 Cherry Valley Road, West Hempstead, L. I., N. Y. **Underwriter**—Burnham & Co., New York.

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.

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.

● **BBM 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.

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.

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.

★ **Biochemical Procedures, Inc.**
Sept. 9 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and additional working capital. **Office**—Los Angeles, Calif. **Underwriter**—Shields & Co., New York.

★ **Bluebird Mining Co.**
Aug. 31 (letter of notification) 134,166 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—8722-28th Avenue, N. W., Seattle 7, Wash. **Underwriter**—None.

● **Bostic Concrete Co., Inc. (9/14-18)**
June 19 (letter of notification) $250,000 of 8% convertible debentures due July 1, 1969 and 10,000 shares of class A common stock (par $1) to be offered in units of one $500 debenture and 20 shares of class A common stock.

Price—$600 per unit. **Proceeds**—To pay obligations and for working capital. **Office** — 1205 Oil Centre Station, Lafayette, La. **Underwriter**—Syle & Co., New York, N. Y.

★ Boston Edison Co. (9/30)
Sept. 4 filed $15,000,000 of first mortgage bonds series G, due 1989. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Lehman Brothers; White, Weld & Co. **Bids**—Expected to be received on Sept. 30.

★ Boston Edison Co. (9/25)
Sept. 4 filed 271,553 shares of common stock (par $25) to be offered for subscription by holders of outstanding common stock of record Sept. 25, 1959, at the rate of one new share for each ten shares held; rights to expire on Oct. 13, 1959. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank debt. **Office**—182 Tremont St., Boston, Mass. **Underwriter** — The First Boston Corp., New York.

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. 18 filed 1,500,000 shares of class A stock (par $1) and 225,000 shares of class B stock (60c par). The 225,000 shares of class B stock are not being offered for sale, but may be issued as commission in connection with the distribution of the class A stock. **Price**—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.

● 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. **Offering** — Expected any day.

★ Celebrity Register, Ltd.
Sept. 3 (letter of notification) 80 shares of series B preferred stock (no par). **Price**—$1,000 per share. **Proceeds**—For writing, compiling, editing, printing, publishing and distributing a book or compendium contain-

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NEW ISSUE CALENDAR

September 10 (Thursday)
Union Electric Co.________________Common
(Bids to be invited) 1,036,602 shares

September 11 (Friday)
Nord Photocopy & Business Equip. Corp.__Common
(Myron A. Lomasney & Co.) $500,000

September 14 (Monday)
Albertson's, Inc.________________Common
(J. A. Hogle & Co.) 200,000 shares
Bostic Concrete Co., Inc.________Debens. & Common
(Syle & Co.) $300,000
Central Corp.________________Common
(Arnold Malkan & Co.) $600,000
Control Data Corp.________________Common
(Offering to stockholders—underwritten by Dean Witter & Co.) 97,594 shares
First Philadelphia Corp.________________Common
(First Philadelphia Corp.) $300,000
Florida Palm-Aire Corp.________________Common
(Hardy & Co. and Goodbody & Co.) $1,780,000
Foto-Video Laboratories, Inc.________________Common
(Arnold Malkan Co.) $300,000
Key Color Studios, Inc.________Debens. & Common
(No underwriter) $250,000
Matronics, Inc.________________Common
(Vermilye Brothers) $750,000
National Cleveland Corp.________________Debentures
(Merrill, Turben & Co., Inc. and Loewi & Co., Inc.) $600,000
Pacific Finance Corp.________________Common
(Blyth & Co., Inc. and Hornblower & Weeks) 160,000 shares
Southern New England Telephone Co.________Common
(Offering to stockholders—no underwriting) $24,115,000
Tex-Star Oil & Gas Corp.________________Debentures
(Stroud & Co., Inc. and Auchincloss, Parker & Redpath) $1,000,000

September 15 (Tuesday)
American President Lines, Inc.________________Bonds
(Lehman Brothers) $14,400,000
American States Insurance Co.________________Common
(Offering to stockholders—underwritten by City Securities Corp.) 108,144 shares
Concert Network, Inc.________________Common
(R. A. Holman & Co., Inc.) $156,250
Entron, Inc.________________Common
(Alkow & Co., Inc.; James Anthony Securities Corp.; and F. W. Schwerin & Co.) $1,000,000
Georgia-Bonded Fibers, Inc.________________Common
(Sandkuhl & Co., Inc.) $300,000
Heritage Corp. of New York________________Common
(Golkin, Bomback & Co.) $300,000
Hooker Chemical Corp.________________Debentures
(Offering to stockholders—underwritten by Smith, Barney & Co.) $25,000,000
Photronics Corp.________________Common
(M. H. Woodhill, Inc.) $300,000
Radio Frequency Co., Inc.________________Common
(Myron A. Lomasney & 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

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 18 (Friday)
Consolidated Development Corp.________________Common
(H. Kook & Co., Inc.) 150,000 shares

September 21 (Monday)
Belco Petroleum Corp.______Debentures & Common
(White, Weld & Co. and Goldman, Sachs & Co.) $7,200,000
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
Dynex, Inc.________________Common
(Myron A. Lomasney & Co.) $600,000
Eichler Homes, Inc.________________Common
(J. S. Strauss & Co. and York & Co.) 75,800 shares
Fair Lanes, Inc.________________Common
(R. S. Dickson & Co. and Alex. Brown & Sons) 120,000 shares
Long Mile Rubber Co.________________Debentures
(Scherck, Richter & Co.; Burnham & Co. and S. D. Lunt & Co.) $1,500,000
Magnuson Properties, Inc.______Preferred & Class A
(Blair & Co., Inc.) 150,000 shares of each
Narda Microwave Corp.________________Common
(Milton D. Blauner & Co., Inc.) 50,000 shares
Navco Electronic Industries, Inc.________________Common
(Aetna Securities Corp.) $285,600
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
Waddell & Reed, Inc.________________Common
(Kidder, Peabody & Co.) 80,000 shares

September 22 (Tuesday)
Beverages Bottling Corp.________________Common
(Financial Management, Inc.) $300,000
Construction Products Corp.________________Common
(Clayton Securities Corp.) $750,000
Electro-Sonic Laboratories, Inc.________________Common
(L. D. Sherman & Co.) $300,000
Heublein, Inc.________________Common
(Glore, Forgan & Co.) 425,000 shares

September 23 (Wednesday)
Edward Steel Corp.________________Common
(Charles Plohn & Co.) $700,000
Fredonia Pickle Co., Inc.________________Common
(Summit Securities, Inc.) $300,000
Harnischfeger Corp.________________Common
(The First Boston Corp.) 200,000 shares
Space Components, Inc.________________Common
(Bertner Bros. and Earl Edden Co.) $200,000

September 24 (Thursday)
Aid Investment & Discount, Inc.________________Notes
(Paine, Webber, Jackson & Curtis) $1,000,000
Manpower, Inc.________________Common
(Smith, Barney & Co.) 150,000 shares
Sylvania Electric Products, Inc.________Debentures
(Paine, Webber, Jackson & Curtis and Halsey, Stuart & Co. Inc.) $25,000,000
Technical Materiel Corp.________________Common
(Kidder, Peabody & Co., Inc.) 80,000 shares
York Research Corp.________________Class A
(Myron A. Lomasney & Co.) $450,000

September 25 (Friday)
Boston Edison Co.________________Common
(Offering to stockholders—underwritten by The First Boston Corp.) 271,553 shares

September 28 (Monday)
Acme Missiles & Construction Corp.______Common
(Myron A. Lomasney & Co.) $1,200,000
Buckingham Transportation Inc.________________Common
(Cruttenden, Podesta & Co.) 250,000 shares
Gateway Airlines, Inc.________________Common
(Dunne & Co.) $600,000
Guerdon Industries, Inc.________________Common
(Blair & Co., Inc.) 400,000 shares
Jostens, Inc.________________Common
(A. G. Becker & Co.) 290,035 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
United Utilities, Inc.________________Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) 229,606 shares

September 30 (Wednesday)
BBM Photocopy Manufacturing Corp.______Common
(Myron A. Lomasney & Co.) $300,000
Boston Edison Co.________________Bonds
(Bids to be invited) $15,000,000
Missouri Pacific R.R.________Equip. Trust Ctfs.
(Bids to be invited) $3,225,000
National Co., Inc.________________Common
(White, Weld & Co.) 200,000 shares

October 5 (Monday)
Aurora Plastics Corp.________________Common
(Burnham & Co.) 225,000 shares
Colonial Corp. of America________________Common
(Bear, Stearns & Co.) 120,000 shares
MCA, Inc.________________Common
(Lehman Brothers) 400,000 shares
Pantasote Co.________________Debentures
(Blair & Co., Inc.) $2,700,000

October 6 (Tuesday)
Allied Radio Corp.________________Common
(White, Weld & Co.) 333,335 shares
Electronic Communications, Inc.________Debentures
(Laird & Co., Corp.) $5,000,000
Zale Jewelry Co., Inc.________________Common
(Goldman, Sachs & Co., and Eppler Guerin & Turner, Inc.) 108,989 shares

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)
Dow Chemical Co.________________Common
(Offering to employees) 120,000 shares
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

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ing names and information and comment concerning celebrated or renowned contemporary persons throughout the world. **Office**—140 W. 57th St., New York, N. Y. **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 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.

★ **Chance Vought Aircraft, Inc., Dallas, Tex.**
Sept. 8 filed 57,354 shares of common stock for issuance upon the exercise of options granted or to be granted under the company's Employee Stock Option Plan.

China Telephone Co., South China, Maine
Aug. 7 (letter of notification) 2,000 shares of preferred stock to be offered for subscription by stockholders and the company's subscribers; unsubscribed shares to the public. **Price**—At par ($25 per share). **Proceeds**—To install a dial exchange at East Vassalboro, Maine; to construct a cable; to repay notes, etc. **Underwriter**—None.

Citizens' Acceptance Corp.
June 29 filed $600,000 of series F 6% five-year subordinated debentures, to be offered to the present holders of the company's subordinated debentures in exchange, at face value, on the maturity dates of those securities so long as there are bonds remaining unsold in this offering. No bonds will be reserved for this exchange offering. **Price**—100% of principal amount. **Proceeds**—To increase or maintain the working capital of the company but will be initially applied to the reduction of short-term notes due within one year. Part of the proceeds may also be used to retire outstanding subordinated debentures not exchanged. **Office**—Georgetown, Del. **Underwriter**—None.

● **City Discount & Loan Co.**
July 30 (letter of notification) 120,000 shares of common stock (no par). **Price**—$2.50 per share. **Proceeds**—For working capital. **Office**—1005 Northeast Broadway, Portland, Ore. **Underwriter**—R. G. Williams & Co., Inc., New York, N. Y. has withdrawn as underwriter.

● **Collier Acres, Inc., Miami Beach, Fla.**
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. **Offering**—Expected this week.

★ **Colonial Corp. of America (10/5-9)**
Sept. 3 filed 120,000 shares of common stock (par $1), of which 60,000 shares are to be offered for account of the company, and 60,000 shares for account of a selling stockholder. **Price** — To be supplied by amendment. **Proceeds**—For working capital to finance current and future expansion. **Office**—Woodbury, Tenn. **Underwriter**—Bear, Stearns & Co., New York.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price**—$205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 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.

★ **Computer Services, Inc.**
Sept. 3 (letter of notification) $150,000 of 6½% convertible debentures. **Price**—At par. **Proceeds**—For payment of short-term indebtedness and prepayment of unsecured notes; cost of completing, installation and working capital. **Office**—25 Honeck Street, Englewood, N. J. **Underwriter**—None.

● **Concert Network, Inc. (9/15)**
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. (9/18)**
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. (9/22)**
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. (9/14)**
Aug. 17 filed 99,594 shares of common stock (par 50 cents) to be offered to common stockholders of record Sept. 14, 1959, on the basis of one new share for each eight shares then held, with an oversubscription privilege; rights to expire on or about Oct. 5. **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.

★ **Dow Chemical Co. (10/12)**
Sept. 3 filed 120,000 shares of common stock to be offered for sale to employees of company and certain of its subsidiary and associated companies. Subscriptions will be accepted from Oct. 12 through Oct. 30. **Price**—To be announced on Sept. 30.

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. (9/21-25)**
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. (9/23)**
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 which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, 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. (9/22)**
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.

Electronautics Corp.
Aug. 27 (letter of notification) 20,000 shares of common stock (no par). **Price** — $5 per share. **Proceeds** — For equipment and leasehold improvements, inventory and receivables and working capital. **Office**—Room 729, 10 Post Office Square, Boston, Mass. **Underwriter**—None.

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.

● **Empire Financial Corp.**
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. **Offering**—Expected this week.

● Entron, Inc. (9/15)
July 13 filed 200,000 shares of common stock (par 10¢). **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, Mr. **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.

★ Faradyne Electronics Corp.
Sept. 1 filed 230,000 shares of common stock (par five cents) of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—For general corporate purposes, including plant expansion, improvement and equipment. **Office** — 744 Broad St., Newark, N. J. **Underwriter**—Schrijver & Co., New York. **Offering**—Expected in late September.

Fidelity Investment Corp., Phoenix, Ariz.
June 29 filed 1,799,186 shares of class A common stock, of which 1,700,000 shares are to be offered publicly, and the remaining 99,186 shares have been subscribed for in consideration for services rendered in organizing the company as an incentive to management. The company has agreed to issue to the organizers 200,000 shares of class B common stock; and 100,000 class B shares have been set aside for issuance to keep personnel other than the organizers. **Price**—To public, $3 per share. **Proceeds**—To be applied to pay interest due on properties and to purchase new properties and for working capital. **Underwriter**—None.

Financial Industrial Income Fund, Inc.
July 22 filed 1,000,000 shares of common capital stock. **Price**—At market. **Proceeds**—For investment. **Office**—950 Broadway, Denver, Colo. **General Distributor**—FIF Management Corp., Denver, Colo.

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix.

● First Philadelphia Corp. (9/14-24)
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.

Flintkote Co., New York
Aug. 28 filed 324,433 shares of common stock, of which 9,188 shares are reserved for options, and 315,295 shares are 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., Allen & Co. and Goodbody & Co., all of New York.

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.

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.

★ Gennaro Industries, Inc.
Aug. 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For additional plant, equipment, retirement of outstanding notes and payables and working capital. **Office**—337 E. Diamond Avenue, 17th & Hayes Street, Hazelton, Pa. **Underwriter**—Reilly, Hoffman & Co., Inc., New York, N. Y. **Offering**—Expected in the latter part of September.

● Georgia-Bonded Fibers, Inc. (9/15)
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.

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 Slate Products Corp.
Aug. 28 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To build, excavate, for purchase of machinery and equipment, inventory and working capital. **Office**—Wind Gap, Northampton County, Pa. **Underwriter**—None.

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.

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 on the American Stock Exchange 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

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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**—702 American Bank Building, Portland 5, Ore. **Underwriter**—D. Earle Hensley Co., Inc., 4444 California Avenue, Seattle, Wash.

● **Heritage Corp. of New York (9/15)**
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.

★ **Hickok Electrical Co.**
Sept. 9 filed $500,000 of convertible subordinated debentures, due 1974, together with 100,000 shares of class A common capital stock, of which 90,000 shares are to be publicly offered, and 10,000 shares offered to employees. (Any unsubscribed shares will be offered to public.) **Price**—For the debentures; at 100% of principal amount. For the stock; to be supplied by amendment. **Proceeds**—For retirement of bank loans, for the construction of laboratories, and for working capital. **Office**—Cleveland, Ohio. **Underwriter**—Hayden, Miller & Co., Cleveland, Ohio.

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. (9/15-16)**
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.

★ **Horace Mann Fund, Inc., Springfield, Ill.**
Sept. 8 filed (by amendment) an additional 300,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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. Statement effective Sept. 1.

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.

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.**
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. **Offering**—Expected today (Sept. 10).

● **Jostens, Inc. (9/28-10/2)**
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.

★ **Kansas Power & Light Co.**
Sept. 3 filed 68,413 shares of common stock, to be offered to eligible employees and officers pursuant to the company's Restricted Stock Option Plan. **Office** — 800 Kansas Avenue, Topeka, Kan.

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. (9/14-18)**
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** — 26 Windsor Ave., Mineola, L. I. **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. Statement effective Sept. 1.

● **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 (with a 15-day standby). **Price** — $4 per share to stockholders; $5 to public. **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. (9/21-25)**
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.

★ **Los Angeles Airways, Inc.**
Aug. 28 (letter of notification) 1,000 shares of common stock (par $10). **Price**—$94 per share. **Proceeds**—To go to a selling stockholder. **Office**—5901 W. Imperial Highway, Los Angeles 45, Calif. **Underwriter**—Dean Witter & Co., Los Angeles, Calif.

● **Lytton Financial Corp.**
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. **Offering** — Expected today (Sept. 10).

★ **MCA, Inc. (10/5-9)**
Sept. 8 filed 400,000 shares of com. stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank indebtedness and for working capital. **Business**—Engaged in the production and distribution of filmed series for television, etc. **Underwriter**—Lehman Brothers, New York.

● **Magnuson Properties, Inc. (9/21-25)**
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. (9/24)**
Sept. 2 filed 150,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Business**—Provides temporary help services for a comprehensive range of business requirements. **Office**—820 North Plankington Ave., Milwaukee, Wis. **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.

★ **Mercantile Credit Corp.**
Sept. 1 (letter of notification) 75,000 shares of common stock (par value 10 cents) and $100,000 of 6% five-year convertible debentures in denominations of $100, $500 and $1,000 each. **Price**—For the common stock, $2 per share. **Proceeds** — For working capital. **Office** — 940 Riato Bldg., Kansas City, Mo. **Underwriter**—McDonald Evans & Co., Kansas City, Mo.

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.

★ **Missile Systems Corp.**
Aug. 28 (letter of notification) 63,000 shares of common stock (par 10 cents). **Price**—$4.75 per share. **Proceeds**—To repay short-term bank notes; to purchase equipment and for working capital. **Office** — 11949 Vose Street, North Hollywood, Calif. **Underwriters**—J. A. Hogle & Co., New York, N. Y. and Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa.

★ **Missouri Placer Co.**
Aug. 25 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For equipment and working capital. **Office**—5619½ E. Beverly Boulevard, Los Angeles, Calif. **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.

★ **N. A. Building Associates**
Sept. 4 filed $2,120,000 of Participations in Partnership Interests in Associates. **Price**—$10,000 per unit. **Proceeds**—To supply the cash and incidental expenses necessary to the purchase of the National Association Building, 25 West 43rd St., New York. **Office**—60 East 42nd St., New York. **Underwriter**—None.

● **Narda Microwave Corp. (9/21-25)**
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. (9/30-10/1)**
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 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. Statement may be withdrawn during week of Sept. 14 and new statement is to be filed.

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.

● **Navco Electronic Industries, Inc. (9/21-25)**
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.

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.**
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 Sept. 4 was 85 cents. **Proceeds**—To selling stockholder. **Office**—244 Bay Street, Toronto, Canada. **Underwriter**—Willis E. Burnside & Co., Inc., New York. **Offering**—Expected this week.

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. (9/11)**
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 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.

★ **North Carolina Telephone Co.**
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

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. (9/14-15)**
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.**
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. **Offering**—Expected today (Sept. 10).

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. (10/5-9)**
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. (9/15-16)**
June 9 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—Purchase and installation of machinery; electronic and optical test equipment; purchase and installation of fixtures and for working capital. **Office** — c/o McNabb, Sommerfield & James, 40 Exchange Place, New York, N. Y. **Underwriter**—M. H. Woodhill, Inc., New York, N. Y.

Porce-Alume, Inc.
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.

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.

★ **Radiant Lamp & Electronics Corp.**
Sept. 4 filed $250,000 of 6% ten-year subordinated convertible sinking fund debentures, series II, due Oct. 15, 1969, and 120,000 shares of class A stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—To acquire Radiant Lamp Corp., of Newark, N. J., with the balance to be used as working capital. **Office**—40 Washington Place, Kearney, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

★ **Radiation Dynamics Inc., Westbury, N. Y.**
Sept. 8 filed 25,000 shares of common stock. The company proposes to offer to its stockholders the right to subscribe to 11,325 shares at $10 per share, with warrants to purchase an equal number of common shares at $12.50 per share, on the basis of one new share for each four shares held. Hayden Stone & Co. has agreed to purchase 2,500 shares for its own account and to use its best efforts to place 11,176 shares with certain selected investors at $10 per share, with warrants to purchase an equal number of shares at $12.50 per share. **Proceeds**—For working capital.

★ **Radiation Dynamics, Inc.**
Sept. 8 filed 30,000 shares of common stock with underlying warrants heretofore issued to some of the company's stockholders to purchase such stock at $5 per share.

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. (9/15)**
Aug. 12 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For

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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.

★ **Raymond Service, Inc.**
Sept. 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For machinery and equipment; retiring current indebtedness; a sales development program and working capital. **Office**—36-40 37th Street, Long Island City, L. I., N. Y. **Underwriter**—The James Co., New York, N. Y. **Offering**—Expected in the early part of October.

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.

★ **Reliance Life & Accident Insurance Co. of America**
Aug. 31 (letter of notification) 150,698 shares of common stock (no par) to be offered to stockholders of record Aug. 31, 1959 on the basis of one new share for each 2⅛ shares then held; rights to expire on Sept. 16, 1959. **Price**—$1.99 per share. **Proceeds**—For indebtedness of property and for development. **Office**—505 North Ervay St., Dallas, Texas. **Underwriter**—None.

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.

★ **Rondout Corp.**
Sept. 4 filed 155,000 shares of common stock, of which 140,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—To buy the capital stock of Rondout Paper Mills, Inc., and to purchase notes of said company, currently held by Arrowsmith Paper Corp., with the balance to be used for general corporate purposes, including working capital. **Office**—785 Park Ave., New York, the address of the corporation as given in the registration statement, is the home address of Leif B. Norstrand, President of the issuing company. Pursuant to the contemplated merger of Rondout Paper Mills, Inc. into Rondout Corp., it is anticipated that Rondout Corp., as the surviving company, will conduct its business from 41 E. 42nd St., New York, the present office of Rondout Paper Mills, Inc. **Underwriters** — Sandkuhl & Co., Inc., Newark, N. J.; and S. B. Cantor Co. and First Philadelphia Corp., both of New York. **Offering**—Expected sometime in October.

Roto-American Corp.
Aug. 28 (letter of notification) 80,000 shares of common stock. **Price**—$3.75 per share. **Proceeds**—To redeem preferred 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.

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.

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.

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 October.

Skaggs Leasing Corp.
June 4 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Harrison S. Brothers & Co., Salt Lake City, Utah.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
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. **Offering**—Expected in late September.

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.

★ **Springfield Fire & Marine Insurance Co.**
Aug. 25 (letter of notification) an undetermined number of shares of common stock (par $2) to be offered under a Stock Purchase Plan for Employees of the Springfield-Monarch Insurance Companies. **Price**—At an average price paid by the trustee per share of stock in each quarterly period. **Proceeds**—To purchase stock. **Office**—c/o Howard S. Bush, 210 Springfield Street, Wilbraham, Mass. **Underwriter**—None.

★ **Standard Beryllium Corp.**
Sept. 3 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—150 E. 43rd St., New York 17, N. Y. **Underwriter**—R. G. Williams & Co., Inc., New York, N. Y.

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. (9/24-29)**
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. (9/24)**
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. (9/14)**
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.

★ **Texaco Inc.**
Sept. 2 filed 5-177,688 shares of capital stock, to constitute part of the total of 10,134,336 of such shares to be exchanged for the total assets of The Superior Oil Co. pursuant to an agreement dated Aug. 10, 1959.

● **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). **Proceeds**—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. **Offering**—Expected early in October.

● **Textron Electronics Co.**
Aug. 3 filed 500,000 shares of outstanding common stock, being 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. **Pirce**—$7.50 per share. **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.

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.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price** — $10.75 per share. **Proceeds** — For investment. **Office**—South Main Street, Greenville, S. C. **Underwriter**—To be supplied by amendment.

Tungsten Mountain Mining Co.
May 21 (letter of notification) $100,000 principal amount of 7% first mortgage convertible bonds, to be offered in denominations of $500 and $1,000 each. **Price**—100% of principal amount. **Proceeds**—For construction, installation of machinery and equipment and working capital. **Office**—511 Securities Building, Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., Seattle 4, Wash.

Union 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 Credit Corp., Rapid City, S. D.**
Aug. 27 (letter of notification) 149,482 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Underwriter**—None.

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 Funds, Inc.**
Sept. 8 filed (by amendment) an additional $15,000,000 of series "E" certificates and $10,000,000 of series "F" certificates. **Price**—At market. **Proceeds**—For investment.

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.**
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.

★ **U. S. Home & Development Corp.**
Sept. 3 (letter of notification) 99,933 shares of class A capital stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For construction of real estate developments. **Office** — 52 Neil Ave., Lakewood, N. J. **Underwriter** — Sandkuhl & Co., Inc., 1180 Raymond Blvd., Raymond-Commerce Bldg., Newark 2, N. J.

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; rights to expire on or about Oct. 12. **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 Gibralter 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.

● **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 late in September.

Vulcan Materials Co., Inc.
June 29 filed 10,000 shares of 6¼% cumulative preferred stock and 560,000 shares of common stock, to be offered to the stockholders of Ralph E. Mills Co., Talbott Construction Corp. and Talco Constructors, Inc., in exchange for all the outstanding capital stock of these three corporations, and to the owner of Sherman Concrete Pipe Co., Chattanooga, Tenn., for the business and assets of that company. **Office**—Mountain Brook, Ala. Statement became effective on July 20.

Waddell & Reed, Inc. (9/21-25)
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.**
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. **Offering** — Expected this week.

West Coast Telephone Co. (9/15)
Aug. 13 filed 135,000 shares of common stock (par $10), of which 10,000 shares are to be offered to employees under the company's Employee Stock Option Plan, and 125,000 shares offered for public sale. **Price**—To be supplied by amendment. **Proceeds**—For construction, including the repayment of about $800,000 of bank loans already incurred for this purpose. **Office**—1744 California St., Everett, Wash. **Underwriter**—Blyth & Co., Inc., Los Angeles and New York.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

● **West Florida Natural Gas Co.**
Aug. 31 filed $837,200 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.

★ **Whitehouse, Inc.**
Aug. 31 (letter of notification) 250,000 shares of common stock (par 50 cents). **Price**—$1.20 per share, being offered only to boat dealers, business associates, and employees. **Proceeds**—To increase working capital and retire indebtedness. **Office**—Rt. 3, Box 219, Fort Worth, Tex. **Underwriter**—None.

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. (9/24)**
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.

★ **Zale Jewelry Co., Inc. (10/6)**
Sept. 4 filed 108,989 shares of common stock (par $1), of which 20,000 shares will be offered by the company directly to its employees and the remaining 88,989 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment.
Proceeds—To selling stockholders. **Business**—Operates the largest chain of jewelry stores in the United States. **Underwriters**—Goldman, Sachs & Co., New York, and Eppler, Guerin & Turner, Inc., Dallas, Texas.

Prospective Offerings

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.

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★ American President Lines, Inc. (9/15)
Sept. 9 it was announced company plans to issue and sell $14,400,000 of U. S. Government insured Merchant Marine Bonds. **Proceeds**—To finance construction of two cargo vessels, the President Lincoln and the President Roosevelt. **Underwriter**—Lehman Brothers, New York.

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.

● 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., New York City. **Registration**—Expected sometime in September.

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. **Registration** —Expected sometime in October.

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.

★ Bridgeport Gas Co.
Sept. 9 it was announced that stockholders will be asked on Oct. 27 to approve the issuance of about $1,100,000 in new common stock to stockholders in the ratio of one new share for each seven shares held. **Proceeds** — To reimburse the company's treasury for expansion and expenditures. **Underwriter**—Previous financing was arranged through Smith, Ramsey & Co., Inc., Bridgeport, Conn.

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. (9/28)
July 17 the company sought ICC approval for the issuance of 250,000 shares of class A common stock (par $1). **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill. **Price**—$10 per share. **New Name**—The company's name will be changed to Buckingham Freight Lines.

★ California Liquid Gas Co.
Sept. 9 it was reported that this company plans early registration of a common stock offering. **Underwriter**—Kidder, Peabody & Co., New York.

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. **Bids**—Expected sometime in October. **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.

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).

★ Cracker Barrel Supermarkets, Inc.
Sept. 9 it was reported plans an early regulation "A" filing of 120,000 shares of common stock. **Underwriter**—Diran, Norman & Co., New York.

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 sometime this Fall.

★ Dit-Mco, Inc., Kansas City, Mo.
Sept. 9 it was reported that this company plans early registration of 35,000 shares of common stock. **Business** —Manufactures electric circuit analyzers. **Underwriters** —Barret, Fitch, North & Co., Inc. and Midland Securities Co., Inc., both of Kansas City, Mo.

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 any day.

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.

★ Missouri Pacific RR. (9/30)
Bids will be received by the company for the purchase from it of $3,225,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salamon Bros. & Hutzler.

★ National Bellas Hess, Inc.
Sept. 9 it was reported that the company is considering the issuance and sale of $5,000,000 of convertible debentures. The conversion feature of the proposed debenture issue would require more than than 334,393 uncommitted shares now available. Stockholders will consider on Sept. 29 a proposal to increase the present 3,000,000 shares of common stock now authorized to 4,000,000. shares. **Proceeds** — For general corporate purposes. **Underwriter** — The company's last previous financing consisted of $3,000,000 of 15-year promissory notes, which were sold privately to J. P. Morgan & Co. Inc. through Stern Brothers & Co., Kansas City, Mo.

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.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — **$10 per** share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio.

Northern Natural Gas Co.
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)
Sept. 8 company applied to Federal Power Commission for authority to issue and sell $20,000,000 of first mortgage bonds due 1989. **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. **Registration**—Planned for late Sept.

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

Again today as the sun drops over the yardarm, the eyes of the financial communities around the country and across the world will turn toward New York and Washington for possible action by the Federal Reserve Banks on their rediscount rates.

Things have not changed much in the week just ended except, perhaps, that the situation is a bit more confused. The markets are not confused over the ultimate outcome, but rather over how much time must elapse before politicans stop seeking to make capital out of this serious situation and take into account the welfare of the nation as a whole.

It is generally recognized, even among the rank and file, that the Treasury must accept the going cost of borrowing funds in the open market.

Faced with the task of raising as much as $7 billion cash over the next few months, aside from rolling over large maturities, it has no choice, in present circumstances, but to seek short-term funds at the risk of further inflating the credit base.

It is plainly evident that whether or not Congress reconsiders and eliminates the ceiling on long-term borrowings the going rate must be paid. The only difference is that the Treasury will have no chance to lengthen its maturities instead of shortening them.

Money market experts figure Congress must act to put an end to this situation even though some figure it probably will require the calling of a special session to bring it about.

Down to a Walk

Institutional investors are disposed to stretch out their summer holiday, not so much from choice but because of the element of uncertainty which confronts the investment world generally.

Competent observers do not see much chance for a real shift in current conditions until the money snag is straightened out and the markets, Treasury and corporate, are permitted to adjust themselves.

The floundering behavior of both types of security since commercial banks raised their prime rates 10 days ago has evidently put the "stop" sign on buying in more recent new issues, judging from comment around the marketplace.

Busier Week Looms

Next week's new issue roster holds the possibility of a bit more activity in that direction. On Monday Southern New England Telephone is slated to get its rights offering of $24,115,000 of new common stock to shareholders under way. American Telephone & Telegraph Co. holds 21.3% of the stock and will sell its accruing rights.

Wednesday brings up $25 million convertible debentures being offered to holders of Hooker Chemical Corp. on "rights" and $6.5 million of debentures of Brush Beryllium.

Thursday looks as the big day with the Commonwealth of Australia slated to market $25 million of bonds and Georgia Power Co. due to open bids for $18 million issue.

Godnick Opens Branch

BEVERLY HILLS, Calif.—Godnick & Son, dealers in puts and calls, have opened a branch office at 223 South Beverly Drive under the management of William F. Willoughby and Harold H. Starr.

With Hill, Darlington

(Special to THE FINANCIAL CHRONICLE)

SEATTLE, Wash. — Gerald E. Fritzberg is now associated with Hill, Darlington & Co., 1118 Fourth Ave., as a registered representative. He was formerly with Martin Nelson Co.

Joins Witter Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Leal F. Norton has joined the staff of Dean Witter & Co., 45 Montgomery St., members of the New York and San Francisco Stock Exchanges.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Richard M. Rose is now connected with Bache & Co., 140 South Dearborn St. He was previously with Walston & Co., Inc.

Now With William Blair

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William T. Long is now with William Blair & Co., 135 South La Salle St., members of the New York and Midwest Stock Exchanges. He was previously with Blair & Co., Inc.

With Charles H. Eldredge

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Jack Friedman has joined the staff of Charles H. Eldredge & Co., 231 South La Salle St.

Joins Irving Weis

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Abba S. Rabinovitz is now affiliated with Irving Weis & Co., 141 West Jackson Boulevard. He was formerly with Reynolds & Co.

With W. L. Lyons & Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — Gerald B. Brenzel has become connected with W. L. Lyons & Co., 235 South Fifth St., members of the New York and Midwest Stock Exchanges.

C. M. Mazur Opens

ATHOL SPRINGS, N. Y.—Chester M. Mazur is conducting a securities business from offices at 4085 Lakeshore Road. He was formerly an officer of D'Amico & Co., Inc.

No. American Planning Opens New Branch

Barnard Luce, President of North American Planning Corporation, with principal offices at 200 East 42nd Street, New York City, has announced the opening of their latest branch sales office, which is located at 48 Mamaroneck Ave., White Plains, N. Y.

Mr. Luce also announced that John Kazaras has been appointed branch Manager of the new White Plains office. Mr. Kazaras has been associated with the company as a division sales manager for the past two years.

M. M. Sumida Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Marshall M. Sumida is engaging in a securities business from offices at 3310 California Street. He was formerly with Nikko-Kasai Securities Company.

D. E. Matteson Opens

(Special to THE FINANCIAL CHRONICLE)

WEST SALEM, Ohio—David E. Matteson is engaging in a securities business from offices on South Main Street.

Forms Stokes Inv. Co.

CHARLOTTE, N. C. — William J. Stokes is conducting a securities business from offices at 1351 Drexel Place under the firm name of Stokes Investment Co. Mr. Stokes was formerly with Reynolds & Co.

Form Estate Mutual

Estate Mutual Funds has been formed with offices at 222 West Thirty-third Street to engage in a securities business. Matthew T. Quinn is sole proprietor.

Form Espy & Wanderer

Espy & Wanderer, Inc. has been formed with offices at 61 Broadway, New York City (c/o Hale, Kay, Brennan & Grant) to engage in a securities business. Officers are Arthur Espy, Chairman of the Board; Theodore F. Wanderer, President; and Nancy P. Espy, Secretary - Treasurer. Mr. Espy and Mr. Wanderer were formerly with Goldman, Sachs & Co.

Eversman Inv. Co. Opens

(Special to THE FINANCIAL CHRONICLE)

NEW KNOXVILLE, Ohio—Myron H. Eversman is engaging in a securities business from offices here under the firm name of Eversman Investment Co. Mr. Eversman was formerly with John A. Kemper & Co.

Albert Ginsberg Opens

HIBBIN, Minn. — Albert Ginsberg is conducting a securities business from offices at 3218 Second Avenue, East.

Form C. T. Ross Co.

BROOKLYN, N. Y.—Charles T. Ross & Co., Inc. has been formed with offices at 1350 Ocean Parkway to engage in a securities business. Charles T. Ross is President.

S. & S. Inv. Assoc.

SHORT HILLS, N. J.—S. & S. Investment Associates is engaging in a securities business from offices at 43 Silver Spring Road. Partners are Robert G. Schlosser and Bernard Schwartz. Both were formerly with Grunberg & Co.

Form S. Miller & Co.

MINNEAPOLIS, Minn. — Simeon Miller & Company has been formed with offices at 3424 East Lake Street to engage in a securities business.

Washington and You

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—With adjournment apparently around the corner, Congress worked Labor Day for the first time since 1942, and then prepared to hold two or three night sessions in a drive to end the session.

Action the law-makers were taking in the final days will affect nearly every segment of the economy. On the legislative tap were housing, interstate highway system financing, raising the interest rate on E and H savings bonds, public works appropriation, and mutual security appropriation.

There were other measures on the agenda such as civil rights, but the biggest road block to adjournment came about when Congress, controlled by the Democrats with one-sided majorities, sent a compromise labor reform bill to the White House.

This has been one of the longest sessions that Congress has had in years. Probably one reason for the long session is the fact that there are a host of United States Senators running for the Presidency of the United States. They have been traveling all over the country making speeches in their bid for the Democratic Presidential nomination at Los Angeles next July.

Nevertheless, more and more it is evident that this has turned out to be a very good session. Unquestionably the surprise piece of legislation that passed was the fairly tough labor reform bill. Credit for passage of this bill goes primarily to Southern Conservative Democrats and Republicans who formed a coalition.

Major Spending Bills Enacted

Nearly all of the major appropriation bills were out of the way as the final week probably began, with the exception of mutual security (foreign aid) and military construction. The White House requested $4,436,227,000, but the House trimmed it and finally passed it at $3,191,782,000. However, the final legislative approval will be a little higher, no doubt, than the House figure. The military construction appropriation that will go to the desk of President Eisenhower will likely be somewhere between the House-passed figure ($1,285,002,700) and the Senate-passed bill ($1,428,178,700).

Of course, the biggest appropriation of them all—more than all other appropriations combined—is the Defense Department appropriation of $39,228,239,000. When one adds the more than $1,000,000,000 of military construction to the Defense Department, as it should be, the Defense Department appropriation obviously exceeds $40,000,000,000.

Some of the other major appropriation items that have been passed and signed into law include:

Agriculture Department $3,971,362,673, Department of Commerce $712,672,900, Executive Offices (White House) $13,463,500, Interior Department $472,717,100, Health, Education and Welfare and the Department of Labor $3,950,938,981, Legislative (operation of Congress) $128,797,380, State Department and department of Justice $4,643,363,000, and Atomic Energy $2,651,614,000.

The Post Office Department and the Treasury Department appropriations total $4,643,363,000. Of course, the biggest single appropriation, (and a permanent one) other than the Defense Department is the item of $8,500,000,000 to be devoted to interest payments of the national debt which is now about $290,000,000,000.

The appropriation for the public works item will total about $1,000,000,000. President Eisenhower vetoed the original measure because it included some 70 new starts of projects not included in the Bureau of the Budget. The vetoed bill carried an appropriation of $1,206,748,549.

The Independent Agencies

There is still another huge item of more than $6,500,000,000 that will get final approval in the closing hours of the session. That sum will be devoted to the operation of the ever-growing number of so-called independent offices. There are dozens of these, such as the Federal Aviation Agency, Export-Import Bank, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board, Federal Communications Commission, Federal Power Commission, Federal Reserve System, Federal Trade Commission, Housing and Home Finance Agency, Interstate Commerce Commission, Securities and Exchange Commission, Small Business Administration, Tennessee Valley Authority, to name a few of them.

Still further appropriations made by Congress at this session are those called supplemental appropriations. For instance, the Congressmen approved what was called a second supplemental appropriation for fiscal year 1959 that amounted to $2,764,500,380, and a first supplemental appropriation for the new 1960 fiscal year amounting to $977,345,608.

Budget Balance Expected

If the economy of the country moves along on fairly even keel, and no great domestic or foreign crisis develops, the Eisenhower Administration says it not only will have a balanced budget by next July 1, but will be able to make a payment on the national debt. Obviously, the Administration will not be able to make a substantial payment, but even a token payment would be in the right direction provided there is a follow-up for the next several years.

One can make a casual study of the huge appropriations, and readily understand why Federal taxes are burdensome. The national security item or Defense Department Appropriations will perhaps consume around 59% of the total expenditures. Other substantial items include about 10% for interest on the national debt about 8% for agriculture and around 7% for veterans.

Nearly all legislation is compromise. In his 1960 budget recommendations pertaining to taxes, Mr. Eisenhower advocated that the Federal gasoline tax be raised from 3 cents to 4½ cents a gallon; revision of the postal fund to bring in an additional $350,000,000,; increase the rate for taxing income of life insurance companies, and revise the rules for computing depletion allowances on oil, gas, sulphur, and other things.

The gasoline tax is being increased a penny a gallon instead of one and one-half cents, and Congress passed a bill levying a higher rate on the insurance companies' taxable income, but the law-makers took no action on the other proposals. It is likely they will be alive and kicking at the next session starting in January.

High Interest Charges

The greatest single tax yield to pay the 1960 fiscal year appropriations made by this Congress will come, of course, from individual income taxes. Individual income taxes will yield an estimate 53%, corporation income taxes about 28%, and excise taxes about 11%. The remaining 8% will come from a series of sources.

Interest payments which are becoming a greater item each year in the Federal Government, are expected to increase more than $500,000,000 in the 1960 fiscal year over 1959. These payments are almost entirely for the public debt. The cost of borrowing money has been edging upward and upward since the spring of 1958.

The increase in market rates has forced the Treasury Department to pay higher interest rates on securities issued to finance the collosal volume of maturing Government obligations, a substantial part of which were issued when the rates were lower.

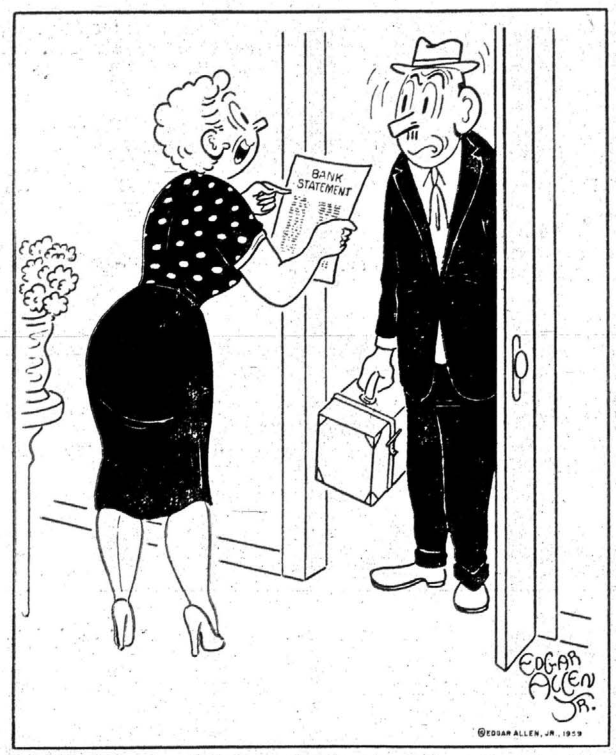
Approximately 40,000,000 people will be affected by the scheduled increase in the interest rate on savings bonds. At least one person in every fourth family in the country has savings bonds.

The session has been a historic one. President Eisenhower was the first Chief Executive in 47 years to have had the privilege of welcoming a new State in the Union, when Alaska took its place with her sister 48 States. Then Congress admitted Hawaii to become the 50th State. Both Democrats and Republicans in their 1956 Presidential platforms had called for Hawaii and Alaska statehood.

Both the Executive Branch of the Government and Congress now have a tremendous obligation to the people of all 50 states. Both branches of Government should do all they can to avoid another deficit at the end of this fiscal year. If the Government cannot live within its means during the prosperous, peaceful times, it probably never will.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"See how well I handled our checking account while you were away dear! Oh, by the way, what does overdrawn mean?"

Ira Haupt & Co. to Handle Financing for Sarasota County, Fla.

The Board of County Commissioners of Sarasota County, Fla., has taken another step in its program to provide water and sanitary facilities throughout the county with the engagement of the New York investment banking firm of Ira Haupt & Co. to handle the financing of the project on a self-liquidating basis, it was announced Sept. 9.

The cost survey as furnished by the engineering firm of Smally, Wellford and Nalven, Sarasota, Fla., amounts to approximately $11 million. This survey constitutes a master plan but it is anticipated that the first stage of the program to be financed will approximate $5 million. The plan calls for the acquisition of some existing facilities and the construction of plants and lines in the area most densely populated at present. Plans for the future contemplate the extension of the facilities as it becomes feasible.

Form Walton-Seneca

Walton-Seneca Corp. is conducting a securities business from offices at 231 East 76th Street, New York City. Officers are Alan L. Kleban, President, and Seymour Kleban, Secretary-Treasurer.

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(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Arthur E. Miller has become connected with Jaclyn Oertle Investment Securities, 7713a Brookline Terrace.