CHEMICAL INDUSTRY FEATURED IN THIS ISSUE

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 190 Number 5882 New York 7, N. Y., Thursday, September 17, 1959 Price 50 Cents a Copy

The Surge Ahead for Plastics

By PAUL MAYFIELD*

Vice President and Director, Hercules Powder Company, Wilmington, Delaware

Now a $2 billion industry, displacing steel as the second ranking purchased raw material, plastics' output is expected to double in the next decade according to Mr. Mayfield. In explaining why the surge ahead predicted for plastics will embrace many new developments, the industrialist claims most of the new markets found will be in new applications and not replacements. Moreover, he adds there's still a vast quantity of nonplastic materials that have yet to face plastics' competition. Helping its growth, the writer makes clear, is the decreasing cost figure for plastics as compared to other materials. Mr. Mayfield warns of future corporate changes, expansion of production abroad, and the need for an educational program as to plastics' advantages and limitations.

The 60's have been referred to as "The Golden Decade." With the combination of technological progress, burgeoning population, and unprecedented buying power melding together, the 60's should turn into a truly dynamic decade.

Paul Mayfield

The plastics industry, a comparatively minor factor before World War II, is today one of the most exciting, fertile, and expanding industries in this country. It has now grown into a billion - dollar industry joining autos, aircraft, steel, petroleum. In 1957 plastics became for the first time a two-billion-dollar industry. Production has increased over 300% in the past ten years to over 4.5 billion pounds.

At Western Electric, for example, over 60 million pounds of plastics per year are used. Plastics have displaced steel as the second ranking purchased raw material (first is copper). The chart below illustrates the tremendous growth of an industry

*An address by Mr. Mayfield at the American Chemical Society's 136th Convention, Sept. 15, 1959, Atlantic City, N. J., to be published in *Advances in Chemistry* Series No. 24. Copyright 1959 by the American Chemical Society and reprinted by permission of the copyright owner.

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EDITORIAL

As We See It

Professor Gies of the University of Michigan in a recent address expressed the opinion that the volume of consumer credit outstanding in this country will be at least double that of today within a couple of decades. He gives the basis for this expectation in considerable detail, and the facts he cites are essentially those which have led leading executives of consumer credit concerns to essentially the same conclusion, and caused at least some of them to begin to wonder where the required funds are to be found. We have no reason to disagree with this general appraisal of the situation, and were happy to present this careful analysis of Professor Gies to our readers in the issue of Sept. 10.

The crucial thought, however, that comes into our mind in looking over these facts and official forecasts of one sort or another is that these data equally well suggest a tremendous increase in the demand for housing and hence for mortgage money in the decade or two ahead. In point of fact, the large increase in population (as predicted by the Census Bureau and others) also indicates large increases in demand for consumer nondurables. But the noteworthy tendency toward suburbanization in recent times, and the expected rapid formation of new households seem to focus more particularly upon such things as housing and the consumer durables.

To go one step further, one soon realizes that such enlargement of output can be achieved only by extensive enlargement and modernization of plant, and, of course, any such addition to the number of passenger automobiles in use would be quite pointless unless corresponding additions to the highways of the country were simultane-

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Inflation's Perilous Path

By EDWARD N. McCULLY*

Economist, Lumbermens Mutual Casualty Company New York City

Insurance economist's summary of the case against creeping inflation concludes: (1) the positive evil effects far outweigh any possible advantages; (2) there is no guarantee it will not turn into runaway inflation; and (3) it is due to excessive money supply expansion arising out of deficit financing. Mr. McCully finds that, despite the turnover in Congress in the last election, the people can do something about inflation and he submits as evidence the effect the deluge of letters to Congressmen already has had on Federal spending plans and he urges greater interest in keeping an overall budget balanced over the years. Turning to the course of the economy in the near future, he finds our economy is not as healthy as many say it is and, thus, he predicts future growth will occur but it will not be smooth.

The question of whether or not we will continue to experience a substantial amount of inflation is of vital importance to all of us. Today when we spend our hard-earned dollars we get 48 cents worth of goods and services in terms of the dollar of 20 years ago. In the future when we draw our pension dollars it may well be worth less than half what is was when we saved it. There are millions of people living on pensions today—and retired school teachers are a prominent part of this group—who have seen their hopes of a secure old age shattered by the cruel thievery of inflation. They have been forced to steadily reduce their mode of living, to move into lower rent districts, to live on a mere subsistence diet, to deny themselves all but the bare essentials and even at times medical care. Some in a valiant attempt to escape utter poverty have grabbed for any kind of job. Some have had to turn to help from relatives or from charity. This is the sad lot of honest, hard working people who struggled to provide ade-

E. N. McCully

*An address by Mr. McCully before the Business-Industry-Education Day luncheon, Clinton, Iowa, Sept. 4, 1959.

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CANADIAN LONG-TERM DIVIDEND PAYERS—Next week's issue will feature the investment opportunities in Canada as exemplified in a long list of banks and companies which have paid consecutive cash dividends up to 131 years.

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.)

WALTER RIZZUTI
Consultant to Shields & Co.
New York City
Members New York Stock Exchange
and American Stock Exchange

Bristol-Myers

The bull market in the pharmaceutical-proprietary stocks has been a phenomenon apart from the bull market in stocks in general. The drug stock boom began when investors sought a defensive shelter during the early stages of the business decline and continued through the business recovery as other investors were willing to pay higher and higher for the industry's indicated growth. BMY shared fully in the boom. Its 1959 high more than doubled the 1957 high of 20⅜, tripled the 1957 low 13⅝, and was four times the 1956 low of 9½. During the recent market decline the highly regarded pharmaceutical stocks have been hit about as hard as any other "growth" stock group. BMY is now available at approximately 15% below its high and since the company may well be entering its most dynamic phase of growth it could prove to be an unusually profitable investment for the patient holder.

Walter Rizzuti

The box below summarizes BMY's record over the last seven years. From 1953-1958 consolidated sales doubled and reported net tripled, the year-to-year gain in share earnings being compounded at an average rate of 25%. In 1959 earnings should score another 15% gain to $1.70. Dividends have been raised six years in a row. The record is one of real growth and compares favorably with most other growth stocks you could name.

Bristol-Myers is best known for its proprietary products—products like Bufferin, Ban, Ipana, and Vitalis which have built up millions of dollars in annual sales. The proprietary line accounted for almost 80% of 1958's $114 million volume and constitutes the solid backbone of the company's business. This business, however, is extremely competitive and must be supported by lavish ad budgets. The great risks involved in putting millions of dollars on the line to stimulate sales made investors shy away and as recently as 1957 you could have bought BMY at 10 times current earnings. The dramatic change in investment attitude can partially be attributed to management's demonstrated ability to get good mileage out of its advertising dollar. Consistent success in the consumer advertising sweepstakes moreover, has facilitated expansion into other fields. The company's crack marketing organization, past experience, and stronger financial resources argue against any sudden reversal.

BMY's pharmaceutical division is not very large but has done some important work in antibiotic research. Annual prescription sales have been running at about $20 million and have come almost entirely from antibiotics: penicillin; streptomycin; tetracycline which the company supplies in bulk form to other pharmaceutical manufacturers; Tetrex, its own tetracycline specialty; and Kantrex, another broad spectrum antibiotic which has captured a fair share of the market for penicillin-resistant staph bacteria. A prescription nasal decongestant, Naldecon, was introduced earlier this year and within the next month an oral diuretic from Bristol Labs should be ready to market. The primary significance of these new products is that BMY is beginning to branch out from antibiotics into other medical fields.

Sales and earnings growth in recent years has also stemmed from the acquisition of companies in related fields. In all, three purchases have been effected—Luzier's, Grove Laboratories, and the Clairol Company. Luzier's is a St. Louis cosmetic manufacturer which sells its products directly to the consumer. Door-to-door cosmetic sales has been one of the most rapidly expanding segments of consumer merchandising. Luzier's is still a small operation but its growth over the last four years has been compounded at 25%. At this rate it doesn't take long for sales to double and double again.

Grove Laboratories was acquired in January, 1958 for 66,667 shares of BMY common and $4.8 million in cash. Grove is an average-size proprietary concern and its products include Fitch hair tonics and shampoos, No-Doz stay awake tablets, Pazo hemorrhoidal ointments, and Bromo Quinine, Citroid, and 4-Way cold remedies. As noted previously, the Bristol proprietary products division is geared for multi-million dollar sales items. But smaller volume items can also be sold profitably and Grove was purchased at a reasonable price to round out BMY's proprietary activities.

The Clairol Company was bought in April for what will work out to $22.5 million cash. Clairol should add about 25¢ a share in earnings for the eight months it will be included this year and next year could, optimistically add as much as 50¢—an amount greater than total 1953 earnings. Underlying this amazing growth is the fact that the American woman has a new aid on her vanity table. A few years ago only the very daring would think of "bleaching" her hair. Today you catch the 5:13 and arrive home to find that your wife has had her hair done and in the doing has "colored" it blonde—or red or silver. The point is that the coloration is now so easily accomplished and so common that the matter was not important enough to discuss beforehand. Of course, as her hair grows the lady of the house will have to retouch it and then she may wonder how she would look in a different share or color. Clairol's sales have vaulted from $6.9 million in 1956 to $13.5 million in 1958 and bolstered by BMY's aggressive advertising are up again substantially this year.

	Sales*	Earnings	Dividends	Price Range
1959	$125.0e	$1.70e	$0.80	42⅛–22⅝
1958	133.9	1.46	0.73	26 –17¾
1957	106.8	1.36	0.67	20⅜–13⅝
1956	89.4	1.18	0.57	14¾– 9½
1955	75.7	0.99	0.50	11½– 9⅜
1954	62.4	0.71	0.33	11⅝– 6½
1953	55.5	0.48	0.33	8⅞– 5⅞

*In millions. e Estimated.

The greatest excitement at Bristol-Myers at the present time, however, centers around a number of synthetic penicillin compounds which should be ready for clinical testing before the end of the year. At about the time of the Clairol acquisition the Beecham group in England announced they had found a way to make the "test-tube" production of penicillin economically feasible. Over intense competition from other American pharmaceutical companies, BMY obtained the exclusive rights to make and test the new drugs. It is difficult to assess the full significance of the Beecham breakthrough. Penicillin, the first of the wonder-drug antibiotics, is still the most widely prescribed antibiotic for a variety of ailments—the drug works, it's safe and it's cheap. But penicillin also has certain drawbacks. Some people suffer allergic reactions to the drug. It also doesn't get into the bloodstream as fast as some of the other antibiotics. For this reason it is given in relatively large doses and overusage was in part responsible for the recent staph bacteria epidemic. In building up the penicillin molecule step-by-step it is hoped that flight modifications will produce analogous compounds which will retain penicillin's therapeutic properties and eliminate the undesired effects. The very great hope is that new drugs will result which will prove effective against diseases penicillin does not cure. BMY feels its patent position is strong and the new drugs will be sold as higher-priced specialty items rather than in competition with penicillin which has no patent protection.

What you have in BMY, then, is a small company which has come on with a rush over the last decade. (The purchase price of Clairol represents 40% of total 1953 sales dollars.) Every small company has its growing pains and for BMY this meant building up a pharmaceutical detail staff, attracting qualified research people and constructing expensive research equipment, and spending more and more on ever-rising advertising costs. All these things were accomplished with little recourse to outside financing and with no apparent strain on reported earnings — management has been an absolute miser in exchanging stock for the acquisitions it has made. The next ten years should be easier if only because BMY no longer is as small as it was. The synthetic penicillins could carry it to the fore of the pharmaceutical industry in one sweep—but it is still too early to evaluate the impact of this development on future sales and earnings. Clairol is the company's fastest growing product and should assume an even wider lead over so far negligible competition. Luzier's should play an increasingly more important role in company operations. The well established proprietary products will probably hold their own and grow moderately with population increases. Several new proprietary items are near the marketing stage. Pharmaceutical research should also become more productive in the intermediate future. Further acquisitions obviously cannot be ruled out and for BMY

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This Week's Forum Participants and Their Selections

Selecting the Industry and Stocks With a Rosy Tint

By D. MOREAU BARRINGER*

Chairman, Delaware Fund—Delaware Income Fund
Partner, Delaware Company, Philadelphia, Pa.

Stressing selectiveness as opposed to averages and the importance of knowing all the available facts, Mr. Barringer picks out typical stocks with a rosy tint. He explains the basis for his illustrative selections; singles out the public's appraisal of the present worth of future earnings in a given industry as the biggest unknown factor; and reviews the current darker side of the stock market picture. In referring to certain steel firms whom he believes will remain competitive with foreign competition, the investment company head is confident the steel strike will result in continuation of rapidly rising productivity trend.

When a market analyst becomes thoroughly confused, and has no expressible notion of where the market is going to go, he falls back on a most useful word. He says the market is going to be selective.

D. Moreau Barringer

When I was asked for my views and if possible (if I may mix my metaphors) to see them through rose-colored glasses, the Dow Jones Industrial Average was around 675, and I didn't know, any more than they did, where it was going to stand on Sept. 10. Nevertheless, thinking of that very useful word, I accepted the invitation.

I still don't know where the Industrial Average is going to go in the next three, six or 12 months, but I can tell you, with complete assurance, that the market is going to be selective.

I don't know that all of us realize the degree to which this selectivity renders a market average unrepresentative. If we tabulate the relative movements of the stocks making up the Average, however, it become very striking. For instance, in the nine weeks between June 30 and Sept. 3 of this year, the Dow Jones Industrial Average moved up a meager 0.36%, but individual movements varied from a rise of 10.1% for Swift to a drop of 21.2% for United Aircraft. The holder of Swift in that period ended up with 40% more value than did the holder of United Aircraft.

These, of course, are the extremes, but if we expand our sample to compare a holding of the three best performers among the Dow Jones Industrial stocks, with a holding of the three worst, we also get some surprising figures. A man who held one share each of Swift, Alcoa, and General Motors on June 30 of this year was, by Sept. 3, 22% better off than a man who held one share each of Owens-Illinois, Goodyear and United Aircraft. Since this 22% represents some seven years' income on the stocks in question, I feel that I am not over-stressing the importance of that useful word "selective."

Therefore if you will allow me a selective forecast, I can wear my rose-colored glasses with confidence in making it.

The selection of industries and stocks, in this selective market, must be done by reasoning from all the known factors that we can gather, fully realizing that no matter how thorough we are, some unknowns are bound to creep into the picture. As always, the biggest unknown is the public appraisal of the present worth of future earnings in a given industry, and the best crystal ball can go far awry on that.

When we talk about investing in American industry, we should go back and examine some of the basic conditions governing its standing and outlook. The fact that American industry has in general stood head and shoulders above the world in efficiency of production is such a cliche that it no longer surprises anyone. Despite the invasion of English bikes, Volkswagens and Japanese cameras, the statement is still largely true. But we mustn't consider it one of the basic facts of life, set forth by Providence and not to be altered by man. It was created by Americans, and it may be helpful to review the conditions under which it was achieved, and the motives that drove us to it.

Development of American Efficiency

From the beginning of settlement in North America, its European emigrants found themselves faced with two basic conditions quite different from the Old World. There was a surplus—or a potential surplus—of most commodities, and there was a shortage of human beings.

There was agricultural land in abundance, but barely enough men to clear it and work it. There was so much timber that most of it was burned rather than used, to clear the land for planting. There was a plethora of ores, coal and eventually oil. The ocean teemed with fish and whales and the plains with buffalo and later with cattle.

But the task was always to find enough men to do the country's work. And as a natural corollary of the inadequate supply of workers, wages were always higher than in Europe and far above those in Asia, which were habit-

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*An address by Mr. Barringer before the Financial Analysts of Philadelphia, Sept. 10, 1959.

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Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
GEORGE J. MORRISSEY, Editor
WILLIAM DANA SEIBERT, President
CLAUDE SEIBERT, Vice-President
Thursday, September 17, 1959

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $65.00 per year, in Dominion of Canada, $68.00 per year. Other Countries, $72.00 per year.

Other Publications

Bank and Quotation Record—Monthly, $45.00 per year. (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Observations . . .

BY A. WILFRED MAY

TO THE VICE-PRESIDENT IN CHARGE OF INFLATION

The second Report by the "Nixon Inflation Committee" (officially titled the Cabinet Committee on Price Stability for Economic Growth) constitutes a detailed, highly informative inquiry on "the Record of Prices." Nevertheless, as already manifested by published comment, it unwittingly harbors the possibility of leading the public to some dangerously false conclusions. First, it supports the widespread concept that we are in a "New Era" of permanent inflation. Second, the investor is reading into the Report further encouragement to get into common stocks as a hedge against a depreciating dollar.

A. Wilfred May

As the principal basis for its "New Era of Inflation" conclusion, Mr. Nixon's Committee relies on the upward course to successively higher plateaus, of prices, *over the past 25 years*. It recognizes the fact that the price rises in former times which were instigated by wars (and actually limited to those periods) were temporary. But it interprets as now signifying a permanent change, the recent absence of extended periods of price declines.

This "now-it-is-different" thesis wholly disregards the crucial fact of the replacement of Hot by Cold War which has been stimulating the economy to the tune of $40 billion of annual government defense outlays.

The recession and deflation that were widely expected to follow the termination of World War II were stayed by the surprisingly high volume of pent-up consumer demand. But the resulting price rise lasted only until mid-1948, when the traditional postwar price decline got under way. This belated fall proceeded at a 3% annual rate until just before the Korean War of 1950 and the following Cold War.

The Committee seems to have overlooked the fact that the Cold War's advent forestalled a deflation which might otherwise have followed the Shooting War in the Far East. As a consequence, in lieu of such a deflation a stable price level prevailed from late 1953 until early 1956, followed by two years of a 3% annual rise, and the return of stability from early 1958 until mid-1959.

Picking Your Period

In any event, conclusions about the past course of inflation always depend on the particular interval that is chosen. For example, the Committee states that from 1933 until now consumers' prices have risen in years of peace (omitting war years) at an average rate of 3% per year. True; but the selection of other periods would have shown a different result. The record for the *ten-year* period, 1948-1958, although including the Korean War and its Cold version, shows an annual price rise of only a little more than half of what occurred during the past 60 years.

Recent Price Declines

Or, if the selected starting point be 1920 (comparison with which might be justified today with a possible thawing of the Cold War), prices declined, not to regain that level until 1946 and the transpiring of another war. Again, from 1950 to 1955, there was a net decline in the wholesale commodity price index. Or, if the price range from 1953 to the present be selected, current prices are less than half-way from this present period's bottom to the top.

A Bit of Forecasting in Rebuttal

It is not within the purview of this commentary to predict the future course of prices. Nevertheless, we might point out that the discernible attending factors surely do not warrant the assumption of the "New-Era-of-Inflation" fears. The Commissioner of Labor Statistics, Ewan Clague, under whose aegis the decisive Cost of Living Index is compiled, last week again insisted that we are facing several years of stability. His data indicate that food prices, constituting 30% of the Index, are expected to go down largely because of progress in agriculture, including a doubling in its manhour output since 1947—with an early reduction of meat prices.

And further "to bury the myth of the inevitability of the long-term inflationary trend," Peter Bernstein has pointed out in the *Harvard Business Review** that major inflationary factors, namely the rapidly rising birth rate, the shortage of labor and the economy's unusual degree of liquidity, have substantially lessened.

*July-August 1957.

At the very least, the con's of imminent re-inflation balance the pro's.

The Stock-Hedge Myth

Although the Nixon report offers no conclusions concerning the stock market, its validation of the inflation specter serves as a boost to the many proponents of common stocks' mythical and well-sloganized hedging function. (Says the current promotion material of a leading service, "What can you do to protect yourself against the further ravages of inflation? . . . If you want to invest for good profit potentials, and at the same time want to have the peace of mind of knowing that you have taken the strongest possible course for protecting yourself against mounting inflation, you would do well to consider [our] 10 stocks with 'Go'-Power right now").

Actually, the comparative performances — both ways—between the value of the dollar and stock prices, again depend on the period chosen. This is true of both long and short intervals. During the First World War, our cost of living rose 107%, but industrial stocks only followed 33% of the way. Conversely, our saturnalia of speculation of the late 1920's occurred during a period of steady to falling commodity prices. Our 1935-36 market boom stemmed from expansion of the money supply that steered entirely clear of commodities. From 1942 to the present, there has been a 600% rise in stock prices, but one of only 100% in the commodity price level. Again, since the end of 1957 stock prices almost doubled, with the commodity price level practically unchanged. On the other hand, in reverse divergence, from 1945-1949 a 50% rise in commodity prices was accompanied by a steady to falling level of stock prices.

Likewise, even in foreign countries which traditionally have been more inflation-conscious than are we, has there been great divergence between cost-of-living and stock market fluctuations. Inadequacy of the latter's hedge function has frequently occurred in the U. K., Netherlands, Italy, Spain, and even in France, Germany and the Latin American countries.

For the Investor's Disillusionment

We trust that one of the coming reports of the Committee will include data on the inflation-common stock relationship—even if this results in curtailing the self-serving sloganeers who scare the wits out of the lay investor, or in causing stocks to sell ex-inflation myth, or in arriving at the conclusion that the inflation is really centered in the stock market itself.

In any event, your columnist salutes the Cabinet Committee for the uniquely objective and altogether valuable contribution it has already made (and, incidentally, hopes he will have the opportunity to vote for its Chairman's elevation to even higher office).

* * *

A WORTHWHILE INVESTING "HOW-TO"

A newly published book, although classifiable as another of the current avalanche of "how-to's," is nevertheless welcome. This is so particularly since it constitutes an expansion of the unusually well-informed weekly letter of the investment counsel organization headed by the authors. The volume ("INVESTING FOR A SUCCESSFUL FUTURE. How to surmount rising prices and high taxes," by Thomas E. Babson and David L. Babson, New York; Macmillan, $4.95: 312 pp.), is aimed at young people to explain the possibilities of accumulating capital by intelligent financial planning.

Wisely, the advisability of a long-term, rather than an in-and-out trading attitude is urged. "The most distressing thought of all," say the authors, "is that the majority of investors are pre-occupied with short-term guessing of trends of stock prices and business activity. Too much investment literature and advertising are still devoted to the 'in-and-out' approach, giving investors 'buy-low, sell-high, buy-back-lower' and other 'pot-of-gold' dreams." A double amen, says your columnist, with the added information that the "beat-the-market" attitude even reaches academic halls, as well as board rooms.

Growth Versus Income

The authors include an interesting and worthwhile comparison of typical performance of growth and income portfolios. Relative market value changes, dividends, income and yields of two sample portfolios are traced since 1940.

The conclusion arrived at is that in a list selected for *income* it is likely that about a fifth will do poorly, another fifth will turn in better than anticipated records, and the balance will show about average results.

On the other hand, in a portfolio carefully picked for *growth* the pattern would work out approximately as follows: 20% of the issues will be disappointing, 40% average, 20% very good, and the remaining 20% extraordinary.

From these data the authors also conclude that the investor subject to high income taxes, should seek to offset them through "growth appreciation" rather than high yield.

Messrs. Babson argue the need for offsetting the erosion of the dollar by inflation. It is shown, typically, that an investor who wants to build up sufficient income to permit the same living standards as a 1939 income of $5,000 would have provided, must accumulate $230,000 after paying present tax rates and living costs.

As indicated by our foregoing article, we feel that such concern over inflation constitutes misplaced emphasis. Like other members of the community, the investor should concentrate on curbing inflation and lowering taxes. Not everyone can get on the inflation-escalator!

Investment Aiming in Reverse

With one of the authors' basic premises, so widely embraced these days we strongly take issue. We refer to the assumption that investment targets must be raised to accord with the investor's increased living costs and also to counter raised taxes and dollar depreciation. This, to us, puts the cart before the horse; namely, in assuming that securities carry an obligation to meet their holder's requirements — or desires. Too often we hear: "Get the widow an 8% yield; because she needs it to live." The size of the price-earnings ratio is determined by a wide multitude of factors—which surely do not include the investor's individual requirements.

With Manley, Bennett

DETROIT, Mich.—Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, have announced the association of Harry W. Summers with their Mutual Fund Department.

Mr. Summers was formerly sales manager for Nesbitt-Detroit Co. and more recently in the investment field.

Crowell, Weedon Branch

CORONA DEL MAR, Calif. — Crowell, Weedon & Co. has opened a branch office at 2601 East Coast Highway under the direction of Burdett R. Harrison.

Businessman's BOOKSHELF

Agricultural Statistics for Ontario, 1958 — Ontario Department of Agriculture, Parliament Buildings, Toronto, Canada (paper).

Analyzing and Improving Marketing Performance—American Management Association, 1515 Broadway, New York 36, N. Y., $3.75.

Australian Manufacturing Industry in the Next Decade—Manufacturing Industries Advisory Council, c/o Department of Trade, 52 William Street, Sydney, N. S. W., Australia (paper).

Commercial Standards — List revised to July 1, 1959 — Commodity Standards Division, U. S. Department of Commerce, Washington 25, D. C. (on request).

Complying With Employee Benefit Plan Disclosure Laws — American Management Association, 1515 Broadway, New York 36, N. Y., $5.25.

Consumer Finance Business—1959 Facts & Figures—National Consumer Finance Association, -000 Sixteenth Street, N. W., Washington 6, D. C. (paper).

Cost and Financing of Health Care for the Aged — A bibliography—Selected References—Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 40c.

D²O-Moderated Power Reactors—A Symposium—Office of Technical Services, U. S. Department of Commerce, Washington 25, D. C., $1.50.

Duke Endowment — Annual Reports of the Hospital and Orphan Section—Duke Endowment, Johnston Building, Charlotte 2, N. C. (paper).

Embattled Executive — Text by Lydia Strong, Drawings by Al Hormel — A collection of cartoons from The Management Review—American Management Association, 1515 B'way, New York 36, N. Y., $1.95 (price to AMA members, $1.25), quantity prices on request.

Ends and Means of Modern Management—American Management Association, 1515 Broadway, New York 36, N. Y., $3.75.

Farm Electric Sales Handbook—Farm Group, Edison Electric Institute, 750 Third Avenue, New York 17, N. Y., $3.50.

Fluid Fuel Reactors Task Force, Reports to Division of Reactor Development — Office of Technical Services, U. S. Department of Agriculture, Washington 25, D. C. (paper), $1.75.

Foreign Crops and Markets—Report — U. S. Department of Agriculture, Foreign Agricultural Service, Washington 25, D. C. (on request).

Freeman, September, 1959—Containing articles on Farmer's Two Masters; Portrait of Russian; Why Not Socialize Our Economy; Welfare State Doctrine; Public Power and the Tennessee Valley Authority, etc.—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. (paper), 50c.

Fundamentals of Municipal Bonds—Text on municipal bonds and procedures in issuing, marketing, underwriting and investing in them—Investment Bankers Association of America, 425 13th Street, N. W., Washington 4, D. C., $2.

Growing Importance of Market Research as a Basis for Policy Decisions—Ford, Bacon & Davis,

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The State of Trade and Industry

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

An article captioned "The Business Situation," in the September issue of the Monthly Review of the Federal Reserve Bank of New York, says in part as follows:

"The strikes in the metal industries, which began in mid-July in steel and spread to copper and some other metals in August, introduced a number of crosscurrents into an otherwise strongly advancing economy. The most immediately apparent effects have been on employment in the strike-bound industries themselves and in closely allied mining and transportation activities. The impact of the shutdowns on metal-using industries, and on the economy as a whole, was still relatively minor at the end of August, although reports of actual and immediately prospective cutbacks were becoming more frequent."

Effects of the Strike

"The 14-month climb in industrial output, which by June had pushed the Federal Reserve production index 23% above the April 1958 cyclical low, was reversed in July as a result of the steel strike. For the month as a whole, the index declined about 1% (seasonally adjusted), dipping from 155% to 153% of the 1947-49 average. The principal factor was, of course, steel output, which in July was only one-half of the previous month's level, bringing total output of metals down by one-fourth. In August, steel output in the plants unaffected by the strike was about 12% of the industry's capacity, while the strikes that began in August cut the output of copper by an estimated 75% and also curtailed sharply the production of lead and zinc. Among activities that support the steelmaking process, the shutdown had already had an effect in July on coal and iron ore production. Coal output fell by 24%, metal mining by about 30%, and total minerals production by 5%. Also reflecting the strike was a substantial decline in freight carloadings, which continued into August.

"As a consequence of the steel strike, wage and salary payments, which had risen uninterruptedly from last October's seasonally adjusted annual rate of $242 billion to $262 billion in June, fell back by $500 million in July. This was almost entirely attributable to employment declines in the steel industry itself and in fields connected with the production and distribution of steel. At the end of July an estimated 500,000 persons were on strike in the steel industry, in iron mines, and on ore boats that ply the Great Lakes. Another 100,000 persons, it was estimated, had been laid off in other industries directly affected by the strike, including coal and railroads, and from construction projects in the steel industry. The strikes in the copper industry idled approximately 30,000 more persons during August."

August Employment Figures Show a Reduction of 353,000

Due to the steel strike and early model changeovers in the auto industry, employment figures for August at 67,241,000, showed a cut of 353,000 from July's total of 67,594,000.

Unemployment dropped to 318,000 from 3,744,000 to 3,426,000.

Seymour Wolfbein, Deputy Assistant Secretary of Labor, expects the October unemployment figure will run around 3,000,000. It will be recalled that Secretary of Labor James P. Mitchell promised to eat his hat on the Labor Department steps unless the October idle total was below the three million mark.

Wholesale Prices Drop Three-Tenths of 1%

The Department's Bureau of Labor Statistics reported that wholesale prices of iron and steel rose one-tenth of 1% in the month ended Aug. 15.

The department's wholesale price index in mid-August dropped to 119.1% of the 1947-49 level, three-tenths of 1% below that of mid-July and the lowest since last October. The August figure was unchanged from that of the 1958 month.

Wholesale prices of farm products and processed foods each declined 1.6% in August from the level of the proceding month.

These price declines were offset partially by a 1.2% increase in the wholesale prices of fuel, power and lighting materials, the first rise in this category in five months.

Nationwide Bank Clearings 9.2% Below 1958 Week

Bank clearings this week will show a decrease compared with a year ago, due to the Labor Day holiday coming in this week this year while a year ago it fell in the previous week. Preliminary figures compiled by us based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Sept. 12, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 9.2%

Continued on page 33

Superior Performing Chemicals

By DR. IRA U. COBLEIGH

Enterprise Economist

Listing a few reasons for favoring chemical equities at this time, and citing certain individual issues for topical treatment.

The chemical stocks have had their nose out of joint for the past year and a half because the electronic list has stolen from them the baton of market leadership. In the past 18 months it has been Zenith, Motorola, Texas Instruments, Ampex and Beckman that have caught the headlines; the electronics have been the exciting movers; the electronics have been the darlings that could command a price/earnings ratio of 40, 50, or 75.

Ira U. Cobleigh

Now historically this is all wrong. For a score of years before 1958 it was the chemicals that persistently outperformed the market; it was the chemicals that sold on the highest price/earnings ratios; it was the chemicals that sold on the lowest yield basis; and it was the chemicals that led in percentage of annual growth, and in money spent in research.

Ours Is a Chemical World

Now, don't misunderstand. Today's piece is no polemic against electronics; it's merely a reassertion of a broad generality, that we live in a chemical world and that the most rapid strides in industry and in our way of life are chemically induced, and grist for a fabulous sustained rise in chemical sales and chemical profitability. The chemical industry has been growing at the rate of 7% a year (many individual companies have expanded at a faster rate) for 18 years. The industry now has 12,200 plants, turns out over 11,000 compounds and gives employment to about 850,000 people. Assets of the industry exceed $20 billion; sales this year will exceed $25 billion; new plant investment in 1959 will exceed $1 billion and industry research and development in 1959 will total more than $½ billion. Since the end of World War II, $15½ billion has been spent on capital expenditures and the chemical industry now ranks as our fifth largest manufacturing group.

Referring again to the market lag in chemicals (which began to be corrected last Spring) one reason was the short-term overcapacity, in certain major areas, which became apparent in 1958. In 1956 and 1957 very heavy additions to plant were made, predicated on sustained rise in demand. When this did not materialize in early 1958, industry-wide operation at only about 70% of capacity was the result. So of course profit margins slipped, earnings and share prices sagged—and chemicals lost the ball to the electronics.

This year, as Ed Wynn used to say, "The program is going to be different." Current chemical industry operation is close to 85% of capacity, profit margins are widening (now running about 20% before taxes) and earnings reports, across the board, have shown substantial gains over 1958. Only repercussions from the steel strike can keep 1959 from being a peak chemical war.

New Products

This is not to say that all chemicals will benefit equally. They won't. For instance, high density polyethylene will have to wait two or three years for demand to catch up with existing plant capacity. New developments in rocket fuels stress hydrogen, a fact particularly favorable to Air Products and Air Reduction Co. Polyethylene appears to have a lively competitor in polypropylene which is tougher, stronger and more heat resistant. It is produced from a low cost petrochemical base. Hercules Powder has a head start here, having entered production in 1957.

Another newcomer, this one ready to do battle with foam rubber, is polyurethane. This is useful in upholstery, automobile seats, pads, coatings, synthetic paints. Pioneers in this chemical polysyllable are Monsanto, du Pont and Allied Chemical. Cellophane, too, has a competitor in polystyrene film. Hercules Powder is in this one, too, together with Phillips Petroleum (loaded with petrochemical makin's) and Minnesota Mining, the tape tycoon.

All of which is to suggest that one thing a good chemical company can never do is to stand still. It must constantly be at work in research and development of new products or the plastic it boasts today may be as outmoded as the celluloid collar tomorrow.

A Few of the Attractive Issues

Now for more specific fodder for investors. In this exciting industry, well on the way to a banner year, what are some of the more attractive equities to look at, while Dow and Jones are putting on oxygen masks for the new altitudes they may penetrate after the steel strike?

Allied Chemical Corp. has spent several decades justifying investor confidence. It's keeping up the custom this year with an indicated net per share of over $5.50 against $3.41 for 1958. About $700 million spent on capital improvement in the past decade, and some $18 million a year on research are now hitting pay dirt. While still a big producer in basics—ammonia, nitrogen products, chlorine, sulphuric acid, etc., newer high profit items such as caprolactam (for nylon cord tires), Genetron aerosol propellents, maleic anhydride, uranium hexafloride are upping the earning power. Allied Chemical common, at 110, sells at 20 times indicated earnings and may well increase the $3 dividend it has paid for the past decade.

Union Carbide is the second largest chemical company and famous for plastics, which account for 20% of sales. Plastic bases include polyethylene, vinyls, phenolics and epoxies. Best known to the public are its Eveready flashlight batteries, Prestone antifreeze, and Pyrofax bottled gas. In 13 years sales of Union Carbide have more than tripled. Net earnings have not quite kept pace due to very heavy depreciation charges on new plant. Union Carbide at 136 paying $3.60 will report a sharp rise in net this year. In the first six months it earned $3 against $1.66 in the same period of 1958.

American Cyanamid is now getting the results, at the cash register, of a 40% addition to plant and equipment in the two years 1957-58. The $525 million in sales reported for 1958 will be expanded to a new high this year; and 1958 per share net of $1.91 (depressed by $23.3 million in Research and Development expenses) should be expanded to above $2.50 this year. At 56, American Cyanamid paying $1.60 does not appear inflated pricewise, particularly when you consider it may be grossing $600 million a couple of years hence.

Another company with a lively look for 1959 is Charles Pfizer & Co. Inc. Projection for 1959 here is a new high in sales of around $255 million (up from $223 million in 1958) and net of around $1.65. Dividend-wise Pfizer has been a thing of beauty. It has increased its cash dividend annually for eight years in a row and topped this bounty off with a 3-for-1 split this year. At 35 Pfizer may be one of the nicest drugs on the market.

Monsanto has been given favorable treatment by a number of market analysts and has justified those partial to its common stock by doubling its per share net in the first six months of 1959 (from 75c in 1958 to $1.51 this year). At around 50 Monsanto should attract a considerable following of knowledgeable investors.

Don't Overlook Some Others

Other companies deserving more than a passing look would include du Pont, Hooker Chemical Corp., Olin Mathieson, Pennsalt, Dow, Stauffer and Warner-Lambert. Among the Over-the-Counter market issues, Lakeside Laboratories and G. D. Searle seem to be well managed and profit-prone.

All writing about chemical shares is incomplete, and this article is no exception. When you reflect, however, on the number of chemical shares that have gained 500% or more in the last decade, you become convinced that literature about chemicals, however arid or rambling, is "must" reading for investors drawing a bead on significant increases in net worth.

Keith Reed Pres. Of Central Secs.

DALLAS, Texas—Keith B. Reed has been elected President and Treasurer of Central Securities Company, 5738 North Central Expressway. William F. Lynch is now a director of the company.

Challenges of the 1960's Facing Heavy Inorganic Chemicals

By F. A. GILBERT*

Vice-President and General Manager, Inorganic Chemicals Department Food Machinery and Chemical Corporation, New York City

Though predicting heavy inorganic chemicals' growth will approximate that of the past ten years for the coming decade, Mr. Gilbert explains why these chemicals may be more than normally subject to the "Challenges of the Competitive Sixties." The author points out that these basic building blocks are mature, little subject to obsolescence and major technological changes, and parallel population and GNP growth. Yet, he adds, despite these favorable characteristics they are subject to unremitting pressures resulting from over-capacity, cost-price squeeze, foreign trade turnabout, and need for better, not more, skills, which he details herewith.

The phrases "inorganic chemicals" and "heavy chemicals" are often used interchangeably. Such use is normally correct. However, it may be well to differentiate between the two. Generally, many inorganic chemicals are "heavy"; they are well established, low-cost, high-volume products with mature markets that tend to follow the general economic growth of the country. Yet, do the newer inorganic fluorine chemicals, the silicones, the active oxygen chemicals, fit this definition? Quite definitely the answer seems to be "no." The problems connected with the marketing of these products are, of course, challenging, intriguing, and manifold. But they tend to parallel those found in other more "glamorous" sections of the chemical industry—drugs, organics, plastics, etc. Therefore, this paper will focus attention on the more truely "heavy" part of the inorganic field: such areas as alkalis, mineral acids, chlorine, phosphates, and the like.

F. A. Gilbert

These have been, and will continue to be, basic building blocks of our whole chemical industry, perhaps even of our whole economy. Practically every drug, organic, plastic, and other end product chemical is produced, in part at least, by using these basic inorganic materials. Note the word "basic"; it is, perhaps, quite important as a primary specification of this segment of chemistry. By being basic to our whole economy these products tend to show the following charateristics:

(1) The chemical (and often its method of manufacture) is normally mature and little subject to obsolescence.

(2) Conversely, major technological advances, either resulting in very rapid market expansion or substantial manufacturing cost savings, are unlikely.

(3) By being stable, these chemicals tend to parallel such natural economic patterns as population growth, gross national product, construction, etc. These relationships are much more pronounced with the heavy inorganics than with the newer chemical products.

For these, and other reasons, the heavy inorganics may thus be more than normally subject to the "Challenges of the Competitive Sixties." To meet these challenges successfully will call for alertness, clear judgment, top-flight (and often new) skills, coupled with a considerable amount of creativity. The challenges themselves might be divided into a number of categories, even though any such list suffers from the dual ills of incompleteness and duplication. The following might be considered:

(1) Over-capacity.
(2) Cost-price squeeze.
(3) Impact of changes in exports and imports.
(4) Increasing costs and problems of distribution.
(5) Need for better or different human skills.

Over-Capacity

Over-capacity, of course, is not a new or unusual challenge. However, it may become increasingly important in the next decade. As a larger and larger segment of the industry moves away from the rapid period of growth into an era of greater maturity there is, perhaps, a tendency, through sheer inertia, to allow a continuation of the expansion of productive capacity past the point of need. That this probably is true at the present time—at the threshold of the coming decade—can be seen from a survey of 500 of the country's largest industrial concerns made by the National Industrial Conference Board as of June, 1959. NICB's survey showed that industry generally was planning to increase its capital spending program for 1959 by 37% over 1958 while the only segment to report a decrease was the chemical industry "which plans to lower its First Quarter spending by 17% because of previous over expansion."

Adding to this problem is the growing tendency for "new comers" to enter the inorganic field. Examples can be found both in the activities of existing chemical companies to broaden their lines and in entry of many previous non-chemical manufacturers. The appeal of diversification and the desire for identification with one of the glamour industries may both be reasons for these moves. But whatever the cause, the results are the same—added capacity.

Some chemical consuming industries, too, are indulging in "backward integration" by manufacturing their own chemical raw materials. A well known example is the production of caustic and chlorine by paper mills. Here, again, while the specific moves may be well justified, the end result is still more capacity.

Now, for the producers of heavy inorganics, all this adds up to a considerable challenge. The individual chemical company must be particularly astute in forecasting not only the probable future growth in demand, nationally, of its products but also the growth pattern for its specific consuming areas. It must recognize possible inroads that others may make in what, in the past, may have been considered its safe sales region and, very especially, it must be able to judge correctly the relative position of the specific chemical on its own demand curve. This has particular significance for the heavy inorganic producers because more and more of these chemicals may have reached, or be approaching, the end of their rapid growth period. Considerable experience is needed to judge what additional capacity others may be planning and how this will affect the relationship between supply and demand. The problems that are inherent in this situation are self-evident. On the one hand, if a company waits too long to build additional capacity—waits, perhaps, until the demand has become quite firm—others may expand first and reap the harvest. On the other hand, in these days of ever increasing capital costs and resultant high break-even points, serious penalties await he who builds capacity too far in advance of the need.

Cost-Price

One of the results of actual or threatened over-capacity is the cost-price squeeze that the chemical industry is presently experiencing. Not that this is the only cause of this ill but it is certainly one of them. Even in the face of rising costs, the existence of idle capacity seriously deters a corresponding price increase.

That a cost-price squeeze exists, particularly in the heavy inorganic field, is well known. Consider, for example, that according to the Bureau of Labor Statistics, finished steel prices—one of the bellwethers of our economy and a good measurement of the cost of things we must buy—have risen 80% in the last decade. Over the same years, industrial chemical prices have gone up approximately 23%.

The price history of industrial chemicals has climbed little in relation to two of the most important elements of chemical production cost—high fixed capital requirements and cost of labor. Unless some extraordinary change in the economics of the heavy chemical industry occurs — and none is in view — there is no reason to assume that this situation will correct itself in the coming decade.

Besides the pressures from over-capacity there are, of course, a number of other factors bearing on this problem. For example, the heavy inorganic field, because of its size and maturity, cannot look to the chemical industry's normal antidote for rising costs, namely, increased efficiency through major volume increases or technological breakthroughs. These, unfortunately, are, in general, the private domain of the newer growth chemicals.

Break-even costs that are high, and in some instances going higher, intensify this problem. More and more, the profit is concentrated in the narrow top band of sales; and what pressures this brings to sell the full capacity of a plant! A whole host of challenges are to be found as a result. Is it better to increase volume at the risk of price deterioration? Is it wise to use trade relations as a sales tool and, if so, to what degree? Should special credit terms be extended in order to increase sales volume? In selling heavy inorganics, how much can one afford to spend on technical sales-service? These questions, and many more, must be faced during the coming years. The organization that answers them properly will not only operate profitably in the near term, but will be building soundly for the future.

Export-Import

Closely allied with the two challenges previously discussed is that which is connected with the changes that are occurring and will continue to occur in the chemical export-import picture. As of the end of World War II the usually strong chemical industries of such countries as Western Germany, the United Kingdom, Japan, etc. were in a very weakened condition. Not only were U. S. chemical firms experiencing little or no competition in export sales to other areas of the world but these normally self-sufficient countries were themselves importers of our products. However, in the intervening years, their chemical industries have been rebuilt—in some cases with U. S. money and technology. Now, not only can they satisfy their own demand but also they are strong competitors for world markets. It can be expected that these trends will be markedly reversed in the coming decade, perhaps to the extent that the favorable balance of the early 1950's all but disappears.

Another development of perhaps equal importance is the formation of the European Common Market, the full impact of which will certainly be felt in the 60's. This new organization can be expected to strengthen the whole Western European economy and thus increase the volume of goods that will be consumed there, including imported products. However, it is probable that to an even greater degree the concentrated strength generated by the Common Market will show itself in an increasing pressure to sell part of their combined output in the world markets, including in the United States.

While the export of heavy inorganics has never taken a major portio of the U. S. production, any loss of sales in this (or any other) area comes right off the top. A few percent reduction in sales can have a much larger effect on profits, return on assets, etc.

So, a dual challenge is presented here. On the one hand, how should the industry as a whole, or an individual company, act to minimize this loss in volume? Should European prices be met in Latin America, for example, even if this means little or no profit to the U. S. producer? Should there be some type of government subsidy for chemical exports such as, perhaps, very low freight rates similar to those enjoyed by European shippers? And, what attitude should be taken towards the possible loss of some domestic business through the increasing pressure of imports into the United States? Industry and government both will have to make intelligent, far-sighted decisions in these areas.

The other half of the challenge represented by the loss of export markets is the question of how best to continue to make economic use in foreign lands of U. S. chemical technology. An increasing number of American chemical companies are exporting their know-how in place of their products. Returns, through either royalty payments or an equity position in a foreign producing operation, often equal, and sometimes exceed, the loss in profits resulting from lost export markets. Whether or not such a program is sound must, of course, be decided by each company within the framework of its own situation. However, even with the older, heavy inorganics there are production and sometimes end-use technologies which are sufficiently advanced to have real economic value in other lands. The forward thinking chemical company will find some way of capitalizing on these assets.

Distribution

Another challenge which will become particularly important in the next decade has to do with the physical distribution of heavy chemicals from the producer to the consumer. Ever since the war, transportation and other distribution costs have risen so sharply that they have become a major factor in determining sales policy. In the case of the heavy inorganics this is particularly true since shipping rates have risen much more rapidly than sales value and are, today, one of the largest single items of the delivered cost of these products. Whether this item of cost is for the account of the producer or of the buyer is of little consequence. In either case, it must be controlled.

The major method of transportation of heavy chemicals is, of course, the railroad. Here, rates have gone up rapidly. Gerrit Van Schaick, General Traffic Manager for American Cyanamid said, at a recent MCA Transportation Symposium in Cleveland,[1] that since 1947 railroad freight rates have climbed 64% and the cost of freight cars 52% while in the same period chemical prices have risen less than 10%. It is hard to see that these trends will reverse themselves in the coming decade.

Neither the producers nor the consumers of heavy chemicals, with their low prices and high volumes, can long afford to absorb these rising costs. The challenge must be met and met promptly. Because of the magnitude of the problem, the rewards to those companies that develop some of the right answers can be very large, either in terms of cost savings to themselves or additional business from those grateful customers who gain the benefits of the savings.

How to solve this problem is difficult to state. Many approaches can be taken. Alternate forms of transportation such as pipelines for liquids and sometimes solids, water movement, truck-rail (piggy-back) and truck-water (fishy-back) combinations, are all possibilities. Plant relocations to minimize shipping distances to major customers, or perhaps to allow direct across-the-fence movements, should be considered. The use of the newer or, in some cases, the yet-to-be-developed containers, such things as bulk rubber "bags" for liquids, bulk handling of dry solids via air slides, etc., lined fiber drums for liquids, should all be carefully studied. The creation of bulk distribution points may, in some instances, be of value.

These are but a few of the possibilities. In any case, however, the existence of this large and rapidly growing portion of the total costs of heavy inorganics represents a challenge of the first magnitude.

Personnel

The last of the challenges listed earlier is, perhaps, not a challenge at all but rather a means of solving the problems and moving forward in the next decade. It is the recognition of the changing manpower needs, the necessity to supply new and often better skills to the field of inorganic chemistry. No longer can reliance be placed solely on the more normal experiences of chemical personnel—production, sales, engineering, and research. In order to meet the existing and future challenges there must be added abilities in such newer fields as logistics, operations research, planning, transportation and distribution, automation, etc., etc. What is needed is not more manpower but better trained manpower; people who are, perhaps, more sophisticated and thus better able to judge all of the nuances present in the various challenges to be faced.

In the field of marketing, the personnel will have to be more highly trained in technical skills, must be able to develop empathy regarding customers needs, applications, and uses of chemicals. Probably the superior sales people will be those of an optimistic frame of mind — well-balanced with realism. Our marketing managers must also be more highly skilled in forecasting, in identifying needs of the process industries and intechnical-economic aspects of the diversified industries served. Decision-making by marketing executives, and by their team, will call for real courage. They must determine what moves to make and, more specifically, they must judge the timing of such moves, when to enter a mar-

*From an address by Mr. Gilbert at the American Chemical Society's 136th Convention, Sept. 15, 1959, Atlantic City, N. J., to be published in *Advances in Chemistry Series No. 24*. Copyright 1959 by the American Chemical Society and reprinted by permission of the copyright owner.

1 *Chemical & Engineering News*, May 11, 1959, page 27.

ket, when to drop a product, when to expand—all this with a high degree of accuracy, for the stakes are large.

All of these problems are real, as are the many others that have not been mentioned here. However, this does not mean that the next decade should be approached with pessimism. Rather, these problems and challenges should be recognized for what they truely are—valuable opportunities for those alert enough to identify and solve them. Barring a major military, political, or economic upheaval, the next decade should be one of continued growth for the heavy inorganic chemical field. Some individual chemicals may move faster than others but, overall, this segment of the industry should approximate its growth of the last 10 years. It is at the level of the individual producers that the challenges will be most keenly felt. The companies that know their facts — perhaps even more so than at present, that realistically and courageously face these facts, that recognize and use properly the opportunities that will be presented, that, above all, remember that they are but instruments through which the interests of many are served — owners, employees, customers, suppliers, the communities in which they live, even society as a whole—these are the companies which will benefit most from the "Challenges of the Competitive Sixties."

Wm. Atwill Jr. to Be Allyn Partner

MIAMI BEACH, Fla.—William Atwill, Jr. on Oct. 1 will be admitted to partnership in A. C. Allyn & Co., members of the New York and Midwest Stock Exchanges. Mr. Atwill is President of Atwill and Company, Inc.

Wm. Atwill, Jr.

Harris & Co. Will Open in Detroit

DETROIT, Mich.—Harris & Co. will be formed with offices in the Book Building to engage in a securities business. The new firm will be members of the New York Stock Exchange. Emanuel J. Harris, who will acquire the Exchange membesrhip, and Eugene Hesz will be general partners. Robert B. Jacob, Richard J. Jacob, Lloyd R. Marentette, and Glayden V. Fox will be limited partners.

Hayden Stone Will Admit Partners

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on Oct. 1 will admit to general partnership Robert I. Higgins of Los Angeles and L. Hudson Leathers. On the same date James W. Duff will become a limited partner.

Dick & Merle-Smith Branch

GARDEN CITY, N. Y.—Dick & Merle-Smith has opened a branch office at 106 Seventh Street, under the management of Harold Palmer.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The impression has been pretty well spread around the country that the Congress rushed to get away from here before Khrushchev's arrival. Some writer suggested this and it was picked up and after that was accepted for the truth.

Carlisle Bargeron

As a matter of fact it was completely erroneous. The Congress was in session way after its bedtime and the middle of September had been set as the target date for adjournment at least a month ago, before it was known that Khrushchev was coming over here.

Actually, the Russian embassy made known at least two weeks ago that their leader had no desire to address a session of Congress. He was not the head of state it was pointed out. Although he is the undisputed boss, the Russians have a President who in protocol outranks Khrushchev.

No word had come down from the State Department or the President that if Congress was in session, it should hear the Russian visitor.

Congress would not have been embarrassed in the slightest had it been in session when Khrushchev arrived. More than 200 members of the House had made it known that they would not attend a session which he addressed and at least a half of the Senate felt the same way. Any embarrassment would have accrued to the Russian leader, not to the Congress. It had not the slightest objection to going on the record in the matter of his visit. As a matter of fact the House majority leader, John W. McCormick of Massachusetts, had served notice he would resign if an invitation to address Congress was delivered to Khrushchev.

At the height of his slowing down tactics, Senator Morse gave as one of his lofty purposes that he was trying to keep Congress here to carry out its protocol and also to finish its business, such as the passage of farm legislation and the adoption of a higher minimum wage law.

But the Senator was just talking through his hat. He got miffed at Majority Leader Johnson over what he claimed to be a slight at Johnson's hands. And that was the only thing that motivated him.

If Congress were to stay here until the end of the year, it would not pass any farm legislation or any increase in the minimum wage law. The Department of Agriculture has not at this session sent up an overall farm plan. Presumably it reasoned that it had an opposition Congress on its hands and that to send up a bill would just be wasted effort. Insofar as an increase in the minimum wage law is concerned, there is so much opposition in Congress that it is doubtful if it could be passed. Anyway, it never got out of either the House or Senate committees.

This was the latest Congress has been in session since 1947 or 1948, except for extra sessions. It went home because it was tired and weary and it can stand on its record as a very productive Congress.

It didn't turn out to be near as radical as the country had reason to expect. Headed off by Lyndon Johnson and Speaker Sam Rayburn, the so-called liberals could never get started. Paul Butler, Chairman of the Democratic National Committee, is complaining bitterly about their lack of a showing. The National Committee for an Effective Congress, a leftist outfit, is also complaining.

If Khrushchev really wanted to get a chuckle, the spectacle of Congress in its last few days spending hours and hours on debating civil rights would afford it to him.

Almost from the beginning of the session it had been agreed that about all Congress would do on this issue was to pass a measure authorizing the extension of the Civil Rights Commission. In the last days, too, it was realized that there were the votes to pass this measure, as an amendment to the mutual aid security appropriation bill. As an amendment to this bill, it required a two-thirds vote, but that many of the Senators were willing to vote for the commission as a way of sidestepping the matter.

A confidential poll of the Senate would not show a majority of the Senators, either Republicans or Democrats, who believe that anything farther should be done about civil rights; the feeling being that just about everything that should be done has been done. But to the so-called liberals, in the minority, it is a way of getting votes. If the Senate as a whole didn't believe the way it did, that enough has been done, Johnson would not have been able to hold down this year's accomplishment to the mere extension of the Civil Rights Commission.

Hornblower & Weeks To Admit Two

Hornblower & Weeks, members of the New York Stock Exchange, on Oct. 1 will admit Leo H. Gillespie and Harry W. Wildeman to partnership. Mr. Wildeman will make his headquarters in the firm's Chicago office, 134 South La Salle Stree, where he is in the statistical department. Mr. Gillespie will make his headquarters in the Boston office, 75 Federal Street.

Mutual Planning Co.

BROOKLYN, N. Y. — Herbert Abelow is engaging in a securities business from offices at 1324 East 99th Street under the firm name of Mutual Planning Co.

Dealer-Broker Investment Recommendations and Literature

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

Barometer of Business — Review — Harris Trust and Savings Bank, 115 West Monroe Street, Chicago 9, Ill.

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

California—Analysis of credit potential of **State of California, Los Angeles, San Francisco, San Diego, Oakland, Long Beach, San Jose, and Riverside** — separate brochures — Bank of America, N. T. & S. A., 300 Montgomery Street, San Francisco 20, Calif.

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

Earnings Plateau Possible — Analysis of possible business growth—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Five French Stocks—Report on **Bull Machine Company, French Thomson-Houston Company, General Electric Co. of France, General Wireless Co. of France** and **Saint-Gobain**—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y.

Fundamentals of Municipal Bonds — New text on municipal bonds and procedures in issuing marketing, underwriting and investing in them — Investment Bankers Association of America, 425 Thirteenth Street, N. W., Washington 4, D. C.—$2.00.

Investment Outlook—Quarterly market analysis—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

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

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

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.

Plywood Industry—Analysis—Peter Morgan & Co., 149 Broadway, New York 6, N. Y.

Portfolios—Selected issues for various objectives—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Products and Processes—Booklet "A" describing the company's work in carbons, chemicals, gases, metals, plastics, and nuclear energy—Union Carbide Corporation, 30 East 42nd Street, New York 17, N. Y.

Tight Money and Second Grade Bonds — Analysis — Saunders Cameron Limited, 55 Yonge Street, Toronto 1, Ont., Canada.

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ACF Wrigley Stores—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y. Also in the same circular is a report on **H. C. Bohack Co.**

American Cement Corporation—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **New York Central Railroad.**

American Enka Corp.—Review—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are reviews of **Gestetner, Ltd., Adr, Hoover Co., Seaboard Finance Co.**

American Motors Corp.—Analysis—Lubetkin, Regan & Kennedy, 30 Pine Street, New York 5, N. Y. Also available is a report on **McNeil Machine & Engineering.**

American Optical Co.—Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

American Tobacco — Review—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. In the same circular are reviews of **Continental Baking** and **Crown Cork & Seal.** Also available is a memorandum on **Fruehauf Trailer.**

Bethlehem Steel Corporation — Analysis — Laird, Bissell & Meeds, 120 Wall Street, New York 5, N. Y.

Central Illinois Light Co.—Review—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also in the same circular are surveys of **Central Telephone Co., El Paso Electric Co., Empire District Electric Co., Florida Power & Light Co., General Public Utilities Corp., Illinois Power Co., Iowa Public Service Co., Laclede Gas Company, Lake Superior District Power Co., New Jersey Natural Gas Co., Panhandle Eastern Pipe Line Co., Sierra Pacific Power Co.,** and **South Jersey Gas Co.**

Citizens Utilities Company — Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

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

Continental Assurance Company—Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

Continental Can — Review — Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

Continental Connectors Corp. — Memorandum — William H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

Cook Coffee Company—Analysis—A. G. Becker & Co. Incorporated, 60 Broadway, New York 4, N. Y.

Crouse-Hinds Co.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

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

Erie-Lackawanna Railroad Company — Analysis — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Firstamerica Corporation — Analysis — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

General Electric—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is an analysis of **Sperry Rand** and a review of the economy.

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

Koehring Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are memoranda on **Purolator Products, Inc., A. E. Staley Manufacturing Co.,** and **Stone Container Corp.**

LEL Incorporated — Analysis—Bertner Bros., 67 Wall Street, New York 5, N. Y.

New England Lime Company—Analysis—John R. Maher Associates, 32 Broadway, New York 4, N. Y.

Peninsular Life Insurance Company of Jacksonville, Fla.—Analysis—McDaniel Lewis & Co., Jefferson Building, Greensboro, N. C.

Radio Corp. of America—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Marshall Field & Company.**

Reichhold Chemicals—Report—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Reynolds Engineering & Supply, Inc.—Report—A. J. Gabriel Co., Inc., 625 Madison Avenue, New York 22, N. Y.

Sears, Roebuck & Company—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Allstate Insurance Co.**

Sears, Roebuck & Co.—Memorandum—Hardy & Co., 30 Broad Street, New York 4, N. Y. Also available is an anlysis of **E. I. du Pont de Nemours.**

H. C. Smith Oil Tool Co.—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Steel Co. of Wales—Memorandum—Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

Thorp Finance Corporation — Report — The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a review of **Fire-Casualty Insurance Stocks** with particular reference to **Great American Insurance Company** and **Home Insurance Company.**

Woodward Stores, (1947) Ltd.—Analysis—Doherty Roadhouse & Co., 335 Bay Street, Toronto, Canada.

F. W. Woolworth—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **Simmons Company.**

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The 26th Annual Convention of the National Security Traders Association will be held at Boca Raton Hotel and Club, Boca Raton, Fla., November 1-5, 1959.

Sunday, the opening day of the Convention, the Special Train from the North will arrive at 9:30 a.m. which will allow ample time to unpack and renew old acquaintances before enjoying the Buffet Luncheon at the Cabana Club.

The President's reception Sunday evening will be the opening event of the Convention. Monday morning, the past officers will meet for breakfast, and the first meeting of the National Committee will be held Monday afternoon.

Monday evening, Cocktails will be served at the Cabana Club followed by a Steak Roast, an outdoor Water Show and Dancing.

Tuesday morning, the Presidents of the Affiliates will gather for breakfast, followed by the Golf and Tennis Tournaments. There will be a boat trip for the Ladies Tuesday afternoon on the Inland Waterway. Bowling on the Green, Shuffleboard and Deep Sea Fishing will be available for both Ladies and Gentlemen.

Wednesday and Thursday will be days for both business and pleasure with the last meeting of the National Committee and election of officers on Thursday morning. The Convention Program will be concluded with the Banquet and Presentation of Officers Thursday evening.

There will be Dancing each evening at Dinner and also later in the evening in the Polo Lounge. Dress will be optional for all functions.

Ira Haupt to Handle Financing for South Carolina Authority

The Beaufort County Water Authority, Beaufort, S. C., on Sept. 16 contracted with Ira Haupt & Co., New York City, under a banking agreement whereby that company is to handle the financing of a proposed water system. The anticipated bond issue will be between $5 and $6 million, depending upon final agreements with the Department of the Navy.

The authority will supply water on a wholesale basis and no retail distribution will be required. An intake and raw water pump station at Hardeeville, S. C., on the Savannah River will pump water 18 miles through a canal to the treatment plant. Finished water will then be distributed to the cities of Beaufort and Port Royal and to the Marine Corps Auxiliary Air Station; Beaufort Naval Hospital, Beaufort, Marine Corps Recruit Depot, Parris Island, and the Capehart Housing Project near Beaufort. About 18 miles of finished water mains will supply the foregoing customers.

Under contractual arrangements with the Navy and the cities concerned, the former will pay their proportional share of the costs of operation, debt service and reserves, and the balance is to be the obligation of the cities. Construction costs and operating revenues have been estimated by B. P. Barber Engineering of Columbia, S. C. Negotiations will begin immediately with the officials of the 6th Naval District in Charleston, S. C.

Now Nassau Street Inv.

Harray Heching, 65 Nassau St., New York City, is continuing his investment business under the firm name of Nassau Street Investing Co.

First Maine Branch

First Maine Corporation has opened a branch office at 100 William Street, New York City, under the management of Burton M. Cross.

Larry Richards, Inc.

JERSEY CITY, N. J. — Larry Richards, Inc. will continue the investment business of Harriet J. Eisenberg & Co., Ft. Lee, New Jersey, from offices at 2322 Hudson Boulevard, Jersey City.

Barrentine Inv. Co.

POCAHONTAS, Ark.—Moody L. Barrentine Investment Co., Inc. has been formed with offices at 501 Everett Street to engage in a securities business. Officers are Moody L. Barrentine. President and Treasurer, and V. E. Barrentine, Secretary.

Mr. Macmillan's Dilemma

By PAUL EINZIG

The optimistic reaction of the London Stock Exchange, in expecting a Conservative victory, is bound to hurt the Tory Government's chances of capturing the floating vote since the Socialists will capitalize on this—no matter how incorrect their presentation may be. Moreover, Dr. Einzig points out, another dilemmatic problem presents itself from the U. S. A. stock market setback and interest rate rise. This could dampen the London Stock Market if it leads to an adverse economic repercussion in England which, it follows, would not politically help Macmillan. Says the political election promises suggest that "democracy has degenerated into competitive inflationism."

LONDON, Eng.—The announcement that the general election will be held on Oct. 8 was followed by a sharp if short-lived rise on the London Stock Exchange. Most people assume that the Government will win, and this assumption expressed itself in a demand for equities and, to a less extent, for Government loans, by investors and speculators alike. It is true, the election boom was checked, for the moment, by the minor setback in Wall Street and the increase in the Federal Reserve rediscount rates. But it is generally expected that, should public opinion surveys continue to predict a safe majority in favor of the Government, the Stock Exchange would witness a fairly substantial boom in equities between now and election day.

Paul Einzig

Stock Boom Hurts the Government

Prospects of such a boom are causing uneasiness among the more intelligent Government supporters, for they realize that its effects on the "floating vote" would be anything but favorable. This floating vote consists largely of the less prosperous section of the middle classes, which might resent the capital profits made by investors and speculators as a result of a boom due to the anticipation that they would support the Conservative Government. What is even more important, resentment over such capital profits would certainly induce supporters of the Socialists to muster up their full strength on polling day. Envy and spite constitute a factor of major importance in British political and economic life these days. The sight of many people, who have either the capital to invest or the boldness to speculate, making substantial profits on an election boom would increase the Socialist vote to a considerable extent.

Needless to say, the left-wing press makes the best of the existence of this influence on the electorate. Whenever there is a rise on the Stock Exchange we see front page headlines about so and so many millions of pounds having been added to the value of total security holdings, representing a corresponding amount of "unearned" profits. The figures are impressive even though they are grossly and deliberately misleading. For, as the financial editors who write such news stories well know, something like 90% of the stocks never or hardly ever change hands, so that the rise in their Stock Exchange value only means bookkeeping profits. Moreover, by the time holders sell out to take their profit the capital gain may well have disappeared or may even have become a capital loss. There are no striking headlines when there is a setback on the Stock Exchange, to indicate the capital loss that is supposed to be suffered by holders.

However this may be, the one-sided presentation of the figures showing huge capital profits is an effective election propaganda against the Government. Paradoxical as it may seem, therefore, the more confident the Stock Exchange is about Tory victory the more it tends to reduce the chances of such a victory by providing ammunition for the Government's opponents.

This state of affairs has confronted Mr. Macmillan and his supporters with a dilemma. If they show optimism about election prospects they encourage a Stock Exchange boom which is likely to be highly damaging for their prospects. On the other hand, unless they show that they believe in their own victory they are liable to discourage the floating vote. Nothing succeeds like success. Those who hold no firm political convictions are liable to be influenced by the prospects as they see it. They would like to back up the winning side. Absence of evidence that the Prime Minister and other leading Conservatives are certain of their victory might divert many voters from the Conservative camp.

The setback in Wall Street and dear money in the United States might well prove to be a blessing in disguise for the Conservative Party from the point of view of election prospects. In so far as it checks a boom on the London Stock Exchange it obviates the necessity for Conservative leaders to try to check it by the dubious device of pessimism.

Another Problem

If the adverse tendency in the United States should go so far as to have obviously adverse economic repercussions on Britain—such as a heavy outflow of funds resulting from higher money rates in New York — that would, of course, affect the Government's chances adversely. So there is a dilemma within the dilemma for Conservatives. Should they hope for a setback in the United States during the next few weeks, or should they pray that there should be no setback?

The prospects of a Stock Exchange boom are by no means the only potential weapons with which Socialists can attack the Government. We are likely to hear a great deal during the next few weeks about take-over bids, directors' expense accounts, tax evasion and such subjects. "Take-over bid" has become a dirty word in the British political vocabulary.

The worst of it is that Socialists are committing themselves heavily to legislation to prevent them. Anyone who is familiar with the subject must know that, owing to the impossibility of defining take-over bids, any such legislation would have to prevent a wide range of useful and productive transactions as well as the kinds of transactions which the Socialists have in mind. Take-over bids could only be prevented at the cost of paralyzing business in general by the imposition of crippling restrictions on any change, however sound and necessary. This is an additional reason for apprehension over the economic consequences of a labor victory.

The Conservative election manifesto should rule out any fears (or hopes) that the confirmation of the Conservative Government in office would be followed by the adoption of deflationary measures which the Government does not dare to adopt on the eve of the election. It contains many inflationary promises. The sum total of the additional expenditure undertaken is of course much smaller than that of the Socialist promises, but the difference is only one of degree. Unfortunately, democracy has degenerated into competitive inflationism.

Steven Low Dir. Of G. H. Rennie

TORONTO, Can. — Steven Low has been elected a director of G. H. Rennie & Co. Limited, 330 Bay Street, members of the Toronto Stock Exchange. Mr. Low in the past was President of Steven Low & Co.

F. P. Ristine to Admit New Partner

PHILADELPHIA, Pa. — F. P. Ristine & Co., 123 South Broad Street, members of the New York and Philadelphia-Baltimore Stock Exchanges, on Oct. 1 will admit Edward F. McLarney to partnership.

Lawrence Kahn to Speak on Market

CHICAGO, Ill. — Lawrence R. Kahn, Vice-President in Charge of Investment Research of A. G. Becker & Co., Inc., will address the American Die-casting Institute at its annual convention Thursday, Sept. 17, at the Edgewater Beach Hotel. His subject will be "The Meaning of Today's Stock Market." Mr. Kahn is also President of The New York Society of Security Analysts, Inc.

Lawrence R. Kahn

Scarbrough Mutual

FT. WORTH, Tex. — Eiland A. Scarbrough is engaging in a securities business from offices at 2708 West Berry Street under the firm name of E. A. Scarbrough Mutual Funds.

Joins W. G. Houston

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill.—Cabanne H. Link has been added to the staff of W. G. Houston & Co., 118 North Fifth Street, members of the Midwest Stock Exchange.

Form Rochester & Co.

BUFFALO, N. Y.—Rochester & Company Securites, Inc. has been formed with offices at 43 Court Street to engage in a securities business. Officers are DeLancey Rochester III, President; M. H. Rochester, Vice-President; and R. J. Anderson, Secretary-Treasurer. All have been associated with Delancey Rochester Co., Inc.

Mutual Planning in NYC

Mutual Planning Co. has been formed with offices at 95 Broad Street, New York City to engage in a securities business. Herbert Abelow is a principal of the firm.

Now With Morton, Hall

(Special to THE FINANCIAL CHRONICLE)

LEWISTON, Maine—Everett L. Giles has become associated with Morton, Hall & Rounds, Inc., 226 Main Street.

Hamilton Inv. Plan

JAMAICA, N. Y.—Hamilton Investors Plan, Inc. has been formed with offices at 8-23 164th Street to engage in a securities business. Richard A. Di Loreto is a principal of the firm.

With Prescott & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Herbert I. Glass has become connected with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

Do Lower-Grade Municipals Offer Superior Market Performance?

By JOHN F. BOYD

The Detroit Bank & Trust Company, Detroit, Mich.

Taking exception to the arguments presented by Richard Wescott in his article "Re-Examining the Practice of Favoring Top-Rated Municipals" ("Chronicle," Aug. 6, p. 13), the writer: (1) transforms Mr. Wescott's yield comparisons into price fluctuation comparisons which he finds favors the highest grade ratings; (2) shows price fluctuations have been understandably small—even for the Baa's; and (3) calls attention to limitations in the use of rating-group yield averages without a more complete sample and longer study period. Mr. Boyd states that the absence of superior market performance in "any" investment quality grade does not mean investments should be confined to top grade and he would leave it to each investor to judge extent they would take lower credit risks.

Mr. Richard Wescott's article, "Re-Examining the Practice of Favoring Top-Rated Municipals" in *The Commercial and Financial Chronicle* of Aug. 6, 1959, urged that municipal bond investors attempt to reduce their exposure to market risk—"the range of yield fluctuation, and contrawise the dollar market prices" — by the purchase of lower credit-rating bonds. I do not believe that Mr. Wescott fully substantiated his argument. His recommendation rested upon a demonstration that medium-grade bond *yield* fluctuations have been proportionately smaller than high-grade bond yield fluctuations. It does not follow from this that medium-grade *price* fluctuations have been smaller. Indeed, the opposite conclusion is reached if one extends Mr. Wescott's summaries of yield fluctuations into dollar prices. Carried to its logical end, his argument would suggest that one should buy Aaa-rated municipals alone.

John F. Boyd

The yield fluctuations of the rating groups can readily be translated into a record of price fluctuation, since Moody's publishes periodically the list of bonds upon which it bases the four yield indexes. The average maturity of all the bonds is 20 years; the average coupon rates (taking the list as of Dec. 31, 1958) are 2.40%, 3.18%, 3.275%, and 3.265%—or, approximately, 2⅜%, 3⅛%, 3¼%, and 3¼%. Using these particulars, Mr. Wescott's yield comparisons for the years 1951 to 1958, which appear to favor the lower medium grade bonds are transformed into comparisons of price fluctuation favoring the highest grade classification.

Credit Rating	Average Yield 1951-1958	Average Yield Range 1951-1958	Average Yield Fluctuation—%
Aaa	2.33	.598	25.7
Aa	2.54	.682	26.9
A	2.89	.680	23.5
Baa	3.32	.660	19.9

Credit Rating	Average Market Value 1951-1958	Average Price Fluctuation 1951-1958	Price Fluctuation as % of Average Price
Aaa	100.72	9.60	9.53
Aa	109.12	11.19	10.25
A	105.44	10.62	10.07
Baa	98.92	9.53	9.63

Small Price Fluctuation Change

Actually, the differences in degree of price fluctuation over the eight years are quite small—less than 1% at the most. They are of the order one might expect to result from random variations in the supply situation, between the four quality groupings. It would be surprising if the results proved otherwise, for we assume that price action in the municipal market is dominated by financial institutions which deal in a wide variety of municipal investments. One would not expect such investors to allow a disproportionate amount of price depreciation to develop in any of the quality groups.

Even though the *average* price movements since the Treasury-Fed Accord show no such tendency, it might be supposed that the lower-rating grades had shown more favorable price action in the last two bond market lows. However, price action in the six months from May to October, 1957, and in the first six months of 1959, as computed from the yield averages, gives no clear indication that this is so:

1957 Bond Market Low

Credit Rating	Ave. Price 1951-1958	Yield Average 6 Mos., 1957	Price Average 6 Mos., 1957	Average Price Deprec.	Depreciation % of Ave. Price
Aaa	100.72	3.25	87.21	13.51	13.41
Aa	109.12	3.48	94.92	14.20	13.01
A	105.44	3.77	92.74	12.70	12.04
Baa	98.92	4.34	85.53	13.39	13.54

1959 First Six Months

Credit Rating	Ave. Price 1951-1958	Yield Average 6 Mos., 1959	Price Average 6 Mos., 1959	Average Price Deprec.	Depreciation % of Ave. Price
Aaa	100.72	3.20	87.88	12.84	12.75
Aa	109.12	3.42	95.75	13.37	12.25
A	105.44	3.71	93.55	11.89	11.28
Baa	98.92	4.10	88.48	10.44	10.55

Among the three periods examined here, the Baa rating-group has shown the best market performance in one instance, the least favorable in another, and has occupied a middle position over the entire eight-year span. The differences generally are so small that they lack significance, but the best performances within the three periods have been shown by the Aaa, A, and Baa rating-groups. Extended to other periods, such as the final half of 1958, this type of examination, using the yield averages, gives no indication of significantly superior price action in any of the rating groups.

Limitations in Use of Averages

On the basis of market performance, there seems to be no reason to prefer the lower grades. One has to recognize that the use of rating-group yield averages in studying price fluctuations has limitations. The averages cannot reflect the distortion of the general yield structure which occurs when prices move toward large premiums or discounts, nor can they reflect the increasingly important effects upon prices of call features. It would seem that a long-term historical study of a large sample portfolio would be the only fully satisfactory way in which general statements about quality-group price performance could be supported.

At any rate, the evidence to now creates great doubt that there is any application at all in the municipals field for the thesis that the offsetting cyclical effects of credit and money-rate considerations give greater price stability to lower-grade securities. This line of thought seems doubtful on its face, since it is generally assumed to be the peculiar superiority of municipal credits, as against corporate credits, that they are safe against any but the most severe of economic crisis. It seems unlikely that municipal investors give much attention to immediate business conditions when making long-term investment commitments. Sophisticated investors surely are aware that their investments will continue through a number of business and monetary cycles; the others probably do not look far beyond the investment service ratings. If the offsetting market and credit risks create relative price stability anywhere in the municipals market, it must be among bonds of extremely poor investment quality—bonds which institutional investors are unlikely to purchase because of the rulings of their supervisory authorities, their statutory investment requirements, or their memories of past disasters.

The absence of superior market performance in *any* of the investment quality grades does not, of course, indicate that investments generally must be restricted to the high grade groups. All investors must determine the extent to which they can prudently accept the greater credit risks. Investors of many kinds may be able to consider the additional income available from medium-grade bonds as an offset to potential liquidating losses. Investors such as commercial banks, charged primarily with the conservation of funds, will probably wish to do so only to a moderate extent. A decision to do so must be justified by the fact that *all* investment grade municipals historically have shown a superior record of safety. In many cases, the additional income received from lower-grade bonds will no longer be available at a time when really serious liquidating losses must be faced.

Wants Problem Studied More

Though I cannot follow Mr. Wescott's conclusions, it is good to see serious attention given to the problem of market risk in municipals. Mr. Wescott addressed his arguments to commercial bank investment managers, but they have at least equal importance for those of us concerned with trust and personal investments. Ordinarily, we must invest beyond the "bank maturity" range, where the market risk is proportionately greater. It seems doubtful that very many commercial banks have had to raise cash by the outright sale of municipals during the past decade. In our field, an increasing dependence upon equities as trust account and personal investments has often led to the liquidation of municipal investments, under the most unfavorable market conditions, for reinvestment in stocks. Except for careful planning of maturities, we have found no way to control market losses. We would very much like to find a defense against the market risk inherent in intermediate-term municipals, but it does not seem that lower-grade bonds offer us a suitable haven.

Boom Must Wait Until Steel Flows Again

First National City Bank praises economy's stamina for showing little signs of steel strike but fears critical point in approaching wherein adverse effect will percolate through the economy. Expresses hope for a noninflationary settlement so that resurgent expansion can be unleashed.

Writing in its September monthly letter, the First National City Bank of New York points out that "the impact of the strike will be felt more broadly the longer it lasts." After praising business confidence in the face of labor troubles, the Bank expresses the wish that the strike will be settled in time before the winter freeze affects ore shipments on the Great Lakes. A flow of steel in the fourth quarter would, the Bank expects, permit a strong push from auto, capital expenditures, and consumer durables to take place. Without steel "renewed expansion will have to wait."

The *Monthly Bank Letter* notes that "the steel strike is nearing the end of its seventh week and as yet no break is visible. The remarkable ability of the economy to withstand the crippling of one of its key industries has been high-lighted by the record or near-record levels of employment, income, and retail sales. Production in most lines, except those directly involved, is still at high levels. From now on, however, as long as the strike continues and as more and more firms exhaust their stockpiles, layoffs and shutdowns will tend to spread.

"Business confidence is strong despite labor troubles. The feeling is general that once a settlement is reached the economy will surge to new heights. With booming sales and spending power, renewed upward pressures on prices assert themselves. A minor, but perhaps symbolic, advance of 1% in the consumer price index has occurred this summer. The pattern set by the steel contract can, of course, have a critical effect on commodity price movements in the months ahead. As steel stocks dwindle and pressure for a settlement mounts, it is earnestly hoped that all parties involved recall their often-expressed desire for a noninflationary settlement. In copper, which is strikebound, as in aluminum and other industries where negotiations are in progress, managements generally are following the strong anti-inflationary stand taken by steel officials and are seeking changes in union working rules to improve productivity as a consideration for increases in wages or other benefits.

Coasting Along

"The first month or so of the steel strike caused little more than a ripple in the economy outside steel-producing centers. During July nonfarm employment, personal income, and retail sales held up better than usual and, on a seasonally adjusted basis, reached peaks beyond any previous experience. Preliminary reports for August show the economy coasting along through the summer slack period at relatively high levels. Consumer buying, as reflected in sales by department stores and new car dealers, has been generally well maintained in August. Even in some steel-making centers, sales are up from last year.

"Overall industrial activity in July was only slightly below the June record. The Federal Reserve index of industrial production (seasonally adjusted, 1947-1949 = 100) dipped to 153 from 155 in June, but was still well above any previous July. Between June and July, steel production was cut by more than half, but the index of metal fabricating activity rose 2% and other major durable goods lines also advanced. Production of textiles, apparel, and other non-durable goods continued to boom.

"These high rates of output reflect sustained consumer demand and business confidence. Among steel-consuming industries they also reveal what a vast accumulation of steel of all varieties took place before the strike. Even after six weeks' shutdown of the mills, steel warehouses did not report general shortages of any types. Major durable goods producers continue to express confidence that their supplies will last well into September, and many hope, through exchanges or special purchases, to stretch stocks into October. Here and there, however, complaints of steel shortage are being heard.

"Naturally, the impact of the strike will be felt more broadly the longer it lasts. August business reports are unlikely to be as good as July's were and September may be off further if settlement is not achieved early in the month. Yet the impact of previous steel strikes on industrial production has been neither deep nor lasting. The current strike, however, has already exceeded in length the 1956, 1949, and 1946 steel walkouts, and, on Aug. 31, was within a week of matching the 55-day strike in 1952.

Setting for a Boom

"Once the steel strike is settled, the prevailing opinion is that business can and will expand to new heights. The Glamorous Decade of the sixties can show if it is up to advance billings. A resurgance to new peaks of activity will be natural as steel mills resume operations and their customers scramble to rebuild inventories. Full recovery in steel operations may be impeded during the winter, however, should the strike deny time to bring sufficient ore down the Great Lakes before the winter freeze.

"If steel is available, automobile manufacturers plan to assemble over 1.9 million cars in the closing quarter of 1959, up 41% from last year and the largest final quarter since 1955. Nearly 350,000 of these are expected to be compact cars. The schedules would boost domestic output for 1959 as a whole to 6.3 million cars, a total surpassed only in 1950 and 1955.

"A strong push is also anticipated from business expenditures on new capital equipment. Orders for most types of heavy machinery and equipment have been at an advanced level in recent months, and by the fourth quarter these orders should be reflected in actual production and sales. Rising capital investment is expected to persist into 1960. Business is also expected to spend heavily rebuilding inventories, although perhaps not to the extent of the $10.4 billion a year rate reached in the second quarter of this year. In manufacturing, wholesaling, and retail trade alike, the ratios of stocks to sales are unusually low, and considerable further accumulation is indicated.

"The increased outlays for consumer durables and business investment will tend to replace the stimulus exerted during the recovery by government outlays and home building, which now are flattening out at high levels. All of these rosy expectations are based on the assumption that in the fourth quarter steel will once more be readily available. Without this essential item, renewed expansion will have to wait."

The Challenge to Our Nation And the Oil Industry

By ROBERT G. DUNLOP*

President, Sun Oil Company, Philadelphia, Pa.

Reproving Federal intervention, control, and stifling of individual initiative, Mr. Dunlop fears this is a harbinger of our future. He calls attention to the U. S. S. R. which, he says, have added incentives to achievement as fast as we have crushed them. The oil head asserts "uncommon harassment" is closing in the walls on the oil industry as it attempts to meet price competition in the market for gasoline, and claims oil import quotas result in unequal treatment. Sounding a call for return to and rebirth of freedom here, Mr. Dunlop declares our challenge is to make sure it is Freedom that contends with Communism.

In one of Edgar Allen Poe's short stories — The Pit and the Pendulum — a man is trapped in a room whose hot metal walls are slowly closing in on him, forcing him toward a pit containing a horror so monstrous he cannot describe it. The terror in Poe's tale lies in the man's utter helplessness. Oil men are not so helpless, but the analogy is useful otherwise. Slowly, but inexorably, the freedom of the managers of oil companies to conduct their business in accordance with the dictates of the marketplace is being restricted. The walls are closing in. And the pit, as we know from the experience of all nations which have embraced totalitarianism, is too horrible to contemplate.

Robert G. Dunlop

Already, half of the proved hydrocarbon energy reserves of the country are under Federal Government control. The discoverer of natural gas can neither sell it in interstate commerce — nor stop selling it once he has started—without Federal Government approval. The price at which he sells—should the sale be approved—is controlled by the Federal Government. Many of the contracts producers had made in good faith with buyers have been swept aside as invalid by administrative action of the Federal Government. Today, the terms of tentative agreements between buyers and sellers are often changed by administrative action of the Federal Government during the lengthy process of contract approval — a process which not uncommonly consumes two to three years. By administrative action of the Federal Government the buyer of natural gas is as likely as not to be required to pay less than he was willing to pay, and the seller has the choice of accepting the lower price or nothing.

In natural gas controls, the oil man is twice injured. Not only does the price he is permitted to receive for his gas limit his financial ability to search for new reserves to replace those he has committed to sale, but the arbitrarily-established gas price is a regulator — and a depressant — of the price the oil man receives for his distillate and residual fuels. Such fuels comprise more than a third of the total yield of petroleum products from crude oil. Thus oil men live daily with an example of the truism that the imposition of controls on one part of a free economy breeds additional controls in the other segments. Direct controls on gas producers who sell in interstate commerce also indirectly regulate prices of gas in intrastate commerce and the prices of a substantial percentage of our hydrocarbon energy supply which is in liquid form.

Liquids represent the presumably free half of our proven hydrocarbon energy supply. But oil men do not need to be reminded that managerial discretion in selecting sources of crude oil to meet refinery requirements has been substantially supplanted by the administrative discretion of the Federal Government.

Unequal Oil Import Quotas

In the interests of national defense the Federal Government has decreed that crude oil and petroleum product imports should be limited. This limitation is being accomplished through the mandatory oil imports program under which a quota has been assigned to each importer. Surely equal treatment for all must have been a consideration of those who designed the quota system, but its result is unequal treatment. Worse yet, it freezes-in the unequal treatment and denies to the managements of individual companies the opportunity to work out their own salvations, all facing an identical deterrent to importation. A realistic tariff that would apply to all importers would constitute such a deterrent. Its great advantage is that it would leave the managements of the separate, competitive companies free to exercise their ingenuity and to discharge their responsibilities to their stockholders, employes and customers according to their individual capabilities. Such is the traditional method of a society which believes in a competitive economic system.

Oil men also find the walls closing in on them as they attempt to meet price competition in the markets for gasoline—their major product. In this area they are suffering uncommon harassment. This is disquieting enough. But the oil man's greatest concern is over the ultimate destination of the course we are being required to take. What the Federal Government appears to be saying to the oil industry is that a sheltered position must be maintained for everyone who engages in gasoline marketing; that large marketers must not compete very vigorously with smaller marketers; and that price inflexibility is to be preferred—all in the name of preserving competition!

What Is Competition?

If a large marketer reduces prices to a **large** number of dealers, he risks a judgment—not by a court, but by a quasi-judicial Federal Government agency — of having engaged in "predatory" pricing. If he reduces prices to a **few** dealers, he risks a judgment of having engaged in "discriminatory" pricing. Oil men listen in amazement as a regulatory agency policy-maker asserts in one breath that "hard competition" is to be fostered, and in the next breath that the defense of a seller who has reduced prices should be disregarded if he pleads, when he is brought to the bar, that he made the price reduction in good faith to meet the lower-priced competition of other sellers!

But price **reductions** are not alone suspect; price **increases** also are a source of difficulty — this time stemming from a **different** Federal agency. This is a matter which may be unbecoming of me to discuss, since we will have quite a bit to say about it later on —in a Federal District Court.

* * *

If oil men's problems were their own—unique to them—they would not be worthy of exceptional public notice and concern; all of us could regard them simply as conditions of the business—factors to be weighed by those who contemplate engaging in petroleum. But the fact is that such problems as I have touched upon are manifestations of an issue that will decide our nation's future.

Approximately 120 years ago Alexis deTouqueville, reporting on his observations, wrote: "In America . . . the citizen . . . never thinks of soliciting the cooperation of the government; but he publishes his plan, offers to execute it himself, courts the assistance of other individuals, and struggles manfully against all obstacles. Undoubtedly he is often less successful than the State might have been in his position, but the sum of these private undertakings far exceeds all that the government could effect."

DeTouqueville's description fits the climate of American ideas and ideals as Edwin L. Drake came on the scene.

Not much more than 80 years before Drake—60 years before deTouqueville—the independence of these United States had been declared by men whose experience made them wise in the ways of governments. They were determined not just to make this new nation free from domination by any foreign government, but to keep the people free from domination by their **own** government. The unique political system they established enjoyed as its harmonious counterpart the unique economic system which, for the first time, put self-interest to work for the public interest. For a long time —certainly far beyond the days of Drake—those who followed were disciples and practitioners of the new meanings of liberty and independence. They were, if you please, skilled in dialectic Americanism.

Calls for Rebirth of Freedom

We need such believers and advocates today; articulate men fired with the conviction and the missionary zeal to bring about a rebirth of faith in freedom, to restore pride in self-reliance, to reestablish success as a worthy goal. We need such men because we have come to another of the periods in our history when we need imperatively to know what we stand for. Do we stand for the system of political and economic freedom which the patriots of 1775 fought to secure for us? Or do we stand for a hybrid system which has borrowed some of the worst from feudal, socialist, and dictatorial systems we rejected so vigorously at an earlier time?

The answer should be clear, yet the walls have closed in to a dangerous degree. I hope that succeeding generations cannot say of us that we lived in the grab-bag era of American history, out for what we can get today, unrooted in the past, uncommitted in our philosophy, unsure of our own capabilities, unconcerned about responsibility to the future. I hope they cannot say that we let freedom slip through our fingers because we didn't understand or didn't care.

This is a serious concern, for there is abroad in the land today the idea that if there are obstacles in the path, one should not struggle manfully against them, but should ask Washington to remove them. If there are problems, let Washington solve them. If **he** has succeeded and **you** have failed, ask for a transfer of funds. As this idea grows, our government comes to resemble less a republic than a perpetual plebiscite through which various groups seek to vote themselves large shares of the good life. Many Americans are already deluded with the notion that we can simply vote full employment, high incomes, short hours, low prices and complete economic security. Of course, we can no more do those things with impunity than we can vote to require that objects fall up rather than down. The consequences of the attempts already made are there for all to see in a vast Federal bureaucracy, a swollen national debt, and a cancerous inflation that has distorted values, penalized the prudent, rewarded the improvident, and, most unfortunately, undermined morality.

Such evidence does not in the least deter those who advocate greater governmental regulation of business, additional restraints on the functioning of free markets, and more onerous disincentives to achievement. It is proposed, for example, that Congress build new rigidities into the price system by requiring large companies to file advance notice of any price increase and appear within 30 days thereafter to justify their intent at hearings conducted by the Federal Trade Commission. If we are to prohibit prices from regulating the employment of the factors of production, our only alternative is government dictation.

It is proposed that Congress act to curb inflation by enacting a

Continued on page 47

*From a talk by Mr. Dunlop before the Delaware Oil Men's Association, Wilmington, Del., Sept. 14, 1959.

Tomorrow's Chemical Profits Lie in Using Market Research

By J. L. CRAIG*

Manager of Market Research, Plastics Division, Spencer Chemical Company, Kansas City, Mo.

Forces widening the chemical industry's markets by product diversification and integration toward the consumer are expected to continue unabated into the 60's. In pointing this out, Mr. Craig avers that opportunities for profitable use of market research, exist if permitted to obtain information necessary for managerial action in: (1) widening, complex ultimate markets here and abroad; (2) inter and intra industry competition; and (3) guiding the firms' research and technical activities. His outline of what market research can do reveals how useful a tool it is for planning and achieving long-term goals.

When we set before ourselves the goal of maintaining the capacity to compete, we have, in a sense, committed ourselves to do some very serious planning of the long-term position of our company in the market place and of the many factors which must contribute to our reaching that position. Market research can be a very useful tool for the planning and achievement of these long-term goals.

J. L. Craig

We have attempted in this presentation to pick out several areas in which an expanded use of market research should show an unusually high profit contribution under the projected competitive conditions of the 1960's. The first of these might be described as concerning the horizontal and vertical growth of our industry into new markets.

Our Widening Markets

It seems apparent that the various forces which today are acting to widen the chemical industry's markets by product diversification and integration toward the consumer, will continue unabated into the 1960's. The rapid addition of new products to the output of the chemical industry has made it almost a cliche for companies to state publicly how large a percentage of sales is accounted for by products which did not exist 5 or 10 years ago. Added to the growing complexity of the product mix of the industry is the industry's quickening pace of integration toward the consumer, to gain better control over end products and thus protect profit margins.

It would be far too time-consuming to cite even the better known instances of vertical integration moves which have occurred in this industry in recent years. Consider, though, the number of chemical processing companies which just a few years ago were perhaps three or four steps away from the consumer and today have either reached all the way to the consumer or are just a step or two away. Those companies which were nearer to the consumer some years ago have generally broadened their activities at the consumer level and are bringing other basic products down the stairsteps of integration toward their end-use markets.

Market research is a valuable and necessary service in the horizontal expansion of product lines and in the vertical movement of products from the basic and intermediate categories toward consumer markets. Further broadening of the chemical industry's markets in the 1960's should find market research being used at an increasing rate as a management tool. To the average executive who has risen through the ranks of a basic chemical producer, market research can be of substantial assistance in putting together a concise, understandable picture of some particular consumer market which may otherwise present itself as a disorderly array of opinions and misinformation.

When integration moves are being considered, market research studies can be a big help to the sales executive who may be used to thinking in terms of sales volumes measured in numbers of tank cars or thousands of tons, but who may be faced with the need for understanding the problems of distributors of consumer products in Rochester, Des Moines, Salt Lake City, or a hundred other points. As another example, market studies can also help the executive who is experienced in dealing with the relatively high paid and skilled work force of the chemical industry to understand some of the potential problems in competing with the manufacturer or fabricator of end products who utilizes a relatively large, but low-paid labor group.

As an industry, we are more directly dependent on the consumer market than many of us may realize. The bulk of U. S. chemical production is utilized ultimately in consumer products. More specifically, the major portion of our production eventually finds its way into consumer nondurable products. Although consumer nondurables is one of the slower growing sectors of our economy, the chemical industry has prospered and shown a growth rate seldom achieved by other industries.

The questions might well be asked by many of us in the industry, as to whether we really know much about the ultimate markets for many of our products and what might happen to some of these markets in the distant haze of the '60s. In many instances our answers to these questions should point to the need for giving more attention to the eventual destination and use of our products, if we are to continue to realize a major part of our growth from the ultimate sale of our products to the individual consumer. To plan successfully for this growth, we need to know more about the specific functions which products perform in their end-use areas, and we should improve and extend our knowledge of the make-up of the needs and desires of our final consumers. Market research groups of the chemical industry should find major responsibilities in this area in the 1960's—in effect to assist management by supplying the concise, organized information so necessary to taking action in our rapidly widening and complex markets.

International Market Research

Another area which should yield an exceptionally high return on the expenditure of market research dollars in the 1960's is that of international market research. Formal studies of any part of the foreign market by chemical producers or by industrial market research firms have been very few in number as compared to the scope of efforts in this country. Until fairly recently, international market research was regarded as an area to be entered into only by major corporations with far-flung overseas operations and its use was usually confined to manufacturers of consumer products. Today, with the rapid growth of exports, along with the trend toward the construction of plants in the center of foreign markets, the need for some form of international market research is becoming apparent to more and more companies. The need is being felt most acutely by companies which have large sales in the export market today and are seeking both to protect their present interests as well as to serve their ambitions for expanded foreign operations.

The chemical industry is one which has a particularly large stake in the foreign market. Roughly a fifth of the total U. S. chemical production is ultimately delivered to foreign customers, either in the form of chemical products or as finished goods which utilize large quantities of chemicals in their manufacture. One segment of the industry in which our own company has a vital interest and which has shown a very heavy dependence on the export market is that of the polyethylene producers. In the more than three years during which the Government has maintained specific export figures on polyethylene, the portion of this product which has gone into the export market has ranged from 25 to 30% of total sales by U. S. producers (including exports).

Several factors have emerged in recent times which have made many of us in the chemical industry more keenly aware of our dependence on the foreign market. For one thing, the European Common Market is surprisingly no longer just a paper plan. It has begun operations, and the recognition that the whole idea may succeed after all has sent a record number of chemical industry representatives to Europe to appraise market situations and to do some preliminary shopping for plant sites and raw material sources. While many of the foreign expansion programs being so considered are defensive in nature, a by-product of the situation has been to make American management more aware of opportunities which exist abroad for new and profitable operations.

Another reason for looking abroad with new concern is the mounting pressure to meet the challenge of Soviet invasion of world markets. The countermeasures to be used to meet this threat should offer some positive opportunities for participation by our industry because our government will surely use every means at its disposal to impel U. S. business investments abroad.

It is becoming increasingly apparent that to cope with the rising problems of competing in the world's markets we must gain more thorough, first-hand knowledge of these markets. This need, we believe, will result in the management of the chemical industry directing a greater portion of the efforts of the market research function into exploring the foreign markets in the years ahead.

Much can be done with foreign market data already available in the United States — from the various departments of our government, the United Nations, embassies of foreign countries, publications, and various world trade associations. For help involving field work in foreign countries, a chemical company might turn to some of the industrial marketing research firms of the United States which are expanding their operations into foreign markets. Also, all of the major industrial countries of the world outside of the Soviet bloc have well-staffed marketing research organizations. Although most of these organizations maintain a major portion of their business in consumer market research, they will usually undertake industrial market research projects and this segment of their business will probably increase rapidly within the next few years.

Inter-industry Competition

Our next area of discussion of the opportunities for using market research in the 1960's might be described as inter-industry competition. As an industry, we cannot hope to continue growing at an above-average rate if we are to become our own strongest competitor. The vitality and growth of the chemical industry must depend to a very large extent upon the displacement of products of competitive industries. Our rapid development of new products has enabled us to make deep inroads into some older industries which have had to be satisfied with a much smaller share of the growth of our national economy. Evidence of this trend may be seen in comparing the growth rates of some major product groups during the past decade.

In the 10-year period ending with 1958, the average rate of growth of all industrial production combined was 3% per year. Chemicals, as a group, showed an average increase of 6% per year. A few representative segments of the chemical processing industries showed the following average increases per year: Plastics, 12%; synthetic detergents, 19%; synthetic fibers, 23%; anhydrous ammonia, 11%; and synthetic rubber, 8%. Some of the older product groups showed declines such as these over the 10-year period: Wool, down an average of 7% per year; cotton, down 1%; soap, 9%; and lead and zinc, both 1% per year. Steel production stayed virtually level; production of paper increased an average of about 3% per year.

Looking back even further, our gross national output of goods and services has shown an average rate of growth of about 3% per year over the last 25 years when the output is measured in constant dollars. Going back even 50 years, virtually the same annual average increase of 3% in our gross national product holds true for the entire period.

It becomes apparent, we believe, that to maintain a good growth rate the chemical industry must search for new markets now being served by competitive industries. Adding to our task is the fact that each additional area of encroachment upon other industries becomes more difficult to capture, as we have stimulated other industry groups to increase their product improvement efforts and to diversify their product lines to mitigate the effects of product obsolescence. In fact, we have stimulated many of them to enter into some rather sizable chemical operations on their own. This latter factor is becoming a problem of serious proportions to the member firms of the chemical industry as we might define it today.

The problem, then, of competing with other industrial groups, both offensively and defensively so to speak, should be of major concern to any individual who has responsibilities in the forward planning activities of a chemical company. The market research function in

*An address by Mr. Craig at the American Chemical Society's 136th Convention, Sept. 16, 1959, Atlantic City, N. J., to be published in *Advances in Chemistry* Series No. 24. Copyright 1959 by the ACS and reprinted by permission of the copyright owner.

particular, though, is well equipped to seek out the opportunities in the marketplace for the competitive displacement of older product groups by the chemical industry's existing products, as well as to determine needs which might be exploited by the development of new chemical products. Increasing the emphasis placed on this type of market research activity could prove to be of significant help in holding our growth rate to a high level in the 1960's.

Guidance of Technical Activities

A fourth area in which an increased number of market research dollars might be wisely spent in the 1960's is in the guidance of the technical activities of our companies. The research budget in the average chemical company of today constitutes the most significant optional capital expenditure item on the company's financial statement. Very often, the operating departments of the company are not taking the active part which they should in guiding research goals, perhaps because of their preoccupation with the press of day-to-day business affairs or to the lack of a close relationship with the research function. As a result, the amount of planning and attention which operating departments give to the generation of a dollar of profit may be exceedingly disproportionate to the amount of constructive thought which they give to the expenditure of that dollar in a research program. Somewhere beyond this imbalance which exists in many companies today, is the point of optimum participation of the operating departments in helping to plan the research program and evaluate its progress in order to realize the maximum long-range profit growth of the company.

Market research has found increasing use in recent years as one of the aids to chemical industry management in giving some direction to the research and technical development activities of their companies. We believe that of necessity the competitive '60's will demand even closer relationships between the market research groups and the technical activities of our industry members. This is not to suggest that the marketing function or any other operating group should or ever will hold strong reins on the research function. However, the marketing function and, more specifically, market research can be of substantial help to the technical function of the company in determining the potential markets for products at a very early stage in their development and in pointing out the most promising of these markets which should receive an extra amount of effort in the research and development program.

By an early appraisal of the potentialities for a new product in the market place, some very basic questions may usually be answered, such as these:

What are the hopes that the product will be competitive in price?

Does the apparent marketing pattern fit in with the long-range goals of the company?

Would the product satisfy a widespread need or would it serve just a very specialized area of the total market involved?

In the latter instance, as we have seen too often, a new product may be the perfect answer for one small segment of the market which has problems peculiar to itself; however, the inclination of the developer of the product is to inflate the potential sales to a volume sufficient to cover the entire industry concerned.

With probably only few exceptions, companies in our industry could expand very profitably their use of formal market investigations as a guide to their technical activities. Research and development costs like almost everything else are headed skyward. If, for example, a relatively small amount spent on market research can head off an expenditure of many thousands of dollars of research funds to run down an unmarketable idea, the assistance offered should be accepted as a means of ultimately guiding the research effort into a better and more profitable showing. On the more positive side, if market studies may be used to point out the most profitable markets and shorten the development time and expense required to reach them commercially, it should be realized that the research function, over the longer term, has been given an opportunity for substantially expanding its over-all contribution to the company's efforts.

The exploitation of technology stored up during the years of World War II has been given as one reason for the rapid pace of new product development during the 1950's. Assuming this is true, and coupling it with the fact that probably more companies — nonchemical as well as chemical— have more people looking for opportunities today than ever before, it would appear that the price tag on a profitable new development in the 1960's is going to read considerably higher than the average for the '50's. The increased use of market research in the 1960's is one way, we believe, for the industry to make its development dollars go farther and realize more profit from them.

Appraisal of Competition

Appropriately, our final area of discussion on the role of market research in maintaining capacity to compete concerns our functions in appraising our competition. On first consideration, it may seem redundant to say that the competitive '60's surely will focus greater attention on the elaboration and refinement of methods for scrutinizing more closely the activities of our competition. This is an area in which market research is currently playing a part in many companies, and we believe it is to be expected that the role of market research in appraising what competition is doing will increase significantly in the next decade.

In some instances the results of market studies have suffered because of inadequate attention to what competitors are doing or may be planning. Ignoring or not fully investigating the possibilities for changes in the competitive conditions in a market has resulted in more than a few companies being caught by surprise at the loss of business to their competitors.

Some producers have found that suddenly they must reassess their position in the market, perhaps because of the introduction of a new competitive product, the acquisition of customers by the integration moves of their competitors, the adoption of an aggressive pricing policy by a competitor, or for a number of other reasons. Naturally, your competitor isn't going to send you an announcement of his plans; however, if you have a good market intelligence system developed it is unlikely that very many of his actions in the market place will come as a complete surprise to you.

In the area of product improvement and the development of new grades of products invaluable help may be given by the application of market intelligence information to guide product development work profitably. Answers to questions such as these might be used to good advantage:

(a) What is your share of the market? Is it declining, holding its own, or rising?

(b) How is the market broken down among your competitors? Who are the real "comers," and who are those who are just managing to hold their own because of their accumulated momentum?

(c) What is the relative profitability of your share of the market and of your leading product grades?

(d) How many grades of a product are required to satisfy a specific end-use market?

(e) Do you hold an unusually large share of any market which may be particularly vulnerable to the sales or development efforts of your competitors?

Much of the information for appraising your position in relation to your competitors may be found in your own organization, a large part of it being obtainable from among those people engaged in any kind of field work, such as salesmen, market development representatives, and technical service personnel. The market research department can be of material assistance in this area by acting as the focal point for the compilation and correlation of information obtainable from within the company as well as from outside sources.

Certainly the practice of trying to find out what your competitor is doing is nothing new. It is as old as the industry itself. We believe, though, that the next decade will see some great strides in the chemical industry in the techniques employed to assess the competitive position and course of our respective companies. In visiting with industry members over the past two to three years we have seen a definite trend developing toward the establishment of what we shall define as comprehensive, centralized marketing intelligence systems. These are systems which attempt, in effect, to seek out and record virtually every worthwhile fact about a company's customers, the customer's customers, and the share of the customer's business held by competitors in the field.

Some producers with which we are familiar have had marketing intelligence systems of this general type in operation for several years. Others have started in the past year or two. Generally, this centralized automatic or semi-automatic collection and correlation of detailed market information are relatively new practices in the chemical industry. Their use in the decade ahead should become much more widespread as the increasing size and complexity of the industry demand a more useful and reliable source of marketing information.

In our own company we have found a centralized marketing intelligence system to be of particular help to us in operating as a part of the fast-moving plastics industry. After a three-year trial-and-error period, we have now developed a system of a semi-annual compilation of a rather complete assortment of market information derived from reports prepared on approximately 1,500 plastics processors and end users.

As the familarity with the system has increased, so has the number of uses which we have found for the information it has yielded. These uses now include: Sales analysis, and the determination of sales territories; warehousing and distribution studies; advertising and promotional programs; end-use market studies; and the surveying of competitive products. Information obtained on end uses and competitive products is, in turn, applied in our product development programs which constitute a highly important and costly part of competing in the plastics industry.

To illustrate, in slightly more than four years in the polyethylene business, we have produced more than 1,000 different grades of polyethylene resins in our commercial plant. A total of 90 of these resins have entered into our line as standard products. However, today we carry only 27 different grades of polyethylene on our price schedule as standard products, which points out the very high rate of product improvement and product obsolescense in this industry. You may see from this example that complete and well organized information on end-use markets, competitive products, and developing trends is very meaningful to us in terms of spending our product development dollars most wisely and expanding our future business.

We conclude our projection of ideas on management's use of market research in the 1960's with this thought: The real value to be derived from the use of market research depends to a very large extent upon the insight and sensitivity with which management interprets and utilizes our market research information. The mere creation of a market research function within a company gives no assurance of its effective utilization. In the final sense, probably our most important job is to demonstrate and "sell" our principal product, market information, into all areas of our company where it can be shown to be an effective profit-making tool.

Dinner to Honor Louis C. Wills

A Testimonial Dinner in honor of Louis C. Wills will be given by the Brooklyn Division of the Protestant Council of the City of New York at the Hotel St. George, Brooklyn, on Thursday, Oct. 22. The Rev. Dr. Norman Vincent Peale, Minister of the Marble Collegiate Church, will be guest speaker. Subscription is $15 and tickets may be secured at 30 Third Avenue, Brooklyn, New York (Dress optional).

Proceeds of the Testimonial Dinner are devoted entirely for the work of the Brooklyn Division of the Protestant Council.

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(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frank Lynch is now with Dewey, Johnson & Co., 53 State Street.

The Double-Cross of Gold

By HON. HENRY DWORSHAK*

United States Senator (Rep., Idaho)

Disturbed by what he believes is our growing insufficiency of monetary gold stock to meet our economic needs, and with our domestic irredeemability, Idaho Senator says "the only thing that can change this situation is the revaluation of gold." Moreover, the Senator takes exception to the Act of 1946 which permits Treasury sale of free silver stock to industry in stating we will need Treasury silver but will be unable to obtain it because "low prices" discourage production. Senator Dworshak brings up the possibility of a revalued, convertible gold ruble.

It has been 63 years since William Jennings Bryan launched his attack on gold and started this nation on the road toward fiat currency. I have entitled my remarks "The Double-Cross of Gold" in reference to both the start of today's financial dilemma more than six decades ago and to remind the American people that the security of their currency is being jeopardized by the complacency in the handling of our gold reserves by the U. S. Treasury and indifference by Congress.

Henry Dworshak

I shall not attempt to debate in the lofty realm of theoretical economics the obvious shortcomings of an inflated paper currency which has long been espoused by a certain segment of our academic population. I choose to deal with the subject of our gold reserves only by citing a few facts, and an outline of what history has taught us can happen under certain financial circumstances.

I wonder how many Americans know that today if all the foreign nations in the world asked for payment of their credits against our gold supply at once, we would be virtually stripped of gold and would not have enough left to back even 10% of our own currency? Impossible? Not in today's cold war world, where economic pressures are strategically applied with the finesse that generals use during wartime to deploy military striking power. Under a Treasury policy foreign nations can redeem their U. S. dollars any time in gold . . . and they now have $18,236,000,000 in obligations against a dwindling U. S. gold supply.

There are many who say that our gold reserves are only a formality, that everyone knows the U. S. dollar is "good as gold" anywhere in the world and that we went off the gold standard years ago. An old saying of the Persians goes "Nothing in life is as certain as change." Our position regarding gold has changed, but our Treasury Department and economic advisors change no policies. They are lulled by the false security which the status quo and public apathy over our international fiscal foibles have created. We are in danger from a two-pronged enemy . . . inflation at home . . . foreign manipulation of the money market abroad.

What does it mean that we do not have enough gold to back our currency and be banker for the world? Those who follow the Keynesian philosophy that a government word is better than gold in the bank should ponder that when they established the International Monetary Fund, they had to back it with gold as that was the only universal banking language understood by all participating nations.

Although the American public has been denied possession of gold, the money manipulators have never been able to divert the world away from dependence on gold. Why gold? It started with the Bible where it is recommended as a measure of value. It is the most imperishable metal. King Solomon's Temple decayed and fell but the gold taken from his mines is still somewhere in world commerce or coinage. Gold is power. Dictators know that they can issue paper money promiscuously, but that they do not have true financial power over their subjects until they seize the gold supply.

During the last war the Gestapo very carefully saved the gold fillings from the teeth of millions of people that died in concentration camps. This gold was stored away in vaults with the intent that it would be the base for a new, powerful German mark following the war.

No one expects that there will be a run by the American people on the Treasury. Since it is illegal to have gold, the gold value of our currency is in itself nebulous. We are required by law to keep only 25% gold reserve against our currency. However, foreign nations may not have any compunctions about draining our Treasury; indeed, have been doing so systematically for the past few years and should a pressure play develop in the cold war, we are in jeopardy and could lose our lofty place in world commercial circles. Fantastic? Not at all.

As of May 27 this year we had $20,188,000,000 in gold reserves. With $46 billion worth of Federal Reserve Notes and Deposits outstanding, we are required to have $11.5 billion in gold to back them up. With $18,236,000,000 in immediately redeemable foreign obligations against our gold, it is apparent that if they demanded their gold tomorrow we would be backing $46 billion in currency with $2 billion in gold . . . contrary to our law and to every law of fiscal common sense. I would like to submit at this point a table which details our current gold reserves. It appeared in "Western Mining."

Our Gold Reserve Box Score

Under the heading "Our Gold Reserve is Almost A Ghost" the following tabulation, prepared by Sue Clegg, Washington correspondent for the "Reese River Reveille" of Austin, Nev., appeared recently in that publication. The information was gathered from government sources on June 3.

FOREIGN HOLDINGS IN LIABILITIES AGAINST OUR GOLD BULLION

Figures are as of Mar. 31, 1959—the latest available (in millions)

Privately held	$6,349
Officially held	8,614
International bank holdings	1,673
Total	$16,636
U. S. bonds and notes official and/or private holdings	1,600
Grand total	$18,236

Gold bullion (at $35 an ounce) totaled $20,183 million on May 27, 1959

Federal Reserve Bank Notes on May 27, 1959	$27 billion
Federal Reserve Bank Deposits, May 27, 1959	19 billion
Total against which 25% gold reserves must be held	46 billion

(25% of $46 billion is $11.5 billion)

I have also received a letter from George H. Willis, Director, Office of International Finance, U. S. Treasury Department, and an accompanying table which points out graphically the systematic drain on our gold supplies and the buildup of foreign liquid claims against our gold. Text of the letter dated July 22 is as follows:

Cites Treasury Letter

"Dear Senator Dworshak: In accordance with our telephone conversation this morning, I am glad to enclose herewith data concerning United States gold stock and foreign liquid dollar holdings.

"Foreign dollar balances, as I indicated this morning, could be regarded as possible claims against our reserves. A considerable portion of such holdings, however, is required as working balances for conducting international trade and other transactions, while the remainder serves as foreign exchange reserves for the countries concerned. International institutions such as the International Monetary Fund and the World Bank held $1,665 million of short-term balances at the end of April 1959, as part of their working capital, while official and private short-term dollar holdings of foreign countries were $15,110 million.

"We do not extend to foreign individuals or private institutions the privilege of converting their dollars into gold. As an important phase of United States monetary policy, we maintain the practice of buying gold from and selling gold to foreign governments, central banks, and under certain circumstances, international institutions for the settlement of international balances or for other legitimate monetary purposes.

"Our net sales of monetary gold in 1958 amounted to $2.3 billion and in the first quarter of this year were $92.6 million, as shown in the enclosed Treasury Department press releases concerning United States gold trans-

Continued on page 35

United States Gold Stock, Montary Gold Reserve Requirements, Available U. S. Gold, and Foreign Liquid Dollar Holdings 1945—MARCH 1959

(In Millions of Dollars)

				Foreign Liquid Dollar Holdings	
End of Period	United States Gold Stock	U. S. Monetary Gold Reserve Requirements	Avail. United States Gold	Official Short-term Holdings of Foreign Countries	Total, including Official, Private & International Institutions
1945	20,083	10,919	9,164	4,179	6,883
1946	20,706	10,780	9,926	3,044	6,480
1947	22,868	11,341	11,527	1,832	7,116
1948	24,399	11,938	12,461	2,837	7,718
1949	24,563	10,795	13,768	2,908	8,226*
1950	22,820	11,045	11,775	3,620	10,197
1951	22,873	11,758	11,115	3,548	10,173
1952	23,252	12,092	11,160	4,654	11,719
1953	22,091	12,187	9,904	5,667	12,739
1954	21,793	11,847	9,946	6,770	14,019
1955	21,753	12,009	9,744	6,953	15,230
1956	22,058	12,120	9,938	8,045	16,433
1957	22,857	12,101	10,756	7,917	16.600
1958	20,582	12,036	8,546	8,663	17,637
1959					
March	20,486	11,750	8,736	8,614	18,232
April	20,358	11,818	8,540	8,432	18,416

*Includes for the first time estimated holdings of U. S. Government bonds and notes.

*A speech by Sen. Dworshak in the United States Senate, Aug. 21, 1959.

Connecticut Brevities

The Board of Directors of **Hartford National Bank and Trust Company** have increased the quarterly dividend from 35 cents to 40 cents. The increased dividend reflects the bank's greater loan volume and currently higher money rates.

* * *

The **Olin Mathieson Chemical Corporation** announced that it will double the research force at its New Haven plant. More than 80 employees from its Niagara Falls operation will be transferred in order to consolidate chemical research activities at New Haven where approximately 50 persons are now employed in the organic chemical section.

* * *

Heublein, Inc., of Hartford, has filed a registration statement with the Securities and Exchange Commission for 425,000 shares of common stock. Of this amount, 300,000 shares represent new financing and 125,000 shares will be offered for the account of selling stockholders. The company will use its portion of the proceeds for reduction of short-term debt and working capital. Heublein produces a variety of liquor and food items, including Smirnoff Vodka and Maltex and Maypo cereals.

* * *

United Aircraft Corporation, East Hartford, plans to spend approximately $68 million for expansion and modernization of its manufacturing facilities during 1959-60. The program, already under way, calls for an outlay of $39 million for research and development facilities and $28 million for production facilities. The company also announced that its Norden Division is developing an electric sorting and data processing machine for use by the Educational Testing Service of Princeton, N. J. The new Norden machine will be capable of scoring answer sheets for objective type examinations, such as the College Entrance Examination Boards, at the rate of 6,000 an hour. The machine can store and select as many as 24 test keys so that up to 24 different tests can be scored on a single run.

* * *

Hamilton Watch Company has offered to buy all the outstanding shares of **Wallace Silversmiths, Inc.**, of Wallingford, at $22 a share. The purchase price, if all shares are tendered, would amount to over $7 million. The offer expires Oct. 31, 1959.

* * *

Directors of **Aetna Life Insurance Company**, Hartford, approved a two for one stock split and a 33⅓% stock dividend, subject to ratification by stockholders at a special meeting to be held in October. A quarterly dividend of 90 cents was declared on the present stock payable Oct. 1 to stockholders of record Sept. 4. This represents an increase over the 60 cents paid in previous quarters. The board said it expected to declare quarterly dividends of 35 cents a share on the new stock, but no extra would be declared. The 35 cent quarterly dividend payment would be equal to 93⅓ cents on the present shares.

* * *

Due to increasing business and the potential demand in the West Coast area, **Eastern Industries, Inc.**, of Hamden, plans to build a 15,000 square foot building in Torrance, California. The new facility will be used to fabricate heavy traffic control components and for the assembly of products used by the aircraft industry.

* * *

The Bridgeport Gas Company plans to raise approximately $1,100,000 through a rights offering to stockholders. Under the proposal, stockholders of record Sept. 15 would be entitled to subscribe to one new share for each seven held. Proceeds from the offering will be used to cover the costs of the 1958 and 1959 construction program.

Olsen Sales Mgr. For J. G. Kinnard

MINNEAPOLIS, Minn.—John G. Kinnard, a partner of John G. Kinnard and Company, 80 South 8th Street, announces the appointment of Richard C. Olsen, as General Sales Manager.

Mr. Olsen, formerly with Hugh W. Long and Company of Elizabeth, N. J., will supervise all sales activities in the four state area covered by the Kinnard organization.

The company, since joining the Pacific Coast Stock Exchange, has broadened their scope of operations to include all types of investment securities, still however, specializing in the mutual fund field.

Harry G. Rieger

Harry G. Rieger, associated with Laird, Bissell & Meeds, Philadelphia, for 26 years, passed away Sept. 5th at the age of 71.

Thomas M. Farrell

Thomas M. Farrell, Partner in Farrell & Co., New York City, passed away Aug. 28 at the age of 59.

Karen Securities Corp. Appoints Dept. Head

Karen Securities Corporation, 95 Broad Street, New York City, announces the addition to its staff of Joseph Fried Wiener who will act as manager of its mutual fund department.

Two With Beecroft, Cole

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Aeneas G. De Young and George P. Williams are now connected with Beecroft, Cole & Co., Columbia Bank Building.

Dunscombe to Admit

Dunscombe & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on Oct. 1 will admit James M. Leopold, member of the Exchange, to partnership. He is a partner in Mann, Diamond & Co.

Setting Our Sights for the 60's

By ARNO H. JOHNSON
Vice President and Senior Economist, J. Walter Thompson Company, New York

Economist-publicist states that to support the $750 billion production economy which we can and must have by 1970 (against $484 billion currently) to avoid general unemployment and under-utilization, we must increase our sales to consumers by a full 50 per cent. Says we face a "velocity of change" accomplishing as much improvement in our living standards during the next 10 years as we accomplished in the previous 200 years. Holds sufficient consumer demand is required for high productivity and avoidance of inflation. Maintains that a much higher level of debt of various categories is both proper and necessary, with a one-and-one-half trillion total of private and public debt envisioned by 1970. Predicts growing standard of living will expand the potential for various home services

During the next ten years the standard of living of our population in the United States has an opportunity for a rapid surge upward. Our growth in productive ability and the potential changes in purchasing power, education, population, and way of life can expand markets with a *velocity of change* that means resetting our sights for the sixties.

Arno H. Johnson

We must be ready to adjust ourselves to these changes and to anticipate and take advantage of the new opportunities inherent in this rapid advance of living standards.

Opportunity for 52% Better Standard of Living in 10 Years—By 1970

We must increase our total sales of goods and services to consumers by $165 billion or by about *52% within the next ten years* if we are to keep pace with our increasing productive ability.

By 1970 our total production of goods and services in the United States should grow to over $750 billion in terms of June, 1959 prices compared with the $484 billion level in mid-1959.

$750 billion by 1970 is a conservative measure of our productive ability since it allows only for a gain of 2.0% per year in per capita productivity—well below the rate we have demonstrated since prewar. Actually, in the 19 years between 1940 and 1959, total physical production per capita (in terms of constant dollars) increased by 58%, or about 2½% per year. Bureau of the Census projections indicate a possible growth of population to 220 million by 1970 from the level of 177 million in 1959. So $750 billion of productive ability for 1970 should be looked upon as a minimum level for long-range planning. If the actual rate of growth in per capita production experienced in our last 19 years (2½% per year) were continued over the next decade our productive ability by 1970 would be $790 billion to $800 billion.

To support the $750 billion production economy, which we can and must have by 1970 to avoid general unemployment and under-utilization of our productive ability, we must add to our level of sales to consumers the huge amount of about $165 billion (up to a total personal consumption of over $475 billion by 1970 compared with the $311.5 billion level in mid-1959).

That's the equivalent of adding more than our entire prewar *1940 total consumption* of $157 billion on top of our present high standard of living. In other words, we must accomplish in the next *ten years* as much improvement in our total living standards as we accomplished in the previous 200 years from colonial times to 1940! That is an indication of the increased *velocity of change* we face.

Our total standard of living must surge upward by over 52%! Try to visualize the rapid changes in markets, in distribution, and in the purchasing habits and consumption desires of people needed to keep pace with our productive ability.

While accepting almost without question that our production can and should grow to the neighborhood of $750 billion in ten years, many business and financial executives, as well as government officials, seem to overlook this fact that *consumption* must be vastly increased over the present peak levels to support that level of production. They fail to recognize the opportunity and the urgent need for this immediate *surge upward* in living standards of the mass of our American population.

Average Family Income Should Grow to $9,550 by 1970

$750 billion of production by 1970 should provide over $600 billion of personal income for consumers—an average of $9,550 per household for the 62,933,000 households we are expected to have in 1970. This average income per family would be about 29 above the average of $7,400 in 1959.

The following table shows how our increased productivity could expand personal income and purchasing power over the next decade:

In Current Dollars (Not Corrected for Inflation Between 1940 and 1959)	Total Production (Billions)	Personal Income (Billions)	Households (Thousands)	Average Income Per Household (Before Taxes)
1940	$100.6	$78.7	34,949	$2,250
1950	284.6	228.5	43,554	5,250
1959 (2nd Quarter)	483.5	381.1	51,400	7,400
Opportunity				
1960-61	$520.0	$415.0	52,425	7,900
1965 (in 5 years)	610.0	485.0	57,517	8,450
1970 (in 10 years)	750.0	600.0	62,933	9,550

Let's examine further the productive and purchasing power changes that can make needed advances in our living standards possible of attainment in 1960-61, and over the next decade.

$30 Billion Backlog of Consumer Buying Awaiting Activation—Possible 10% Increase in Consumption in 1960-61

When considering immediate prospects for continuation of growth in our economy few seem to realize that we have accumulated a backlog of $30 billion of *consumer buying*—a growth in our standard of living which should have taken place in the last three years, but which did not take place because of purposeful measures to slow down our rate of expansion as a means of fighting inflation.

That $30 billion backlog of added consumption potential now represents an *opportunity* for as much as a *10% increase in sales* of consumer goods and services in 1960-61 over the 1959 level of $311 billion—or up to about the $340 billion level before the end of 1961. This is not a prediction or forecast, but an analysis of *opportunity* based on the underlying soundness of our economy. This huge backlog of purchasing awaits *activation* to become a powerful force in continued growth toward a $750 billion economy by 1970.

To keep pace with productive ability and growth in population the total of personal consumption expenditures should grow by about $8 billion each six months, or by about $16 billion per year.

When all figures on total personal consumption, or our total standard of living, are converted to constant dollars at June, 1959 prices it becomes obvious that our rate of growth of our standard of living in 1956, 1957, and 1958 was less than was needed to match production by about $30 billion. Throughout 1954 and 1955 our growth in *real* consumption had averaged approximately $8½ billion each six months, with our growth rate reaching a peak by adding $12.7 billion in the first half of 1955.

From early 1955, the monetary measures designed to slow down our expansion as a means of stopping inflation became increasingly stringent. In the first half of 1956 our consumption growth dropped to $3.5 billion. By the second half of 1957 we had slowed down to stagnation with a gain of only $1.6 billion. Throughout 1957 the gain was less than the rate of increase in population, so on a per capita basis, our standard of living as measured by purchases of consumers in 1957 actually showed a *decline*. The first half of 1958 showed a further decline both in total consumption and on a per capita basis—a drop of $3.0 billion in purchase rate.

With this huge backlog of consumer need accumulated by mid-1958, conditions were favorable for the rapid recovery in living standards in the second half of 1958 and first half of 1959 when the consumer purchase level grew $8.4 billion in the last half of 1958 and $10.2 billion in the first half of 1959. We need a continuation of this growth in demand above the $8 billion added each six months if we are to utilize our production ability and opportunity.

An important retarding factor which may affect the needed growth of our economy in 1960 is an inflation in the cost of money brought about by widespread belief that money must be tightened enough to curtail consumer demand and curtail expansion of plant and equipment in order to control inflation. Considering the usual lag of 8 to 12 months in the ultimate effect of monetary policies on consumption, this movement toward tighter money, with rates reaching a peak in May-July 1959, could bring about an unnecessary slowdown in business in 1960. Expanded selling efforts are needed now to offset this negative factor and to demonstrate that inflation can be controlled by expanding demand with the resultant greater productivity.

The $30 billion backlog of consumer need and demand could make possible a rapid advance in living standards in 1960-61, and a lessening of the inflation pressures that accompany any slowing of demand and lowering of productivity. Unfortunately there seems now to be widening acceptance of the old theory that demand and purchasing power must be curtailed to avoid inflation. This originally was based on the belief

Continued on page 26

*From an address by Mr Johnson before the Water Conditioning Association International, Philadelphia, Pa,

The Market...and You

BY WALLACE STREETE

Stocks continued to grope for a support level in this week's trading, industrials drifting toward the level where they found support in the June selloff. Rails, however, were in minus ground on the year and utilities within easy distance of their 1959 low.

* * *

It was a dispirited showing at best. The mitigating circumstance was that while the list kept slipping it was from moderate pressure and the heavier inroads were far more due to a lack of buying. Investors and traders were both conspicuous on the sidelines, including the institutional investors who are watched closely by all the other elements.

Testing a Support Level

The area around 618 was one of support last June, and the fact that the average had declined down into the 620 area pretty much called for a testing of the low. That would represent a retreat of some five dozen points from the peak and make it a rather thorough correction of the summer advance. Anything more than that would have ominous implications.

* * *

Despite all the fanfare over the Khrushchev visit, and a momentary play in missile-rocket items on the news of the Russian moon shot, the steel strike still seemed to be the most weighty influence on the market. Some of the smaller steel consumers already feeling the pinch of the longest strike on record. And with no signs of any settlement, or even an approach to a settlement, the strike on the surface is expected to drag on for some time, making the pinch wider.

* * *

Overall industrial output was already starting to slide downhill because of such slowdowns.

Persistent Selectivity

The markets continue selective, so much so that while one market analyst was citing issues off 20 to 40% from their peaks, the implication being that they are at or approaching bargain status, other analysts were citing issues that had been able, despite the persisting selling, to push to new highs with a few up 10 to more than 20%.

* * *

Reeves Bros., with a new plastic development, American Motors on optimistic earnings estimates and Studebaker were prominent as the more buoyant items although American Motors, which had forged to new peak steadily in the early portion of the selling, was slowing down and at times nicked by profit-taking.

* * *

Electronics issues continued to move erratically. They were lifted in the early splurge for space age items following the lunar attainment by the Russians. The thinking was that this country would have to pour out more cash to catch up with the feat. But the jubilation was short-lived and they fell back rather suddenly.

* * *

Rails continued to suffer from the pared carloadings which is another item laid to the steel strike. But here, too, diverse action was apparent in spots. Illinois Central was more plagued by reduced grain shipments than by manufactured goods and steel products. Nevertheless the road that stood out last year with a net income above 1957 to make it one of the better money-makers, was able to lift income for the first seven months to $2.27 against $2 the year before, which hinted at final results in the area of $6 per share for all of 1959. With that showing the road was in the forefront as a dividend hopeful where an increase is expected. In fact, some estimates were that the 50-cent quarterly payment would be increased by half at next month's dividend meeting.

Attractive Rail Issue

Nickel Plate is a carrier issue with a well-above-average yield of around 6% that also has shown a good earnings trend, at least against the passenger-plagued Eastern roads. It was able in the first seven months this year to lift profit nearly a dollar above the 88-cent showing at the same time last year. Moreover, this is one line that was slow to shift to the economical diesel operation. This year will be the first full year for such economies to show, and earnings are being projected to a dollar or more above the $2 dividend requirement even though the line will feel the steel strike, but should snap back strongly when auto traffic and resumed steel movement take over later in the year.

Electronics Laggard

Magnavox is one of the electronics that hadn't gone all out as some of the other space-age-electronic items did until recently. The reason, and part of the inherent value in Magnavox, is that it is far more diversified than the prime electronic companies. Government work is less than half of total sales and like Zenith, Magnavox has been faring well in the troubled television field, some sources rating Magnavox as maker of more than a third of the large, home receivers. It also is developing data-handling systems and looms importantly in the high-fidelity field.

For Magnavox a lot of the good news is already past since holders will vote early next month on a stock split. The holders have not fared badly in the past, 5% stock dividends distributed each year for the last five. These have added significantly to the rather low cash yield of around 2½%. But there is nothing to indicate that they won't share in the company's progress in the future even after the stock split, and it will still have a comparatively small capitalization after the division.

A Revived Coal Company

A more diversified outfit is Philadelphia & Reading, a deficit-plagued coal company of bygone years, which now is a major maker of underwear, work clothing and shirts, is still a large coal producer and is on the brink of becoming a chemical operation, too.

* * *

Philadelphia & Reading was given a good play some time back but lately has sagged to where it made the new lows lists. That is somewhat misleading because the present shares are the result of a stock split early this year. But it does leave the issue well below its peak price, by some two-dozen points to be precise. The uncertain part is how the new chemical venture will fare and what contribution it will make to earnings. This is a joint venture with General Dynamics to exploit enormous deposits of anthracite coal waste for plastics, fertilizers and fiber material. The estimates are that this venture alone might add $1 to $2 to its annual earnings, but the benefits won't be apparent for some three years.

Split Candidate

A quality item that has been making slow but steady progress and is something of a stock split candidate is Procter & Gamble, a colossus in the soap field with sales well above the billion mark. P & G offers about 2½% on its indicated dividend which would seem to be subnormal save for the fact that its dividend rate was lifted six times in the last seven years which goes a long way to justifying a low yield at present. It is a growth situation of a quality nature, in recent years adding 9% on average to its business annually.

* * *

Loew's is the company that turned something of a corner to where dividends could be resumed. But it was a familiar case where the thinking had been too generous and the issue has been restrained on the good news. Where guesses ranged as high as $2 on an annual basis, the first declaration in its new prosperity was 30 cents, or a $1.20 basis. It is, consequently, not one of the overpriced situations around.

[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.]

With Hill, Darlington

SEATTLE, Wash. — Edward R. Rice is now associated as a registered representative with Hill, Darlington & Co., 1118 Fourth Avenue.

Mr. Rice was formerly with Allen Investment Co., Boulder, Colorado.

Bache Office Offers Course in Investing

CAMDEN, N. J.—Bache & Co., Walt Whitman Hotel, will offer a free course in the fundamentals of investing, commencing Thursday evening, Oct. 1 and continuing each Thursday evening thereafter for six weeks. Classes will start at 7:45 p.m.

Peter R. Newman, manager of the Walt Whitman Hotel office, will head the group of lecturers who will discuss the basics in investing. Subjects will include the economic and business outlook and the current market; security analysis; financial and annual reports, mutual funds, tax laws as applied to securities and investments, and trading techniques.

Daniel S. Brecker, assistant manager of the office, and Stanley H. Molotsky, registered representative, will also serve as lecturers during the six-weeks course.

J. B. Mauro Co. Opens

WHITE PLAINS, N. Y.—J. B. Mauro & Co., Inc. is engaging in a securites business from offices at 100 Chatterton Parkway. Officers are Mauro J. Bombino, President and Treasurer Barnard A. McNulty, Jr., Vice-President; and John A. Van Buren, Secretary. Mr. Bombino was formerly with Stratford Securities Co.

A Bright Future for Textile Industry If Imports are Controlled

By J. M. CHEATHAM*

President, Dundee Mills, Inc., Griffin, Ga., and First Vice-President, The American Cotton Manufacturers Institute

A bright future for both raw cotton and textiles is in store for us if prompt action to arrest the textile import trend is taken. In making this point, a spokesman for cotton manufacturers terms our government policies are self-defeating, contradictory and ruinous to growers and manufacturers alike. Mr. Cheatham notes that everyone and, interestingly enough, even Hong Kong is safeguarding the interest of their textile industries except us. The industrialist singles out Asian labor cost coupled with modern equipment and our two-price cotton system for being responsible for the rising import inroads. That our industry has not moved abroad is attributed to confidence held that our government will act promptly.

Vice-President Marshall once said that what this country needed was a good five cent cigar. Someone wisecracked later that the need was for a good five cent nickel, but I say that we have a greater need today—I say we need a new trade policy.

J. M. Cheatham

Back in the early 30s, in the days of Cordell Hull, we embarked on a broad new concept in foreign trade known as the Reciprocal Trade Act. It was a simple theory, and it was sound, for it sought to create jobs by building exports. It worked fine, and led to some mutually advantageous results by exchanging surpluses between one nation and another. However, we became so over-zealous in our attempts to build a perfect Utopia that it gradually got out of hand—so much so that during June of this year, our imports exceeded our exports in dollar volume. If units are considered, since foreign goods are cheaper, the balance lies heavily in favor of the imports. While for years our industry seemed to be alone in its plea for fair treatment, others now are quickly entering the fight. Plywood, chemicals, automobiles, instruments, machine tools and steel products and many other basic items are entering this country at an alarming rate.

Labor's Change of Mind

Unofficial Washington is becoming seriously concerned—some are even referring to it as the "import menace." Even the labor unions that up until now were such staunch advocates of free trade are now demanding relief. One of their leaders, Jacob Potofsky, of the Amalgamated Clothing Workers, is reported to have said, "The competitive advantage of imported apparel is rooted in sub-standard wages, the equivalent of 10 cents an hour, and degrading working conditions. Reciprocal Trade was never intended to be an instrument for destroying an important American industry by unfair competition from sweated labor abroad."

A trade policy that started out on a reciprocal basis has now degenerated into one that threatens the very life of our entire American industry. But let's get this discussion closer to a phase of it that affects us more directly. There is no question, however, but that the fortunes of all—the growers, the ginners, merchants, warehousemen, the cottonseed crushers and spinners—are linked together. History has shown us repeatedly that none of us can prosper alone. We are bound together by our reliance upon one of nature's most valuable and useful products. It is inevitable that injury to any one of us soon will be felt by the others.

Under such circumstances it is only logical that each of us keep tab on how one another is faring. Not only is it logical, but also it opens an avenue for unified effort by the industry to cope with problems—it provides for a mustering of powerful forces to deal with adversity.

Such is the case today—and I refer to the effort currently being made by the National Cotton Council to deal with a problem which is casting a dreary and foreboding shadow over the future of our entire industry.

Now, of what does this problem consist?

Well, let us lay it out in the open, let us take a look at it; let us try to find the answer to the question—what does an industry do under such circumstances?

The Alarming Facts

Cotton production outside the United States is rising. Here at home it is declining.

Cotton consumption elsewhere in the free world is also rising. But not here at home.

Thirty or 40 years ago the U. S. cotton farmer supplied about half the cotton consumed in the world. But in the last five years, on the average, he has supplied only about one-seventh of the free world requirements.

Our cotton can move onto the world market only through an export subsidy program and other special government-contrived devices—all at the taxpayer's expense.

In 1947 the U. S. cotton textile industry had a market for one and a half billion square yards of cloth in foreign countries. This represented 15% of our domestic production. Through June of this year similar exports had dwindled to a rate of about only one-third of the 1947 level, and tending lower month by month. This contraction, mind you, came at the same time as other American industries were making substantial gains in sales, some of them increasing as much as 50%.

This factor alone is evidence of the expansion of the textile manufacturing industry elsewhere in the world. The off-shore manufacturers, quite naturally, have used their advantages well. Their lower labor costs, their lower raw material costs and their lower over-all operating costs have enabled them to capture markets that once were supplied by American manufacturers using American cotton.

But that isn't the end of it. Again, quite naturally, our foreign competitors eyed the American market covetously and found little or no difficulty in getting their wares onto our shores.

During this period that we were losing two-thirds of our export market, imports, which had been of negligible quantity, rose to such proportions that Japan alone is allotted 245 million yards of cloth annually under the voluntary agreement.

This was no accident. This situation was contrived; it was man-made, if you please.

Our government program controlling the production and pricing of cotton stimulated other nations to expand their cotton production.

Our national policies toward helping other free countries expand their economies contributed to the starting or the expansion of their textile industries. At this very moment we are in the process of building or subsidizing cotton mills in Iran, Indonesia, Formosa, and Korea. The Philippines that two years ago had three plants, now, due largely to our aid have 29. Only last weekend the Export-Import Bank—a creature of the State Department and our Foreign Aid Policy—granted a loan of more than $1\frac{1}{2}$ million to a Philippine textile mill for the purchase of machinery.

Our national policy of fostering world trade led to international agreements which reduced tariffs and made it easier for other nations to compete with our industry right here at home.

But it makes little difference now how the situation evolved; we are faced with certain circumstances and the important thing now is to determine what is to be done for the preservation of our industry.

Relentless Upward Import Trend

Only last year cotton—in the form of textile products—came into the United States in a volume equivalent to 286,000 bales. That was $7\frac{1}{2}$ times the amount which reached our shores a scant 10 or 11 years ago.

Just what does that statistic signify, you may ask.

Well, for one thing, it represented 286,000 bales of cotton that the domestic industry did not buy from the American cotton farmer.

It was approximately 10 times as much as the amount of the import quota on upland raw cotton which has been in effect for the past 20 years.

And, of the utmost significance, it indicated a continuance of relentless upward trend in cotton textile imports.

No prudent seafarer will ignore a storm warning, and I submit, no prudent businessman is going to ignore an indication that his market potential is slowly but surely being taken over by competition which he cannot meet by his own resourcefulness.

I need not recall that the spinners of this nation want to see our cotton farmers able to compete with other fibers and materials here and abroad.

I need not recall that, while our domestic mills are consuming three out of every four bales of cotton, we want cotton growers to be able to get their full historical share of the world market.

And I am certain we realize fully that as long as our government has a two-price cotton marketing system our foreign competitors are being handed an additional raw material cost advantage that represents a most serious handicap to our industry.

Remedy Sought

This unreasonable and intolerable handicap has been recognized by the cotton industry and the National Cotton Council has applied to the government for a remedy.

On June 29 the Council formally requested the Secretary of Agriculture to make use of Section 22 of the Agricultural Adjustment Act of 1933 in dealing with the cotton textile import problem.

The Council's petition was based essentially on the fact that until appropriate safeguards are provided, the export subsidy on raw cotton creates an unfair and impossible situation for the domestic textile industry.

This move was made because the Agricultural Adjustment Act of 1933 provides for the imposition of controls on the imports of farm commodities or products thereof whenever such imports materially interfere with any government farm program. This section has been applied to wheat products, including flour, for many years.

The mechanics are these: If the Secretary of Agriculture believes cotton textile imports are interfering with the present farm program, he shall so advise the President. If the President agrees that there is reason for such belief, he can cause the Tariff Commission to investigate the facts. And the Tariff Commission then can recommend action to remove the interference.

We are confident that if the Tariff Commission investigates the evidence, it will show injury to the farm program growing out of the ever-rising flood of cotton textile imports. Then it would be up to the Tariff Commission to make recommendations for relief, and up to the President to give the signal for application of that relief.

Japanese Chagrin

The Japanese have been realistic in dealing with our problem. And you can well imagine the chagrin they feel when they see the United States' market virtually swamped with textiles from India, Pakistan and Hong Kong.

In 1958 cloth imports from India amounted to only about 1,200,000 square yards. Yet, in the first two quarters of this year, this figure has approximately doubled. Recently our Department of Commerce announced that the Indian Mills had a capacity of $3\frac{1}{2}$ million yards monthly to offer in the U. S. Market. If they are successful in selling it here, and there is no reason why they shouldn't be, then this would mean 42 million yards per annum, when only a year ago these imports amounted to slightly over one million yards. To bring it closer home, my own company came out the loser last week when our quotation was underbid by $9\frac{3}{4}$ cents per pound by one of these Indian mills.

Hong Kong Boom

Now, take the case of Hong Kong. According to a dispatch of July 15 from the Consulate General, there is developing a boom in Hong Kong's exports of locally made cotton grey piece goods, especially sheetings, to the United States. Whereas exports to the U. S. amounted to 2,800,000 square yards for all of 1958 shipments of Hong Kong made cotton grey goods to the U. S., during May 1959 these reached 3,000,000 square yards.

In the case of garments, during May, exports of Hong Kong made non-knit cotton garments to the U. S. were valued at $3,600,000, an increase of approximately $200,000 in comparison with April's exports. For the first five months of 1959, garment exports totalled $14,400,000 or 132% more than the comparable period in 1958.

Referring further to the Consul's report, we learn that another case of rapidly rising exports to the U. S. is seen in recent shipments of towels. In all of 1958, exports to the U. S. of Hong Kong made towels amounted to 20,278 dozen. In the period January-May, 1959, towel exports to the U. S. totalled 165,312 dozen.

Let us look further at the Asian story.

It is generally recognized that textile wage rates plus fringe benefits in Japan are approximately one-tenth as high as in the United States. However, in the past couple of years, even the Japanese protest they are unable to compete with the much lower wages paid in other Asian countries. In Hong Kong the standard textile wage is reliably reported to be 6.8 cents an hour.

Recently, the United Kingdom, despite its great incentive to maintain Empire preference, negotiated quotas upon textiles imported from Hong Kong, India and Pakistan. This was an acknowledgement of the United Kingdom's inability to compete with these products in its home market. As a consequence, the Asian textile manufacturers must turn, and are turning toward countries like the United States, which permit imports without limitation.

Hong Kong's Answer

It might be of interest at this point to refer to a report on the cotton textile industry in Hong Kong by P. Y. Tang, the Governing Director of one of the pioneer textile firms there. Mr. Tang deplored what he called the "voluntary undertaking" with the United Kingdom and reported:

"The traditonal markets for Hong Kong textile products such as Pakistan, Indonesia, Thailand, the Philippines, Burma and Formosa have been, or are being, closed one by one to us. These countries are endeavoring to operate their own textile mills with the aim of achieving self-sufficiency."

And he added:

"Already France and Switzerland have lost no time to endorse import restrictions against textile exports from Hong Kong."

On Tuesday of this week we learned that the textile industry of the six Common Market countries of Europe is united in their determination to establish strict import quotas on products from low-wage nations.

It appears that everyone save the United States is acting to safeguard the interests of their domestic textile industries.

The labor cost factor, coupled with their rising productivity, makes the Asian textile industries more and more capable of offering textiles in an ever widening range of types and qualities, at prices decisively lower than our American mills can meet.

Our Two-Price Cotton System

But then there is the additional factor of our two-price cotton system.

The cost of raw cotton makes up more than half of the average selling price of a yard of grey cloth in the United States. In the low-wage countries, the raw material cost bears an even higher ratio to the price of this cloth.

With our government making U. S. cotton available to foreign manufacturers under an eight-cent a pound subsidy—and without any attendant protection for the domestic industry—the competitive advantage enjoyed by the off-shore mills is tremendous. Unmistakably, it means that a great upsurge of textile imports is inevitable.

Sometimes you hear someone dismiss the importance of our textile imports by citing the fact they are less than our textile exports.

The full significance of these figures is lost if they are considered merely at one point in time. The view is far different when you examine these indicators over a period of years. In what direction are they moving? What are the trends?

An examination of the statistics reveal that both figures are experiencing a pronounced trend from year to year, and the trends are in opposite directions.

Imports are rising. Exports are falling.

In other words, the domestic market for cotton has failed to increase in the past 10 years; and no supplier of any commodity has much chance to be prosperous unless the market for that commodity is expanding. It certainly follows that the rising trend of textile imports becomes a fact, not merely of material impor-

*An address by Mr. Cheatham before the Plains Cotton Growers, Inc. Annual Convention, Lubbock, Texas, Aug. 28, 1959.

tance, but of enormous importance to the domestic market.

These trends are of great importance to those of us in the manufacturing end.

What does the future hold? Should we increase our investments in plant? In market research? In scientific research? In personnel training and development? Or should we move our plands beyond U. S. borders and get subsidized cotton too?

My good friend, J. Craig Smith, the President of Avondale Mills in Sylacauga, Ala., speculated on the future in a recent article published in his home town newspaper.

"Suppose we all knew that the foreign cotton mill would have a 25% advantage in the price it paid for its cotton over an extended period of time," he wrote.

"Suppose we knew that the products of the foreign mill would be allowed to re-enter this country after payment of the present meager tariff, which in no way equalizes the wage advantage the foreign mill has."

"Wouldn't carloads, truckloads and shiploads of textile machinery be leaving this country right now, even if they went no farther than Mexico or Canada?" he asked.

"Of course, they would" — he answered, and then added:

Awaiting Government Action

"And the only reason it is not happening is that the situation on Aug. 1 will be so completely unfair that reasonable people believe that the Administration is going to prevent this subsidized cotton from re-entering the United States in the form of textiles, and that it is not going to wait until a large number of our jobs have been liquidated to stop this re-entry."

Craig gave words to a thought shared by many of us. His editorial is pregnant with significance for us all.

Rising Sales But Not Profits

To be sure, at the present time we are enjoying a rising phase of the well-established textile cycle after a prolonged depression. Even so, the industry's profit position currently compares unfavorably with that of other manufacturing enterprises. And when will the pendulum begin its downswing? How far will it sweep in the other direction? How long will it take before it reverses itself once again?

None of us knows the answers. But all of us know the questions. And it should be understandable if such an environment deters us from making the long-range plans that must be made if we are to build for our cotton farmers a bigger domestic market.

Such is the case we have made in behalf of our contention that the present import situation constitutes material interference with the government's cotton program.

Our effort enjoys wide support . . . from leaders in all segments of the industry . . . among the Senators and Representatives from cotton-producing and textile manufacturing states and districts . . . among businessmen in non-related fields who also have felt the sting of unfair foreign competition.

The Secretary of Agriculture and his aides have been fully and adequately informed about all facets of the problem. His office has received endorsements of the proposed action from almost a score of state and national organizations . . . farm groups . . . cooperatives . . . ginners . . . yarn spinners . . . apparel makers . . . textile manufacturers.

By mail, wire and personal contacts key figures in the Administration . . . in the Department of Agriculture . . . the Department of Commerce . . . the Department of State . . . the White House itself . . . have been apprised of the importance of the decision facing this nation.

I know that all the cotton producers of this land want to know what the future holds for cotton as a textile fiber.

They are confronted with major decisions regarding investments . . . in land . . . in time and energy . . . in equipment . . . in research and personnel.

The questions that dance before their eyes are similar to those being encountered by those of us on the manufacturing side.

I submit that the answers we all seek cannot be firmed up until after this textile import situation is clarified. On it hinges multi-million dollars of investment of resources the nation over.

Here we have jointly a dynamic industry . . . its potential unlimited . . . tremendous market opportunities inherent in an explosive growth of population and economic power — awaiting the count-down.

A Bright Future Can Be Had

Once this import situation can be brought under reasonable and fair controls there is no predicting how bright a future we have in store. Economists of established reliability who concentrate their studies on the textile industry become bullish under such circumstances.

Even under controls they predict that imports will rise but at a much slower rate while the decline in exports also will be throttled down.

They forsee a reversal in the downward trend in textile production.

They expect in the next 10 years to see a 25% increase in population . . . greater increases in personal income . . . in personal consumption expenditures.

Such powerful growth factors, they tell us, will more than offset the declining per capita consumption and the effects of moderately increased imports and slow decline in exports.

They see the development of new industrial uses for fiber and fabric to bolster the demand for textile products . . . more aggressive and more successful promotion and market development.

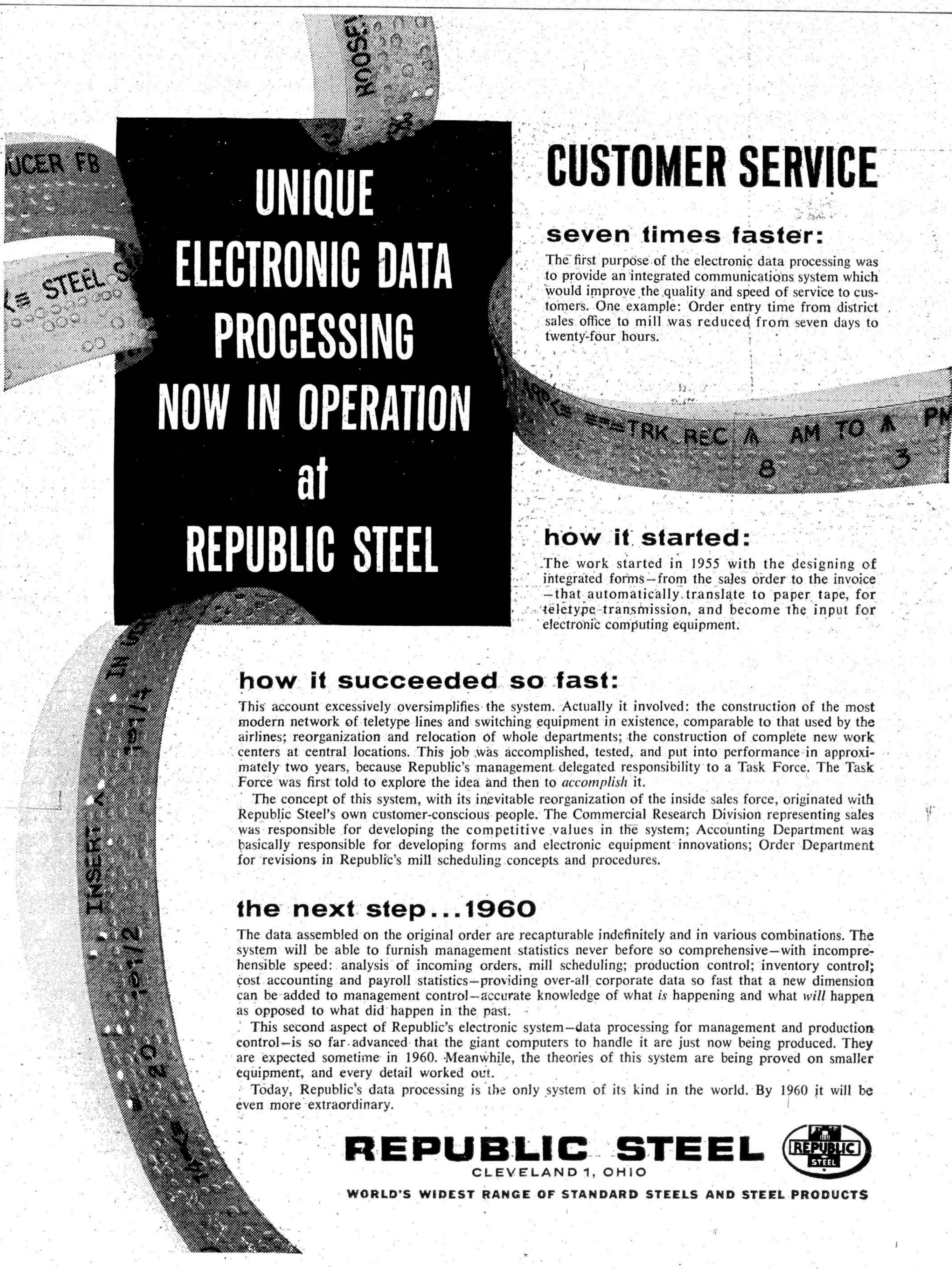
On the assumption that the tide of ruinous imports is brought under control, the long-range outlook for the textile industry, and consequently, the raw cotton industry, is favorable.

Our prospects are inseparable. Our problems are one—the key to our future is in the hands that fashion government policy on imports. Let us do our utmost to speed the dawn of a bright new era for our industry.

With Peters, Writer

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Alfred R. Seebass, Jr. and Donald R. Melton have become associated with Peters, Writer & Christensen, Inc., 724 Seventeenth Street. Mr. Seebass, who has been in the investment business in Denver for many years, was formerly with Dempsey-Tegeler & Co., and Crutten-den, Podesta & Co.



Mutual Funds

BY ROBERT E. RICH

When a Fellow Needs a Fund

As the stock market underwent a sustained buffeting in the declining days of this summer, it was not too difficult to separate the boys from the men. This is not to say that the small fry, who were the most prominent among the sellers, were wrong and that the institutional investors, largely on the sidelines, were right. Only time can provide the answer.

But the nature of the selling did not require the passage of time to form a judgment. Anyone who stayed close to the financial community could readily see that a lot of little fellows were engaged in "emotional selling." These were the same people who were bidding up the very same stocks earlier in the summer, buying in at all-time highs. True, much of the emotional selling was consummated at a profit, as they also liquidated long-held positions. But in either case, the selling largely was emotional.

What made little bears out of little bulls virtually overnight? Plainly, they panicked at the first sign of weakness in the stock market. After that, they were ripe for every story, every rumor—written or spoken. They repeated the stories of an easing in foreign tensions, which would radically alter the defense planning of Washington. They repeated the cliches about the damage to the steel industry wrought by a record-long work stoppage. And they repeated, without understanding, a scare story about an impending money panic.

Mutual fund managers, to be sure, have had some anxious moments of their own. They are not people without emotions either, after all. But experienced managers of large portfolios are primarily concerned with values rather than prices. They are not the kind of people to cast overboard tomorrow the judgment they made yesterday—a judgment that may have been weeks, or even months, in the making.

The market slide, even if it gave them no comfort and probably some uneasy moments, was a problem that more than one fund manager looked on as an opportunity to turn to the advantage of his portfolio. In the unlikely event that he was dumping stocks during the recent break, he was not being stampeded. It's more likely that he was on the sidelines, or picking up an equity whose intrinsic value was known to him and probably at what he deemed a bargain price.

It may very well be that the richest reward of all for the institutions will be in the form of new business. Surely, a fellow needs a fund when he buys for reasons he knows not why and sells on the same basis. Of course, it's not easy to get anyone to admit that this is his method of operation. And no sophisticated salesman of mutual funds (or anything else, for that matter) will seek to pin this on to a prospect. But even the most obtuse dabbler in stocks can scarcely fail to be impressed by the resources, the knowledge and the full-time application of a mutual fund when he compares these features, as he inevitably must, with the pitiful approach that he employs in buying or selling.

The salesmen are there, the customers are waiting. The record shows that there is no growth industry into which the mutual funds buy that has grown as fast as their own business. Future growth is assured, with the only remaining question being how much. Mutual funds long ago demonstrated their worth. They could prove even more worthwhile in the years ahead because the ranks of the fellow who needs a fund are growing.

The Mutual Funds Report

The largest August sales in **Delaware Fund's** 22-year history were reported by Delaware Management Company, Inc., the Fund's national distributor. Amounting to $1,488,632, they represented a 53% increase over gross sales of $970,701 in the same month last year.

Gross sales for the first eight months of 1959 also broke all previous records, totaling $11,907,671—97% ahead of the $6,030,374 reported for the corresponding 1958 period.

Sales of **Delaware Income Fund** shares in August and the first nine months of its fiscal year ending Nov. 30, 1959 were also at record levels. Gross sales last month totaled $220,414—a 166% gain over those of $82,777 in August, 1958. The fiscal nine months sales amounted to $1,131,612—64% ahead of the $689,979 recorded for the same period last year.

Wellington Fund sales in August surpassed the 1958 level by $1,000,000 and boosted the eight-month total to $95,243,349 from $75,760,840 a year earlier.

The W. W. Hutton & Co. mutual funds center at 10 East 44th St., New York City, will begin a bi-weekly mutual funds forum on Sept. 23.

Leo Barnes, chief economist and financial editor of Prentice-Hall, will conduct a special mutual funds workshop for investors and investment advisers at the New School for Social Research in New York, starting Sept. 24.

Loomis-Sayles Mutual Fund reports that as of July 31 it was 60% invested in common stocks, against 58.3% on April 30. Cash and Government bonds showed little change at the close of July from the earlier period, declining nominally to 23.2% from 23.3%. Other bonds and preferred stocks fell to 16.8% from 18.4%. Net asset value of the fund's shares increased from $44.03 on Oct. 31, 1958 to $47.57 on July 31, 1959. This was an 8% gain. Through the first three quarters of the current fiscal year net long-term capital gains of $2.18 per share were realized. The fund notes that the increase in the ratio of common stock holdings during the past quarter was largely the result of market appreciation and the conversion of a preferred stock. On balance, during the current fiscal year the Loomis-Sayles Mutual Fund has reduced common holdings.

Affiliated Fund, Inc. reports for the nine months ended July 31 an increase of $1.24, or 18%, in the value of its shares. This is after adjustment for the capital gains distribution paid in December, 1958. At the end of July, 1959, net assets of the company amounted to $592,402,211, equal to $7.94 a share. This per share value, together with the 24-cent capital gains distribution, is equal to $8.18, compared with the Oct. 31, 1958, value of $6.94. During the period, partially as a result of substantial purchases of its shares of capital stock by old and new shareholders, but principally as a result of increases in the market value of its securities, net assets of the company increased by $114,616,877.

Issues added to the portfolio during the nine-month period include: Aluminium, Ltd., American Cement Corp., Ashland Oil & Refining, Bank of America, N.T. & S.A., Beneficial Finance, Champion Spark Plug, First National City Bank of New York, Hanover Bank (New York), Walter E. Heller & Co., International Nickel, McGraw-Edison, National Lead, Neptune Meter, Noranda Mines, St. Joseph Lead, Sunray Mid-Continent Oil, Thatcher Glass Manufacturing, Westinghouse Electric.

Issues eliminated include: Bristol-Myers, Columbia Gas System, Corn Products, Delaware Power & Light, General Mills, H. L. Green, Oklahoma Natural Gas, Pet Milk, Public Service Co. of Colorado, Southern Natural Gas, Sterling Drug, J. P. Stevens, Sylvania Electric Products (merged into General Telephone & Electronics), United Gas and Westinghouse.

$50 Million Bonds of State of California Placed With Investors

A Bank of America N. T. & S. A. underwriting syndicate merged with a Bankers Trust Company syndicate on Sept. 10 to submit the sole bid for the $50,000,000 State of California School Building Aid Bond issue.

The merged syndicate was managed by Bank of America with Bankers Trust Company acting as joint manager. The Bank of America merged syndicate included in addition to The Bankers Trust Company. The Chase Manhattan Bank, The First National City Bank of New York, The First National Bank of Chicago, Halsey, Stuart & Co., Inc., American Trust Company, San Francisco, Security-First National Bank and California Bank, Los Angeles.

The underwriting group paid a premium of $12,691 for a combination of 5%, 3¾% and 4% bonds, or a net interest cost to the State of approximately 4%. The bonds were placed with investors to yield from 3% to a dollar price of par on the 4% bonds, according to maturity Sept. 1, 1961-1985.

The School Building Aid bonds are part of a $220,000,000 authorization approved by voters in November, 1958. The bonds authorized are to be sold over a two-year period. Proceeds of the latest sale will provide classrooms, sites and necessary equipment for certain school districts in the State.

Bank of America N. T. & S. A. and the underwriting accounts it manages have purchased $637,000,000 of California State and Municipal bonds in the past 12 months. The Bank and its underwriting syndicates, through the policy of bidding on virtually all California municipal bond issues, provide an assured source of funds for civic improvements and public projects required by the State's expanding economy.

Joins H. M. Byllesby

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — C. Roderick O'Neil has become associated with H. M. Byllesby and Company, Incorporated, 135 South La Salle St., members of the Midwest Stock Exchange. Mr. O'Neil was formerly with the Northern Trust Company.

IBA Handbook on Municipal Bonds

Publication of a handbook, "Fundamentals of Municipal Bonds," is announced by William D. Kerr, Partner, Bacon, Whipple & Co., Chicago, and President of the Investment Bankers Association of America—a 149 page, illustrated volume in hard cover.

This book has been prepared in response to widespread demand for a simple and up-to-date explanation of municipal bonds and the procedures in issuing, marketing, underwriting and investing in such bonds, according to Mr. Kerr, who said, "We believe that this book will be helpful to investors, municipal finance officers, students and investment bankers."

Fundamentals of Municipal Bonds was prepared by Gordon L. Calvert, Municipal Director of the Association with the assistance of a Handbook Committee:

Walter H. Steel, Drexel & Co., New York; John M. Maxwell, The Northern Trust Company, Chicago; William M. Adams, Braun, Bosworth & Company, Detroit; J. Creighton Riepe, Alex. Brown & Sons, Baltimore; Orlando S. Brewer, Phelps, Fenn & Co., New York; Walter W. Craigie, F. W. Cragie & Co., Richmond; William H. Morton, W. H. Morton & Co., New York.

There are nine chapters in the volume:

An Introduction to Municipal Bonds.
Development, Volume, Purchases and Ratings.
Practical Suggestions for Issu-

ers Marketing Municipal Bonds (How Issuers Can Obtain the Best Bids on Their Bonds).
The Municipal Bond Attorney.
Underwriting and Distributing Municipal Bonds.
Analyzing Municipal Credit—General Obligations.
Revenue Bonds.
Mathematical Computations.
The Tax Exemption for Interest on Municipal Bonds.

Fundamentals of Municipal Bonds is available at $2.00 a copy from the Investment Bankers Association, 425 Thirteenth Street, N. W., Washington 4, D. C.

Return of Electric Car

After having been off the market for forty years, the electrically powered automobile is making its reappearance this year, notes the Alexander Hamilton Institute. Produced by a San Diego company, Stinson Aircraft Tool & Engineering, the Charles Town-About can accelerate from a standing start to 52 miles per hour within 20 seconds. Its batteries can be recharged daily from house current at an annual estimated cost of $50. The manufacturer claims it will run 77 miles on 18 cents worth of electricity compared with $1.30 for gasoline to cover the same distance in an ordinary car.

While this car, meant as a second or utility car for urban or suburban use, will retail at approximately $2,800, another manufacturer (maker of popular camera equipment) has an electric car designed to sell between $800 and $1,000.

Even more radical and farther in the future is the fuel-cell car upon which De Soto is lavishing considerable time and research. Still to be developed is a high-output, light weight fuel cell, a method of storing and supplying hydrogen and oxygen gases to the cell and a high-capacity, light weight battery. But in view of the increased attack by other companies on this problem the breakthrough may not be far off.

Additional advantages of these cars will be considerable maintenance savings—no valves to grind, no pistons to need new rings, no expensive transmission to wear out, etc. Also, the problem caused by fuel exhaust in smog-plagued cities will evaporate if most cars are operated by electricity. And city life will be less noisy.

IDCA Again Offers Home Study Course

TORONTO, Canada — The Investment Dealers' Association of Canada has announced that the home-study course "How to Invest Your Money in Bonds and Stocks" is being offered again through the Extension Departments of the Universities of Western Ontario, British Columbia, Alberta and Saskatchewan. The course is designed to provide the public with basic instruction in investment securities and a sensible approach to investment.

The course, sent out in six mailings, will available throughout the autumn, and enrollment should be made through the Extension Departments of the University concerned.

Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Lawrence A. Potter has joined the staff of Dean Witter & Co., 50 West Adams Street.

Now With Walston

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky.—Michael G. Martin, Jr. is now with Walston & Co., Inc., 321 South Fifth Street. He was formerly with J. J. B. Hilliard & Son.

Merrill Lynch Group Underwrites Union El. Offer to Stockholders

Union Electric Co. is offering to holders of its common stock the right to subscribe for 1,036,602 additional shares of common stock at the subscription price of $30 per share on the basis of one share of common stock for each ten shares held of record at the close of business on Sept. 10, 1959. Rights to subscribe will expire at 3:30 p.m. (New York time) on Sept. 30, 1959.

The company is also offering to regular full-time employees, excluding elected officers, the privilege to subscribe for not less than ten shares nor more than 100 shares of the additional shares unsubscribed for by the stockholders, at the subscription price of $30 per share. The offer to employees will expire at 5 p.m. (St. Louis time) on Sept. 25, 1959.

Merrill Lynch, Pierce, Fenner & Smith Incorporated is manager of a group which will underwrite the offering. The group submitted the best bid for underwriting the issue by specifying an underwriting compensation to it of $256,159, or 24 71/100 cents per share.

Net proceeds from the sale of the additional common stock will initially become part of the general funds of the company and used for the retirement of short-term bank loans, expected to aggregate about $28,000,000 and incurred for construction costs; to finance the cost of the continuing construction program, and for other corporate purposes.

Union Electric Company, with its principal office in St. Louis, Mo., owns all of the common stock of Missouri Power & Light Co. and over 99% of the common stock of Missouri Edison Co. The company and its utility subsidiaries are engaged principally in supplying electricity in territories in Missouri, Illinois and Iowa, having an estimated population of 2,184,000 and an area of about 19,200 square miles, including the Metropolitan St. Louis area. The company also furnishes steam heating service in the downtown business section of St. Louis, and natural gas purchased from non-affiliated pipe line companies is distributed in the City of Alton, Ill. and vicinity by the company and in 18 Missouri communities by Missouri Power and in one by Missouri Edison.

For the 12 months ended June 30, 1959, the company and its subsidiaries had consolidated operating revenues of $136,392,895 and consolidated net income of $19,972,256.

W. S. Wilkinson Opens

SHREVEPORT, La. — William S. Wilkinson is conducting a securities business from offices in the Beck Building.

Norris Pres. of Riggs Nat'l Bank

WASHINGTON, D. C.—Following the regular meeting of the board of directors of the Riggs National Bank, held Sept. 9, 1959, Robert V. Fleming, Chairman and Chief Executive Officer of the bank, announced the election of Richard A. Norris as President and Chief Administrative Officer of the bank, succeeding Hulbert T. Bisselle, who passed way on July 27, 1959. Mr. Norris is well known in banking circles, both locally and nationally. Following service in various official capacities with the former Lincoln National Bank of this city since 1929, he was elected President of that institution on Jan. 13, 1953. Upon the consolidation of the Lincoln National Bank with The Riggs National Bank on Nov. 10, 1958, he was elected Executive Vice-President and director of The Riggs National Bank, which position he has filled until his election as President.

Richard A. Norris

Mr. Norris is a past President of Washington Chaper, American Institute of Banking (1933), past President of the District of Columbia Bankers Association (1947-48), Chairman of the Washington, D. C., Clearing House Association (1954-57) and is serving as Chairman of the Committee on Federal Fiscal Procedures of the American Bankers Association. He is a director of the Jefferson Federal Savings & Loan Association, the Frank Parsons Paper Company, Inc. and The Kaufmann Company.

Mr. Fleming also announced that at the meeting Charles A. Camalier, Jr. was elected to the board of directors of the bank. Mr. Camalier, who is President of Camalier & Buckley, has been serving on the Advisory Board of the branches of The Riggs National Bank since the consolidation of the Lincoln National Bank with The Riggs National Bank.

Bank and Insurance Stocks

BY ARTHUR B. WALLACE

This Week — Bank Stocks

FIRST NATIONAL BANK OF CHICAGO

Forehanded in obtaining its national charter in 1863, The First National Bank of Chicago received the eighth issued under the new National Bank Act, which had been enacted only a few months earlier. The initial capital was $100,000, and the first quarterly statement of condition showed total resources to be $481,848. By the end of 1958 assets had grown to $3,025,592,000, making it one of the very largest of the nation's banks. Not long after its organization the great Chicago fire took place. While the bank building was greatly damaged, its securities, accounts, etc. were all taken out intact, and in a matter of a few months operations were again going forward in the restored building.

Close on the fire came the financial panic of 1873, when many banks closed up entirely or suspended payments. Coming out of these two catastrophes the growth went on, and in ten years its assets had reached $5,854,000.

There were three banks absorbed by First, Union National Bank, Metropolitan National Bank, and Union Trust Co., all prior to 1930. A considerable store was set by the bank on the adoption of a divisional organization. This plan groups customers according to the lines of businesses that they conduct; and it develops a service organization by the bank that offers customers specialized attention and facilities. Today this is a much used practice, as we all know of banks, insurance companies, and other corporations that have departmentalized their activities so as to give customers specialized service. There have been but nine presidents of First of Chicago since its organization, and each of them except the first, served under his immediate predecessor.

A comparison of the 1957 and 1958 break-downs of assets into principal categories shows a small reduction in loan volume, but also an increase in securities holdings of all sorts:

	1957	1958
Cash	18.78%	24.31%
United States Government obligations	25.41	18.28
Other bonds and securities	5.65	4.66
Loans and discounts	49.18	51.82
Real estate	0.04	0.05
Miscellaneous assets	0.94	0.88

Statement of Condition — December 31, 1958

ASSETS		LIABILITIES		
Cash & due from banks	$568,319,835	Capital	$125,000,000	
U. S. Gov't obligations	768,841,726	Surplus	125,000,000	
Other bonds & securities	170,828,949	Undiv. profit	11,958,478	
Loans and discounts	1,487,997,198			$261,958,478
Real estate	1,214,870	Unearned discount		4,551,162
Federal Reserve stock	7,500,000	Dividend declared		2,500,000
Customers' liab. on accept.	3,606,372	Reserve for taxes, etc.		38,979,714
Interest earned	8,993,102	Liability on acceptance		3,641,230
Miscellaneous assets	8,290,320	Time deposits	$559,736,663	
		Demand dep.	1,931,619,509	
		Other deposits	214,526,122	
				2,705,882,294
		Other liabilities		8,079,494
	$3,025,592,373			$3,025,592,373

First carries its government holdings at less than amortized cost, and, at the year-end, at less than cost (Municipal obligations make up some 77% of the item, "Other Bonds & Securities.") The so-called bad debt reserve, set up under the Treasury formula, is carried as an offset reserve in the bank's loans and discounts. The bank has long made a practice of charging off any known losses or any doubtful accounts. Any recoveries of these charged-off items have been used with other additions taken from current earnings to augment reserves against possible future losses. Thus, with part of its earnings transferred each year to reserves, First of Chicago has a sizable reserve not disclosed in the balance sheet.

Ten-Year Statistical Record — Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range High	Price Range Low
1949	$123.43	$7.49	$1263	$4.80	123⅛	103¼
1950	131.22	8.58	1326	4.80	151⅞	122⅜
1951	139.50	10.70	1462	4.80	164⅛	138¼
1952	148.52	11.87	1559	5.76	180¾	149¾
1953	155.20	12.14	1624	5.76	198	163⅜
1954	165.31	14,28	1837	5.76	248	188
1955	174.59	15.67	1823	6.40	273⅝	240
1956	184.64	16.45	1429	6.40	254⅜	236%
1957	197.34	19.10	1562	6.40	268¾	225⅝
1958	209.57	19.42	1952	6.80	354⅜	245

*Adjusted for stock dividends: 20% in 1951: 1 for 9 in 1954; 25% in 1958.

In this decade First of Chicago has had good growth, particularly in the shareholder's equity, which is up approximately 82%. Also earnings which are 130% greater.

At the present price of around 325, First is selling at about 16.7 times 1958 operating earnings; the earnings give 9.3% on the year-end book value; and the $8. annual dividend constitutes only about 41% of 1958 operating earnings. The yield is low, about 2.46%. However, with only a 41% payout, there is ample room for an increase.

Business Upswing May Be Losing Its Zip

Purchasing agents note that the steel strike has had relatively little effect on business, which remains good, but they notice that production and new order figures, while still good, are slowing down.

The recently issued report of the survey made by the National Association of Purchasing Agents Business Survey Committee, whose Chairman is Chester F. Ogden, Vice-President of the Detroit Edison Co., Detroit, Mich., finds, in spite of steel, copper, and other strikes, business remains good. Purchasing Executives say that, to date, the steel strike has had little direct effect on their company's business. Statistically, 73% report "very little effect"; 23% "some effect," and only 4% say it has affected their business considerably. However, there is strong indication that, if the strike is not settled in 30 days, many companies will have to seriously curtail production schedules.

Despite the encouraging report of current business, the upswing continues to lose its zip. Production and new order figures, while still good, are again less favorable than the preceding month. Only 31% tell of increased production, as compared to 35% last month, and a high of 60% as recently as May. 54% report no change, and 15% say their production is down.

Similarly, 31% received more new orders. This compared with the 36% reporting an improved new order position last month and 53% in May.

There is little change in the price structure. Watchful waiting best typifies this situation. Inventories, particularly of steel, tend to be lower than in previous months.

Employment is spotty, but generally lower than in July. With few exceptions, supplies of materials are ample and there is no desire to extend commitments.

Commodity Prices

There has been very little price movement in the last month. While there have been some spotty increases, in general these have been offset by reductions on other items. The feeling expressed last month — that prices are marking time pending settlement of the steel strike—is even more pronounced this month. Steel will set the pattern. If steel prices rise other industries will follow. If the price of steel is not upped, other industries will tend to hold the line.

Statistically this month, 76% of our members say there has been no change in prices; 23% report minor over-all increases and 1% reductions.

Inventories

The inventory build-up program that began in January this year, in anticipation of the steel strike, has now ended. For the first time since January, more of our members, 28%, tell of decreases than report increases, 22%. Exactly half say there has been no change.

Of course, some of this reduction has been involuntary. Steel has been consumed and it has been impossible to replace it. However, there is still great reluctance to embark on any kind of a major inventory build-up campaign. Better inventory control seems to be the "order of the day."

Employment

By far the major cause behind individual reports of lower employment figures is strikes. Where strikes are not plaguing an industry or locality, employment is definitely holding strong. As a matter of fact, there are some reports this month telling of shortages of various kinds of skilled and professional help. But, the relatively broad effect of the steel strike, both direct as in the case of steel producers, and indirect as in the case of the solid fuel industry and the railroads, has resulted in a generally poorer employment picture. While 63% report employment figures unchanged, only 26% report improvement (there were 43% in this category in June). The 11% who say their employment is down, in many instances, mean right to zero.

Buying Policy

For several months now, buyers have been demonstrating that they meant business when, earlier this year, they said their policy would be to hold commitments to the minimum required to meet production needs adequately. Again, in August, there is no evidence that strikes, temporary shortages, or the influx of lower-priced imports have occasioned any change is this policy.

	Per Cent Reporting — Hand to Month	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
August					
Production Materials	10	26	32	21	11
MRO Supplies	22	52	19	6	1
Capital Expenditures	9	5	13	20	53
July					
Production Materials	5	28	33	24	10
MRO Supplies	21	49	19	8	3
Capital Expenditures	10	7	10	24	49

Specific Commodity Changes

We would, of course, expect to find many steel problems as local shortages develop and our reports this month reflect this. But we also get alarming reports from several sources this month of critical shortages developing in anhydrides and napthalene.

On the **up** side are: Some copper bearing products, lead, pipe fittings, paper cartons, raw sugar, fuel oil and glue.

On the **down** side are: Some cotton products, multiwall paper bags, and sulphur.

In **short supply** are: Many local problems with specialized steel items, phthalic anhydride maleic anhydride and napthalene.

Joins State Investment Co.

(Special to The Financial Chronicle)

PORTLAND, Maine—Laurence H. Mann has become associated with State Investment Company, Commeree Building. Mr. Mann was formerly with Walter J. Hood Co., Inc., and du Pont, Homsey & Company.

Dean H. Connaway With Davis, Skaggs & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Dean H. Connaway has become associated with Davis, Skaggs & Co., 111 Sutter Street, members of the Pacific Coast Stock Exchange. Mr. Connaway was formerly a partner in Hunter Parker, Connaway & Holden of Portland, Oregon.

H. C. Wainwright Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Carman W. Elio has been added to the staff of H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges.

Four With Keller Bros.

(Special to The Financial Chronicle)

BOSTON, Mass. — Warren I. Brown, Barbara A. Katz, James R. Pelkey and Rudolph J. Tonetti have become affiliated with Keller Brothers Securities Co., Inc., Zero Court Street.

ABA Embarks on Educational Program To Combat Inflation

Lee P. Miller, spokesman for nation's bankers, announces broad range of activities designed to activate widespread public understanding and support to combat inflation and promote economic growth.

The American Bankers Association, whose membership includes almost 100% of the nation's banks, is embarking on a broad, long range program to mobilize public opinion to combat inflation and promote economic growth.

Lee P. Miller

"Inflation exists and grows because people permit it," ABA President Lee P. Miller said. "Banks, as custodians of much of the people's savings, and bankers, as citizens with public responsibilities, have an obligation to contribute to the people's understanding of the causes and the results of inflation."

The new program of the nationwide bankers organization will entail a substantial stepping up and broadening of its efforts to contribute to a sound dollar and economic progress through a broad range of educational and legislative activities, he said.

Mr. Miller, who is also President of the Citizens Fidelity Bank and Trust Company of Louisville, Kentucky, said that the program will be under the guidance of a newly appointed Committee for Economic Growth without Inflation. Staff work will be handled by the members of the staff of the Economic Policy Commission, headed by Dr. E. Sherman Adams, ABA deputy manager. The overall plans for the anti-inflation campaign were developed by the Commission.

Chairman of the new committee is Casimir A. Sienkiewicz, President of the Central-Penn National Bank of Philadelphia. Other members are Gabriel Hauge, Chairman of the Finance Committee, Manufacturers Trust Co., New York; Arthur F. Maxwell, President of the First National Bank of Biddeford, Maine, and of the Biddeford Savings Bank; William A. McDonnell, Chairman, First National Bank in St. Louis; William H. Neal, Senior Vice-President, Wachovia Bank and Trust Co., Winston-Salem, North Carolina; Roy L. Reierson, Vice-President, Bankers Trust Co., New York; and Jesse W. Tapp, Chairman of the Board, Bank of America N.T. & S.A., Los Angeles, and Chairman of the ABA Economic Policy Commission. Dr. Hauge was formerly special assistant to the President for economic affairs. Mr. McDonnell was President of the Chamber of Commerce of the United States last year.

The adoption of the new program involves several departures from previous policies of the Association. "In the past," Mr. Miller explained, "the ABA has concerned itself largely with educational and other services for its own members; with banking legislation; and, to a limited extent, with financial aspects of public policy — specifically, monetary and budget policy. We now feel, however, that to fulfill our public responsibilities as bankers and as citizens, we should broaden the range of our activities.

"It has become increasingly clear that sound monetary and fiscal policies cannot be achieved without widespread understanding and support, and bankers have a duty to do what they can to contribute to the public's understanding of these matters. Also, the events of recent years have demonstrated that financial measures alone cannot always be relied upon to prevent inflation. Hence, bankers must concern themselves with other than financial problems if they are to discharge their obligation to help preserve the buying power of their depositors' money."

Joins Barth Staff

(Special to The Financial Chronicle)

MENLO PARK, Calif.—Robert T. Decius has joined the staff of J. Barth & Co., 720 Santa Cruz Avenue.

New Vice Presidents For Merrill Lynch

On Sept. 24, Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York City, will elect the following Vice-Presidents: Danily C. Bell (Beverly Hills), Roger E. Bohren (Geneva), Jack I. Bruckner, Kenneth M. Crosby (Havana), Raymond J. Dusek (Oklahoma City), William H. Ford (Providence), Harvey J. Franklin (San Francisco), Sherman Gray, Murray M. Grossman, Porter King, Jr. (Tulsa), Richard B. King (Detroit), Samuel Mothner, Harold W. Oliver, Jr., Kenneth R. Rearwin (San Francisco), Frederick J. Sears (Paris); Wilbert H. Teppe, Albert G. Warfield (Baltimore), and Edward C. Weiser.

New German Office

Oppenheimer & Co., members of the New York Stock Exchange, have announced the opening of an office in Frankfort/Main, West Germany, at Kaiserstrasse 22.

Max E. Oppenheimer, Senior Partner of the firm, stated that in view of the substantial recovery of the German economy, Frankfort/Main will occupy a dominant position in the world capital markets. Because of this a partner of the firm will be placed in charge of the new office.

Ladet & Co. Formed

DENVER, Colo.—Ladet & Co., Inc. has been formed with offices in the Central Bank Building. Officers are Ludovic M. Ladet, President; Lee C. Brooks, Vice-President; and Margaret B. Guy, Secretary-Treasurer. Mr. Ladet, who has recently been with L. A. Huey Company, formerly conducted his own investment business in Denver. Mr. Brooks was formerly with L. A. Huey Co.

With Herzfeld & Stern

Herzfeld & Stern, members of the New York Stock Exchange, have announced that Irving D. Karpas Jr. is now associated with the investment firm as co-manager of the 405 Park Avenue, New York, office.

These bonds are offered when, as and if issued and received by the underwriters listed below as well as other underwriters not shown whose names will be furnished on request, and subject to approval of legality by The Honorable Stanley Mosk, Attorney General of the State of California, and by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

Bank of America N. T. & S. A.	Bankers Trust Company	The Chase Manhattan Bank	The First National City Bank of New York	The First National Bank of Chicago	Halsey, Stuart & Co. Inc.	Blyth & Co., Inc.	The First Boston Corporation
Harriman Ripley & Co. Incorporated	Harris Trust and Savings Bank	Smith, Barney & Co.	Lehman Brothers	American Trust Company San Francisco	Security-First National Bank	California Bank Los Angeles	Drexel & Co.
Glore, Forgan & Co.	Chemical Bank New York Trust Company	C. J. Devine & Co.	Continental Illinois National Bank and Trust Company of Chicago	The Northern Trust Company	R. H. Moulton & Company	Goldman, Sachs & Co.	Kidder, Peabody & Co.
Eastman Dillon, Union Securities & Co.	Bear, Stearns & Co.	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Dean Witter & Co.	Blair & Co. Incorporated	Weeden & Co. Incorporated	The First National Bank of Boston	The First National Bank of Oregon
The Philadelphia National Bank	Seattle-First National Bank	Equitable Securities Corporation	Stone & Webster Securities Corporation	Phelps, Fenn & Co.	White, Weld & Co.	Salomon Bros. & Hutzler	R. W. Pressprich & Co.
Paine, Webber, Jackson & Curtis	Mercantile Trust Company	Shields & Company	Reynolds & Co.	Crocker-Anglo National Bank	J. Barth & Co.	Ladenburg, Thalmann & Co.	John Nuveen & Co. (Incorporated)
William R. Staats & Co.	Hornblower & Weeks	Wertheim & Co.	Hayden, Stone & Co.	American Securities Corporation	Andrews & Wells, Inc.	Bache & Co.	Bacon, Whipple & Co.
A. G. Becker & Co. Incorporated	Branch Banking & Trust Company	Braun, Bosworth & Co. Incorporated	Alex. Brown & Sons	Clark, Dodge & Co.	Dick & Merle-Smith	Dominick & Dominick	Fidelity Union Trust Company Newark, N. J.
First of Michigan Corporation	First Western Bank and Trust Company San Francisco, Calif.	Gregory & Sons	Hallgarten & Co.	Hemphill, Noyes & Co.	E. F. Hutton & Company	Laidlaw & Co.	Lee Higginson Corporation
Carl M. Loeb, Rhoades & Co.	W. H. Morton & Co. Incorporated	F. S. Moseley & Co.	National State Bank of Newark	Roosevelt & Cross Incorporated	L. F. Rothschild & Co.	Schoellkopf, Hutton & Pomeroy, Inc.	Shearson, Hammill & Co.
Stroud & Company Incorporated	B. J. Van Ingen & Co. Inc.	Adams, McEntee & Co., Inc.	Barr Brothers & Co.	J. C. Bradford & Co.	Coffin & Burr Incorporated	Francis I. duPont & Co.	Estabrook & Co.
First Southwest Company	Fitzpatrick, Sullivan & Co.	Ira Haupt & Co.	W. E. Hutton & Co.	Kean, Taylor & Co.	The Marine Trust Company of Western New York	The National City Bank of Cleveland	Wm. E. Pollock & Co., Inc.
Stone & Youngberg	Taylor and Company	Trust Company of Georgia	Tucker, Anthony & R. L. Day	Wachovia Bank and Trust Company	G. H. Walker & Co.	Wood, Struthers & Co.	Bacon, Stevenson & Co.
Baker, Watts & Co.	Baxter & Company	City National Bank & Trust Company Kansas City, Mo.	Commerce Trust Company Kansas City, Mo.	F. W. Craigie & Co.	R. S. Dickson & Company Incorporated	A. G. Edwards & Sons	Eldredge & Co. Incorporated
Geo. B. Gibbons & Company Incorporated	Hirsch & Co.	The Illinois Company Incorporated	A. M. Kidder & Co., Inc.	Lawson, Levy, Williams & Stern	Irving Lundborg & Co.	Mercantile-Safe Deposit and Trust Company	The National Bank of Commerce of Seattle
Rand & Co.	Schwabacher & Co.	F. S. Smithers & Co.	Stern Brothers & Co.	Spencer Trask & Co.	Chas. E. Weigold & Co. Incorporated	Anderson & Strudwick	Robert W. Baird & Co. Incorporated
Barret, Fitch, North & Co. Incorporated	William Blair & Company	The Boatmen's National Bank of St. Louis	Bramhall, Falion & Co., Inc.	I. L. Brooks & Co. Incorporated	Dempsey-Tegeler & Co.	The First Cleveland Corporation	First National Bank in Dallas
Glickenhaus & Lembo	Goodbody & Co.	J. A. Hogle & Co.	Industrial National Bank of Providence	Kalman & Company, Inc.	Kenower, MacArthur & Co.	King, Quirk & Co. Incorporated	Mason-Hagan, Inc.
Newhard, Cook & Co.	New York Hanseatic Corporation	The Ohio Company	Rauscher, Pierce & Co., Inc.	Republic National Bank of Dallas	Shuman, Agnew & Co.	Tripp & Co., Inc.	Van Alstyne, Noel & Co.
J. C. Wheat & Co.	R. D. White & Company	J. R. Williston & Beane	Robert Winthrop & Co.	Blunt Ellis & Simmons	C. F. Childs and Company Incorporated	Julien Collins & Company	Elworthy & Co.
Fahnestock & Co.	Field, Richards & Co.	The First National Bank of Memphis	The Fort Worth National Bank	J. B. Hanauer & Co.	Hannahs, Ballin & Lee	Chester Harris & Co.	Hayden, Miller & Co.
Lyons & Shafto Incorporated	Mercantile National Bank at Dallas	Wm. J. Mericka & Co., Inc.	Model, Roland & Stone	Moore, Leonard & Lynch	Mullaney, Wells & Company	Park, Ryan, Inc.	Seasongood & Mayer
Stern, Lauer & Co.	J. S. Strauss & Co.	Third National Bank Nashville, Tenn.	Henry G. Wells & Co., Inc.	The White-Phillips Company, Inc.	Wood, Gundy & Co., Inc.	Auchincloss, Parker & Redpath	Boettcher and Company
City National Bank and Trust Company of Chicago	Courts & Co.	J. M. Dain & Co., Inc.	Dallas Union Securities Co., Inc.	Davis, Skaggs & Co.	Dittmar & Company, Inc.	Dreyfus & Co.	Fahey, Clark & Co.
First National Bank of Minneapolis	The First National Bank of Saint Paul	Foster & Marshall	Frantz Hutchinson & Co.	Freeman & Company	Ginther & Company	Green, Ellis & Anderson	Hill Richards & Co. A Corporation
Laird, Bissell & Meeds	A. E. Masten & Company	McCormick & Co.	McDonald & Company	Merrill, Turben & Co., Inc.	The Milwaukee Company	Newburger, Loeb & Co.	Northwestern National Bank of Minneapolis
Putnam & Co.	Raffensperger, Hughes & Co. Incorporated	Reinholdt & Gardner	Rippel & Co.	The Robinson-Humphrey Company, Inc.	Rockland-Atlas National Bank of Boston	Russ & Company Incorporated	Schmidt, Roberts & Parke
Herbert J. Sims & Co., Inc.	Sterne, Agee & Leach	Suplee, Yeatman, Mosley Co. Incorporated	M. B. Vick & Company	Winslow, Cohu & Stetson Incorporated	Zahner and Company	Ray Allen, Olson & Beaumont, Inc.	Malon S. Andrus, Inc.
George K. Baum & Company	Bosworth, Sullivan & Company, Inc.	Brush, Slocumb & Co., Inc.	Burns, Corbett & Pickard, Inc.	Edward L. Burton & Company	John W. Clarke & Co.	Cumberland Securities Corporation	Cunningham, Schmertz & Co., Inc.
Shelby Cullom Davis & Co.	DeHaven & Townsend, Crouter & Bodine	Dewar, Robertson & Pancoast	A. Webster Dougherty & Co.	R. J. Edwards, Inc.	Elkins, Morris, Stokes & Co.	Ellis & Co.	Ernst & Company
Clement A. Evans & Co. Incorporated	Federation Bank and Trust Co.	First Union National Bank of North Carolina	Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.	Granbery, Marache & Co.	Harkness & Hill Incorporated	Harrington & Co., Inc.	Hooker & Fay
Interstate Securities Corporation	The Johnson, Lane, Space Corporation	Lucas, Eisen & Waeckerle Incorporated	McDonnell & Co. Incorporated	McMaster Hutchinson & Co.	Milburn, Cochran & Company, Inc.	Muir Investment Corp.	W. H. Newbold's Son & Co.
D. A. Pincus & Co.	The Provident Bank	Rodman & Renshaw	Ryan, Sutherland & Co.	Stein Bros. & Boyce	Stern, Frank, Meyer & Fox	Stranahan, Harris & Company	Stubbs, Watkins & Lombardo, Inc.
Talmage & Co.	Thomas & Company	Townsend, Dabney & Tyson	Chas. N. Tripp Company	Westheimer and Company			

September 11, 1959

A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.

Setting Our Sights for the 60's

Continued from page 16

that inflation is caused by "too much money chasing too few goods."

Actually our experience of the last six years—1953 to 1959—would indicate that when there is no real shortage of supply of goods, and when we have excess productive capacity, any slowdown in demand lowers productivity and creates pressures for price rises to protect profits.

In the two years between the fourth quarter of 1953 and the fourth quarter of 1955, we had a period of rapidly growing consumer demand — averaging about $8½ billion added demand every six months. With this rapid expansion of demand we had substantial improvements in productivity and a slight *decline* in consumer prices.

In the 2½ years from the fourth quarter of 1955 to the second quarter of 1958 our growth in demand was far below the amount needed to match productive ability—an average growth of only $1.8 billion added every six months. This was a period of lowered productivity which resulted in *price inflation* with consumer prices rising 7.8%.

In the second half of 1958 and first half of 1959 we experienced again a rapid growth in consumer demand — averaging $9½ billion added every six months. With this resurgence of consumer demand productivity jumped and consumer prices stabilized.

If consumer demand is artificially curtailed by 1960 there could be a renewal of inflationary pressures. Our economy is so fundamentally sound, however, that any slowdown in consumer demand should be temporary and should not interfere with the opportunity for rapid total growth over the next ten years.

Rapid Decline of Total Public and Private Debt in Relation to Production Is Factor of Strength in Our Economy

A factor that has led to fear of inflation and which has contributed to the attempts to slow down plant expansion or the needed expansion of construction of roads, schools, and other public works and services, has been the rapid expansion of debt — both public and private.

But few seem to recognize that the ratio of debt to production has *declined* dramatically since prewar. This indicates that if we are to make use of our productive ability and have the 52% higher standard of living that ability will justify ten years from now, we must reconcile ourselves to a very *much higher level of total debt*.

In 1930, the outstanding net total of *public and private* debt in the United States represented more than double a full year's national production—actually 210% of the year's total production. By the middle of 1959 total debt, although over four times as great in dollars, had dropped to 163% of a year's production. Production, measured in dollars, had grown more than fivefold.

Even more spectacular has been the drop in the relation of total *private debt* to production. Net private debt of individuals, business and corporations represented 176% of a year's production in 1930. It was 128% in 1940. By 1959 the relationship had dropped to 104% of a year's production.

At a production level of $750 billion in 1970, private debt could grow to $960 billion or 91% over the 1959 total of $503 billion without exceeding even the 1940 relationship to production! And a total public and private debt of nearly $1½ *trillion* would not be a greater relative burden than we actually carried in 1940 (or 189% of a year's production).

This is a factor of unrecognized strength in our economy—but it emphasizes the importance of holding our production level high through increasing our standard of living rapidly enough to consume and enjoy what we are capable of producing.

Corporations Are Strong Financially—Corporate Debt Has Declined in Relation to National Production

Net corporate long-term debt has dropped to half its prewar relationship to national production. In 1930 corporate long-term debt represented 56% of a year's production and in 1940 it was 44%. By 1959 this relationship was cut in half with long-term corporate debt representing only 26% of a year's production.

The ratio of corporate profits after taxes, to corporate long-term debt increased from 15% in 1940 to 20% in 1959. And the net working capital as a per cent of long-term debt increased from 62% in 1940 to 100% in 1959. In total dollars, net working capital of corporations is over 4½ times as great as in 1940.

With a production level of $750 billion possible in 1970, corporate long-term debt could expand to over 2½ times the present levels —to about $330 billion versus $125 billion — without exceeding even the 1940 relationship to production!

These facts on the decline in debt in relation to production, and on the position of corporate earnings and net working capital, indicate the strength of our financial position. They emphasize that our chief concern should not be with the size of our outstanding debt, but rather with the means of *expanding consumer purchases and our level of living fast enough* to utilize our productive ability and to keep fully employed our growing labor force.

Over the next five to ten years there will be massive needs for new capital investment in improved productive facilities if we are to increase productivity and reach the production and consumption levels of which we are capable. This may mean readjusting our concepts of debt limits and a major broadening of corporate stock ownership.

We will need that sort of expansion in production and consumption if we are to keep inflation in check through encouraging increases in productivity per capita at the minimum rate of at least 2% per year.

Total Consumer Debt Is Low in Relation to Savings or Discretionary Income

Total debt of consumers, as of June, 1959, at about $182 billion, including home and farm mortgages as well as consumer credit, was lower in relation to accumulated savings or in relation to discretionary spending power than in prewar years.

In spite of consumer debt expanding by 5.7 times—from $32.2 billion in 1940 to $182 billion in the middle of 1959—the ratio of total debt to total consumer savings has not increased. In relation to discretionary spending power, debt has decreased since discretionary spending power has increased over 7½ times since 1940.

Further, 71% of the increase in consumer debt, since 1940, is in home or farm mortgages which now is largely in a form of the amortized mortgage where the principal is not likely to become a critical burden on the economy during any temporary period of recession and where the monthly burden is similar to rent payments. In fact, much of this is a substitute for rent payment since there has been a rapid movement from renting to home ownership. Even so, 44% of the owner-occupied non-farm homes, in 1958, were entirely free of mortgage debt. This was the home mortgage condition even after the rapid growth in home ownership and in construction of new homes.

Consumer Credit Could Safely Expand by 80% Within Five Years—By 1965

The volume of consumer credit has an opportunity to *double* within the next ten years — by 1970. It will take that much expansion in consumer credit to keep in line with our expanding productive ability and the increasing *discretionary spending power* of American consumers. And a recognition of the place of consumer credit in accelerating changes in the American standard of living can help to build the markets needed to utilize our growing productive ability.

Just to be in line with the prewar relationship to consumer discretionary spending power the level of consumer credit which was $46.7 billion in the second quarter of 1959 (June) could be:

50% higher than 1959—up to $70 billion by 1960-61
80% higher in 5 years—up to $84 billion by 1965
129% higher in 10 years—up to $107 billion by 1970

This is not a prediction, nor any urging to imprudent extension of credit—but, the changes in our economy which emphasize the need for a rapid upsurge in our over-all standard of living point also to the need for taking a new look at the opportunities for consumer credit to aid the expansion of living standards and consumer markets.

The explanation of this added source of purchasing power is the fact that consumer short-term credit is *low* in relation to discretionary spending power. The 1959 level of consumer credit—$46.7 billion in June, 1959—has worried many—it was nearly six times the $8 billion level of 1940. But consumer discretionary spending power, as of June, 1959, was over seven-and-a half times the 1940 level!

The ratio of consumer credit to discretionary spending power, therefore, had dropped substantially by 1959—from 31% in 1940 to 23% in 1959. This means the consumer credit — installment sales, charge accounts, and personal loans—could even now be about 32% over the high level of mid-1959 without being overextended in relation to discretionary income. Just to reach the 1940 ratio could add about $15 billion to current purchasing power. In other words, consumer credit in mid-1959 could have been as high as $61.7 billion without being excessive in relation to discretionary spending power.

Savings and Consumer Purchases Can Both Expand With Increased Production

A growth in savings is as much a part of an expanding standard of living as the growth in personal consumption. Somehow there has been spread a false concept that saving is in conflict with spending or consumption. Actually, the two can and must grow together along with higher productivity.

Prewar, in 1938-1939, for example, annual personal consumption expenditures averaged only $66.1 billion and personal saving was at a level of $2.0 billion. The American people saved only 2.9% of their disposable personal income after taxes. By 1959, when consumer purchases had expanded to $311.5 billion—or by 4¾ times —personal saving also had expanded—but by 12-fold to $23.8 billion. The saving *rate* had more than doubled to 7.1% of disposable income.

The revenue from increased production makes possible increased savings — but we must have the expanding consumer demand to support the higher production and make possible increased productivity.

By 1970 a production level of $750 billion and personal consumption of $475 billion would make possible also an expansion of personal saving to over $40 billion, or nearly 70% above the $23.8 billion level of the second quarter of 1959.

Mass Millions Are Climbing the Income Ladder—Into Areas of High Consumption Potential

The rapidity with which mass millions of Americans are climbing the income ladder through increased productivity is illustrated in figures showing the breakdown of the consumer spending units by income after taxes in 1950 as contrasted with 1956 and the estimated distribution of consumer spending units in 1960. The number with disposable incomes of $7,500 is expected to increase from 2.1 million in 1950 to 6.6 million by 1960, and it is expected that the group from $5,000 to $7,500 will increase fourfold—4.3 million to 16.2 million —and the net total above $4,000 is expected to be about 36 million in 1960 compared with about 12 million in 1950 and 26 million in 1956.

As these families move up from one income class to the next, they could represent substantially increased markets for goods, services, and investments if only they were to take on the habits and desires of the income group into which they move. This is true even though taxes and the cost of living have increased.

Huge Market Still Available in Expansion of Appliances Use

The market for new appliances is far from saturated. A recent study (1950) of purchases of home appliances by income groups gives an indication of the expansion potential still available as families move upward in income groups.

Adding together actual purchases of four of the more modern appliances in 1950 (automatic washers, mechanical dryers, ironers, and deep-freeze units) by families of different income groups showed that average expenditures per family for these appliances varied from $2.44 in the 1950 income group under $2,000 to $50.40 in the income group over $7,500—the better income family was 20 times as good a market as the lower income family!

On an index number basis comparison with the average family showed that those with incomes over $5,000 spent from two-thirds greater to over three times as much as the average. Even since 1950 there has been a rapid movement of families into the income groups above $5,000 after taxes—an expansion from 6.4 million families in 1950 to 14.6 million in 1956, or more than double in number! By 1960 it is estimated that the number having over $5,000 after taxes will expand to about 22.8 million or 3½ times as many as in 1950. This illustrates the velocity of expansion in potential markets. This expanding standard of living could greatly expand the potential for various home services when people are educated to the expanded use of these new appliances or services as they move up in income.

There is a "Habit Lag," however, in the acceptance of changes of living standards. This has to be overcome by education and aggressive marketing and advertising.

Population and New Family Formations Will Add to Business Opportunities

Along with a rapidly rising standard of living we have the added stimulus of a bulge in population growth and a likelihood of large increments in family formations in the next few years.

Our population has more than doubled since 1900, reaching over 180 million by mid-year 1960, and the number of households has tripled to over 52 million.

Population continues to grow at the rate of over 2.9 million per year, or 240,000 per month. That is the equivalent of adding a Providence, R. I., or an Omaha, Neb. to our market each month.

The birth rate has continued at a level far above earlier predictions by population experts. Birth of 4.3 million in 1957 were the largest on record and were 2.1% above 1956. In 1958, births held within 1% of the 1957 record and births during the first five months of 1959 were at a new record 2% above 1958, indicating a 4.4 million birth level in 1959. The "baby boom," since 1940, has been of such proportions that it will have a pronounced effect on new family formations from 1960 on.

In Last 10 Years—A 46% Increase in Families With Two or More Children

The trend to families with two or more children at home has been pronounced. In the ten years between 1948 and 1958, the number of families with two or more of their own children at home increased 46%.

For many years American families decreased in size. Now there are indications that this trend is reversing because of the greater number of children per family. A major factor in holding up the birth rate has been the change in attitude of young couples toward having more than one or two children.

There has been a large increase, for example, in the number of second, third, and fourth children. The number of mothers bearing a second child now is 105% greater than in 1940, the number of third born has increased by 125%, and the number of fourth born by 110%.

Now some 60% of all families of two or more related persons have related children under 18 in the home. This is an important factor influencing the market for housing and household appliances and services.

Trend to Larger Families—More Children—Rapid Increase in New Homemaker Starts in 1960

As of July, 1960, there will be 86% more children under 5 years of age in our population than in 1940, and 79% more in the 5 to 9 age group.

This huge increase in the number of children soon will cause public outcry against inadequate school facilities and shortage of teachers, as well as juvenile delinquency. It will affect housing requirements, food consumption, and many phases of family living. During the next five years, by 1965 and beyond, there will be a huge movement of children into the adolescent age groups where food consumption is high and where interest in many products starts.

The number of persons reaching 18 years of age started to increase substantially in 1959—from 1960 on, the increase will assume major proportions. By 1965, the number reaching 18 years of age will be 65% over the 1951 level. If 18 is considered the start of the family-formation period we can soon expect increased pressures on housing and all the consumer-market items associated with family life.

Taking the entire young group coming into the family-formation stage—the five-years group of 17 to 21—there has been a growth of only 7% in numbers in the last six years, 1952 to 1958. But, in 1960, this group will be 17% larger than in 1952 and by 1965, it will be 46% larger. Ten years from now—by 1970—the number of potential young homemakers, those in the 17 to 21 age group, will total nearly 18½ million compared with 11½ million in 1958.

The young teen-age group—13 to 16—will grow in numbers even more rapidly in the next five years. By 1965, this group will be 32% greater than in 1958.

160% Increase in Married Women Workers Since 1940

A factor affecting the market for convenience products, appliances, and various home services is the rapid increase in the number of married women workers.

The number of women in the labor force has grown three times as rapidly in the last 17 years since 1942 as the growth in the number of men in the labor force. And the major part of this increase among women workers has been in the number of married women with families.

Between 1940 and 1958, the number of married women workers jumped 160% to a level over 2½ times as great; and 45% of these married women workers have children at home.

Between 1950 and 1958, the number of men employed in the United States increased only 2%, while the number of women employed increased 21%; and the number of married women workers jumped 41%!

About 78% of our total growth in employment in the last eight years has been accounted for by addition of women workers. Since a very large share of these are married women with children at home, this means not only added purchasing power for the family but added need for convenient home services and appliances, as well as quickly prepared quality foods.

Growth in Households Versus Age of Homes

The number of households in the United States has grown by 17,476,000, or 50% in the 20 years between 1940 and 1960 (from 34,949,000 in April, 1940, to 52,425,000 in July, 1960).

It is estimated that the number of households will reach 57,517,000 by 1965 and 62,933,000 by 1970. From that point on, the growth may average 1,300,000 per year for some years beyond 1970 and reaching over 76 million by 1980.

The inadequacy of our present housing is indicated by the fact that over 50% of our present dwellings are over 30 years old.

About 29 million of the 57½ million dwelling units in the United States were built prior to 1930. They are now over 30 years old—about 20 million are over 40 years old. They were built for families who were very different from the typical families of today. There were few home appliances then such as automatic washers or dryers or dishwashers—no television, and very little radio coverage—few car-owning families. The level of education was grade school—only 7% of adults were high school graduates in 1920. The level of average income was around $20 per week. Thirty per cent of our population lived on farms in 1920 compared with 11% now.

So a large proportion of our dwellings today are really inadequate for the type of population we have in terms of income, education, age distribution, and standard of living requirements. This means there will be great and continuing pressure for new homes and for remodeling of present homes.

Population Shift to the Suburbs—Drop in Farm Population

Between 1940 and 1958 population in the suburban portion of 162 metropolitan areas grew 77%, while the central cities grew 27% and the rest of the United States, outside of the 162 metropolitan areas, increased only 13%.

The shift to suburban areas was dramatic in the seven years—1950 to 1957. The civilian population of the United States grew by approximately 13 million persons. 85% of this growth was in the metropolitan areas and their suburbs, while only 15% was in the rest of the United States where, in 1950, about 44% of the population resided. Nearly 70% of the total growth in population—or nearly 12½ million—took place in the suburban parts of the metropolitan areas.

As compared with a 12% increase in total civilian population in seven years, the areas outside the metropolitan markets grew only 5%, the central cities grew 6%, and the suburbs grew 36%. In the rest of the country outside of metropolitan areas, the urban or small-town part grew by 7%, while the rural population grew only 2%, making a 5% average growth outside of metropolitan areas. There is every evidence that this trend is continuing.

Examples of this rapid suburban shift are the New York-Northeastern New Jersey metropolitan area and the Philadelphia metropolitan area (new estimates of population for July 1, 1956 versus April 1, 1950 issued by the Census Bureau, Aug. 18, 1958).

In the six-year period 1950 to 1956 the central city portion of the New York area—New York City, Essex County, N.J. (Newark) and Hudson County, N. J. (Jersey City)—dropped 1% in population, while the rest of the area grew 29%. The fastest-growing portion, Suffolk County, N. Y., jumped 82% in population in six years!

In the Philadelphia area the central city portion—Philadelphia County, Pa., and Camden County, N. J.—population grew 2%, while the rest of the area grew 34%. The fastest-growing portion, Bucks County, Pa., jumped 97% in population in six years!

This rapid shift reflects changing living standards, changing shopping habits, and the increasing trend toward family living. The suburbs of metropolitan centers now are beginning to join into wide "interurbia" areas. This movement is accelerated by decentralization of industry.

Ratio of Net Total Debt to National Production Has Declined

(Dollar Amounts in Billions)

Year (end of year)—	Gross National Product	—Net Debt— Total Public and Private	Public Debt	Private Debt	Ratio of Debt —to Production— Total	Private
1929	$104.4	$190.9	$29.7	$161.2	183%	154%
1930	91.1	191.0	30.6	160.4	210	176
1933	56.0	168.5	41.0	127.5	301	228
1940	100.6	189.9	61.3	128.6	189	128
1945	213.6	406.3	266.4	139.9	190	65
1950	284.6	490.3	239.4	250.9	172	88
1955	397.5	672.2	269.9	402.3	168	101
1959 (2nd Qtr.)	483.5	790.0	287.0	503.0	163	104
1970 Potential*	750.0	1,420.0	460.0	960.0	189	128

*At 1949 Relationship.

Ratio of Net Corporate Long-Term Debt to National Production Has Declined More Rapidly Than Ratio of Total Debt

Year (End of Year)	Gross National Product (Billions)	Net Corporate Long-Term Debt (Billions)	Ratio Long-Term Corporate Debt To National Production
1929	$104.4	$47.3	45%
1930	91.1	51.1	56
1933	56.0	47.9	86
1940	100.6	43.7	44
1945	213.6	38.3	18
1950	284.6	60.1	21
1955	397.5	90.0	23
1959 (2nd Qtr.)	483.5	125.0	26
1970 Potential*	750.0	330.0	44

*At 1940 Relationship.

NOTE—At 1959 levels of production the present net long-term debt of corporations could increase by over 70%; or by about $90 billion to a total net long-term corporate debt of $215 billion to equal 1940 relation to total U. S. production. In other words, $90 billion of new long-term capital expenditures could be financed without being out of line historically with the present level of production. Furthermore—the attainment of a $750 billion level of production ten years from now, by 1970, would point to the potential of a long-term corporate debt of about $330 billion to support that level of production on the basis of the prewar 1940 relationship of corporate debt to production.

Ratio Corporate Profits to Corporate Long-Term Debt Is Higher Than Prewar

	Net Corporate Long-Term Debt (Billions)	Corporate Profits (Billions) Before Taxes	After Taxes	Ratio Corporate Profits to Corporate Long-Term Debt Before Taxes	After Taxes
1929	$47.3	$9.6	$8.3	20%	18%
1930	51.1	3.3	2.5	6	5
1933	47.9	0.2	—0.4	--	— 1
1940	43.7	9.3	6.5	21	15
1945	38.3	19.0	8.3	50	22
1950	60.1	40.6	22.8	68	38
1955	90.0	44.9	23.0	50	26
1959 (2nd Qtr.)	125.0	49.0	25.0	39	20

Corporations Are in a Much Stronger Financial Position Than Prewar

(1959 versus 1940)*

	1940	1959 2nd Qtr.	Increase
Current Assets (Billion)	$60.3	$250.0	$189.7
Current Liabilities (Billion)	32.3	125.0	92.2
Net Working Capital (Billion)	$27.5	$125.0	$97.5
Ratio Current Assets to Current Liabilities	1.8 to 1	2.0 to 1	
Net Working Capital as Per Cent of Long-Term Debt	62%	100%	

*Excluding Banks and Insurance Companies.

Amos Sudler Adds

(Special to The Financial Chronicle)

DENVER, Colo. — Harvey E. Opfer has been added to the staff of Amos C. Sudler & Co., 818 Seventeenth Street.

Two With First Southern

(Special to The Financial Chronicle)

ATLANTA, Ga.—Edwin H. Parker and Harry L. Stiltz have joined the staff of First Southern Corporation, 70 Fairlie St., N. W.

With Marshall & Assoc.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Russell D. Douglas and Sam Thompson have become affiliated with Marshall and Associates, 75 East Wacker Drive.

Union Security Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — Raymond Barber has been added to the staff of Union Security Co., 29 South La Salle Street.

Public Utility Securities

BY OWEN ELY

Commonwealth Edison Company

Commonwealth Edison, the big utility which supplies electricity to the city of Chicago and to large suburban and other areas in northern Illinois, recently declared its second annual stock dividend, in addition to its regular $2 cash dividend rate. Last year 2% was paid, but this year 2⅓% to stockholders of record Sept. 23 will be disbursed. While larger stockholders usually prefer to keep the stock, many small holders cash the stock payment by returning a card to a Chicago bank which sells the shares and sends a check to the stockholder. Those who prefer all cash this year will receive an estimated $3.41 making an above average yield of about 5.4% on the stock as compared with the industry average of about 4.3%.

Commonwealth Edison has enjoyed about an average annual growth in revenues in the past five years (8%), and its average gain in share earnings of 7% has been better than the industry average of 6%. This is attributed to the rapid growth in the 11,000 square mile service area outside of Chicago. This section now accounts for 47% of total revenues (53% coming from the city of Chicago) and within five years the percentage is expected to rise to 55%, and by 1975 to 67%. The company's second largest customer, Northwestern Steel & Wire with a load of 80,000 kw, is located in Sterling, 100 miles west of Chicago.

In the past five years, the population of the entire service area has grown at the annual rate of 3.2%, and is now 6,800,000; outside Chicago the increase averaged 7.4% a year. The figures compare with the national average of only 1.7% per year. Commonwealth expects to add about 48,000 customers this year and barring a decline in general business, hopes to gain an average of 50,000 annually over the next five years — of which some four-fifths would be in the suburban areas where average residential usage is relatively high. In the past five years residential business in the suburbs has increased at an average rate of 11.3% reflecting both population gains and increasing annual usage.

Commonwealth Edison is now actively promoting electric space heating. As compared with its average residential kwh revenue of 2.96 cents last year, the company now has special promotional rates of 1¾ cents for residential space heating and a 1½ cent rate for uncontrolled water heating, plus the standard 1 cent rate (actually 1.05 cents) for off-peak water heating. (Like all the company's rates, these are subject to fuel cost adjustment, currently a nominal 2/100ths of a cent per kwh.)

Before the space-heating rate was filed in 1958 the company had less than 150 electrically heated homes and apartments — now it has 3,300 connected or under construction. The company is also planning to promote supplementary heating of individual rooms (a new playroom, sun porch or attic addition). The addition of only one electrically heated room will double the residential customer's use of electricity, on the average.

While in earlier postwar years Commonwealth's share earnings showed some irregularity, they have increased steadily since 1951 —with the exception of 1955 when the company distributed to stockholders the shares in Northern Illinois Gas, which had taken over the gas division of the business. During this period share earnings increased from $1.93 to $3.28 in 1958, an estimated $3.65 for this year, and a possible $3.80 in 1960, (as forecast by Vice-President Gorden Corey in his recent talk before the New York Society of Security Analysts, based on the assumption that the steel strike will end by Oct. 1). 1958-59 earnings benefited by a rate increase equivalent to about 65 cents a share. However, a portion of the increase in share earnings resulted from other factors — improved operating efficiency, close control of expenses, good growth and the stimulating effect of recent hot weather on air-conditioning.

The company has enjoyed good regulation in Illinois. It has been rather modest in its requests for rate increases and as a result has obtained virtually all that it asked for—some $20 million in 1954 and $26 million last year. The last rate increase has been appealed to the courts by the city of Chicago and five wholesale municipal customers, but the company is confident that the commission's order will be sustained. The return on year-end invested capital is estimated at 6.5% this year compared with 5.6% in 1957. This return will be lower if the rate base were adjusted to a "fair value" basis as permitted by Illinois law and regulation.

As stated above, some part of the gain in net earnings is attributable to close control of operating expenses. Thus despite the considerable increase in output since 1954, the number of electric employees has been reduced 10% (it was reduced about 2% thus far in 1959), which has helped offset steadily increasing wage rates. An IBM 705 commuter used to bill two million customers is now saving the company about $1 million a year. Moreover, it is correlating individual customers' meter readings to show the load on each transformer; as a result, the company will not only be able to defer the replacement of many transformers with larger sizes, but will reduce the investment in transformers in service by approximately $8,000,000. As another example of economy, the construction costs of new generating plants per kilowatt has been reduced almost one-quarter since the early 1950s despite the sky-rocketing of general construction costs. By installing new generators, efficiency of operation has increased about 19% in the past five years.

With the new impetus from the opening of the St. Lawrence Seaway and Calumet Harbor, the company looks forward to substantial growth. The construction program is being revised upward from the $110 million this year to $130 million next year, $145 million in 1961 and $175 million in 1962. Due to the stock dividend program and the cash provided by tax savings from accelerated depreciation, about 73% of these construction costs during 1959-62 (plus debenture sinking fund requirements) can be met by internal cash, it is forecast. The estimated $140 million new financing during 1960-62 will not include any sale of common stock. Nevertheless, the present equity ratio of 42% may be higher in 1962.

With Walston Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Michael J. Smith is now affiliated with Walston & Co., Inc., 201 South La Salle Street.

As We See It

Continued from first page

ously constructed. And so we might continue throughout the larger part of the economy of the country.

Must Be Financed

Of course, all these things have to be financed in one way or another. It is doubtless in part at least the beginning of such influences that are now sending various rates in the money and investment markets up from day to day. The so-called prime rate has recently moved up again, the discount rate has been marked up, charges for consumer credit are higher, and most of the yields in the investment market, including the so-called bill rate, have responded to the same set of factors. The fact is though that even if one has to go back in some instances at least to the early 'Thirties to find rates as high as these, the levels now prevailing would not have been regarded as abnormal prior to the advent of the New Deal and its determination to force interest rates down and keep them down. As a matter of fact it is necessary to go back very nearly three decades to find money rates which can be termed normal when viewed against an historical background.

There is an essential fact about all this which cannot be reiterated too often for the sake of those who see in these circumstances a long period of excessively burdensome interest rates if matters are left to take their natural course, and who accordingly insist that the supply of funds be somehow artificially and arbitrarily enlarged. And that fact is—as strange as it may appear to the superficial thinker—that at bottom the problem here is not a financial one at all, but one which has to do with production, in particular the apportionment of the production effort among the various types of goods.

To be sure the greatly enlarged volume of business envisaged by the facts that have been outlined would require a larger volume of credit and money, but that increase should come in the natural course of events and should not at any time require or suggest the sort of arbitrary procedures that are so often advocated by the modern money magicians. As a matter of fact, full utilization of the volume of funds now in the hands of the public would provide the equivalent of a very substantial enlargement of the so-called money supply. Further enlargement of the credit volume, provided it grew out of the proper type of productive activity, need cause no one uneasiness. The real problem of "where is the money coming from" is not found in the financial field.

Cease Producing What Is Not Wanted

The first requisite, or certainly among the first, is that we cease those activities which keep so many men occupied producing goods that no one will buy. Funds are in this way siphoned off from the truly productive elements in the population and given to those who in a true economic sense produce nothing. The funds then come into the market for goods the supply of which is restricted by the fact that full effort is not being made to produce them. The outstanding example of this infirmity is, of course, found in the case of subsidized agriculture. If the number of individuals engaged in farming were reduced by natural forces to the number required to produce the farm produce the public could and would buy, there would be no need for the rank and file to pay the taxes they now have to pay to subsidize unwanted farm production, and the funds thus freed could serve either to help provide the taxpayer with the goods he needs or go into the construction of plant for the output of goods that are in demand. Meanwhile the farmers who are producing goods that are salable would in effect exchange salable goods for other goods he requires.

But the waste of manpower in agriculture is but one example. No one can say how much manpower could be supplied to productive industry by leaving agriculture to stand on its own feet, but the amount would be quite substantial. Neither have we any way of estimating the waste of productive power that is involved in all the needless —and worse—governmental activities which have developed since the inauguration of Franklin Roosevelt in 1933, but again there can be no doubt in any dispassionate mind that the figure is a large one. Another potent source of manpower waste is represented by the numerous restrictions placed upon employers by unions which have been nurtured to a strength that can not be brushed aside by management. A larger volume of output would naturally tend to push prices down and thus ease the burden upon those who wish further supplies of durables as well as upon the various elements in the population engaged in preparing to produce enlarged volumes of goods for the consumers.

Naturally, with the growing population which is now envisaged there will be many more hands to produce as well as many more mouths to feed and many more seeking automobiles and other durable goods. So far as we can see, there is no reason for doubt that the financial aspects of all this will be manageable enough—provided only we get our productive house in order.

The Surge Ahead for Plastics

Continued from first page

that will continue to expand with new products and new markets.

We have projected the future through 1970 with an annual consumption rate of 10,900,000,000 pounds or a 100% increase over the next ten-year period.

CHART I
Forecast Production of Cellulosic And Synthetic Plastics and Resin Materials
(Millions of Pounds—Dry Basis)

Year	Production
1958	4,660
1959	5,170
1960	5,600
1965	8,000
1970	10,900

Between the period of 1957-1965 the annual average percentage rate of increase is 7.5%. Another way to see this growth is through per capita consumption of plastics over the years.

Year	Pounds Per Person Consumed
1934	¾
1950	15
1955	23½
1957	26
1960	31
1965	41
1970	51½

Population forecast—

	Million
1958	174
1960	180
1965	195
1970	211

CHART II
Production in Pounds of Synthetic Resins and Cellulosics, Including Surface Coatings in 1958
(Millions of Pounds—Dry Basis)

	Production
Cellulose Plastics	141
Phenolic and other Tar-Acid Resins	488
Urea and Melamine Resins	349
Vinyl & Vinyl Copolymer Resins	869
Styrene Resins	763
Alkyd & Rosin Modified Coating except Phenolic	503
Coumarone-indene & Petroleum Polymer Resins	268
Polyesters	117
Polyethylene	865
Miscellaneous Types	296

SOURCE: U. S. Tariff Commission — Preliminary Figures Released August 1959.

These U. S. Tariff Commission figures for 1958 list the breakdown of production for the plastics industry in 1958. They demonstrate the diversifications of resins and markets that are served by the plastics industry.

Polyethylene production at over 800 million pounds in 1958 moved into first place, and is expected to be the first billion-pound plastic. In the late 60's it is expected to reach two billion pounds.

What do these figures mean in the Challenge for Marketing Plastics in the 60's—or What is "The Challenge." As we see it, "The Challenge" is to:

Have the Right Team, who have selected the Right Product, to sell at the Right Price, in the Right Market, which will show the Right Profit Margin.

The Challenge in Marketing for Plastics in the 60's will be influenced by many factors, of which four are extremely important:

- Forecasting
- Growth and Cost Patterns
- Corporate Changes
- Educational Programs

Forecasting the Business Climate

The first important Challenge in Marketing for Plastics is forecasting the business climate of the 60's, the relative changes in costs of some raw materials, the rate of acceptance of new polymers, and the availability or rate of development of equipment required to do more plastics jobs.

Many important changes in business activity have been largely governed by three things: Defense Spending, Population, and Money.

Defense Spending has already affected the plastics industry with a demand for new and better materials to meet the new challenge of rockets and missiles. This is in addition to the broad range of plastics materials used by all the services in various equipment.

Census Bureau data suggest an increase from 174 million people to 211 million by 1970. Marketing will be affected by the change in the number of people in age groups from 19-25, which will increase 45% in the 60's. This means new families, and new families mean new homes and all that goes to equip those homes — housewares, toys, containers, and new types of packaging for all types of goods. This means an increased demand for plastics, because of the sales appeal, utility, and low cost of these items.

Another important challenge, which we share with the whole economy, is to protect the integrity of the dollar. Inflation most probably won't leave us now or in the 60's. The market for plastics products will grow with the apparent continued trend of lower plastics costs.

Where the New Growth Surge Lies

The surge ahead for plastics in the 60's will embrace many new developments. Most of the new markets found will be new applications and not replacements. There is a vast quantity of non-plastic materials today that have not yet faced true competition from the plastics industry. Such uses on a yearly basis as:

- 222 billion pounds of steel.
- 800 million pounds of brass and bronze.
- 2.6 billion pounds of aluminum.
- 13 billion pounds of glass.

Inroads are already underway in most of these industries. The top growth industries in the 60's, not necessarily in order, are forecast to be:

- Plastics
- Residential construction
- Guided missiles
- Office equipment
- Electro energy sales
- Air transportation
- Electronics
- Aluminum

A good example of the continued growth of plastics is in the automotive industry, where in 1958 there were 18 pounds of plastics per car used, for a total consumption of 100 million pounds, according to the publication "Automotive Industries." In 1965 it has been estimated that the composite car will use from 32-35 pounds of plastics, for an estimated total consumption of 200 million pounds. This estimate is based on the production of from seven and a half to eight million cars.

The packaging industry has been responsible for the rapid growth in all types of plastics packages. Plastic films and containers have established new concepts in packaging, and developed new markets not previously open to plastics. This growth trend will continue in the 60's at an even faster rate.

All of us are aware of the tremendous potential for plastics in home construction, an area in which plastics are ready to go to work, but building codes and union restrictions are slow to give way. There are many other growth areas which, taken individually, may not excite too much enthusiasm but when grouped together as consumers of plastics can represent large-volume use. Consider the shoe industry as one example of this miscellaneous group. Others include radio and television, kitchen appliances, and marine products.

Growth patterns will continue to expand with market development of existing and new plastics products. The trend now is toward more application development, and actual product development with customers, to assure these growth patterns. Naturally the dominating factor in the acceptance of plastics in replacing the primary raw materials mentioned, and others not included, is cost, durability, quality, time and manpower.

Decreasing Cost Factor Helps

A spokesman for one of the largest appliance manufacturers said this recently: "The price of steel has been increasing, while material costs of plastics have decreased. Material costs are not the really significant figures, rather it is the combination of product plus fabrication costs. This total figure has been increasing for steel at a steady 5-7% per year while plastics have been decreasing at 4% per year."

The point where the lines intersect is where the economics start becoming favorable for plastics.

For intricately designed pieces the total cost of plastics materials and labor competed successfully with fabricated metals about 1946. For medium-sized pieces plastics were able to compete about 1953, and plastics are forecast to invade large-unit fabrication anywhere from 1961 to 1965. For example, all materials needed for an all-plastic refrigerator unit are known; it is simply a matter of economics.

The advantages of using plastic are many. Tooling becomes less of a problem, and restyling can be done much easier. In styling itself you will be able to shape and form articles in ways that are completely foreign to current use.

To maintain reasonable price stability, even with a continued downward drift of plastics prices, it is evident that new markets must be developed to consume new plastics, as well as absorb the over-capacity of some which have been a challenge to us in recent years.

Not only will plastics quality improve in the 60's, as in the past, but the dynamic 60's will see a continued growth in the happy marriage of plastics with plastics, and plastics with nonplastic materials. Products have evolved that were never possible with either material, and have opened new avenues of product development.

I'm sure you are aware of many such combinations:

Plastics with paper
Plastics with glass.
Plastics with metal
Plastics with fibers
Mylar with polyethylene
Acrylics with styrene

Most of the major metal, glass, wood, and paper industries have made moves to join with plastics in producing combinations.

Marriage potentials can be encouraged by the union of plastic with plastic and with nonplastic materials. New possibilities will grow with a generation of new polymers still in research and development.

Corporate Changes

One of the major factors that will influence the marketing of plastics in the 60's will be the continued industry movement toward joint ventures, mergers, and acquisitions, long-term contracts, and large-scale diversification into previously unexploited markets.

The trend toward integration of plastic raw material suppliers into the manufacture and sale of film has indicated that some feel that there is not enough room for adequate profit from the raw material and the finished product. The plastics industry has certainly seen many such moves in the past five years, and will undoubtedly see more in the fabulous 60's in many different directions. A typical trend already started relates to the Export-Import Market.

The marketing challenge for plastics will be influenced by export and import regulations. In addition, new plants are being built overseas to adjust to the European Common Market, and many companies are expanding their foreign interests.

Need for Greater Public Education

With the continued growth of the plastics industry, it will be a must for the industry to sponsor an educational program to the public, consumer, designer and engineer. Many misapplications of plastics over the years have hurt the growth of some resins and limited the industry growth due to product failure. That old adage still holds true, "You can't send a boy to do a man's job." Some plastics, unfortunately, have been boys. The industry must select the best resins for the application, and the consumer must be educated through proper labeling and instructions that plastics are not one material, but a group of resins that can be engineered to meet a product requirement.

With many new products on the horizon, the plastics industry must take time to spell out the limitations as well as the advantages of these new materials. A good example of this is the recent move by Underwriters Laboratories to limit the use of all plastics in room air conditioners.

The MCA, SPI and SPE have accepted a share of the industry's public relations responsibility. They, as well as others, will have to continue to spread the word on plastics through schools, colleges, industry, and to the consumer by the means of press, radio and TV.

We need to do more education in other areas. The continued development of new equipment for new polymers is a must if the industry is to continue to expand. Closer liaison between raw material suppliers and equipment manufacturers would speed up new developments.

The development of blow-molding techniques, for example, has been delayed by the lack of equipment development.

Aggressive action is required now to cope with these important influences:

Economic and social patterns
Growth and cost patterns
Corporate changes
Education

In conclusion, I believe our primary challenge still is to direct the efforts of the Right Team, who have selected the Right Product, to sell at the Right Price, in the Right Market.

Our degree of success in marketing plastics in the 60's will be determined by how well and how efficiently we meet this challenge.

First Nat'l City "Drive Under" Branch

A new innovation in banking was introduced September 17, when The First National City Bank of New York opens its "drive-under" branch at International Airport.

Novel feature of the new branch will be that customers wishing to do business from their cars will actually drive under the branch which is elevated above the ground level alongside the airport's main roadway. Automobile customers will be served by three tellers windows. A parking lot will accommodate more than 100 cars of customers who conduct their affairs on the "vista-vision" main banking floor which commands a sweeping view of the airport from its elevation.

The new drive-under branch is First National City's third branch at International Airport, all of them under the supervision of S. Henry Morda, who will make his headquarters at the new location. Other branches are in the Arrival Building and in the Temporary Terminal Building. In addition, the bank's travelers checks and foreign exchange facilities are provided seven days a week at the windows of its affiliate, the International Banking Corporation.

Business hours for the new branch will be from 8:30 a.m. to 4:00 p.m., Monday through Friday, with the Personal Credit Department open until 4:30 p.m. each of these days to accept applications. The branch will serve all of the personal and business banking needs of airport personnel as well as customers who live or work in the vicinity of Idlewild.

Officers who will serve with Mr. Morda at the branch are Charles C. Marotta, Assistant Manager, formerly of the Broadway-40th Street Branch, and Joanne V. Palmer, Assistant Manager, formerly of the 195 Broadway Branch.

Chicago Analysts to Hear

CHICAGO, Ill. — William H. Franklin, Vice-President of Caterpillar Tractor Co. will address the luncheon meeting of the Investment Analysts Society of Chicago to be held Sept. 17 at the Midland Hotel.

Named Director

John W. Reavis has been elected a director of The Lehman Corporation, 1 William Street, New York City, it has been announced by Robert Lehman, President.

Mr. Reavis is managing partner of the Cleveland law firm of Jones, Day, Cockley & Reavis and a director of Jones & Laughlin Steel Corporation, Westinghouse Electric Corporation, National City Bank of Cleveland, Anchor Hocking Glass Corporation, Harshaw Chemical Company, Gray Drug Stores, Inc., North American Coal Corporation, Diamond Alkali Corporation, Midland-Ross Corporation, Industrial Rayon Corporation and Weatherhead Company.

He is also a director of the Cleveland Chamber of Commerce, President of Kulas Foundation, and a trustee of Case Institute of Technology and John Huntington Art and Polytechnic Trust.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The money market appears to have been pretty well prepared for the recent increase in the discount rate, which took it up to the highest level in about 30 years. The 4% Central Bank rate gives confirmation to the restrictive monetary policy which has been in force and is likely to become more restrictive with the passing of time. The demand for funds in showing no signs of abatement and the settlement of the copper and steel strikes is quite likely to bring with it an increase in the need for credit. This should tend to keep the pressure on the money market unless the monetary authorities give it some help.

The main interest in the money market is in short-term Government obligations and the favorable return which is available in these securities is bringing more buyers into these issues. This condition is likely to continue in the foreseeable future.

Higher Discount Rate Had to Come

The much expected increase in the discount rate came last week when the Federal Reserve Banks pushed th Central Bank rate up from 3½% to 4%. This brought the discount rate in line with the prevailing loan rates, since the prime bank rate had been recently increased from 4½% to 5%. Although the 4% Central Bank rate is the highest since the early part of 1932 it is still not a penalty rate.

The Federal Reserve Banks again followed the uptrend in loaning rates instead of initiating such a rise, as they have done on many occasions in the past. The moving up of the discount rate to 4% was in the cards and it was only a matter of time before the rise would be announced, since the spread between the prime rate of 5% and a discount rate of 3½% was too wide, and this gap had to be narrowed. The Federal Reserve Board in allowing the Central Banks to increase the discount rate from 3½% to 4% has again given positive notice that the policy of restrictive credit conditions will be continued in the foreseeable future.

Tighter Money Conditions Likely

The demand for loans has been very sizable in spite of the steel strike and there are no indications yet that business has been slowed down to any considerable extent by this disagreement between labor and managment. This means that the tightness which has been prevailing in the money and capital markets is quite likely to become tighter in the next few months, and not a few commercial bankers would not be surprised very much if the prime bank rate were to be given another boost.

The opinion, however, about another hike in the prime bank rate is by no means unanimous since the current 5% rate is looked upon by some deposit bankers as being about as high as it is likely to go for a considerable period of time.

Discount Issues Well-Purchased

The short-term sector of the Government market is still attracting funds and the uptrend in yield of these obligations is making them more attractive to a larger group of investors. It is indicated that institutions that have been sizable buyers of common stocks in the past are now putting a growing percentage of their funds into the high yielding near-term Government issues. In addition to these purchases of Treasury bills, there are reports that the commitments in Treasury notes are also picking up with the discount issues maturing all the way out to 1963 gaining favor among quite a few institutional investors. (The commercial banks are still sellers of these maturities, however.)

It is evident that these discount obligations are giving yields that have attraction to a growing list of buyers and even though these yields may continue to go higher the dollar averaging idea is being used. This meant that the activity and market breadth of the intermediate-term Governments could improve with the passage of time.

Long-Term Government Market Ignored

The long-term Government market is still pretty much of a professional affair, with the investors' interest not yet showing very much in the way of an expansion, since there are better yields available in non-Federal obligations. There will be no long-term Government bonds in either the new money or refunding operations of the Treasury, but this does not mean there will be important buying of the outstanding bonds in the absence of higher yields.

Woodfin With Adams

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John D. Woodfin has become associated with Weston W. Adams & Co., 55 Kilby Street, members of the New York and Boston Stock Exchanges. Mr. Woodfin, who has been in the investment business in Boston for many years was formerly with Percy G. Crocker & Co., and prior thereto was assistant manager of the Boston office of Paul & Co., Inc.

J. D. Warren Joins Glore, Forgan & Co.

SAN FRANCISCO, Calif.— James D. Warren has joined the San Francisco office of Glore, Forgan & Co., Russ Building, as a registered representative. He formerly was associated with the investment firm of Mitchum, Jones & Templeton.

Jerome Inv. Co.

VAN NUYS, Calif.—Jerome Investment Company is engaging in a securities business from offices at 15300 Strathern Street.

Mut. Fund Specialists

MIAMI BEACH, Fla. — Mutual Fund Specialists, Inc. has been formed with offices at 407 Lincoln Road to engage in a securities business. Edward M. Gale is President, Sally Krongold, Vice-President, and Philip A. Brooks, Secretary-Treasurer.

Form Pelham Secs.

BRONX, N. Y.—Jeanne Begalman is engaging in a securities business from offices at 2181 Wallace Avenue, under the firm name of Pelham Securities. She was formerly with M. H. Woodhill, Inc., A. G. Bellin Securities Corp., and Benjamin Zwang & Co.

Gov. Rockefeller to Address NY I.B.A.

Governor Nelson A. Rockefeller will be the principal speaker at the 39th Annual Dinner of the New York Group of the Investment Bankers Association of America, to be held at the Waldorf Astoria on Wednesday, Oct. 14, it was announced by Cushman McGee, of R. W. Pressprich & Co., Chairman of the Group. William M. Kerr, of Bacon, Whipple & Co. (Chicago), President of the Investment Bankers Association, will also address the dinner guests. It is expected that over 1,000 IBA members and guests will attend.

Nelson A. Rockefeller

Edward A. Uhler, of R. S. Dickson & Co., Inc., is General Chairman of the Meetings Committee in charge of the affair. Associated with him are Robert L. Thayer of Lehman Brothers, Chairman of the Attendance Committee, and Frederick C. Braun, Jr., of F. S. Moseley & Co., Chairman of the Dinner Committee.

Serving on the committees are:

(Dinner) — Maitland T. Ijams, W. C. Langley & Co.; P. Hurley Bogardus, Morgan Guaranty Trust Co.; William R. Caldwell, First Boston Corporation; John W. Callaghan, Goldman, Sachs & Co.; Calvin M. Cross, Hallgarten & Co.; John S. French, A. C. Allyn & Co., Inc.; C. Cheever Hardwick, Smith, Barney & Co.; Delmont K. Pfeffer, First National City Bank; and Leonard R. Sullivan, FitzPatrick, Sullivan & Co.

(Attendance)—William H. Todd II, Kuhn, Loeb & Co.; John W. de Milhau, Chase Manhattan Bank; L. Walter Dempsey, B. J. Van Ingen & Co., Inc.; Robert M. Gardiner, Reynolds & Co.; H. Stanley Krusen, Shearson, Hammill & Co.; Emmett Lawshe, Bear, Stearns & Co.; David J. Lewis, Paine, Webber, Jackson & Curtis; William H. Morton, W. H. Morton & Co., Inc.; Allen J. Nix, Riter & Co.; William Rex, Clark, Dodge & Co.; and Reginald M. Schmidt, Blyth & Co., Inc.

Securities Salesman's Corner

BY JOHN DUTTON

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

ARTICLE V

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 "Where Come-Where Went" Score

About 20 years ago, one of the most practical analysts of investment securities I ever had the pleasure of knowing gave me two balance sheets. They were dated exactly one year apart. He then handed me a four column sheet of columnar paper and he said, "Take these figures down in each of the first two columns, copy them all from the balance sheets. Then write at the top of the third column the word 'Increase' and at the top of the fourth column the word 'Decrease.' "Item by item, I figured the increases and the decreases from year to year and when I got through with this exercise I began to see a little more than I did before. Where did the money come from during the year, where was it invested, what was bought, what was sold, it was all there. Any amateur analyst could well start his investigation of a particular security with such a checkup. You open your mind and your eyes to what has been going on and, if you take your time and think a bit about what you are doing, some very interesting observations sometimes come to light.

A Current Example

Recently a rapidly expanding grocery chain acquired a department store in a middle western city. The reason for the acquisition that was advanced by management was that the company would acquire some experienced personnel that could be very helpful in buying non-food items for the grocery chain. In order to acquire the department store it was necessary to obtain additional capital funds through the sale (on rights to stockholders) of slightly over 100,000 shares of common stock at a subscription price of $5 a share. The effect of this purchase on the affairs of this concern are still to be determined. However the "Where Come-Where Went" method of studying the comparative balance sheets of this company [the former as of May 31, 1958, (before the department store acquisition), and the latter as of Jan. 10, 1959 which reflected the figures after the department store had been acquired] uncover some interesting observations. Let us take a look!

Consolidated Balance Sheets 12 Months Ended

	May 31,1958	Jan. 10, 1959	Increase	Decrease
Current Assets:				
Cash	$1,225,853	$1,043,292	------	$182,561
Govt. bonds	1,007,371	------	------	1,007,371
Accts. receivable	612,318	2,836,169	$2,223,851	------
Inventory	2,200,672	4,492,507	2,292,035	------
Prpd. exp.	200,316	270,670	70,354	------
C.S. life ins.	74,071	88,950	14,879	------
Misc. deposits	33,363	62,023	29,660	------
Property, equip. (Depr. val.)	2,860,035	3,198,764	338,729	------
Leasehold, imprv.	825,893	1,179,789	353,896	------
Misc. intngble.	236,041	229,425	------	6,616
Current Liabilities:				
Notes payable	230,000	250,000	20,000	------
Current long term debt	119,197	344,581	225,384	------
Trade accounts payable	1,628,796	2,302,915	674,119	------
Accrued salaries	128,090	151,961	23,871	------
Accrued taxes	105,284	206,291	101,017	------
Accrued interest	38,943	65,253	26,310	------
Other accounts payable	125,258	329,575	204,317	------
Current stamp liabilities	------	110,000	110,000	------
Fed. income taxes	241,666	289,124	47,458	------
Long Term Obl.:				
Conv. deb.	2,000,000	2,000,000	------	------
Other long term debt	1,591,165	2,681,062	1,089,897	------
Stamp liablty	------	443,650	443,650	------
Defrrd. Fed. taxes	52,000	64,800	12,800	------
Capital Stock:				
$50-5% pfd.	829,450	1,725,700	896,250	------
Common	749,281	749,281	------	------
Capital surplus	592,239	740,444	148,205	------

Between May 31, 1958 and January 10, 1959, this company increased its:

Current liabilities	$1,432,476
Long term debt	1,089,897
Other current payables	456,450
And DECREASED its:	
Cash	$182,561
Government bonds	1,007,371
Meanwhile:	
Accounts receivable increased	$2,223,851
Inventory increased	2,292,035
Fixed assets increased	338,729
Leaseholds increased	353,896
Miscellaneous increased	108,367

The department store acquisition was financed through an increase in long-term debt of $1,089,897 and a smaller item included in the current maturity of long-term debt plus the issuance of 18,500 shares of its 5% cumulative preferred stock. As a result, an additional dividend payment of $46,250 per annum will now be incurred on the preferred, also increased amortization of long-term debt at the rate of $250,000 per annum, and approximately $50,000 of additional interest will be payable thereon.

* * *

The "Where Come-Where Went" method of reading comparative balance sheets will uncover many changes in a company's financial position during the period under review. Also don't forget to read the notes to the balance sheet CAREFULLY.

Selecting the Industry and Stocks With a Rosy Tint

Continued from page 3

ually characterized as "a handful of rice a day."

In an inevitable spiral, high wages stimulated the development of labor-saving machinery and methods. It was no coincidence, but a logical evolution, that America was the home of the reaper, the cotton gin and then the cotton picker, the system of assembly by interchangeable parts, and the thousands of other devices whose basic purpose was the saving of high-priced labor.

Over the years we have acquired a running start on the rest of the world in efficiency of production. Our automated plants and mines can produce from 2 to 10 times as many units per man shift, **on the average**, as those of other countries. This efficiency has enabled us to overcome the handicap of our enormously expensive labor and compete triumphantly throughout the world with other people's exported manufactures.

Foreign Competition

But note that word "average." The **average** production per manshift of Germany, Britain, Italy and Japan are still sharply lower than ours, but in a multiplying number of cases, individual plants or mines are rivaling ours in efficiency. And what is more, we continually contribute to this successful rivalry by exporting the machines and the know-how that make it possible.

Using the same equipment, manned by equally skillful labor drawing one-third the wages, there would seem little question that many of our rivals will increasingly undersell us in world markets, and even in the U. S. market, unless we can keep ahead of them in the race for efficiency. If we can't produce three times as much value with an hour of human labor which costs three times as much as theirs, the world, including U. S. consumers, is going to buy their goods in preference to ours.

The steel industry is one in which the efficient use of manpower in the U. S. has for a long time assured our supremacy in our domestic and in many foreign markets. It is perhaps our most basic industry, both for capital and for consumers goods. It is also an industry which has been plagued by rapidly increasing wage rates, coupled with a greater-than-average amount of restrictive labor practices, and an industry whose major raw materials have been constantly getting scarcer and more expensive.

As a result of these tendencies, foreign competition, once foreign capacity was built up enough to make it possible, has been making increasingly successful inroads into both our foreign and domestic steel markets. An equally potent threat has appeared from the makers of competitive materials, and aluminum and plastics have displaced steel to almost as great a degree, as have foreign steel mills.

Illustrative Steel Stocks

But I for one feel that excellent investment values still are to be had in the major steel stocks, such as U. S. Steel, Jones & Laughlin, Republic, and Allegheny Ludlum, because I feel confident that American technology can continue to keep us competitive with foreign producers, and to a lesser extent with other materials.

The dramatically increased productivity of labor which was so marked a part of the 1958-59 recovery had a full share of its effect in steel, but I feel that the pressure of competition will continue to produce lower costs and greater output, partly through radical departures from traditional processes. Reduction of ores by gas, direct charging of ore into open-hearth furnaces, oxygen, continuous casting, and other innovations will all contribute.

I don't know any more about the probable outcome of the present strike than anyone else, but it's easy to see an increasingly strong trend of public opinion against anything that implies inflation, and against the more glaring monopolistic practices of labor, including all forms of featherbedding. I, therefore, believe that the steel companies are going to emerge from this strike period with the ability to show a continuation of the trend toward rapidly increasing productivity.

Enterprises which contribute to this sort of increased efficiency, not only in steel but in almost all other manufacturing and distributing lines, will also be in position to benefit in the months to come. Increased efficiency of manufacture and assembly can be obtained through increased automation, and, other things being equal, I would tend to look favorably on companies whose output increases the automation, and the productivity per man shift, of manufacturing operations. Efficiency can also be furthered by such things as office equipment, data processing machines, the improvement of transportation, highways, airports, air freighters, trucks, and ships, the improvement of distribution by supermarkets, mail order billings, automatic sales machines. Among such enterprises I feel there is no dearth of stocks that can be regarded with rose-colored glasses.

Electrical Equipment Manufacturers

A couple of weeks ago a large part of Manhattan Island suddenly found itself in the dark — even more literally so than I am about the stock market. I don't know all the technicalities concerning this dramatic power failure, but its obvious lesson is that the demand for electric power is expanding at a rate that will match or surpass all industry forecasts. During the 1958 recession there was some hesitation on the part of power companies to order new equipment, even though the long lead time on most of it indicated that the recession should be ended long before the stuff could be delivered. I think that that hesitation is at an end, and that ordering of central station equipment, including boilers and their adjuncts will now continue at a pace at least parallel with the growth of electric power consumption. Here is another group of securities with a rosy tint in their future—Babcock & Wilcox, Combustion Engineering, Riley, McGraw, and so on.

A few things besides death and taxes are pretty nearly inevitable in human experience. One is that the female half of the population will have a continuous urge to beautify itself. Another is that the male half, particularly as it gets older, will have a similar urge to doctor itself. Making all necessary allowances for current high prices of the securities, and the large obsolescence and style factors involved, I believe that important values can still be found in the drug and cosmetic industries, where we have investments in Warner-Lambert, Revlon, Merck, Schering and others.

Darker Side of the Investment Picture

My glasses don't prevent my being conscious, of course, of the darker side of the stock market picture. Perhaps the outstandingly unfavorable fact about it is that the Dow Jones Industrial Average got up to 675, and despite the past few days is still much higher than at this time last year. It takes a lot of careful selection to support stock market optimism at that figure.

Another very cogent deterrent, both to increased earnings and to increased price-earnings multiples, lies in the acute shortage of bank credit, which has pushed loan rates to their highest point since the bank holiday 26 years ago. Housing is perhaps the field that will suffer most severely from the effects of tight money, but the housing cycle has frequently deviated from the course of the overall business cycle, and the reversal in housing won't necessarily carry with it a contraction in total national product.

Marketwise it is rather the competition of 5% and 6% bonds with 2% and 3% stocks which causes the most immediate concern.

Proponents of the golden sixties quote the rising population figures, and especially the expected increase in family formation, as grounds for bullishness about the years from 1960 onward. At least one voice, however, has been raised in defense of the viewpoint that our increased population may be a liability rather than an asset. The increase is most marked in the lowest and the highest age brackets of the population. The productive and wage-earning brackets will, of at least the next 10 or 15 years, continue a relative decline. Each worker will, therefore, have more mouths to feed, and his ability to buy the higher grade and costlier manufactured products will be increasingly hampered by his necessity of buying more of the basic requirements of food, shelter and clothing. I don't adhere to this view myself, but it is worth noting that an increasing number of consumers doesn't necessarily make for increasing production.

I am supposed to uphold the optimistic side of this argument, and I will therefore refrain from trying to pick out stocks with a gloomy outlook. Whether those with a bright future can outweigh the probable market action of those less well placed, and cause the Averages to swing up rather than down, is a balance I won't attempt to strike. I would simply like to leave with you the thought that, so long as the general level of national production stays high, it is not difficult to find things in the stock market that can be regarded with optimism.

Three With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Richard C. Draper, Allan H. Roberts and Max J. Silberman have become connected with Paine, Webber, Jackson & Curtis, Union Commerce Building. They were formerly with Merrill Lynch, Pierce, Fenner & Smith, Incorporated.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The First National City Bank of New York has announced the appointment of Edward L. Palmer as Vice-President. Mr. Palmer, formerly Vice-President of the **New York Trust Company**, will be associated at First National City with J. Howard Laeri, Executive Vice-President, in the general administration of the bank's National Division.

Edward L. Palmer

* * *

The new innovation in banking was introduced Sept. 14 when **The First National City Bank of New York** opens its "drive-under" branch at International Airport.

Novel feature of the new branch will be that customers wishing to do business from their cars will actually drive under the branch which is elevated above the ground level alongside the airport's main roadway. Automobile customers will be served by three tellers windows. A parking lot will accommodate more than 100 cars of customers who conduct their affairs on the "vista-vision" main banking floor which commands a sweeping view of the airport from its elevation.

The new drive-under branch is First National City's third branch at International Airport, all of them under the supervision of S. Henry Morda, who will make his headquarters at the new location. Other branches are in the Arrival Building and in the Temporary Terminal Building. In addition, the bank's travelers checks and foreign exchange facilities are provided seven days a week at the windows of its affiliate, the International Banking Corporation.

Officers who will serve with Mr. Morda at the branch are Charles C. Moratta, Assistant Manager, formerly of the Broadway-40th Street Branch, and Joanne V. Palmer, Assistant Manager, formerly of the 195 Broadway Branch.

Directors of **The Chase Manhattan Bank, New York,** have appointed George R. Macalister Jr. as a Vice-President, George Champion, President, announced Sept. 15. Mr. Macalister was formerly a Vice-President of the **New York Trust Company,** which recently merged with the **Chemical Corn Exchange Bank.**

Mr. Macalister will join Chase Manhattan's metropolitan department, and will be located at the new 410 Park Avenue branch, which will open this Fall.

Mr. Macalister was with the **Hanover Bank** from 1935 to 1952 and he was a Vice-President of the **New York Trust Company** from 1952 to 1959.

* * *

Robert T. Snyder has been elected Vice-President of **Chemical Bank New York Trust Company, New York** it was announced

Robert T. Snyder

today by Harold H. Helm, Chairman. Mr. Snyder, a graduate of Wharton School-University of Pennsylvania and Stonier Graduate School of Banking, joined Chemical Bank in 1946 where he has served as Assistant Vice-President since 1957. He is in charge of the Bank's Times Square Office at 44th St. and Broadway.

* * *

The United States Trust Company of New York announces, through Benjamin Strong, Chairman, and Hoyt Ammidon, President, its return Sept. 14 to new banking quarters at 45 Wall Street, a site on which the bank has been located for nearly 100 years.

* * *

The Bank of Montreal, Canada's first-established bank and now ninth largest bank in the world with deposits in excess of $3,000,000,000, moved its New York Agency from 64 Wall Street to 2 Wall Street, on Sept. 14. The move coincides with the 100th Anniversary of the New York Agency.

Started 100 years ago with two employees in one room at 23 William Street, the New York Agency now has over 200 employees.

The Bank of Montreal, with assets at July 31, 1959 of $3,254,306,364, currently maintains more than 800 offices throughout Canada, the United States, the United Kingdom and Europe. The number of depositors is well over 2,500,000, and the bank's employees, in Canada and abroad, are close to 13,000.

* * *

The Board of Directors of the **Sterling National Bank and Trust Company of New York** announced the election of Louis Hellerman as Vice-President.

Mr. Hellerman joins the Sterling National Bank from the **Chemical Bank New York Trust Company** where he held the post of Vice-President.

Walter F. Pease has been elected a Trustee of the **Harlem Savings Bank, New York.**

* * *

The Lafayette National Bank of Brooklyn this week-end will reopen two of its branch offices. The Prospect office at 325 Ninth Street was reopened on Friday, Sept. 11 and the Bay Parkway office at 6614 Bay Parkway on the following day.

* * *

Security National Bank Long Island, N. Y. will open the doors to its 25th office this Sept. 19 at West Islip's Southgate Shopping Center.

In announcing the opening, Security National President Herman H. Maass named August A. Horwath, Assistant Vice-President at the Bank's Babylon office, as the new office's manager. Other personnel changes within the Bank's organization include the re-assignment of John Ward, Vice-President at Security's East Northport office to the Babylon office, and the appointment of Alvin R. Dantes as Assistant Vice-President, Riverhead office.

* * *

The promotion of five members of **The County Trust Company, White Plains, N. Y.,** were announced Sept. 11 by William L. Butcher, President.

Charles F. Kammerer, Jr., was promoted to Vice-President; Edward A. Hummel to Mortgage Officer; and Milan G. Byelick to Assistant Secretary. Miss Mary T. Lynch and Harry W. Baum were named Mortgage Officers and both retain their present title of Assistant Secretary.

* * *

The Citizens Bank of Arcade, Arcade, N. Y., and **State Bank of Rushford, Rushford, N. Y.,** merged under charter of The Citizens Bank of Arcade and new title **The Citizens Central Bank.**

* * *

Roy F. Duke, President of the **Fidelity Union Trust Company, Newark, N. J.,** announced Sept. 15 that the Board of Directors had elected George M. Johnson a Vice-President. He will head the bank's Mortgage Loan Department.

Mr. Johnson entered banking in 1920 with the **Irving National Bank** where he was Assistant Cashier. In 1949, when Irvington National was merged into Fidelity Union, he was named Assistant Treasurer. In 1950 he was transferred to the Mortgage Loan Department in the Main Office, where he headed Fidelity's mortgage procurement program. He was elected a Second Vice-President in 1955 and since 1956 has been a loaning officer in the Banking Department specializing in construction financing.

As head of Fidelity's Mortgage Loan Department, Mr. Johnson succeeds Elliot W. Sparkes, whose election as Trust Officer was also announced on Sept. 15. He joined Fidelity Union in 1927 and was elected an Assistant Secretary in 1950 and a Second Vice-President in 1956. Mr. Sparkes will head the Trust Department's real estate activities and supervise insurance matters.

* * *

The Long Branch Banking Company, Long Branch, N. J., and **The Freehold Trust Company, Freehold, N. J.,** merged under charter of The Freehold Trust Company and new title **The Central Jersey Bank and Trust Company.**

* * *

Western Pennsylvania National Bank, Pittsburgh, Pa. on Sept 10 announced plans to open a new office in Southlands Shopping Center, Route 51, Pleasant Hills. It will be the bank's 21st community office and the fourth this year.

Western Pennsylvania National had only one office seven years ago. The 18th office was dedicated Aug. 22 at New Eagle, the 19th was opened Sept. 11 at Great Valley Mart, Route 30 near the Westinghouse Bridge, and the 20th will be dedicated Sept. 19 in McKeesport.

* * *

Merger certificate was issued recently approving and making effective, as of the close of business Aug. 28, the merger of the **Peoples National Bank of Stewartstown, Pa.,** with common stock of $75,000 into the **National Bank of York County, York, Pa.,** with common stock of $2,227,500. The merger was effected under the charter and title of the National Bank of York County, with capital stock of $2,377,500 divided into 237,750 shares of common stock of the par value of $10 each.

* * *

The First National Bank of Chicago, Ill. has extended its banking services to Europe with the opening of an office in London at 38 Walbrook, E. C. 4. Guy A. Crum, Vice-President, is our European Representative.

* * *

Frank J. Ross, Wallace W. Tudor and Arthur M. Wood have been elected Directors of the **Sears, Bank & Trust Co., Chicago, Ill.**

* * *

Merger certificate was issued approving and making effective, as of the close of business Aug. 31, the merger of **The Romeo Savings Bank, Romeo, Mich.,** with common stock of $300,000 into the **Community National Bank of Pontiac, Pontiac, Mich.** with common stock of $2,750,000. The merger was effected under the charter and title of The Community National Bank of Pontiac, with capital stock of $2,900,000 divided into 290,000 shares of common stock of the par value of $10 each.

* * *

The First National Bank of Janesville, Wis. increased its common capital stock from $300,000 to $400,000 by a stock dividend effective Sept. 2. (Number of shares outstanding — 8,000 shares, par value $50).

* * *

Franklin Briese, and B. F. Wolff, were elected Directors of **Northwestern National Bank of St. Paul, Minn.**

* * *

By a stock dividend, the **First National Bank of Cloquet, Minn.** increased its common capital stock from $150,000 to $300,000, effective Sept. 2. (Number of shares outstanding — 3,000 shares, par value $100.)

* * *

The First National Bank of Valley City, North Dakota, by a stock dividend, increased its common capital stock to $250,000 from $100,000, as of Sept. 2. (Number of shares outstanding — 10,000 shares, par value $25.)

* * *

Conversion of the **Peoples Bank of North Miami Beach, North Miami Beach, Fla.,** to the **Peoples National Bank of North Miami, Beach, Dade County, Fla.,** became effective Sept. 1. Frank H. Willer is President, Roland M. Stafford serves as Cashier. The Bank has capital resources of $600,000.00 and surplus of $151,393.06.

* * *

By the sale of new stock, the **First National Bank of Shreveport, La.** increased its common capital stock from $3,375,000 to $3,500,000, as of Sept. 4. (Number of shares outstanding — 280,000 shares, par value $12.50).

* * *

Elliott McAllister, Chairman of the Board of The Bank of California, N. A., Sept. 8 announced the following officer appointments. At Head Office, S. Vilas Beckwith was elected Vice-President and Trust Officer, and Emil P. Ferro, J. Walter Proctor and Gordon R. Yeadon became Trust Officers. At the bank's Mills office in Burlingame, Charles W. Laraway was advanced to Assistant Manager and William H. Greene became an Assistant Cashier.

Mr. Beckwith, new Senior Officer of the Trust Department, has been with the bank for 31 years and became an Assistant Trust Officer in 1937. In 1946 he was elected Trust Officer.

Mr. Ferro joined The Bank of California 39 years ago and received his appointment as Assistant Trust Officer in 1948.

Mr. Proctor joined the bank in 1923 and became an Assistant Trust Officer in 1950.

Mr. Yeadon first became associated with the bank's Seattle Office in 1930 and received his appointment as Assistant Trust Officer there in 1952. He was transferred to the Head Office in 1957.

Charles W. Laraway, now Assistant Manager at the Mills Office, became an Assistant Cashier there in 1957. He has been with the bank for 10 years.

William H. Greene joined the bank in 1948.

* * *

Robert Floyd Sims, died on Sept. 12 at the age of 54.

Mr. Sims was a Vice-President of the Crocker-Anglo National Bank, San Francisco, Calif.

Smith, Barney Group Underwrite Hooker Chemical Debentures

Hooker Chemical Corp. is offering holders of its common stock of record Sept. 15, 1959 the right to subscribe for $24,444,900 principal amount of 5% convertible subordinated debentures due Sept. 15, 1984 on the basis of $100 principal amount of debentures for each 30 shares of common stock held on the record date. The subscription price is 100%. The rights to subscribe will expire on Sept. 30, 1959. The offering is being underwritten by a group headed by Smith, Barney & Co.

Hooker Chemical, an integrated producer of organic and inorganic chemicals and plastics, will add the net proceeds from the sale of the debentures to its general funds. These funds will be used for the financing of the company's expansion program, for additional working capital and for other corporate purposes.

The debentures are convertible into common stock of the company at $45 a share.

A sinking fund on the debentures commences in 1969 and is designed to retire approximately 70% of the issue before maturity.

Consolidated sales of the company and subsidiaries during the six months ended May 31, 1959, the first half of the fiscal year, totaled $74,732,000 and net income was $6,898,000, compared with $60,155,000 and $5,141,000, respectively, in the corresponding months of 1958.

Cooperatives Banks Offers Debentures

The Banks for Cooperatives offered yesterday (Sept. 16) a new issue of approximately $112,000,000 of 5⅜% six-month collateral trust debentures dated Oct. 1, 1959 and maturing April 4, 1960. The debentures are priced at par and are being offered through John T. Knox, fiscal agent, and a nationwide selling group of securities dealers.

Proceeds from the financing will be used to refund $76,500,000 3½% debentures maturing Oct. 1, 1959 and for lending operations.

Now With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robert H. DiComes has become affiliated with Hayden, Stone & Co., 10 Post Office Square. He was formerly with Hill, Darlington & Co., and Keller & Co.

Inflation's Perilous Path

Continued from first page

quately for their old age. In view of the widespread distress that so-called creeping inflation causes, how can there be any argument about whether it is good or bad. It is immoral; that is enough. There are those who say that a little inflation is a good thing; that it insures prosperity and growth in the economy. The public tends to accept inflation because the people see that the country has experienced its longest and greatest wave of prosperity in the last 20 years. Those who accept this view fail to realize that inflation is like a drug which must be taken in ever increasing doses in order to maintain the exhilarating effect. It is like cancer in that you don't realize your health is being ruined until it is too late. They do not look ahead to the inevitable disasterous effects of inflation but simply live for today. They do not realize that a greater real growth would have been experienced in this period if there had been no inflation. Just last year per capita income rose slightly but price increases resulted in a decrease in real purchasing power. It is calculated that during the period 1939-58 the loss in purchasing power of selected forms of savings amounted to over $200 billion. The loss in buying power of funds invested in life insurance alone amounted to $132 billion. But the losses in monetary values are not the only detrimental effects of inflation.

Our former Ambassador to Brazil, James S. Kemper, wrote in a recent article as follows: "Not only does inflation destroy the savings our people have, but it destroys the will and desire to save. Personal savings are the very basis of our private enterprise system and the private enterprise system is the basis of a free society.

Public's Growing Awareness

There is growing evidence that the public is becoming more aware of the pernicious effect of inflation on their savings. During the first seven months of this year the cash-ins of U. S. savings bonds amounted to $3.2 billion while sales were $2.6 billion—an excess of cash-ins of $613 million. There has been a growing interest in the purchase of common stocks in the hope that they will offer some protection against the deterioration of money values. Personal savings have fallen below what normally would be expected at this time. Deposits in mutual savings banks are running less than half the rate they were a year ago. The higher interest rates now prevailing reflect not only the greater demand for funds during a strong business upturn but also to some extent the demand of savers for higher interest to help compensate for the expected currency depreciation. The implications of this apparent change in attitude are serious. The ever increasing demands of our industrial economy for additional capital cannot be satisfied without a continued high rate of savings by our people. But who can blame them for not wanting to lend their money at 3% or 4% when 50% or more of their capital is likely to be eaten up by inflation during the next 20 years? It must also be remembered that the return on their money after payment of income taxes is considerably less than the interest rate earned.

Other Evils Recounted

There are many other evil aspects of inflation. It causes inequitable redistribution of property, it constitutes an element of uncertainty in business decisions, and diverts business energies toward protecting themselves against inflation rather than productive efforts. At the same time as it pushes costs up, it erodes the values of endowments of colleges and other institutions.

Another of the frightening aspects of continuing inflation is that it leads eventually to government interference with the private economy, thus opening the door wider to socialism. A scholarly treatment of the subject of "Creeping Inflation" is found in the June issue of the *Monthly Review* of the Federal Reserve Bank of New York. This article effectively refutes the views of the pro-inflationists. It points to the experience of other countries with inflation and their attempts to control it and compensate for its inequitable effects by escalator payments of various kinds. These schemes have steadily been abandoned as unworkable. A summary paragraph in the article reads as follows:

"The appraisal shows that creeping inflation is not merely an innocent vice, a relatively costless or harmless way of relieving tensions. It will lead to much higher rates of interest and a confusing network of 'price escalator' arrangements, a distortion and eventual impairment of saving and investment, wider cyclical fluctuations, and a stunting of growth. Moreover, there would be no gains to offset these grave consequences. Over time, creeping inflation would not lessen but would aggravate any threat of unemployment; it would not cushion but would stimulate any abuses that may be associated with 'administered' prices or labor's 'cost push'; and it would not relieve the kinds of political pressures that may at times interfere with the functioning of a market economy. These serious consequences would not only mean a failure to fulfill the economic potential of the United States, but would also gravely weaken this country's ability to fulfill its responsibilities of leadership in the international economic community and in world affairs."

It should be abundantly clear that the positive evil effects of creeping inflation far outweigh any possible advantages that might be gained from it. There is no guarantee that this type of inflation would not turn into runaway inflation at some point, the disastrous consequences of which are well-known to us all. Now let us take a loot at the process of inflation and see what we can do to prevent it.

Attributes It to Money Supply

Inflation as we have known it recently in the United States has its basis in an excessive expansion of the money supply arising out of the financing of Federal Government budget deficits. There are forces which are contributing to the rising cost-of-living, such as the power of strong labor unions that enables them to get wage increases for their workers in excess of productivity increases. But the fact remains that the inflation could not have taken place without the vast increase in the quantity of money. During World War II interest rates on the bonds the government sold to finance the war were kept arbitrarily low. Hence, they were not all sold and the Federal Reserve was forced, in effect, to buy them and to provide more funds to commercial banks to they could buy them. Thus, the amount of money increased from $39 billion in 1940 to $94 billion in 1945. By this time the government had become so used to selling bonds at low interest rates that they kept right on doing it and the Federal Reserve was forced to create an additional $16 billion in new money, bringing the total to $110 billion in 1950. At this time some of the members of the Board of Governors of the Federal Reserve started a determined fight against this kind of deficit financing. This culminated in the famous 1951 accord between the Treasury and the Federal Reserve whereby the latter withdrew from pegging the price of government bonds but agreed to maintain an "orderly" market. Since then inflation has proceeded at a slower pace as the Federal Reserve has sought to maintain an orderly market by its purchases and sales of short-term Treasury bills and by creation of sufficient bank reserves to ease the Treasury's task of refunding its debt as it matures. This brings up an important current problem which will have an influence on the inflationary trend.

Interest Rate Ceilinng Battle

There are those in and out of Congress who continue to believe in and fight for a renewal of the Federal Reserve's pegging of interest rates at a low level. This year the Administration asked Congress to remove the interest rate ceiling of 4¼% on bonds with maturities of five years or over. Congress tried to tack on a provision which, in effect, instructed the Federal Reserve, to get back into the business of supporting the government bond market by buying bonds of various maturities. The Administration refused to accept this and Congress has shelved the bill for this session despite the strongest Presidential protest. This means that the Treasury must confine its financing to issues with maturities of less than five years and thus drive up interest rates in this sector. It also means that a considerable part of the $85 billion in government issues due within one year will be lodged with the banks and thus increase the base for further credit expansion and inflation. This comes at a time when we are in the midst of a strong business boom. The demand for funds for business expansion is increasing. The Federal Reserve is doing its best to restrain credit and forestall an overexpansion that would lead to a blow-off followed by a depression. This irresponsible move on the part of Congress comes when there is a growing suspicion abroad that we are not willing to follow the same sound fiscal policies that we advocate to others. It is indeed a grave situation and one that certainly would justify the calling of a special session of Congress as the President has threatened he will do if Congress fails to act. The maintenance of confidence in our currency both at home and abroad is of utmost importance.

The Public Does Act

The average citizen sits back and says, "Well, I don't know anything about these things and what could I do if I did." There is plenty that can be done and this was remarkably demonstrated during this Congress. The defeat of many Republicans in their race for Congress engendered the popular impression that the new Congress had a mandate from the people to spend and spend and spend. When the President submitted his balanced budget for the next fiscal year—an essential goal in view of the $12.5 billion deficit in the previous budget arising out of government efforts to reverse the recession—the general view was that Congress would run it into the red by several billions. But then the campaigns against inflation and increased government spending started and Congressmen were deluged with letters from the public calling for less government spending. Did this have an effect on the amounts voted? Just ask any Congressman. By no means was spending reduced sufficiently but there is little doubt that a planned upsurge in spending was contained. So it behooves us all to keep writing letters to our Congressmen, demanding the elimination of unnecessary spending and the maintenance of balanced budgets.

It may be desirable at times to increase government spending to help overcome a temporary recession in the economy but any resulting deficits should be made up in succeeding years. Unfortunately, this has not been the experience. Out of the last 30 years we have balanced the budget only seven times—7 out of 30, that is a pretty sorry record for a nation as rich as ours.

Over-All Budget Balance

The point that I want to emphasize is that if we keep the budget in balance over the years, the likelihood of any substantial inflation is slight. To accomplish this we must eliminate unnecessary spending. One of the logical places to cut is in foreign aid expenditures. We cannot keep our currency sound with the continuous drain of huge giveaways which seem to be accomplishing more harm than good. We must abandon our various subsidy programs which take from one segment of the population and give to another. The program to support agricultural prices must be reduced and gradually eliminated. From the fiscal year 1953 through the fiscal year 1959 the increase in the total public debt was $26 billion and during these years the government spent $23 billion to support farm prices and to increase farm income. We must go easy on public housing and slum clearance legislation. We must keep our highway program on a self-supporting basis. The pork-barrel appropriations must be kept to a minimum. Have not we already accumulated a huge enough debt burden to pass on to our sons and their sons?

The Future Price Level

What are the prospects for a further increase in the cost of living in the year ahead? After remaining stable for about a year the Department of Labor's Consumer Price Index has risen a point or more in the past few months. The period of stability came about mainly because of falling food prices. The cost of most goods and services continued to rise. Meanwhile, labor in most sectors has secured further wage increases. The settlement of the steel strike will be followed by a resurgence of the business boom. Productive facilities will be strained and the inevitable price increases will come.

But looking further into 1960 we can visualize the time when consumer demand will be satiated and once again consumers will turn to reducing their debt burden—a burden that in July reached a record total of $36.4 billion as installment credit increased $500 million. Thus, in time another down phase of the business cycle will come. During the last down cycle the normal adjustment in prices did not take place. There are reasons to believe that there will be some price deflation experienced during the next readjustment period. It should be kept in mind that the course of inflation will not be a steady upward movement, as in the past there will be intervals of stability and deflation. It is impossible to predict just when the time of substantial deflation will arrive.

Our struggle against Communism may continue to delay the inevitable consequences of the economic distortions which have been injected into our economy over the years. It is clear that at some point there will be a much greater period of readjustment than any we have experienced since World War II. The symptoms of our malady stand out more clearly all the time.

Foreign Competition

Competition of foreign manufacturers is increasing steadily. With their labor charges generally running one-half or even as low as one-fourth of ours, foreign manufacturers, whose plants we have helped to modernize with our foreign aid, are increasingly taking markets away from our manufacturers both at home and abroad. Our manufacturers are rushing to establish plants abroad in order to maintain their markets. This does not augur well for our domestic economy. Our gold supply has fallen by almost $3 billion since 1950 while claims by foreigners against United States gold have risen by over $8 billion. There is evidence of overcapacity in many of our industries but the indications are that industry is already embarked upon a further expansion of facilities. The oil industry is threatened with surpluses for years to come and government controls have been put on the import of foreign oil. The Treasury is finding it increasingly difficult to refund the huge government debt. Individual debt has risen from $60.6 billion in 1946 to $239.7 billion at the end of 1958—almost a 400% increase. In the last five years bank loans have risen by 50% and liquidity has fallen rapidly. The ratio of loans to deposits in 1955 was 58.5% and today it has reached 71.5%. The important point is that they are reaching the limit of loan expansion. These situations and many more suggest that our economy is not as healthy as many of our government leaders and economists keep proclaiming it is. It does not mean that we will not experience a tremendous growth during the coming decade as our population increases another 25 million or more. It does mean that the road is not going to be smooth; there will be ups and downs and some pretty sharp jolts along the way.

Morrison Opens Branch

BURLINGTON, N. C.—Morrison and Co., Inc. has opened a branch office in the Security Bank Building (Room 110), under the direction of Gordon D. Lamberth. James A. Chappell is with the new office.

Now Hemdale Secs.

UNIONDALE, N. Y.—Herbert H. Kunmann, 505 Uniondale Ave., is now conducting his investment business under the firm name of Hemdale Securities Co.

New Firm Name

PLAINFIELD, N. J.—The investment business of Morton N. Mann & Co., Rahway, New Jersey, is being continued by Planning Corporation of America, Inc., from offices at 941 Carnegie Ave., Plainfield.

MUst must must musa mu
Now Miller, Tallman

CHICAGO, Ill.—The firm name of Miller, Spink & Co., Inc., 231 South La Salle St., has been changed to Miller, Tallman & Co., Inc.

Now L. C. Wegard Co.

LEVITTOWN, N. J.—Lillian C. Wegard is continuing her investment business from offices at Belmont Lane, under the firm name of L. C. Wegard & Co. She was formerly located in Fort Dix, N. J.

Huppert With Spear, Leeds

Alfred Huppert has become associated with Spear, Leeds & Kellogg, 111 Broadway, New York City, members of the New York and American Stock Exchanges, as registered representative.

J. J. B. Hilliard Branch

HOPKINSVILLE, Ky.—J. J. B. Hilliard & Son has opened a branch office in the Cayce Yost Arcade under the management of William P. Munday.

The Security I Like Best

Contiued from page 2

new acquisitions have swelled rather than diluted earnings.

Over the normal course of business I think you can look forward to a continuation of BMY's growth trend at a 10-15% annual rate. If you don't guard your optimism on the synthetic penicillins too closely, you might be justified in thinking in terms of 20% a year. Some of the company's expansion costs are undoubtedly behind it, but the twin necessities of advertising and research will continue to hold reported net down. Another way to look at advertising and research, however, is as an investment in future growth. At a 10% compounded rate 1959 earnings will double by 1967—at a 20% rate by 1963.

ALAN D. WHITNEY
Investment Advisor
Winnetka, Ill.

West Virginia Turnpike Revenue Bonds

On Oct. 16, 1958, when I was last privileged to appear in this column, my subject was Zenith Radio. At that time, its stock was selling at a new high, and double the 1958 low. Yet, in the past 10 months it has tripled again, at its top for 1959, and is only about 10% below that, now.[1] Such enhancement is rare, and this writer will not try to anticipate from here, and is content to rest on his laurels. In fact, my feeling is that the whole stock market is high, and since current dividend yields on well-known stocks are much less than on first grade bonds, I have an inclination to follow the advice of Andrew Mellon in the spring of 1929. He is reputed to have said then: "Now is a good time to buy bonds."

Alan D. Whitney

There is one great difference between 1929 and today. Then, our money was fairly stable in value and was nearly 100% backed by gold in the treasury. The Federal budget was not only in balance, the government had paid 40% of the debt incurred during World War I in the following decade. Now, our fiscal house is far from being in order, and a dollar today, poor as it may be, may become poorer in the years ahead. Hence, bonds that will mature some years from now, may not return in purchasing power what was invested in them. Therefore, some other kind must be sought where yield is above that of stocks, and—if possible—tax exemption characterizes the cash income, and only capital gains rates must ultimately be paid on any enhancement.

The category which consequently comes to mind is the Public Authority Revenue issues, mostly selling at discounts from offering prices, the most attractive of which are the turnpikes. Going one step further, the most alluring of these are the West Virginias, and so, by a long and circuitous introduction, I finally arrive at my current recommendation.

These bonds were sold around par, a few years ago, and in fairly short order depreciated 50%, when it was discovered that they were able to earn only half of their interest requirements. There was enough money on hand in the paid-in funds to meet full interest until December, 1957, but the June, 1958, coupon defaulted and was not paid until October, four months late. Some funds still on hand plus current earnings met this coupon in a 10-month period. After that, it was obvious that all future payments would have to be earned entirely, and the Commission itself predicted that at least 11 months would have to elapse before the next one, or Sept. 1, 1959.

But something happened in 1959 that was a pleasant surprise. Revenues and net earnings began to rise, and have averaged about 15% ahead of last year. Coverage has gradually increased to where it is now about 62% of requirements on a 12 past months basis, and somewhat better than that on a current basis. Therefore, the December, 1958 coupon has just been paid (with past due interest thereon) on Aug 1, again only 10 months since the previous payment. Thus it would seem that in the future, 10-month intervals will be the longest to anticipate for six-month period obligations. In view of all this, the bonds have enhanced about 10 points, or 20%, since the first of this year.

At current prices the 4⅛s yield about 4¼% on the basis of 10-month intervals between payments, and the 3¾s yield about the same. However, a purchase made at the beginning of this year would have resulted in a return of 4¾%. Further enhancement possibilities add to their attractiveness, and act as a hedge against inflation, to boot.

Our country is on wheels, rubber-tired ones. Much travel for pleasure and business is by motor car, the year around. Trucks and buses fill the highways. Vacationing is almost exclusively by car. While many turnpikes were built with magnified views of traffic to use them (and none was worse than West Virginia's), still time may heal these wounds. Also, driving habits change gradually, as revealed by the fact that some people demur at first from paying tolls on pikes, and learn later from their friends that it pays to do so.

The investor who hesitates to buy the West Virginia issue can settle for a less depreciated one. But, whatever he may purchase, he will get a much better yield than on stocks, his income will be tax free, and the enhancement, as and when, will not only help meet the depreciating dollar problem, but will be taxed (when collected) at lower rates than straight income. All in all, the Public Authority Revenue bonds seem the real bargains of the moment.

[1] The price record of Zenith given by Mr. Whitney was as of Aug. 5, the date on which he wrote and forwarded the article. Owing to a misunderstanding, publication of the article was delayed until now.—EDITOR.

The State of Trade and Industry

Continued from page 5

below those of the corresponding week last year. Our preliminary totals stand at $19,370,404,616 against $21,330,726,654 for the same week in 1958. Our comparative summary for some of the principal money centers follows:

Week Ended Sept. 12—	1959	1958	%
New York	$10,078,110,079	$10,547,923,670	— 4.4
Chicago	969,448,598	1,094,282,558	—11.4
Philadelphia	826,000,000	932,000,000	—11.4
Boston	540,638,702	618,833,115	—12.6

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. 14 issue.

Dwindling Steel Supplies Indicate Early Crisis

The steel supply emergency is here, "The Iron Age" reports. The metalworking weekly points out that the severe, production-halting pinch may be two weeks away for some big users. But an emergency is inevitable in the face of fast dwindling steel supplies and the drying up of some warehouse sources.

The state of emergency is reflected in some layoffs noted in the auto industry and among other big users, widespread interest in conversion deals, and skyrocketing prices of foreign and broken steel—now twice the mill price for some products and going higher.

"The Iron Age" predicts that invoking the Taft-Hartley 80-day cooling off period becomes more probable as steel supply tightens. But it cautions that a fast settlement under the 80-day injunction is no more likely than a settlement this week.

The magazine points out that invoking T-H would remove two of the strongest forces that are pressing for a settlement. These are: (1) Pressure from the rank and file on the union and (2) pressure from steel users on the mills.

The steel supply situation is now so critical that a shortage of some steel products is likely to extend six months after the strike is finally settled.

Since the start of the strike, steel users have used up about 10 million tons of inventory. This is nearly as much as was added in the first half. This liquidation puts steel stocks at about 14 to 15 million tons, or close to the low point of Jan. 1.

This means that with higher rates of production throughout the metalworking industry, the point has been reached where there is not enough steel to sustain normal production.

Major users have enough steel to keep producing for several weeks. But there is now little chance that steel will reach them before they are forced to curtail operations.

For example, Chevrolet has enough steel to make 250,000 cars and trucks. But, at planned rates of production, this steel will be used up before pipelines can be filled, even if the strike ends momentarily.

A fourth quarter crimp in almost all auto production is likely under the circumstances.

This accounts for automakers interest in conversion deals. (This means buying ingots, slabs or other semi-finished steel from one source and shipping it to another mill to be rolled.) This is a very expensive process and is resorted to only in extreme emergency.

Meanwhile, operating mills are running into maintenance problems and will not be able to run at capacity for much longer. Some have already had to cut into schedules to take care of worn equipment.

Small Steel Users Feel Pinch as Strike Heads into 10th Week

Small consumers are feeling the pinch as the steel strike heads toward its 10th week, "Steel," the metalworking weekly, reported Sept. 14.

Unless there's a sudden settlement, thousands of hands will soon be reaching for panic buttons. Signs are increasing that the steel bargainers are at last on the track of a settlement, but it will take time to get steel to users even after the strike ends.

Inventories have fallen from an all-time high of 26 million tons to a barely adequate 17 million. Although stocks are still about 3 million tons above the minimum working level, they are getting out of balance.

Smaller companies are running into trouble because their financial resources and storage facilities were not large enough to permit heavy stockpiling. Major consumers have no immediate problems.

Automakers say they can keep going through October, "Steel" reported. Chrysler Corp. is in the best position, General Motors Corp. in the worst. Ford Motor Co., with a steel plant of its own that can supply 50% of company requirements, is in the middle.

Some of autodom's parts plants may be on short rations by September's end. Assembly plants will operate through October, but a few isolated facilities may have to reduce present output schedules. By November, lack of steel will start putting the squeeze on at least two-thirds of the industry's 49 assembly plants.

Direct steel losses by tonight will total over $3.2 billion through lost steelworker wages ($634,800,000), lost sales ($1,848,000,000), other losses ($352,000,000), and tax losses to U. S. ($405,000,000).

It doesn't look like there is any chance for an early settlement in the widespread strikes affecting copper, lead, and zinc, "Steel" said. Metal executives feel that the strikes could last through October and possibly into November.

Steelmaking operations continued at 12% of capacity last week. Output was about 340,000 ingot tons.

Relatively strong, steady demand for steelmaking scrap is anticipated well into 1960, since a shortage of iron ore may be experienced next Spring because of the abbreviated 1959 lake shipping season, "Steel" said.

Even if the strike ends immediately, not much additional ore can be brought down from the head of the lakes before the winter freezeup starts. A Spring iron ore shortage will make capacity pig iron production difficult so that high level steelmaking operations will be more dependent on scrap.

Consumers' stocks of scrap have remained remarkably stable despite the steel strike. By Sept. 30 (end of the third quarter), it is estimated users will be holding about 8 million gross tons of scrap vs. 8.1 million at the close of the second quarter of this year and about 8 million a year ago.

"Steel's" price composite on No. 1 heavy melting steel scrap advanced last week. It went up $1 to $40 a gross ton despite absence of active buying.

Steel Output Based on 12.2% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *21.5% of steel capacity for the week beginning Sept. 14, equivalent to 345,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of 20.4% of capacity and 327,000 tons a week ago. [ED. NOTE: A strike in the steel industry began Wednesday, July 15.]

Actual output for the week beginning Sept. 7 was equal to 11.5% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 12.2%.

A month ago the operating rate (based on 1947-49 weekly production) was *20.0% and production 321,000 tons. A year ago the actual weekly production was placed at 1,771,000 tons, or *110.2%.

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

1960 Auto Models Are Coming Through Fast

Although the Labor Day celebration held automobile assembly to four days, the industry still turned out an estimated 25% more cars in the week ended Sept. 12 than the previous week, "Ward's Automotive Reports" said.

"Ward's" attributed the production gain to buildups in scheduling by most of the 14 auto makers already turning out 1960 models.

The trade publication said Cadillac, Thunderbird and Lincoln joined the new-model production race this week and that they will be followed next week by Chevrolet, Mercury and Edsel.

"Ward's" also reported that Ford Motor Company's small car entry, the Falcon, was being produced in limited numbers at Lorain, Ohio.

"Ward's" said the week's car volume of an estimated 21,722 units was the best turnout by the industry in four weeks. Previous to this, model year shutdowns had caused weekly volumes to drop to as low as 17,261 units.

While car production was unaffected by the short holiday week, truck output dropped an estimated 1,883 units, or 12%, from the volume of the week before. All truck makers are currently producing 1960 models, except Ford and Studebaker which are still turning out 1959s. Ford is expected to begin new-model assembly next week but Studebaker will continue building 1959 trucks through September.

The week's combined car-truck production was estimated by "Ward's" to reach 35,272 units or 8% more than the previous week (32,694).

The year's car-truck volume to date (4,961,789) is running ahead of 1958 by 48%.

Carloadings Down 3.5% from 1958 Week

Loading of revenue freight for the week ended Sept. 5, 1959, totaled 544,089 cars, the Association of American Railroads announced. This was a decrease of 19,636 cars or 3.5% below the corresponding week in 1958, and a decrease of 102,028 cars or 15.8% below the corresponding week in 1957.

Comparisons with corresponding weeks in prior years are somewhat distorted as the current week did not include a holiday but was affected by the steel strike, while both the 1958 and 1957 weeks did include the Labor Day Holiday but were not affected by any major strikes.

Loadings in the week of Sept. 5 were 4,731 cars, or nine-tenths of 1% below the preceding week. It is estimated that

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The State of Trade and Industry

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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 is now approximately 1,200,000 cars.

Electric Output 7% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 12, was estimated at 13,109,000,000 kwh., according to the Edison Electric Institute. Output decreased by 650,000,000 kwh. below that of the previous week's total of 13,759,000,000 kwh. but showed a gain of 861,000,000 kwh. or 7% above that of the comparable 1958 week.

Lumber Shipments Down 2% from 1958 Week

Lumber shipments of 444 mills reporting to the National Lumber Trade Barometer were 4.5% below production for the week ended Sept. 5, 1959. In the same week new orders of these mills were 15.3% below production. Unfilled orders of reporting mills amounted to 41% 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 40 days' production.

For the year-to-date, shipments of reporting identical mills were 2.0% above production; new orders were 1.4% above production.

Compared with the previous week ended Aug. 29, 1959, production of reporting mills was 1.3% below; shipments were 9.0% below; new orders were 8.9% below. Compared with the corresponding week in 1958—a holiday week—production of reporting mills was 10.1% above; shipments were 2.0% below; and new orders were 4.8% below.

Business Failures Drop in Holiday Week

Commercial and industrial failures fell to 222 in the holiday-shortened week ended Sept. 10 from 308 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were noticeably lower than a year ago when 256 occurred, or in 1957 when there were 237. However, the tolls for the previous two years represent post-holiday weeks, since Labor Day fell a week earlier in both 1958 and 1957. Some 17% fewer businesses failed than the 269 in the similar week of prewar 1939.

Liabilities of $5,000 or more were incurred by 188 of the week's casualties as against 266 last week and 219 a year ago. Small failures, those involving liabilities under $5,000, also declined, dipping to 34 from 42 in the preceding week and 37 last year. Fifteen of the failing businesses had liabilities in excess of $100,000, as compared with 33 a week earlier.

Tolls were lower in all industry and trade groups. Retail casualties dropped most sharply to 102 from 163, while manufacturing failures dipped to 41 from 48, wholesaling to 22 from 23, construction to 39 from 46, and commercial service to 18 from 27. Only one line, construction, suffered more casualties than a year ago.

In eight of the nine major geographic regions, declines prevailed during the holiday week. Middle Atlantic casualties were off considerably to 60 from 82, the South Atlantic to 23 from 39, and the East North Central to 37 from 47. In contrast to the general downturn, the toll in the Pacific States edged to 64 from 61 and also exceeded its 1958 level. The South Atlantic States had the same number of failing concerns as a year ago, but all other regions reported mortality below last year.

Wholesale Food Price Index Slips from Prior Week

Following three consecutive weeks of increases, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., slipped fractionally in the latest week. On Sept. 8 it stood at $5.98, for a decline of 0.2% from the $5.99 of the prior week, and a dip of 6.9% from the year ago $6.42.

Higher in wholesale cost were oats, lard, butter and steers. Commodities quoted lower were flour, corn, rye, bellies, cottonseed oil, tea, cocoa, eggs 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 Slips From Prior Week

Declines in prices on most grains, lard, coffee, hogs, and steel scrap offset gains in flour, lambs, and cotton this week holding the general commodity price level slightly below that of the preceding week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., slipped to 277.90 (1930-32=100) on Sept. 14 from 278.13 a week earlier, but was up somewhat from the 277.21 of the corresponding date a year ago.

There was a marked decline in corn prices during the week following reports that the record 4.4 billion bushel crop was rapidly being harvested; offerings were light during the past week and trading was sustained at a high level.

Although buying matched that of a week earlier, wheat prices dipped moderately; export purchases of wheat were steady. While increased stocks in some markets weakened rye prices in the middle of the week, they revived at the end of the period and finished close to those of the previous week.

Oats trading was sluggish, but supplies were limited in some areas and prices were close to the prior week. Although estimates of the new soybean crop are now a little higher than was previously expected, prices were slightly higher during the week; trading in soybeans was up slightly.

Purchases of flour were confined to fill-in buying, but prices rose somewhat from the preceding week. Another moderate dip in rice prices occurred as supplies expanded, but buying for both domestic and export use moved up; negotiations are pending for exports of rice to Peru and Cuba and commitments are expected to be made soon with some Oriental countries.

Interest in sugar was sustained at a high level and prices were steady. Although volume in coffee at the end of the week regained some of the losses incurred at the beginning of the period, prices declined slightly. There was a moderate decrease in cocoa prices as volume was somewhat lower.

Hog trading in Chicago fell appreciably at the end of the week and prices finished below those of a week earlier; hog receipts in Chicago dipped somewhat during the week. Although prices on steers strengthened at the start of the week, they dipped at the end of the period ending up close to the preceding week. A moderate rise in purchases of lambs occurred and supplies dipped somewhat; lamb prices rose fractionally from the previous week.

Prices of cotton on the New York Cotton Exchange moved within a narrow range and finished the week slightly higher. Exports of cotton for the week ended last Tuesday came to 22,000 bales, compared with 47,000 a week earlier and 43,000 for the similar week last year. For the current season through last Tuesday exports came to about 129,000 bales, as against 259,000 a year earlier.

Retail Sales Move Up Again

A step-up in sales of back-to-school apparel plus an extra selling day brought retail volume ahead of last year's level for the country as a whole. Home furnishings volume was off in most cities as soft goods took most of the family's spending money. Large discounts spurred sales of 1959 cars in some cities but failed to attract in areas hit by the steel strike.

The total dollar volume of retail trade in the week ended Sept. 9 was from 2% to 6% above that of a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Pacific +7 to +11; East North Central +6 to +10; West South Central +5 to +9; West North Central +4 to +8; Mountain +3 to +7; East South Central 0 to +4; New England and middle Atlantic —1 to +3; South Atlantic —4 to —8.

Children's, junior's and college departments all shared in the increased sales enjoyed by department and specialty stores in most cities last week. Dresses, skirts, bulky sweaters and boys' apparel all were strong sellers. Coats and suits were in little demand in most stores because of the hot weather. Men's wear sales varied considerably. Individual stores reported gains of up to 30%, while others showed declines from last year of up to 10%. Sports coats and slacks were best sellers. University shops did well in most instances.

Furniture began to move again last week although soft goods sales took most of the consumers' money. Living room and bedroom pieces continued as best sellers. Floor coverings were receiving some attention. Air conditioner sales were reported slowing down. Domestic sales exceeded a year ago because of the extra selling day but were down from the previous week.

The combination of hot weather, steel strike and late Labor Day resulted in a slight decrease in the amount of orders placed for Fall apparel last week as compared to one year ago. Fur-trimmed apparel and sportswear, bulky sweaters, plaid skirts and two-piece coordinates were the items in greatest demand. Buyers report inventories down a little but there is a reluctance to buy heavily for Christmas in areas affected by the steel strike. Interest in men's slacks and furnishings appeared to be picking up, with shortages reported in some areas.

Finishing operations for cotton broad woven fabrics thus far in 1959 have increased about 7% over last year. Carded cotton knitting yarns are in tight supply with spinners unable to take new business for delivery before November. Converted bedford cords, sateens and twills are selling in increasing quantities at firm prices which are higher than several months ago. Large yardages of 6.90 yard lawn have been sold for men's pajamas and sport shirts, thus creating a tight supply situation and higher prices. There was little activity in carpet wools but prices remain at high levels.

Manufacturers of juvenile furniture reported orders written at the Boston show were satisfactory despite small attendance due to the hot weather. Several exhibitors indicated they had good backlogs of orders. Casual china wear was a big item at the Dallas Gift show and orders for crystal were up over last year. Low price wall plaques were best sellers at the Ohio show which started big but finished with sales below last year. Demand for sheets and pillowcases has taken on the proportions of a boom. Mills are sold out far in advance and new orders are difficult to place.

Nationwide Department Store Sales Up 20% for Sept. 5 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Sept. 5, increased 20% above the like period last year. In the preceding week, for Aug. 29, a decrease of 7% was reported. For the four weeks ended Sept. 5, a gain of 4% was registered and for Jan. 1 to Sept. 5, an 8% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Sept. 5 increased 9% over the like period last year. In the preceding week Aug. 29 a 14% decrease was shown. For the four weeks ended Sept. 5 a 5% loss over the same period in 1958 was recorded and Jan. 1 to Sept. 5 showed a 3% increase.

Gas Appliances Sales on the Uptrend

Manufacturers of gas appliances and equipment anticipate that 1959 unit sales will exceed those of 1958 by 10%. They further anticipate that sales increases will carry through 1960 and that next year's industry sales volumes will exceed those of 1959 by an average of 3.8%. These percentage increases, naturally, will vary from product to product, and the average percentage increase could be as much as 11.7% (1960 over 1959) if individual companies perform up to expectation.

New unit sales peaks are expected for the following gas appliances and equipment included in this summary, in 1959: Built-in gas ranges, automatic gas water heaters, gas warm-air furnaces, gas boilers, and gas vented recessed wall heaters.

Morgan Stanley Group Offers Commonwealth Of Australia Bonds

Morgan Stanley & Co. heads a nationwide underwriting group of 70 investment firms offering for public sale today (Sept. 17) an issue of $25,000,000 Commonwealth of Australia 20-year 5½% bonds. The bonds, due Sept. 15, 1979, are priced at 97% and accrued interest to yield approximately 5.75% to maturity.

The bonds are direct obligations of the Commonwealth of Australia and principal and interest will be paid in United States currency.

The Commonwealth will apply the proceeds of the sale toward capital works expenditures being financed under the borrowing program for 1959-60 approved by the Australian Loan Council.

The latest sale of Commonwealth of Australia bonds in the United States market was in October 1958, when a Morgan Stanley group marketed a $25,000,000 issue of 20-year 5% bonds priced at 97½%.

For the present issue a sinking fund has been set up providing for semi-annual payments of $675,000 commencing Sept. 15, 1961, calculated, together with a payment of $700,000 on Sept. 15, 1979, to retire the entire issue. The sinking fund redemption price is 100%. The bonds are not redeemable before September 1969, except by operation of the sinking fund. On and after Sept. 15, 1969 they are redeemable at the option of the Commonwealth at 101% to and including Sept. 15, 1973 and thereafter at prices decreasing to the principal amount.

The economy of the Commonwealth of Australia has been marked by a substantial industrial expansion during the past 20 years and especially since the end of World War II. While wool-growing continues as the principal industry, such industries as engineering, metals, construction materials and chemical and allied production lines have shown a rapid expansion.

Various projects for industrial expansion are in progress, including the construction of new steel-making capacity, metal processing plants and facilities for the manufacture of petro-chemicals, carbon black and synthetic rubber.

The Australian Commonwealth, including the Island of Tasmania, comprises an area of about 2,971,000 square miles, about the same as the United States excluding Alaska, and four-fifths that of Canada. The major portion of the Commonwealth's production is derived from the eastern and southern coastal regions.

The estimated population of the country at June 30, 1959 was about 10,060,000 as compared with 7,579,400 at June 30, 1947, an increase of 31%. Since the end of World War II the Commonwealth has actively assisted immigration, particularly from Great Britain and Europe, and in the 12-year period ended June 30, 1959 permanent arrivals totaled about 1,414,470 persons. The official target for immigration in 1959-1960 is 125,000 persons.

McMaster Hutchinson Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Donald R. Kryzan has been added to the staff of McMaster Hutchinson & Co., 105 South La Salle Street, members of the Midwest Stock Exchange. He was formerly with Halsey, Stuart & Co. Inc.

Albert Wharton Opens

DUBUQUE, Iowa — Albert Wharton is conducting a securities business from offices in the American Trust Building.

The Double-Cross of Gold

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actions. In the first six months of 1958, Treasury gold stocks declined $1,425 million. In the same period this year, Treasury gold stocks have declined $830 million. This includes the reduction in the gold stock resulting from the payment of approximately $344 million as part of the increased United States subscription to the International Monetary Fund authorized by Act of Congress, Public Law 48, approved June 17, 1959. At $19.7 billion, they are some $8 billion in excess of statutory requirements.

"Sincerely yours,
/s/"GEORGE H. WILLIS,
Director."

Could this gold rush happen? Not today, perhaps. Not tomorrow. But sometime in the not too distant future. We lost $2.3 billion in gold to foreigners who demanded payment last year. At this rate, in 10 years our gold reserve will be wiped out. Financial leaders predict as large a flight of gold during 1959 to foreign nations. Then claims could exceed the gold reserve, and even if the American people have complete faith in their paper money, foreign nations could have effective drawing power on our gold reserves.

By the Bretton Woods Agreement, we have agreed as a nation to settle upon request, all international balances in gold at $35 per ounce. I have received from Mr. Frank Lilly, a noted Northeastern mining man who has specialized in gold problems for many years, figures which show what good condition our gold reserves could be in had we not agreed to redeem foreign claims in gold, and not sold gold from Treasury stocks to manufacturers. Mr. Lilly writes;

"If foreigners would have accepted our paper currency or government bonds instead of gold in payment of their trade balances which have totaled $6,300 million during the past 10 years, and if the U. S. Treasury had not sold a total of $632.3 million of gold to manufacturing jewelers, Treasury gold holdings which reached a peak of $24,523 million on June 30, 1949, would have, by mid-July of this year, 1959, been $31,445 million instead of only $19,626 million."

We cannot get out of this agreement except by action of Congress or by withdrawing from the fund.

Soviet Gold Ruble

Who is going to pull the string on our gold? Possibly the Soviets. They long ago found that only when they backed the ruble with gold did it talk in world trade circles. They have quietly built up a reserve of around $8 billion in gold. Some of it probably gravitated through the channels of trade from our vaults to theirs.

Clearly the nations of Europe are preparing to return to the gold-backed standard of currency. We are, meanwhile, furnishing the impetus, the gold and the target for this transition.

We have seen before, in 1933, when gold foreign dollar claims became too high, what drastic steps ensued. President Roosevelt took unprecedented action when he nationized gold, took away the American people's right to possess gold and started to buy gold at $31 per ounce. The price is $35 per ounce today, but the American people are still subject to fine and imprisonment for possessing the metal which supposedly backs our money and which our government is shipping overseas with callous indifference.

It is far easier to outline a problem than it is to suggest an answer. However in the case of gold, the answer is apparent. It will not be easily accomplished since it is always harder to paddle upstream when you've drifted downstream past the landing. We can take the choice of doing something, or going on the defensive after the Soviet bloc has raised the price of gold. If Russia by proclamation, agreed to back the ruble by an increased price of gold, we would have a run on our gold reserves, a depreciation of the American dollar, and an appreciation of the Russian ruble. In an all-out cold war such a thing could happen. Much emphasis has been placed on the Soviet bloc military capacity. It must be remembered that the strategy of communism considers force as the last resort, and Nickolai Lenin predicted the overthrow of capitalism through overspending and unsound monetary policies.

Dr. Elgin Groseclose, a recognized international monetary authority, in a pamphlet entitled "Gold and Morals" in July, 1958, points up our domestic gold problem in these words:

"The fact is that gold is in serious short supply, and U. S. gold production has never recovered from the blow given the industry during the war when gold mining was stopped by government edict as not necessary to the war effort. In creating a monetary system with a marginal backing, as was done in the Federal Reserve System, the founders may not have counted upon the responsibilities that are entailed in becoming banker to the world. A gold supply sufficient to support an internal economy, in which the only drains, as conceived by the founders, were the seasonal demands for currency, is not sufficient to maintain a currency which is really the reserve of the world. May I illustrate? The gold stock of the U. S. is around $22 billion (It has since dropped $2.5 billion.) Total currency and deposit money built upon this stock of gold was then about $82 billion, or about four times the gold stock. Today the quasi-money which the gold stock must support is close to $240 billion, or three times the previous figure and more than 10 times the gold stock. Even more serious is the inflation created abroad when bank deposits are treated as gold because they are redeemable in gold and used to back more currency. Thus a dollar of gold, stretched to support $10 of bank money here, may be stretched to support 50 more dollars of purchasing power abroad."

Revaluation of Gold

The only thing that can change this situation is the revaluation of gold. This in itself is a difficult thing. If other nations, knowing that this is the eventual answer, decide to withdraw their gold in anticipation of such a price rise, the run on our gold stocks mentioned previously would begin.

Silver is heading down the same channel. The United States Treasury is currently disposing of its free silver stocks by sales to industry under the 1946 act and, if it continues to sell at the present rate, will not have enough silver for subsidiary coinage. It will, at the present rate of minting money and sales to arts and industry, soon be in the position of having to refine low-silver Indian rupees (which we have in great supply in counterpart funds) or buying silver on the market. We are in effect, setting a world ceiling price on silver, selling it cheaply in spite of the certain knowledge that we will not have enough in the future because of the low prices having discouraged production. Treasury officials know that they will have to buy silver in the market at a higher price when we run out.

The technicalities of monetary manipulation are complex. The attitude of people toward gold is simple. We are discounting history when we defy the past and deliberately march toward fiat money and international weakness in the gold market.

William Jennings Bryan warned of a "cross of gold" . . . we as a nation could well be crucified on such a cross . . . erected by unfriendly nations who, with our help, may corner the world's gold supply.

Uncle Sam has been acquiring billions of dollars worth of foreign soft currencies, while other countries are gradually acquiring our gold and building up trade balances.

Mr. President. Will our government meet this challenge to safeguard the security of our financial system, or will we drift complacently toward the brink of fiscal disaster as inflation constantly undermines our national preparedness?

Kuhn, Loeb & McDonald Group Offers Brush Beryllium Debentures

Public offering of $6,500,000 Brush Beryllium Co. 5% convertible subordinated debentures due 1974 is being made today (Sept. 17) by an underwriting group headed by Kuhn, Loeb & Co. and McDonald & Co. The debentures are priced at 100% plus accrued interest.

The debentures are convertible into common stock at $48.50 per share.

A sinking fund on the debentures commences in 1963 and is designed to retire about 60% of the issue prior to maturity. The debentures will be redeemable for the sinking fund at 100% plus accrued interest. They may be optionally redeemed at any time at prices ranging from 106% initially to 100%, plus accrued interest.

Brush Beryllium is engaged primarily in the production of beryllium, and its alloys and compounds, and beryllium copper. It also engages in research and development work, primarily for the U. S. Government and its contractors. Principal plants are located at Elmore and Cleveland, Ohio, and Reading, Pa. The company's products are being used in missiles and aircraft, in atomic energy reactors, in the manufacture of sensitive instruments for the aircraft and other industries and in business machines and communications and electronics equipment.

Net proceeds from the sale of the debentures will be used by Brush Beryllium to retire all of its $1,530,253 outstanding long-term debt; to finance part of its expansion program; and for general corporate purposes, including increased working capital required to carry higher inventories and receivables resulting from the company's increased volume of business.

The expansion program includes additional beryllium metal extracting and fabricating facilities at the company's Elmore plant; new beryllium fabricating facilities to be constructed at Hayward, Calif., near San Francisco; additional beryllium copper fabricating facilities at the Elmore plant; and additional facilities for the production and fabrication of beryllium oxide.

New Cruttenden Office

FREMONT, Mich. —Cruttenden, Podesta & Co. has opened a branch office at 6 Main Street, East, under the management of Carroll M. Smith.

Hersh Eatherton Branch

GREELEY, Colo. — Hersh Eatherton & Associates has opened a branch office in the First National Bank Building under the management of Ben H. Birrell.

Business Man's Bookshelf

Continued from page 4

Inc., 2 Broadway, New York 4, New York.

Guide to Low Priced Stocks — Capital Gains Forecasts, 48 Fifth Avenue, Pelham, N. Y.—$3.95.

Handbook of Area Sampling — John Monroe and A. L. Finkner —Chilton Co., 56th and Chestnut Streets, Philadelphia 39, Pa., $3.

Handbook of Big-Money Selling Strategies — Charles B. Roth — Prentice-Hall Inc., 70 Fifth Avenue, New York 11, N. Y.

Hungarian Exporter — Hungarian Foreign Trade monthly—Hungarian Chamber of Commerce, P. O. Box 106, Budapest 62, Hungary

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

Management of Time—James T. McCay—Prentice-Hall, Inc., 70 Fifth Avenue, New York N. Y. —cloth—$3.95.

Motor Travel Directory of Highway Restaurants—Certified Associated Restaurants, 1521 Hennepin Avenue, Minneapolis, Minn.—paper.

Natural Gas and Canada-United States Relations—John Davis—National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), $1.

New Method of Masking for the Determination of Bone Conduction Curves—Dr. M. J. Rainville —Beltone Institute for Hearing Research, 2900 West 36th St., Chicago 32, Ill.—paper—on request.

New Opportunities in the Mortgage Market—American Bankers Association, 2 East 36th St., New York 16, N. Y. (paper).

New York University Press—Fall 1959 catalogue—New York University Press, 32 Washington Place, New York 3, N. Y.

Nonfarm Mortgage Investments of Life Insurance Companies, 1958 Federal Home Loan Bank Board, Washington, D. C. (paper).

Nuclear Reactors—Built, Building or Planned in the United States —Technical Information Service Extension, U. S. Atomic Energy Commission, P. O. Box 62, Oak Ridge, Tenn. (paper), on request.

One-Parent Family—Anna W. M. Wolf and Lucille Stein—Public Affairs Pamphlets, 22 East 38th Street, New York 16, N. Y. (paper), 25c.

Organizing for Product Development—American Management Association, 1515 Broadway, New York 36, N. Y., $3.

Packaging With Plastics—American Management Association, 1515 Broadway. New York 36, N. Y., $3.75.

Precision Valley—Story of three Springfield, Vt. machine-tool manufacturers—Prof. Wayne G. Broehl, Jr.—Amos Tuck School of Business Administration, Dartmouth College, Hanover, New Hampshire.

Present Day Doctor of Chiropractic — Dewey Anderson — Public Affairs Institute, 312 Pennsylvania Avenue, S. E., Washington, D. C. (paper), 25c.

Question of Governmental Oil Import Restrictions — William H. Peterson—American Enterprise Association, 1012 14th Street, N. W., Washington 5, D. C. (paper) $1 (quantity prices on request).

Railroad Passenger Train Problem — Recommendations of the Interstate Commerce Commission —Association of American Railroads, Washington, D. C.

Report to Savers — Pamphlet on differences between savings and loan associations and commercial banks—U. S. Savings and Loan League, 221 North La Salle Street, Chicago 1, Ill. (paper).

Royal Commission on Energy — Second Report — Royal Commission on Energy, Toronto, Canada (paper).

Schedule of Par Values—28th issue — International Monetary Fund, Washington, D. C. (paper).

Service Station Starts in Kalamazoo, 1957-58—A study of the Problems of Small Business — W. E. Upjohn Institute for Employment Research, 709 South Westnedge Ave., Kalamazoo, Mich. (paper), single copies on request.

Singapore: Annual Report for 1957, and for 1958—lavishly illustrated in black and white and color—Government Publications Bureau, General Post Office, Fullerton Building, Singapore (cloth), $3 for each year.

Sources of Our Liberties—Documentary originals of individual liberties in the U. S. Constitution and Bill of Rights—Associated College Presses, 32 Washington Place, New York 3, N. Y., $5.00.

Statistical Abstract of the United States, 1959—80th Annual Edition — Bureau of the Census, U. S. Department of Commerce —Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (cloth), $3.50.

Survey of Manufacturing Activity in Australia — Industries Division, Department of Trade, Commonwealth of Australia, Melbourne, Australia (paper).

Truth About Your Savings and "Tax Equality"—Savings Banks Association of the State of New York, 110 East 42nd St., New York 17, (paper) on request.

West Virginia Statistical Handbook: Revised Edition 1959 — Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va. (paper).

What's Ahead for Michigan—William Haber, Eugene C. McKean and Harold C. Taylor—W. E. Upjohn Institute for Employment Research, 709 South Westnedge Avenue, Kalamazoo, Mich. (paper).

With Westheimer

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Carl R. Elberfeld has become connected with Westheimer and Co., 322-326 Walnut St., members of the New York Stock Exchange.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Robert Swartz is with Merrill Lynch, Pierce, Fnner & Smith Inc., 55 Public Square.

Joins Murch & Co.

(Special to THE FINANCIAL CHRONICLE)

PAINESVILLE, Ohio—Marshall C. Doolittle II has become associated with Murch & Co., Inc., of Cleveland, members of the New York Stock Exchange. He was formerly local representative for Fulton Reid & Co., Inc.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Frederic Kahn has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith Inc., 48 East Gay St.

Joins Keller Bros.

BOSTON, Mass.—Louis Baron is now connected with Keller Brothers Securities Co., Inc., Zero Court Street.

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.

★ Aero Precision Electronics, Inc.
Sept. 8 (letter of notification) 132,444 shares of common stock (par $1). **Price**—$2.25 per share. **Proceeds**—To purchase new equipment, payment of mortgage on land and equipment, and for working capital. **Office**— 7900 Shull Road., Dayton, Ohio. **Underwriter**—None.

★ Aerotec Industries, Inc.
Sept. 4 (letter of notification) 10,000 shares of common stock (no par) to be offered principally to employees. Of the total 6,667 shares are to be sold by two selling stockholders and 3,333 shares by company. **Price**—$30 per share. **Proceeds**—For working capital. **Address**—Pemberwick Rd., Greenwich, Conn. **Underwriter**—None.

● Aid Investment & Discount, Inc. (9/24)
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.

● Albertson's, Inc. (9/21-25)
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.

★ Alliance Tire & Rubber Co. Ltd.
Sept. 9 filed 100,000 shares of class A stock. **Price**—$12.60 per share, payable either in cash or in bonds issued by the State of Israel. **Proceeds**—For expansion. **Office**—Hadera, Israel. **Agent** — Harry E. Brager Associates, Washington, D. C.

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 (par $1), being exchanged for all the outstanding capital stock of a group of seven "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 Educational Life Insurance Co.
Sept. 15 filed 3,800,000 shares of class A common stock (voting), and 950,000 shares of class B common stock (non-voting), to be offered in units of four shares of class A stock and one share of class B stock. **Price**—$25 per unit. **Proceeds** — For general corporate purposes. **Office**—Nashville, Tenn. **Underwriter**—Standard Securities Corp.

★ American Electric Power Co., Inc. (10/22)
Sept. 9 filed 1,200,000 shares of common stock (par $10). **Proceeds**—To be applied to the retirement of $52,000,000 of outstanding bank notes, due Nov. 25, 1959, with any remaining balance to be used for general corporate purposes. **Office**—30 Church Street, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co. and The First Boston Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 22.

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 Reserve Life Insurance Co.
Sept 11 (letter of notification) 300,000 shares of common stock (par 35 cents). **Price**—$1 per share. **Proceeds**—For expenses in setting up business as a life insurance company. **Office**—1926 E. McDowell Road, Phoenix, Ariz. **Underwriter**—None.

★ American Service Life Insurance Co.
Sept. 14 filed 375,000 shares of common stock, of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office**—113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

American States Insurance Co.
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 adidtional 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.

★ Anodyne, Inc., Bayside, L. I., N. Y. (10/5-9)
Sept. 9 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y.

★ Anthony Powercraft
Sept. 8 (letter of notification) 241,200 shares of 5% cumulative convertible preferred stock to be offered for subscription by common stockholders at the rate of two preferred shares for each three shares of common stock held. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, new tools, construction and for working capital. **Office**—5871 E. Firestone Boulevard, South Gate, Calif. **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.

★ Automation-Engineering Corp.
Sept. 4 (letter of notification) 150,000 shares of capital stock (par $1.50). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—719 N. Carson Street, Carson City, Nev. **Underwriter**—None.

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.

★ Bank of Augusta
Sept. 2 (letter of notification) pre-organization subscriptions for 20,000 shares of stock. **Price**—$5.50 per investment share. **Proceeds**—For capital and surplus. **Office**—1111 Carolina Ave., North Augusta, S. C. **Underwriter**—None.

★ Bank Stock Corp. of Milwaukee
Sept. 11 filed 605,000 shares of common stock, to be & Ilsley Bank and the capital shares of the Northern Bank, on the basis of two of the issuing company's shares for each such Marshall & Ilsley share, and 10½ of the issuing company's shares for each such Northern Bank share. The exchange offer is conditioned upon the issuing company acquiring by exchange not less than 80% of the outstanding shares of the other banks, which are also located in Milwaukee, and has been approved by the Federal Reserve Board on the condition that the exchange take place by Dec. 3, 1959. **Office**—721 North Water St., Milwaukee, Wis.

★ Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected in about 60 days.

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. (10/12-16)
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.

★ Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due 1974, and 210,000 shares of common stock, to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

★ Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

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NEW ISSUE CALENDAR

September 17 (Thursday)
Georgia Power Co.______Bonds
(Bids 11 a.m. EDT) $18,000,000

September 18 (Friday)
Consolidated Development Corp.______Common
(H. Kook & Co., Inc.) 150,000 shares
Nord Photocopy & Business Equip. Corp.__Common
(Myron A. Lomasney & Co.) $500,000

September 21 (Monday)
Albertson's, Inc.______Common
(J. A. Hogle & Co.) 200,000 shares
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 Corp.______Common
(Arnold Malkan & Co.) $600,000
Central Transformer Corp.______Common
(Eppler, Guerin & Turner, Inc.) 89,773 shares
Dixie Natural Gas Co.______Common
(Michael Fieldman) $277,000
Dixon Chemical & Research, Inc.______Preferred
(Hardy & Co. and P. W. Brooks & Co., Inc.) $1,000,000
Eichler Homes, Inc.______Common
(J. S. Strauss & Co. and York & Co.) 75,800 shares
Entron, Inc.______Common
(Alkow & Co., Inc.; James Anthony Securities Corp.; and F. W. Schwerin & Co.) $1,000,000
First Philadelphia Corp.______Common
(First Philadelphia Corp.) $300,000
Florida Palm-Aire Corp.______Common
(Hardy & Co. and Goodbody & Co.) $1,780,000
Long Mile Rubber Co.______Common
(Scherck, Richter & Co.; Burnham & Co. and S. D. Lunt & Co.) 212,500 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
Matronics, Inc.______Common
(Vermilye Brothers) $750,000
Navco Electronic Industries, Inc.______Common
(Aetna Securities Corp.) $285,600
New England Telephone & Telegraph Co.___Debens.
(Bids noon EDT) $45,000,000
Radio Frequency Co., Inc.______Common
(Myron A. Lomasney & Co.) $300,000
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
Standard Beryllium Corp.______Common
(R. G. Williams & Co., Inc.) $225,000
Tang Industries, Inc.______Common
(David Barnes & Co., Inc.) $330,000

September 22 (Tuesday)
Beverages Bottling Corp.______Common
(Financial Management, Inc.) $300,000
Concert Network, Inc.______Common
(R. A. Holman & Co., Inc.) $156,250
Construction Products Corp.______Common
(Clayton Securities Corp.) $750,000
Heublein, Inc.______Common
(Glore, Forgan & Co.) 425,000 shares
Key Color Studios, Inc.______Debens. & Common
(No underwriter) $250,000

September 23 (Wednesday)
Fair Lanes, Inc.______Common
(R. S. Dickson & Co. and Alex. Brown & Sons) 120,000 shares
Foto-Video Laboratories, Inc.______Common
(Arnold Malkan Co.) $300,000
Fredonia Pickle Co., Inc.______Common
(Summit Securities. Inc.) $300,000
General Contract Finance Corp.______Preferred
(G. H. Walker & Co.) $4,000,000
Harnischfeger Corp.______Common
(The First Boston Corp.) 200,000 shares
Space Components, Inc.______Common
(Bertner Bros. and Earl Edden Co.) $200,000
Transdyne Corp.______Common
(Simmons & Co.) $300,000
Waddell & Reed, Inc.______Common
(Kidder, Peabody & Co.) 80,000 shares

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
Dooley Aircraft Corp.______Common
(Mallory Securities, Inc.) $750,000
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
N. A. Building Associates______Participations
(No underwriting) $2,120,000
Narda Microwave Corp.______Common
(Milton D. Blauner & Co., Inc.) 50,000 shares
Porce-Alume, Inc.______Common
(Pearson, Murphy & Co., Inc.) $300,000
Rad-O-Lite, Inc.______Common
(John G. Cravin & Co.) $450,000
Service Life Insurance Co.______Common
(Kay & Co., Inc.) $500,000
Southern Gulf Utilities, Inc.______Common
(Jaffee, Leverton, Reiner Co.) 135,000 shares
Tassette, Inc.______Common
(Amos Treat & Co., Inc. and Truman, Wasserman & Co.) $300,000

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 1 (Thursday)
Electro-Sonic Laboratories, Inc.______Common
(L. D. Sherman & Co.) $300,000
New West Amulet Mines Ltd.______Common
(Willis E. Burnside & Co., Inc.) 200,000 shares

October 5 (Monday)
Anodyne, Inc.______Common
(Ross, Lyon & Co., Inc.) $300,000
Aurora Plastics Corp.______Common
(Burnham & Co.) 225,000 shares
Colonial Corp. of America______Common
(Bear, Stearns & Co.) 120,000 shares
Dynex, Inc.______Common
(Myron A. Lomasney & Co.) $600,000
MCA, Inc.______Common
(Lehman Brothers) 400,000 shares
Pantasote Co.______Debentures
(Blair & Co., Inc.) $2,700,000
West Florida Natural Gas Co.______Debentures
(Bell & Hough, Inc.) $837,200

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 7 (Wednesday)
Crowley's Milk Co., Inc.______Common
(Auchincloss, Parker & Redpath) $1,200,000
Perfect Photo, Inc.______Common
(Drexel & Co.) 150,000 shares

October 8 (Thursday)
Columbia Gas System Inc.______Debentures
(Bids 11 a.m. EDT) $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)
Biochemical Procedures, Inc.______Common
(Shields & Co.) 100,000 shares
Butler's Shoe Corp.______Common
(Goldman, Sachs & Co. and R. S. Dickson & Co., Inc.) 100,000 shares
Camloc Fastener Corp.______Common
(Van Alstyne, Noel & Co.) $1,354,500
Dow Chemical Co.______Common
(Offering to employees) 120,000 shares
Hickok Electrical Instrument Co.______Debentures
(Hayden, Miller & Co.) $500,000
Hickok Electrical Instrument Co.______Common
(Hayden, Miller & Co.) 90,000 shares
Shell Electronics Manufacturing Corp.______Common
(Schweickart & Co.) $340,000

October 14 (Wednesday)
Philadelphia Electric Co.______Bonds
(Bids to be invited) $50,000,000
Thrift Drug Co. of Pennsylvania______Common
(Singer, Deane & Scribner) 75,000 shares

October 19 (Monday)
Servo Corp. of America______Debentures
(Ira Haupt & Co.) $1,000,000

October 20 (Tuesday)
Southern Bell Telephone & Telegraph Co.___Debs.
(Bids to be invited) $70,000,000

October 21 (Wednesday)
Frantz Manufacturing Co.______Common
(Blair & Co., Inc.) 190,953 shares
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

December 8 (Tuesday)
Louisiana Gas Service Co.______Bonds
(Bids to be invited) $6,000,000

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Bostic Concrete Co., Inc.
June 19 (letter of notification) $250,000 of 8% convertible debentures due July 1, 1969 and 10,000 shares of class A common stock (par $1) to be offered in units of one $500 debenture and 20 shares of class A common stock. **Price**—$600 per unit. **Proceeds**—To pay obligations and for working capital. **Office** — 1205 Oil Centre Station, Lafayette, La. **Underwriter**—Syle & Co., New York, N.Y.

● **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 up to 11 a.m. (EDT) 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.

★ **Bureau of National Affairs, Inc.**
Sept. 4 filed 1,800 shares of class A common stock (no par), to be offered to employees of issuing company. **Price**—$9 per share. **Proceeds**—For working capital. **Office**—1231 24th St., N. W., Washington, D. C. **Underwriter**—None.

★ **Butler's Shoe Corp., Atlanta, Ga. (10/12-16)**
Sept. 16 filed 100,000 shares of common stock, of which, 40,000 shares will be sold for the company's account and 60,000 shares for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Underwriters**—Goldman, Sachs & Co., New York; and R. S. Dickson & Co., Inc., Charlotte, N. Car.

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.

★ **California Mutual Co-Ply, Inc.**
Sept. 14 filed 140 shares of voting common stock. **Price**—At par ($5,000 per share). **Proceeds**—To purchase the mill and related facilities of Durable Plywood Co. for $690,000, with the balance to be used for working capital. **Office**—Calpella, Calif. **Underwriter**—The offering is to be made by Ramond Benjamin Robbins, one of the nine promoters, the list of which also includes Harry Ernest Holt, of Eureka, Calif., President of the company.

★ **Camloc Fastener Corp. (10/12-16)**
Sept. 11 filed 150,500 shares of common stock (par $2). **Price** — $9 per share. **Proceeds** — To selling stockholder. **Office**—22 Spring Valley Road, Paramus, N. J. **Underwriter**—Van Alstyne, Noel & Co., New York.

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.

● **Central Corp. (9/21-25)**
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, Los Angeles, Calif.**
Aug. 5 (letter of notification) 33,880 shares of common stock (par $1), being offered for subscription by stockholders of record Sept. 1, 1959 on the basis of one new share for each 10 shares held; rights to expire on Oct. 1, 1959. **Price**—$4 per share. **Proceeds**—To reduce bank loans. **Office**—1758 South La Cienega Boulevard, Los Angeles, Calif. **Underwriter**—None. Bley Stein, President, will be offered any unsubscribed shares until Oct. 3, 1959.

★ **Channing Service Corp.**
Sept. 9 filed (by amendment) an additional $40,000,000 of Investment Programs for the accumulation of shares of Institutional Growth Fund. **Office**—New York City.

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.

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.

★ **Columbia Gas System, Inc. (10/8)**
Sept. 11 filed $25,000,000 of series N 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. **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.

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.

● **Concert Network, Inc. (9/22)**
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.**
Aug. 17 filed 99,594 shares of common stock (par 50 cents) to be offered to common stockholders of record Sept. 3, 1959, on the basis of one new share for each eight shares then held, with an oversubscription privilege; rights to expire on Sept. 30. **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. **Offering**—Expected today (Sept. 17).

★ **Cooper (H. E.) & Co., Rochelle, Ill.**
Sept. 2 (letter of notification) 2,500 shares of class A common stock. **Price**—At par ($100 per share). **Proceeds**—To purchase inventory and for operating capital. **Underwriter**—None.

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.

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. (10/7-8)**
Sept. 10 filed 120,000 outstanding shares of common stock. **Price**—At par ($10 per share). **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.

★ **Daitch Crystal Dairies, Inc.**
Sept. 15 filed $3,500,000 of 5½% convertible subordinated debentures, due Oct. 1, 1979. **Price** — At 100% of principal amount. **Proceeds**—For working capital. **Office**—Bronx, New York. **Underwriter**—Hirsch & Co., New York.

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.

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 October.

★ **DIT-MCO, Inc.**
Sept. 8 filed 33,333 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital and the reduction of short-term bank borrowings. **Office** — 911 Broadway, Kansas City, Mo. **Underwriters**—Midland Securities Co., Inc., and Barret, Fitch, North & Co., Inc., both of Kansas City, Mo.

● **Dixie Natural Gas Corp. (9/21-25)**
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. (9/28-10/2)**
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.

★ **Dow Chemical Co.**
Sept. 11 filed 9,000 shares of common stock, to be acquired on the open market or at private sale by Dow Corning Corp. and offered for sale to eligible employees.

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. (10/5-9)**
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.**
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. **Offering**—Expected in late October.

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. (10/1)**
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 7 9, 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.

● **Entron, Inc. (9/21-25)**
July 13 filed 200,000 shares of common stock (par 10c). **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.

Fair Lanes, Inc., Baltimore, Md. (9/23)
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. **Underwriters** — Netherlands Securities Co., Inc. (handling the books) and Herbert Young & Co., Inc. (jointly); Morris Cohon & Co.; Schrijver & Co.; Richard Bruce & Co., Inc., all of 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**—1302 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co.. Phoenix.

● **First Philadelphia Corp. (9/21-10/2)**
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.

● **Flordia Palm-Aire Corp. (9/21)**
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. (9/23)
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.

★ **Franklin Discount Co.**
Sept. 4 (letter of notification) $50,000 of 6-year 8% subordinated debentures. **Price**—At par. **Proceeds**—To purchase conditional sale contracts and for making loans. **Office**—105 N. Sage St., Toccoa, Ga. **Underwriter**—None.

★ **Frantz Manufacturing Co. (10/21)**
Sept. 11 filed 190,953 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company is engaged in the design, development, production and distribution of builders' hardware, primarily overhead type garage door hardware. **Office**—301 West 3rd St., Sterling, Ill. **Underwriter**—Blair & Co., Inc., New York.

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. (9/23)**
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 Finance Corp.**
Sept. 11 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital, with $15,000 being allocated for lease improvements and equipment and supplies. **Office** — Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc.

★ **General Flooring Co., Inc.**
Sept. 14 filed $1,500,000 of 6½% debentures, due Oct. 1, 1969, and 270,000 shares of common stock, to be offered in units of $100 principal amount of debentures and 18 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the purchase and installation of machinery and equipment. **Address** — P. O. Box 8169, New Orleans, La. **Underwriters**—H. M. Byllesby & Co., Inc., Chicago, Ill.; Howard, Weil, Labouisse, Friedrichs and Co., New Orleans, La., and Mason-Hagan, Inc., Richmond, Va.

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 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, 250 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.

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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.

★ Graybar Electric Co.
Sept. 14 filed 210,000 shares of common stock, to be offered to employees pursuant to the company's Stock Purchase Plan, and voting trust certificates therefor. **Price** — $20 per share. **Office** — 420 Lexington Avenue, New York City.

Great American Publications, Inc.
Aug. 11 filed 260,000 shares of common stock (par 10 cents) of which 195,000 shares are to be publicly offered on a best effects basis. **Price**—At market. **Proceeds** — For working capital. **Office** — New York. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office** — 6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Great Western Life Insurance Co.
June 29 filed 500,000 shares of common stock and options to purchase 200,000 additional shares of outstanding stock, to be offered in units, each consisting of five shares of common stock and an option to purchase two additional shares, the units to be offered for subscription by holders of the 1,500,000 outstanding common shares at the rate of one unit for each 15 shares held on or about Aug. 28, 1959; rights to expire on or about Sept. 28, 1959. The options evidence the right to purchase the 200,000 outstanding shares owned by Great Western Building & Loan Corp. **Price**—To be supplied by amendment. **Proceeds**—For loan to the subsidiary (Great Western Building & Loan Corp.); and the balance will be used to increase capital and surplus. **Office**—101-111 N. W. Second St., Oklahoma City, Okla. **Underwriters**—G. J. Mitchell, Jr. Co., Washington, D. C.; and Purvis & Co., Denver, Colo.

★ Greenbelt Consumer Services, Inc.
Sept. 9 (letter of notification) 4,000 shares of class A common stock and 26,000 shares of class B common stock. **Price**—At par ($10 per share). **Proceeds**—For purchase of additional inventory, equipment and for current payments on notes. **Office**—Beltsville, Md. **Underwriter**—None.

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 corporate purposes. **Office** — 4400 W. National Ave., Milwaukee, Wis. **Underwriter**—The First Boston Corp., New York.

★ Hawaiian Telephone Co.
Sept. 11 filed 290,055 shares of common stock, a portion of which will be offered to holders of outstanding stock of record Sept. 18, 1959, on the basis of one new share for each seven shares then held, and the balance of which will be offered for subscription by employees. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward the cost of the company's construction program, the payment of $5,300,000 of bank loans obtained for such program, and the refunding of debentures and preferred shares. **Office**—1130 Alakea Street. **Underwriter**—None.

Heliogen Products, Inc.
Oct. 22, 1958 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office**—35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., 11 Broadway, New York 4, N. Y.

● Heritage Corp. of New York
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. **Offering**—Expected this week.

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 Instrument Co. (10/12-16)
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.

● Hooker Chemical Corp.
Aug. 21 filed $24,444,900 of 5% convertible subordinated debentures, due Sept. 15, 1984, being 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**—100% of principal amount. **Proceeds** — For capital expenditures. **Office** — Niagara Falls, N. Y. **Underwriter**—Smith, Barney & Co., N. Y.

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.

★ Inter-Island Resorts, Ltd.
Sept. 10 filed 99,000 shares of common stock (par $3) to be offered first to stockholders on the basis of one new share for each four shares held of record Oct. 10, 1959; rights to expire on Nov. 30. **Price**—To be supplied by amendment. **Proceeds**—For construction of a new hotel at Kalapaki Bay, on the Island of Kauai. **Office**—305 Royal Hawaiian Avenue, Honolulu, Hawaii. **Underwriter**—None.

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.

★ ITI Electronics, Inc.
Sept. 4 (letter of notification) 125,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For development of power megaphones and closed circuit television. **Office**—369 Lexington Ave., Clifton, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y.

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.

★ Jewel Tea Co., Inc.
Sept. 11 filed 203,000 shares of common stock, to be offered pursuant to the company's Restricted Stock Option Plan. **Office**—1955 West North Avenue, Melrose Park, Illinois.

● Jostens, Inc. (9/28-10/2)
Aug. 31 filed 290,035 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company is principally engaged in sale and manufacture of class rings, graduation announcements, yearbooks and diplomas. **Underwriter**—A. G. Becker & Co., New York, and Chicago.

Kentucky Central Life & Accident Insurance Co.
Aug. 28 filed 81,717 shares of common stock, of which Kentucky Finance Co., Inc. will offer its stockholders 51,-000 shares. **Price**—Of 30,717 shares, $115 each; and of 51,000 shares, $116 each. **Proceeds**—To selling stockholders. **Office**—Anchorage, Ky. **Underwriter**—None.

● Key Color Studios, Inc. (9/22)
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.

Kilroy (W. S.) 1960 Co.
June 8 filed $3,500,000 of Participating Interests under Participant Agreements in the company's 1960 Oil and Gas Exploration Program, to be offered in amounts of $25,000 or more. **Proceeds**—Acquisition of undeveloped oil and gas properties. **Office**—2306 Bank of the Southwest Bldg., Houston Texas. **Underwriter**—None.

Kittanning Telephone Co., Kittanning, Pa.
Aug. 24 filed 14,000 shares of common stock, to be offered by subscription to holders of outstanding common stock on the basis of approximately 0.212 new shares for each share held. **Price**—$25 per share. **Proceeds**—In part to repay a bank loan in the amount of $450,000 representing funds acquired for general modernization, improvement, and expansion. **Underwriter**—None.

● Lee National Life Insurance Co.
June 11 filed 200,000 shares of common stock (par 50¢) being offered for subscription by holders of outstanding stock on the basis of one new share for each share held as of Sept. 1, 1959; rights to expire on Sept. 30, 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.

★ Lee Telephone Co.
Sept. 8 (letter of notification) 20,888 shares of common stock (par $10) to be offered to stockholders of record Sept. 19, 1959 on the basis of one new share for each 9¼ shares then held; rights to expire in 15 days. **Price**—$14 per share. **Proceeds**—To be used to curtail short-term bank loans. **Office**—127 E. Church St., Martinsville, Va. **Underwriter**—None.

★ Leiman-Scott, Inc.
Sept. 4 (letter of notification) 4,165 shares of common stock (par $1) and 250 shares of 6% preferred stock. **Price**—Of common, $6 per share; and of preferred, at par ($100 per share). **Proceeds**—To create a new sales division and for expansion of five sales routes. **Office**—1830 South Bannock, Denver 23, Colo. **Underwriter**—None.

Lenahan Aluminum Window Corp.
July 28 filed 157,494 shares of common stock, to be offered initially to stockholders on the basis of one

new share for each two shares owned (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.

★ Lester Engineering Co.
Sept. 2 (letter of notification) $300,000 of 6% convertible subordinated debentures due Sept. 15, 1976 to be offered for subscription by common stockholders on the basis of $50 of debentures for each 30 shares held. Debentures are convertible into common stock at $10 per share. **Price**—At face amount. **Proceeds**—With a long-term loan, for purchase of leased property and plant expansion. **Office**—2711 Church Avenue, Cleveland, Ohio. **Underwriter**—First Cleveland Corp., Cleveland, Ohio.

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 212,500 shares of outstanding common stock, to be offered for the account of certain selling stockholders. **Price** — For debentures with warrants, 100% and accrued interest; 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. **Offering** — Expected today (Sept. 17).

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.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common stock. **Price**—60 cents per share. **Proceeds**—For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

★ Mack Trucks, Inc.
Sept. 15 filed 111,740 shares of 5¼% cumulative preferred stock ($50 par), with attached warrants (1959 issue), to purchase 55,870 shares of common stock. **Office** —Plainsfield, N. J.

★ Madison Gas & Electric Co.
Sept. 15 filed 82,000 shares of common stock, to be offered for subscription by the holders of outstanding common stock on the basis of one new share for each five shares held as of the record date. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Madison, Wis. **Underwriter**—None.

● 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**—For preferred, at par; and for class A, $10.10 per share. **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**—Bair & 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. (9/21-25)
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.

★ Mid-America Minerals, Inc.
Sept. 11 filed $1,875,000 of Participations in Oil and Gas Fund. **Price**—150 units will be offered at $10,000 each, and 150 units will be offered at $2,500 each. **Proceeds**—To facilitate the completion of oil and gas wells. **Office** — 500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriters**—The offering will be made on a "best efforts" basis by the issuing company and Midamco, Inc., its subsidiary.

★ Minco Mining, Inc.
Sept. 8 (letter of notification) 240,000 shares of common stock (par 25 cents). **Price**—$1.25 per share. **Proceeds**—For mining expenses. **Office**—222 Truman, N. E., Albuquerque, N. Mex. **Underwriter**—None.

● 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. **Offering**—Expected late in September.

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 (9/28-10/2)
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. (9/28-10/2)
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 Co., Inc. (9/30)
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 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 Cleveland Corp., Cleveland, Ohio
Aug. 18 filed $600,000 of convertible subordinated debentures, due Sept. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—To be used to retire short-term bank loans and for additional working capital. **Underwriters**—Loewi & Co. Inc., Milwaukee, Wis., and Merrill, Turben & Co., Inc., Cleveland, Ohio. **Offering**—Expected this week.

National Industrial Minerals Ltd.
Aug. 4 filed 150,000 shares of common stock (no par). **Price** — $1 per share. **Proceeds** — To retire indebtedness for construction of plant and for other liabilities, and the remainder will be used for operating capital. **Office** — Regina, Saskatchewan, Canada. **Underwriter**—Laird & Rumball Ltd., Regina, Saskatchewan, Canada.

National Life & Casualty Insurance Co.
March 25 filed 250,000 shares of common capital stock to be offered to holders of certain of company's life insurance policies issued on or prior to Dec. 31, 1955, and to certain employees. **Price**—$4.44 per share. **Proceeds** — To increase capital and surplus. **Office** — 2300 North Central Avenue, Phoenix, Ariz. **Underwriter**—None.

● National Sports Centers, Inc.
July 2 filed $1,000,000 of 6% convertible income debentures cumulative due 1969, series C, and 100,000 common stock purchase warrants. **Price** — 100% of principal amount. **Proceeds**—To be used for completion of and/or payment of certain bowling alley and other properties, and the balance will be added to the company's general funds available for development of properties and the acquisition and development of additional bowling properties. **Office**—55 Broadway, New York. **Underwriter**—General Investing Corp., New York. Statement was withdrawn 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. (10/1)
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.

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. (9/18)
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.

★ Northern Insurance Co. of New York
Sept. 10 filed 56,000 shares of capital stock (par $12.50), to be offered in exchange for shares of the capital stock of Maine Bonding & Casualty Co. at the rate of 56/100ths of a share of Northern for each share of capital stock (par $10) of Maine. The exchange offer will expire at the close of business on Dec. 31, 1959, provided that at least 80,000 shares of Maine stock have been tendered for exchange prior to the close of business Nov. 9, 1959. In the event less than 80,000 shares of Maine stock are tendered prior to the close of business Nov. 9, 1959, no shares will be exchanged and all shares of Maine stock will be returned to the tendering stockholders. **Office**—83 Maiden Lane, New York 38, N. Y.

★ Northern Properties, Inc.
Sept. 8 filed 150,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To acquire and develop various properties in New York State. **Office**—Hartsdale, N. Y. **Underwriter**—Alkow & Co., Inc., New York. **Offering**—Expected in late October or early November.

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.

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.

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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.

● **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** — 100% and accrued interest. **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.

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.

★ **Perfect Photo, Inc. (10/7-8)**
Sept. 14 filed 150,000 shares of common stock, of which 60,000 shares are to be offered for the account of the company and 90,000 shares for the account of Karl Hope, President. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construction or acquisition of additional film processing and printing facilities. **Office**—4747 North Broad St., Philadelphia, Pa. **Underwriter**—Drexel & Co., Philadelphia.

★ **Pitney-Bowes, Inc.**
Sept. 14 filed $1,000,000 of participations in its Employees' Stock Purchase Plan, together with shares of Pitney-Bowes common stock which may be acquired pursuant to said plan. Office — Walnut and Pacific Streets, Stamford, Conn.

★ **Planholders Institute, Inc.**
Sept. 11 filed $2,000,000 of Selected Plans. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. C. **Underwriter**—The issuing company will serve as underwriter.

● **Porce-Alume, Inc. (9/28)**
Aug. 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion. **Office**—Alliance, Ohio. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Powell River Co., Ltd.
Aug. 20 filed 4,500,000 ordinary shares (no par) to be offered, following a two-for-one stock split in September to holders of record of, and in exchange for outstanding class A and class B shares of MacMillan & Bloedel, Ltd., on the basis of seven shares of Powell River stock for three shares of MacMillan & Bloedel stock, whether class A or class B. **Office** — 1204 Standard Bldg., Vancouver, B. C., Canada. **Dealer-Managers**—White, Weld & Co., Wood, Gundy & Co., Inc., and Greenshields & Co., all of New York; and Wood, Gundy & Co., Ltd., and Greenshields & Co., Inc., of Canada.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

● **Rad-O-Lite, Inc. (9/28-10/2)**
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.

● **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. **Offering**—Expected in October.

● **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 11,175 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. **Office**—1800 Shames Drive, Westbury, L. I., N. Y.

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. (9/21)**
Aug. 12 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — Medfield, Mass. **Underwriter**—Myron A. Lomasney & Co., New York.

Random House, Inc. (9/21-25)
Aug. 27 filed 222,060 outstanding shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 457 Madison Ave., New York. **Underwriter**—Allen & Co., New York.

Raub Electronics Research Corp.
July 15 filed 165,000 shares of common stock (par $1), subsequently reduced by amendment to 115,500 shares, of which 100,000 shares will be offered to the public. **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—1029 Vermont Avenue, N. W., Washington, D. C. **Underwriter**—Weil & Co., Washington, D. C.

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.

Republic Resources & Development Corp.
June 29 filed 1,250,000 unit shares of capital stock. **Price**—$2 per unit of 100 shares. **Proceeds**—To be used in the company's oil exploration program for the purchase of oil exploration and drilling equipment, supplies and materials; to contract with U. S. geophysical contractors for technical services; and to pay its pro rata shares of the dollar exploration expenses under its agreement with three other companies for joint exploration of concessions held in the Philippines. **Office**—410 Rosario St., Binondo, Manila, Philippines. **Underwriter** — John G. Cravin & Co., Inc., New York. **Offering**—Expected in September.

Ritter (P. J.) Co., Bridgeton, N. J.
June 18 filed 4,827 shares of preferred stock, non-cumulative, voting, (par $100) and 60,018 shares of common stock (no par) to be offered to the holders of preferred and common stock of Brooks Foods, Inc., at the rate of one share of Ritter preferred stock for each share of preferred stock of Brooks and two shares of common stock of Ritter for each share of common stock of Brooks. The exchange offer is being made by Ritter in accordance with its agreement with Brooks and certain of its stockholders who own an aggregate of 18,805 shares of its outstanding common stock, or approximately 62.5% of such stock, and who have agreed to accept the exchange offer upon effectiveness of the registration statement.

★ **Robin-Bale Golf & Country Club, Inc.**
Sept. 3 (letter of notification) 250 shares of common stock (no par). **Price**—$1,000 per share. **Proceeds**—For expenses incidental to operation of a golf and country club. **Office**—5225 Sharon Road, S. E., Washington 22, D. C. **Underwriter**—None.

● **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., 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. Statement withdrawn on Sept. 4.

St. Regis Paper Co.
June 26 filed 30,000 shares of common stock (par $5). The company proposes to offer this stock in exchange for outstanding shares of common stock of Lone Star Bag and Bagging Co. on the basis of 0.6782 of a share of St. Regis common for each share of Lone Star common. St. Regis will declare the exchange offer effective if 95% of the outstanding shares of Lone Star common are deposited for exchange, and may elect to do so if a lesser percent, but not less than 80%, of all the Lone Star common will enable it to control the business operations and policies of Lone Star.

St. Regis Paper Co.
Aug. 12 filed 453,731 shares of common stock, to be offered in exchange for the outstanding shares of the capital stock of the Cornell Paperboard Products Co. on the basis of .68 of a share of St. Regis common for each share of Cornell capital stock. The offer will be declared effective if 90% of the outstanding shares of the Cornell stock are deposited for exchange, and may be declared effective if 80% of said shares are so deposited. **Office**—150 E. 42nd Street, New York.

Samson Convertible Securities Fund, Inc.
July 15 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—23 Hazelton Circle, Briarcliff Manor, N. Y. **General Distributor**—Samson Associates, Inc.

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.

★ **Servo Corp. of America (10/19-23)**
Sept. 11 filed $1,000,000 of convertible subordinated debentures. **Price**—100% of principal amount. **Proceeds**—$300,000 for working capital; $300,000 for increased development and research, with particular attention to civilian products; $200,000 for plant relocation and consolidation at the Hicksville, N. Y., site and for expansion of equipment; $100,000 for sales promotion and related activities; and $100,000 for general corporate purposes. **Office**—20-20 Jericho Turnpike, New Hyde Park, L. I., N. Y. **Underwriter**—Ira Haupt & Co., New York.

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—1033-30th Street, N. W., Washington 7, D. C. **Investment Advisor**—Investment Fund Management Corp. **Former Name**—Shares in America, Inc.

Shell Electronics Manufacturing Corp. (10/12-16)
Aug. 28 filed 170,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes, including the repayment of indebtedness, the purchase of equipment, and for working capital. **Office** — 112 State St., Westbury, L. I., N. Y. **Underwriter**—Schweickart & Co., New York.

★ **Shield Chemical Ltd.**
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

★ **Simon Hardware Co.**
Sept. 14 filed $800,000 of 7% sinking fund subordinated debentures, due 1971, and 80,000 shares of common stock, to be offered in units of $1,000 principal amount of debentures and 100 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To open one or more additional retail stores in Northern California, with the balance to be used for general corporate purposes. **Office**—800 Broadway, Oakland, Calif. **Underwriters**—J. S. Strauss & Co., and York & Co., both of San Francisco, Calif., and Mason Brothers, Oakland, California.

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.

Skiatron Electronics & Television Corp.
Aug. 18 filed 172,242 shares of common stock (par 10 cents), of this stock, 128,500 shares were issued or are to be issued pursuant to warrants issued in 1956; 13,742 shares are to be issued to various persons in lieu of cash for services rendered, pursuant to authorization of the directors in January 1958; 30,000 common shares are to be offered by owner Arthur Levey for sale by brokers. **Proceeds**—For working capital. **Office**—New York City. **Underwriter**—None. No public offering is planned.

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. (9/28-10/2)**
Aug. 24 filed 135,000 shares of common stock (par 5c). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion. **Office**—7630 Biscayne Blvd., Miami, Fla. **Underwriter**—Jaffee, Leverton, Reiner Co., New York.

● **Southern New England Telephone Co.**
Aug. 24 filed 688,885 shares of common stock (par $25), being 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.

Southland Oil Ventures, Inc.
July 22 filed $1,000,000 of participations in the company's 1959 Oil and Gas Exploration Program. **Price**—$5,000 per participation (minimum is 2 participations). **Proceeds**—For oil and gas exploration program. **Office**—2802 Lexington, Houston 6, Texas. **Underwriter**—None.

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.

★ **Span America Boat Co., Inc.**
Sept. 9 (letter of notification) 175,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To purchase raw materials; for sales program and working capital. **Address**—Exposition Park, Fort Dodge, Iowa. **Underwriter** — R. A. Holman & Co., Inc., New York, New York.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None. Stop-order proceedings instituted by SEC.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Road, Great Neck, N. Y. **Underwriter**—None. Stop order proceedings instituted by SEC.

● **Standard Beryllium Corp. (9/21-10/2)**
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.

★ **Standard Savings Life Insurance Co.**
Sept. 2 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase government bonds, of which part is to be placed in surplus and the balance to be used for working capital. **Office**—1502 Kearney St., Denver, Colo. **Underwriter**—None.

Steak'n Shake, Inc.
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.

★ **Sweden Freezer Manufacturing Co.**
Sept. 8 (letter of notification) 3,456 shares of common stock (par $5). **Price**—$14.41 per share. **Proceeds**—For working capital. **Office**—3401-17th Avenue W., Seattle, Wash. **Underwriter**—None.

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. (9/21-25)**
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. (9/28-29)**
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 Materiel 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.

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 on a 24-for-1 basis.

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. **Price**—$7.50 per share. **Office**—10 Dorrance Street, Providence, R. I. **Underwriter**—None.

★ **Thrift Drug Co. of Pennsylvania (10/14)**
Sept. 14 filed 75,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To retire bank indebtedness and assist in the opening of 15 new drug stores in 1959-60. **Office**—16th and Mary Sts., Pittsburgh, Pa. **Underwriter**—Singer, Deane & Scribner, Pittsburgh, Pa.

★ **Thrift Finance Co.**
Sept. 4 (letter of notification) $150,000 of 6% five-year subordinate notes and $150,000 of 7% 10-year subordinate notes. **Price**—At face amount. **Proceeds**—For expansion. **Office**—1730 California St., Denver, Colo. **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. (9/23)**
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.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

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.**
Aug. 7 filed 1,036,602 shares of common stock (par $10), being 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 also is offering 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** — $30 per share. **Proceeds** — For general corporate purposes, including the financing of additions to plant and property and the retirement of loans already incurred for these purposes. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

United Discount Corp.
July 23 filed 500,000 shares of common stock. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes and to reduce indebtedness. **Office** — 222 — 34th Street, Newport News, Va. **Underwriter**—Willis, Kenny & Ayres, Inc., Richmond, Va.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

● **United 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 labora-

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tory and operating capital. **Office**—112 Clayton Avenue, East Atlantic Beach, Nassau County, New York. **Underwriter**—Heft, Kahn & Infante, Inc., Hempstead, N. Y. **Offering**—Expected today (Sept. 17). Statement effective Sept. 11.

● 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. **Offering**—Expected in October.

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. 13. **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.

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.

★ Vernors Ginger Ale, Inc.
Sept. 15 filed $750,000 of 6½% sinking fund debentures, due Oct. 1, 1974, with common stock purchase warrants attached, and 282,760 shares of common stock. **Price**—The debentures are to be offered at 100% of principal amount. The price of the common shares will be supplied by amendment. **Proceeds**—From the sale of the debentures, to redeem preferred stock and for use as working capital; from the sale of the common stock, to the Estate of James Vernor, deceased, the selling stockholder. **Office**—4501 Woodward Avenue, Detroit, Mich. **Underwriters**—Baker, Simonds & Co., Inc., of Detroit, and Wm. J. Mericka & Co., Inc., of Cleveland, Ohio.

Victoria Raceway
May 25 filed 1,000,000 shares of common stock (par $2 in Canadian funds). **Price**—$4.50 per share. **Proceeds**—To construct and operate a racing plant; and for working capital and other corporate purposes. **Office**—Notre Dame Avenue at King Street, Winnipeg, Canada. **Underwriter**—Original underwriter has withdrawn.

Vita-Plus Beverage Co., Inc.
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Caldwell Co., New York, N. Y. **Offering**—Expected sometime 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.

★ Vulcan Materials Co.
Sept. 15 filed 230,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—The stock will constitute part of the purchase price to be paid for W. E. Graham and Sons and for Wegco Equipment Rentals, Inc. **Office**—Mountain Brook, Ala. **Underwriter**—None.

● Waddell & Reed, Inc. (9/23)
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.

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. (10/5-9)
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.

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, 36,570 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.

Wyoming Corp.
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

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 company, for general corporate purposes. **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 Gypsum Co.
July 15 it was reported that the company will register debt and equity securities later this year. **Proceeds**—For construction of a gypsum products plant in Albuquerque, New Mexico, and for working capital. **Office**—Albuquerque, N. M. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque, N. M.

American Jet School, Inc., Lansing, Mich.
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business** — In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter** — In New York to be named in early October. **Offering**—Planned for mid-October.

American Telephone & Telegraph Co. (11/17)
Aug. 19 the directors authorized a new issue of $250,000,000 of debentures. **Proceeds**—To be used for the improvement and expansion of Bell Telephone services. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on Nov. 17.

Atlantic City Electric Co.
Aug. 3 it was reported that the directors are contemplating the issuance and sale of a small amount of common stock, after a three-for-two stock split. Last equity offerings were underwritten by Eastman Dillon, Union Securities & Co.; and Smith, Barney & Co., both of New York. **Offering**—Expected during the latter part of this year.

● 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 on or before Oct. 1.

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.

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 Corp.
Sept. 9 it was reported that the company plans early registration of 100,000 shares of common stock, of which, 55,000 shares will be sold for the company's account, 43,000 shares will be sold for the account of certain selling stockholders and 2,000 shares will be offered to company's employees. **Underwriter**—Kidder, Peabody & Co., New York. **Registration**—Expected this week.

● Central & Southwest Corp.
Sept. 15 it was announced that the company is now considering the sale of 350,000 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.

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.

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.

★ **First National Bank of Miami, Fla.**
Sept. 14 it was announced stockholders will vote Sept. 22 on approving a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus.

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.

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 this week.

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.

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.

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.

Louisiana Gas Service Co. (12/8)
Sept. 14 it was reported that this wholly-owned subsidiary of Louisiana Power & Light Co. is contemplating the issuance and sale of $6,000,000 of first mortgage bonds having a maturity of no longer than 25 years and perhaps as short as 16 years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc., and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and Harriman Ripley & Co. Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids**—Expected to be received on or about Dec. 8.

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% stick 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.

★ **Northern Illinois Gas Co.**
June 9 it was announced that the company before the end of the year, expects either to sell $10,000,000 to $15,000,000 of straight, non-convertible preferred stock similar to the 1958 offering, or to borrow from banks to tide the company over the year-end, as it has done in the last two years. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of 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.

★ **Piedmont Natural Gas Co.**
Sept. 9 it was reported stockholders will vote Sept. 24 on changing the authorized common stock from 1,000,000 shares of $1 par value (634,161 shares outstanding) to 2,000,000 shares of 50 cents par value to effect a two-for-one stock split, and on increasing the authorized preferred stock (no par value) from 50,000 shares to 100,000 shares, of which it is planned to issue and sell 35,000 shares. **Proceeds**—To retire bank loans. **Underwriter**—White, Weld & Co., New York.

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.

★ **Reserve Insurance Co., Chicago, Ill.**
Sept. 14 it was reported that the company plans early registration of 110,837 shares of common stock, part of which will be sold for the account of the company and part for the account of certain selling stockholders. **Proceeds**—To increase capital and surplus. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

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.

★ **Scott & Fetzer Co.**
Sept. 14 it was reported that the company plans early registration of 100,000 shares of common stock. **Business** — Manufactures vacuum cleaners. **Underwriters**—Kidder, Peabody & Co., New York, and McDonald & Co., Cleveland, Ohio.

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.

★ **Tampa Electric Co.**
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

★ **Texas Gas Transmission Corp.**
Sept. 14 it was announced stockholders on Oct. 14 will vote on a proposal to market 150,000 shares ($15,000,000) of convertible second preferred stock, which will carry a dividend not to exceed 5½%. **Underwriter**—Dillon, Read & Co. Inc., New York.

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.

★ **Urethane Corp. of Calif.**
Sept. 14 it was reported that the company is planning the sale of 170,000 shares of 6% class A common stock and 170,000 shares of class B common stock. **Underwriter**—Wilson, Johnson & Higgins, San Francisco, Calif.

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.

★ **Yellow Transit Freight Lines, Inc.**
Sept. 1 it was announced that subject to ICC approval, it is planned to offer 206,000 shares of common stock, of which, 100,000 shares will be for the company's account and the remaining 106,000 shares for the account of certain selling stockholders. **Proceeds**—For working capital. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Expected sometime in October.

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. 19	§12.2	*11.5	11.3	65.6
Equivalent to— Steel ingots and castings (net tons)	Sept. 19	§345,000	327,000	321,000	1,771,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 4	6,784,625	*6,765,275	6,788,975	7,060,285
Crude runs to stills—daily average (bbls.)	Sept. 4	†8,132,000	8,362,000	7,836,000	7,982,000
Gasoline output (bbls.)	Sept. 4	29,348,000	30,162,000	28,167,000	28,336,000
Kerosene output (bbls.)	Sept. 4	1,932,000	2,121,000	1,436,000	1,720,000
Distillate fuel oil output (bbls.)	Sept. 4	12,569,000	12,854,000	12,415,000	12,499,000
Residual fuel oil output (bbls.)	Sept. 4	6,373,000	6,338,000	6,153,000	7,051,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	Sept. 4	181,509,000	183,082,000	183,481,000	174,501,000
Kerosene (bbls.) at	Sept. 4	31,354,000	31,044,000	29,004,000	28,865,000
Distillate fuel oil (bbls.) at	Sept. 4	163,198,000	159,541,000	142,994,000	142,209,000
Residual fuel oil (bbls.) at	Sept. 4	57,507,000	56,449,000	56,375,000	68,082,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 5	544,089	548,820	532,304	563,725
Revenue freight received from connections (no. of cars)	Sept. 5	503,531	491,278	484,596	492,572
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 10	$338,800,000	$490,100,000	$412,400,000	$360,707,000
Private construction	Sept. 10	228,800,000	332,800,000	230,200,000	104,601,000
Public construction	Sept. 10	110,000,000	157,300,000	182,200,000	256,106,000
State and municipal	Sept. 10	99,300,000	139,800,000	150,500,000	219,535,000
Federal	Sept. 10	10,700,000	17,500,000	31,700,000	36,571,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 5	7,315,000	*7,320,000	6,805,000	7,104,000
Pennsylvania anthracite (tons)	Sept. 5	427,000	346,000	368,000	394,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 5	148	*139	131	123
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 12	13,109,000	13,759,000	13,648,000	12,248,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 10	222	308	269	256
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 8	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Sept. 8	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Sept. 8	$40.83	*$40.50	$39.83	$42.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 9	30.875c	31.475c	29.550c	26.075c
Export refinery at	Sept. 9	28.800c	28.775c	27.700c	25.125c
Lead (New York) at	Sept. 9	13.000c	13.000c	12.000c	10.750c
Lead (St. Louis) at	Sept. 9	12.800c	12.800c	11.800c	10.550c
‡Zinc (delivered) at	Sept. 9	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	Sept. 9	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	Sept. 9	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Sept. 9	102.000c	102.375c	101.625c	94.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 15	80.67	81.40	83.56	89.27
Average corporate	Sept. 15	84.68	85.07	86.11	90.20
Aaa	Sept. 15	88.67	89.09	90.06	94.71
Aa	Sept. 15	86.38	86.78	87.99	92.93
A	Sept. 15	83.91	84.30	85.85	89.92
Baa	Sept. 15	80.32	80.57	81.05	83.66
Railroad Group	Sept. 15	84.17	84.30	84.81	88.54
Public Utilities Group	Sept. 15	83.79	84.30	85.33	89.78
Industrials Group	Sept. 15	86.24	86.78	88.40	92.20
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 15	4.48	4.37	4.13	3.49
Average corporate	Sept. 15	4.81	4.78	4.70	4.40
Aaa	Sept. 15	4.51	4.48	4.41	4.09
Aa	Sept. 15	4.60	4.65	4.56	4.21
A	Sept. 15	4.87	4.84	4.72	4.42
Baa	Sept. 15	5.16	5.14	5.10	4.89
Railroad Group	Sept. 15	4.85	4.84	4.80	4.52
Public Utilities Group	Sept. 15	4.88	4.84	4.76	4.43
Industrials Group	Sept. 15	4.69	4.65	4.53	4.26
MOODY'S COMMODITY INDEX	Sept. 15	382.7	386.1	382.9	391.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 5	374,535	309,620	366,851	315,720
Production (tons)	Sept. 5	335,940	323,961	336,991	218,998
Percentage of activity	Sept. 5	97	96	98	73
Unfilled orders (tons) at end of period	Sept. 5	550,083	507,415	578,875	508,828
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 11	110.20	110.36	109.42	108.58
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 21	1,870,510	2,405,330	2,465,690	1,624,840
Short sales	Aug. 21	285,360	275,690	372,010	323,330
Other sales	Aug. 21	1,673,550	2,064,160	2,013,960	1,294,700
Total sales	Aug. 21	1,958,910	2,339,850	2,385,970	1,618,030
Other transactions initiated off the floor—					
Total purchases	Aug. 21	251,800	321,400	335,530	341,060
Short sales	Aug. 21	37,200	22,000	12,400	46,600
Other sales	Aug. 21	207,020	339,210	346,560	325,640
Total sales	Aug. 21	244,220	361,210	358,960	372,240
Other transactions initiated on the floor—					
Total purchases	Aug. 21	542,103	620,046	721,752	523,790
Short sales	Aug. 21	93,090	85,630	123,970	104,520
Other sales	Aug. 21	624,808	652,075	753,172	574,424
Total sales	Aug. 21	717,898	737,705	877,142	678,944
Total round-lot transactions for account of members—					
Total purchases	Aug. 21	2,664,413	3,346,776	3,522,972	2,489,690
Short sales	Aug. 21	415,650	383,320	508,380	474,450
Other sales	Aug. 21	2,505,378	3,055,445	3,113,692	2,194,764
Total sales	Aug. 21	2,921,028	3,438,765	3,622,072	2,669,214
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. 21	1,455,720	1,886,071	1,736,861	1,063,072
Dollar value	Aug. 21	$74,056,085	$102,677,211	$92,082,884	$47,816,076
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 21	1,217,254	1,520,490	1,510,654	1,118.842
Customers' short sales	Aug. 21	10,294	15,619	4,869	7,633
Customers' other sales	Aug. 21	1,206,960	1,504,871	1,505,785	1,111,209
Dollar value	Aug. 21	$61,000,891	$83,237,138	$75,231,473	$48,016,872
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 21	314,340	381,580	381,920	393,882
Short sales	Aug. 21	------	------	------	------
Other sales	Aug. 21	314,340	381,580	381,920	393,882
Round-lot purchases by dealers— Number of shares	Aug. 21	554,830	716,360	614,640	342,180
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. 21	507,660	517,590	576,510	662,790
Other sales	Aug. 21	11,623,260	13,937,700	14,945,330	11,830,550
Total sales	Aug. 21	12,130,920	14,455,290	15,521,840	12,493,340
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 8	119.5	119.3	119.2	119.0
Farm products	Sept. 8	88.3	87.6	87.2	93.3
Processed foods	Sept. 8	107.4	106.7	106.1	110.8
Meats	Sept. 8	98.6	96.7	95.0	108.4
All commodities other than farm and foods	Sept. 8	128.3	128.3	128.4	126.1

*Revised figure. †Includes 1,056,000 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
AMERICAN ZINC INSTITUTE, INC.—Month of August:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	69,768	73,101	62,927
Shipments (tons of 2,000 pounds)	59,782	60,454	69,309
Stocks at end of period (tons)	192,019	182,033	251,529
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of July 31:			
Total consumer credit	$47,256	$46,716	$42,923
Instalment credit	36,449	35,810	33,074
Automobile	15,780	15,419	14,567
Other consumer goods	9,183	9,077	8,197
Repairs and modernization loans	2,282	2,240	2,061
Personal loans	9,204	9,074	8,249
Noninstalment credit	10,807	10,906	9,849
Single payment loans	3,807	3,802	3,373
Charge accounts	3,272	4,318	3,927
Service credit	2,728	2,746	2,540
CONSUMER PRICE INDEX—1947-1949=100—Month of July:			
All items	124.9	124.5	123.9
Food	119.4	118.9	121.7
Food at home	117.1	116.6	120.5
Cereal and bakery products	134.4	134.2	132.9
Meats, poultry and fish	112.0	111.6	119.2
Dairy products	113.3	112.3	112.4
Fruits and vegetables	130.8	134.5	131.9
Other food at home	105.7	102.3	111.8
Food away from home (Jan. 1953=100)	116.2	115.6	112.8
Housing	129.0	128.9	127.7
Rent	139.6	139.5	137.8
Gas and electricity	119.5	119.3	117.0
Solid fuels and fuel oil	134.0	133.9	132.3
Housefurnishings	104.0	104.1	104.0
Household operation	134.3	133.9	131.2
Apparel	107.5	107.3	106.7
Men's and boys'	108.3	108.1	108.5
Women's and girls'	98.8	98.8	98.6
Footwear	135.2	134.5	129.7
Other apparel	92.3	91.8	92.0
Transportation	146.3	*145.9	140.3
Public	135.2	*134.9	129.3
Private	194.2	192.7	189.5
Medical care	151.0	150.6	144.6
Personal care	131.3	131.1	128.9
Reading and recreation	119.1	118.1	116.6
Other goods and services	130.8	129.2	127.2
COTTON PRODUCTION (DEPT. OF COMMERCE): (running bales) as of Sept. 1	14,678,000	14,816,000	11,435,323
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of July:			
Cotton Seed—			
Received at mills (tons)	67,800	13,500	81,343
Crushed (tons)	97,400	116,600	132,108
Stocks (tons) July 31	100,300	130,000	174,515
Cake and Meal—			
Stocks (tons) July 31	116,300	153,700	112,475
Produced (tons)	45,500	55,100	59,542
Shipped (tons)	82,800	71,900	109,290
Hulls—			
Stocks (tons) July 31	43,400	63,900	97,322
Produced (tons)	24,200	28,600	32,568
Shipped (tons)	44,700	48,100	49,037
Linters—			
Stocks (bales) July 31	127,500	160,700	319,390
Produced (bales)	28,500	38,100	35,071
Shipped (bales)	61,700	89,301	56,848
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100—Month of August:			
Adjusted for seasonal variation	150	*149	147
Without seasonal adjustment	132	*121	129
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of July:			
Sales (average monthly), unadjusted	102	127	99
Sales (average daily), unadjusted	100	125	97
Sales (average daily), seasonally adjusted	138	128	133
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Aug:			
Industrials (125)	2.96	2.96	3.72
Railroads (25)	4.59	4.36	5.35
Utilities (not incl. Amer. Tel. & Tel.) (214)	3.89	3.91	4.39
Banks (15)	3.57	3.57	4.43
Insurance (10)	2.74	2.67	2.97
Average (200)	3.19	3.18	3.91
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of August:			
Total number of vehicles	602,573	667,059	230,046
Number of passenger cars	239,078	555,685	180,313
Number of motor trucks	363,473	111,282	49,478
Number of motor coaches	22	92	255
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of August	£22,459,000	£57,498,000	£26,037,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S.—HOME LOAN BANK BOARD—Month of June (000's omitted):			
Savings and loan associations	$1,261,132	$1,150,616	$910,163
Insurance companies	120,239	111,785	110,006
Banks and trust companies	542,706	534,369	429,193
Mutual savings banks	168,367	140,212	139,712
Individuals	338,036	339,213	279,372
Miscellaneous lending institutions	543,726	492,207	406,889
Total	$2,974,206	$2,768,402	$2,275,335
U. S. GOVT. STATUTORY DEBT LIMITATION—As of August 31 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$280,000,000
Outstanding—			
Total gross public debt	290,395,668	288,681,726	278,475,533
Guaranteed obligations not owned by the Treasury	110,781	110,278	108,478
Total gross public debt and guaranteed obligations	$290,506,390	$288,792,005	$278,584,011
Deduct—other outstanding public debt obligations not subject to debt limitation	415,874	416,576	428,269
Grand total outstanding	$290,090,515	$288,375,429	$278,155,742
Balance face amount of obligations, issuable under above authority	5,909,484	6,624,571	1,844,257
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of August 31	$290,506,390	$288,792,005	$278,584,011
General funds balance	6,617,473	5,836,768	6,367,820
Net debt	$283,888,917	$282,955,237	$272,216,191
Computed annual rate	3.072%	2.909%	2.534%

*Revised figure.

Our Reporter's Report

The investment world is still in a state of flux as witness the continued faltering performance of the corporate bond market, both secondary and new issue, along with Treasury obligations.

The persistent hardening of money rates naturally is at the bottom of the situation. But obsevers of long experience will tell you that this is not the whole story. It goes deeper than that they say.

With the Federal Reserve Banks having removed a weekly irritant by raising their rediscount rates, we find the Treasury placing its three months and six months bills at steadily rising discounts, threatening to distort the situation once more to a point where either the bank rate goes up again or the cost of selling bills backs off.

Meantime institutional investors are sitting back on their haunches and keeping an eye on the heavy calendar of new financing which is building up for the balance of the year. Naturally they find no reason for reaching for what they want as witness the experience of several recent top-quality offerings.

Latest among these is General Motors Acceptance Corp.'s new 5% brought out recently at 100. When the latest phase of the money pinch became apparent all but 10% of that offering had been sold. The syndicate this week dissolved and turned the balance loose. It settled back to just under 97 on the bid side, with demand at these prices pretty well mopping up the issue.

Rail Equipment Trusts

Speaking of the adjustment in yields which has been going forward in various sections of the investment market, rail equipment trust certificates have shared generously in the revision.

It is difficult to find even among the best names an issue which is quoted at less than a 5% yield basis on the bid side Virginian Railway's 2⅝s-3¾s due in 1972 are quoted 5% on the bid side.

But there is a goodly sprinkling of good names being quoted currently to yield all the way up to 7% on the bid side.

Little More Life

There will be a bit more life in the new issue market in the week ahead even though it will be partly accounted for by offerings to existing shareholders through "rights."

Monday will be a busy day with New England Telephone & Telegraph due to open bids for $45 million of debentures and Southern New England Telephone slated to look over "standby" bids on its projected 1,467,120 "rights" offering.

Thursday will bring $25 million of Sylvania Electric Products Inc., to market and on Friday Boston Edison Co. has a "rights" offering for 271,553 shares of common due to get under way.

Stands by Guns

New England Telephone & Telegraph Co., according to last reports, is determined to stand by its guns on the question of a noncallable clause for its impending bond offering.

Investors naturally have been showing a strong preference for new emissions which offer them protection, for at least five years, against any sudden reversal of the money trend which would make it profitable for issuers to refinance high-coupon bonds now being sold.

Despite the varied experiences of many recent issues, arising from this consideration, New England Telephone evidently has decided against any such concession and will retain the right to call the issue.

David A. Noyes Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert C. Pennell has been added to the staff of David A. Noyes & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Leason & Co., Inc.

With Shillinglaw, Bolger

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William H. Sudekum has become associated with Shillinglaw, Bolger & Co., 120 South La Salle Street, members of the Midwest S. E.

Westheimer Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Jerry L. Mandel has been added to the staff of Westheimer & Co., 134 South La Salle Street.

Form Modern Investors

BROOKLYN, N. Y. — Modern Investors Co. has been formed with offices at 3624 Church Ave. to engage in a securities business. Partners are Louise Leicht and Gerson M. Sparer. Both were formerly with Triangle Investors Corp.

The Challenge to Our Nation And the Oil Industry

Continued from page 11

full set of price, wage and rent controls to be imposed on the authority of the President under prescribed conditions — an example, if there ever was one, of attacking the symptoms rather than the disease!

It is proposed that graduated income taxes be imposed on corporate profits. Here the idea is apparently that the more people want the goods or services of a particular company, and the more efficient that company is in supplying those wants, the more it should be penalized and the more stockholders should be encouraged to invest their funds instead in other companies which aren't doing such a good job, or which are producing goods or services that people don't want so much.

I will mention just one more—out of a long list, I might say—because it relates specifically to the petroleum industry. A determined effort is being made to have Congress reduce percentage depletion for oil and gas wells under the Internal Revenue Code. A number of supporters of the reduction joined in sponsoring a bill for a graduated cut, the idea being that small producers would continue to be eligible for a 27½% rate, medium-sized producers would be eligible for a 21% rate, and large producers for 15%.

Now the truth is that there is a percentage which represents capital—the value of the producer's oil in the ground—which he depletes every time he produces and sells a barrel of oil out of a field or a cubic foot of gas out of a reservoir. That value is either 27½%—limited as it now is by the provision that the deduction may not exceed 50% of net income from each lease—or it is some other percentage. But it isn't one percentage for one producer and another percentage for a second producer. Yet the most vocal advocates of a cut in percentage depletion for oil and gas have joined in proposing different percentages. This simply unmasks the campaign of this particular group as inspired by the idea that the way to make political hay is by penalizing those who have managed to succeed.

I'm sure I need not labor further the point that we Americans need to decide what system we believe in. Mr. Khrushchev, who happens to believe in his particular system, arrives for a visit to our shores. A month or so later Mr. Eisenhower is scheduled to visit in turn in the USSR. We may hope that these visits will contribute to an honorable easing of world tension. But we cannot ignore the announced goals of the Soviet Union, nor the long history of our difficulties with Communist regimes. Mr. Krushchev has both asserted that he will bury us and proposed that we engage in friendly economic rivalry. He and his associates are goal-centered, tough-minded, articulate believers in the superiority of government planning, ownership, control and direction of the means of production. Realistically, his nation has discarded the socialist idealism of equal incomes for all —and even more the Communist theory of from each according to his ability, to each according to his needs. Soviet production today is spurred by an array of incentives, both monetary and nonmonetary. Indeed, the Soviet Union appears to have added incentives to achievement as fast as we have crushed them.

After more than a quarter of a century of intimate association with the oil industry as an outstanding example of the achievements possible under a system of economic freedom, I have no doubts about the superiority of competitive capitalism over Communism. And this is so whether the test is building a strong nation, improving the material welfare of all the people, contributing to science and the arts, or in advancing moral and spiritual values. But in the contest, we must make sure it is truly Freedom that contends with Communism. That is **our** challenge in oil's second century.

R. J. Buck Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Jeanne M. Lamb has joined the staff of Richard J. Buck & Co., Statler Office Building.

With Butler, Herrick

Stanley Howard Millstone, registered representative, has become associated with Butler, Herrick & Marshall, 30 Broad Street, New York City, members of the New York Stock Exchange and associate members of the American Stock Exchange.

Joins A. C. Allyn

A. C. Allyn & Co., 44 Wall St., New York City, members of the New York Stock Exchange, announced that James M. Waterbury, a registered representative, is now associated with their firm.

Washington and You

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—There will be no major cut-back in the great Interstate Highway construction program during the 1961 fiscal year starting next July 1.

The reason is that motorists, effective Oct. 1, will begin paying an additional penny a gallon in the Federal tax on gasoline and diesel fuel. The fact is that on that date autoists in 13 states will begin shelling out a total of 11 cents a gallon on each gallon of gasoline and diesel fuel.

Congress raised the Federal tax despite the expressed opposition of 34 governors, and 10 State Legislatures that memorialized Congress not to increase the already heavy tax. Not half of the Legislatures were in session this year. Both Governors and State Legislators were looking ahead at the cost of maintenance of the divided, multi-laned expressways, because the States are going to have to keep them up.

The new four cents total Federal tax will be added on to a seven cents tax in Alabama, Florida, Kentucky, Louisiana, Mississippi, Maine, Nebraska, New Hampshire, North Carolina, Ohio, South Carolina, Tennessee and West Virginia. Missouri, with only a three cents state tax, has the lowest impost of all 50 states. The Missouri Legislature earlier in the year again refused to raise its impost.

As a result of the action by Congress, the Bureau of Public Roads says it will be able to allocate $1,800,000,000 to the various states for the Interstate stop-light free roads in fiscal 1961. The amount compares with the current fiscal year record of $2,200,000.

On the other hand the primary, secondary and urban highways will receive a $25,000,000 increase next year to a total of $925,000,000.

As passed by Congress the increased gasoline levy will remain in force until July 1, 1961, and will yield nearly $1,000,000,000 in additional revenue, according to testimony presented to Congressional committees by fiscal authorities.

Renewal of Levy Expected

Although the one cent additional tax is scheduled to expire July 1, 1961, chances are Congress will renew the tax, unless a mighty howl goes up all over the country protesting the burdensome taxes. On July 1, 1961, under the bill, part of the receipts from automotive excise taxes which now go into the Treasury Department's general fund are scheduled to be diverted into the Highway Trust Fund which Congress created in 1956.

Diversion would include half of the income from the 10% tax on new automobiles and trucks, and 62½% of the yield from the 8% tax on automotive parts and accessories.

The Eisenhower Administration is opposed to diverting any funds now earmarked to the General Fund on the ground it would jeopardize the balanced budget for 1961. There will be a new Administration in the White House before the scheduled diversion takes place.

Of course it is probable that this section of the gas tax increase bill may not take place. Congress is committed to take a complete and searching legislative look at the whole highway financing picture.

Why Only the Motorist?

The Bureau of Roads is scheduled to submit to the next session of Congress its long study on the question of highway financing. The burden of road building now rests squarely on the shoulders of the motorist. The question is: Will the study make recommendations that other phases of the economy, which thrive as a result of highways, should pay part of the cost?

In other words, there is a question whether motels and restaurants, hotels and stores, apartment and housing developments constructed because of new highways, should be asked to pay part of the cost. Whatever is recommended is likely to evoke a controversy.

Final passage of the gasoline tax bill marked a partial victory for President Eisenhower. In his budget message to Congress last January he recommended the Federal gasoline tax be raised to 4½ cents a gallon for a five-year period so that the depleted Interstate fund could be replenished. Reaction for months on Capitol Hill was that it would be impossible to get the increase this year.

A tremendous amount of construction, other than highway, will mark the nation during the next year. The new housing bill, public works bill, military construction, and reclamation projects which Congress provided will help to keep things humming for another year.

Congress for the first time since 1952 overrode Mr. Eisenhower in connection with the $1,183,000,000 public works bill. It was bound to happen to the Chief Executive that one of these days Congress would rebuff him. He had vetoed many measures since taking office.

The "Pork Barrel" Bill

The public works bill, sometimes dubbed the "pork barrel" bill by critics, includes projects in most congressional districts. President Eisenhower vetoed the bill because it included 67 new "starts" that did not have the recommendation of the Bureau of the Budget, an arm of the Executive branch of the government.

Whether or not one agrees with the bill, it was not smart for the leaders of the Eisenhower Administration to take the position that Congress could not include a single project in the bill except those dictated by the President or the Bureau of the Budget. For the most part the projects involve rivers and harbors and water and land resources.

It was never intended under the Constitution that the President of the United States should run the legislative show pertaining to public projects. Neither was it ever intended for Congress to follow the pattern cut out by the presidentially appointed Bureau of the Budget.

The White House made no attempt to compromise. As a result the President is forced to accept every project that was submitted. Had he been willing to talk things over with Congressional leaders there probably would have been a marked compromise.

Billions Spent Abroad

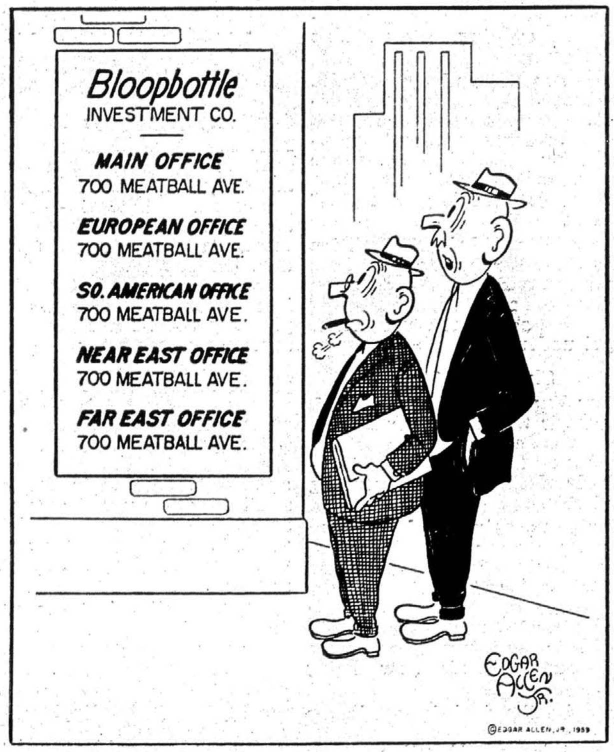
The foreign aid or mutual assistance bill had a lot to do with Congress overriding Mr. Eisenhower for the first time. Under the mutual assistance program many billions of domestic tax dollars are contributing immeasurably to the developing of resources and construction of public works projects in countries around the world. They include highways, power stations, railroads, harbors, waterways, levees and flood protection projects, canals, etc.

One Democrat said he heard a Republican colleague, who is a strong supporter of foreign aid, declare that he voted to override because he could not consistently support the idea of freely spending American dollars to develop resources over the world and at the same time not provide funds for worthy projects in this country. Perhaps it was for this reason that Congress finally broke President Eisenhower's perfect record of never having a veto overridden.

Despite the veto, there appears no doubt that President Eisenhower's popularity and prestige remains extremely high for an out-going Chief Executive. Both Congress and the American people realize that the Chief Executive is held in great esteem across the seas.

[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



"Think this outfit is trying to put up a bit of a false front?"

Coming Events

IN INVESTMENT FIELD

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, 1959 (New York City)
New York Group Investment Bankers Association of America 39th annual dinner at the Waldorf Astoria.

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.

Rejoins Clayton Secs.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Charles R. McKenney has rejoined the staff of Clayton Securities Corporation, 443 Congress Street. He has recently been with Walter J. Hood Co., Inc.

With Hill, Darlington

SEATTLE, Wash.—Jackson H. Glidewell is now associated as a registered representative with Hill, Darlington & Co., 1118 Fourth Avenue.

Form J. I. Investors

PASSAIC, N. J.—John M. Ignacz is engaging in securities business from offices at 32 Henry Street under the firm name of J. I. Investors.

Forms Securities Inv.

COLUMBUS, Ga.—J. E. Fowler is conducting a securities business from offices at 3530 Dale Drive under the firm name of Securities Investments.

With Reynolds Co.

PHILADELPHIA, Pa. — Reynolds & Co., 1526 Chestnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Clement F. Birch, Jr., has become associated with them as an account executive.