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Editorial

AS WE SEE IT

Much to the displeasure of the labor leaders, and not very much to the liking of the companies, the President has invoked the Taft-Hartley law in an effort to bring the marathon steel strike to at least a temporary end. The industry, of course, knows how expensive it would be to heat the furnaces only to have to cool them again in 80 days, and apparently is far from sure that it can come to acceptable terms with their employees within the time limit set by the law that is now invoked. The leaders of the unions profess to believe that they have now so starved steel users that severe pressure is being exerted upon the steel makers to resume at whatever price they must pay—and hence the action taken by the President is about the equivalent of strike breaking—for the purpose, of course, of lending a hand to Presidential cronies and their like according to Mr. Reuther, the loudspeaker for organized labor, or one of them.

So much has been said both here and elsewhere about the basic issues involved in this strike, and about the fallacies being uttered in its defense that it ought not to be necessary to go into the matter again. Yet certain of the arguments of the union leaders are so often reiterated—and with some superficial plausibility to the uninitiated—that it may not be amiss to analyze some of these more recent arguments in behalf of higher wages and other benefits for the steel workers. They are not new, of course, but they once again repeat old, old fallacies which have found much nutriment in the New Deal and kindred notions of late years. The most telling point to the uninitiated in the arguments of the unions is probably the claim *Continued on page 30*

The Natural Gas Industry —Today and Tomorrow

By Hon. Fred A. Seaton, Secretary of the Interior*

After depicting the excellent growth prospects and capital needs of the natural gas industry, Mr. Seaton warns this may be handicapped unless the industry takes the lead in seeking legislation satisfactory to the F. P. C., the industry itself and the consumer. The Secretary pleads for the passage of the Administration's proposal for conserving helium, and cautions competitors in the energy field not to look to the government for protection against competition.

As Secretary of the Interior my primary responsibility is the conservation and development of the natural resources of the United States. The American Gas Association includes producers, transporters, and distributors of one of the major natural resources.

It is apparent, therefore, that we share many common interests and problems.

Fred A. Seaton

In a few short years the gas industry has grown from infant to gigantic size, to the point where it now ranks among the Nation's largest industries. One of the reasons for this has been the development of efficient pipelines. Another is that consumers like the product.

To these growth-producing factors, I think still another reason should be added. The Association's concern with research and the practical applications of research, as well as with vigorous promotion, accounts in no small part for the things which it has been able to achieve. In 1920 natural gas contributed only 4% of the total energy consumed in the United States, as compared to 27% in 1958. During the last ten years the industry has added an astounding total of more than 350,000 miles of pipelines for gathering, transmission, and distribution of its product. With increased demand as an incentive, over the same period the proven reserves of natural gas have risen nearly 50%.

To help meet the problem created by seasonal fluctuations in demand, there have been developed techniques for underground storage.

The industry is now supplementing the traditional pipeline method of transportation by reducing natural gas to a liquid state so that it can be moved by tank car and tanker.

It is developing new and improved uses for gas. Through petrochemistry, natural gas has also been found to be an ideal raw material from which a countless number of valuable products are obtained.

This is a far cry from a time not long ago when the skies above the Nation's oil fields were brightly lit at night by burning gas flares. Such a waste of a great natural resource would be appalling to us now.

The American Gas Association is to be congratulated for the part played in making natural gas serve a useful purpose—a useful purpose as a dynamic force in the American economy, and as a convenience or necessity in the lives of so many individual Americans.

What of the Future?

Now, what is in store for the future?

Making predictions, as you well know, can be a dangerous business.

The danger lies not so much in making the prediction or forecast, but in forgetting the subjective nature of the process and endowing the forecast with a validity it does not or may not deserve. Yet, dangerous or not, and however much fun we may poke at the man with a crystal ball, an attempt to judge where into the future the present may be leading us is a necessary function of every responsible policy-making official. This is true whether that official be in government or industry.

Three years ago the Congressional Panel on the Impact of the Peaceful Uses of Atomic Energy forecast that overall energy consumption in the United States would reach 75,000 trillion B. t. u.'s by 1975. Last year Resources for the Future Incorporated forecast a use of 74,500 trillion B. t. u.'s by that time. Other authoritative estimates are in substantial agree- *Continued on page 20*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 36.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Alleghany Corp.—Albert H. Deuble, President, Yorkville Exchange Co., Inc., New York City. (Page 2)

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ALBERT H. DEUBLE
President, Yorkville Exchange Co., Inc.
New York City
Members of N. A. S. D.

Alleghany Corporation

Alleghany Corporation is not a popular stock! For a number of years this stock has had no great following. But popularity does not always mean desirability or profit possibilities. The public usually is very late in discovering neglected or forgotten situations. And past prejudices do not die easily. Alleghany's status in the last few years has, however, improved somewhat so that the stock has reached the best price level in more than two decades.


Albert H. Deuble

Our favorable opinion is based upon the following considerations:

(1) Alleghany Corporation common is selling at present around $12¾ a share, compared with an underlying asset value of about $22-$23 a share.

(2) Its tie-up with Webb & Knapp qualifies Alleghany as an inflation hedge.

(3) Alleghany is holding a large block of New York Central stock. This stock was very active lately at higher prices. It might earn $2.50 a share this year.

(4) Its big block of Investors Diversified Services gives Alleghany an important interest in one of the most profitable businesses discovered in the last few years, namely, the management of mutual funds.

What is the Alleghany Corporation actually doing at the present time? It is a mixture of holding company and investment trust. Its total investments exceed $150 million. Debts and outstanding preferred shares give Alleghany common a certain amount of leverage. The outstanding warrants are probably only a very long-term factor or fly in the ointment.

About 357,000 shares of Investors Diversified Services, one of the biggest and most successful fund management organizations in the country, selling around $255 a share, or a total value of about $91 million, represents Alleghany's biggest single investment. It is expected that Investors Diversified will earn this year about $11 a share which would give each share a value of almost $400 (if the usual 35 times yardstick for stocks of this type is applied), or an increase in the portfolio value of about $45 million. There is talk of a split in Investors and an increase in dividend payments.

Alleghany is holding as its second biggest investment almost one million shares (actually 330,000 shares are held in joint ventures which, of course, reduces the free holdings accordingly) of the New York Central Railroad. Central showed lately some remarkable and not fully explainable activity at advancing prices. A few days before the steel strike began Central directors indicated they hoped to declare a dividend. This hope has not been fulfilled but it is clear that the financial position of this large Eastern road is more favorable than many believed possible. This railroad has paid its last cash dividend of 50 cents a share in June, 1957 (in December, 1957, some Reading second preferred stock, equal to 41 cents a share, was distributed). Alleghany carries also about 20,000 shares of Missouri Pacific "B" at a total valuation of $2.8 million (actual value around $9 million).

Through a stock option in Webb & Knapp (one million shares at $2½, exercisable after five years) Alleghany is also participating in the fortunes of this enormous organization without being too heavily involved in any misfortunes of Mr. Zeckendorf because Alleghany will receive for its loans of $24.7 million title to a valuable Denver real estate development. The dealings with Webb & Knapp are involved and have been changed lately but should work out very profitably.

Alleghany has only 4.8 million common shares outstanding. Even considering the brakes which the preferreds and the warrants might apply, the stock could move very fast and very soon if the conditions are right. But the road to profits is not paved only with green lights; a few red ones must be expected before the destination is reached.

WALTER K. GUTMAN
Research Analyst
Shields & Company, New York City
Members: New York Stock Exchange and American Stock Exchange

High Voltage Engineering Corporation

In this dynamic age a security analyst is bound to feel the sex appeal of a great many stocks—saying which one I "like best" is about as hard as "forsaking all others." So I don't say that I like High Voltage Engineering Corporation best—I know it well and like it a lot because I see possibilities of dynamic development. Behind the possible dynamics is steady and solid growth at a fairly rapid pace.


Walter K. Gutman

H. V. E. C. specializes in a type of equipment which is strange to most people—particle accelerators. Particle accelerators are machines which take an electron or an ion and subject it to electrical and magnetic forces so that the particle gains speed and finally smashes against a target at very high velocities. The huge accelerators built by the U. S., Russian and British Governments hurl particles at energies which are measured in tens of millions and even billions of electron volts. These special purpose "atom smashers" are not built by any one company but are assembled from parts made by numerous companies. H. V. E. C. is equipped to make certain components but if it gets the nod for the new $150 million linear accelerator which may be built at Stanford University, Calif., its contribution will be of the order of $5 million only.

The sort of equipment made by H. V. E. C. is much smaller — its largest machines sell for $3 million and the typical machine is in the hundred thousand dollar range. Up to date these relatively standardized machines have been used mainly for research. H. V. E. C. has made almost 250 machines of various types and sizes and these represent more than half the business done to date in the U. S. New types of accelerators are being developed which could drastically reduce the cost of hitting targets with accelerated particles, and this could greatly enlarge the scope of the business. Several companies are working on these new types but H. V. E. C. appears to be the most advanced by a considerable margin. After another year of developing and proving out investors ought to have a clear idea as to whether a big business is going to develop for this new industry.

Nineteen-fifty-nine will be the thirteenth full year of operation for the company and perhaps this will be an unusually lucky number. At any rate sales of $7 to $7.5 million will be a new high by a decisive amount as will net per share of $1.50 to $1.75. Since the company's equipment is all big ticket stuff, the final December billings can have quite an important effect.

The company has had a remarkable record of earning good profits every year in its career and with two exceptions (1950 and 1952) earning more each year than the one before. In recent years the growth trend has accelerated—net in 1955 was $106,000, in 1956 it was $179,000, in 1958 it was $330,000, in this year it may be near $700,000. Expansion has been financed with retained earnings—dividends have been held to 10 cents a share annually—and a near $1 million mortgage. Common shares have stood at 500,000 authorized for some time. As of June 30, 390,000 shares were outstanding plus a small amount optioned.

New business has been good recently and the company should score another new high in sales and earnings in 1960 without regard to the new types of accelerators which may open up big possibilities late next year. H. V. E. C. is the world's outstanding specialist and the only manufacturer in the Free World of the Van de Graaff type of accelerator. Dr. R. J. Van de Graaff was one of the founders of the company and still is a director and one of the most active sources of new concepts and fundamental research. The machine invented by him has proved the outstanding research type of accelerator. With the constant world-wide growth of research in the basic structure of nature, the Van de Graaff accelerators have found themselves in growing demand. A remarkable number of universities and government agencies have bought the huge $1 million tandems developed a few years ago and there is vivid interest in the even huger three and four stage tandems announced last year. Reseach is big business these days and while the company thinks of its biggest future as lying in the field of commercial application, the research application is likely to prove much bigger than was hoped for a few years ago.

Because of the solid business developed thus far and the possibility of a somewhat explosive growth following the perfection of the new type of accelerators, High Voltage seems to me to have unusual possibilities of capital gains linked with very little long-term risk.

Current Business Trends And the Overall Outlook

By James N. Land,* *Senior Vice-President, Mellon National Bank and Trust Company*

An analysis of two different sets of economic indicators turns up opposite conclusions regarding the outlook. Mr. Land finds that his key factors presage a downturn between mid-1960 and mid-1961 whereas his examination of the National Bureau of Economic Research eight lead indicators does not reveal any sign of an early change from expansion to contraction. Autoptically viewed, the banker holds that if a downturn should occur after mid-1960, the overall business volume will still be greater than in 1959.

In early October 1956 I thought that a general downturn in business would start in 1957, perhaps as soon as mid-year. In early October 1957 I expressed the belief that such a downturn in business had been in progress for at least a month or two and that the downtrend would continue at least until the spring, and quite possibly until the fall of 1958, but with a good chance that a new uptrend would be in progress by the end of 1958. On Sept. 25, 1958, I predicted that 1959 would be a year of vigorous recovery and expansion.

James N. Land

Hindsight enables us to know that business in general started to turn down shortly after mid-year 1957, that it hit bottom in April, 1958, and that, except for the interrupting effects of the steel strike, it has been expanding vigorously since the spring of 1958. In broad outline, although not in detail, my forecasts have corresponded reasonably well with the actual course of events, except that I made a mistake in thinking that the recession might continue until the fall of 1958.

In trying to peer into the future once more, I am confronted at the outset by the temporary uncertainties arising out of the troubles in the steel industry. I do not know when these troubles will be over, but I assume that as on previous occasions they will come to an end before they cause the general economy to go into a tailspin.

In endeavoring to look ahead despite the temporary uncertainties, I shall start, as I did in both 1956 and 1957, with an analysis of the factors in the economy which in my opinion make the difference between good business and poor business. These key players on the economic team and their recent batting averages, so to speak, are listed below in Table I. They are defense spending, private capital expenditures, residential construction, non-defense public construction, consumer purchases of durable goods (principally automobiles and household equipment), and changes in business inventories.

The principal elements of the economy that are not listed are consumer expenditures for non-durable goods and services and governmental spending for purposes other than defense and construction. While these add up to a lot more dollars than the factors listed in Table 1, they are less variable than those factors and not as likely to produce basic changes of direction in the economy.

Among the key factors in Table 1, defense spending continues, by a small margin, to be the most important in terms of total dollars involved. In early October, 1957, I referred to the determined efforts the Administration had been making to reduce defense expenditures and indicated that I thought it likely that changes in such outlays during the ensuing year or two would be downward. The very next day the first Russian Sputnik appeared in the sky and our country's entire mood about defense expenditures changed. Instead of economizing we decided to spend more; and more we have spent, as the 1958 and 1959 figures in the first column in Table 1 show. Present prospects are that defense expenditures in the period ahead will be held at approximately the higher level they have now attained. These prospects could be changed either way by international developments but if they are borne out by the actual course of events, then defense spending, while a strong sustaining influence, will not in itself produce further changes in the level of business activity.

Capital Expenditures

Private capital expenditures are the next of the key factors listed in Table 1. Such expenditures dropped sharply in late 1957 and during 1958, coming down from a $43.3 billion annual rate in the third quarter of 1957 to a $40.6 billion annual rate in the last quarter of 1958. In the first half of 1959, they bounced back considerably, reaching a $43.9 billion annual rate in the second quarter. This upturn, however, was not quite as vigorous as that which occurred in the first half of 1955, at the beginning of the last preceding period of expansion in capital expenditures. That previous expansion produced altogether a 40% rise in such expenditures, mostly in the first two years.. A similar rise in the present period from the base of $40.6 billion would bring capital expenditures up to a rate of nearly $57 billion. I doubt, however, that the next peak will be quite that high, al-

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Accepting the Discipline of The Balance of Payments

By Dr. Roy L. Reierson, Vice-President and Chief Economist, Bankers Trust Company, New York City

Banker returned from extended visit to business and financial leaders abroad finds little evidence of any widespread loss of confidence in the U. S. dollar; predicts our adverse balance of payments will continue for some time to come; and concludes arguments against general increase in price of gold have the better case. Foreign observers, however, are reported to be still uneasy about described developments keeping inflationary pressures alive, and believe greatest risk in loss of confidence in the dollar itself comes from Americans themselves. Dr. Reierson asks that we realistically view changed conditions, such as the fact that the dollar is one of several, and not the only, key currencies, and he summarizes a program to sustain confidence in our currency.

The outlook for the gold price and the situation of the United States dollar, two closely related topics, have been under recurrent discussion abroad for a decade and more. In the first few years after World War II, the discussion centered on the huge concentration of gold in the United States and the "dollar shortage" in the rest of the world. Lately, with gold holdings beginning to be more evenly distributed, emphasis has been on a possible "inadequacy" of the United States gold reserve, the "weakness" of the dollar, and the prospect for a change in the dollar price of gold.

Roy L. Reierson

Questions of this kind evoke keener and much more persistent interest in foreign financial centers than in the United States. However, this should not be surprising; developments concerning a key international currency such as the dollar naturally attract worldwide attention, the more so as foreign central banks and others are large holders of dollar balances. In the European financial markets, any story on gold and the dollar is followed avidly, and this is particularly the case in London, reflecting the presence there of an international market in gold, the interest of the bullion dealers in this topic, the importance of South Africa and the sterling area as a gold producer, and the large number of gold mining stocks traded on the London exchange. Statements by United States Government officials or by members of Congress that in any way seem to have a bearing on the outlook for the gold price are widely publicized, and the press usually plays up prominently the somber forecasts of a dollar devaluation that occasionally emanate from certain commentators or self-styled experts in the United States.

Foreign Fears

Concern over the dollar apparently reached a peak in the Spring of 1958, when the business recession in the United States, the prospect of a huge Federal deficit, and a large outflow of gold all led to a rash of questioning and uncertainty. Many people then contended that the United States might find it necessary to devalue the dollar as a result. Later as the American business recovery began to take hold, gold losses declined and these expectations gradually diminished. At present, few informed observers hold any change in the relationship of the dollar to gold to be imminent, and even those who are convinced that the United States will raise the gold price within the next three to five years appear to be in the minority.

This, however, does not mean that foreign observers have relaxed their scrutiny of economic, financial and political developments in the United States. On the contrary, while confidence in the dollar has been partly restored, financial observers abroad are nonetheless keeping a close and careful watch over the American scene, and are still uneasy over some of the trends in this country. Of particular concern is the course of prices and the developments that seem to be keeping inflationary pressures alive. A year ago there was apprehension over the inflationary implications of the budget deficit then shaping up; later, uneasiness centered on the large spending programs before Congress. The Administration's success in forestalling a spending spree was undoubtedly a factor in allaying foreign fears for the dollar in the recent past.

However, many Europeans now are again disturbed, this time because of the unwillingness of Congressional leadership to remove the interest rate ceiling on Treasury bond issues, since it forces the Treasury to rely on short-term financing, with all the inflationary implications of such a practice, and because it implies a preference for chronic easy credit and low interest rates. In Western Europe, the financially erudite are aware from personal observation how the practice of pegging interest rates at artificially low levels contributes to inflationary trends and to pressure on the balance of payments; they are convinced that the adoption of such practices by the United States would have similar consequences over here.

Financial circles abroad are concerned with the inflation problem in this country primarily, of course, because of the effects on the United States balance of international payments. There is talk that American industry runs the risk of pricing itself out of the world market, the more so as industrial commodity prices as well as living costs failed to ease in the 1957-58 recession and have again been advancing for some time. Simultaneously, imports have soared while exports have declined. Thus, it is considered likely that the balance of payments position of the United States may continue adverse for some time to come and that this will continue to drain the United States gold stock.

Devaluation Prospects: For and Against

This unfavorable outlook for the balance of payments seems to be the mainstay of the case made by those who believe the United States will eventually find it necessary to raise the gold price above its present $35 an ounce—that is to say, devalue the dollar. The competitive position of American industry in foreign markets will probably continue to worsen, it is said, as rising capital investment and expanding markets in other countries lead to further increases in productivity abroad. In addition, there is the need for continuing large government programs of foreign grants and credits and the prospect of increasing foreign investment by United States business corporations and financial agencies. Thus, it is said, pressure on the balance of payments must be expected to persist over the long-term.

At some point, it is argued, the United States will become concerned over the persistent loss of

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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

Work stoppages in steel and other industries reversed the nation's economic advance during the third quarter, says the Federal Reserve Bank of Chicago in its monthly review, "Business Conditions."

In July and August, comments the Bank, the index of industrial production recorded successive drops from the June high of 155, and a further decline is indicated for September. Steel, though most important, was not the only strike-bound industry in the third quarter. Most domestic copper producers also were idled, and some firms in the meat packing and glass industries were down for varying periods.

There were few reports of secondary layoffs due to shortages of steel up to mid-September, but since then such reports have occurred with increasing frequency.

Signs of a slackening growth in output were apparent before the steel shut down in mid-July, the Bank points out, as construction activity slowed somewhat and the rate of advance in public outlays moderated. Whatever over-all pattern was emerging at that time now has been obscured by strike-related developments. However, one thing is certain—a resurgence of activity in industries most affected by materials shortages will occur when the steel deadlock ends.

Furthermore, the Bank states, encouraging signs of a more lasting nature are present. There is evidence that plant and equipment expenditures are rising and may continue to do so for some time. A Government survey in September indicates capital spending in 1959 will be 9% higher than in 1958, early in the year, no appreciable rise was expected. Other surveys indicate that the upward movement in capital outlays will continue through 1960.

Employment dropped 350,000, or 1%, between mid-June and mid-August, on a seasonally adjusted basis, but this decline was less than the drop for steel and other closely-related metals and transportation industries taken separately. Thus, the Bank says, strike-induced declines have been partially offset by continued expansion in the nonindustrial sector, with employment in trade, service and local government rising to new highs.

Current agricultural developments indicate that total crop production may equal last year's record output, with corn heading for a record year estimated at 15% above 1958. The large supply of corn, used primarily for feed, will tend to support continued expansion of production of cattle and hogs, says the Bank.

As a result of this expanded production, hog prices have dropped a third from the year-earlier level. Prices of cattle still exceed year-ago figures, however, as the increased production has shown up largely in increased numbers on farms and ranches.

Net farm income in the first three quarters was at an annual rate of $11.5 billion, more than 20% below last year, but a more than seasonal rise in marketings to year-end may boost 1959 income closer to the 1958 total.

Farm capital expenditures have been substantially higher this year than last, reflecting the sharp increase in farm income in 1958. If farm income declines further in 1960 from this year, farmer's capital outlays probably will decline, in contrast with a probable rise for most other businesses.

Nationwide Bank Clearings 12.8% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Oct. 10, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 16.8% above those of the corresponding week last year. Our preliminary totals stand at $24,244,391,010

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Observations . . .

BY A. WILFRED MAY

ON OUR POLICEMAN'S 25th BIRTHDAY

WASHINGTON—In the early days of the Securities and Exchange Commission, Justice Douglas, then its Chairman, told President Roosevelt that "hardening of the arteries" would, as with all other agencies, warrant its scuttling after a ten-year life.

A. Wilfred May

This earlier prognosis, along with a vigorous change of his mind was related by Mr. Douglas this week at the banquet celebrating the Agency's 25th birthday. In any event, this Silver Anniversary, marking an important milestone in Federal securities regulation, constitutes an opportune time to take stock. Actually how well has this agency carried out "its Congressional mandate to protect the investor and the public?"

In the phase of sheer activity the Commission clearly justifies Justice Douglas' present endorsement of the "still in business" sign. In fact, its activities have lately become accelerated. Of 15,930 registration statements filed under the 1933 Act in 26 years, 5,561 or over one-third were filed during the past six years. And in dollar volume, nearly one-half occurred in this latest period. Similarly, under the 1934 Act, as compared with 1950 annual registration revocation proceedings by the Commission have increased by 240%, injunction actions by almost 100%, and cases referred to the Justice Department for prosecution by 150%.

And right now, after years of expanding activities, the Commission is further occupied with working out plans for putting into practical operation the insurance companies' prospective variable annuity contracts. Supervision over this broad field was recently gained by the Commission by Supreme Court decision. Thus we see that far from becoming atrophied, the Commission's activity is quite frenetic.

The Results in Practice

The regulatory *results*, on the other hand, are quite varied with some reforms being accompanied by offsetting drawbacks. A basic example is the restoration of *investor confidence* which the Commission cites as its primary contribution to the economy. But such confidence frequently becomes distorted. As in other countries, supervision by a government agency too often is unwarrantedly considered by the public as *guaranteeing* the worth of a security. This particularly applies to new offerings. And this misconception occurs despite the requirement for prominent placement, in bold type, on the prospectus of the representation of the Commission's approval of the securities, or its having passed on the prospectus' accuracy, is a criminal offense.

In urging the passage of the covering legislation, the Securities Act of 1933, which he called the "Truth in Securities" law, President Roosevelt stated that what was sought was "a return to a clearer understanding of the ancient truth that those who manage . . . other peoples' money are trustees." The primary aim of the legislation, it was further stated, was to provide *disclosure* of all financial and other data bearing upon the worth of securities so that they might be realistically evaluated by investors. It would seem that the non-professional investor's "restoration of confidence" thus based on his ability to evaluate the facts plus presumption of government guaranty, might be somewhat ill-founded. Thus it might lead to the public's *over*-confidence, particularly at times of bull market excitement. And the extent to which the vaunted "confidence" has affirmatively contributed to the speculative excesses in recent markets, with the stock averages almost double their 1929 level, high price earnings ratios, and low stock-bond yield ratios, and to the plethora of "dubious" new stock offerings, hardly makes it an unusual blessing.

Our Federal regulations have, undeniably, caused elimination of many of the major pre-1929 abuses, as the extensive use of credit to finance speculative operations, the widespread pyramiding and much other *legerdemain* by the utility holding companies, and manipulation on the Exchanges via pools and otherwise. The Commission points to the elimination of high cost borrowing to carry low-yielding stocks. But now we have outright-held shares of equally low yield alongside the considerably increased return from the higher-grade bonds.

Money can also be lost honestly, and in the absence of manipulation.

"Other People's Money"—Troubles with the Mutual Funds

A major obstacle to effective overall regulation habitually arises from malpractice to be employed in a direction other than the one in which it has been stopped. The great abuses which were perpetrated by the "investment trusts" in the 1920's, centered in manipulation of their capitalizations, collusive dealings and sales activities. These abuses were curtailed with the passage of the Investment Company Act of 1940 without a dissenting vote.

Aiding the Commission's administration of this law has been elimination of the specific abuses in the highly competitive sales techniques. Leading members of the industry cooperated with the Commission in a study of the sales literature and sales practices being employed. Following this study, the Commission issued a *Statement of Policy* setting forth various types of advertising and sales literature considered to be in violation of the law. And, as the Commission reports, it has enjoyed the fullest cooperation of the industry in enforcing this code of business conduct.

Abuse in New Directions

Nevertheless, abuse has reappeared in another selling sphere, which is impossible to reach by regulation; namely the *verbal* representations of the competing salesman to his prospect. For example, it is impossible to devise a statute that would prevent the eager-beaver salesman's present proclivity to assure his client that he can get his money back any time through the redemption privilege.

Trafficking in Management Contracts

In another area of the fund activities we see an example of the unforeseeable shortcomings of the statute, and the dependence on the thinking of the respective court. Unexpectedly a boom has arisen in the public offerings and sale of shares in the companies *managing* the mutual funds. The sale of an interest in an employment contract, particularly in this field where the manager has a trustee obligation, must be recognized as being out of order.

The bandying-about of their services by the existing managers is being accomplished in the following alternate ways. (1) By selling their stock, in whole or in part, to a small group which in a short time gains effective control. Or (2) through the sale of non-voting stock, or non-controlling stock, to the public. Control is retained by the original managers over the public's stock via the proxy machinery. In the latter case they sell an interest in the fees to be derived from future services. The SEC formerly took the position that it objected to a transfer of control for a profit. Now some more crucial questions have been added by the sale of non-voting stock to the public. New pressures center around the fees derived from investment advisory services and from underwriting.

The Legal Status

Back in 1956 the Commission proceeded against officers, directors, and controlling persons of a management company which was acting as sponsor, investment adviser, and principal underwriter of an open-end company with $215 million of net assets. It sought to nullify the sale of their stock interest to a small group of purchasers at a price $4 million in excess of its net asset value. But the higher Courts denied the action with the Court of Appeals holding there was no breach of trust as defined by the statute—demonstrating the vulnerability of this, and any other statute to circumvention.

This legal result once more indicates the difficulty in devising an airtight statute, and also dependence on which particular court tries a case. For in a similar action tried in the New York Courts soon after, the SEC won a conviction, following its charge that the attempted sale of the management for a grossly inflated price was "using the key to the company's treasury." But the conviction would probably not have been obtained, but for the accompaniment of some otherwise fraudulent acts.

More fully and dramatically, the pending Guterma and Birrell cases demonstrate the limitations imposed by the statutory pattern on the Commission's effectiveness.

Can Honesty Be Legislated?

The United States experience with regulation over its first quarter century shows that honesty cannot be legislated; and that our legal sanctions and administrative supervision require the addition of the British-type code of voluntary ethics and self-restraint. Let us head for that goal over the years!!

Toronto Bond Traders Elect New Officers

TORONTO, CANADA.—At the Annual Meeting of the Toronto Bond Traders' Association the Board of Governors for the 1959-1960 season was elected. L. M. Wightman, of Isard Robertson & Co.

L. M. Wightman

G. Campbell

J. R. McCloskey

Ltd., the newly elected Chairman of the Board, announced the other members of the Board as follows:

Honorary Chairman: J. S. Proctor, Imperial Bank of Canada.

Honorary Vice Chairmen: L. L. Bell, James Richardson & Sons; D. L. Howes, Harris & Partners, Ltd.

Vice Chairman: G. Campbell, Burns Bros. & Denton Limited.

Secretary: J. G. Carnegie, Wisener, Mackellar & Co. Ltd.

Treasurer: J. R. McCloskey, The Royal Bank of Canada.

Governors: W. T. Copeland, Deacon Findlay Coyne Ltd.; T. T. Malone, Wood, Gundy & Company Ltd.; W. L. Garrett, Nesbitt, Thomson & Co. Ltd.; H. Irving, Dominion Securities Corp. Ltd., and H. B. Boyer, Equitable Securities Canada Ltd.

Ex Officio: J. A. Lascelles, Dominion Securities Corp. Ltd.; D. R. Edwood, Harris & Partners Ltd.

With First Southern

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Charles C. Gibson, Harry H. Peterson and Virgil S. Steele, Jr. have become affiliated with First Southern Corporation, 70 Fairlie Street, N. W., Atlanta, Ga.

White Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—William Zullig is now with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The market for State and Municipal bonds has continued to be active during the past week. New issue volume has been relatively moderate and bidding for these issues has been aggressive and highly competitive. Consequently, new issue pricing has been high as against comparable secondary offerings.

A well balanced market persists, however, with most new issues being very well taken by all types of investors and with the secondary market showing offerings of modest proportions (less than $200 million bonds according to the Blue List). "The Commercial and Financial Chronicle's" high grade State and Municipal Bond Index reflects the firm, steady market at an average yield of 3.50%.

Low Supply Factor

The lack of supply continues as the major factor in the municipal market trend. The general bond market, dominated by the government mart, has been in a far less technically desirable condition for months and has to a large degree been accountable for the extreme bargains obtainable by those investors whose incomes are taxable.

With heavy Federal financing and refinancing a seemingly series of crises for some time ahead, it appears likely that the general market level will maintain tax exempt yields at prices that will continue to attract the broad demand that has obtained for most of 1959. These yields seem generous enough, at present, to moderate the demands of borrowers to the extent that supply will not outrun the general broad demand. As has been pointed out in these columns previously, during 1959 with prices averaging higher than at present, investors have purchased more than 25% more tax exempt bonds than in the like 1958 period.

Municipal Market Flexible

Continued offerings of attractively priced Treasury issues should pose no real problem to the tax exempt market largely because of its inherent flexibility. In periods of market stress the sources of supply quite rapidly reduce new issue offerings. As regards secondary market inventory, dealers, generally, either cut prices or decide to become investors for a period. In the meantime, investors with tax problems sit back and buy the distress items; all to the extent that market imbalance is rarely lengthy when yields are relatively high.

The dollar-quoted State and Municipal revenue bond issues are variously up about one half point during the past week. The Illinois Toll Road issues were particularly active, with gains of about two points. The Indiana Toll Road issue gained over one point. Monthly revenue statements continue to show general improvement in most cases.

Recent Financing

The $25 million Wayne County, Michigan issue sold late last week to the group headed by Northern Trust Company, First National Bank of Chicago and Goldman, Sachs & Company, has been well distributed; about $5 million bonds remain in the account. The $3,700,000 Garden City, Michigan S/D issue bought by the group headed by Braun, Bosworth & Company, Barcus, Kindred & Company and the First of Michigan Corporation early this week has been reoffered at a scale to 4.75%. Oklahoma City, Oklahoma, sold $3,497,000 bonds on Tuesday to the Bankers Trust Company syndicate. The bonds, scaled to a 3.75% basis, were well received on initial offering. Also on Tuesday, Norwalk, Connecticut sold $2,665,000 bonds to the Morgan, Guaranty Trust Company group. The bonds are reoffered on a scale to a 3.55% basis. On Wednesday the Halsey, Stuart & Company group purchased $15,991,000 State of New Hampshire bonds. The issue is scaled to a 3.40% yield. This rare name is usually in demand by high grade bond investors.

Even as the municipal market moves higher, particularly as reflected in new issue bidding on Tuesday and Wednesday of this week, there is no news concerning any large negotiated type loans for near term flotation.

Current Market on Representative Serial Issues

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978–1980	3.90%	3.75%
Connecticut (State)	3¾%	1980–1982	3.55%	3.45%
New Jersey Highway Auth., Gtd.	3%	1978–1980	3.60%	3.45%
New York (State)	3%	1978–1979	3.50%	3.40%
Pennsylvania (State)	3⅜%	1974–1975	3.35%	3.25%
Vermont (State)	3⅛%	1978–1979	3.25%	3.12%
New Housing Auth. (N. Y., N. Y.)	3½%	1977–1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978–1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.70%	3.60%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.80%	3.70%
Chicago, Ill.	3¼%	1977	3.90%	3.75%
Boston, Mass.	3¾%	1977	3.85%	3.75%

October 14, 1959 — Index=3.50%

DOLLAR BOND QUOTES AND RELATED INFORMATION

(Prices and yields are approximate)

Issue—	First Callable Date (as a whole)	Call Price	Offering Price	Net Changes from Prev. Week	Yield to Maturity
Chelan Co., Wash. PUD No. 1 5% 7-1-2013	1-1-1978	100	107½	+½	4.62%
Chicago-O'Hare Airport 4¾% 1-1-1999	1-1-1974	104¾	104¾	+½	4.49%
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	94	(*)	4.30%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	87	(*)	3.92%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	94	+½	4.16%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	71¾	+1¾	5.59%
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	88½	+1½	5.47%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	83	+1	4.47%
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	101½	(*)	4.17%
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	75½	+1¼	4.83%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	90	+½	3.93%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	92½	+1¼	4.43%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	83¼	+¼	5.11%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	81¼	+½	4.35%
Massachusetts Port Authority 4¾% 10-1-1998	10-1-1969	104	101¾	+1	4.65%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	94	(*)	3.71%
New York Power Authority 3.20% 1-1-1995	1-1-1963	103	86	+½	3.93%
New York Power Authority 4.20% 1-1-2006	1-1-1970	103	101	+½	4.14%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	86	+½	3.83%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	87¼	+½	3.94%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	82½	−½	4.05%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	83	+1½	4.40%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	82½	+¾	3.87%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	85	−½	3.76%

(*) Unchanged.

With Gallagher-Roach

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Helen B. Lewis is now connected with Gallagher-Roach and Company, 16 East Broad Street.

With Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Collyer E. McDonald has become affiliated with Foster & Marshall, Southwest Sixth Avenue at Oak Street.

J. C. Bradford Adds

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Joseph F. Trent has been added to the staff of J. C. Bradford & Co., William-Oliver Building. Mr. Trent was previously with Goodbody & Co. in St. Petersburg, Fla.

LARGER ISSUES SCHEDULED FOR SALE

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

October 15 (Thursday)

Chili Water Dist., New York	2,930,000	1960-1989	3:00 p.m.
Minneapolis, Minn.	1,800,000	1960-1964	10:00 a.m.
New York City, N. Y.	18,000,000	1960-1974	Noon

October 16 (Friday)

Everett School District No. 2, Snohomish County, Wash.	1,600,000	1961-1979	3:00 p.m.

October 19 (Monday)

Atlanta, Georgia	2,000,000	1960-1979	Noon
Collier County, Fla.	1,490,000	1962-1981	1:30 p.m.
Montreal, Quebec	20,000,000	1979	Noon

October 20 (Tuesday)

Boardman Local S. D., Ohio	1,890,000	1960-1979	2:00 p.m.
Carbondale, Ill.	1,460,000	1960-1988	7:30 p.m.
Hamilton Common S. D., Mich.	1,250,000	1960-1988	8:00 p.m.
Honolulu, Hawaii	3,400,000	1962-1979	3:00 p.m.
Local Housing Authorities	102,145,000	1960-1999	Noon

October 21 (Wednesday)

California (State of)	7,500,000	1964-1983	10:00 a.m.
Hempstead Union Free School District No. 14, N. Y.	3,080,000	1960-1989	1:00 p.m.
Kentucky State Property and Building Commission, Ky.	1,650,000	1961-1980	1:00 p.m.
Reading School District, Pa.	1,300,000	1961-1989	8:00 p.m.
Salt Lake City S. D., Utah	5,500,000	1961-1971	3:30 p.m.

October 22 (Thursday)

Consumers Public Pwr. Dist., Neb.	2,250,000	1963-1972	10:00 a.m.
Consumers Public Pwr. Dist., Neb.	21,050,000	1972-1992	10:00 a.m.
Dayton, Ohio	2,700,000	1961-1980	Noon
Lake Worth, Fla.	2,100,000	1960-1988	11:00 a.m.
Macomb and Oakland Counties, Bear Creek Drainage, Dist., Mich.	4,255,000	1960-1989	2:00 p.m.
Oakland, Calif.	3,064,000	1960-1984	1:00 p.m.
Plaquemine, La.	1,000,000	--------	--------

October 27 (Tuesday)

Cuyahoga Falls City S. Dist., Ohio	3,350,000	1960-1979	Noon
Glendale Unified S. D., Calif.	3,000,000	1960-1979	9:00 a.m.
Los Angeles County Flood Control District, Calif.	21,150,000	1961-1983	9:00 a.m.
Rowan, N. C.	2,125,000	1961-1977	11:00 a.m.
Warren Consol. School Dist., Mich.	2,450,000	1961-1984	8:00 p.m.

October 28 (Wednesday)

Baltimore County, Md.	20,000,000	--------	--------
Hamilton, Ohio	1,300,000	1961-1985	Noon
Hampton, Virginia	2,500,000	--------	--------
Pennsylvania General State Auth.	25,000,000	1962-1986	Noon
St. Louis County, Mo.	2,100,000	1961-1979	11:00 a.m.

October 29 (Thursday)

Camden School District, N. J.	3,300,000	1960-1982	8:00 p.m.
Florida Development Commission (Polk County), Fla.	9,500,000	1961-1989	11:00 a.m.
Utica Common School Dist., Mich.	2,886,000	1962-1988	8:00 p.m.

November 3 (Tuesday)

Cerritos Junior College Dist., Cal.	1,000,000	1960-1979	9:00 a.m.
Oak Park (City) Royal Oak and Southfield (Twps.) S. D., Mich.	1,900,000	1960-1988	8:00 p.m.
Port of Seattle, Wash.	7,500,000	1961-1979	10:00 a.m.

November 4 (Wednesday)

Port Arthur, Texas	2,950,000	1963-1989	11:00 a.m.

November 9 (Monday)

Enfield, Conn.	2,000,000	--------	--------
St. Joseph School District, Mo.	2,800,000	1965-1980	4:00 p.m.
Santa Barbara High S. D., Calif.	1,000,000	1960-1984	10:00 a.m.

November 18 (Wednesday)

Poughkeepsie, N. Y.	2,296,000	--------	--------

December 1 (Tuesday)

Columbus, Ohio	10,010,000	1962-1986	Noon

Recent World Improvements Have Yet to Be Fully Grasped

By Per Jacobsson,* *Managing Director and Chairman of the Executive Board, International Monetary Fund, Washington, D. C.*

World respected international economist alerts IMF members against allowing developing investment boom from getting out of hand; declares balance of payment problem no longer serves as an excuse for recovered countries to continue present level of trade protection under Art. XIV, and rebuts view that high interest rates arrest economic progress. Noting Fund's principal purpose of stable exchange convertibility is now being realized and the transitional period is closing, Per Jacobsson advises greater emphasis be placed on the general objectives of Art I. He comments on the new situation confronting the Fund created by U. S. A.'s changed world-relationship and the slackening of inflationary pressures. He also discusses: Inadvisability of "tied" financial aid; unsound methods of restoring balance in an over-strained economy; need to coordinate sources providing financial aid; what should be done to solve underdeveloped countries' problems; and the fallacy that credit inflation is needed for economic growth.

The enlargement of the Fund's resources, which was proposed last year in New Delhi, became effective two weeks ago when countries having over 75% of total quotas had consented to the increases in their quotas. As a result of further consents received since then, I am glad to announce that the proportion has now reached the figure of 83.56% of total quotas. The Executive Board has extended the date of consent for increases in individual quotas to July 31, 1960 to permit countries which for constitutional or other reasons had not given their consent before the 15th of September 1959 to do so.

Per Jacobsson

As a result of these steps, the Fund's total resources are being increased from the equivalent of about $9 billion to about $15 billion. Until very recently the Fund's effective liquidity was generally judged by the relation between its holdings of gold and dollars and the possible demands upon its resources. After the improvements in the monetary field in the last few years, which were so signally expressed by the concerted move to external convertibility by so many countries at the end of last year, the effective liquidity of the Fund has been substantially strengthened. While up to the end of 1957 no less than 92% of all drawings from the Fund were made in U. S. dollars, about one quarter of all subsequent drawings have been made in other currencies. With the establishment of external convertibility we may expect this trend toward a wider use of currencies to be strengthened. Indeed, in one recent substantial drawing one half of the amount was drawn in sterling and French francs.

However, the purpose of the increase in the Fund's quotas has not been primarily to provide additional resources for current operations in the short run. There has been no evidence of any immediate shortage of international liquidity; indeed, the recent strengthening of monetary stability may even reduce demands on the Fund in the period immediately ahead. The purpose of the increase was rather to give members confidence that in the Fund they have an effective second line of reserves—particularly in cases of emergency when, in a relatively short period, there may be substantial calls upon the Fund. Let me here recall that in an emergency as acute as the Suez crisis, use of the Fund's resources together with appropriate national financial measures, made it possible to avoid a disruption of the exchange structure without having to resort to any intensification of import restrictions or of other physical controls. The Fund was thus able to fulfill one of the purposes set out in Article I of its Articles of Agreement, namely, to provide member countries "with opportunity to correct maladjustments in their balance of payments without restoring to measures destructive of national of international prosperity."[1] In spite of the crisis in the autumn of 1956, world trade and production continued to expand in 1957.

Internal and External Monetary Confidence

The introduction of external convertibility, to which I have just referred, may be regarded as the consummation of the first stage of a process extending over many years for strengthening the economic and financial position of countries all over the world. The monetary disturbances which were brought about by the Second World War could not be easily overcome; but through increases in national income and the more effective application of flexible fiscal and credit policies, the excessive liquidity which weighed on many economies in the postwar years has gradually been worked off, so that by now the authorities in many countries have got a firm grip on the monetary position. Though the time was undoubtedly ripe, and the circumstances propitious, for a concerted move to convertibility, the decisive steps themselves needed, as always, imagination and courage, and also a readiness to cooperate. The move can now be seen to have been fully justified by the quite remarkable rise in the monetary reserves of most of the countries concerned. In Western Europe, monetary confidence has been increasing conspicuously, not only as regards the external value of the currencies, reflected in the firmness of the exchange quotations, but also in regard to the internal value, for the good and simple reason that neither wholesale prices nor living costs have risen appreciably in most of these countries for a year or two.

The convertibility move has resulted in a greater freedom from exchange regulations, and it is important to remember that this means at the same time a reduction in costs. An interesting concrete example of such a reduction was recently given to me by a Swiss banker. He told me that any loss in profits from the reduced volume of exchange transactions, resulting from a shift of exchange dealings to London, had been more than compensated by the reduced costs of handling other foreign business (transfer of funds, cashing of coupons, etc.), made possible by the steady reduction of paper work involved in exchange controls. In a broader—and much more important—sense, the very fact that business firms can count on stable exchange relations over an increasingly wide field means that less provision on account of exchange risks has to be made in the prices charged for commodities, and in the valuations placed on foreign investments. Wherever monetary uncertainty exists, businessmen are forced to spend a good part of their time in considering exchange questions — time which ought to be spent on their proper business of producing and selling their goods. Restoration of monetary confidence thus results in reduced costs—a reduction which in competitive markets will ultimately be passed on to consumers. In this and in other ways it will contribute to the expansion of world trade and, indeed, facilitate foreign investments. Let us not forget that the virtual stagnation of world trade in the 1930's was undoubtedly aggravated by the monetary uncertainty which was a feature of that decade.

These are market developments, but they will tend to be reinforced by the changes in public policy which should follow from the move to external convertibility.

The European Payments Union, for eight and a half years up to the end of 1958, made a most useful contribution to progress in Europe by assuring prompt payments, and by giving an impetus to the relaxation of trade restrictions. The participating countries extended credits to each other for part of the net payments due to them; consequently, they did not receive in gold or convertible currencies the full value of whatever balance of payments surplus they acquired inside the Union. They were, therefore, not able to apply the full value of surpluses within the Union to meet deficits with other areas; this was of particular importance in relation to the dollar area, and, indeed, was one of the reasons given for the retention of discrimination against dollar goods. But now that, in Europe and elsewhere, exchange receipts are, with relatively few exceptions, obtainable wholly in convertible currencies, this particular difficulty has disappeared.

In matters of international trade, the distinction between "hard" and "soft" currency countries has really become an anachronism. The traditional argument for continued discrimination has thus by and large been eliminated.

There is, however, the further question whether a sudden elimination of discrimination would lead to such an increase in the imports of, say, dollar goods, that balance of payments equilibrium might be impaired. Fears of that kind are not really borne out by the experience of those European countries which have substantially reduced the degree of discrimination. But even suppose that there would be a certain temporary increase in imports, it might well be asked whether such an increase could not be sustained by countries whose reserves in gold and convertible currencies are steadily increasing. And even for other countries, once their exchange receipts are largely in convertible currencies, the extension to their importers of the right to buy in the cheapest market can hardly be said to be likely to impair their balance of payments. The essence of the problem of the remaining discriminatory restrictions, which have modified the pattern of trade, is that they are now more clearly seen to be protectionist devices; and it is likely that for this reason there will be resistance to their removal. They thus become a problem of commercial policy, and are no longer to be considered a balance of payments problem. The general trend of commercial policy has certainly a monetary significance; the maintenance of discrimination, moreover, undoubtedly acts as a strong irritant, liable to bedevil commercial relations; it may provoke a resurgence of protectionist sentiment, especially when the business trend turns downwards; and if such possibilities are not guarded against, the result might well be a dangerous disruption of trade relations in general. The time has clearly come when, for many reasons, the practice of discrimination should be abandoned with the least possible delay. It is my personal conviction that for the vast majority of countries there are no longer any balance of payments reasons for the maintenance of discrimination.

So far I have referred to the particular problem of discrimination. With regard to the general level of restrictions, whether discriminatory or not, the Fund has certain duties in relation to the Contracting Parties to the G.A.T.T. The Fund has already had occasion to conclude that restrictions maintained by a member country were not justified on balance of payments grounds. In view of such a finding the Contracting Parties have in turn applied their procedures in dealing with the quantitative restrictions maintained by the individual country concerned. The Fund has a role in making findings concerning these matters whether or not the country in question remains under the regime of Article XIV of the Fun Agreement.

Fund's Purpose Finally Being Realized

This leads me to say a few words about another important question, namely, the problem arising in connection with the move of countries from the status of Article XIV to that of Article VIII. When the Fund was set up, it was felt that a transitional period would be needed before the member countries gravely affected by the war would be able to implement the full obligations under the Fund Agreement. To that end the "transitional arrangements" under Article XIV were designed to give these member countries time to overcome their balance of payments difficulties before they were required to eliminate their existing exchange restrictions. Under this Article, many member countries have been free from any obligation to obtain the approval of the

Continued on page 30

Dealer-Broker Investment Recommendations and Literature

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

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

Atomic Letter No. 51—Discussion of economic utilization of Russian nuclear powered ice braker, and other comments on recent nuclear developments—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, Washington 7, D. C.

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

Canadian Business Recovery—Review—Bank of Nova Scotia, Toronto, Canada.

Canadian Mining Stocks — Outline of most active issues—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Canada.

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

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

Mutual Funds—Monthly tabulation reporting figures on funds having net assets of $1 million or more—Kalb, Voorhis & Co., Woodward Building, Washington 5, D. C.

New York City Banks—Review at the third quarter—A. M. Kidder, & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a bulletin on **Tax Switching Candidates.**

New York City Banks—Quarterly comparison—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York City Banks—Comparative figures of 10 largest banks —Bankers Trust Co., 16 Wall Street, New York 15, N. Y.

Odd Lot Purchases—Discussion in October issue of the "Exchange"—Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20c per copy, $1.50 per year. Also in the same issue are articles on "Baby Boom Boosts Business." Listed companies with highest expenditures for national advertising, and data on **Ryan Aeronautical Company,** and **Varian Associates.**

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.

Over-the-Counter Issues—Review of 20 stocks—George, O'Neill & Co., Inc., 30 Broad Street, New York 4, N. Y.

Public Utility Common Stocks — Comparative figures — G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Puerto Rico Financial Facts—Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Retail Sales—Report—Bache & Co., 36 Wall Street, New York 5, N. Y.

Retail Trade—Survey—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Science and Securities—Quarterly magazine featuring communications, fuel cells, nucleonics, rare metals, chemical and drug fields — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Textile Stocks — Comparative figures — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **General Controls Company.**

* * *

Aldens Inc.—Analysis—Grimm & Co., 2 Broadway, New York 4, N. Y.

American Express Co. — Memorandum — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **American Aggregates Corp.**

Basic Products Corp.—Memorandum—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Bayer and the German Chemical Industry — Study — Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

Boston Herald Traveler—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are data on **Continental Steel, Universal-Cyclops,** and **Clevite.**

Budd Company—Analysis—Shaskan & Company, 40 Exchange Place, New York 5, N. Y.

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

Carlon Products Corp.—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a memorandum on **Consolidated Foods Corp.**

Cincinnati Gas & Electric Co.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y. Also available is a memorandum on **Commonwealth Edison Corp.**

Consolidated Mining and Smelting Company of Canada Ltd. —Review—James Richardson & Sons, 14 Wall Street, New York 5, N. Y.

Continental Insurance Company — Analysis — Schweickart & Co., 29 Broadway, New York 6, N. Y. Also available is a memorandum on **Colgate Palmolive** and a report on **Owens Yacht Company.**

Coral Ridge Properties, Inc.—Analysis—Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Cutler-Hammer Inc.—Analysis—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are data on **McLouth Steel Corp.** and **Moore Corp. Limited.**

Fansteel Metallurgical Corp.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **American Optical.**

Fisher Governor Company—Data—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also in the same circular are data on **Ceco Steel Products Corporation.**

Fruehauf Trailer Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Harsco Corp.—Review—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

Howell Electric Motors Company—Analysis—B. W. Pizzini & Co., 25 Broad Street, New York 4, N. Y.

Interprovincial Pipe Line Company—Analysis—Doherty Roadhouse & Co., 335 Bay Street, Toronto, Canada.

Lockheed Aircraft Corporation—Report—In current "ABC Investment Letter" — Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. Also in the same letter are data on **General Public Utilities Corp., Plough, Inc., Duffy-Mott Co., Inc.** and **AMP Incorporated.**

Nortex Oil & Gas Corp.—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Packaging Corp. of America—Memorandum—Blyth & Co., Inc., 14 Wall Stret, New York 5, N. Y.

Pauley Petroleum—Report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Petroleum Corporation of America — Analysis — Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

William H. Rorer, Inc.—Analysis—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Strong Cobb Arner Inc.—Analysis—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

Technology Instrument Corporation—Analysis—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Ursuline Society and Academy of Education—Circular—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Warner & Swasey Company—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Warren Brothers Company—Card memorandum—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Winn-Dixie Stores, Inc.—Annual Report—Winn-Dixie Stores, Inc., Jacksonville, Fla.

Coming Events

IN INVESTMENT FIELD

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

Oct. 16, 1959 (New York City)
Corporation Bond Traders of New York annual dinner at the Roosevelt 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.

Oct. 30-31, 1959 (St. Louis, Mo.)
National Association of Investment Clubs annual convention at the Sheraton Jefferson Hotel.

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

Nov. 18, 1959 (Minneapolis, Minn.)
Twin City Investment Women's Club dinner and meeting at the Can Can Room, Hotel Dyckman.

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.

April 8, 1960 (New York City)
New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

Joins D'Orazi

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Stanley A. Kalas has joined the staff of D'Orazi Investment Company, 9 Sutter Street.

Andersen, Randolph Open Branch Office

PORTLAND, Oreg. — Andersen, Randolph & Co. has opened a branch office at 1026 Northeast Multnomah under the management of Gilbert Auld.

Joins Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Douglas W. Barrymore has become connected with Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard.

Bateman, Eichler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Patrick W. Sullivan has become affiliated with Bateman, Eichler & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange.

About Certain Uninflated Natural Gas Equities

By Dr. IRA U. COBLEIGH
Enterprise Economist

A consideration of four natural gas companies, which because of gas reserves, territory served or diversity of operations, present interesting investment values.

The unenthusiasm for oil stocks in the markets of recent months stems not only from the present world-wide over-supply of crude, but on the North American Continent, from the aggressive inroads of what was once petroleum's stepchild — natural gas. In the early gusher days of Texas, when there was no limit on either production or sale of crude, natural gas was ignored, and billions of cubic feet blew off into the air in a massive waste of natural resources. Slowly it dawned on engineers that this energy source could be valuable if harnessed. So first the gas was piped for use in communities within a few miles of the wells; then to heat steam boilers for electric power generation; and in the Thirties to enter pipelines and silently flow hundreds and later thousands of miles to cook the food and heat the homes of millions of people in remote metropolises. The first long pipeline (900 miles) was built from Texas to Chicago in the 1930's, and today natural gas is invisibly supplied in quantity to 45 states. Not to be outdone, Canada is completing a long pipeline bringing West Canadian gas East to Toronto and Quebec (Trans-Canada Pipeline), and sparking a dynamic upsurge of industrial expansion in the communities along the way. And finally, unrelated to its usefulness as a fuel or source of energy, natural gas has become the basic element for our huge new billion dollar petrochemical industry.

Ira U. Cobleigh

So while we are here to pay no disrespect to the huge global oil industry, we do think it proper to salute the progress and achievements of its kinsman, the natural gas industry, which has, in its own right, generated a tremendous amount of forward motion in the American economy with its 200,000 mile network of pipelines from Florida to Oregon.

If the industry is not today growing as rapidly as it was in the Thirties and Forties, it is partly because of the still unclear status of gas in interstate commerce. Certain large companies with huge gas reserves such as Humble Oil and Phillips Petroleum have not been eager to contract for extensive gas sales if such contracts would bring their companies into public service-type regulation and control. The argument here is clear cut enough. Coal, oil, kerosene, gasoline, the other major (and competing) energy sources are not government price-regulated — so why in the world should natural gas be? We do not propose to get into an argument here on the question; but we do look back wistfully to the day when the President vetoed a Natural Gas Bill that might otherwise have become law, except for a couple of thousand dollars that apparently changed hands under unfortunate circumstances. So we still have the specter of price control, based on a Supreme Court ruling of June, 1954, and the most practical and least troublesome gas sales contracts are those of an intrastate variety.

But enough of these historical and legal musings. Let us proceed to the business of the day—some appraisal of the investment merits of an assortment of gas equities.

The first one we would like to talk about is **Republic Natural Gas Company.** Republic is a moderate-sized producer of both natural gas and crude oil. Crude oil production of about 7,900 barrels a day is supplemented with natural gas production averaging around 146 MCF per day. Principal producing properties are located in Oklahoma and Kansas; and gas reserves are presently estimated at over 2½ trillion cubic feet. Major gas sales, under long term contracts, are to Northern Natural Gas (which purchased about 48% of Republic's production in 1958) and to Cities Service Gas Company (taking 32% of 1958 production). Subject to review by Federal Power Commission, Republic's average selling price for gas has risen from about 11c per MCF for the last 6 months of 1958 to about 14½c this year.

The attractiveness of Republic Natural Gas common at the moment is based on (1) steady rise in product sale prices; (2) low valuation of gas reserves reflected in market price of stock; (3) indication of substantial additional reserves that may be developed on present controlled acreage; (4) stock sells about 9 times indicated cash flow. There are 2,997,613 shares of Republic common outstanding, quoted over-the-counter at 26 with a 60c dividend.

A completely integrated company and one long favored by investors is **American Natural Gas Company.** It has paid continuous dividends since 1904. American Natural Gas owns two major distributing companies: (1) Michigan Consolidated Gas Co., which provides (principally) natural gas to the Detroit Area with a population of about 2,900,000, and (2) Milwaukee Gas Light Co. serving Milwaukee and its suburban area, a total population of about 900,000. To transport and provide all the gas needed for these metropolitan areas, ANG owns two subsidiaries which, together, operate a natural gas pipeline transmission system of over 3,300 miles bringing gas from the Louisiana Gulf and the Texas Panhandle to the Great Lakes. The company also has some huge underground gas storage facilities in Michigan.

In the past 10 year period, earnings of ANG have been in a steady rising trend and, this year, are expected to reach an all-time high of $4.25 per share. This is plenty of coverage for the present $2.60 dividend. The stock which has sold as high as 73¼ this year does not appear over-priced at present level of 56½.

The **Columbia Gas System Inc.** is one of the nation's leading gas wholesalers and retailer serving, altogether, areas with a population totaling 12,500,000. Direct retail service is supplied to 1,450,000 customers in 1,300 cities, and wholesale service to 1,850,000 customers in 500 cities, including Toledo, Cincinnati, Dayton and Columbus, Ohio, Harrisburg and part of Pittsburgh, Pa., Washington, D. C., Baltimore, Md., Richmond, Va. and Binghampton, N. Y. A pipeline system of about 1,700 total miles gathers and delivers natural gas from the Southwest to the service areas. The company further buys over 50% of its gas requirements from Texas Eastern, and Tennessee Gas Transmission Co.

Because Columbia Gas serves in so many states, and both at wholesale and retail, it has a rather complicated Regulation of Rates; by Federal Power Commission on the wholesale business; by public service commission in several states; and by municipalities in Ohio.

For 1959, indicated per share net of CG is about $1.35. There are 28,784,905 common shares listed on NYSE preceded by $550 million in funded debt. The stock is not a volatile mover in the market, but is favored for steady income. At 21 with a $1 dividend the yield is 4.75%.

Another investment grade stock selling around the 20 level is **Laclede Gas Co.,** supplying natural gas to a broad area with a population of 1,500,000 in and around the City of St. Louis, Mo. Over 70% of the business done is residential in character. While Laclede has extensive underground gas storage facilities near St. Louis, it does not transport its own gas, but purchases its requirements under long term contracts with Mississippi River Fuel Co.

Laclede common sells at 20 with a 90c dividend. It has paid dividends steadily since 1946, and has about 16,200 shareholders.

There are several more gas securities we would have like to talk about, had space permitted—such as **Hugoton,** a big producing company with a bright future, **Peoples Gas of Chicago,** a splendid balanced company; and **El Paso Natural Gas,** a fabulous system extending from the Gulf to the Northwest. In any event, securities of the natural gas industry deserve your inspection. From 1946 through 1958 natural gas production increased at the rate of 7.9% per year. In 1945, natural gas provided for 12.6% of our domestic energy consumption. It now accounts for over 27%, and gas consumption is expected to grow at the rate of about 5% a year in the 1960 decade. All of which indicates that gas is a growth industry.

Two With H. O. Peet

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Beula I. Edmunds and Francis C. Followell have become affiliated with H. O. Peet & Co., 23 West 10th Street, members of the New York and Midwest Stock Exchanges. Miss Edmunds was formerly with A. E. Weltner & Co. for many years.

Hess, Grant & Remington Formed

PHILADELPHIA, Pa.—Announcement is made of the change in name of Grant & Co., Inc. to Hess, Grant & Remington, Inc. to carry on a general investment securities business, effective Oct. 19, 1959. The firm will have memberships on the New York Stock

Arleigh P. Hess

Freeman G. Grant

Clifford G. Remington

Exchange, Philadelphia-Baltimore Stock Exchange and an associate membership on the American Stock Exchange. Hess, Grant & Remington, Inc. will have offices on the 28th floor of the Fidelity-Philadelphia Trust Building.

Officers of Hess, Grant & Remington, Inc. are: Arleigh P. Hess, Chairman of the Board; Freeman G. Grant, President; Clifford G. Remington, Vice-President and Secretary, and William M. Hess, Vice-President and Treasurer.

The following were named Vice-Presidents of the firm: James A. Grant, Mrs. Helena J. S. Harden, Charles F. Case and Irvin Holden. Gilbert B. Thomas was named Assistant Treasurer and Cashier.

Arleigh P. Hess has been active in the investment securities business since 1901 and was formerly Chairman of the Board of Woodcock, Hess, Moyer & Co., Inc. Freeman G. Grant, formerly President of Grant & Co., has been in the investment securities business for the past 30 years. He has been specializing in municipal and authority securities since 1950. Clifford G. Remington has been active in the investment securities business since 1949 following graduation from Drexel Institute. He is Manager of the Trading Department of Hess, Grant & Remington, Inc. Mr. Remington is a National Delegate to the National Securities Traders Association.

William M. Hess has been identified with the securities business for the past 12 years except for a period of service in the U. S. Navy, ending in June 1953. He is a director of G-L Electronics Co., Camden, N. J. and Boonshaft & Fuchs, manufacturers of feed-back control systems, Huntingdon Valley, Pa. He is a member of the Financial Analysts of Philadelphia, Investment Traders Association and the Philadelphia Securities Association.

James A. Grant was formerly associated with Grant & Co. which had offices in the Philadelphia National Bank Building. Mrs. Helena J. S. Harden, Charles F. Case, Irvin Holden and Gilbert B. Thomas were formally associated with Woodcock, Hess, Moyer & Co., Inc.

Also joining Hess, Grant & Remington, Inc. are: Arthur L. Batten, Richard Church, T. J. Holland, Stanley Lippincott, J. Madison Miller and Herman Weiner, all formerly with Woodcock, Hess, Moyer & Co., Inc. William Scott, formerly of F. P. Ristine & Co., has also joined the firm.

Christopher & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Ruth L. Mitchell is now affiliated with B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange. She was previously with Bache & Co.

Two With Hayden, Miller

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Edward S. Babcox, Jr. and Herbert Rusk have become connected with Hayden, Miller & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Enhancing the Liquidity Of Mortgage Loans

By Deane C. Davis,* *President, National Life Insurance Company, Montpelier, Vt.*

Insurance head would further enhance liquidity of mortgage loans by requiring greater uniformity and modernized state laws resulting in their marketability in the general investment market. Moreover, Mr. Davis stresses the over-all need for more uniformity in investment authority for life insurance companies is likely to grow increasingly acute in the decade ahead in view of the growth of new firms. Mr. Davis cites favorable financing results achieved under today's lending pattern; offers several reasons for high regard held for mortgages; refers to scale of nation-wide insurance in the investment market; and calls upon the mortgage bankers to solve a principal remaining obstacle to marketability—foreclosures. He outlines how more uniformity in foreclosure can be attained—if started now—in due time.

No segment of the financial community in the United States has played a more significant part in the financing of real estate of all types during the past century than the nation's life insurance companies.

Deane C. Davis

This statement can be made without equivocation and with greatest pride by those of us privileged to be associated with this important industry, which supplies life insurance protection to the American people and at the same time affords one of the largest pools of capital available to borrowers and other users of capital funds. With equal pride, it can be said that no other category of savings institutions has as large and as steady an annual accretion of funds available for investment throughout the entire country as the life insurance industry. Furthermore, no similar group of institutional lenders can claim so varied a portfolio over so great an area.

The assets of the life insurance companies in the United States at the end of 1958 totaled in excess of $107 billion, reflecting the savings of approximately 124 million policyholders who seek to provide security for their beneficiaries and themselves by means of life insurance and annuities. This total was an increase of $6 billion over one year earlier.

Mortgage Holdings

Almost 35%, or $37.097 billion, of the assets of life insurance companies were invested in mortgages of all types at the end of the year, and these investments represented 21.66% of the $171.3 billion of mortgage debt outstanding.

In 1945, at the end of World War II, life insurance companies held $6.636 billion, or 14.81% of their assets, in mortgages which at that time represented 18.69% of the total mortgage debt outstanding. The six-fold increase in mortgage holdings of life insurance companies during the past 15 years clearly indicates the important part which life insurance companies have played in the mortgage market since World War II, and particularly the important part which they have played in providing better housing for the American people.

While life insurance companies invest in all types of mortgages, their importance as an industry is probably greatest as lenders on commercial properties. Of the $37.097 billion of mortgage loans owned by the companies at the end of last December, approximately one-fifth was invested in FHA Loans, another one-fifth in VA loans, one fifteenth in farm loans, and slightly more than one-half in all other types of loans. While this latter category, of course, included uninsured residential loans, the greater portion consisted of commercial and industrial properties, office buildings and apartment houses. It is well recognized that the financing of a large portion of commercial and industrial properties has been, and is, dependent upon the funds of life insurance companies.

The National Life Insurance Company, now in its 110th year, long has been active in the mortgage field. Not only have we been substantial buyers of mortgages, but our Board of Directors has authorized one of the highest proportions of assets in mortgage loans of all the life insurance companies in the country. At the end of June, our mortgage loan portfolio totaled $406,510,000, which represents 58.7% of the Company's assets, to say nothing of the additional 5.96% invested in so-called leasebacks.

National Life takes great pride in the fact that it was one of the earliest, if not the first, of the national lenders to make FHA loans, and we are particularly proud that for a number of years our portfolio contained the first FHA loan on which insurance had been completed—a loan acquired by assignment from a bank in New Jersey. National Life Insurance Company was the first lender to enter the market for the making of GI loans on a nation-wide basis. The extent of our interest in mortgage activities can best be indicated by the fact that in some years we have invested as much as 85% of our available funds in mortgages.

Refers to Favorable Experience

Because of our long experience in FHA and VA loans, now approximately 24 years, a few brief figures relative to this experience may be of interest. Since the Company began buying FHA loans in 1935, we have purchased 69,793 loans in the amount of $533,136,000, and on June 30 owned 26,092 FHA loans with balances of $200,748,000. Of these 69,793 loans, we have completed foreclosure on or assigned to the FHA 301 at a loss of $69,169. Expressed as percentages, this means that forty-three hundredths of one percent of our loans were foreclosed. Measured from a dollar point of view, the percentage is thirteen thousandths of one percent. Purchases of GI loans since 1946 aggregate 33,525 loans in the amount of $237,560,000. We have completed foreclosure on 609 loans involving $3,457,047, with losses aggregating $130.07, which consist entirely of bills received after the cases had been closed with the VA.

Of course, a skeptic may argue, and with some justification, that the very favorable experience with mortgage loans during the past 25 years has been due to inflationary trends within the United States economy, and we must concede some validity to this argument. However, it is my firm belief that changes in the pattern of lending have been more responsible for this favorable experience than inflationary trends.

The pattern of home mortgage lending today is almost identical to the pattern of financing which has been utilized so successfully for many years in the financing of consumer durables. That pattern is essentially as follows:

(1) provision for complete liquidation of the loan;

(2) provision for a monthly debt payment covering all of the borrower's loan charges;

(3) provision that loan payments shall be consistent with the credit capacity of the borrower; and

(4) provision that the lender possess the capacity to take prompt remedial steps in the event of delinquency.

With this pattern of financing, it is not surprising, that the experience with monthly-payment residential loans is even better than the favorable, experience with the financing of consumer durables.

Why Mortgages Are Highly Regarded

In addition to the favorable results previously cited, we have additional reasons for our high regard for mortgages, particularly home mortgages. First, we are particularly anxious to make sure that the funds entrusted to us by our policyholders are utilized for commendable social and economic purposes.

Second, mortgages have been attractive to us because they have provided a favorable return. National Life Insurance Co. has consistently been one of the low net cost companies in the industry. While favorable mortality experience and the expense control characteristic of Vermont Yankees contribute materially to a low net cost position, the company could not have achieved its present favorable low cost position without the heavy reliance it has placed upon mortgages as an investment outlet, and the attractive yield it has experienced on mortgages in recent years.

Third, in addition to the inherent safety of the VA and FHA mortgages supported by the credit of the United States Government, the monthly-payment uninsured mortgage is a singularly safe investment.

Fourth, the liquidity provided by a mortgage loan portfolio is an important factor, the significance of which is oftentimes not fully appreciated. During the past ten years as money rates have tightened, our mortgage loan portfolio, through regular amortization and prepayments, has provided many more dollars for reinvestment at higher yields than any other company asset. Also, because of the short average life of our mortgage portfolio, we have not had to worry about market depreciation on our mortgage loans—certainly not to the extent that depreciation has occurred in the long-term, low-yield bonds purchased during the easy money period during and immediately following World War II.

Life insurance companies were the first major investors to make "long distance loans," and many years ago became the first to use the correspondent system on an extensive scale in acquiring and servicing mortgage loan investments. So much time has passed since this development occurred, and so many other types of institutions currently avail themselves of the valuable services provided by correspondents, that the part which life insurance companies played in this development is frequently forgotten. The expansion of the correspondent system and the rise of mortgage banking on a truly national scale can be attributed largely to life insurance companies. No other type of investor can point to such a long record of use of the mortgage correspondent system, and no other type of financial institution is so deeply indebted to the mortgage bankers as the life insurance industry.

The National Life Insurance Co. takes pride in the fact that throughout its entire history it has been a correspondent company, and at the present time it has no plans for becoming anything other than a correspondent company. It is true that we maintain six investment branch offices, but these offices have as their main function the maintenance of contacts with correspondents in their respective areas in an effort to improve the service provided by the Home Office to loan correspondents. We are proud of the company's correspondents, many of whom have served the company for more than a quarter of a century, and a few for even half a century, and we are deeply appreciative of the very important role which they play in our mortgage investment program.

Nationwide Sales Organization

Life insurance companies have nation-wide sales organizations and, generally speaking, endeavor to have their funds invested to some extent in the sales areas in the belief that the policyholders' funds should return to the areas from which they come, other things remaining the same. At the same time, the responsibility of the administrators of life insurance companies to their policyholders and beneficiaries is such that they must invest their funds where the highest return compatible with safety can be obtained.

Just as life insurance companies can buy mortgages on a large scale, likewise they can put their funds to work in other fields, such as bonds and other securities. Life insurance funds will always be available to mortgage applicants so long as mortgage loans are as attractive income-wise as other alternative and competitive investments. On the other hand, when, as and if mortgages become less attractive than other types of investments, it can only be expected that funds will flow to those fields and to those parts of the country where the investment returns are most attractive.

We frequently hear people who are interested in providing housing under some kind of Government sponsorship advocate that low interest rates should be made available either by lenders or by governmental agencies. Their desire to assure the flow of funds to the enterprises which they advocate is readily understandable, but the simple economic facts of life dictate that if they wish to make certain that their projects obtain funds, then they should not endeavor to restrain or control interest rates, but provide complete freedom of movement for interest rates, so that their projects can enter the capital market and compete effectively with other seekers of capital.

Changes in Mortgage Lending

The long history of life insurance mortgage lending throughout a century of development of the United States has seen a great many changes taking place in the pattern of mortgage loans made available to borrowers. The FHA loan, with its inauguration in 1934, helped to make immediately popular the monthly-payment, fully-amortized loan which, without doubt, represents one of the outstanding developments in the pattern of mortgage lending of the past century. Other changes and improvements in the pattern of mortgage lending also have been of importance, such as the packaged mortgage and the open-end mortgage; and all of these changes have served better to adapt mortgage loans to the needs and capacity of the borrowers, with the likelihood of an increasingly favorable experience for mortgage lenders. Many improvements have taken place in the methods of servicing loans, and with the advent of office automation, further extensive changes in method in the years ahead become virtually assured.

Changes in mortgage lending thus far have been designed essentially to make loans better fitted to the needs of borrowers and to make their handling easier for investors. Despite the impressive progress made to date, much more remains to be done—all of which could greatly improve the position which mortgage loans will occupy in the investment market.

Improving Their Marketability

Earlier it was mentioned that mortgages, because of their prepayment schedules and anticipated prepayments, possess more liquidity than formerly was the case. This liquidity could be immeasurably enhanced by improvement in the marketability of mortgage loans. Diversity of state laws relating to the investment authority of financial institutions materially affects marketability. While I am not familiar with the situation relative to the investment authority of other financial institutions, it is true that substantial differences do exist among the states in the types of investment which are legal for life insurance companies.

For example, the statutes of Vermont provide that under certain conditions 80% home mortgage loans may be made. Practically all states have a statutory limit less than that, and in the majority of states the limit is 66⅔%. Hence, life insurance companies domiciled in Vermont cannot sell a mortgage loan to a company domiciled in another state unless the loan meets the standards of the other state, even though the mortgage was a legal investment when made.

Moreover, the laws of over half the states contain language, in one form or another, attempting to give extra-territorial effect to their local investment laws relating to life insurance companies. This, where enforced, would be accomplished by denying a license to out-of-state companies not conforming to that state's own investment laws.

In the past this situation has not caused the life insurance companies great difficulty. The reason it has not is because of the existence in a number of states, including some of the leading states, of what is called the Doctrine of Substantial Compliance. Simply stated, this is a rule of interpretation which means that a company domiciled in the Green Mountain State, for example, is held to be in compliance with the laws of other states, even though the latter's laws differ somewhat from the laws of Vermont, if the investments of the Vermont company reasonably approximate the regulatory investment requirements of the other states.

So long as the Doctrine of Substantial Compliance is reasonably interpreted and applied, a company is likely to encounter little or no difficulty. But the moment a state abandons this doctrine and insists upon literal compliance with the laws of that state, then those particular statutes become the basis not only of life insurance investment in that state but at the same time would be the basis for all companies admitted in that state so far as their investments in other states are concerned. For example, recently the State of New York substantially modified and restricted the Doctrine of Substantial Compliance. This was an event of more than passing significance because of the place of leadership in insurance regulation which New York has held for so many years and the resulting influence on the regulatory philosophies of other states.

During recent years there has been a willingness on the part of investors to make higher-ratio loans without FHA insurance or VA guaranties. The extent to which this is advisable will be fully demonstrated only by the experience of the future. Nevertheless, past experience on insured and guaranteed mortgages has been sufficient to suggest the probability that the changed pattern of mortgage loans affords a substantial basis for expecting a reasonably favorable experience with some types of loans somewhat in excess of 66⅔% of the appraised value without insurance. However, so long as there are restrictions of the kind previously referred to, it is difficult to believe that much progress can be made in this direction. Other illustrations could be given.

Need for More Uniform Investment Authority

The need for more uniformity in investment authority for life insurance companies is likely to grow increasingly more acute during the next decade. During the last ten years there has been a tremendous increase in the formation of new life insurance companies. Ten years ago there were 580 legal reserve life insurance companies in this country, today there are 1,375. Thus, more than half of all life insurance companies now doing business in the United States were organized in the last ten years. The great majority of these recently-formed companies are not admitted to the State of New York and, hence, are not subject to the investment requirements of that state. While for the present a high percentage of life insurance assets (approximately 80%) is held by companies that are either domiciled or admitted to do business in the State of New York and, therefore, subject to the law of New York, these newly-formed companies will grow in assets and become an increasing factor in the investment field and the problem I have referred to will become increasingly more acute.

The job of promoting more uniformity in investment authority is properly the job of the life insurance companies themselves, aided, as I am sure they will be, by the National Association of Insurance Commissioners of the 50 states and the District of Columbia together

Continued on page 24

Western Canada Is the Future Major Natural Gas Source

By Carl O. Nickle, Publisher of the "Daily Oil Bulletin," Co-Editor of "Oil in Canada," Calgary, Canada, and Governor of the Canadian Petroleum Association*

Canadian oil-gas authority notes barriers to common-sense use of Western Canada's tremendous gas resource here in our own country, and in his country, are tumbling down. He confidently predicts tripling of exports to U. S. A. markets and even more to Canadian markets within the next three years. Equally confident, Mr. Nickle envisions accelerated gas reserve growth, more market expansion, new industrial might, and fueling homes in widespread sections of North America. The writer details Canada's proved and potential gas resources, pipelines built and projected, and names the Canadian and American firms involved.

Over the past dozen years some $5 billion have been poured into exploration, development and facilities for transport and use of crude oil, natural gas and by-products resources in Western Canada—a region possessing some 600,000 square miles of sedimentary basins. From the effort and risk taking of a host of corporations—Canadian, American and European—there has been built Canada's largest mineral industry in terms of size, investment and employment. There has emerged clear evidence of an oil and gas potential in Western Canada far bigger than that of today, that can and should become an ever more important factor in North American energy supplies for the future.

Carl O. Nickle

My purpose is to tell something of the natural gas phase of that industry, with particular emphasis on its potential, and outlook for broader use of Western Canadian gas over the next few years in major consuming areas of North America.

The oil phase of Canada's industry—which was relatively free to grow on an economic pattern in North America until the current world-wide oil surplus developed in 1957—has a remarkable record. In a dozen years proved reserves have grown from 100 to 3,600 million barrels, despite production of over one billion barrels. Productive potential has grown from 20,000 to over 1,000,000 barrels daily, with current markets however taking only half of potential. Starting in 1949 a great network of 8,000 miles of pipelines has been built to link Western Canadian oilfields with domestic and American refineries from the Pacific Ocean to the Great Lakes-St. Lawrence River region in the East.

Explains What Held the Gas Phase Up

The gas phase has been much slower in developing, despite the fact the first major gas pipeline system for export from Alberta fields was proposed over a decade ago, before the first big oil line was conceived. A primary cause was that gas, unfortunately, became a political football—first in Alberta, the principal gas province, then in Ottawa, the national capital, where lies jurisdiction over interprovincial and international trade.

There were years of debate over whether Alberta had sufficient gas resources to justify export, whether Canada as a whole could permit gas export beyond the nation, and whether economic considerations or national boundaries should be the prime consideration in pipeline routes and markets. During t e same years, other delays were caused and other emotions stirred by lengthy arguments before Washington's Federal Power Commission and elsewhere in the United States over proposals to import gas from Canada, and the question of committing U. S. markets to supplies under foreign control, no matter how friendly the nation or economic the project.

Fortunately, for both our countries, the barriers to common-sense use of Western Canadian gas in North America are tumbling down. During the past two years the first two major gas pipelines commenced operation, one serving the West Coast including the U. S. Pacific Northwest, the other serving eastern Canada. Three projects involving large sales to American markets are now seeking approvals.

Predicts Gas in Large Volume

In Canada, in fact, the real question is no longer whether the gas provinces and the nation dare risk putting more of the gas resources to use. That has been resolved by the rapid growth of proved gas reserves, and the new knowledge of extent of reserves still to be discovered. The question now is simply how fast appropriate government authorities on both sides of the border can process and approve applications, and the projects can be financed and started. My guess is that there is a prospect of the next major construction starting in mid-1960, though odds now tend to favor a 1961 start.

I am confident that, by the end of 1961, more Canadian gas will be moving into the U. S. Northwest, and will start moving into the U. S. Midwest. Before the end of 1962 Canadian gas should be moving in large volume into Northern California.

To some of the many who, like myself, have followed for years the frustrations of Canada's gas industry, that confidence might seem overly optimistic. However, the confidence is based upon such factors as: growing public and government support in Canada for broader use of shut-in gas resources; the favorable attitude towards greater gas usage by Canada's Royal Commission on Energy, and the Alberta Oil & Gas Conservation Board; the appointment of Ian McKinnon, the gas-wise long-time head of Alberta's Conservation Board, as Chairman of Canada's National Energy Board, newly organized equivalent of the U. S. FPC, and the beginning of closer liaison and exchange of views and information on gas between the governments and regulatory authorities of our two countries.

While transborder development of gas marketing is likely always to be more complicated than is the case in both our countries in purely domestic marketing, by political and technical considerations affecting the interests of producers, distributors and consumers, I believe common sense and mutuality of interests will comparatively quickly resolve the projects now pending.

Canada's Proved and Potential Gas Resources

Some 18 months ago the Canadian Government established a Royal Commission on Energy, headed by Henry Borden, to study among other things, the energy resources of the nation. The Commission's First Report issued last October, dealt with Natural Gas.

After reviewing the forecasts of requirements for Canadian markets over the next 30 years, and weighing these against record of discoveries of new reserves in Western Canada and the probable future reserve growth, the Borden Commission reached the following conclusion:

"It is our judgment that the entry of Canadian natural gas into available United States markets, on a moderate scale, is a highly desirable step. In recent years very large investments have been made by the natural gas industry in Canada covering not only exploration and development, but also processing plants, pipe lines and distribution facilities. With reasonable access to United States markets, expectations of earnings in the industry would be raised to a level which would encourage further sound development."

The Borden Commission, after weighing the evidence submitted by industry and government sources, declared: "The evidence suggests that it is reasonable to anticipate under favorable economic conditions, an ultimate discovery of some 300 trillion cubic feet of natural gas in the Western Canadian sedimentary basin."

The magnitude of this prospective reserve is apparent. It is twice the volume of gas consumed in the entire United States the past 40 years, and 100 times the volume consumed in Canada during the same period. The presently established reserves exceed 30 trillion cubic feet, only about one-tenth of the forecast ultimate total. New reserves added this year are expected to exceed three trillion cubic feet, about eight times Western Canada's production.

The Province of Alberta, possessing about 200,000 square miles of geologically favorable gas and oil territory, is the most important Canadian gas source, in terms of known reserves, potential, and geographical location to both Canadian and American markets. All three of the export projects now pending would draw supplies from this province, mostly from the Foothills region of the Rocky Mountains on the west side of Alberta. The existing pipeline system to eastern Canada now draws on reserves in the southern Plains and Foothills of Alberta.

Alberta's ultimate gas reserves are forecast by the Canadian Petroleum Association at 150 trillion cubic feet, half of Western Canada's total potential. British-American Oil Company rates the ultimate reserves at 195 trillion, while Alberta's Oil & Gas Conservation Board is far more conservative, with a forecast of 60 to 85 trillion.

How fast Alberta's established reserves are growing, despite relatively small incentive of markets so far, is illustrated by Alberta Conservative Board reports. The "remaining established reserves" were 4.7 trillion cubic feet at the end of 1950, passed 10 trillion early in 1953, 15 trillion in 1955, and 20 trillion in 1957. The Board's latest tabulation, for Dec. 31, 1958, showed established reserves of 24.8 trillion, or the equivalent of 25.6 trillion when converted to basis of 1,000 Btu per cubic foot of gas. Reserves increased by 2.3 trillion cubic feet the final nine months of 1958, and should increase by 2 trillion or more this year. This is a rate that can be maintained, or exceeded, for some years to come, provided incentive of markets is provided.

The largest fields in Western Canada with reserves exceeding 750 billion cubic feet include such giants as Pincher Creek, with reserves of 1,800 billion; Medicine Hat, 1,425 billion; Westerose South, 1,178 billion; Harmattan-Elkton, 1,022 billion. Ten significant but not fully equivalent gas discoveries, including such potential giants as Berland River, Wildcat Hills and Worsley, are in the Foothills region of Western Alberta, a 500-mile belt expected to yield many more large discoveries. The Foothills will be the principal gas source for the proposed new export projects.

A 100,000 square mile region in the northeastern sector of the Province of British Columbia is Canada's No. 2 gas source. This region's southerly gasfields are now linked by pipeline across the Rockies to B. C.'s major centers and to the U. S. Pacific Northwest. Since potential reserves are far beyond foreseeable future needs of British Columbia, and are less favorably located than Alberta's for Eastern Canadian needs, they constitute a major supply source for Pacific Coast areas of the United States in years ahead.

British Columbia's ultimate gas reserves are forecast at 75 trillion cubic feet by the Canadian Petroleum Association, and at 89 trillion by British American Oil Company. Of this potential about 2 trillion were proved at end of 1957. Since then a string of new discoveries, reaching 200 miles north of the Peace River fields now connected to pipelines, have boosted estimates of established reserves to as much as 6 or 7 trillion cubic feet. These new finds include Beaver River, Petitot River, Kotcho Lake, Clarke Lake and Jedney. At least some, when evaluated, are expected to exceed 1 trillion cubic feet in reserves.

The vast Yukon and Northwest Territories, reaching north to the Arctic Ocean, are the third major potential gas source, looking to the longer-term. The Canadian Petroleum Association rates ultimate reserves at some 70 trillion cubic feet. A sizable oilfield at Norman Wells, 1,200 miles north of the American border, has been producing for northern needs for many years. A few weeks ago a promising strike of gas and oil was made on Peel Plateau, 300 miles northwest of Norman Wells, to spark broad new interest in Far Northern prospects. The potential gas resources in these remote areas do not, of course, constitute a material element affecting Canada's gas export policy at the present time.

Gas Pipelines, Built or Projected

The first important movement of Canadian gas from province of origin to other provinces or American states stemmed from the Korean War, when authority was given to Canadian-Montana Pipe Line Company to link southeastern Alberta fields near Pakowki Lake to the Montana Power network. The authorized export is a maximum 100 million cubic feet daily and maximum 20 billion cubic feet yearly. Remaining authorized withdrawal at end of 1958 was 271 billion.

The first major export, that by Westcoast Transmission Company Limited, began in November 1957, after completion of Westcoast's 650-mile line from northeastern British Columbia to a link with the Pacific-Northwest Pipeline Corporation system at the U. S. border between Vancouver and Seattle. Westcoast's present authority covers export of 125 billion cubic feet maximum per year for 25 years, a total of 3,125 trillion cubic feet. About one-third of this is authorized to come from northwest Alberta fields adjacent to the B. C. reserves. Current export is some 220 million cubic feet daily, but could be readily expanded in view of the fast-growth of B. C. reserves and the 660 million cubic foot capacity of the pipeline, when price problems are resolved and permits are granted. The status of field price — now six cents per MCF — and border export price—now about 22 cents per MCF — must be improved before any sizable increase in gas movement can be expected, but I'm sure a satisfactory arrangement among the interested parties will not be too long coming. Present problems stem in large part from the years of dispute and nature of final compromise under which it finally became possible to start the Westcoast project in 1955.

Canada's second major gas system—and the world's longest at 2,300 miles — is that of Trans-Canada Pipe Lines Limited, started in 1956 and completed last year from Alberta to Montreal. Built over an all-Canadian route through sparsely-populated northern Ontario, rather than a more economic international route south of Lake Superior, Trans-Canada now delivers Alberta gas to Canadian markets in Saskachewan, Manitoba, Ontario and Quebec. Marketing area covers half of Canada's population, centered in southern Ontario and Quebec.

Trans-Canada is once again proceeding with a bid to serve Midwest U. S. markets, in Minnesota, Wisconsin and Illinois — an economically logical market for Canadian gas which has been the subject of Canadian and American debate for a decade. Certain of the major obstacles have now been cleared away, and odds favor approval of the arrangements under which Trans-Canada would deliver Alberta gas at Emerson, Manitoba, to Midwestern Gas Transmission Company, which would provide facilities to move the gas to utilities now serving this region.

Midwestern's application to import is now before the Federal Power Commission. Trans-Canada's application for increased export from Alberta commences Oct. 13 before the Alberta Oil & Gas Conservation Board. Request for a Canadian export license was filed in April, and will likely be one of the first matters dealt with by the new National Energy Board, which should be in a position to conduct hearings early in the New Year.

A second phase of Trans-Canada's export plans, which is contingent upon approval of the Midwestern project, is a contract with Tennessee Gas Transmission Company, which has very large storage reservoirs in the U. S. close to Niagara, on the Ontario-New York border. This contract provides for delivery of up to 200 million cubic feet daily, from time to time surplus to Canadian needs. Trans-Canada would have no obligation to deliver any gas, but would have the Tennessee Gas market available at any time a surplus is available. This would ensure a far better load-factor for the Trans-Canada line, with resultant benefits for all concerned.

Trans-Canada now has about 7.5 trillion cubic feet of gas under contract in Alberta, about 12% more than the 6.57 trillion needed to take care of all its contracted Canadian sales and the proposed export to Midwestern at Emerson. This export would involve 204 million cubic feet daily. In total, after approval of the Alberta export permit now sought, Trans-Canada would have permits totaling 6.57 trillion cubic feet deliverable up to 1981, with maximum annual take 331 billion, and maximum daily withdrawal 1 billion. Present requests cover 700 billion to 1981, annual maximum 26 billion, and daily maximum 140 million, with balance already covered by existing permits. The present pipeline is capable of delivering 800 million cubic feet daily without looping.

The Alberta-California Project, whose principal backer is the Pacific Gas & Electric Company of San Francisco, is the newest plan to connect Canadian gas to major established American markets. It involves a 1,400-mile system, interconnecting pipelines to be owned by four companies, and reaching from the northern Alberta Foothills to San Francisco. Main lines would be 36-inch diameter, compared with 30-inch for Trans-Canada and Westcoast.

Alberta & Southern Gas Co. Ltd., P. G. & E. subsidiary, has made gas purchase contracts with over 100 producers covering reserves exceeding 5 trillion cubic feet. Last March it was granted an export permit by the Alberta Oil & Gas Conservation Board for total volume of 2.3 trillion cubic feet to 1984, with annual maximum 135 billion, and daily maximum 400 million. Recently it applied to the Alberta Board for an Amended Permit for total 25-year volume of 4.2 trillion, annual maximum of 168 billion, and daily maximum 500 million, with hearing slated late this month. Application for a Canadian export permit was filed last December, and this will be one of the matters to be dealt with by Canada's Energy Board, probably early in thre New Year. Pacific Gas Transmission Company and P. G. E., who will build and operate U. S. sections of the pipeline system, started their import bids before the California Public Utilities Commission Oct. 1st, and the Federal Power Commission hearings start Oct. 15th.

The Alberta-California Project is soundly conceived. It would provide a Canadian supplementary supply for P. G. & E.'s huge market, now 540 billion subic feet yearly and increasing by 40 billion yearly. With large volume and a 90% load factor, the proposed system is ideally suited for the type of "wet gas" fields which would be its prime supply sources, since these require heavy capital investment for gas processing plants. Paying initial field prices of about 13½ cents per MCF—better than previously available to Canadian producers—the system will deliver gas to California terminus at about 45 cents per MCF.

In addition to an initial 414 million cubic feet daily for California delivery, Alberta & Southern has contracted to deliver 30 million cubic feet daily to Canadian-Montana Pipeline Company at the border, to supplement Montana Power Company needs.

The Alberta-California system would also transport gas covered by an Alberta export permit issued in March to Westcoast Transmission Company, involving 800 billion cubic feet by 1984, with annual maximum 54 billion and daily maximum 165 million. This gas, to be drawn from southwest Alberta fields under contract to Westcoast, would be transported to the Spokane area for delivery to the existing Pacific-Northwest Pipeline Corporation line, supplementing American and Canadian gas now serving it. Westcoast's application for a Canadian export permit has been made, and will likely be heard by the National Energy Board early in the New Year.

Alberta Gas Trunk Line Limited is the agency chosen by the Alberta Government to transport gas from fields to the provincial boundary for the account of Trans-Canada, Alberta & Southern, Westcoast and others who serve or expect to serve markets outside the province. This unique company already has an extensive pipeline network in Southern Alberta delivering gas to Trans-Canada, will extend this and also build a 400-mile 36-inch line down the Foothills Belt to serve the new export projects when they are approved. Trunk Line's future role will include supplementing supplies to Alberta utilities, and getting gas to additional communities in the province. Voting control is shared by Alberta gas producers, Alberta utilities, export companies and directors representing the public at large. Bulk of stock, non-voting, was purchased by some 40,000 public shareholders.

Conclusion

To summarize, Western Canada does constitute a major natural gas source for the future, both for Canadian and American consumers. The barriers to greater use are being knocked down by the pressure of expanding idle reserves, by greater knowledge of the tremendous potential, by recognition of the vast economic benefits that will stem from putting resources to work, and by the beginnings of closer liaison on gas between the governments and regulatory authorities in our two countries.

I am confident that, within three years, exports of Western Canadian gas to U. S. markets will triple to over 1,100 million cubic feet daily, while Canadian markets will grow to an even larger volume. I am confident that the projects now proposed will be approved and built, will spur accelerated gas reserve growth in Western Canada, and set the stage for more market expansion. The start has been slow, the frustrations great—but Western Canada's gas abundance is definitely on its way to creating new industrial might in the provinces of origin, and to fueling homes and industry in widespread sections of North America. There's benefit for my nation—and yours —in every effort we make to hasten the realization of that future.

*An address by Mr. Nickle before the American Gas Association Convention, Chicago, Ill., Oct. 7, 1959.

Commodity Reports to Coast by Ticker

SAN FRANCISCO, Calif. — A news ticker which will bring up-to-the-minute reports on the nation's commodity markets will be installed in West Coast brokerage houses for the first time Monday, Oct. 19.

The new service to commodity traders was announced by Stanley J. Steer, Manager of the commodity department of Dean Witter & Co. Mr. Steer was instrumental in the extension of the Commodity News Service, Inc. reports to the Pacific Coast, and Dean Witter & Co. was one of the first Far Western subscribers.

Latest quotations and news bulletins affecting commodities are printed on a continuous broad page sheet by a Western Union Teleprinter. The ticker operates from 5:15 a.m. to 1:15 p. m. Pacific Standard Time.

First of Michigan Branch

GROSSE POINT, Mich.—First of Michigan Corporation has opened a branch office at 17144 Kercheval Avenue under the direction of Raymond C. Leonard.

Now Hunter Mutual

MAPLEWOOD, N. J.—Robert G. Jaeger, 580 Summit Avenue, is now conducting his investment business under the firm name of Hunter Mutual Funds Associates.

1960 Sales Forecast

By FRED F. HOYT, Vice-President, Carrier Corporation*

Sales forecaster expects rising sales volume in most consumer durables except those going into new homes. He relates consumer demand to income and credit and predicts, despite higher interest rate level, rising personal income and plenty of consumer credit for purchases on time. Producers of consumer durables that go into homes are told they will have to rely on this and the search for a higher standard of living, replacement demand, stimuli of new products and more aggressive promotion for greater volume to offset declining effect of leveling off of 20 to 24 year old population, less Federal supports and tighter money. Author anticipates auto sales reaching seven million and hopes a severe credit stringency will not occur.

It is our belief that all attempts at forecasting of economic conditions and consumer demand should start with an effort to foresee the reaction of human beings to known and predictable forces.


Fred Hoyt

Accordingly, back in 1942 when Carrier Corp. began laying the groundwork for its first postwar plan of operation, our first move was to ask ourselves what kind of a political society would people demand after the war was over.

Political-Economic Assumption Made

Our basic planning was premised upon the belief that this nation would neither revert to old-style conservative capitalism, nor would it "go Communistic." Instead, there would be something in between. Someone has aptly described it as "People's Capitalism."

We felt sure that a tremendous effort would be made to keep everyone who was willing to work gainfully employed. In order to do so, it would be necessary to channel the fruits of the nation's productive effort into ever broadening markets—to make it possible for the maximum number of people to satisfy not only their needs but their wants.

With wartime restrictions imposed upon production of goods not essential to the military needs, people were unable to spend their earnings. Instead they accumulated substantial savings. Accordingly, it was possible for them to fulfill their demands during the early postwar years largely out of savings.

After the first flush of cash buying was over, there followed a period of liberal use of credit which was plentiful and cheap.

Expansion of instalment credit was fed by some new factors. First was growing dependence upon the various "welfare state" programs as a cushion against economic adversities. People felt free to incur obligations and less inclined to save for a rainy day. This was perhaps most evident in prolongation of the period of discretionary spending among older people, protected as they were by old age pensions and by health insurance and also by extended usefulness as their health improved from advances in the field of medicine.

Incidentally, all this means more reliance upon government and likewise more pressure on government to avoid disastrous swings in the economy. We have seen the results in such things as the Maximum Employment Act of 1946, Federal support of housing, and the use of regulatory policies to make money and credit easier when such is necessary to bolster the economy, as was done in 1954 and again in 1957-58. It is significant to this topic that most of the moves which have been made have given strong impetus to the demand for consumer durable goods.

Accordingly it is paramount that any forecast of the outlook for consumer durables take into account what may be expected in the way of Federal aid to various segments of the economy. At present emphasis is on fighting inflation and this means that less help may be expected in 1960, particularly in housing and in making money and credit more readily available.

The confidence engendered by the popular belief that we are living under this umbrella of governmental protection has sparked a surge toward a higher standard of living. During the immediate postwar period demand was bolstered by unsatisfied requirements during the war years. In fact, demand was excessive. And this led to expansion of production facilities, which in turn created more jobs, more purchasing power, and still more demand.

Fortunately, for the consumer durables industries, as this stimulus wore off it was replaced by the desire to better one's position in life. There was more time for recreation. Everyone sought to escape drudgery. "Keeping up with the Joneses" has been scrapped for a new phrase. We are now largely known as "status seekers."

These forces are clearly evident in demands for better homes, nicer furnishings, the latest model cars and such products as boats, swimming pools, automatic washers, power lawnmowers and air conditioning, to mention a few.

The practice of buying on credit which had become more general in the thirties as a means of fighting our way out of a serious depression was adopted as the accepted way of doing business. To obtain a job today is to establish a degree of buying power equivalent to the related volume of discretionary spending. During recent years the privilege of buying on credit has been extended into more and more fields and the terms of payment liberalized.

This background has been given in support of this basic premise:

The potential desires of consumers for durable goods is very great indeed. The total volume in 1960 will depend upon the amount of income available as a base for establishing credit and upon the total amount of credit available.

As a personal income, the economy in 1960 will, unless interrupted, still be in the upward stage of a business cycle. This means high employment. In spite of stubborn resistance in certain quarters to continuation of the wage spiral, personal income will rise. There is sufficient productive capacity in the nation to produce all of the goods that people can buy, and more, to say nothing of the growing flood of imports. Relying on the old law of supply and demand, which nobody as yet has convinced me is outmoded, it is predicted that prices will remain relatively stable so that higher personal income will spell ability to buy more in physical volume.

The big "if" is—How much credit will be available?

Wants Credit Eased

At present there is a severe credit stringency in the making which, if not reversed, could turn the economy into a decline, as has occurred when similar situations developed in 1953 and 1957.

Failure of Congress to allow the United States Treasury to offer long-term securities at realistic interest rates creates a situation which in the minds of some persons runs the risk of a financial crisis in the near future.

The behavior of securities markets suggests the possibility of a break bad enough to impair public confidence.

Should the Administration and the Federal Reserve Board move in the direction of making money and credit easier in order to avoid a crisis or a recession, they run the risk of price inflation.

Although the present situation is fraught with these uncertainties, the following predictions are based upon the premise that the management of fiscal policy will be sufficiently skillful to avoid either a recession or inflation in 1960.

Offers Predictions

The amount of consumer credit tends to be related to disposable income. While outstanding credit is at new highs, it is not disturbingly high when viewed from the standpoint of its relation to disposable income. Since income is expected to rise, we see no immediate clamor for brakes upon extensions of credit. Interest rates are bound to rise and we may expect closer scrutiny of applications, but in general there should be plenty of credit available to most people who want to buy on time.

The mortgage picture is tighter. The supply of mortgage money is large, but rates are getting up to the point where, together with rising construction costs, they are something of a deterrent to construction.

Population Growth and Consumer Durables

Before attempting to go any further into specific markets, let us look at some population forecasts. (U. S. Bureau of Census.)

Male Population by Certain Age Groups (in millions)

Year	20—24	25—29	30—34	35—39	40—44	Total 20—44
1950	5.8	6.0	5.7	5.6	5.1	28.2
1955	5.4	5.8	6.1	5.7	5.5	28.5
1960	5.7	5.7	6.0	5.9	5.6	28.9
1965	6.8	5.4	5.9	6.1	5.6	29.8
1970	8.8	5.7	5.5	5.9	6.0	31.9

These groups have been singled out because they represent the greatest consumer purchasing power, particularly from the standpoint of family formations in the earlier years. This table shows an increase in 1960 of 1.4% over 1955. The increase in the first three groups is less than 6/10% of 1%.

Now we all know that total population has grown and is expected to grow more than this table indicates. But the bulk of this increase is in children and oldsters, all of whom must be fed and clothed, which means diversion of a greater portion of disposable income to the purchase of non-durables and less available for the purchase of consumer durables. To some extent this must be regarded as an offset against higher total disposable income.

The foregoing table does not indicate any surge in demand for housing. And as previously stated, a tighter mortgage market and the trend toward higher interest rates will be limiting factors upon residential construction.

Of course all of this is important to producers of consumer durables that go into new homes. Lacking any increase in family formations, with less Federal support, and tighter money conditions, they will have to rely upon increased personal income, the search for a higher standard of living, replacement demand, and the stimuli of new products and more aggressive promotion for greater volume.

Our prediction is that housing starts in 1960 will decline to around 1.2 as compared to 1.350 in 1959. However, this is still a pretty good volume.

Outlook for Automobiles

This topic requires that something be said concerning the outlook for automobiles. Our own calculations are that a normal car year means the domestic sale of approximately 6 million cars. It is a difficult task to forecast whether sales will be above or below that figure in any one year. It was missed badly in 1958. The figure was 4.7 million including 488,000 imports.

But in 1955 the total was almost 8 million. I suspect that when the figures are all in, 1959 will prove to be a little above normal but not enough to have made much inroad upon the deferred demand that piled up in 1958. In 1960 there is a good chance that this may happen. The industry will benefit from a significant product innovation. The best information we have been able to obtain out of Detroit is that the industry expects to sell at least 6½ million cars in 1960, of which 1 million will be small cars. (The advent of new domestic small models will cause some drop in imports of foreign makes.) And it is possible that sales could go as high as 7 million if the new models are accepted by the public with enthusiasm.

A good many years ago I made a study of the relationship of price and volume in a number of consumer durable lines. When prices were reduced, volume grew even during depression years.

In our business we are keenly aware of the existence of a substantial excess of production capacity. Such a condition usually results in intense price competition with the various producers within an industry striving to outdo each other in the way of product improvement, lower costs, and better sales promotion. This is the American way of economic life. The results are bound to broaden the market and in time soak up excess capacity. More volume means more jobs, lower prices mean more buying power.

In figuring production capacity it is not always customary to take into account the potential capacity of our fine, mostly new national plant. The potential is away beyond anything yet produced. Man hasn't kept pace with his mechanical advances. In order to achieve the potential we need better management of these production facilities, better management - labor relations, sounder labor leadership, greater willingness to work, more efficient distribution. The potentials in reduced prices and larger volume are very great indeed.

It is predicted that in 1960 considerably more progress will be made toward these goals, and that this progress will be reflected in rising sales volumes in most consumer durable lines.

*Address by Mr. Hoyt before the American Sales Forecasting Conference, New York City, Sept. 28.

Smith, Barney Named San Francisco Area Financial Consultant

The five county San Francisco Bay Area Rapid Transit District on Oct. 13 retained Smith, Barney & Co., nationally known investment banking and financial consulting firm, to conduct financing studies in connection with development of a plan for a San Francisco Bay Area Rapid Transit System.

Under terms of a contract approved by the District's Board of Directors, Smith, Barney & Co. will develop a plan for financing the five county Rapid Transit System in collaboration with the district's engineering and economic consultants.

General Manager John M. Peirce of the district said the financial consultant firm will investigate various possible methods of financing the System before developing a final plan.

Financing and engineering plans for the proposed System must be approved by the Board of Supervisors of the district's five major counties before the issue can be submitted to the electorate. The district hopes to present its plan to the voters in support of a General Obligation Bond issue at the November, 1960 General Election.

Smith, Barney & Co. was selected by the District's Committee on Financing, Peirce said, because of its "excellent nationwide reputation in the financial world and its wide and varied experience in handling difficult problems for both private organizations and public agencies."

Preliminary studies indicate that the district's financing costs will aggregate some $800,000,000 less such amount as may be involved in the construction of a trans-Bay tube in the event that this portion of the System is constructed and financed by the State Division of Trans-Bay Crossings under a lease arrangement with the Transit Director.

Joins Glore, Forgan

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John H. Valentine, Jr. is now with Glore, Forgan & Co., 201 Devonshire Street. He was formerly with Merrill Lynch, Pierce, Fenner & Smith, Incorporated.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

TOPEKA, Kans.—Harry S. Dole has become associated with B. C. Christopher & Co., 609 Jackson Street.

Erwin Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C. — Charles C. Ainsworth has been added to the staff of Erwin & Co., Inc., 111 Corcoran Street.

J. A. Overton Adds

(Special to THE FINANCIAL CHRONICLE)

CORONADO, Calif. — Robert T. McKinley has been added to the staff of J. A. Overton & Co., 1134 Orange Avenue.

With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Eugene P. Cadenasso and Sheldon J. Nankin have become associated with Mitchum, Jones & Templeton, First Western Building. Both were formerly with Merrill Lynch, Pierce, Fenner & Smith Inc.

With A. J. Taranto

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Albert Fong has been added to the staff of A. J. Taranto & Co., 1330 Twenty-First Street, members of the Pacific Coast Stock Exchange.

Economic Consequences of Conservative Party Victory

By Paul Einzig

Among the economic consequences of the outstanding Tory victory that can be expected, according to Dr. Einzig, are: (1) marked appreciation of British equities in the next 12 months—barring no set-back in Wall Street; (2) a boom for the next year or two; and (3) influx of capital and further Sterling firmness resulting from rising London Stock Exchange trend and decline in yields to Wall Street level. In the event of a complicating rise in the U. S. A. interest rate, the writer believes the Bank of England can discourage an outflow of funds without recourse to offsettingly higher interest rates and credit squeeze.

LONDON, Eng.—The extent of the Government's victory at the general election on Oct. 8 surpassed even the most optimistic expectations. The most that Conservatives were hoping for was that they would be returned with a reduced majority. Instead, Mr. Macmillan came back with a majority nearly twice as large as in the last Parliament. This means that for the next five years Britain will be safe from nationalizations, vindictive taxation of profits and of higher incomes, and other anti-capitalist measures. It might even mean that another five years in opposition would lead to a disintegration of the Labor Party, and that its moderate elements would form some sort of middle party with the Liberals, in which case the extremists would stand no chance of ever winning an election. There is a widespread feeling that for the next few years at any rate the British nation can forget about politics and concentrate on economic progress.


Paul Einzig

Stocks Held Underpriced

This optimism explains the violent reaction of the Stock Exchange to the election result on Oct. 9. Possibly the record rises in many equities were exaggerated from the point of view of immediate prospects. In fact after a few hours of excited dealing a marked reaction set in as a result of profit-taking. But in the long run British equities are still relatively low in spite of their rise just before and immediately after the election. For all figures published during recent weeks indicate progress in production and consumption. The recovery from the recession of 1957-58 is now complete, and we are witnessing the beginnings of a boom which might well continue for a year or two.

In the foreign exchange market sterling responded to the election result by a sharp rise. Its firmness is likely to be further accentuated by the influx of American and continental capital to take advantage of the rising trend on the London Stock Exchange and in British industries. Moreover, foreign exchange dealers anticipate a revival of the dollar scare during 1960, in which case substantial international balances are likely to be transferred from New York to London. All this would tend to increase the British gold reserve and would keep British money rates low. The possibility of a reduction of the bank rate and of a further relaxation of exchange control may now be envisaged.

In such circumstances there appears to be no justification whatever for the discrepancy between yields of equities in Britain and the United States. And since Wall Street appears to be reasonably steady the discrepancy is likely to disappear through a decline in the yields on British equities. This would mean an average rise of between 40 and 50% on the London Stock Exchange. Of course the possibility that in the meantime Wall Street might weaken, in which case a smaller rise would level out the yields, should not be overlooked. But, barring a setback in Wall Street, the next 12 months or so is likely to witness a very marked appreciation of British equities.

Admittedly, the British economic horizon is far from free of storm clouds. A number of important wage disputes are likely to arise in the near future. Some important wage claims are likely to be rejected, so that the possibility of major strikes early in 1960 must be envisaged. The Trade Unions, smarting under the defeat of the Labor Party, are likely to be very truculent in the course of the coming wage negotiations. Moreover, the evidence of fortunes being made on the Stock Exchange considerably lessens the chances of an attitude of sweet reasonableness on the part of organized labor. But amidst boom-like conditions it seems on balance probable that most strikes will be averted or settled, even if this would mean inflationary wage increases. So the chances are that labor troubles will not hinder unduly the progress of production, and that any setback will be purely temporary.

If the U. S. A. Interest Rate Goes Up

There is a widespread belief that a further rise in interest rates in the United States might interfere with the expansion of production and consumption in Britain, by forcing the Bank of England to protect sterling from the effects of high interest rates in New York. According to this belief, if high Treasury Bill rates or time money rates in New York should attract large funds from London the resulting decline in the gold reserve might have to be arrested by means of high interest rates and credit squeeze in London, especially if as a result of a further relaxation of exchange control it should become easier for British funds to be transferred to New York, in addition to the transfer of non-British funds.

There is no reason to attach undue importance to such fears. I have very reason to believe that the British authorities have decided to adopt a device by which it would be possible to protect sterling and the gold reserve against the effect of higher interest rates in New York, without having to resort to the orthodox device of high interest rates and credit squeeze. This device is official intervention in the forward exchange market to eliminate the profit on transfers of funds from London to New York. Nowadays, most arbitrageurs want to cover the exchange risk on such transfers by selling forward dollars at the same time as buying spot dollars. If the discount on forward dollars is at least as wide as the differential between interest rates in London and New York it wipes out the profit on the higher New York interest rates. The Bank of England is in a position to bring about this situation by selling forward some of its holdings of dollars, thereby widening the discount on forward dollars. This could be done in full agreement with the United States authorities which have no desire to attract funds from abroad by means of their high interest rates.

The publication of the volume containing the evidence given before the Radcliffe Committee is awaited with considerable interest, because it is expected to indicate the official British attitude towards the application of the device described above. I expect that the memoranda submitted to the Committee by the Bank of England and the Treasury, and also verbal evidence given by officials, will confirm my view that the authorities are in principle in favor of that device. It would be difficult to imagine a situation when the case for its appplication could be stronger than in the case of a drain on sterling resulting from high New York money rates in existing circumstances. It is, I think, safe to assume therefore that the forthcoming British boom is not threatened by high money rates in the United States.

Now With Zilka, Smither

(Special to The Financial Chronicle)

PORTLAND, Ore. — Vernon Basler is now with Zilka, Smither & Co., Inc., 813 Southwest Adler Street, members of the Pacific Coast Stock Exchange.

With Copley & Co.

(Special to The Financial Chronicle)

DENVER, Colo.—Max D. Stern is now with Copley and Company, 818 Seventeenth Street. He was formerly with Birkenmayer & Co.

With Anderson, Randolph

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Daniel W. Cook has joined the staff of Anderson, Randolph & Co., Inc., 818 Seventeenth Street.

Boettcher Adds

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo — Robert W. Willard has been added to the staff of Boettcher and Company, First National Bank Building.

With Columbine Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Charles W. Bollard is now affiliated with Columbine Securities Corp., 621 Seventeenth Street.

Copley Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—Henry G. Hostetter has been added to the staff of Copley and Company, Independence Building.

Wachob-Bender Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Robert H. Storz has been added to the staff of Wachob-Bender Corporation, 3624 Farnam Street.

With Morrison Co.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Charles K. Ellison, Jr. is now with Morrison and Company, Inc., Liberty Life Building.

With Taussig, Day

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Joseph W. Mathews has joined the staff of Taussig, Day & Co., Inc., 509 Olive Street, members of the Midwest Stock Exchange.

Two With Walls Assoc.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Jack Fagan and Charles R. Shepherd, Jr. have been added to the staff of Walls Associates, Inc., Candler Building.

Three With Hannaford

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Thomas F. Holland, Gerald Pesavento and Lenford Retzner are now connected with Hannaford & Talbot, 519 California Street, members of the Pacific Coast Stock Exchange.

Bank and Insurance Stocks

BY ARTHUR B. WALLACE

This Week — Bank Stocks

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

The origin of this bank goes back just over 100 years to the organization in Chicago of the Merchants Savings Loan & Trust Company, in 1857, four years prior to the Civil War. This was the first bank chartered in Illinois to act in trust capacities. A long series of mergers in the intervening years resulted in the Illinois Merchants Trust Company in 1924, and the Continental National Bank and Trust Company in 1927. These two large banks merged in 1929 to establish the present company. It is today the largest bank in the Middle West, measured by deposits.

The Chicago fire in 1871 destroyed the buildings of four of Continental Illinois Bank's predecessor companies, but their cash and securities escaped destruction and the banks continued their operations from private residences. It is of interest that the banks paid out deposits on the word of the depositors, as their records had been consumed in the great fire.

Continental Illinois operates the customary banking facilities of our large metropolitan institutions, conducting commercial banking, trust, foreign, bond, savings, and other departments. It is a member of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Chicago Clearing House Association.

Illinois law does not allow branch banking, hence the State's banks must operate solely from one office. Operations are well diversified, ranging from the largest corporations to small individual accounts. At the end of 1958 the Savings Department reported deposits of over $285 million.

In 1958 interest on loans accounted for 55% of total gross income from operations; income from securities 32%; fees, commissions and other operating income 13%. About one-half of the bank's earnings are retained, which of course, has the effect of a consistent growth in the book value. In recent years, too, there have been numerous stock dividends.

Statement of Condition — December 31, 1958

Resources		Liabilities	
Cash and Due from Banks	$795,138,882	Deposits	$2,555,170,751
U. S. Gov't Obligations	816,618,524	Acceptances	5,667,122
Other Bonds and Securities	149,743,307	Reserve: Taxes, Int., etc.	23,710,631
Loans and Discounts	1,066,113,632	Reserve for Contingencies	10,000,000
Stock in Federal Res. Bank	6,750,000	Int. Collected, Not Earned	2,156,008
Customer's Liab. on Acct.	5,513,779	Capital	100,000,000
Banking House	6,900,000	Surplus	125,000,000
Other Resources	11,203,999	Undivided Profit	36,277,613
	$2,857,982,123		$2,857,982,123

The bank's capital account consists of 3,000,000 shares of $33.33 each par value.

A breakdown of the above assets into principal categories follows:

Cash	27.8%
U. S. Government Obligations	28.5
Other Bonds and Securities	5.5
Loans and Discounts	37.4
Banking House	0.2
Miscellaneous Assets	0.6

At the end of 1958 Continental Illinois carried a reserve for bad debts of $52,000,000, apart from its statement reserves.

It is expected that the Midwest banks, such as Continental Illinois, will benefit materially from the opening of the St. Lawrence Seaway.

Ten-Year Statistical Record — Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividend	—Price Range— High	Low
1949	$58.64	$4.13	$624	$2.40	54	43⅜
1950	61.04	4.42	621	2.40	58½	51
1951	63.72	4.83	653	2.40	58⅞	51½
1952	66.36	5.27	744	2.70	70⅝	58¼
1953	69.31	5.72	691	3.00	70½	60¼
1954	72.35	5.41	699	3.00	75⅜	64
1955	75.47	5.85	693	3.00	83¼	71⅝
1956	78.71	6.90	696	3.45	83¼	76¾
1957	82.63	7.70	689	3.60	82	71⅛
1958	87.09	7.80	684	3.90	114½	75⅞

*Adjusted for stock dividends.

In this decade the equity has increased some 55%; earnings about 87%; dividend 62%; and the mean price figure has slightly more than doubled. The stock is at present selling in the 122½-123½ price area, so that the present $4.00 annual dividend returns a yield of about 3.23%. The shares are now selling at 15.8 times 1958 operating earnings. In 1958, 8.9% was earned on the year-end book value, and the $4.00 dividend represents about a 51% payout ratio to 1958 operating earnings. There is a conservative 9.6 deposit ratio. The shareholder's gain in the decade through 1958 (consisting of increase in equity, plus cash dividend) was $62.80 a share, or at the annual rate of $6.28. This rate of gain related to the present market price of the stock, would give the investor a return of that price in about 19½ years.

Dividends have been paid uninterruptedly since 1936.

D. I. Boyle Forms Co.

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, Ky. — D. I. Boyle Investment Co. has been formed with offices in the Central Bank Building to engage in a securities business. Officers are D. I. Boyle, President; E. W. Boyle, Vice-President, and A. F. Huddleston, Secretary and Treasurer.

William Doheny Opens

FT. LAUDERDALE, Fla. — William J. Doheny is engaging in a securities business from offices at 2801 Northeast Ninth Street.

Opens Inv. Office

HOLLYWOOD, Calif. — Mary L. Brown is engaging in a securities business from offices at 1742 North Fuller Avenue.

The Market...and You

BY WALLACE STREETE

Stocks dawdled during the past week, on reduced trading volume. Friday's rally of 3.9 points on the Dow Jones Industrial Average more than sufficed to wipe out Thursday's set-back of 2.4 points. The averages remained within a range of six-tenths of 1%.

* * *

The continuing declines in the petroleum sector were generally expected by the market's amateurs as well as professionals. Generally surprising, on the other hand, was the substantial recovery registered by many of the volatile "glamour" issues. Thus, since their recent drastic sinking spells Polaroid has risen from 110 to 141, volatile Thiokol from 36 to 58, and General Tire from 59 to 73.

* * *

But American Motors, which now seems really to be coming of age, has been the outstanding performer both as to volume of trading, and the amplitude of its price swing—that is, from 52 to the 65 territory (it will be recalled that, when the stock first got up to 12, one of the shrewdest market operators was caught in a substantial short position). In forging ahead through the foreboding news of the actual introduction of their "compact" models by The Big Three, American has again confounded most market observers.

The Magic Fives and the Stock Market

With the steel industry's strike troubles still bound in a stalemate, the big news in the security markets was furnished by the Treasury's epochal offering of a four-year-and-ten-month note with a startling 5% coupon. So startling, in fact, that it immediately prompted queuing up by the country's real savers to gobble up $800 million worth. This attractive "deal," supplies an answer to the obstacle habitually keeping the investor from taking profits, "but what shall I do with the money?" Probably the increasing yield obtainable in the bond market and the recent "sloppiness" of the stock market's behavior are reflected in the lengthened holding found by the New York Stock Exchange survey.

* * *

Perhaps the political independence shown by Secretary Anderson in establishing a realistic interest rate, coupled with the resounding victory in Great Britain by the Conservatives who have ventured to employ non-inflationary central bank policy, will spill over to the American scene, and lessen the inflation specter which has for so long has been guiding the American investor. Or, perhaps, he will be torn between apparently changing alternatives of big spending and inflation on the one hand, and retrenchment and deflationary monetary policies on the other — with both courses being far too greatly determined by political pressures.

Jumping on a Sick Patient

No doubt the greatest unanimity of opinion evinced by the market community is the bearishness toward the usually-so-popular oils. Reflecting Wall Street's proclivity to kick an industry when it's down, the commentators are hammering home the following reasons for the petroleum stocks' recent and present market anguish: (a) They constitute a disproportionately large share of mutual fund portfolios. (b) Supply of oil products above ground are excessive. (c) Worldwide price competition is on the increase, including that from the Soviet bloc. (d) Reduction of gasoline consumption as a result of the surge of compact cars. (e) Doubts about their effectiveness as a hedge against inflation, so long blithely taken for granted. And (f) the $64-dollar question: will the oils ultimately stage a cyclical recovery, of their fair weather friends along with the industry's fortune?

What's Ahead for Automobile Industry?

Never before has the auto industry, or probably any other industry, harbored as many cross currents as does the American auto industry now. This is, of course, due to the introduction (reluctantly) of the "compact car" by the Big Three along with all of the other domestic manufacturers. On the one hand, there is the tremendous unsatisfied demand for the smaller cars; but the benefit from this may —at least profit-wise—go in larger measure to the independent manufacturers. The Big Three may experience a reduction in their overall profit margin, both as a result of the lower average price per unit of sales. And some investor worry is being generated by the fact that the indicated prices are only about $225 under the tags of the conventional six-cylinder cars of the same manufacturers, but at the same time a good $200-to-$300 higher than is asked for the most popular small imports, as the Volkswagen and the Renault.

Well-Acting Retailing Issues

Acting better than the market during the recent weeks of "uncertainty" have been the retailing shares. Contributing to the relative popularity enjoyed by this branch of the market, justified by an increase of 9% as compared with the first seven months of sales last year. This indication that, as in 1957-58, consumer spending on nondurable goods will stand as a bulwark against another depression, considerable investor switching from the volatile "glamour" isues has been going on.

Outstanding Steel Stock

An interesting item keeping itself out of the steel industry's labor "mess" is Granite City Steel Company. It is the largest company which has maintained operations — having been able to obtain a tentative extension of its union contract subject to retroactive adjustment in terms of the final industry settlement. With third quarter operations thereby maintained at nearly 85% of capacity, contra-industry favorable earnings are certain to be reported. Already favored by analysts last year, when the mean of its market price was 45, because of its present expansion programs, now its expanded plans for great increases in capacity are keeping it liked at its current market price of 73.

[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.]

Trading Transactions Studied by N. Y. S. E.

The New York Stock Exchange released its Ninth Public Transaction Study revealing the predominantly investment character of the market.

Some 64% of the share volume of public individuals was for long-term investment in the one-day study on June 3rd. This represented a 17% increase over September, 1958. At the same time, trading transactions by the public (30 days or less) dropped to 9.3% in the current study—the lowest since September, 1952.

Transactions by institutions (such as pension funds, investment and insurance companies) and intermediaries (such as commercial banks acting as agents for investors) accounted for 22.8% of total New York Stock Exchange volume. This contrasts with a low of 17.5% in December, 1954 and compares with a high of 24.6% in September, 1952.

It is estimated that 48,000 buy and sell orders, round lots as well as odd lots, with a total value of more than $220 million, were executed for the public on the day studied.

Keith Funston, President of the Exchange, commented in an introduction to the report, that more than 53% of the total volume was accounted for by public individuals. Although this was slightly lower than in previous years, Mr. Funston pointed out that the one day's volume in the current study was 2.9 million shares, contrasted with two days' transactions of 2.6 million shares in September, 1952.

"Thus," he said, "while percentages reported in the various studies—as to who is in the market and why—may change only slightly, figures for actual share volume may vary greatly."

Margin transactions by public individuals accounted for 17.6% of total volume—a six-year low. Almost half of these transactions were for long-term investments. The decline in relative margin activity and the high level of institutional volume support other recent findings that the market rests largely on a cash foundation.

Share volume by public individuals in the $10,000 to $25,000 income group has increased steadily over the past seven years, and, according to the latest study, accounts for 40% of the volume by public individuals.

Increased activity by people with higher incomes appears to dovetail with the finding that investors in the middle and older years—45 to 64—are responsible for almost 60% of the share volume by the public. However, individuals under 45 account for an increasingly important share of volume. Volume among this group increased from about 24% in the 1957 study to 28% at present.

Other Highlights

Other highlights of the current study reveal:

(1) Increased activity by women, who were responsible for 24.8% of the volume by public individuals — the highest proportion since 1952. Men, however, accounted for a little more than three-fourths of all shares bought and sold by public individuals in the current study.

(2) In terms of total institutional and intermediary volume, commercial banks and trust companies reached their highest percentage since 1952—38.8%.

(3) New York Stock Exchange members and Member Firms accounted for 23.7% of total volume, compared with 21.3% in September, 1958.

(4) New York, New Jersey and Pennsylvania combined now account for a smaller share of public volume than at any time in the past seven years. Their proportion has declined from a high of 47% in December, 1954, to the present low of 41%.

(5) Cities that accounted for proportionately higher public volume in the current study are Chicago (5.7%) and Detroit (2.2%). Texas also registered a new high (2.8%).

(6) Transactions by non-member broker-dealers reached a seven-year low of 3% of total share volume. Part of this decline, it is felt, reflects the growing number of Exchange firms and the broadening network of Member Firm branch offices in this country and abroad.

The current study is based on an analysis of Member Firm activity which accounted for about 87% of total volume on June 3rd.

The World, National Outlook And the Role of Businessmen

By Erwin D. Canham,* *President, United States Chamber of Commerce and Editor, "The Christian Science Monitor"*

Business spokesman and well known editor, Mr. Canham advises businessmen they are on the front line in the economic "cold war," and what their responsibilities are, after assessing the opportunities of and the dangers in the new Soviet posture. Mr. Canham is certain businessmen can succeed with the same imagination and enterprise as in the past providing they act promptly and reject government controls "which may imperil the freedoms and values we are trying to preserve." Other subjects discussed deal with trade with Russia, our relationship with less developed countries, and the warp and woof relationship of business interests and national interests in the light of today's international crisis.

Our foreign policy has a special significance for the businessman today.

As perhaps it never has before, the fate of our competitive, private enterprise system is hinged upon a successful foreign policy. So too, indeed, is the fate of our total society.

Equally important, the vitality and success of foreign policy rest on our domestic strength, vigor and imagination.

The skills and resources under the management and control of American businessmen represent one of our most valuable assets in our contest with communist power. It will behoove us to make certain that this asset is utilized as fully and effectively as possible.

Today, much of our attention seems to be focused on the possibility of a thaw in the cold war as a result of visits between top American and Soviet political leaders.

We are asking ourselves what we may expect from these visits. What meaning do they have for American business?

And—in light of this graphic departure in postwar relations between the East and West, are there any new responsibilities for businessmen?

Let us begin our quest for answers by considering the chances for a change in Soviet behavior. Mr. Krushchev has been here and gone. He may write us a bread-and-butter letter, but only time will reveal whether a thaw can be expected.

Some of our people are very optimistic.

A variety of arguments have been advanced to suggest that the expansive power of the USSR is being restrained for both internal and external reasons. Briefly summarized, these arguments go something like this:

—Communism in Russia is losing its early momentum and dynamism. Soviet leaders today are practical men who pay only lip service to Marxian doctrine.

—Moscow needs stability, and a relaxation of tensions so it can concentrate more on consumer-goods production.

—The Russians are worried about Red China. It is possible the Soviet is looking for a Western insurance policy against the possible rise of Chinese power behind its own eastern frontiers.

We may hope there is some substance in these arguments—and that they are not based on wishful thinking.

But I fail to see how we can count on it. It makes me think of the way some people bet on horse races: because the horse has such nice brown eyes.

There is no convincing evidence that the Soviet leaders have abandoned the principles of international communism or the objective of a Sovietized, communized world system.

It is true, however, that Soviet policy has changed.

What has changed is not the purpose motivating the Soviet regime, but the **techniques** designed to achieve this purpose.

You may ask if this means that we have nothing to gain from the visits and from the somewhat more liberal East-West contacts in general.

I would answer that we have much to gain. Such contacts actually present us with a number of opportunities.

The opportunities are not entirely clear-cut. But they are worth appraisal.

The impact of interchanges is unlikely to be immediately apparent.

But, for example, interchanges gives us at least a chance to correct some of the Soviet misconceptions about America.

Soviet leaders may have been misled by the emphasis we appear to have placed on leisure—on the development of labor-saving devices and on material comforts. It would be a good thing if we could implant in their minds that the United States has by no means been drained of its virility. They should know that we do not have an old and self-satisfied society which is ripe for collapse.

We have a chance to convince the Soviet that it cannot risk an all-out war. We have a chance to impress their leaders not only with our strength, but with our determination to stand by our commitment to freedom. Obviously, this will not bring about a final settlement of the East-West struggle. But it might possibly result in a military truce which could become habitual.

We can also make the most of the opportunity to compete in the realm of ideas. When I was in Russia last August, I was interested in the Russian people's hunger for information about the West and also what seemed to be a hunger for something which we call truth.

Several times, when others were out of earshot—in the park, the restaurant, the subway—I would be asked if I believed in God.

I would say I did, and then I would be asked—

"How do you know?" "What has God done for you in your life?"

It seemed to me that the questioner would give himself away by saying, (as he usually did) "Of course, I am an atheist, **but** . . ."

I could not help but feel that the questions revealed an irrepressible, spiritual yearning.

It would appear that we have the opportunity to display much more than our material progress. Deeper questions are being asked, so deeper answers must be given.

Many of the seeds we are able to drop will fall into fertile soil. Ideas cannot altogether be forgotten. Facts have a way of sticking.

Now then—

If these are some of the opportunities, what are the dangers in the new Soviet posture?

Dangers in New Soviet Posture

First of all, I would say, the Russians may be launching a new "peace offensive," designed to dull the sharp edge of our alertness. We certainly must not let ourselves indulge in the delightful illusion that spring has come because we have a January thaw.

Secondly, the Soviets may have decided to give a new push to their economic offensive against the West, and they have made no secret about this offensive. They are feeling their oats.

The Soviet Union has grown from a relatively backward position into the second largest industrialized economy in the world in the short span of 30 years. Its headlong pace of industrialization has been moderated in the past few years, but it still continues to be more rapid than ours.

Through most of the 1950's Soviet industry has grown at an annual rate of 9½%. This is not the official Soviet rate, which is somewhat larger, but a rational reconstruction and deflation of Soviet data by our Central Intelligence Agency. For the seven years through 1957, our own industrial growth has been at the annual rate of 3.6%. The comparison would be less favorable if we included 1958.

It should be clear, of course, that the growth of Soviet output and productivity is not due to any intrinsic virtues of the Soviet system.

We can be entirely safe in assuming that Soviet economic growth is due to ruthless mobilization of human and material resources for national policy purposes.

Wherever the Soviet has concentrated money and talent, its results have been impressive. But in general the Soviet has appalling inefficiencies. This is well illustrated by its inability to cope with its housing crisis.

Khrushchev, as you know, has launched an ambitious seven-year plan for economic development. He has declared that this program will give communism the decisive edge in the international balance of power.

His prospectus poses the formidable task of increasing industrial production about 80% by 1965. Steel production is to be pushed close to 100 million net tons—against our 115 million ton output, and over 140 million ton capacity.

Khrushchev also promised the Soviet people the world's highest standard of living by 1970.

We can, I think, write off some of his ambitious program as little more than wishful thinking. For example, the Kremlin claims that Soviet industrial output is now 50% of ours. Actually, it is not more than 40%. For another thing, the Kremlin believes that our industrial growth will be only 2% a year—and that is far from realistic.

At the same time, we cannot permit typical communist exaggeration to blind us to the actual Soviet economic progress we can reasonably anticipate in the years immediately ahead.

For example, Soviet production of coal, petroleum, natural gas and hydroelectric power was about 45% of ours in 1958. By 1965, it is expected to be close to 60%. Nor is it unreasonable to expect that Soviet industrial output as a whole will amount to about 55% of ours by 1965.

I believe we can safely calculate that the present rate of Soviet growth will decline in the future, but unless extraordinary developments intervene, it is likely to be faster than the average rate of growth in the United States.

This can be expected even if the Soviet doesn't hit all its targets.

In the next seven years we can also expect to see a moderate rise in the Russian standard of living. This progress will seem like a full-course dinner to the millions who have been living on potatoes, bread and beets.

A rapid economic growth will also provide the Kremlin with additional resources in the armaments race. According to the Central Intelligence Agency, the Soviet's military spending could increase by more than 50% in the next seven years without increasing the relative burden on the Russian economy.

Finally, continued Soviet economic growth will provide the wherewithal to push the expansion of the communist economic offensive.

Trading With Soviets

There is also a trading area in this offensive in which we are involved. The Soviet desperately wants to acquire a number of American products such as machine tools and complicated technical contrivances to add muscle to Russian industry and step up its military power.

The Soviet plastics and petrochemical industries would like to buy whole American factories to serve as prototypes. That ambition poses an interesting question:

Shall we sell them what they want—even though it means selling our hard-won experience in the bargain? Even though it means that our patent rights may not be respected? Even though it might strengthen their power—both military and industrial? I do not know the inclusive answer. At this point no one else does either.

I am not suggesting that we shun all trade with Russia, or that all such trade would necessarily be harmful to our interests.

But I am suggesting that we must proceed with caution. The political implications of specific trade transactions should be carefully assessed. American buyers and sellers must give sober thought to their responsibilities to the national interest.

Trade-Aid Programs

We must also give sober thought to the Soviet trade-and-aid programs directed at the less developed nations.

These segments of the global map are of tremendous importance to our security and our continued economic progress. For one thing, we are not a self-sufficient entity.

A crucial 10% of raw materials required by American industry comes from other free nations. We import 100% of our natural rubber, 100% of our tin, 85% of our manganese, 64% of our tungsten and 85% of our bauxite for making aluminum. It surprised me to learn that more than half of the materials needed for a jet plane are imported.

The less developed nations also represent a tremendous potential American market, and the political importance of those areas is even more thought-compelling.

Some of these countries are in strategic areas which encompass military bases essential to the free world's strength. The less developed world includes 21 nations which have come into being since World War II.

Millions of people in Asia, Africa and the Middle East have newly awakened from centuries of slumber. They are obsessed with an urge for economic, social and political progress.

There is newly aroused dissatisfaction with poverty.

The Soviet is energetically exploiting all the elements of unrest in the less developed nations to serve its own power interests.

We must recognize that the dangers of the communist economic offensive do not lie in the size of that offensive.

Since 1954, the communist bloc has agreed to loan about $1.6 billion dollars for economic development to underdeveloped nations. About 10 to 15% of this has been delivered. Credits extended for military aid total close to $800 million.

These figures are well below the total of our own aid program. But such comparisons have little meaning, because the communist military and economic program—up to now—is concentrated in a few critical countries such as Egypt, Syria, Iraq, Afghanistan, India, Ceylon, Burma, Cambodia and Indonesia. The word for it is **selective.**

The Soviet program is strategically and tactically coordinated with political, diplomatic, psychological and military techniques for conducting foreign relations. It is geared to exploit local ambitions, frustrations, grievances, and revolts against real or imagined injustices.

Above all, it is designed to prove to less developed nations that the key to economic development and maturity is provided by the communist example.

Mistakes in the Soviet economic offensive in less developed nations are blamed on local national leaders. This is a handy device for communistic propagandists. They blandly state that even with communist aid, non-communist countries are unable to satisfy popular demand and must give way to communist-type institutions.

Business From a Front Line

All these ramifications of the communist economic threat add up to a challenge to our economic system.

The American businessman is in the front lines of the cold war, because the war is increasingly being waged on economic battle fields.

We must ask ourselves a fundamental question:

"Can we prevail?"

"Can we prevail in competition with the central planning, control and direction of the Soviet system without imposing controls on our own economy which may imperil the freedoms and values we are trying to preserve?"

This is a vibrant moment in history for the American businessman, because he, and he alone, can answer that question. I believe the American businessman can shape the character of tomorrow with the same enterprise and imagination that have transformed America in the past handful of decades.

It is a responsibility which cannot be evaded. If business fails to respond, it could result in an increasing concentration of economic power in government hands at the expense of private enterprise freedoms.

As we form ranks to meet the Soviet threat, we must be careful to avoid weakening our private enterprise structure.

Let's be blunt about it. If we believe that the government should stay **out** of the market place, then let us be more careful about **inviting** the government into the market place as a means of gaining subsidies and other special favors.

As businessmen, we must intensify the basic strength of our economy—and that strength is an alloy of individual integrity, wisdom, initiative and energy.

We should welcome competition, because there is no more effective device to reduce costs and develop more efficient methods of production.

We must be persistent in our attack on all the forces and practices that tend to promote inflation. A disintegration of dollar value could easily touch off a disintegration of everything we have been working for.

We businessmen have a wide range of social and national responsibilities. These responsibilities must be fulfilled if we want our enterprise system to become more effective.

We in business have a vital stake in the solution of our national social, economic and political problems. We must become more personally involved in those problems.

We must reappraise our private support of health, education and welfare needs. We must remember that any vacuum which is unfilled by private enterprise automatically attracts government intervention.

The businessman must also become more active in politics at all levels — local, county, state and national.

He must make his voice heard —not only on domestic issues but on matters affecting our foreign affairs.

This is not too big an order. **We have a heritage of broadening our immediate self-interests to embrace the common well-being.**

Let us never forget that our total system of capitalism has undergone a transformation in the past half century. Much of the world is unaware of this and even less aware of the fact that the transformation was largely the result of voluntary action. The speed of this transformation has outstripped the perception of many historians, many authors of business books—and many businessmen.

The old concept that an owner has a right to use his property exactly as he likes, has evolved into the belief that ownership carries with it certain social obligations. The modern business manager is not only a trustee for the ownership but a trustee for society as a whole.

In light of today's international crisis, we must recognize that business interests and national interests are the warp and woof of the same fabric. A growing number of business leaders understand that fact. They are setting a pace. And they are being followed.

In all the world, there is nothing more hopeful.

*An address by Mr. Canham before the Annual Convention of the American Gas Association, Chicago, Ill., Oct. 6, 1959.

Chicago Inv. Women Hear

CHICAGO, Ill. — On Wednesday evening, Oct. 21, The Investment Women of Chicago will have as their guest speaker at their second fall meeting at The Chicago Bar Association. Raymond C. L. Greer who is a partner of Duff, Anderson & Clark and is their expert on Automobile stocks. Mr. Greer is an easterner, coming originally from New Hampshire. He is a graduate of Babson Institute and was lieutenant (j.g.) in the Navy during World War II. His business experience includes four years in the office of General Motors in New York on the staff of Mr. Donner, who is now chief executive officer. Mr. Greer has been with Duff, Anderson & Clark for six and one-half years, three years as a partner. He has followed various industries and worked on special projects, but now concentrates on the automobile industry.

Big cars—small cars—U. S. cars — foreign cars — which are the favorites for the 1960 race? How many cars will be sold? How will the U. S. automobile companies—and their stocks come out? These are the questions Mr. Greer will cover.

Joins Hooker & Fay

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert B. Lewis has joined the staff of Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Bankers Secs. Inc. Formed

(Special to The Financial Chronicle)

LEXINGTON, Ky. — Bankers Securities, Incorporated, has been formed with offices in the Central Bank Building, to engage in a securities business. Officers are J. C. Buckley, Jr., President; J. C. Buckley, Sr., Vice-President, and R. L. Buckley, Secretary and Treasurer.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

This writer has just returned from a vacation in New England and two things, politically, stand out. One is that Nixon would win over Rockefeller easily in any Presidential contest in that section. A recent trip Mr. Nixon made to New Hampshire was a tremendous success. And in that state all one hears is Nixon regarding the Presidential candidates. As of today polls show that Nixon would win over Rockfeller in that state by at least five to one.

Carlisle Bargeron

If this mood of the voters keeps up, it may well deter Rockefeller from announcing his condidacy. New Hampshire is the first state to hold a Presidential primary next year and the winner of that will have a head start. It was in that state that Eisenhower received his first impetus to run back in 1952 and the man who had charge of his affairs later became assistant to the President, Sherman Adams. As an assistant, Sherman Adams exercised more power in Washington than any man ever before in that capacity. In fact, the capacity itself was unique in that no one has ever before been delegated with so much authority.

The second striking thing was Massachusetts' devotion to young John Kennedy. He is the fair haired boy of that state. The State Federation of Labor meeting in annual convention wholeheartedly endorsed him.

Massachusetts organized labor has taken him to their bosoms and to this extent has put the curse upon him of being labor's candidate. Yet elsewhere Kennedy does not have the unanimous support of organized labor by any means. Two nationally known officials of the Federation roundly denounced him at a national meeting several weeks ago for his part in the labor bill recently passed by Congress. He is in fact put in the position of having to tell labor groups that he tried his best to soften up the bill which he undoubtedly did.

With the country in the mood for a strong labor bill this doesn't set so well with the majority of voters while it is doubtful if organized labor, except in Massachusetts, enthusiastically accepts his explanation.

Kennedy in his appeals to organized labor now is attacking the Taft-Hartley act. This is surprising because he was one of the most diligent workers in the vineyards in the passage of this act. He was serving his first term in Congress and was a member of the House Labor Committee. His penetrating questions embarrassed many a labor leader who appeared to testify against any legislation. As a matter of fact, it was in this capacity that he and Dick Nixon both attracted attention as new members of Congress.

It has always been a source of wonder to this writer why young Kennedy wanted to become so closely identified with new labor legislation. He served on the McClellan rackets committee which revealed all of the scandals and corruption, and his younger brother, Robert Kennedy, was the general counsel for the committee, the man who headed up the exposure. You would think that when the question of writing new legislation came up, John Kennedy would have been content to sit silent and simply cast his vote.

But he grabbed the ball, ahead of other senators who wanted the sponsor the legislation and, by virtue of his having also been a member of the Senate Labor Committee, he was in the driver's seat and the kind of legislation that the committee reported out was necessarily his handiwork.

Admittedly the legislation reported out by the committee under his guidance was pretty tame, so tame, in fact, that it was greatly amended in the Senate before it went over to the House. The question arises as to whether it was his purpose in seizing the ball to bring out this weak legislation. That is the impression he would give the organized labor leaders now.

The rest of the story is pretty well known.

His younger brother, who does not shun the limelight, made two or three appearances on TV, telling his audience of the outrages his committee had uncovered and urging them if they wanted to end these abuses, they should write their Congressmen and Senators demanding strong legislation. This they did with a vengeance. The response was enough for Mr. Eisenhower to take up the ball and also make a TV appearance in which he urged that the Congress be worked over. The result was a bill that John Kennedy wholly unexpected and could not head off. It was a bad piece of cooperation on the part of his younger brother.

The evidence is accumulating that Kennedy will have a hard row to travel to get the Democratic Presidential nomination.

Bassior to Head Darius Fund Dept.

George Bassior has joined Darius Inc., 90 Broad Street, as general sales manager of its mutual fund department. Mr. Bassior will specialize in programming profit-sharing plans for corporations as well as estate planning for individuals. A former U. S. Treasury Department deputy director of payroll savings programs, Mr. Bassior resigned as zone manager of a major investment management firm to accept the position with Darius.

S. H. Bennett Co.

PATERSON, N. J.—S. H. Bennett Co., Inc. has been formed with offices at 64 Hamilton Street to engage in a securities business. Officers are Sidney H. Bennett, President and Treasurer, and Jeanne L. Primack, Secretary.

Chicago Analysts To Hold Meeting

CHICAGO, Ill. — The Investment Analysts Society of Chicago will hold a luncheon meeting Oct. 15th at the Midland Hotel. James Bates, Stein, Roe & Farnham, and William Gray, Harris Trust & Savings Bank, will report to the group on this year's Beloit Seminar.

A field trip to the Kimberly Clark Corporation at Neenah, Wisconsin, will be held on Nov. 10th. Reservations should be made through the Milwaukee Chapter of the Society, George L. Struck, The Milwaukee Company, Chairman.

Goodbody Office

POMPANO BEACH, Fla.—Goodbody & Co. has opened an office at 2745 East Atlantic Boulevard, under the direction of William J. Eggleton, Jr.

Reed, Lear Branch

WASHINGTON, Pa. — Reed, Lear & Co. has opened a branch office in the Washington Trust Building under the management of William I. Neimeyer.

Thomson, McKinnon Office

INDIANAPOLIS, Ind. — Thomson & McKinnon has opened an office at 6101 North Keystone Avenue under the management of J. Floyd King.

With A. E. Aub

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Bernard Kashdan has been added to the staff of A. E. Aub & Co., Fifth Third Bank Building.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The program for the NSTA 26th Annual Convention at Boca Raton Hotel and Club Nov. 1-5, 1959, has been announced as follows:

Sunday, November 1st

12:00 Noon	Registration
6:30 p.m.	President's Reception
8:00 p.m.	Dinner

Monday, November 2nd

8:30 a.m.	Past Officers Breakfast
2:30 p.m.	Municipal Committee Meeting—Cabana Club
3:30 p.m.	National Committee Meeting
6:30 p.m.	Cocktails—Cabana Club
8:00 p.m.	Steak Fry—Cabana Club
9:30 p.m.	Water Show

Tuesday, November 3rd

8:30 a.m.	Breakfast for Presidents of Affiliates
9:30 a.m.	Golf Tournament, Tennis, Deep Sea Fishing and all Sports
2.30 p.m.	Trip on Inland Waterway to Fort Lauderdale for Ladies
7:00 p.m.	Cocktails
8.30 p.m.	Dinner

Wednesday, November 4th

10:00 a.m.	Flower Arrangement Demonstration for the Ladies
1:00 p.m.	Luncheon Speaker: Mr. William C. Sullivan, F.B.I. "Communism, Commerce and Commitment"
6:00 p.m.	Cocktails Host: Mr. Milton N. Weir, Sr. President, Arvida Corporation
8:00 p.m.	Dinner Speaker: T. Coleman Andrews President and Chairman of the Board, Fidelity Bankers Life Insurance Corp., Richmond, Va.

Thursday, November 5th

9:30 a.m.	National Committee Meeting Election of Officers
1:00 p.m.	Luncheon and Style Show for Ladies and Gentlemen—Cabana Club
7:00 p.m.	Reception
8:30 p.m.	Dinner and Presentation of Officers Entertainment and Dancing

There is much to do at Boca Raton and in addition to the usual Golf and Tennis Tournament the following sport facilities are available: Achery, Badminton, Bowling-on-the-Green, Croquet, Deep Sea Fishing, Horse Shoe Pitching, Ping Pong, Shuffleboard and Water Skiing.

Daytime dress at Boca Raton is informal. Sports attire, including knee length Bermuda shorts, is acceptable in all public areas until 6 p.m.

Bathing suits and brief shorts must not be worn in hotel lobby or on Cabana buses. This also applies to the dining area at the Cabana Club.

After 6 p.m. gentlemen are required to wear jackets and ties in lobby, all bars and dining room.

During the Convention period warm weather is to be expected and summer clothing will be comfortable. The evenings may be cool even though the days are warm and light wraps are suggested.

Additional Reservations for the Convention have been received from:

Ralph G. Randall	*Taylor, Rogers & Tracy*	Chicago, Ill.
*T. Frank Mackessy	*Abbott, Proctor & Paine*	New York, N. Y.
James L. Beebe	*Wm. R. Staats & Co.*	Los Angeles, Calif.
*Joe E. Hutton	*Equitable Securities Corp.*	Nashville, Tenn.
*Charles K. Snodgrass	*Peters, Writer & Christensen*	Denver, Colo.
*Saul Golkin	*Golkin, Bomback & Co.*	New York, N. Y.
Soren D. Nielsen	*Beil and Hough, Inc.*	St. Petersburg, Fla.
*Charles L. Wallingford	*Janney, Dulles & Battles, Inc.*	Philadelphia, Pa.
*Alonzo H. Lee	*Sterne, Agee & Leach*	Birmingnam, Ala.
*Samuel M. Kennedy	*Yarnall, Biddle & Co.*	Philadelphia, Pa.
*Parks B. Pedrick, Jr.	*Howard, Weil, Labouisse, Friedrichs & Co.*	New Orleans, La.
*Henry J. Arnold	*Geo. Eustis & Co.*	Cincinnati, Ohio
*Clifford G. Remington	*Hess, Grant & Remington, Inc.*	Philadelphia, Pa.
*William S. Thompson	*Carr & Thompson, Inc.*	Boston, Mass.
*John A. Bonham	*Sellers, Doe & Bonham*	Montgomery, Ala.
*William C. Roberts, Jr.	*C. T. Williams & Co., Inc.*	Baltimore, Md.
*Homer J. Bateman	*Pacific Northwest Co.*	Seattle, Wash.
*Neil De	*DeYoung & Co.*	Grand Rapids, Mich.
Charles M. Zingraf		New York, N. Y.
*Joseph H. Billings	*Cowen & Co.*	New York, N. Y.
Arthur Weigner	*Lehman Bros.*	New York, N. Y.
*L. Warren Foster	*J. N. Russell & Co.*	Cleveland, Ohio
Ralph E. Brown	*Stone & Youngberg*	San Francisco, Calif.
*James J. McAtee	*Butcher & Sherrerd*	Philadelphia, Pa.
*Guy R. Hogarth	*Laird, Bissell & Meeds*	New Haven, Conn.
*Stanley M. Waldron	*Merrill Lynch, Pierce, Fenner & Smith Inc.*	New York, N. Y.
*Lee Staib	*Geo. Eustis & Co.*	Cincinnati, Ohio
*Edward J. Bourbeau	*Daniel Reeves & Co.*	Beverly Hills, Calif.
*John M. FitzGerald	*W. C. Pitfield & Co.*	New York, N. Y.
*Charles M. Thompson	*Pierce, Carrison, Wulbern, Inc.*	Jacksonville, Fla.
*Charles G. Scheuer	*Wm. H. Tegtmeyer & Co.*	Chicago, Ill.
*Carl A. Swenson	*G. H. Walker & Co.*	New York, N. Y.
Robert P. Howard	*Howard, Weil, Labouisse, Friedrichs & Co.*	New Orleans, La.
Lester S. Greenwald	*Levien, Greenwald & Co.*	New York, N. Y.
M. E. Goldstein	*Kerngood & Co.*	New York, N. Y.
*Jack C. Morris	*Johnson, Lane, Space & Co.*	Atlanta, Ga.
*Arthur J. Keenan	*St. Denis J. Villere & Co.*	New Orleans, La.
*Peter E. Molloy	*White, Weld & Co.*	New York, N. Y.
*Paul I. Moreland	*Moreland & Co.*	Detroit, Mich.
*Otto J. Koch, Jr.	*The Marshall Co.*	Milwaukee, Wis.
*James V. Torpie	*Tornie-Saltzman*	New York, N. Y.
*Elmer W. Hammell	*First Securities Co. of Chicago*	Chicago, Ill.
*Walter L. Dulin	*R. S. Dickson & Co., Inc.*	Charlotte, N. C.
*Henry C. Welsh, Jr.	*Lilley & Co.*	Philadelphia, Pa.
*George A. Dockham	*Hincks Bros. & Co., Inc.*	Bridgeport, Conn.
Myron L. Gordon	*Hincks Bros. & Co., Inc.*	Bridgeport, Conn.
Rudolph Knablein	*Hincks Bros. & Co., Inc.*	Bridgeport, Conn.
*Robert C. Williams	*Weeden & Co.*	Chicago, Ill.
*Glen A. Darfler	*H. M. Byllesby & Co.*	Chicago, Ill.
*Lawrence N. Marr	*A. G. Becker & Co.*	Chicago, Ill.
*Harry J. Gawne	*Merrill Turben & Co.*	Cleveland, Ohio
George H. Angelos	*Chas. W. Scranton & Co.*	New Haven, Conn.
Leonard J. Butt	*Mead, Miller & Co.*	Baltimore, Md.
*Willard F. Rice	*Eastman Dillon, Union Securities & Co.*	Philadelphia, Pa.
*John N. Fuerbacher	*Walter, Woody & Heimerdinger*	Cincinnati, Ohio
*Samuel Sachnoff	*First National Bank*	Chicago, Ill.
*Brenton H. Rupple	*Robert W. Baird & Co.*	Milwaukee, Wis.
Leslie J. Howard	*J. S. Strauss & Co.*	San Francisco, Calif.
*Aaron Cook	*Putnam & Co.*	Hartford, Conn.
*Lex Jolley	*The Robinson-Humphrey Co., Inc.*	Atlanta, Ga.
*John P. O'Rourke	*J. P. O'Rourke & Co.*	Chicago, Ill.
*Julian M. White	*White & Co.*	St. Louis, Mo.
Richard M. Barnes	*A. M. Kidder & Co., Inc.*	New York, N. Y.
Thos. Cahill		
Geo. Kilner		
*H. Sheldon Parker	*Kay Richards & Co.*	Pittsburgh, Pa.
Anton E. Homsey	*duPont Homsey & Co.*	Boston, Mass.
*James B. Maguire	*J. B. Maguire & Co.*	Boston, Mass.
Allan Lopato	*Allen & Co.*	New York, N. Y.
*Louis R. Bulkley	*First Boston Corp.*	New York, N. Y.
*John S. Weatherston	*J. R. Phillips Investment Co.*	Houston, Texas
Fred T. Rahn	*The Illinois Company*	Chicago, Ill.
Raymond C. Forbes	*Shearson, Hammill & Co.*	New York, N. Y.
*Jos. F. Guiton	*Craigmyle Pinney & Co.*	New York, N. Y.
*Donald E. Summerell	*Wagenseller & Durst, Inc.*	Los Angeles, Calif.
*E. D. Muir	*Muir Investment Corp.*	San Antonio, Texas
Mrs. Douglas Muir	*Muir Investment Corp.*	San Antonio, Texas
*D. Paul Jacoby	*Asiel & Co.*	New York, N. Y.
Laurence Frazier	*Laurence Frazier & Co.*	New York, N. Y.
Albert Heaney	*Grace National Bank*	New York, N. Y.
Charles A. Adams	*Goodbody & Co.*	St. Petersburg, Fla.
Aubrey L. Mason	*Mason & Lee, Inc.*	Lynchburg, Va.
*Burton P. Lee	*Mason & Lee, Inc.*	Lynchburg, Va.
*Robert H. King	*Charles King & Co.*	New York, N. Y.
Robert A. Mackie	*Singer, Bean & Mackie, Inc.*	New York, N. Y.
Burton Loewer	*Neuberger & Berman*	New York, N. Y.

* Denotes Mr. & Mrs.

The Natural Gas Industry —Today and Tomorrow

Continued from page one

ment with these figures. Thus, the professional concensus is that by 1975 the United States will be using 85% again as much energy as in 1955, and some 75% more than it uses now.

110% Increase of Natural Gas

For natural gas this would mean an increase of 110% over 1955, according to the analysis by Resources for the Future.

For crude oil the increase would be 85%; and for coal, 70%.

Hydro power is expected to increase by two-thirds in this period.

Despite the different rates of growth projected for the several components, the overall pattern of energy use by source in 1975 is expected to be much the same as now — that is, oil would continue to provide two-fifths of the energy used; natural gas and coal, about one-fourth each; with hydro power and natural gas liquids providing the remainder.

This projection is made without regard for the possible place of nuclear energy in the total. But the gross relationships are not likely to change much, for nuclear power is not now expected to be a major contributor as early as 1975.

According to estimates made by the Gas Association, the natural gas industry expects to add about 12 million customers during the next 15 years—an expansion which will require additional capital investment on the order of $32 billion.

In recent years, consumption of energy has come to be recognized as one of the best indices of a nation's growth. Consumption of energy is also a measure of technological progress, for it likewise, reflects our ability to produce more with less resource expenditure.

Within our energy-conscious civilization, the dreams and hopes that we today share for the next 100 years are big dreams and hopes, indeed. Yet I am inclined to feel that if we were privileged to live in the 2050's, we would look back at our anticipations of the 1950's and find them very modest by comparison with what had actually happened. To me, such optimism is justified on the basis of our rate of progress over the last 100 years.

To one living in the 1850's, when hand-cut and hand-fired fuel wood supplied most of our energy requirements, a blanket of power grids and a net work of pipelines over the United States would have been incomprehensible. Only 20 years ago the idea of practical utilization of atomic energy was incomprehensible, and already we have atomic submarines, and atomic merchant ship, and some small atomic power generating plants.

Assuming nations can find some some other way than world wars to settle their differences with other nations, we can look forward to an abundant future.

Just how abundant that future will be, however, will depend upon the manner in which we solve certain problems which are facing us now.

Conserving Helium Gas

The first one does involve, at least indirectly, many natural gas companies. That problem is to insure that this Nation takes measures soon to conserve it supplies of helium gas.

Helium, as you well know, is a limited natural resource, thus far found in only a few natural gas fields. No important new sources of it has been discovered since 1953. The demand for helium has been mounting rapidly for use in the Nation's atomic energy and missile programs and in other industries.

Yet most of our helium now goes to market with commercially produced natural gas and is lost to the atmosphere.

The helium conservation program which the Eisenhower Administration has proposed to Congress to remedy this situation calls for construction of up to 12 new extraction plants to be located on helium bearing gas pipelines. After extraction, the helium would be stored underground in the Government-owned Cliffside gas field near Amarillo, Texas.

Under the proposed legislation, private industry would be given an opportunity to participate in the program of financing, building, and operating the plants.

This is in accordance with the Eisenhower Administration's teamwork policy, namely, that the Federal Government should perform alone only those necessary functions which private industry or State and local governments will not or cannot effectively themselves undertake.

In the event the Congress acts favorable on the suggested helium legislation, as I have repeatedly urged it to do, we hope that private industry will indicate a willingness and capacity to perform in a reasonable time and under reasonable terms. Toward that end, we invite interest and cooperation.

Secondly, few industries within our economy are without their own special brand of problems, and the natural gas industry is most certainly not an exception.

Uncertainty of Regulation

Some of the problems, I believe, are a consequence of phenomenal growth within a short span of years.

Let us say that the gas industry's rapid coming of age has been accompanied by growing pains—some of them pretty severe. And it is safe to say that there are still some aches and pains ahead because many of the problems that go hand in hand with achieving full maturity have yet to be solved.

It is a fact that some of the present difficulties are not entirely of the industry's own making. For example, the uncertainties surrounding Federal regulation of the natural gas industry are great indeed. Uncertainty makes it difficult to engage in long-range planning, and without such planning and the decisions with go with it, progress is less sure; certainly its rate is slowed down.

But here, again, one must take into account the amazing rate of growth. On the record, legislative, administrative, and judicial processes at the Federal level have been unable to keep pace with the industry. It is generally recognized that the Federal Power Commission has an almost impossible job on its hands under existing law.

Yet the enactment of legislation to remedy the situation is a problem without promise of solution until some reasonable method is found in reconciling the interests of producers and suppliers with those of consumers. It is not possible, in my opinion, to reach any other conclusion after and examination of the most recent Congressional deliberations to this subject.

If something constructive is to be accomplished, a high order of statesmanship will be required, both inside the Government and in the industry.

The gas industry is in an enviable position because the public wants its product. But this, in itself, means that the public will take a continuing and increasing interest in the gas business and that automatically means a continued regulatory interest in the gas business by all three branches of the Federal Government.

It is the sincere hope of many, including myself, that members of the natural gas industry will take the lead in seeking appropriate legislation which will insure a more realistic basis for the relationship between the Federal Power Commission and the industry and at the same time protect the interests of the consumers of natural gas.

Competitors in Energy Field

The third problem which I would like to mention concerns not only the natural gas industry, but the competitor industries in the energy field, and, for that matter our entire economic system.

I am one of those who think of our governmental system as providing an equal opportunity to every citizen, according to his ability and effort. This is not enforced equality, but a system in which a person may rise or fall, depending upon his merits.

To me, this principle also applies to our economic system. Our nation's economy is a vastly complicated and dynamic thing. To bind it into a strait jacket where most of the strings would be pulled from Washington, as some seem to think would be a good thing, could serve only to stifle initiative and inevitably destroy the climate of flexibility which is so essential if individual initiative is to operate.

In the field of energy, the gas industry's problem is to insure the best use of the natural gas which is found — to make a contribution within the tangle of forces which rule the competitive position in relation to oil, coal, and electricity; and in due course, to oil shale, atomic energy, and perhaps other sources of energy yet to be developed.

The fact that there is intense competition in the energy field is entirely consistent with our American private enterprise philosophy.

A thriving industry in each case is certainly desirable from a national standpoint, and it is a function of government to help maintain an economic environment within which efficiently run business enterprises may prosper and contribute to national economic strength. But it is not the proper role of our government to carve out or "freeze" a portion of the total energy market for each competing fuel.

I cannot believe that it would be appropriate or just for the government to distort the picture by preventing the functioning of normal economic forces. I do believe the consumption of fuels should continue to be determined by such factors as relative costs at specific locations, efficiency of use, dependability of supply, cleanliness, convenience, ease of control—in short, a combination of consumer preference and cost per B. t. u. delivered at the burner.

Conservation of Resources

But as we engage in this competition, I think it important to keep in mind that at the overall rate of development in this country we are eventually going to need all the energy, from whatever source, that we can get—and this I say as Secretary of the Department of the Federal Government which has as one of its principal concerns the conservation, development, and wise use of all natural resources.

Over the long-run, there are limits to the amount of hydro electricity which we can produce. There are also practical economic limits on the use of oil and gas for many purposes. For the foreseeable future it is therefore necessary that we continue to make effective use of coal.

In absolute figures, the Resources for the Future forecast which I have already referred to predicts that the United States will consume 19 trillion cubic feet of gas in 1975 as against 9.1 trillion in 1955. We will use 5 billion barrels of oil in 1975 as against 2.7 billion in 1955; and 775 million tons of coal as against less than 450 million in 1955.

In my judgment, a sound analysis of the conservation problems presented by our energy sources and a sound analysis of the economics of the various fuels will lead us as a Nation to the most effective use of the different forms of energy in the years to come.

Yet if this result is to be achieved, these conservation and economic problems will have to be viewed by the individual within the broad perspective of the interests of the public at large. In short, if we take public as well as private considerations into account as we make our basic decisions, no one need fear for the efficiency and future of our private enterprise system.

It is no historical accident that a free America dedicated to the principle of responsible private enterprise is now the beneficiary of one of the oldest, continuous forms of free government on earth. Nor is it a happenstance that a free people, in a free economy, have become the greatest producers in all the world's history.

*An address by Secretary Seaton before Annual Convention of the American Gas Association, Chicago, Ill., Oct. 7, 1959.

San Francisco Analysts To Hold Forum

SAN FRANCISCO, Calif. — The Security Analysts of San Francisco on Oct. 29 will hold a Pacific Coast Investment Forum at the St. Francis Hotel in recognition of the 30th Anniversary of the association's founding.

Five meetings will comprise the Forum:

Outlook for the Economy: Joseph Edelstein, York & Co., Chairman; Dr. Beryl W. Sprinkel, Harris Trust and Savings Bank, Chicago, will be speaker on "Prospects for General Business and Some Long-Range Investment Implications."

Research and New Product Developments: Philip A. Fisher, Fisher & Co., Chairman; speakers will be Dr. Chester L. Arnold, Stauffer Chemical Company; James M. Hait, Food Machinery and Chemical Corporation; Robert Sackman, Ampex Corporation, and William G. Stevenson, International Business Machines.

Money Market and Outlook For Bond Investment: Fred H. Merrill, Fireman's Fund Insurance, Chairman; speakers will be Robert Einzig, Federal Reserve Bank of San Francisco, who will address the group on "Underlying Factors in Money and Capital Markets," and Russel A. Kent, Bank of America, who will speak on "The Outlook for the Bond Market."

Criteria for Common Stock Selection: Philip J. FitzGerald, Dean Witter & Co., Chairman; speakers will be John P. Chase, Chase Fund, who will talk on "Selection Securities in a One-World Economy;" Jeremy C. Jenks, Cyrus J. Lawrence & Sons, New York, who will speak on "Comparative Valuation of Growth Stocks"; and Dr. Charles V. Kinter, Duff, Anderson & Clark, Chicago, who will speak on "Key Yardsticks in Appraising Common Stocks."

Guest speaker at the dinner to follow the Forum will be A. Hamilton Bolton, Bolton Tremblay & Co., Montreal, who will speak on "The Economy and the Stock Market—1929 and Now."

Tariff for the complete Forum including dinner will be $15. A special price of $7.50 will provide admission to the four day-time meetings, but will exclude the dinner meeting. Registrations should be made with George A. Hopiak, Wells Fargo Bank, P. O. Box 3435, San Francisco 20.

With Mitchum, Jones

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert J. Woodruff has become associated with Mitchum, Jones & Templeton, Russ Building. He was formerly with Merrill Lynch, Pierce, Fenner & Smith, Incorporated.

Philips, Rosen to Admit

Philips, Rosen & Appel, 55 Liberty Street, members of the New York Stock Exchange, on Oct. 22nd will admit Marilyn Lederman, Chauncey S. Olman, Sheldon Fried, and Gerald Lewis Walden to general partnership, and Howard Stamer to limited partnership in the firm. Miss Lederman will cease to be a limited partner on becoming a general partner.

Dean Witter Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Frank L. Robinson, Jr. has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

A Blessing in Disguise

By Roger W. Babson

Financial writer now touring Europe predicts our present tariff structure will cause more unemployment in the U. S., but should be a "blessing in disguise" to labor and employers. In a discussion held abroad with representatives of U. S. firms, Mr. Babson gained an added on the spot perspective as to why European industry is doing so well and offers such a competitive challenge. In particular, besides new modern equipment being used, he praised the attitudinal difference of Free European labor as compared to American labor toward management and the consumer.

Last night I sat in the lounge of the Grand Hotel with representatives of prominent American corporations who were here in the beautiful city of Stockholm, Sweden to spend the weekend. Their chief subject of discussion was what will happen to U. S. labor as a result of increasing imports from Europe.

Roger W. Babson

Every one of these men is leaving tremendous orders for machine parts which will be sent to the U. S. and assembled into consumer products now being manufactured in the United States. They classify all the way from bicycles to motorboats, with automobiles, of course, leading the way. Surely new autos made in the U. S. will not stop the flow of new cars coming from Europe. Today I saw a new Dauphine car selling in Paris for $835 (with U. S. models priced from about $950—$1100). (These are Renault built).

Not only are the European Common Market and Outer Seven countries competing with the United States, but they are competing with each other to give our U. S. manufacturers both higher quality and lower prices. These European manufacturers pay eighty cents to one dollar per hour for skilled male employees and from sixty cents to seventy-five cents per hour for female employees, who apparently can do the work just as well. Executives who would secure annual salaries of $25,000 per year in the U. S. receive only about $5,000 here in Europe. They, moreover, are very able men.

More Modern Machinery Being Used in Europe

It is not only a difference of wages, but also of spirit and ambition of the workers and of the models of the machinery used. Recently, I had dinner in Halmstad, Sweden at the lovely home of the Swedish manufacturer of razor blades for the Schick-Eversharp Injector razor, which I personally use. He is making and wrapping these blades on new high-speed machines not yet introduced in the U. S. Incidentally, I am told that the "Gripsholm," the newest passenger ship now sailing the Atlantic Ocean, was constructed in Italy, furnished in France, all with money raised in Sweden.

What About Labor Unions?

Many in the U. S. think that Europe has no labor unions. This is not true. All the countries have labor unions and, I am told, this even applies to Russia. The fact also is that the labor leaders who operate these unions are intelligent and reasonable. They are sometimes government appointed. These unions are subject to the same laws and taxes to which the management associations are subject.

The main difference between the European unions and those in the U. S. is that labor leaders and union members in the U. S. appear to have very little interest in either their employers or the consumers who are to use their products. In Europe these labor leaders and members are anxious for their employers to make fair profits and for the consumers to enjoy their products. This difference is the main reason why U. S. manufacturers are buying so many parts in Europe to put into products to sell in the U. S., and are even making the entire produts to sell in Europe and various countries abroad.

What About Tariffs?

All these U. S. manufacturers who are visiting Europe—at least those whom I meet— are griping against our State Department in Washington. They claim that our State Department is even rude to them, telling them that if they cannot compete with Europe in manufacturing costs they had better "sell out" and "retire from business." Of course, what our manufacturers want is higher tariffs. Our State Department tells our U. S. manufacturers that such higher tariffs would eventually result in World War III.

Large merchandisers such as Sears, Roebuck & Co. are making big profits importing finished household products from all European countries and also from Japan. They want tariffs kept low. They praise our State Department for their present stand. Therefore, my conclusion is that present tariff relations will continue and will result in much more unemployment in the U. S. This, however, should teach us all a good lesson—both wageworkers and employers; it may be a "blessing in disguise."

With Stone & Youngberg

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Peter A. Imsand has been added to the staff of Stone & Youngberg, Russ Building, members of the Pacific Coast Stock Exchange.

With Shillinglaw, Bolger

(Special to The Financial Chronicle)

CHICAGO, Ill.—Elmer J. Thompson is now connected with Shillinglaw, Bolger & Co., 120 South La Salle Street, members of the Midwest Stock Exchange.

Violent Housing Swings Do Not Help the Economy

By Walter C. Nelson, Outgoing President, Mortgage Bankers Association of America and President, Eberhardt Company*

Mr. Nelson refutes theory that housebuilding cycles of recent years diverging from the rest of the economy have had a useful contra-cyclical effect in blunting business recessions and booms. In fact he shows the opposite to be the case in describing violent fluctuations that have occurred. The mortgage banker opposes "free-wheeling FNMA credit" when housing starts decline, artificially set FHA-VA rates and other measures to obvert restraints of monetary policy, and Federal bills that make FHA's basic functions a hostage for welfare and inflationary programs. Parting advice to fellow mortgage bankers is: make the dollar's stability a matter of primary concern and foresake the notion that an omnipotent government is omniscient.

The end of a stewardship is unavoidably — and I hope excusably—a time for retrospection. The past two years have been unusually significant ones for the mortgage business. What I shall try briefly to do is review what has happened in our business, what this has meant to us and to the country, and what directions we might advisedly follow in the years to come.

Walter C. Nelson

During the past two years, the economy of the nation has gone from a peak in postwar expansion, through its most severe postwar recession and into an ascent toward a new peak of prosperity, the height of which we cannot yet foresee. What we do know is that we have already passed any point previously attained and that the underlying momentum is still carrying us vigorously onward, although it may be temporarily slowed down by the steel strike.

During this period, mortgage lending and the building that depends upon it, like all other activities, were affected by the general cyclical movement, but with distinct differences. These differences are mainly concentrated in the area of home building and home finance, an area so large and so broadly influential that what happens here very much determines the general trend in construction as a whole. The differences are readily recognizable.

After emerging from the recession of 1953 and 1954, economic activity in general rose with remarkable evenness, as measured by the gross national product, into the third quarter of 1957. It then sagged until the Spring of 1958 and since then has resumed its steady upward climb. House building, on the other hand, reached a peak as early as the end of 1954, before the rest of the economy had more than caught its breath from the preceding recession. Following this, it sagged almost continuously until the Spring of 1957. Then, after a brief recovery, it took another slump which lasted into the Spring of 1958. A new high level was reached in late 1958 and the first half of 1959. Now another sag is under way—again while the trend of business generally is still in the ascendant.

In short, economic activity as a whole had about a 32-month rise from the low in 1954, about an eight- or nine-month drop from the high in the summer of 1958, and a continuous expansion since, except for such temporary interruption as may be caused by the strike. In contrast, residential building had about a 16-month rise from its low in the Fall of 1953, then over three years of generally declining volume to the Spring of 1958, followed by a recovery of about a year's duration before entering another period of declining rate during the past Summer.

It may be seen, therefore, that the downswings in house building were longer and more drastic than in the other areas of the economy while the upswings were sharper than elsewhere and have been nipped off very much sooner. Some observers have claimed that these divergent movements of house building, as compared with the rest of the economy, have had a useful contracyclical effect, that is, they are supposed to have softened both recessions and booms in business generally.

I disagree with this view. It seems to me that just the opposite has happened. I am convinced that the supposed contracyclical movements of house building, instead of serving to balance the economy, have added to its distortions. They have accentuated each boom and have undermined each recovery. The pattern is as follows, and it is the same for previous recessions as for the most recent one.

Shows Opposite Pattern

First, after the presence of a recession has become fully recognized, and usually, in fact, after the forces of recovery are already at work, house building is given an artificial stimulus. It gets this stimulus partly from the automatic effect of the increasing acceptability of the fixed interest rates on insured and guaranteed mortgages in face of a general decline in interest rates; and it gets it partly from various forms of direct governmental intervention in home financing.

Second, these sudden stimuli over-induce the rate of building, over-pressure still lagging material supplies and hence raise costs, over-strain the credit system and hence raise interest rates, and end with a congestion not only in the financial market, but also in the housing market itself.

Third, the increase in interest rates, which, in itself, has in large part come from the overstimulation of home mortgage lending, runs against the rigid ceilings on insured and guaranteed mortgage interest rates and results in an exaggerated tightening of home mortgage credit. The resulting shortage of mortgage funds may be further intensified by the removal of some or all the positive measures that induced the previous expansion. The consequence is a prolonged decline in building activity which exerts a drag effect on the whole economy and contributes seriously to an ensuing general recession.

As a fourth point, I may add that governmental actions may sometimes fail in their intended purpose and that sometimes they may have effects that legislators did not take into account when the actions were taken. I may note further that the repeated preoccupation of Congress with omnibus housing bills practically throughout each session keeps the building industry in virtually a constant state of uncertainty and forces builders to rush to take quick advantage of any favorable legislative turn. All this adds further to the violence of the movements we have witnessed.

Cites Specific Experience

Let me illustrate this progression more specifically from our recent experiences. As we came to our convention in the fall of 1957, private house building was approaching the end of its worst year since 1951, after the long slide I have referred to. General business was also recognizably in a decline. From the beginning of the year until well into July, builders have been held in uncertainty by pending housing legislation from which they had hoped to get easier terms for FHA mortgages and relief from the VA interest rate ceiling. They got the easier FHA terms but the total expected gain was nullified by the failure to get the interest rate relief and also by the imposition off control over mortgage discounts — a step that caused as much confusion as anything which Congress had been able to invent up to that time.

What followed was the abrupt nipping of the mild recovery in house building that got underway earlier in the year and a further severe slide in FHA and VA activity, just at the time when a sagging economy could have benefited from an upturn in housing.

The next thing that happened was in April of 1958, after a broad economic upturn was actually under way and after a preceding fall in the whole structure of interest rates had again made insured and guaranteed mortgages an appealing investment. In what should be called the After-Emergency Housing Act of 1958, Congress eliminated the discount controls it had established the year before and provided the Federal National Mortgage Association with $1 billion for the purchase of FHA and VA mortgages at par. The effect was a booming revival of housing which is making 1959 probably the biggest private house building year in history.

But again we can see the usual pattern—a violent recovery leading to over-commitment, a sharp rise in interest rates in the free market and in discounts in the controlled FHA and VA market, a shortage of mortgage funds, increased costs, slower sales, and the prospect of a marked drop in activity in 1960. Among the causes of decline, special credit must be given to the exhaustion of the artificial boost in FNMA financing which was in a large part responsible for the distended totals of 1959 in the first place.

What do we make of this tormented history? What conclusions do we draw from the violent fluctuations to which our business has been subjected not only during the past two years but also throughout the postwar period? What recommendations do we offer for the future?

Things Not Recommended

There are some things that I hope we do not recommend. For example, I hope we do not, as some of our friends would urge, recommend a repetition of the free-wheeling FNMA credit we were given in 1958. There will be great demand for this, if, as is certain, the rate of new housing starts is down in the early part of the year. Many members of Congress, sensitive to demands of this sort and facing an election in the fall, may be easily persuaded that this is the approach to take. But this would be no more than trying to cure alcoholism with more alcohol. As an industry we should begin to ponder how many more of these binges we can stand.

There will be renewed efforts next year to set the level of interest rates by legislative fiat, in spite of the fact that this cannot be accomplished without a resort to the equivalent of printing-press money. There will be efforts, through changes in FNMA or the creation of a new agency, to provide house building with a source of funds that will be free from the restraints of monetary policy. This too can be accomplished only by an outright inflation of the money supply. I am sure we shall not be found among the advocates of such measures.

There will also be another omnibus housing bill, in which the continuance of the basic functions of FHA will again be held hostage for the passage and approval of new insurance programs, new loan programs, and new subsidy programs, all impinging directly or indirectly on the public credit. I hope that we shall not be panicked into acquiescing in the whole in order to get the part with which we are most concerned. This year we resisted the inclusion of new inflationary features in the housing bill and supported the President's veto of the original measure. We are likely to be faced with a similar decision again.

Sooner or later we must find the means of breaking the incongruous and dangerous policy of combining in a single measure matters of serious consequence to the private economy of the nation and welfarist programs involving heavy use of the public credit, which should be considered separately and seriously on their own merits. To do this we may be called upon to make greater sacrifices than we have so far been called upon to make of our own immediate advantage in order to protect the interest of the country as a whole. I trust we shall be prepared to meet this test.

Confidence in Currency and Debt

We are not being wholly unselfish when we do this. As I pointed out in Chicago last February and on a number of occasions since that time, our deepest interest and our future safety as mortgage men, as well as our ability to serve the nation's home buyers, are completely bound up with the confidence of investors in the stability of the dollar and the dependability of debt investments.

At the beginning of this year, that confidence was badly disturbed. If that were not so, we should not have seen interest rates rise to their present heights or have seen the most conservative investors turn from fixed-dollar obligations to equities, or have seen so large an outflow of gold. Because of the firmness of the administration and the support it has been able to obtain from the Congress, the situation is less ominous now than it was in January. Nevertheless, the threat is not ended. It will be renewed next year and we must continue to be alert to it.

Our primary concern, therefore, must be with the soundness of the dollar, and all the measures with which we are confronted, and all the possible governmental benefits with which we may be beguiled, should be viewed in the light of that concern. Beyond this we should finally and fully disabuse ourselves of the belief that an omnipotent government can solve all our problems.

The experiences I have reviewed should be enough to convince us on this score. They should be enough to prove to us that, although government is steadily expanding its claims to omnipotence, it can claim very little for its omniscience. Its perception of the course of events has been clouded. The timing of its actions has been faulty, and the results have often been unintended and at all times unpredictable. In its search for stability, it has often produced violent instability. In its urge for expansion, it has interfered with a more certain progress.

While it may be too much in this hazardous age to expect less government, we may at least hope for a more modest government. We may hope for a government that accepts limitations on its wisdom if not on its powers, that recognizes that, because its powers are great, it should use them discreetly. We may hope for, and we must strive for, a government that will have greater confidence in the forces of a free market economy to provide a continuity of expansion and that will show a greater desire to unleash these forces to their fullest strength.

Praises Statement of Policy

In its Statement of Policy, which was issued by President John Hall in 1958 and which was reaffirmed this year, the Mortgage Bankers Association has offered a program to this end. This forward looking document has stood well the test of time.

It recognizes the essential contribution that mortgage insurance makes to a national mortgage market, and suggests the means, by simplyfying the FHA system, by giving greater flexibility to its operation, and by insulating it from transient political influences, for making mortgage insurance a more effective instrument to meet the housing needs of the people.

It proposes ways for further broadening the market for home ownership and real estate investment by removing inpediments in state mortgage and investment law and Federal tax law.

It recognizes the important place that a governmentally sponsored secondary market facility may have in the mortgage market. At the same time it accepts the limitations that must be placed upon such an institution to avoid the creation of a primary source of credit and a means for monetizing mortgage debt; and it proposes the safeguards necessary for these purposes.

It approves vigorous programs of urban renewal, at the same time stressing the desirability of better inducing a flow of private investment in urban areas and of reducing the proportion of Federal participation in these essentially local operations.

It emphasizes at every point the necessity of allowing mortgage financing, including insured and guaranteed mortgage financing, to carry out its role to its fullest potential within the limitations of the private money market, without special shelter from the impact of monetary policy but also without the special competitive disadvantages resulting from the imposition of restrictively administered interest rates.

While the details of our policy must be modified from time to time to meet new issues and changing conditions, I am confident that the principles on which our policy has been based remain valid and that we can stand on them in the future as we have in the past. I believe that the experience since the publication of the statement offers the best argument we could have for the soundness of our position. Though all our objectives have not yet been attained, I feel assured that we have exerted a greater influence than many of us may realize. I see no reason to retreat. On the contrary, we should continue to press forward along the lines we have laid for ourselves.

*An address by Mr. Nelson before the 46th annual meeting of the Mortgage Bankers Association of America, New York City, Sept. 21, 1959.

News About Banks and Bankers

CONSOLIDATIONS NEW BRANCHES NEW OFFICERS, ETC. REVISED CAPITALIZATIONS

The Chase Manhattan Bank, New York swung open the doors of a new major banking office here in Manhattan on Oct. 14, the Bank's 104th location in New York City, is located at 410 Park Avenue.

Vice-President John L. Taylor, who heads a 14-member official staff at the new office, said complete banking services will be offered and that representatives of the Bank's trust, instalment loan and international departments will be included among the officers and some 50 other employees at the office.

* * *

John H. Kohler, an Assistant Vice-President of the **First National City Bank of New York,** died Oct. 12 at the age of 58.

Mr. Kohler was an Assistant Vice-President of the trust department and had been in charge of the Bank's research department at 22 William Street.

He joined the old **National City Bank** in 1928 as an Assistant Cashier.

* * *

THE FIRST NATIONAL CITY BANK OF NEW YORK

	Sept. 30,'59	June 30,'59
	$	5
Total resources	7,878,600,008	7,871,134,909
Deposits	6,760,398,112	6,966,148,289
Cash and due from banks	1,654,090,331	1,781,904,990
U. S. Govt. security holdgs.	1,059,236,562	1,226,842,463
Loans & discts.	4,312,873,759	4,078,243,244
Undiv. profits	104,017,109	99,385,774

* * *

FIRST NATIONAL CITY TRUST CO. NEW YORK

	Sept. 30,'59	June 30,'59
	$	$
Total resources	151,822,534	142,073,495
Deposits	109,778,289	100,362,891
Cash and due from banks	20,314,779	33,558,659
U. S. Govt security holdings	71,194,504	66,353,131
Loans & discounts	16,445,253	3,598,547
Undivided profits	5,122,401	4,919,268

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Chemical Bank New York Trust Company, New York, has elected George O. Davies and Howard C. Harder to its Rockefeller Center Advisory Board, Harold H. Helm, Chairman, announced Oct. 10.

* * *

Merwin S. Jenkins, 52, an investment trust officer of the **Chemical Bank New York Trust Co.,** died on Oct. 8.

He had been a Vice-President of the **Corn Exchange Bank** before it was merged in 1954 into the **Chemical Corn Exchange Bank.**

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Stuart W. Don and Wilfred D. Wickenden have been elected Vice-Presidents of **Chemical Bank New York Trust Company, New York,** Chairman Harold H. Helm announced on Oct. 14. Messrs. Don and Wickenden will be joint managers in charge of Chemicals new London office which is to open in December.

Mr. Don went through the training program of **First Boston Corporation** in **New York** in 1937. He became affiliated with the **Bank of Manhattan** as its London representative in 1953, and when that Bank was merged into **Chase Manhattan** in 1955 he was appointed an Assistant Vice-President. He has continued in London in that capacity.

Mr. Wickenden began his banking career 34 years ago with the **Midland Bank Limited, Overseas Branch, London, Eng.** He served from 1947 to 1952 as an Assistant representative of this Bank in New York. Thereafter, at the request of the Midland Bank, Mr. Wickenden established a London branch of the **Rafidain Bank** which he successfully operated for eight years.

With assets of more than $4,000,000,000, Chemical Bank, New York Trust Company is the third largest bank in total resources in New York City, where it has 102 offices. It has correspondent Banks throughout the U. S. and in all commercial centers of the Free World.

Chemical Bank New York Trust Company's new London Office will be located at 25-31 Moorgate, E. C. 2, and will be fully equipped and staffed to provide complete banking service.

* * *

Appointment of Joseph L. Seiler, Jr. as an Assistant Vice-President and John P. Dowling as an Assistant Secretary of **Manufacturers Trust Company, New York** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Seiler joined the Bank in 1945 and in 1952 was appointed an Assistant Secretary. Mr. Seiler is assigned to the Security Analysis Department at the Bank's Head Office at 44 Wall Street.

Mr. Dowling joined the Bank in 1956 and was appointed an Assistant Treasurer in 1959. Mr. Dowling is assigned to the Bank's Empire State office.

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Irving Trust Company, New York, New York, announces the promotion of H. Miller Lawder to the office of Senior Vice-President.

Mr. Lawder has been associated with Irving Trust Company since 1923 and was recently named Head of its National Division. Prior to that he was in charge of the bank's commercial loan and correspondent bank relationships in the West.

* * *

Alan Chichester Abeel, 63, a Vice-President of the **Morgan Guaranty Trust Co. of New York,** died on Oct. 7.

Mr. Abeel joined the Guaranty Trust Co. in 1919. He was assigned to the bank's Fifth Ave. office in 1928 and served there for the rest of his career. He became a Vice-President in 1942. The Guaranty Trust Co. was amalgamated with J. P. Morgan & Co. earlier this year to form the Morgan Guaranty Trust Co.

* * *

Brown Brothers Harriman & Co., New York, commercial bankers, has announced the appointment of Walter H. Brown as a manager. He will be particularly concerned with international operations. Mr. Brown was formerly a Vice-President in the foreign division of the **New York Trust Company** and more recently has been a Vice-President of the **Chemical Bank New York Trust Company.**

* * *

Directors of the **Empire Trust Company, New York,** Oct. 13 elected Jay E. Crane a member of the board.

Mr. Crane is financial consultant to Standard Oil Company (New Jersey) and a Director of the Great Atlantic & Pacific Tea Company, Inc. He was formerly Vice-President and Director of Standard Oil Company (New Jersey) and Chairman of the Federal Reserve Bank of New York.

* * *

"When the **Bay Ridge Savings Bank, Brooklyn, N. Y.** opened its door as a little neighborhood business in 1909 little did its founders except that in just 50 years the Bank's assets would total nearly $200,000,000."

With these words David B. McVean, President of the Bay Ridge Savings Bank since 1947, describes the fantastic growth of the neighborhood institution.

The Bank celebrates its 50th anniversary this year, proud of the fact that its list of customers has grown from a handful of farmers, townfolk and small businessmen to a list of 100,000 depositors ranging from penny-saving youngsters to financial tycoons.

* * *

The common capital stock of **The Queens National Bank of New York, Springfield Gardens, New York,** was increased from $852,500 to $1,000,000 by the sale of new stock, effective Oct. 2. (Number of shares outstanding—100,000 shares, par value $10.)

* * *

George A. Van Erff was elected a Vice-President of the **National Bank of Westchester, White Plains, N. Y.**

* * *

The National City Bank of Troy, Troy, N. Y., with common stock of $600,000, was merged with and into **State Bank of Albany, Albany, N. Y.,** under the **Bank of Westchester, White** charter and title of State Bank of Albany, effective Sept. 25,

* * *

The Bank of Levittown, N. J., will open for business on Nov. 5, it was announced by C. Donald Moyer, President of the new institution.

* * *

Roger C. Damon, was elected President and Chairman of the Executive Committee of the **First National Bank of Boston, Mass.** on Oct. 8. He joined the Bank in 1929.

Mr. Damon succeeds Lloyd D. Brace, who becomes Chairman of the Board and continues as Chief Executive officer. Mr. Brace became President in 1947.

The Board of Directors also promoted two other Senior Vice-Presidents to the new posts of Vice Chairmen of the Board. They were Serge Semenenko and John E. Toulmin. Mr. Semenenko has been with the Bank since 1926. Mr. Toulmin joined the Bank in 1925.

THE FAIRFIELD COUNTY TRUST CO. STAMFORD, CONN.

	Sept. 30,'50	June 30,'59
	$	$
Total resources	181,627,090	161,103,426
Deposits	164,454,831	144,800,126
Cash and due from banks	14,277,675	13,774,708
U. S. Govt. security holdings	45,454,283	39,593,862
Loans & discounts	101,608,944	90,999,721
Undivided profits	1,639,483	1,845,737

The Board of Directors of **The First National Bank of Chicago, Ill.,** on Oct. 9 voted in favor of a five-for-one split of the bank's capital stock, subject to the approval of shareholders of the bank owning at least a majority of its stock.

An appropriate amendment to the bank's Articles of Association, providing for the reduction in the par value of the bank's stock from $100 to $20 a share and a corresponding increase in the number of shares from 1,250,000 to 6,250,000 will be submitted to the shareholders at the annual meeting to be held on Jan. 12, 1960.

If the amendment is approved by the requisite vote of the shareholders, the stock split will thereupon become effective and certificates for the additional shares will be mailed to the shareholders.

* * *

Philip Block, Jr., was elected a Director of **Continental Illinois National Bank and Trust Company of Chicago, Ill.,** succeeding Chauncey B. Borland, whose retirement from the Board was announced simultaneously.

Mr. Borland was first elected a Director of Continental and its predecessor banks in 1917.

New York operations will be expanded Nov. 2 by Continental Illinois National Bank and Trust Company of Chicago, it was announced Oct 8 by David M. Kennedy, Board Chairman.

New quarters to be occupied at 71 Broadway will include an office of the bank's municipal bond department to handle underwriting, trading and distribution of both state and municipal securities. Bond activity in 17 eastern states will be covered from the New York office.

Edward J. McGrath, Vice-President, is in charge of the office. Other members of the staff are Leslie A. Anderson, Second Vice-President; Stuart C. MacIntire and James Stenson, Assistant Cashiers, and Christopher P. Sweeny.

Continental and its predecessors have maintained offices in New York since 1924, for the past 25 years at 14 Wall Street.

* * *

Farmers and Merchants National Bank in Benton Harbor, Benton Harbor, Mich., with common stock of $750,000; and **The State Savings Bank, Bridgman, Mich.,** with common stock of $100,000 consolidated, effective as of Sept. 30. The consolidation was effected under the charter and title of **Farmers and Merchants National Bank in Benton Harbor,** with capital stock of $890,000 divided into 44,500 shares of common stock of the par value of $20 each.

* * *

THE NATIONAL BANK OF DETROIT, MICHIGAN

	Sept. 30,'59	June 30,'59
	$	5
Total resources	1,937,121,889	1,976,030,086
Deposits	1,753,074,448	1,798,761,472
Cash and due from banks	382,735,038	439,320,990
U. S. Govt. security holdgs.	529,413,272	571,061,114
Loans & discts.	752,099,698	695,330,989
Undiv. profits	23,449,355	21,447,744

* * *

The First National Bank in Ada, Ada, Okla., changed its title to **The First National Bank and Trust Company of Ada,** effective Oct. 1.

* * *

A charter was issued on Sept. 25 by the Office of Comptroller of the Currency to the **Broadway National Bank of Kansas City, Kansas City, Jackson County, Mo.** The President is Wood Wornall and the Cashier is Ardo Roberts. The bank has a capital of $350,000 and a surplus of $150,000.

* * *

Republic National Bank of Dallas, Texas proposed a dividend of one share of common stock for every four outstanding common shares and said thereafter it would pay a cash dividend of 14 cents a share monthly. It currently pays a monthly dividend of 16 cents a share.

The plan is subject to approval by stockholders at a special meeting which the Bank has scheduled for Nov. 15. It also needs the approval of the State Comptroller of Currency.

If the proposed stock dividend is carried out 788,887 shares of new stock will be added to the 3,155,548 shares outstanding.

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Eugene H. Adams, Executive Vice-President, was named President of the **First National Bank of Denver, Denver, Colo.,** to succeed John Evans, who was named Honorary Chairman.

Enhancing Mortgage Liquidity

Continued from page 11

with the National Conference of Commissioners on Uniform State Laws.

To be more acceptable to institutional lenders, mortgages must partake as fully as possible of the characteristics which give bonds and similar prime securities their appeal—simplicity of form, ease of storage and sale, and standard and well-established remedies. Mortgages, of course, cannot be fitted into this class completely, but a great deal has been done and yet remains to be done to enhance their marketability, so to speak, in the general investment market.

Foreclosure Obstacle Remains

In the past, two formidable obstacles have tended to militate against mortgages — one is the matter of titles, and the other, foreclosures. The first difficulty has virtually disappeared, thanks to title insurance. The second continues to challenge us.

Obviously, the ideal solution would be a complete overhauling of the mortgage laws of every state and the universal enactment of a uniform code. The breadth and scope of such an effort, however, renders it unattainable within any reasonable time schedule, as every lawyer knows. I believe we could, nevertheless, within the framework of existing laws and customs peculiar to each of the states, agree on a basic philosophy as to the nature and purpose of a lien to secure a debt and the method of enforcing it. Though this, too, would be a long and complicated struggle, any time and effort spent in it would be worthwhile indeed, and by thus narrowing the scope of the program, offer practical hope of success.

What would we seek to achieve? In essence, we would seek to achieve a situation where in all states the law would permit lender and borrower to contract with each other under circumstances where the resulting loan contract would be fair to each; where the lender would feel disposed to make money available abundantly and at reasonable rates; where the borrower would be protected in the enjoyment and salvage of his property; and where the lender would be relieved of unnecessary risks and expense connected with enforcement of his lien. All this is not impossible.

It would not be in the public interest to encourage laws that summarily deprive a man of his home upon either a trivial or a serious default, nor, on the other hand, to encourage laws that beset a lender with burdensome technicalities and unreasonable delays in possessing and liquidating the pledged property. The latter, in a very real sense, tends to work against the borrower, to the extent at least that, other things being equal, the lender instinctively will shun those areas where foreclosure is long drawn out and expensive, and gravitate to a more appealing climate.

It is not right to impose upon all non-defaulting borrowers an extra cost for their money due solely to unnecessary complexities of legal remedy in event of default. In most states current foreclosure law was conceived many years ago in an economic environment which no longer prevails. The real purpose of a redemption provision in foreclosure law is to protect the borrower, not to harass the lender.

Enforcement and Liquidation

The universal adoption of a single standard form of security instrument would, of course, be highly desirable. However, it would not be necessary even to attain that degree of uniformity in order to achieve our purpose. The present use of a mortgage in some states and a deed of trust in others is not too troublesome. After all, each form does pledge the property. The matter of the enforcement of these liens and the liquidation of the pledged properties is, unfortunately, quite a different proposition—one that is subject to even more variables than Vermont weather in March.

In addition to the basic division between foreclosures that are quick and cheap and those that are long drawn out and expensive, we find a further subdivision between judicial and non-judicial foreclosures. The former require court action; the latter are merely summary sales of the property under powers contained in the security instrument, without court action and usually without redemption. The fragmentation does not end here, for again, judicial foreclosures may be grounded in the conscientious concepts of the ancient courts of chancery, or they may be mere arbitrary rules drawn up to suit local needs and tempers. Moreover, in some states the matter of redemption is treated as a sacrosanct inherent equity; in others it is a mere privilege granted by the legislature. Sometimes redemption is made before sale, sometimes after. In some states there is no provision for redemption at all. Then, too, there are seemingly endless ramifications into the field of appraisement and receivership laws and deficiency judgments. Costs correspondingly run the gamut from nominal to substantial to excessive.

Why all this should necessarily be so is hard to explain logically. The answer, of course, is that we have 51 local sovereignties to contend with, each having its own peculiar idea. Traditions and customs are powerful influences and that is why this kaleidoscopic pattern of mortgage law persists. The Uniform Commercial Code is trying to deal with a field that is just as complex, or even more so, and while progress seems slow, the Code definitely is on its way to a wider acceptance, essentially because it makes order out of chaos. Should not, likewise, the matter of revision and standardization in the mortgage field command similar attention and effort?

As I have said, this is particularly needed in the matter of foreclosure. For example, the item of redemption, which hangs like a cloud over the whole relationship between lender and borrower, all too often treats all mortgages alike. Hardly ever is any distinction made in the law between a commercial mortgage and one for purchase money to buy a home; and only rarely is any realistic distinction made on the basis of loan ratio. Is there not good reason to treat commercial mortgages differently from purchase-money home mortgages? Is there not good reason to treat a $33\frac{1}{3}\%$ equity differently from a 20%, 10% or even a 2% equity, in this matter of redemption? Is it fair or just to let a defaulter on a virtually 100% purchase-money mortgage remain in possession rent free a year or more? All too often the lender, in such cases, has to resort to a forcible eviction just to recover a sadly-beaten house.

Start Somewhere

We have to start somewhere. Let's begin with simplification and standardization of these foreclosure practices. This will mean, at the outset, a comprehensive study and then the development of a proposed uniform code. Such a code should distinguish between farm property, home property, and commercial or income producing property. Foreclosure should be pursuant to a statutory power of sale, after reasonable notice served, recorded, and published. Redemption periods after sale might well be, for example, one year for farms and less for homes and for commercial properties, subject to further reduction in the case of farm and home mortgages if the debt has not been reduced by a specified percentage. The right to a deficiency judgment should be preserved, based on fair market value at the time of sale; and of real importance should be provisions for the expeditious disposition of Federal liens.

The safety, liquidity, and favorable yield of a mortgage loan portfolio are now well recognized. Lack of marketability, however, is a drawback which affects their popularity as a medium for investment. Could we not reasonably look forward to the day when a seasoned FHA loan and other loans with good payment records would be just as marketable and salable as a government bond of the same amount? Every step taken in the direction of a uniform code brings us closer to such an objective, and we may be closer to it than is commonly thought.

Job for M. B. A.

I would like to raise the question as to whether the attainment of more uniformity in foreclosure laws would not be an appropriate enterprise for the Mortgage Bankers Association. After all, you directly serve the interest of both the borrower and the lender, and are competent to fairly appraise the needs of both and to determine where the public interest lies. You would speak with authority in a field in which your competence is widely respected. You would have the assistance of many other distinguished groups.

In addition to the National Conference of Commissioners on Uniform State Laws, the American Bar Association has for many years been active in the field of uniformity of state legislation, and maintains a standing Committee on Uniform State Laws. Most state bar associations do likewise. Also, many states have official commissions on uniform laws, appointed by legislative act. They secure concert of action through an annual conference with these commissioners, and hence, in effect, act as a national committee on uniform state legislation. They have made commendable efforts in various fields toward a greater degree of uniformity of state laws. The Uniform Negotiable Instruments Act is one of the outstanding examples of success in this field. Other activities of this committee, together with those already cited, serve to demonstrate that we have already effective mechanisms devoted to the task of promoting uniform laws.

Much assistance could be expected from these established groups. However, leadership must be taken by some group interested in and competent to speak on the subject. Would not the Mortgage Bankers Association be the appropriate one to assume that leadership?

*An address by Mr. Davis at the 46th Annual Convention, Mortgage Bankers Association of America, New York City, Sept. 23, 1959.

American Stock Exch. To Receive Nominees

The Nominating Committee of the American Stock Exchange will hold open meetings on Nov. 4 and Nov. 11 to receive nominees for offices to be filled at the annual election on Monday, Feb. 8, 1960. In addition the Committee will hold prior meetings on Oct. 21 and Oct. 28, if members desiring to appear at such meetings will request an appointment from the Secretary.

Vacancies to be filled at the election are for Chairman of the Board; members of the Board of Governors, and Trustees of the Gratuity Fund.

Form No. Ind. Inv.

GARY, Ind. — Northern Indiana Investment Co., Inc. has been formed with offices at 504 Broadway to engage in a securities business. Officers are Richard L. Howard, President and Secretary; Robert Browne, Vice-President; and Howard M. McKinney, Treasurer. Mr. McKinney was formerly with Sills, Fairman & Harris and Doyle, O'Connor & Co.

Five With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Lewis U. Bettman, Jr., Harvey J. Higgins, Walter G. Kriegshauser, Jr., Owen D. Snyder and Robert M. Sterling have been added to the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Irizarry Garcia Opens

HATO REY, PUERTO RICO—A. F. Irizarry Garcia is engaging in a securities business from offices at 506 Carlota Matienzo Street Urbanizacion Los Maestros.

Griffith & Co. Formed

CLARKSVILLE, Ark.—Griffith & Co., Inc. is conducting a securities business from offices at 608 Johnson. Officers are Reynolds Griffith, President; Charles L. McCarthy, Jr., Vice-President, and Ira M. Reed, Secretary-Treasurer.

Joins Hess Inv.

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill. — Lyman D. Blessman has joined the staff of Hess Investment Company, Illinois State Bank Building.

Mutual Funds

BY ROBERT E. RICH

Sidelight Reactions to Treasury's "Magic 5s" Issue

The financial community, where the subject for discussion in 1959 almost invariably has been foreign tensions, tight money and the steel labor dispute, discovered a new topic last week. The phenomenon of some 100,000 people scrambling to latch onto United States Treasury notes not only was something for Wall Street to ponder, but will inevitably influence the thinking of market men for a long time to come.

For the manager of the syndicate department of one of Wall Street's leading wire houses, a longtime specialist in tax-exempt bonds, it was nothing short of a revelation. Said he: "Customers kept me on the phones. Others waited in the anteroom. All wanted to know whether they should buy these 5% Treasury notes, which run for four years and ten months. I can tell you I did nothing to discourage them because they seemed to be more interested in knowing how to go about buying these 5s than in anything I had to say about their tax bracket or the tendency of U. S. obligations to fluctuate."

The banks, paying these depositors 3% to 3½%, and savings & loan associations, often providing even better yields, were totally unprepared for what followed. They suddenly found themselves besieged by customers who wanted to switch their nest eggs into the 5% Treasury notes. Nor were these people small depositors, for the notes were sold in $1,000 units. And they were hardly worth going after unless the customer was prepared to buy in multiples of $1,000. So these, by and large, were not small depositors.

The Government was no less flabergasted than Wall Streeters and bankers. It sought to sell only $2 billion of these obligations, yet total subscriptions totaled more than $11 billion. Congress, which refused to permit the President to pay more than 4¼% for long-term money (obligations running more than five years) knows now, if it didn't know before, that the Government can put its fiscal house in order by competing with a free hand for needed funds.

A survey of the money-management community leads to the inescapable conclusion that the men who were least surprised by the hectic rush to buy the so-called Magis 5s were mutual fund managers. While should occasion little astonishment, since the mutual funds are closer to the thrift-minded middle class of this country than bankers, brokers or Treasury aides. New as they are in the U. S., the mutual funds have grown up with this burgeoning middle class and indeed thrived by providing the vital services of trustee for this segment of our society. The reaction of one fund official to this public scampering to purchase the Treasury's sums up the situation best: "One of the most intelligent men in Wall Street used to say that anytime was a good time to buy a good stock. That's the way we feel — especially when the yield is 5%."

Apparently, the sophisticated well-to-do people across the land felt precisely that way about a U. S. Government security, especially since the yield is 5%.

While it is true that many mutual fund managers are primarily interested in growth stocks that provide little yield, or even none at all, and turn in outstanding performances by stressing **outcome, not income**, even they are aware that the great majority of the investment-minded middle class keeps a sizable cash reserve on which it wants the fattest return commensurate with safety. Indeed, corporation treasurers do the very same thing when they put out idle pools of cash for hire.

We have noted here many times that there is no end in sight to the sturdy growth of the mutual fund field. We have said repeatedly that there are vast hoards of cash seeking an investment outlet. The Government found that out last week, although its sale of the Treasury 5s was not designed for the individual, but for banks, insurance companies, pension funds and similar institutional investors. Only a few days earlier the Government had boosted the interest rate on the so-called Series E savings bonds to 3¾% from 3½%. It was this increase that was expected to stop the cash-ins of these bonds by the small savers.

It is to the credit of the mutual fund managers that they have dealt in adult fashion with prospective investors. Recognizing that this is a well-informed and well-heeled generation interested in security, growth and return, it has deliberately set out to provide these things to the best of its ability.

Based on a record of outstanding achievement, it is not difficult to guess where a large part of the billions of dollars, that the $2 billion limit placed on the Treasury 5s did not touch, will go. It is the giant nest eggs, brought into sharp focus by this latest Government financing, that has the investment community buzzing these days. If this revelation does nothing else, it should stop the idle talk that resources to finance the growth of our economy are drying up.

Stone & Schulte Opens

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Stone & Schulte, Inc. has been formed with offices at 1745 West San Carlos Street to engage in a securities business. Officers are Donald L. Stone, President; Lewis H. Schulte, Secretary-Treasurer, and W. L. Sheppard, Assistant Secretary.

Forms Pacific Securities

YAKIMA, Wash.—Riley L. Tyler is conducting a securities business from offices at 8612 Kail Drive. He was formerly with Walston & Co., Inc.

Now Eppler & Co.

REDWOOD CITY, Calif. — The investment business of Avery L. Eppler Company, 601 Marshall is being continued by Eppler & Co. Incorporated. Officers of the new organization are Avery L. Eppler, President; M. V. Eppler, Vice-President; and Ethel H. Callinan, Secretary-Treasurer.

Reginald W. Tickner

Reginald W. Tickner passed away Oct. 1 at the age of 62. Mr. Tickner was one of the founders of Granbery, Stafford & Co. Later he was with Doremus & Co.

Funds Report

Abacus Fund reports that at Sept. 30 net assets totaled $35,584,909, equal to $41.58 a share. This compares with $30,842,224 and $36.04 a share at Sept. 30, 1958.

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American European Securities reports as of Sept. 30 net assets per share of $34.32, against $33.90 a year earlier.

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Energy Fund announced on Sept. 30 net assets were $7,462,730, or $18.51 a share, compared with $4,808,765 and $15.76 a share a year ago. Shares outstanding rose to 403,206 from 305,140.

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General American Investors had net assets of $63,890,455 and $32.65 a share on Sept. 30. A year earlier the figures were $69,497,247 and $35.67.

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National Aviation Corp. had net assets on Sept. 30 of $25,320,675, equal to $28.96 a share. This compares with $22,931,620 and $26.25 on Sept. 30, 1958.

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Nelson Fund had on Sept. 30 net assets of $3,273 a share. This compares with $3,023 on Dec. 31, 1958.

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Penn Square Mutual Fund reports as of Sept. 30 net assets of $7,877,181, equal to $14.64 on each of 538,886 shares outstanding. This compares with $2,558,219, $15.13 a share and 193,939 shares at Dec. 31, 1958.

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Texas Fund announced that at the year ended Aug. 31 net assets totaled $38,805,007, the equivalent of $9.67 a share, against $32,477,032 and $8.37 a share a year earlier.

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Founders Mutual Fund asset value at Aug. 31 was $51,354,797. The total amount to be invested under outstanding systematic investment accounts was $182,665,500 at that date.

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Fundamental Investors, Inc. has acquired the $1,121,232 assets of I. H. L., a personal holding company. In exchange for these assets, Fundamental issued 119,280 shares of its capital stock with an asset value of $9.40 per share. Total net assets of Fundamental are currently in excess of $550 million.

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Florida Growth Fund, Inc. reports sales of its shares for the first nine months of this year totaled $1,398,806, an increase of 215% from the year-earlier period.

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A third-quarter volume of $31,276,000, raising the 1959 total to date to almost $100,000,000, was reported by **Investors Planning Corporation of America.**

At $99,854,000, business written by the company's 3,000 mutual fund representative during the nine months ended Sept. 30 was 83% higher than the year-ago figure of $54,548,000, and 21% above the $82,700,000 record total for all of 1958.

"So far this year," said I. P. C. President Walter Benedick, "our sales volume is running at the rate of over $11,000,000 a month, compared with about $6,000,000 through Sept. 30, 1958."

According to Mr. Benedick, business written during the Summer quarter just ended was 77% greater than the 1958 third-period total of $17,683,000. It was down somewhat from the record $37,061,000 of the June 30, 1958 quarter.

I. P. C.-sponsored contractual plans in force passed the 75,000-mark last month, totaling 75,986 at the September closing, for a 45% jump from the 52,558 on the books a year earlier. Plans in force three months ago came to 70,360.

Geo. C. Textor Named Co-Chairman for N. Y. March of Dimes

George C. Textor, President of the Marine Midland Trust Company of New York, has been named Co-Chairman of the 1960 New York March of Dimes, it has been announced by Gerald M. Loeb, General Chairman. The March of Dimes is now engaged in an all-out battle against Birth Defects and Arthritis while continuing the winning fight against Polio.

George C. Textor

Joining the Marine Midland Trust Company in 1916, Mr. Textor has been a director since 1952 and was named President in 1955. He holds directorships in 12 corporations, including Pepsi-Cola Company, Sheraton Corporation of America, and the New York, New Haven and Hartford Railroad Company. He is also a director of the Federation of Protestant Welfare Agencies Inc., a Trustee of Ithaca College, and Treasurer and Trustee of the American Heritage Foundation.

As Co-Chairman, Mr. Textor will assist in the coordination of campaign activities and help to enlist the support of industry, labor, professional and civic leaders.

John G. Sheldon With A. C. Allyn & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John G. Sheldon has become associated with A. C. Allyn and Company, Incorporated, 122 South La Salle Street. Mr. Sheldon, who has been in the investment business in Chicago for many years, was formerly manager of the municipal department for Francis I du Pont & Co., in Chicago.

W. A. Lippman Joins Woolrych, Currier

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William A. Lippman, Jr. has become associated with Woolrych, Currier & Carlsen, Inc., 210 West Seventh Street. He was formerly with Pledger & Company, Inc. in the trading department.

Forms Mora & Co.

BEVERLY HILLS, Calif.—Adolph E. Mora is engaging in a securities business from offices at 366 North Camden Drive under the firm name of Mora & Co. He was formerly with Lloyd Arnold & Co. and T. R. Peirsol & Co.

Accepting the Discipline of The Balance of Payments

Continued from page 4

gold; the gold outflow will feed on itself, and the authorities will have to impose an embargo on gold, which in effect would lead to a sharp rise in the gold price at home and abroad. The risk of such a course of events will become particularly acute, it is held, when the American economy experiences another and perhaps more drastic recession, since this is likely to create a favorable climate for currency devaluation as a means for stimulating recovery.

A more substantial body of opinion however, stresses that United States Government officials of both political parties are firmly on record as opposing a change in the gold price, and that the United States cannot, in the foreseeable future, be pressed into a position where it must devalue against its will. Despite a gold outflow of almost $3 billion in the past 1½ years and the recent payment of a gold subscription of $344 million to the International Monetary Fund, the United States gold reserve is still huge, comprising close to one-half of the monetary gold stocks of the free world, and the United States is thus in position to withstand a gold outflow of $1-2 billion a year for some time to come. In addition, the gold reserve coverage of Federal Reserve deposit and note liabilities, currently at about 40%, still exceeds the statutory requirement of 25% by a sizable margin; moreover, in the event of sustained pressure, the statutory requirement could well be lowered without unsettling the financial system. Finally, in the event of emergency, there is a further bulwark in the resources of the international financial institutions, including especially the International Monetary Fund.

Problem of the Gold Price

In any event, few Europeans would expect the United States to be able to devalue the dollar unilaterally as a means of bringing the domestic price level in line with world markets. It is generally agreed that other exporting countries would not stand idly by. Rather, the more prevalent belief is that inflationary tendencies and an increasingly troublesome balance of payments problem would make the United States amenable to an increase in the price of gold in which other leading countries would join. In effect, this would be a currency devaluation on an international or practically worldwide scale, leaving the exchange relationships between the dollar and other key currencies substantially unaltered.

The contention that the gold price should be raised in the United States and elsewhere is one of long standing in certain financial circles abroad, particularly in areas with a large gold output. As such, it has cropped up repeatedly since the end of World War II, and has been advanced on various occasions long before the start of the current gold outflow from the United States in early 1958. A major argument propounded in favor of a higher gold price is that world liquidity is being squeezed by the failure of the monetary gold stock to expand in line with higher output, and that the monetary value of gold hence needs to be raised in order to meet the increased requirements for gold reserves on the part of a growing world economy. Also, the cost of mining gold has advanced considerably so that a higher price is needed if gold production is to be maintained and encouraged.

Here too, however, this line of thinking is by no means universally accepted. An important, thoughtful, and very considerable body of opinion points out that the decline in the United States gold stock represents no more than a correction of the former "maldistribution" of gold, and that even today the amount of gold held by the United States is probably disproportionately large compared to the volume of trade and investment activity around the world. More importantly, it is emphasized that a general increase in the gold price would create a serious inflationary potential on an international scale. The problem troubling most industrialized countries in the postwar era has been not a shortage but a surfeit of liquidity, which has contributed to the worldwide uptrend in the price level over the years; only fairly recently have a good many countries been able, through credit policies and other means, to come to grips with this problem. A higher valuation of gold reserves would create, for the treasuries of the various countries, a "profit" which, as a practical matter, it would be difficult to sterilize.

Rather, the prospects would be for such a paper profit to be expended for various purposes, with consequent inflationary effects; also, under conditions of generally active business, an international devaluation of currencies could not fail to lead to higher prices in world commodity markets. The international financial organizations, it is pointed out, provide ways and means to economize on the international use of gold without releasing such an inflationary potential. Finally, a rise in the gold price in the United States and other countries important in world trade would provide a windfall enhancement to the international purchasing power of the Soviet gold output and the Soviet gold stock, which is of unknown size but is believed to be fairly substantial.

On balance, the opponents of a general increase in the gold price seem to have the better of the argument; certainly there are more adherents to this school of thought, which appears to include most financial experts in Western Europe. However, it cannot be denied that the sponsors of a higher gold price internationally count among their number not only some vocal advocates but also some very keen and acute observers.

A Realistic Appraisal

Against this background of conflicting views and forecasts, it is essential to retain perspective and seek a balanced realistic appraisal of the current standing of the United States dollar. To some extent, the indubitable decline in the singular esteem in which the dollar was held abroad until a few years ago reflects the material economic improvement of Western Europe, which has strengthened the position of the various currencies involved; this development has been an aim of our foreign economic policy since the end of World War II and is to be the benefit of the entire world economy. In addition, of course, the United States balance of payments has taken an unfavorable turn which raises some important questions regarding the conduct of our economic affairs. Nevertheless, and without belittling these problems, fears of an imminent dollar crisis appear without substantial foundation.

There is little evidence of any widespread loss of confidence in the dollar. Even in 1958, when American gold losses for a time were running at an exceptionally rapid rate, foreign holdings of short-term dollar assets increased by over $1 billion. So far in 1959, despite a further, albeit slower, gold outflow, another $1 billion and more has been added to these assets, which now aggregate some $16 billion. Both the size of these holdings and their rising trend suggest no real apprehension abroad that a change in the American gold price is at hand.

Several astute Europeans have observed that perhaps the greatest risk in the current situation is a loss of confidence in the dollar on the part of Americans themselves, accompanied by a large-scale movement out of the dollar into foreign currencies or securities, or into gold. So far, however, there is no sign that any such movement has developed or is in the offing. To be sure, it is a matter of common knowledge that American interest in foreign equities has increased considerably in recent years, but the motivating forces seem to be not distrust of the dollar but rather a desire to share in the attractive growth prospects of the European economies and the feeling that more attractive investment values are available in Europe than in the high-priced American market. From time to time, major financial centers abroad receive inquiries from United States sources concerning the acquisition of gold, but such inquiries appear to be sporadic and are not followed by action to any significant extent. Thus, there are no indications abroad of any important flight from the dollar.

Nor is the United States dollar the only major currency exposed to monetary pressures and an inflationary trend. In some quarters, there is anxiety concerning the future of sterling in the event of a Labor victory in the forthcoming election; despite the stated decision of Labor to defend sterling, the budgetary and other economic policies expected of a Labor Government appear to raise doubts about the outlook for sterling over the long-term. Caution is apparent also in the appraisal of the French franc; the fiscal and inflationary history of France has been so disappointing for so long a time that more than the past few months of successful reform will be required to reestablish solid international confidence in the country's currency. Political uncertainties also cast a shadow over various other currencies in Western Europe.

While these considerations may help retain perspective, it would be a disservice to deny that the record of the United States in recent years has not been as favorable as those of some major foreign countries. Most European countries have made striking progress toward monetary stability and have moved successfully toward convertibility. Here at home, on the other hand, we have made far too little progress toward containing inflationary tendencies. As of today, to speak of a "dollar problem" would be exaggerated and extreme, but unless we face up to our situation in the same earnest fashion as our friends abroad, we shall be incurring the risk of sliding into more serious difficulties as time moves on.

Recognizing the Consequences

In summarizing these trends, it seems fair to conclude that the United States dollar remains the leading currency of the free world, and there is no visible prospect so far of the dollar being superseded by any other currency. However, instead of being the dominant free currency unit, the dollar is now one among several key currencies in the international economy. Moreover, whereas in the early postwar era economic weakness abroad made the dollar appear strong regardless of the policies we followed at home, United States economic policy today must be based on the assumption that the major countries of Western Europe will continue to proceed along the path that has proved so successful in restoring the health of their currencies in recent years.

Today, for the first time in decades, the United States is beginning to feel the discipline of an adverse balance of international payments. For many years, the effects of the outflow of funds as a result of large Government grants, loans, and expenditures abroad, together with a substained movement of American dollars into foreign investment, were cushioned by, among others, a large export surplus. Now, however, the export surplus has dwindled, and American industry faces increasing competition from foreign producers, equipped with modern plants and enjoying substantial advantages in labor costs. Moreover, the factors at work suggest that the balance of payments may continue unfavorable for an extended period, with consequent further pressure on our gold reserve.

Assuredly, our gold reserves are still tremendous, and further losses need not be a matter of serious concern, either to foreign creditors or to Americans, provided we follow sensible policies here at home and adopt appropriate action which will redress our balance of payments situation. At the same time, as bankers to the free world, we cannot ignore the point of view of our political and economic partners, and the holders of dollar assets. They have a large stake—economic and political as well as financial—in the soundness of the dollar. Prudence and common sense dictate that they continue to observe closely current developments in the United States and express themselves freely on matters that arouse their concern.

The actions required to sustain confidence in the United States dollar are so well known that no extended discussion is necessary. In essence, the task is to keep stable the purchasing power of our currency. This means a fiscal policy which will achieve substantial budget surpluses in periods of active business to offset the large budget deficits that inevitably appear during economic declines. It means abstaining from the temptation toward an easy money bias, with the inevitable stimulus toward inflationary credit expansion. Equally important is that Treasury debt management be so conducted as to avoid the inflationary increase in liquidity resulting from a progressive shortening and monetization of the debt, which is the exact opposite of the policies now imposed on the Treasury in consequence of the refusal of Congress to raise the interest rate ceiling on new bond issues. Last, but certainly not least among these major essentials, are wage practices designed to restrain perpetual increases in production costs, and pricing policies that will enable passing on to consumers part of the benefits of rising productivity in the form of lower prices. In this fashion, we shall not only be fortifying our prospects for sustained economic expansion at home, but shall also be enhancing our competitive ability in world markets.

In our international economic policies, too, we shall need to take cognizance of the changed situation regarding our balance of payments. To some extent, our exports are still curtailed by trade restrictions, including the special barriers against shipments from the dollar area. With the improvement of Western European exchange reserves, such restrictions can no longer be justified, and we should certainly press vigorously for their removal.

At the same time, we shall have to be on guard against the pressures already building up to erect greater trade barriers here at home. In view of the rising tide of imports, it is not surprising that many American companies are urging greater protection from foreign competition, and some of the labor unions are also demonstrating a greater inclination toward protectionism. However, if we in the United States try to cope with foreign competition by quotas, higher tariffs, informal arrangements and other restrictive practices, we shall not only be raising the cost of goods to the consumer but shall be encouraging a renewed trend toward trade restraints on a worldwide scale; on balance, this will do us considerably more harm than good.

Finally, it is essential that we reappraise our policies of Government loans and grants for foreign countries. In the light of our current balance of payments, ambitious plans for increased foreign aid are unrealistic; likewise, the time has come to reexamine our Governmental policies with respect to encouraging private investment broad. Increased investments add to the strain on the balance of payments at the time the transfers are being made; moreover, if the investment consists of establishing productive facilities abroad, it poses the prospect of further inroads being made upon our already meager export surplus once these facilities come into production.

Unfortunately, there are few signs as yet that we are giving these problems the attention they deserve. Having enjoyed a comfortable foreign trade position for a great many years, it is perhaps understandable that we are reluctant to adapt ourselves to a less favorable environment. The discipline of the balance of payments may have to become much more stringent before we agree to accept the implications of the current state of affairs in the world economy.

Now H. W. Johnston Co.

SARATOGA SPRINGS, N. Y.—The investment business of H. William Johnston, 423 Broadway, is being conducted under the firm name of H. Wm. Johnston & Co.

Form Lefferdink Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Lefferdink & Co. is engaging in a securities business from offices at 150 Sansome Street. Officers are James P. Walsh, President; Horace B. Homes, Vice-President; and Neil C. King, Treasurer.

Toole Opens Office

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Raymond S. Toole is conducting a securities business from offices at 4430 Pacific Highway.

In Investment Business

(Special to THE FINANCIAL CHRONICLE)

LAKEWOOD, Calif. — Walker & Lee, Inc. is engaging in a securities business from offices at 4100 Belflower Boulevard. Officers are Robert K. Walker, President; DeWitt R. Lee, Vice-President; and R. P. Shepherd, Treasurer.

New Klugh Branch

CLEMSON, S. C. — Klugh & Company Inc. has opened a branch office at 330 College Ave. under the direction of Mrs. Mildred G. Wyman.

Joins Ross, Borton

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Harry R. Gardner has joined the staff of Ross, Borton & Co., Inc., The 1010 Euclid Building.

Current Business Trends And the Overall Outlook

Continued from page 3

though I would fully expect it to exceed the last peak of $48.3 billion by a considerable margin.

Industrial capacity is now more adequate in relation to output than it was in 1955 and 1956, and in some cases actually excessive, consequently there is now less urge to build additional capacity. On the other hand, increasing attention is being given to modernization and to improvements for increasing efficiency. Including this element, I believe that the forces pushing capital expenditures upward are sufficiently strong to keep the trend rising at least through 1960. This doesn't necessarily mean that business in general will continue to expand through 1960, since capital expenditures usually don't turn down until after business in general has started to decline.

New Housing and Household Formation

Next I come to private nonfarm residential construction. Unlike business capital expenditures, this is an element in the economy that tends to turn down sooner than business in general, mainly because it is particularly sensitive to tight-money conditions. Its trend since mid-1958 has been vigorously upward. This recovery and expansion was induced largely by the increased quantities of mortgage money that became available during the recession and by various actions taken by the Federal Government in the summer of 1958 that facilitated residential financing. Private nonfarm housing starts were at the seasonally-adjusted annual rate of 1,401,000 in the first four months of 1959 and 1,357,000 in the next four months. These rates exceed the performance for any previous full year, including even the year 1950 when private nonfarm housing starts reached a high-water mark of 1,352,000. The subsequent substantial decline from that high-water mark was due in considerable part to the reduction since 1950 in the annual number of marriages. This drop in marriages was the delayed consequence of the reduction in births in the depression period of the 1930s.

The decline in household formation has run its course, I believe, and the trend should be upward from now on, although probably no more than moderately upward for the next year or two. It is likely that the present rate of increase in households is somewhat less than 1,000,000 a year. The market for new urban housing is of course generated not only by increases in the total number of families in the country, but also by other factors including particularly the shifting of families from rural to urban areas and the replacement or destruction of old urban housing. There is a real question, however, whether all factors combined will fully sustain a construction rate of nearly 1,400,000 private nonfarm housing units a year in addition to some 40,000 to 50,000 units of public housing and a considerable increase in the number of trailers being used for all-year residential purposes. Also under the conditions of tighter money that now prevail, the flow of funds into residential mortgages is tending to slacken somewhat. These considerations make me doubt whether residential construction will rise further during the present cycle and I rather expect it to turn down in 1960, if not possibly before the end of 1959.

Next on the list is nondefense construction by governmental agencies. This consists primarily of roads, schools and sewer and water systems and includes a wide range of other governmental facilities. Spending for such purposes has been expanding with no more than brief interruptions in the entire postwar period. I think there is no doubt that this uptrend will continue during at least the next year or two, more or less regardless of what general business conditions may be. Congress' decision to keep the Federal road program going by raising the gasoline tax will be helpful.

Autos and Household Goods

The next succeeding factor is consumer purchases of durable goods, consisting primarily of automobiles and household equipment, as shown in the last two columns of Table I.

The gyrations in the automobile business in the past several years are well known to all of us. The figures I shall use in alluding to those gyrations are retail sales in the U. S. of U. S.-made passenger cars. In 1955, under the impetus of extensive model changes, vigorous selling tactics and easy-payment terms, such sales shot up above 7,000,000. After the year was over it became evident that these high sales in 1955 had been partly at the expense of later years. In both 1956 and 1957 sales dropped under 6,000,000. Sales in 1958 slumped again, down to about 4,300,000. To an appreciable although minor extent, these declines in the sales of U. S.-made cars have been due to increasing imports of foreign cars. In 1958 approximately 365,000 foreign cars were sold in our market.

The year 1959 has produced a most welcome upturn in the automobile business. Sales in the first half of the year were more than 30% above sales in the first half of 1958, and it seems likely that the total for the entire year 1959 will be around 5,750,000 if steel operations should be resumed at an early date.

I think that the prospects are for a further expansion of sales in 1960 although not back up to the 1955 peak. One helpful factor in keeping sales pointed up is the introduction this fall of smaller models by the three major companies. This will provide stronger competition to foreign cars. Another helpful influence is the rising scrappage rate of old cars. The older postwar cars are now reaching the scrappage heap in large numbers and I wouldn't be surprised if total scrappage of passenger cars in 1960 would be around 5,000,000. In expressing this opinion, I am taking into account the fact that the average age of cars being scrapped is now probably no more than 11 years and the further fact that the number of cars sold in the years 1948, 1949 and 1950 averaged about 5,000,000 a year. Scrappage at any rate around 5,000,000 would tend to put a pretty solid underpinning under sales. Increases in the total number of families in the country and in the number able to afford more than one car create additional demand for cars.

The other principal category of consumer purchases of durable goods is household equipment. Such equipment includes the entire range of household appliances and also furniture. As shown in the last column in Table I, sales of such equipment have been amazingly steady in recent years, dropping down only a little in the recent recession. This steadiness is a reflection, I think, of the fact that most purchases of household durables are now for replacement purposes and only a minor part for the equipping of new households. The predominantly replacement character of the demand for household equipment may, however, not only put a floor under sales but also a ceiling on how fast and how far they can rise. An enormous amount of such equipment is relatively new and not yet in need of replacement, and in addition much of it is still being paid for on the instalment basis. These considerations plus the question whether new residential construction can hold at its present high level make me question whether sales of household equipment are likely to expand markedly. In fact I think they will show only a mild increase in 1960 over 1959.

Change in Business Inventories

I have now covered all the factors in my list except the one which, from a short-term standpoint, is frequently, by a wide margin, the most important of all, and that is changes in business inventories.

How important such changes can be may be illustrated by comparing the figures in Table I for the first quarter of 1958 and the second quarter of 1959. As shown in the total column there was an increase in the key factors as a whole of $35.8-billion, from $146.4-billion in the first quarter of 1958 to $182.2-billion in the second quarter of 1959. Of this increase, $17.3-billion, or nearly half, was due to the change from inventory reduction at the rate of $6.9-billion in the first quarter of 1958 to inventory accumulation at the rate of $10.4-billion in the second quarter of 1959.

When inventories in the pipeline between the producers and consumers of goods are being reduced, this means that part of the ultimate demand for goods is being satisfied out of the pipeline and is not getting through to the producers. When the reverse is true and inventories are being increased, the pipeline is delivering a greater demand to producers than it is receiving from consumers. A switch from one of the conditions to the other produces a tremendous impact on business.

Table II shows that inventories are in the habit of swinging back and forth.

It is not generally realized that the inventory factor can become an adverse influence in the economy prior to changing from accumulation to reduction. It is a fact, however, that a change from a higher rate of accumulation to a lower rate of accumulation has the effect of shrinking the total output of the economy if other things remain equal.

Looking over the record in Table II we find that the rate of inventory accumulation turned down after four quarters in 1947-48, after six quarters in 1950-51, after two quarters in 1952-53 (following the steel strike in mid-1952), and after five quarters in 1954-55.

The rate of increase in inventories in the first half of 1959 was of course artificially high because of advance buying in anticipation of the steel strike. In the third quarter accumulation was undoubtedly at a lesser rate. As soon as the troubles in the steel industry are out of the way, accumulation almost certainly will be at a faster pace. How long this new rising trend in the rate of inventory accumulation lasts may well determine how long general business activity continues to expand.

If I am right in my expectations and defense spending proves to be a neutral factor, residential construction develops a declining trend and sales of household equipment expand only mildly, then the strengths inherent in

CHANGES IN BUSINESS INVENTORIES

Year	Qtr.	Billions of dollars	
1947	4th	+ 1.4	
1948	1st	+ 3.3	
	2nd	+ 5.1	
	3rd	+ 6.1	
	4th	+ 4.3	
1949	1st	–	
	2nd		−5.3
	3rd		−1.7
	4th		−5.3
1950	1st	+ 2.5	
	2nd	+ 4.9	
	3rd	+ 4.9	
	4th	+15.0	
1951	1st	+10.5	
	2nd	+15.2	
	3rd	+10.2	
	4th	+ 4.9	
1952	1st	+ 5.1	
	2nd		−2.2
	3rd	+ 4.3	
	4th	+ 5.3	
1953	1st	+ 2.5	
	2nd	+ 3.1	
	3rd	+ .7	
	4th		−4.6
1954	1st		−2.6
	2nd		−2.7
	3rd		−2.1
	4th	+ .8	
1955	1st	+ 4.4	
	2nd	+ 6.1	
	3rd	+ 5.7	
	4th	+ 6.7	
1956	1st	+ 6.2	
	2nd	+ 4.4	
	3rd	+ 4.0	
	4th	+ 4.0	
1957	1st	+ 2.2	
	2nd	+ 3.6	
	3rd	+ 2.7	
	4th		− .6
1958	1st		−6.9
	2nd		−5.8
	3rd		−3.4
	4th	+ .8	
1959	1st	+ 6.1	
	2nd	+10.4	

PERIODS OF BUSINESS RECOVERY AND EXPANSION

Beginning	Culmination	Duration in months
May 1885	Mar. 1887	22
Apr. 1888	July 1890	27
May 1891	Jan. 1893	20
June 1894	Dec. 1895	18
June 1897	June 1899	24
Dec. 1900	Sept. 1902	21
Aug. 1904	May 1907	33
June 1908	Jan. 1910	19
Jan. 1912	Jan. 1913	12
Dec. 1914	Aug. 1918	44
Mar. 1919	Jan. 1920	10
July 1921	May 1923	22
July 1924	Oct. 1926	27
Nov. 1927	Aug. 1929	21
Mar. 1933	May 1937	50
June 1938	Feb. 1945	80
Oct. 1945	Nov. 1948	37
Oct. 1949	July 1953	45
Aug. 1954	July 1957	35
Apr. 1958	?	?

RECENT TRENDS IN CERTAIN KEY SEGMENTS OR PHASES OF THE ECONOMY

Seasonally adjusted annual rates in billions # Year	Qtr.	U.S. national defense purchases	Private capital expenditures*	Private residential construction ‡	Non-defense public construction †	Consumer purchases of durables	Change in business inventories •	Total of foregoing	Included in consumer purchases of durables: Automobiles and parts	Household equipment
1956	3rd	$41.0	$45.7	$17.6	$11.1	$37.7	+$4.0	$157.1	$15.0	$17.1
	4th	42.1	46.8	17.3	11.3	39.4	+ 4.0	160.9	16.5	17.7
1957	1st	43.7	47.5	17.1	12.1	40.3	+ 2.2	162.9	17.3	17.5
	2nd	44.9	47.7	16.9	12.3	40.3	+ 3.6	165.7	16.7	17.3
	3rd	44.9	48.3	17.0	12.2	40.9	+ 2.7	166.0	17.3	17.5
	4th	43.9	46.7	17.1	13.3	39.7	− .6	160.1	17.1	17.0
1958	1st	44.0	42.2	17.1	13.1	36.9	− 6.9	146.4	13.6	17.1
	2nd	44.3	40.3	16.9	12.8	36.7	− 5.8	145.2	13.5	16.6
	3rd	44.5	39.6	18.0	13.4	37.1	− 3.4	149.2	13.2	17.3
	4th	45.3	40.6	19.9	14.5	39.8	+ .8	160.9	15.9	17.4
1959	1st	45.8	41.7	21.9	15.4	41.3	+ 6.1	172.2	17.2	17.3
	2nd	46.2	43.9	23.1	14.5	44.1	+10.4	182.2	18.8	17.6

* Producers' purchases of durable equipment plus all private construction other than residential shown in the table. Such purchases and construction consist mainly of business expenditures for plant and equipment, but include oil and gas drilling, purchases of farm equipment, all farm construction, and construction of churches, nongovernmental schools and hospitals, etc.

In terms of prices current in respective quarters.

‡ Nonfarm only but including additions and alterations.

† Mainly highways, schools, water and sewer systems.

• This column and table 2 below reflect changes in physical quantities in terms of average prices during the respective quarters, rather than changes in book values as such.

capital expenditures, nondefense public construction and automobile sales may not be sufficient to keep the general economy pointed upward very long after the rate of inventory accumulation begins to decline. The record does not buttress any expectation that the rate of accumulation will continue rising for more than six quarters from the base established during the period of trouble in the steel industry, and, as I have indicated, there are precedents for a shorter period of uptrend in the rate of accumulation. Additionally there is the question whether the accumulation that took place in the first half of 1959 will shorten the period subsequent to a steel settlement in which inventories can rise at an accelerating pace.

How Long the Business Cycle?

Table III shows the duration of each of the last 19 periods of business recovery and expansion. If we take the median as normal, we find that it is 24 months. This means that there were as many periods shorter than 24 months as there were periods longer than 24 months. Six periods ran for 33 months or more, but three of these included war and another was the recovery from the Great Depression.

It is to be noted that the three completed periods subsequent to World War II have been longer in duration than 24 months, namely, 37 months, 45 months and 35 months. The longest of these, 45 months, was the period which included the Korean War and therefore had the benefit of an abnormal stimulus. The other two postwar periods each ran about three years.

Should we now regard two years or three years as the normal duration of periods of business recovery and expansion? Some analysts accept the longer period as normal, believing that the automatic stabilizers that have been introduced in the last quarter-century not only have reduced the violence in the waves in our economy but also have made the waves longer. Only time will tell whether this theory is right. We should keep in mind that the completed postwar periods of recovery and expansion have had the benefit in varying degrees of forces which are now spent or are weaker than they were. At the end of World War II there was an enormous pent-up demand for many things, including housing, automobiles, household equipment and modern manufacturing capacity. Liquid assets were widespread, and, as a result of the extensive reduction in debt which had been accomplished in the war and immediate prewar period, individuals, business concerns and municipalities were in a good position to incur a great deal of new debt. The rate of family formation was getting ready to explode. The world, and particularly the devastated regions, were hungry for American goods, including capital equipment. Conditions now are quite different. Shortages in relation to established patterns of life are largely a thing of the past. Liquid assets are less widespread and the entire private economy is much more nearly saturated with debt. Family formation is at a much lower rate than in the later 1940s and the early 1950s, and, if it is increasing at all, is rising only moderately. With the assistance of American aid, the world has recovered from the war and built much new industrial capacity and is tending to reduce its takings of goods from this country and increase its sales of goods to us, both of which influences are adverse, at least in immediate effect, to our level of business activity. These considerations suggest to me that it would be well to wait for further evidence before deciding that the normal duration of periods of recovery and expansion is now as much as three years.

Predicts Downturn

As indicated in Table III, in the bottom line, April 1958 is the base from which the present period of business recovery and expansion began. In the light of current trends and historical precedents, it is my opinion that this expansion will end, and a new contraction begin, some time between mid-1960 and mid-1961. Rather than speculate now as to the precise month in which such a change may take place, I think we would do well to observe developments as we go along, expecting that they will give advance indication of the turn. In this connection I know of nothing better to watch than the so-called eight leading indicators. Out of some 800 statistical series examined by the National Bureau of Economic Research, these eight indicators, while not always infallible either individually or collectively, were found to have had the most nearly consistent records of turning up or down in advance of business in general. Prior to the three recessions we have had in the postwar period, the general trend of the eight indicators was unfavorable. A person watching for the next turn in general business activity would, I think, do well to pay careful attention to these indicators. Their aspect so far in 1959 has been generally favorable and not indicative of an early change from expansion to contraction.

Even if a general downturn should start in 1960 after midyear, the total volume of business done in the year as a whole will almost certainly be greater than the total volume of business done in 1959.

*An address by Mr. Land at his bank's Tri-State Correspondent Bank Meeting, Sept. 30, 1959.

Form Feinberg Secs.

Peter I. Feinberg Securities Corp. has been formed with offices at 60 East 42nd Street, New York City, to engage in a securities business. Officers are Peter I. Feinberg, President; Alfred Kaplan, Vice-President; and Abraham Schutz, Secretary-Treasurer.

Form Jones Plans

KANSAS CITY, Mo. — Jones Plans, Inc. has been formed with offices at 301 West 11th Street to engage in a securities business. Officers are Morton T. Jones, Chairman of the board; Cliff C. Jones, Jr., President; Alfred J. Hoffman, and William W. Parrent, Vice-Presidents; Frederick R. Freeman, Secretary and Treasurer; and Cleo H. Perrin, Assistant Secretary and Assistant Treasurer.

William H. Gray

William Henry Gray passed away Oct. 2 at the age of 69. Mr. Gray was a partner in Talcott Potter & Co. and had formerly been a member of the New York Stock Exchange.

C. L. Butler Opens

(Special to The Financial Chronicle)

WALNUT CREEK, Cal.—Charles L. Butler is engaging in a securities business from offices at 1532 Mount Diablo Boulevard.

Form Carleton Secs.

WASHINGTON, D. C.—Carleton Securities Corporation has been formed with offices in the Washington Building, to engage in a securities business. Paul H. Smaldone is President.

C. E. Crayne Opens

(Special to The Financial Chronicle)

LONG BEACH, Calif. — Charles E. Crayne is conducting a securities business from offices at 6029 Atlantic Ave.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The tremendously favorable reception which was given to the sale of the 5% note due Aug. 15, 1964, proves that the Treasury can still meet part of its new money needs through the sale of securities which are not in the very short-sector of the money market. Also, it is evident that when issues are priced right they are readily salable to the ultimate investor. This is a very important development since one of the ways in which the forces of inflation are dealt with effectively is through the sale of Government obligations to investors, other than the commercial banks. Thus, there is no increase in deposits or purchasing power in this kind of an operation.

The successful sale of the "magic fives" by the Treasury not only took this note to a sizable price premium above the issue price, but it also had a favorable influence on the rest of the Government market. Issues which were sold down when the $2 billion of new money 5s were announced, rallied with the new obligation.

Huge Demand From Small Investors

The new money operation of the Treasury, particularly the intermediate term issue, the 5% note due Aug. 15, 1964, really caught the imagination of the investing public. The demand for the obligation brought money to the Treasury from small investors the like of which has not been witnessed in many a moon. It was evident from the start that the 5% coupon was high enough to attract the savings type of money—that is funds which have been going into savings banks and Government savings bonds.

There is no doubt but that a very substantial amount of money was taken out of savings banks and savings and loan associations, as well as commercial banks from savings accounts, and these funds were used to purchase the 5% note due in 1964. The yield that was available in the 5% note at the subscription price of 100 was considerably better than the return which is obtainable in savings accounts and Government savings bonds. Accordingly, it was not too surprising that the small investor snapped up $927,000,000 of the issue. To attract individual investors the Treasury make full allotments up to $25,000 where the subscriptions were paid for on the day of the offering.

Great Boon to the Treasury

This was a most satisfactory and gratifying venture for the Treasury since the small investor or the ultimate investor took nearly one-half of the $2,200,000 which was received in new money by the Government. Sale of Treasury issues to the ultimate investor is what the money managers like to have happen, especially during a period of inflation such as we have been going through. This kind of financing does not result in an increase in deposits or purchasing power, so that the inflationary pressures are not added to. The purchase of Treasury issues by the ultimate investor or individual investors results only in a shift in deposits and not the creation of new deposits as is the case when commercial banks are buyers of Government obligations.

Lessening of Inflation Fear Indicated

The more than $11 billion of subscriptions which the Treasury received for the "magic fives" was indicative of what the investing public will do when they believe the return is satisfactory. In addition, the putting of individual investors money into the obligation in such a big way is considered by many money market experts to mean that the fear of inflation appears to be lessening. They believe that the money of the small investor would not be going into Treasury securities, even though the rate or coupon be high, if they felt that the value of the monetary unit were to be further ravaged by the forces of inflation.

Savings-type investors received 45% of the total they put in for and, since this was a somewhat larger amount than had been expected by these institutions, there was some minor selling of 5s of 1964 by these holders. Commercial banks received 8% allotments and all others 5% allotments. The success of the sale of the new money 5s of 1964 is further attested to by the fact that the Treasury sold individuals $927,000,000, saving-type investors $670,000,000 and commercial banks $579,000,000. This again proves that the inflation creating deposits brought about through the sale of Treasury securities to the commercial banks was kept pretty much to a minimum in this sale of the 5s of 1964.

Money Market Still Tight

The money market continues to be tight and there are no indications of any immediate change in this condition, although not a few money market specialists are of the opinion that the peak demand for funds will be seen between now and the end of the year. Accordingly, purchases of selected Treasury issues are now being advised by certain money market followers.

Cavanaugh Treasurer Of World Bank

Eugene R. Black, President of the World Bank, has announced the appointment of Robert W. Cavanaugh to be Treasurer of the Bank.

R. W. Cavanaugh

Mr. Cavanaugh succeeds the late Henry W. Riley, who was Treasurer of the Bank from January 1953 until his death in September 1959.

Mr. Cavanaugh has been associated with the Bank since 1947, serving as Chief of the Finance Division of the Treasurer's Department. In that position, Mr. Cavanaugh was active in advising on financial policies of the Bank. He also worked closely with other officials in arranging the timing of World Bank bond and note issues and in the negotiation of the terms and other conditions governing their sale in the United States and other countries.

In connection with these duties Mr. Cavanaugh has paid many visits to investment centers, particularly in Western Europe. In 1956, he was appointed to the additional post of Assistant Treasurer of the International Finance Corporation.

Corp. Bond Traders Holding Dinner

Corporation Bond Traders of New York will hold their annual dinner at the Roosevelt Hotel, Friday, Oct. 16, 1959, it was announced by Paul Lane of Kidder, Peabody & Co., the group's President.

Joins Marshall Co.

(Special to The Financial Chronicle)

MILWAUKEE, Wis. — Joseph Lemmer, Jr. is now with the Marshall Company, 765 North Water Street.

B. C. Christopher Opens St. Louis Office

ST. LOUIS, Mo.—B. C. Christopher & Co. has opened a branch office in the Security Building, under the management of Robert W. Sutphen. S. S. Lending has also joined the staff of the new office.

AS WE SEE IT

Continued from page 1 that the concessions demanded by the workers could easily be granted without raising prices. This is taken to be the equivalent of saying that the benefits thus granted would not be "inflationary"; that they would be paid in the last analysis by the "millionaires" who own the stock of the companies and they could easily get along without what they would be required to surrender. Whether by cunning design or not the unions by making it all but certain many months in advance that a long strike was coming, stimulated demand in the early months of this year to a point where earnings figures are for union purposes conveniently high. Of course, if one wishes to form any sort of judgment about the volume of profits available for paying labor more, one must go to periods other than 1959.

But we shall not undertake here to present facts or figures which would bear on this alleged non-inflationary effect of wage boosts. We are confident that there is competition in the field, both among domestic producers themselves and from foreign steel makers. So long as that is true unduly large profits by the industry as a whole over any extended period of time would appear to be out of the question. In any event, corporate profits in manufacturing generally are overstated in these times since property is depreciated on original cost rather than on replacement cost—and there is no observable likelihood that replacement costs will decline very much in the future. The claim that such demands as those being made by the steel workers could be paid out of profits without injury to the industry's financial position we dismiss as balderdash.

More Wrong

But there is much more than that wrong with the arguments that Mr. McDonald and the others put forward. Suppose that the cost, whatever it turned out to be, of additional benefits granted the men were simply deducted from earnings, who in reality would pay the piper? In the first place, the spokesmen for labor would do well to forget all those multimillionaires who might have to dispose of one or more of their yachts. Any one who has even a slight familiarity with the workings of the personal income tax laws of this land should know without being told that corporations are no longer, by and large, owned by such men. They can not afford to own them. Their after-tax income would be far too small. The combination of excessively progressive income tax schedules and states and municipalities which are eternally in the market with their obligations has made the men of great wealth (so far as they still exist) holders primarily of tax-exempt obligations.

Since something over half of corporate income is taken by the Federal Government, Uncle Sam would be by far the heaviest loser—that is to say the heaviest direct loser. Every dollar of what otherwise would be profit paid out to the wage earner in higher wages or other benefits would be just that much reduced taxable income. Half of the benefits paid by the companies would be offset by tax savings. Now the Federal Government has to get its money from somewhere, and unfortunately as a result of pressure by just such men as the leaders of labor, it shows no inclination to make very substantial reductions in its expenditures. A little more than half the benefits granted the wage earner would therefore be contributed by whoever it is who pays taxes—and that is all of us.

Now over the years something like half of net earnings, after Uncle Sam has taken his cut, have gone into the payment of dividends. The stocks of these companies are very widely held. Many hundreds of thousands, yes even millions, would bear the burden of any cut in dividends that resulted from this additional labor expense—since, of course, not only stockholders but the dependents of stockholders are concerned in this matter. This is one of the essential facts which those who raise the "trickle-down" concept to condemn the steel industry either have not learned or studiously ignore. It is likewise a fact that all too many of the rank and file seem somehow to overlook it.

Dividends Would Be Reduced

It would appear, moreover, that dividends would more or less have to be reduced more than proportionately should earnings be curtailed in any such way as is thus indicated, for otherwise our production capacity would suffer intolerably. Let it not be forgotten that that portion of current earnings not paid out in dividends is put back into the industry to keep it abreast of rapidly developing technology—and able, if it can, to carry the burden of heavier and heavier labor costs. It is not easy to see how any substantial reduction in this reinvestment could be tolerated. It is too vital that we keep abreast of the times and the world in the making and fabricating of steel, and it is too difficult to raise from outside investors all the funds that are required for that purpose—and it would, of course, be all the harder if earnings were being reduced to reward unproductive labor.

Recent World Improvements Have Yet to Be Fully Grasped

Continued from page 7

Fund for the maintenance and adaptation of their existing restrictions on payments and transfers for current international transactions. Instead, since 1952, these countries have had annual consultations with the Fund on the need for retaining those restrictions. In these consultations, which are commonly referred to as Article XIV Consultations, the continued need for remaining restrictions has been carefully scrutinized, and in addition much attention has been devoted to exploring ways and means of overcoming existing weaknesses and achieving external equilibrium.

Over the last few years much progress has been made in the removal of restrictions; as this has continued, the scope for adapting restrictions under Article XIV has steadily diminished for a number of countries, who have gradually reached a position where legally the reintroduction of restrictions as (distinct from the adaptation of existing restrictions) would require approval under Article VIII, even though the countries themselves remained formally under Article XIV.

The formal assumption of the full obligations of Article VIII would mean that such a country was willing to accept the requirements that it seek the approval of the Fund for any remaining exchange restrictions, and the prior approval of the Fund for the adaptation of any such restrictions or for the introduction of new restrictions, if this should ever become necessary.

Several times in the past the question of the relationship between Article VIII and Article XIV has been considered by the Fund, but so far immediate action has seemed premature. Now, with the adoption of external convertibility, a number of countries which have swept away most, if not all, of their payments restrictions will have seriously to consider, as a practical proposition, the question of a formal transfer to Article VIII. Both the studies made in the past, and the attention recently given to these problems in the Fund—and also in a number of member countries—have shown that several issues arise which need clarification, and it is important that before any definite action is taken the Fund and its members should have a clear idea of what is involved.

Directors Will Act Soon

In any examination of this question it will be necessary to consider which members are in a position to assume the full obligations of Article VIII; what should be the procedure and rules for expressing the Fund's views on any remaining exchange restrictions, and on any request for the introduction of new exchange restrictions; how regular contact can best be maintained with countries which are under Article VIII, and which, therefore, are not required to participate in the annual Article XIV Consultations. In addition, the change in status of a number of Fund member countries would bring into force the revised G.A.T.T. provisions dealing with discrimination. These questions require careful examination in all their aspects, and will be taken up by the Executive Directors in the very near future.

It is all to the good that the Fund should from time to time, review its essential tasks and the most appropriate methods for its work, in the light of the changing circumstances under which it has to operate. Such a review may be particularly useful when it is combined with the search for practical solutions to current problems—in this case the change of status from Article XIV to Article VIII. As over the years to come more and more countries are able to conform to the full requirements of Article VIII, there is bound to be a shift in the main preoccupations of the Fund and in its daily work. There will still be a need for financial assistance even for countries under Article VIII, since difficulties, often of an unexpected nature, are likely to arise in the future, as in the past; but the day will come when fewer countries will turn to the Fund with requests for assistance in the elaboration and implementation of comprehensive stabilization programs. This is not to say that the Fund's work will then be made any easier—perhaps rather the contrary. In dealing with a stabilization program, it is usually not difficult to tell what measures need to be taken—balance the budget, restrain credit, and establish a realistic exchange rate. The difficulties usually arise when the program is put into effect. I am often reminded of Napoleon's famous saying, *"la strategie economique est un art simple, tout d'execution."* [Economics is a simple art; it all depends on the execution.] For the successful implementation of a stabilization program there are needed, above all, conviction, character, and courage.

General Objectives

When stabilization has been achieved by a considerable number of countries, the problems that arise—some old, some new—are likely to be intricate, as regards both economic diagnosis and the finding of proper remedies. How to mitigate booms and depressions; how best to combine economic expansion with reasonable stability; how to ensure proper debt management; how to alleviate, through timely foreign financing, the strain in the balance of payments of countries engaged in development; how to deal with the difficulties which arise when the prices of a country's main exports are declining—these are all matters which require great economic insight, and awareness of political factors. These are problems which fall under Article I of the Fund Agreement, which affirms that the Fund while promoting exchange stability also has, among other things, "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income, and to the development of the productive resources of all members as primary objectives of economic policy." These should not be empty words. Now that the transitional period after the war draws to its close, more attention should be paid to these general objectives of the Fund. Since the decisive measures are generally those taken by the authorities in the individual countries, such influence as the Fund can exert will largely depend on the confidence it is able to inspire as an expert body always ready to consider on their merits the problems that arise, and to find solutions which are in the true interests of the member countries.

But I am anticipating; let me now turn to the problems the Fund has encountered during the year that has passed since our last Annual Meeting. Drawings on the Fund have not been at the high level of the two previous difficult years, but ten countries have nevertheless drawn on the Fund for a total of about $140 million. Most of these were primary producing countries. Some of these drawings were made under standby arrangements, of which nine with total open balances of $1,031 million are in effect at the present moment. Repayments to the Fund during the same period reached the record level of about $435 million, reflecting in large part the improvement in the reserve positions of industrial countries. This story of Fund transactions emphasizes once again the truly revolving nature of its resources.

Through annual consultations under Article XIV, and in other ways, the Fund has continued to maintain contact with its member countries. Close relations have naturally been maintained with those countries which are implementing stabilization programs supported by stand-by arrangements with the Fund. Notwithstanding the difficulties experienced by several of these countries because of low prices for their export products, and for other reasons, they have generally shown great courage in pursuing domestic policies consistent with the aims of their stabilization programs.

Since the last Annual Meeting, the Fund has been associated with three countries that have embarked during the year upon stabilization efforts. In December 1958, the Argentine Government adopted a comprehensive program supported by a $75 million stand-by arrangement with the Fund, and exchange and balance of payments credits, totaling $128.5 million, from other sources (the U. S. Treasury, the Export-Import Bank, and U. S. commercial banks). In addition, development loans amounting to $125 million were granted by the Export-Import Bank and the U. S. Development Loan Fund. Several other countries which have put stabilization programs into effect with assistance from the Fund had already for several years experienced rapid economic expansion, and the authorities were then faced mainly with the problem of ensuring financial stability. That, for instance, was the case in France. In Argentina, on the other hand, the economy had been stagnant for many years, and the whole problem of rehabilitation was made correspondingly more difficult. But the Argentine authorities are now pursuing new lines of policy, and their efforts seem to be receiving increasing support as the public gradually gains a better understanding of the real needs of the country.

Mexico, which has a convertible currency, has maintained a stable rate for the peso since April 1954. Early this year, in order to strengthen the country's position, and especially to maintain confidence in the currency in the face of some speculative pressure, the Government decided to take a series of new budgetary and credit measures. To support this program, the Fund made available $90 million in the form of a six-months' stand-by arrangement, and at the same time the Export-Import Bank extended a credit of $100 million. Mexico also maintained a $75 million stabilization agreement with the U. S. Treasury. In March, a drawing of $22.5 million was made under the stand-by arrangement with the Fund, but soon after the program was announced capital began to return to Mexico, and monetary reserves have since been rising. The improvement in Mexico's position is reflected in the repurchase two weeks ago of the drawing made in March.

In July 1959, Spain presented to the Fund and to the Organization for European Economic Co-operation (O. E. E. C.), a comprehensive stabilization program, which included budgetary reform, credit restraint, and unification of the exchange structure at a realistic rate, together with measures for the liberalization of trade. In support of this program, Spain drew $50 million from the Fund and entered into a stand-by arrangement for $25 million; at the same time, Spain became a member of the O. E. E. C. and was granted a credit of $100 million by the European Fund. Furthermore, about $200 million were obtained from various U. S. sources (including about $70 million from U. S. commercial banks). Important steps have already been taken to put the program into effect. These, and the steps still to come, are likely to have a considerable impact; the elimination of inflationary pressures and the greater freedom of trade and payments, reinforced by a reduction in discrimination, represent a marked shift in Spanish policy, aligning the Spanish economy with the economies of other countries in the Western World.

Once again the Fund has been happy to cooperate with the O. E. E. C., which is able by virtue of its special knowledge and connections to advance the solution of problems of countries in its area. May I recall that just before the last annual meeting, the Fund and the O. E. E. C. cooperated in the case of a stabilization program for Turkey. Close relations have been maintained between the Fund and Turkey throughout the year: Fund officials have visited Ankara and Turkish officials have been received in Washington. I am glad to report that in the year that has passed since the initiation of the Turkish program, substantial progress has been made toward the creation of an environment which should permit the healthy growth of the Turkish economy under conditions of stability.

It is of course understood that when financial assistance is given to a country by several organizations under so-called "parallel arrangements," each must form its own judgement of the adequacy of the stabilization program proposed by the country concerned, and each organization must itself determine what credit facilities it is willing to extend.

Problems in Economy's Correction

At this point I should like to make a few general observations on the problems which arise when efforts are made to restore balance in an over-strained economy. Whatever external resources are obtained, the implementation of a stabilization program designed to eliminate inflation will almost inevitably be followed by a period in which certain hardships are experienced, and the rate of economic expansion somewhat reduced. These difficulties should, however, be set against the background of the methods employed to sustain the preceding expansion which, nourished by inflation, will often have been of a distorted character.

Among these methods I would mention, in the first place, the "forced savings" which usually become available for a time in the early stages of an inflationary period.

So long as increases in wages lag behind the rise in prices and the public is willing to hold a more or less normal amount of cash, newly issued money may provide a basis for industrial and other investment. However, once people wake up to the hurt inflicted upon them by the inflation, they will demand increased wages sooner than before (and often insist on index-tied wages), and they will also hasten to buy whatever they can to avoid loss of real earnings. When that happens, not only will the "forced savings" disappear, but the normal flow of voluntary savings will also be diminished, and be increasingly diverted to speculation in real estate and other ventures. Then the game is up, for without a ready flow of savings no economic progress can be sustained.

Temporary resources have also been obtained in the form of so-called "suppliers' credits" from abroad, maturing within three, five or seven years. As the maturities fall due, however, the strain on the balance of payments and on the reserves has often been so acute that critical situations have arisen. There is a limit to the extent to which countries can borrow short, and invest long, and this limit is soon reached.

Moreover, when the limit is reached, exporters to such a country begin to demand prepayment. Thus a situation is created in which a country, itself very much in need of capital, not only obtains no further credit but may even be forced to extend what amounts to credit to traders in other countries.

A third method of obtaining temporary resources is to make use of monetary reserves. Several countries which, during the Second World War or the Korean crisis, accumulated larger reserves than they had before, embarked upon a policy of development by drawing down reserves—but there again they had to be careful not to push this policy so far that reserves became inadequate, and monetary confidence was thereby impaired.

These three methods clearly do not provide a durable basis for sustained growth; and worse than that, reliance on them is bound sooner or later—and often sooner rather than later—to result in a monetary crisis. In recent years there have been many instances of such crises in both industrial and non-industrial countries, in some cases aggravated by additional factors, such as an excess of liquidity inherited from the war, sometimes involving large claims in foreign hands. Whatever the cause of any particular crisis, there have generally been signs of inflationary tendencies, accompanied by a loss of reserves. Since a repetition of crises is an intolerable state of affairs, steps have before long to be taken to put a stop to an unbalanced position, and to restore confidence. As a rule these steps have been taken with the immediate purpose of replenishing monetary reserves, a process which requires part of the savings of the country concerned to be invested in additions to reserves—savings which cannot therefore for the time being be invested in bricks and mortar, machinery or inventories at home. Any country pursuing such a policy has to pass through a phase of adjustment, during which economic expansion has, as a rule, to be slowed down. It is impossible to frame economic and monetary policies that are perfect in every respect all the time. An interval of adjustment, when required, serves its purpose by providing a firmer and more reliable basis for renewed growth. It has been the experience of several countries in Europe, as elsewhere, that once stabilization measures had become effective, a revival of activity set in. This is true of non-industrial as well as industrial countries. After all, not all countries of Europe are highly industrialized. Finland, whose exports largely consist of forest products, has over the last year or two been cited as an example of a country in which a policy of ensuring monetary balance ushered in a period of economic stagnation. It is true that for a time industrial production declined, but not for long. The recovery has now more than made up for the decline in the period of adjustment, and in recent months industrial production has been running 10% higher than in the same period last year.

Denies Credit Inflation Is Needed for Growth

Sometimes I am told that the expansion in some countries would not have been at the rate actually achieved had it not been for resort to credit expansion which, though necessarily inflationary, had in fact helped to finance part of the investment. It is of course difficult to tell what would have happened under different circumstances, but I have often wondered whether progress would not, on the contrary, have been greater if more attention had been paid to monetary stability, with the added advantage that the progress would have been achieved under more satisfactory social conditions. After all, the great development of the U. S. economy from 1870 onwards was not based on inflation, and the rate of expansion was in fact as high in the period of slightly falling prices up to 1900 as it was in the years of slightly rising prices that followed up to the First World War.

Over the last ten years industrial production in the Western World has been expanding at a rate of almost 5% per annum, and the volume of imports of the industrialized countries by 6%. On the other hand, the exports of the primary producing countries have risen in volume by only a little over 3% per annum, and the real value of these exports—in terms of their power to purchase imports—by just over 2%. In a large measure, these developments have generally been the result of certain technical aspects of recent economic growth. Thus in the highly industrialized countries expansion of output has been heavily concentrated on more complicated manufactured goods, such as machinery, electrical goods, aircraft, etc., with a relatively low raw material content, which has limited the demand for raw materials. The more effective use of materials, perhaps most strikingly illustrated by the tin saving process of electrolytic plating, has had a similar effect. In addition, the substitution of synthetics for raw materials, which has been rapidly spreading in many of the major branches of manufacturing has been of great importance—the use of plastics, detergents, synthetic fibers, and synthetic rubber, to mention just a few. The immediate impact of these changes is no doubt unfavorable to raw material exporters, at least during a transitional period, but they are part of the technological progress of our times.

Underdeveloped Countries

Even so, these problems should not be approached in a spirit of gloom and fatalism. Wise policies can undoubtedly help to solve them. In the first place, it is the task of each primary producing country to see that its products are moving to the markets; so far as it is necessary to give support to producers, it is important that such support should not be financed in an inflationary way, for this would raise costs and make sales more difficult. Indeed, every effort should be made to introduce more effective methods of production, so as to render production more remunerative and so that the country in question does not lose ground to other producers, but is able to retain its share of the market.

The more highly industrialized countries have also their contribution to make to the solution of this problem. They can do so, firstly, by helping to sustain demand for raw materials by maintaining their own economic progress. Generally speaking, demand has been well maintained in the postwar years; the cyclical recessions in this period have been mild compared to those of earlier periods, even before 1914. In none of the years of recession in the United States, 1949, 1954 and 1958, was there any decline in the volume of primary producers' exports, and the purchasing power of these exports in terms of imports declined only in the most recent recession, though it flattened out somewhat in 1949. By now the Western European countries have for the most part passed through the recent phase of adjustment which, for a number of them, was necessary to enable them to regain monetary strength. In the future they should be less affected by monetary problems; this is of importance when it is realized that the Western European countries as a group absorb more than one half of the raw materials and foodstuffs exported by the underdeveloped countries. The recovery from the recession in the industrialized countries has already gone some way towards easing the difficulties of the primary producers. The increased demand for many of their products this year has made it possible for them to increase the volume of their exports; and in the last six months, the general level of primary product prices has shown some recovery.

Secondly, importance attaches to tariff policy and protection generally in the industrialized countries. Their food production, often highly protected, has risen despite a decline in the agricultural population. Here is a field in which these countries could make an effort to dismantle a number of protectionist measures that are clearly most harmful to the interests of the primary producing countries.

Some words should be added about possible discriminatory measures, which are, of course, always regarded as particularly unfair. When at the beginning of this year the six countries of the European Economic Community made their first reduction of tariffs, they extended this benefit in the main to all members of the G.A.T.T., and thus to all primary producers which are contracting parties to that Agreement. When the second year comes round it may be possible to agree upon a similar arrangement, and, in view of recent developments, parallel action might well be taken by the new group of seven European countries. After all, Europe has benefited so much from the relatively low prices of primary products in the last three years that it might well extend some counter benefits to the producers of these products.

Many of the raw material producing countries are exporters of only one major commodity, and for them in particular a solution must be sought in the diversification of their economies, not least in order to develop additional lines of exports. Diversification, however, requires, as a rule, capital resources beyond what these countries can raise in the form of savings from their own, often low, incomes.

Countries engaged in development have, therefore, sought in the past, and will seek in the future, to avail themselves of foreign resources to supplement their own savings. The use of such resources enables them to increase their imports, and thus will tend to produce a deficit on the current account of their balance of payments, which is to be expected in such circumstances. The question of proper timing of investments in relation to the receipt of foreign resources is then of particularly great importance. If, for instance, large investments, which are not matched by sufficient domestic savings, are undertaken at a time when foreign resources are not available, and the attempt is made to obtain the funds required by expanding credit, the effect will generally be a combination of internal inflation, import restrictions, and a loss of monetary reserves. Even if the requisite foreign resources become available at a later date, it is not always easy to reverse the primary inflationary impact and to replenish the reserves. If monetary stability is not to be endangered, it is, therefore, important that investment expenditures, for which domestic savings are not sufficient, should be supported in good time by foreign capital. The coordination of the flow of capital and the rate of development expenditure is a task important for both the developing countries themselves, and for the countries that supply the external resources. The problems of development require a balance of responsibilities between those who provide and those who receive capital. All partners are equally concerned with the continued creditworthiness of the developing countries.

Decries "Tied" Loans

Official sources cannot be expected to furnish all the capital needed, and substantial amounts of private capital must also be attracted to the underdeveloped countries; creditworthiness is important for both types of capital but is, of course, a matter of prime importance where private capital is concerned; and in judging creditworthiness, monetary stability is a most important criterion. Both the countries supplying and the countries receiving capital have everything to gain if they can avoid narrow nationalism, for these are not purely financial problems—it is in the interest of both parties to see that the technical methods employed are likely to produce the best results from the investments which are made. As attention to monetary stability must be the concern of the receiving countries, so the resources provided by the supplying countries, which have now increased in numbers, will be more effectively employed to the extent that the receiving countries are allowed to buy in the cheapest markets.

Since the monetary situation is influenced by the methods employed to finance development expenditures, the Fund has an interest in these matters, even though its own financial assistance is restricted to short-term balance of payments purposes; drawings on the Fund being repayable not later than three to five years after the drawing. I may recall in this connection that resources made available by other institutions to support stabilization programs arranged with the Fund have sometimes been of a long-term character. I must also point out that one of the purposes of such stabilization programs is to improve the creditworthiness of the countries concerned in order to give them a surer basis for their long-term development.

Commodity Agreements

I cannot leave this subject without also referring to the commodity agreements which have attempted to regulate the supply and prices of particular commodities. Even the most effective of these agreements can only be said to have been moderately successful, indeed, those commodities with regard to which market forces have been allowed to have their influence most freely seem often to have fared better over a period of years. When considerable stocks have been accumulated, nationally or internationally, difficulties are bound to arise, however much those in charge seek to avoid disturbing the markets or impairing the interests of other countries' producers.

We have seen that there is no single cause for the problems of

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Recent World Improvements Have Yet to Be Fully Grasped

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the primary producing countries, and neither can we say that there is one single remedy. Progress must be sought along different lines: In some fields action is required by the primary producers themselves; in others, the active support of the industrial countries is needed. If this varied approach is followed, there is every prospect of an improvement in the general situation. In these efforts, international institutions have a role to play. Among the primary producing countries affected by temporary difficulties, some have turned, and will in the future turn, to the Fund with requests for assistance, sometimes of a seasonal character, sometimes for the elaboration and implementation of stabilization programs. The dimensions of the problem are now more clearly known, and the difficulties appreciated. Much remains to be done, but with goodwill and appropriate policies on all sides, these problems can, I am sure, be solved.

Cautions Countries on Investment Boom

Monetary stability has indeed become a guiding principle for the vast majority of countries. In all likelihood, world inflation is over. Now that the excessive liquidity inherited from the war has been worked off, credit policies have become more effective. Output has risen, competition is fiercer, and the resistance to cost and price increases has grown in strength. If we look back at past periods of economic history we find that a persistent decline in raw material prices has more than once been an indication of the cessation of general price increases. Since more and more currencies have become convertible, and since supplies of goods are readily available in most lines from a variety of sources, no individual country can — without grave risks — afford to deviate from the international price trends. Naturally, countries must seek to avoid these risks; and when they make more and more efforts to balance their budgets or, at least, to reduce their fiscal deficits, many of them do so not only as part of an anticyclical policy, but also for balance of payments reasons. The present expansion needs to be carefully watched, for we have to remember that a pronounced investment boom, if one develops, would involve not only progress but also strain, and could have dangerous consequences if it were allowed to get out of hand.

The meeting of the Fund two years ago here in Washington was held at a time of acute tension in the field of foreign exchanges, characterized by rather strong movements of funds, flowing especially to two countries, Western Germany and the United States. Western Germany has continued to have a fairly substantial surplus on the current account of its balance of payments, but thanks to considerable capital exports (including debt repayments), the foreign assets of the banking system have been rising at a much slower pace. Developments in the U. S. balance of payments have also shown capital exports continuing at a high level; however, the current account surplus began to decline at the end of 1957, and a deficit emerged in the first half of 1959. The over-all effect of these developments has been an outflow of gold from the United States, and an accumulation of dollar assets in the hands of other countries. To some extent, this change has reflected the increased strength of producers in other countries who are now able to deliver more promptly a greater range of goods at competitive prices. It has also been connected with internal developments in 1958-59, when there was a sharp increase in the U. S. budget deficit and a substantial degree of credit expansion. These developments helped to overcome the recession, but the consequent increase in liquidity has, even in such a large country as the United States, affected the balance of payments position. The measures adopted to remedy the situation have been on the same lines as those that would have been taken in a similar situation in other countries — balancing the budget and restricting credit, while at the same time paying greater attention to costs. These actions serve as a clear demonstration that inflationary tendencies are being withstood, and their effects should naturally extend to the balance of payments. It is perhaps pertinent to recall that increases in interest rates, made in response to a strong demand for funds actively employed in business, do not arrest economic progres, but rather have the merit of ensuring a more balanced growth. They have, further, the advantage that a subsequent downward adjustment of the rates can be made effective fairly rapidly to provide an active stimulus to recovery if a change in the business trend requires it. Stiffer monetary policies are, of course, not intended to initiate a period of deflation, but represent simply an adjustment to a particular phase of the business cycle. By avoiding the twin dangers of inflation and deflation, the basis should be laid for a vigorous expansion in production and trade.

New Situations Confront the Fund

Over the last two years we have seen a shift in emphasis in the relations between the United States and other countries, the move to external convertibility at the end of last year and other steps toward greater freedom in trade and payments, a generally lower level of prices for primary products, and a widespread slackening of inflationary pressures. All these developments have created a new situation which has revealed the need for a fresh examination of many problems, both domestic and international. The Fund has felt the impact of these changes. As a relatively young institution, it has been faced again and again with fresh problems; and it has had to solve, and will have to solve, such problems as they come along—*solvitur ambulando*, as the Latin tag goes. Gradually, however, general principles have emerged: in their Annual Reports and in specific statements, the Executive Directors have from time to time explained the principles and policies which govern their decisions.

Looking at the future, it is an important fact that the Fund now has at its disposal sufficient resources to meet the demands that may be made upon it, even in emergencies; this has given members confidence that they can move toward greater freedom of trade and payments without having to pay undue regard to temporary balance of payments difficulties. Indeed, the proposal to increase the Fund's resources itself cast a shadow before it, since it was certainly one of the considerations which prompted some European governments to make the move to external convertibility at the end of last year.

Events have been moving faster than men's minds. Recent improvements have implications for policy which have not yet been fully grasped. The time has now come for member countries to make full use of the opportunities opened up by the renewed increase in production and the general strengthening of the international financial structure.

*An address by Mr. Jacobsson before the Board of Governors, International Monetary Fund, Washington, D. C., Sept. 28, 1959.

[1]Article I (v) of the Fund's Articles of Agreement.

Philadelphia Electric Bonds Being Offered

Morgan Stanley & Co. and Drexel & Co. are joint managers of a group offering publicly today (Oct. 15) an issue of $50,000,000 Philadelphia Electric Co. first and refunding mortgage bonds, 5% series due 1989, at 101.09% to yield 4.93% to maturity. The group was awarded the issue at competitive sale on a bid of 100.3423% for the 5% coupon.

The bonds are not refundable at a lower interest cost to the company prior to Oct. 1, 1964. Otherwise, they are redeemable at the option of the company at redemption prices ranging from 106.10% for bonds redeemed prior to Oct. 1, 1960 to 100% for those redeemed after Sept. 30, 1988.

A portion of the net proceeds from the sale of the new bonds will be used to repay $15,000,000 of bank loans obtained for the interim financing of construction, and the balance will be applied toward the construction program. The company expects that increasing demands for its services will require expenditures for the expansion of plants and facilities of approximately $52,000,000 in the last five months of 1959, $88,000,000 in 1960, $71,000,000 in 1961, $70,000,000 in 1962 and $90,000,000 in 1963, or a total of $371,000,000 through 1963. About 40% of these funds is expected to be obtained from the sale of new securities, including the present sale of bonds, with the remaining 60% being provided from internal sources.

The company is an operating utility providing electricity and gas service in southeastern Penn. Three subsidiaries own and operate the Conowingo Hydro-Electric Project, and one distribution subsidiary serves electricity in two counties in Northeastern Maryland, adjacent to the Project. Electricity is supplied to a population of 3,810,000 in Philadelphia and surrounding counties, in a service area of 2,255 square miles. The gas service area covers 1,144 square miles in five counties adjacent to Philadelphia, with a population of 1,535,000. Steam heating service is furnished in the central Philadelphia business district and in portions of West Chester.

For the 12 months ended July 31, 1959, total operating revenues of the company amounted to $257,276,000 and gross income before income deductions to $51,666,000 compared with total operating revenues of $247,745,000 and gross income of $48,177,000 for the calendar year 1958.

Giving effect to the sale of the new bonds and the repayment of bank loans, capitalization of the company at July 31, 1959 was: $511,337,000 in long-term debt; 874,720 shares of preferred stock; and 13,677,776 shares of common stock.

With Penington, Colket

PHILADELPHIA, Pa.—Penington, Colket & Co., members of the New York Stock Exchange and other leading exchanges, announce that Michael C. Faragalli is now associated with their Philadelphia office, 123 South Broad Street, as a registered representative.

Public Utility Securities

BY OWEN ELY

Public Service Company of New Hampshire

Public Service of New Hampshire has been selling recently over-counter around 19 and pays $1 to yield 5.3%. Even in these days of high interest rates, this seems a reasonable return considering the fact that the dividend is partially free of Federal income tax. While only 35% of 1958 dividends were tax-free, the amount seems likely to increase to around 50-55% this year and might approximate 60% during the years 1960-63, it is estimated. The company has been using both accelerated amortization and accelerated depreciation, which are contributing factors.

With annual electric revenues of nearly $33 million, the company is the largest utility in New Hampshire. It and its two subsidiaries, New Hampshire Electric and Kittery Electric Light, operate (with a minor exception) an integrated system furnishing electricity to Manchester, Nashua, Portsmouth, Berlin, Dover, Keene, and 176 other New Hampshire municipalities. The population served is about 458,000 or some 80% of the total population in the state. Electricity is also sold at wholesale to nine other utilities, and is distributed to six towns in Vermont and six in Maine.

Industrial business supplies over 21% of the company's revenues and is well diversified, with over 1,600 concerns. In the postwar period manufacture of durable goods has increased sufficiently to more than offset curtailments in textile operations; thus the number of persons employed in the manufacture of electrical products is over six times as large as a decade ago. General Electric, employing 1,500 people at Somersworth, is currently making all of its magnetic suspension meters, about 40% of the national domestic market, at its Somersworth plant and is one of the many firms which has located in the state since World War II. Plastics, electronics and metal working are also coming into the state.

The state's economy has also been well maintained in other respects; unlike other New England states, farm income has not shown any deterioration since 1950. Over 98% of New Hampshire's farms are electrified. Tourists income, important in many areas of the state, has more than doubled in the postwar period. Despite the general let-down in business in early 1958, the company's annual peak load was 11% larger than in 1957. The percentage of unemployment in New Hampshire was smaller than the United States average month by month during 1958.

Like other New England utilities, Public Service of New Hampshire uses available hydro power, which last year contributed one-quarter of kwh output. The company operates steam generating stations with total estimated capability of 296,000 kw, and 24 hydro electric generating stations with an estimated reliable capability of 38,500 kw (under water conditions prevalent at times of peak load). It expects to enter into agreements with New England Power Company and Central Maine Power Company to sell them part of the capacity of the company's new 100,000 kw steam generating unit at Bow, to be completed in the Fall of 1960.

Construction expenditures for 1959 are estimated at $16,700,000 compared with $10,500,000 in 1958. The company in July, 1959 sold $8 million first mortgage 5⅛s and 396,000 shares of common stock (net proceeds about $7 million). Capitalization on a pro forma basis following this financing is approximately 54% long-term debt, 12% preferred stock and 34% common stock equity (3,550,000 shares).

The common stock record has been as follows in recent years:

		Earned	Paid	Approx. Range
12 months ended Aug. 31,	1959	*$1.25	$1.00	----
Calendar Year	1958	1.26	1.00	19-16
	1957	1.32	1.00	18-15
	1956	1.40	.92½	18-15
	1955	1.28	.90	18-16
	1954	1.26	.90	17-14
	1953	.93	.90	15-13

*On increased number of shares. $1.39 was earned on average shares.

The credit for interest on construction last year was $121,000 compared with about double that amount in the preceding three years—partially accounting for the moderate decline in share earnings in 1958. However, with the present construction of the 100,000 kw unit (to be completed about a year from now) the interest credit has again increased and should remain at a good level until the new unit is installed.

The company obtained rate increases of about $1 million in 1954, $165,000 in 1956, and $503,000 late in 1958, the latter amount being equivalent to about 14c a share—approximately enough to offset the dilution of equity earnings resulting from the recent financing.

First Philadelphia Corp. Stock Offered

The First Philadelphia Corp., a New York corporation, on Oct. 6 publicly offered 100,000 shares of its class A common stock (par 10 cents) at $3 per share.

The corporation intends to offer this stock for a period of 45 days directly through its officers and directors, and through broker-dealers who are members of the National Association of Securities Dealers, Inc. The corporation reserves the right to extend this period for an additional 45 days. On sales made directly to the public by officers and directors, no commissions will be paid.

The price for the issue is $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).

The net proceeds will be used for working capital; general corporate purposes; and to develop broker-dealer relations.

Customer Brokers To Hold Meeting

The Association of Customers Brokers of New York will hold an education meeting on Wednesday, Oct. 21st, at the Sheraton East Hotel. Ernest Henderson, President of the Sheraton Corporation, will be speaker.

Securities Salesman's Corner

BY JOHN DUTTON

Want Some New Accounts — What's Wrong With Selling Some New Treasury 5% Notes

There must be thousands of potential clients who are nursing $5,000, $10,000 and up to several hundred thousand dollars in various accounts paying them from 3% to 4%. Many of these people know absolutely nothing about the government bond market which offers yields today of from 4.60% to 4.95% in short-term notes from one-year to four-year and ten-month maturities. The full faith and credit of the nation is behind these obligations. Surely no other security or investment can be safer. Look what this means to a retired person, or anyone else for that matter:

Amount	Int. Rate	Annual Income
$50,000	3 %	$1,500
50,000	3½ %	1,750
50,000	4 %	2,000
50,000	4.95%	2,475

As indicated, $50,000 invested at a 4.95% rate provides an edge of $975 per annum over the 3% rate, $725 more than provided by 3½% rate, and $500 more than obtainable at 4%. An advertisement stating that your firm would be pleased to buy these notes in denominations of from $5,000 upward, with a nominal brokerage charged for your services, should be interesting to many people who never walked into your door or telephoned your salesmen before.

Acquire New Clients

The securities business is unique in that you must locate people who have substantial funds available for investment. The best way to find them is to offer them something that has universal appeal; that is recognized and known as a sound investment, and provides a more generous income than they are now receiving. One of the problems of this business is to locate people who can buy securities in substantial amounts. What better security could you recommend than United States Government bonds?

The main objective is to meet these people and get acquainted with them. If a man comes in to see you and you buy him $10,000 worth of governments and charge him only a small service fee, true enough, you haven't made any immediate profit on the deal. But how about future possibilities? If he is pleased with your service, if he likes the looks of your office, if your receptionist is pleasant, and you are a conscientious salesman, isn't it possible that you can strike up an acquaintance that can lead to some mutual fund business, or some tax-exempts, or possibly he might buy some of those high priced, low yielding stocks that are so much in evidence today on the Exchanges and in the Over-the-Counter Market.

In this connection he may also own some stocks that he has been thinking of selling and has been hesitant to take his profits because he didn't know where to put the money. Here then is the answer: short-term government securities, due in from one-year to four-years and ten months, with yields starting at 4.39% and rising to almost 5%. Commissions you earn tomorrow are based upon the contacts that you make today.

Need any more be said?

* * *

Care should be exercised in writing any advertising that might reflect unfavorably toward savings institutions. Actually, for many people the best place for their essential savings are such institutions rather than in any type of investment.

Justin Davis Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Justin A. Davis is engaging in a securities business from offices at 269 South Western Avenue.

Murphey-Favre Branch

GRANGEVILLE, Idaho—Murphey-Favre Inc. has opened a branch office at 126 East Main Street under the management of Orrin F. Webb.

Benjamin Katz Opens

Benjamin S. Katz is conducting a securities business from offices at 503 Fifth Avenue, New York City.

Joins Columbine

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—James D. Gore has joined the staff of Columbine Securities Corp., 621 Seventeenth Street.

Aviation Inv. Formed

Aviation Investors of America, Inc. has been formed with offices at 666 Fifth Avenue, New York City, to engage in a securities business. Officers are Philip Bradford, President, and A. C. Brown, Secretary-Treasurer.

Charles T. Johnson Opens

ST. PETERSBURG, Fla.—Charles T. Johnson is conducting a securities business from offices at 1110 Thirty-fourth Street, North.

Inv. Planning Co.

NEW MILFORD, N. J.—Stanley P. Zimnoch is engaging in a securities business from offices at 258 Greve Drive under the firm name of Investment Planning Company.

Arneth on Coast

(Special to THE FINANCIAL CHRONICLE)

SANTA BARBARA, Calif.—The firm of Arneth and Arneth, formerly of Englewood, N. J., is now doing business from offices at 4356 Via Glorieta.

David Lester Opens

David Lester is engaging in a securities business from offices at 16 Jane Street, New York City, under the firm name of David Lester Co.

Thomas J. Walsh

Thomas J. Walsh passed away Oct. 2 at the age of 77. Prior to his retirement in 1941 he was an officer of E. H. Rollins & Co.

Roto American Corp. Common Stock Offered

Morris Cohon & Co., of New York City, is offering today (Oct. 15) 80,000 shares of Roto American Corporation common stock (par $1) at $3.75 per share.

Roto American Corp. was incorporated under the laws of the State of New York on June 4, 1958. It maintains its offices at 93 Worth St., New York, N. Y.

The corporation was organized to acquire control of Roto Bag Machine Corp. which in turn controlled, directly or through a subsidiary corporation, five subsidiary corporations. The corporation presently holds 100% control of Roto Bag and of Roto Wrap Machine Corp. and approximately 88% control of Roto Industries, Inc. Roto Industries, in turn, holds approximately 67% control of Walgan Machine Corp., approximately 79% control of Conapac Corp., and approximately 60% control of Lawson Packaging Corp.

Since the corporation operates through its subsidiaries, it, therefore, does not own and operate facilities of its own at this time. The corporation's subsidiaries are in the business of manufacturing, selling, leasing and servicing a diversified modern line of machines and equipment for the production of bags and for the packaging of products.

The net proceeds (after deducting estimated expenses of $20,500) from the sale of the common stock will aggregate approximately $242,000. The corporation will use $22,500 to redeem its preferred stock outstanding held by Roto Bag, a wholly-owned subsidiary, and $31,100 to redeem the 58,100 shares of its common stock held by Roto Bag. Roto Bag will add these moneys to its working capital. Approximately $50,000 will be advanced to Roto Bag and used to pay a tax liability. The corporation itself or through its subsidiaries plans to use $25,000 of such net procceeds for the purchase of new tooling to expand production of its latest machines and equipment, and the balance of approximately $113,400 will be added to working capital and used to build up inventories to secure additional space as needed, and for general corporate purposes.

With Brown, Madeira

WILMINGTON, Ill.—James J. Flaggert, Jr. is now connected with Brown, Madeira & Company of New York.

Kinnard Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Percy R. Wash is now connected with John G. Kinnard & Co., 80 South Eighth Street.

With DiRoma, Alexik

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Francis C. McGuigan is now with DiRoma, Alexik & Co., 1387 Main Street.

With First Southeastern

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Frank G. Stevenson, Jr. and Floyd P. Teas have become connected with First Southeastern Company, Trust Co. of Georgia Building.

Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Ralph P. Windler has become associated with Lee Higginson Corporation, 161 West Wisconsin Avenue.

Ezra Kureen Opens

Ezra Kureen is engaging in a securities business from offices at 26 Broadway, New York City, under the firm name of Ezra Kureen Co.

Connecticut Brevities

Bridgeport Gas has decided to postpone temporarily its plan to issue $1,000,000 in new stock. Stockholder approval for the issue, originally scheduled to be voted Oct. 27, probably will be sought in the first quarter of 1960.

* * *

The keel for the Ethan Allen—first of a new class of Polaris-firing atomic submarines — was laid in September at Electric Boat Division of **General Dynamics Corporation** in Groton. Submarines of the Ethan Allen class will be 410 feet long, 30 feet longer than the George Washington and the Patrick Henry, two earlier models of the fleet ballistic missile submarine. The Ethan Allen will be the 10th nuclear submarine built at Electric Boat.

* * *

Stockholders of **Stanley Works**, New Britain, will vote Nov. 5 on a proposed two and one-half for one split. The company recently increased its quarterly dividend from $0.60 to $0.70, indicating an annual rate of $2.80.

* * *

The Carwin Company, North Haven, has filed a registration statement with the Securities and Exchange Commission covering 46,080 shares of common stock. Also registered were 2,000 shares of a selling stockholder. The new stock will be offered to stockholders on a one-for-four basis. The company will use the net proceeds, together with general funds available primarily from depreciation and returned earnings, to repay outstanding loans, to assist in financing the company's 1959 and 1960 construction program and for working capital and other corporate purposes. The company produces a variety of specialty chemicals, including benzidines and other dyestuff raw materials, isocyanates and other organic chemicals, urethane cellular plastics and other isocyate by-products.

* * *

Underwood Corporation has announced that ING. C. Olivetti & Co., S.P.A. of Italy, maker of typewriters and business machines, will purchase 405,000 shares of Underwood's authorized but unissued common stock at $21.50 a share. The transaction would make Olivetti holder of more than one-third of Underwood's outstanding stock. Proceeds from the sale to be consummated Feb. 29, 1960, would be used to retire short-term obligations and for other general corporate purposes. Underwood and Olivetti plan to cooperate in all phases of research, product development and manufacturing techniques. Five executives of Olivetti have been elected to Underwood's 15 man board.

* * *

A new electronic voice recording and reproducing machine designed to increase speed and efficiency in the handling of outgoing teletype messages, has been announced by **Dictaphone Corporation**, of Bridgeport. Known as the Dictaphone Telegram Recording-Reproducing Machine, the device has been developed for use by business and government organizations whose day-to-day operations require volume transmittal of messages over teletype circuits. Located in the organization's teletype center, the machine permits an executive to pick up the phone on his desk and dictate his message for recording by the machine and subsequent transmittal by the teletypist.

* * *

Kaman Aircraft Corporation, of Bloomfield, has been awarded a follow on contract for 42 more Huskies (H-43B) local base rescue helicopters by the United States Air Force. The new contract is in the form of a letter of intent and brings the number of Huskies still to be produced to 111 through fiscal 1961. The company, a pioneer in the development of turbine powered helicopters, is already in production on Huskies on a previous contract. The H-43B is a turbine helicopter powered by a Lycoming T-53, 825 horsepower engine. The turbine engine, produced by **Avco Corporation's** Lycoming Division of Stratford, provides more power, takes less space, and is lighter in weight than an equivalent piston engine so that the Huskie has twice the cabin space and lifting capacity of the former H-43A. The passenger capacity of the H-43B has increased over the "A" from 5 (including pilot and co-pilot) to 10.

Open Investment Business

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Bob and Elaine Johnson have formed a partnership with offices at 4700 Crenshaw Boulevard to engage in a securities business.

Joins Tabor Staff

(Special to THE FINANCIAL CHRONICLE)

DECATUR, Ill. — Frederick T. Zwetschke is now connected with Tabor & Co., 139 West Main St., members of the Midwest Stock Exchange.

Rejoins A. C. Allyn

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—George E. Babb has rejoined A. C. Allyn & Co., Inc., 30 Federal Street. He was recently with Goodbody & Co.

Dempsey-Tegeler Branch

BISMARCK, N. Dak.—Dempsey-Tegeler & Co. has opened a branch office at 305½ East Broadway, under the management of Roy S. Towne.

Form L. Wolf Assoc.

MT. VERNON, N. Y.—Lewis Wolf Associates has been formed with offices at 1 Firsher Drive, to engage in a securities business. Partners are Lewis Wolf, Donald Hecht, Gustave Bernberg, and Sheldon Posner.

Paine, Webber Office

CLEVELAND, Ohio—Paine, Webber, Jackson & Curtis has opened a branch office in the Sheraton Cleveland Hotel, under the management of Richard B. Mapes.

MCA Inc. Offering Has Been Completed

Public offering of 400,000 shares of common stock was made on Oct. 8 at $17.50 per share by an underwriting group headed by Lehman Brothers. This offering was oversubscribed and the books closed.

Of the net proceeds from the offering, $6,250,000 will be applied by the company to the reduction of short term bank indebtedness and the balance will be added to working capital. The bank indebtedness was incurred to finance the acquisition of and additions to production facilities of the Universal-International Studios at Universal City, Cal., acquired by MCA Inc. in Feb. 1959, and now operated by the company as Revue Studios.

MCA Inc. and subsidiaries are engaged in the production and distribution of television film series and in the representation of artists in various branches of the entertainment business. The original MCA company was founded in 1924 by Jules C. Stein.

Consolidated gross revenues of the company during 1958 amounted to $48,429,749 and net income to $4,328,442. For the six months ended June 30, 1959 gross revenues were $30,141,936 compared with $25,987,472 in the corresponding six months of 1958. Net income in the respective half year periods was $2,457,308 and $2,381,154.

Hill, Darlington Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — David A. Freedman has joined the staff of Hill, Darlington & Co., 80 Boylston Street.

Two With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Philip I. Hershberg and Ronald C. Knox have become associated with Keller Brothers Securities Co., Inc., Zero Court Street.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edward J. Michon is now with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 18 Milk Street.

La Hue Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Herbert W. Tischer has been added to the staff of La Hue Investment Co., Pioneer-Endicott Arcade.

With Edling-Williams

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Robert O. Polzak is now with Edling-Williams & Associates, Inc., 614 Grant Street, East.

With Bell & Farrell

(Special to THE FINANCIAL CHRONICLE)

MADISON, Wis.—Robert S. Travis is now with Bell & Farrell, Inc., 119 Monona Avenue.

Two With Scott, Bancroft

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Creighton C. Armstrong and John R. Schoenfeld have become associated with Scott, Bancroft & Co., 235 Montgomery Street.

Brown Bros. Harriman Add

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Gerald A. Doyle has become connected with Brown Brothers Harriman & Co., 10 Post Office Square. He was formerly with Goodbody & Co.

With La Hue Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—John W. Ivance is now affiliated with La Hue Investment Company, Pioneer-Endicott Arcade.

State of Trade and Industry

Continued from page 4

against $20,758,457,292 for the same week in 1958. Our comparative summary for the leading banking centers this week follows:

Week Ending Oct. 10—	1959	1958	%
New York	$12,491,889,541	$10,028,160,840	+24.6
Chicago	1,175,794,402	1,083,998,070	+ 8.5
Philadelphia	1,064,000,000	995,000,000	+ 6.9
Boston	742,158,685	633,984,376	+17.1

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 47 of the Oct. 12 issue.

U. S. A. Unemployment Total Drops 196,000 in September

The Labor Department announced that unemployment had dropped 196,000 in September to 3,230,000. More than a million young Americans went back to school at the September class openings. The total number of workers dropped 894,000 in September. If the steel strike is continued throughout October, the jobless total will be increased especially in the affiliated steel using industries. So it remains to be seen whether Secretary Mitchell will have to make good his prediction that unemployment will not go below 3,000,000 in October. The nation's total work force was 66,847,000.

T-H Injunction Cannot Prevent Steel Market Chaos

Invoking the Taft-Hartley Act cannot prevent complete chaos in the steel market, "The Iron Age" predicts.

The national metalworking weekly states that President Eisenhower's invoking the act provides time for another try at settlement. But the delaying action takes the country closer to the worst steel shortgage crisis in its history.

If the injunction is ordered, it can at best prevent the nation's steel users from running completely out of steel. But it will be too late to avoid additional widespread layoffs, the magazine reports.

"The Iron Age" says the 80-day back-to-work provision of T-H actually would result in only about 50 days of full steel production. This is because of time needed to start up ingot production and to fill the mills' own pipelines.

In addition, no one in the industry or the Steelworkers union is under any illusion that the workers will put out full effort. The union opposes the injunction, believes it will only ease pressure from steel users for a quick settlement.

The magazine estimates that total steel stocks in the U. S. are about 7 million tons. This is not enough to sustain a high level of industrial production. The crisis, which is outwardly evident now, was really reached four weeks ago when severe steel shortages and a resulting spread of layoffs and cutbacks became inevitable.

"The Iron Age" makes these additional observations on the strike and its effects:

Steel shipments will not reach top volume until from four to six weeks after the workers go back to the mills.

Some items will be in short supply and on allocation through the first half of 1960. Some of the more critical products will stay tight even longer.

The iron ore crisis will hit mills in January and February. Some mills will fail to maintain full output because of the shortage.

On the user side, automakers are hardest hit of the big steel consumers. Shortages will prevent the auto industry from reaching its ambitious production goals in the next few months.

As a secondary effect, this will take its toll of steel available for other industries. The auto industry normally takes from 15 to 20% of all steel output. But in the late fall and winter production surge, automakers will try to grab off 25 to 30% of available steel.

Steelmakers Fear Taft-Hartley Slowdowns After Mills Reopen

Steel supplies are so close to exhaustion that most consumers face drastic production cutbacks, layoffs, or shutdowns in a matter of days, "Steel," the materalworking weekly, said Oct. 12.

There is nothing—not even an immediate settlement—that can prevent the situation from deteriorating before it improves. Within two weeks, even the largest and best protected users will feel the strike's impact.

In the first two weeks after the mills reopen, inventories will continue to drop as shipments fall short of consumption. By the third week, mills may start shipping as much steel as customers are using, but hardships will continue. It will be the fourth week, at best, before an inventory buildup begins.

When the strike started, finished steel inventories were between 24.5 million and 27 million tons—probably an all-time high. Today, they're close to 11.5 million tons.

Steel industry officials fear poor productivity when the workers get back on the job if a Taft-Hartley injunction reopens the mills.

"We hope our alarm is unfounded," one President told "Steel," "but we remember what happened when President Truman seized the mills back in 1952. Production in some of our departments was off as much as 65%. You couldn't see the slowdowns as the men worked, but they appeared when we got the figures."

Besides the concern about slowdowns, the companies dread the expensive possibility of having to shut down again after 80 days. They also worry about long term effects on employee morale.

Steel service centers have about 2 million tons of steel in stock (60% of normal), "Steel" reported. Since the start of the strike, stocks have been drained at an average weekly rate of more than 130,000 tons, surprisingly slower than was anticipated.

Except for the imbalances in the product mix and in geographical distribution of reserves, stocks could be adequate for another 13 weeks or more. But flat rolled products are particularly hard hit and other major products (bars, plates, shapes) have not fared much better. The Midwest is feeling the supply pinch more acutely than most other districts.

The industry has lost $2,688,000,000 in sales in the strike through Oct. 12. The steelworkers have lost $926,000,000 in wages. The U. S. has lost $585,000,000 in taxes. And, other company losses including overhead, depreciation, and salaries of nonproduction workers in steel are estimated at $512,000,000.

The national ingot rate last week held at 13% of capacity. Mills in operation produced about 368,000 ingot tons.

"Steel's" scrap price composite, based on No. 1 heavy melting grade, held at $43 a gross ton last week. A sharp pickup is anticipated when steelmaking resumes.

Steel Output Based on 12.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *22.7% of steel capacity for the week beginning Oct. 12, equivalent to 365,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of 22.5% of capacity and 362,000 tons a week ago. [ED. NOTE: A strike in the steel industry began Wednesday, July 15.]

Actual output for the week beginning Oct. 15 was equal to 12.8% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 12.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *22.2% and production 356,000 tons. A year ago the actual weekly production was placed at 2,003,000 tons, or 124.7%.

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

Auto Industry Adopts Steel Stretch-Out Policy

The auto industry, building at a behind-schedule rate of only 113,000 cars weekly and facing serious curtailment after next week, expects to operate at only 50% to 60% of its scheduled 640,000-unit level for the month of October, "Ward's Automotive Reports" said Oct. 9. Some companies which under-built September production already have adopted a steel stretch-out policy in production for this month.

The trade publication said steel shortages and the aftereffects of labor trouble held this week's (period ended Oct. 10) automobile output to an estimated 8% gain over last week's total. Combined production of U. S. manufacturers was expected to run to 113,976 units compared to the figure of week ending Oct. 3 (105,720).

"Ward's" said Ford Motor Co. was expected to carry out six-day programming at 10 plants and that American Motors was scheduled to work through Saturday (Oct. 10) at Kenosha, Wis. All General Motors plants were operating on a five-day basis this week except the Corvair facility at Willow Run, Mich., which closed Monday to adjust inventories to the steel situation.

"Ward's" said that parts shortages due to the strike at Chrysler Corporation's Twinsburg, Ohio, stamping plant (settled Oct. 4) kept most company car plants on two or three-day scheduling this week but added that normal production activity would be resumed next week. Chrysler's "Valiant" production at the Dodge Hamtramck plant was unaffected by the Twinsburg strike.

The reporting service said production of '60 model cars by the end of this week totaled an estimated 430,602 units, including 52,001 of the Big Three small cars, Ford's Falcon, Chevrolet's Corvair and Chrysler Corporation's Valiant. Output of the '60 model Larks and Ramblers numbers 51,891.

Automobile production to date (4,488,835 units) is running 53% ahead of 1958 (2,929,088 units).

New Car Sales Exceed Full 1958 Total

The auto industry, as of Oct. 6, pushed its 1959 calendar year new car sales past the 4,287,000 units retailed in entire 1958 but marked the milestone with one of its worst September volumes since World War II, "Ward's Automotive Reports" said on Oct. 6.

"Ward's" said September retailing of domestic-built cars totaled 349,629 units — a 13,985-unit daily average that marked the industry's worst September since before 1951, excluding the 10,240-unit daily rate for September of depression year 1958. Sales were 25.3% under August, a more-than-seasonal decline.

The sales softening was attributed to effects of the steel strike as it pertains both to purchasing power and withholding of car sales by overly cautious dealers, plus widespread pre-introductory announcement of '60 car styling features.

The nine-month count was divided 48.3% GM Corporation, 30.4% Ford Motor Company, 12.4% Chrysler Corporation, 6.5% American Motors and 2.4% Studebaker-Packard Corporation.

The statistical service reported third-quarter new car buying at 1,288,000 cars, 20.1% under the 1,613,000 for April-June, but 38% above a year ago. It said that 401,500 July-September sales by Ford Motor Company gave it the smallest second to third quarter decline (15.4%) of any auto company.

GM Corporation third quarter sales were estimated at 605,000 vs. 772,000 in April-June, and Chrysler Corporation 167,400 vs. 212,000 plus American Motors at 85,500 vs. 117,000. For Studebaker-Packard Corporation it was 28,500 vs. 37,400.

"Ward's" said that Chevrolet remains ahead in the race for No. 1 sales honors but added that Ford narrowed the lead to an estimated 42,000 units by a surge of strength in September. Ford dealers sold at 100% of the Chevrolet level in the third quarter following 93% in April-June.

Business Failures Up Moderately in Latest Week

Commercial and industrial failures rebounded to 274 in the week ended Oct. 8 from 224 in the preceding week reported Dun & Bradstreet, Inc. This increase lifted casualties slightly above the 271 last year, and considerably above the 244 in the comparable week of 1957. Sixteen per cent more businesses succumbed than in the similar prewar week of 1939 when the toll was 237.

The week's upturn was concentrated in failures involving liabilities of $5,000 or more, which rose to 240 from 182 in the previous week and 230 a year ago. In contrast, small casualties, those with liabilities under $5,000, dipped to 34 from 42 a week earlier and 41 last year. Liabilities in excess of $100,000 were incurred by 19 of the failing concerns, as against 18 in the preceding week.

All industry and trade groups except construction and commercial service had higher tolls. Casualties among retailers climbed to 138 from 100, among wholesalers to 35 from 18, while manufacturing edged to 50 from 46. Contrasting declines brought the service total down to 14 from 22 and construction to 37 from 38. Neither retail trade nor commercial service had as many failures as a year ago but increases from comparable 1958 levels prevailed in other lines.

The week-to-week increases occurred in all nine major geographic regions. Tolls rose most noticeably in the South Atlantic, up to 20 from 12, in the West South Central, up to 22 from 12, and in the Pacific, up to 60 from 51. Meanwhile, Middle Atlantic failures edged to 87 from 82, and East North Central to 48 from 44. Trends from 1958, on the other hand, were mixed; four regions reported more casualties than last year, four reported dips, and one had the same number as a year ago.

Fifty-six Canadian failures were recorded as compared with 22 in the preceding week and 24 in the similar week of 1958.

Electric Output 8.4% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 10, was estimated at 13,086,000,000 kwh., according to the Edison Electric Institute. Output decreased by 148,000,000 kwh. below that of the previous week's total of 13,234,000,000 kwh. but showed a gain of 1,019,000,000 kwh., or 8.4% above that of the comparable 1958 week.

Car Loadings Down 15.5% From 1958 Week

Loading of revenue freight for the week ended Oct. 3, 1959, totaled 572,502 cars, the Association of American Railroads announced. This was a decrease of 105,123 cars or 15.5% below the corresponding week in 1958, and a decrease of 175,145 cars or 23.4% below the corresponding week in 1957.

Loadings in the week of Oct. 3, were 14,577 cars or 2.5% below the preceding week. It is estimated that about 165,000 additional cars would have been loaded in the current week if there had been no steel strike. Based on these week-to-week estimates the cumulative loss is now approximately 1,830,000 cars.

Intercity Truck Tonnage 8% Above 1958 Week

Intercity truck tonnage in the week ended Oct. 3, was 8% ahead of the corresponding week of 1958, the American Trucking Associations, Inc., announced. Truck tonnage was 1.4% ahead of that of the previous week of this year.

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

Lumber Shipments Down 3.3% From 1958 Week

Lumber shipments of 468 mills reporting to the National Lumber Trade Barometer were 3.3% below production for the week ended Oct. 3, 1959. In the same week new orders of these mills were 9.0% below production. Unfilled orders of reporting mills amounted to 36% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 17 days' production at the current rate, and gross stocks were equivalent to 43 days' production.

For the year-to-date, shipments of reporting identical mills were 0.4% above production; new orders were 0.4% below production.

Compared with the previous week ended Sept. 26, 1959, production of reporting mills was 2.2% below; shipments were 3.2% above; new orders were 3.4% below. Compared with the corresponding week in 1958 production of reporting mills was 1.4% above; shipments were 2.6% below; and new orders were 11.1% above.

Wholesale Commodity Price Index Moderately Below Prior Week

Reflecting price declines on hogs, steers, and rubber, the general commodity price level dipped moderately from a week earlier. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., declined to 276.26 (1930-32=100) on Oct. 9 from the prior week's 277.01. It compared with 278.00 of the corresponding date a year ago.

Despite reports of unfavorable weather conditions for harvesting in growing areas, corn prices moved within a narrow range and finished fractionally below the prior week; corn trading remained steady. Bad harvesting conditions helped prices on soybeans move up appreciably and transactions were slightly higher.

Wheat prices edged fractionally higher as both domestic and export buying picked up. During the week Brazil bought 5,600,000 bushels of wheat. There was a moderate rise in rye prices as trading matched that of a week earlier. A slight rise in transactions helped oats prices rise somewhat from the prior week.

The United States Department of Agriculture estimated that the corn crop would come to a record 4,429,154,000 bushels this year, up 47,000,000 bushels from the last estimate made in September. Wheat production is expected to hit 1,117,430,000 bushels, compared with the 1958 record of 1,462,218,000 bushels.

Although domestic buying of flour lagged this week, export buying moved up substantially holding prices close to the prior week. Sizable quantities were sold to Holland, and negotiations were pending for shipments to Norway and Indonesia.

Unfavorable late season weather in growing areas somewhat limited rice supplies helping prices move up slightly; rice trading slipped somewhat from the prior week. A moderate increase in sugar buying occurred and prices were fractionally higher.

Volume in coffee moved up appreciably during the week, but prices finished unchanged from the prior week. Following a slight rise at the beginning of the week, cocoa prices slipped at the end of the period, as buying slackened.

Hog receipts in Chicago remained close to the prior week, but trading was sluggish and prices were somewhat lower. Although the salable supply of steers was substantially higher, buying lagged and prices were down from the prior week. Lamb prices finished the week close to the prior period and trading showed little change.

There was a fractional decline in cotton prices during the week. In the week ended last Tuesday exports came to about 50,000 bales, compared with 53,000 in the prior week and 59,000 in the comparable week a year ago, according to the New York Cotton Exchange. Exports for the season through last Tuesday amounted to about 292,000 bales, against 474,000 in the comparable 1958 period.

Wholesale Food Price Index at New 1959 Low

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., dipped again this week to another new low for 1959. At $5.89 on Oct. 6, the index was 0.3% below the previous 1959 low of $5.91 set a week earlier, and was at the lowest level since March 27, 1956. There was a decline of 6.2% from the $6.28 of the corresponding date a year ago.

Moving higher in wholesale cost this week were wheat, corn, rye, oats, barley, hams, lard and coffee. Lower in price were bellies, butter, cottonseed oil, 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.

Retail Consumer Buying Slips

Continued unseasonably warm weather and the effects of the steel strike in some cities slowed consumer buying this week, and over-all retail trade slipped fractionally below that of a year ago. Year-to-year declines in sales of apparel, linens, and draperies offset gains in major appliances, furniture, and new passenger cars, where sales promotions met with favorable results.

The total dollar volume of retail trade in the week ended Oct. 9 was from 3% below to 1% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Pacific Coast +4 to +8; Mountain +3 to +7; West North Central and West South Central 0 to +4; New England, East North Central, and South Atlantic —2 to +2; East South Central —4 to 0; Middle Atlantic —10 to —6.

Purchases of women's coats and suits fell moderately from both the prior week and a year ago, and interest in fashion accessories, sportswear, and dresses showed slight year-to-year declines. While the call for men's topcoats and suits was down appreciably from the similar 1958 week, sales of sports coats, slacks, and sports shirts matched those of a year ago. The buying of boys' apparel was sluggish, but volume in girls' clothing was steady, with interest centering primarily on skirts, sweaters, and dresses.

Apparel wholesalers reported a marked rise in orders for resort and cruisewear this week, and substantial year-to-year gains occurred. Re-orders for women's fur-trimmed cloth coats and dresses expanded somewhat and the call for suits and accessories matched that of a week earlier. There was a marked increase in volume in children's and infants' merchandise suitable for holiday sales promotions. Purchases of men's apparel edged up from the prior week, with buyers primarily interested in topcoats and Fall suits.

Trading in industrial fabrics and man-made fibers rose moderately this week, and appreciable year-to-year gains were maintained. Despite a slight rise in transactions in print cloths, overall volume in cotton gray goods remained close to the preceding week. Purchases of woolens and worsteds remained sluggish, but sales of carpet wool picked up somewhat. Fears of an extended strike among dyers and finishers discouraged incoming orders in that industry in New England during the week.

There was a marked rise in orders for linens this week, and the call for draperies and floor coverings was moderately higher.

There was a substantial rise in sales of refrigerators, laundry equipment, television sets, and radios this week; some retailers attributed this to sales promotions and to fears on the part of consumers that supplies will be limited due to the steel strike. Best-sellers in furniture were dinette sets, bedroom sets, and upholstered chairs. A moderate rise over the prior week occurred in the buying of floor coverings, and volume remained well over last year.

Although the lengthy steel strike has not prompted any scare buying, bookings in major appliances moved up appreciably; best-sellers were laundry equipment and refrigerators. Furniture volume at wholesale matched that of a week earlier, with interest centering primarily on upholstered chairs, bedding, and juvenile furniture. The call for housewares, glassware, and gifts climbed significantly from the prior week, and was well over a year ago.

Food buying was steady this week. There were some gains in the purchases of ice cream, cold cuts, dairy products, and fresh produce, but interest in canned goods, fresh meat, and poultry lagged.

Although food buyers stepped up their purchases of rice, fresh meat, frozen foods, and baked goods during the week, gains here were offset by declines in canned goods, flour, and poultry. Sales of eggs, butter, and cheese were unchanged from a week earlier.

Nationwide Department Store Sales Down 2% for October 3rd Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Oct. 3, decreased 2% below the like period last year. In the preceding week, for Sept. 26, an increase of 7% was reported. For the four weeks ended Oct. 3 a 3% increase was registered and for Jan. 1 to Oct. 3 a 7% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Oct. 3 decreased 9% over the like period last year. In the preceding week Sept. 26 a 7% increase was shown. For the four weeks ended Oct. 3 no change was reported over the 1958 period. Jan. 1 to Oct. 3 showed a 3% increase.

Four With Christopher

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — George N. Kiriakos, Baalis B. Mornin, Dorothea H. Polznin and Mrs. Lillian Rosalsky have joined the staff of B. C. Christopher & Co., 5100 Oakland Avenue.

Now With Amos Sudler

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James R. Stone is now with Amos C. Sudler & Co., 818 Seventeenth Street. He was previously with Allen Investment Co.

E. J. Roberts Office

EAST BRUNSWICK, N. J.—E. J. Roberts & Co. has opened a branch office at 9 Branton Place under the management of John Cavagnaro.

V. S. Wickett Opens

V. S. Wickett & Company, Inc. is engaging in a securities business from offices at 99 Wall Street, New York City. A. Frank Sidoti is a principal of the firm.

Joins Birr & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Julian A. Turrentine has become associated with Birr & Co., Inc., 155 Sansome Street. For many years he was with First California Company, Inc.

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. **Office**—123 Denick Ave., Youngstown, Ohio. **Underwriter**—Strathmore Securities, Inc., 605 Park Bldg., Pittsburgh 22, Pa.

★ **Abco, Inc.**
Oct. 5 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For plant and equipment, and working capital. **Office**—411 W. 5th St., Los Angeles, Calif. **Underwriter**—Baron, Black, Kolb & Lawrence, Inc., Beverly Hills, Calif.

● **Acme Missiles & Construction Corp. (10/19-23)**
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.

Aeronautical Electronics, Inc.
Sept. 21 (letter of notification) 78,350 shares of common stock (par $1) to be offered for subscription by stockholders of record Oct. 1, 1959 for one full share but not in excess of five shares. Rights expire 30 days after offering. **Price**—To be supplied by amendment. **Proceeds**—For construction, purchase of inventory and additional working capital. **Office**—Raleigh-Durham Airport, P. O. Box 6527, Raleigh, N. C. **Underwriter**—None.

Aircraft Dynamics International Corp.
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y.

● **Airtronics International Corp. of Florida**
Aug. 31 (letter of notification) 109,090 shares of common stock (par 10 cents). **Price**—$2.75 per share. On Oct. 5 the letter of notification was amended to cover 200,000 shares of common stock (par 10 cents), to be sold at $2.00 per share. **Proceeds**—To be used to pay off loan and increase working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall St., New York. **Underwriter**—To be supplied by amendment. **Offering**—Expected in about six to eight weeks.

● **Alaska Mines & Minerals Inc.**
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter** — To be named by amendment. Statement was withdrawn on Sept. 30.

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 Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—To be supplied by amendment.

American Boatbuilding Corp.
Sept. 29 (letter of notification) 100,000 shares of common stock (par 15 cents). **Price**—$3 per share. **Proceeds**—For additional working capital, to pay off a note and for expanding and improving the boat building business. **Office**—Division Street, Warwick, R. I. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

American Educational Life Insurance Co. (10/19-23)
Sept. 15 filed 3,800,000 shares of class A common stock (par $1), (voting), and 950,000 shares of class B common stock (par $1), (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., Third National Bank Bldg., Nashville, Tenn.

● **American & Foreign Power Co., Inc. (11/2-6)**
Oct. 7 filed 225,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Will go to selling stockholder, Electric Bond & Share Co. which upon completion of the offering will hold 52.3% of the total outstanding stock of American & Foreign Power Co. **Underwriters** — Lazard Freres & Co. and The First Boston Corp., both of New York.

American Heritage Life Insurance Co. (10/28)
Oct 5 filed 360,000 shares of common stock (par $1). These shares will be exchanged for 57,492 of the 57,500 shares of the outstanding stock of Reliable Insurance Co. The new shares will be subsequently offered to the public. **Office**—218 West Adams Street, Jacksonville, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

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 Motorists Insurance Co.
Sept. 22 filed 166,666⅔ shares of capital stock (par $3), to be offered to holders of outstanding shares of such stock of record Oct. 26, 1959, in the ratio of one new share for each eight shares then held; rights to expire on or about Nov. 27. **Price**—$12 per share. **Proceeds**—To raise the ratio of its capital stock, surplus, and surplus reserve to premium writings, to increase underwriting capacity, and for general corporate purposes. **Office**—4750 Sheridan Road, Chicago, Ill. **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.

● **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 later this year.

● **Anodyne, Inc., Bayside, L. I., N. Y. (10/21-22)**
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 Pools, Inc.**
Sept. 28 filed 200,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—5871 Firestone Boulevard, South Gate, Calif. **Underwriter**—Marron, Edens, Sloss & Co., Inc., New York. **Offering** — Expected in November.

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.

Architectural Plastics Corp.
Sept. 30 (letter of notification) 260,686 shares of common stock (par $1) to be offered for subscription by stockholders and then to the public. Of the total shares to be offered, 103,430 shares are under options and subscriptions. **Price**—$1.25 per share. **Proceeds**—For relocating and improving manufacturing plant; advertising, additional inventories and working capital. **Office**—1355 River Rd., Eugene, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

Arizona Fertilizer & Chemical Co. (10/21)
Sept. 24 filed 100,000 shares of common stock (par $2.50) of which 75,000 shares are to be offered for the account of the issuing company, and 25,000 shares for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the provision of funds for the expansion of Cortez Chemicals Co., a subsidiary, the addition to working capital of the issuing company, and the partial liquidation of its unfunded indebtedness. **Office**—734 East Southern Pacific Drive, Phoenix, Ariz. **Underwriters** — Mitchum, Jones & Templeton, Los Angeles, Calif., and Walston & Co., Inc., New York.

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.

Audio-Dynamics Corp.
Sept. 23 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To purchase stores and equipment and for working capital. **Office**—Cafritz Building, Suite 915-16, 1625 Eye Street, N. W., Washington, D. C. **Underwriter**—Balough & Co., Inc., Washington, D. C.

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.

● **Baker Oil Tools, Inc. (11/16)**
Oct. 7 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company designs, manufactures, and distributes a broad line of specialized tools and equipment used throughout the world in drilling. **Underwriters**—Lehman Brothers, New York, and Lester Ryons & Co., Los Angeles Calif.

B. M. Harrison Electrosonics, Inc.
Sept. 25 filed 133,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the provision of funds to assist the company's expansion into the civilian market. **Office** — Newton Highlands, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected prior to Nov. 13.

Bank Stock Corp. of Milwaukee
Sept. 11 filed 605,000 shares of common stock, to be offered in exchange for common stock of Marshall & 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. The exchange offer will expire on Nov. 13, unless extended. **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 30 days.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

● **Bartell Broadcasting Corp.**
Sept. 17 (letter of notification) 54,545 shares of capital stock (par $1). **Price**—$5.50 per share. **Proceeds**—For working capital and to finance expanded operations of the company. **Office**—730 Fifth Ave., New York, N. Y. **Underwriter**—W. W. Schroeder & Co., Inc., New York, N. Y. **Offering**—Expected any day.

● **Barton's Candy Corp.**
Sept. 28 filed 175,000 shares of common stock (par $1), of which 150,000 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the financing of accounts receivable, the provision of funds for new machinery and equipment, for construction of new stores and improvements of present outlets, and for working capital. **Office**—80 DeKalb Avenue, Brooklyn, N. Y. **Underwriter**—D. H. Blair & Co.

● **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 became effective on Sept. 21.

● **BBM Photocopy Manufacturing Corp. (10/19-23)**
Aug. 27 (letter of notification) 100,000 shares of capital stock (par five cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—42 W. 15th St.,

New York, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

● Berens Real Estate Investment Corp.
July 31 filed $1,200,000 of 6½% debentures, due Sept. 15, 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 St. N. W., Washington D. C. **Underwriter**—Berens Securities Corp., same address.

● Biochemical Procedures, Inc. (10/20-21)
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.

★ Blanch-Ette, Inc.
Oct. 12 filed 400,000 shares of common stock, to be offered initially to independent dealers who handle the company's products, with the unsubscribed shares to be offered to the public. **Price**—$1 per share. **Proceeds**—To establish new dealerships, increase inventories, and provide funds for advertising and increase working capital. **Office**—10232 South Kedzie Ave., Chicago, Ill. **Underwriter**—None.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), 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.

Breuer & Curran Oil Co.
Sept. 24 filed $1,500,000 of co-ownership participations in an oil and gas exploration fund. **Price**—The minimum participations will be $10,000. **Proceeds**—To conduct oil and gas exploration activities. **Office**—3510 Prudential Plaza, Chicago, Ill.

Burch Oil Co.
Sept. 25 (letter of ontification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

● Cadre Industries Corp.
Sept. 25 filed 17,532 shares of common stock (par $5), to be offered to holders of such stock of record Oct. 23, on the basis of one new share for each 8 shares then held; rights to expire on or about Nov. 16 (subject to SEC approval). **Price**—$64 per share. **Proceeds**—For general corporate purposes, including working capital. **Office**—20 Valley St., Endwell, N. Y. **Underwriter**—None.

● California Liquid Gas Corp. (10/19-23)
Sept. 16 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered for the account of the issuing company, and 45,000 shares, representing outstanding stock, are to be offered for the account of the present holder thereof (of which latter amount 2,000 shares will be sold to certain employees). **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness, purchase new transport equipment, and for working capital. **Address**—P. O. Box 5073, Sacramento, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

California Metals Corp.
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

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. (10/19-23)
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.

Campbell Chibougamau Mines Ltd.
Sept. 30 filed 350,000 shares of common stock, to be reserved for issuance upon the exercise of warrants issued by the company in 1953. These warrants entitle the holders thereof to purchase, on or before Dec. 1, 1960, upon payment of $4 per share, one share of stock for each warrant held. **Office**—55 Yonge Street, Toronto, Canada.

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. **Offering**—Expected in late October.

● Carwin Co.
Oct. 2 filed 48,080 shares common stock (par $2), of which 46,080 shares are to be offered for subscription by common stockholders at the rate of one new share for each four shares held. The remaining 2,000 shares are being sold for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the repayment of outstanding bank loans in the amount of $425,000, the provision of funds for the 1959-60 construction program, and for working capital. **Office**—Stiles Lane, New Haven, Conn. **Underwriter**—Putnam & Co., Hartford, Conn. **Offering**—Expected early in November.

Central and South West Corp. (10/29)
Sept. 21 filed 350,000 shares of common stock (par $5). **Proceeds**—To prepay and discharge bank borrowings in the amount of $3,200,000, and to purchase during 1959-60 additional shares of common stock of Public Service Co. of Oklahoma, Southwestern Electric Power Co., and West Texas Utilities Co. **Office**—902 Market St., Wilmington, Del. **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). **Bids**—Tentatively expected to be received up to 10:30 a.m. (Chicago time) on Oct. 29.

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

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NEW ISSUE CALENDAR

October 15 (Thursday)

Tassette, Inc. ______ Common
(Amos Treat & Co., Inc. and Truman, Wasserman & Co.) $300,000

October 16 (Friday)

National Union Fire Insurance Co. ______ Common
(Offering to stockholders—Underwritten by The First Boston Corp.) 200,000 shares

October 19 (Monday)

Acme Missiles & Construction Corp. ______ Common
(Myron A. Lomasney & Co.) $1,200,000

American Educational Life Insurance Co. ______ Common
(Standard Securities Corp.) $23,750,000

BBM Photocopy Manufacturing Corp. ______ Common
(Myron A. Lomasney & Co.) $300,000

California Liquid Gas Corp. ______ Common
(Kidder, Peabody & Co.) 100,000 shares

Camloc Fastener Corp. ______ Common
(Van Alstyne, Noel & Co.) $1,354,500

Daitch Crystal Dairies, Inc. ______ Debentures
(Hirsch & Co.) $3,500,000

E Con-O-Veyor Corp. ______ Common
(Plymouth Securities Corp.) $150,000

Ennis Business Forms ______ Common
(Kidder, Peabody & Co.) 217,490 shares

First Philadelphia Corp. ______ Common
(First Philadelphia Corp.) $300,000

Lenahan Aluminum Window Corp. ______ Common
(Offering to stockholders—no underwriting) $629,976

Maul Bros., Inc. ______ Common
(Kidder, Peabody & Co.) 66,000 shares

Montreal (City of) Canada ______ Debentures
(No underwriting) $20,000,000

Narda Microwave Corp. ______ Common
(Milton D. Blauner & Co., Inc.) 50,000 shares

National Key Co. ______ Common
(C. E. Unterberg, Towbin Co.) 200,000 shares

Porce-Alume, Inc. ______ Common
(Pearson, Murphy & Co., Inc.) $300,000

Realsite ______ Class A
(Robert L. Ferman & Co.) $600,000

Simon Hardware Co. ______ Debentures
(J. S. Strauss & Co.; York & Co. and Mason Brothers) $800,000

Simon Hardware Co. ______ Common
(J. S. Strauss & Co.; York & Co. and Mason Brothers) 80,000 shares

October 20 (Tuesday)

Biochemical Procedures, Inc. ______ Common
(Shields & Co.) 100,000 shares

Digitronics Corp. ______ Common
(Granbery, Marache & Co.) 65,877 shares

DIT-MCO, Inc. ______ Common
(Midland Securities Co., Inc. and Barret, Fitch, North & Co., Inc.) 33,333 shares

First Virginia Corp. ______ Common
(Johnston, Lemon & Co.) 600,000 shares

Guerdon Industries, Inc. ______ Common
(Blair & Co., Inc.) 400,000 shares

Insul-Cup Corp. of America ______ Common
(The James Co.) 300,000 shares

Servo Corp. of America ______ Debentures
(Ira Haupt & Co.) $1,000,000

Southern Bell Telephone & Telegraph Co. ______ Debs.
(Bids to be invited) $70,000,000

Southern Gulf Utilities, Inc. ______ Common
(Jaffee, Leverton, Reiner Co.) 135,000 shares

Vernors Ginger Ale, Inc. ______ Common
(Baker, Simonds & Co., Inc. and William J. Mericka & Co., Inc.) 282,760 shares

Vernors Ginger Ale, Inc. ______ Debentures
(Baker, Simonds & Co., Inc. and William J. Mericka & Co., Inc.) $750,000

October 21 (Wednesday)

Anodyne, Inc. ______ Common
(Ross, Lyon & Co., Inc.) $300,000

Arizona Fertilizer & Chemical Co. ______ Common
(Mitchum, Jones & Templeton and Walston & Co., Inc.) 100,000 shares

Knox Glass, Inc. ______ Capital Stock
(Smith, Barney & Co.) 200,000 shares

National Co., Inc. ______ Common
(White, Weld & Co.) 200,000 shares

Texas Gas Transmission Corp. ______ Preferred
(Dillon, Read & Co.) $15,000,000

Western Massachusetts Electric Co. ______ Bonds
(Bids 11 a.m. EDT) $8,000,000

October 22 (Thursday)

Oil Recovery Corp. ______ Debentures
(Lehman Brothers) $550,000

Oil Recovery Corp. ______ Common
(Lehman Brothers) 5,500 shares

Rochester Gas & Electric Corp. ______ Bonds
(Bids to be invited) $12,000,000

October 26 (Monday)

First Financial Corp. of the West ______ Common
(William R. Staats & Co.) 120,000 shares

Frantz Manufacturing Co. ______ Common
(Blair & Co., Inc.) 190,953 shares

Gertsch Products, Inc. ______ Capital Stock
(Schwabacher & Co.) 107,143 shares

Great Lakes Bowling Corp. ______ Common
(Straus, Blosser & McDowell) 120,000 shares

Hilton Hotel Corp. ______ Debentures
(Carl M. Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.) $30,000,000

Metropolitan Telecommunications Corp. ______ Common
(Lee Co.) $299,799

Ranney Refrigerator Co. ______ Common
(Campbell, McCarty & Co., Inc.) $368,000

Shell Electronics Manufacturing Corp. ______ Common
(Schweickart & Co.) $340,000

Span America Boat Co., Inc. ______ Common
(R. A. Holman & Co., Inc.) $175,000

Town Enterprises, Inc. ______ Common
(Johnston, Lemon & Co.) 200,000 shares

Urethan Corp. ______ Stock
(Wilson, Johnson & Higgins, and Evans, MacCormack & Co.) $858,500

October 27 (Tuesday)

Florida Power & Light Co. ______ Bonds
(Bids to be invited) $20,000,000

Interstate Fire & Casualty Co. ______ Common
(White, Weld & Co., Inc.) 85,000 shares

Northern Natural Gas Co. ______ Debentures
(Blyth & Co., Inc.) $25,000,000

October 28 (Wednesday)

American Heritage Life Insurance Co. ______ Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc. and Pierce, Carrison, Wulbern, Inc.) 360,000 shares

Hilton Hotels Corp. ______ Debentures
(Carl M. Loeb, Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.) $30,000,000

Puget Sound Power & Light Co. ______ Bonds
(Bids to be invited) $20,000,000

Therm-O-Disc, Inc. ______ Common
(Goldman, Sachs & Co. and McDonald & Co.) 121,057 shares

October 29 (Thursday)

Central and South West Corp. ______ Common
(Bids to be invited) 350,000 shares

Electronics Funding Corp. ______ Common
(Darius Inc.) $150,000

Foster Grant Co., Inc. ______ Common
(Goldman, Sachs & Co.) 190,000 shares

Wisconsin Public Service Co. ______ Bonds
(Bids 11 a.m. EST) $8,000,000

November 2 (Monday)

American & Foreign Power Co., Inc. ______ Common
(Lazard Freres & Co. and The First Boston Corp.) 225,000 shares

Electro-Sonic Laboratories, Inc. ______ Common
(L. D. Sherman & Co.) $300,000

Radio Frequency Co., Inc. ______ Common
(Myron A. Lomasney & Co.) $300,000

Washington Planning Corp. ______ Common
(Heft, Kahn & Infante) $72,858

November 4 (Wednesday)

General Acceptance Corp. ______ Debentures
(Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co.) $10,000,000

San Diego Gas & Electric Co. ______ Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 500,000 shares

November 9 (Monday)

Kayser-Roth Corp. ______ Common
(Hemphill, Noyes & Co.) 375,000 shares

November 16 (Monday)

Baker Oil Tools, Inc. ______ Common
(Lehman Brothers and Lester, Ryons & Co.) 550,000 shares

Gold Medal Studios, Inc. ______ Common
(Arnold Malkan & Co.) $500,000

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

Worcester County Electric Co. ______ Bonds
(Bids to be invited) $7,500,000

December 8 (Tuesday)

Fall River Electric Light Co. ______ Preferred
(Bids to be invited) $3,000,000

Louisiana Gas Service Co. ______ Bonds
(Bids to be invited) $6,000,000

December 9 (Wednesday)

New England Power Co. ______ Preferred
(Bids to be invited) 100,000 shares

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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.

● **Chadbourn Gotham, Inc. (10/15)**
Sept. 28 filed $2,500,000 of 6% convertible subordinated debentures, due 1974, with warrants to purchase 200,000 shares of common stock, to be offered for subscription by holders of its common stock at the rate of $100 of debentures, with an attached warrant to purchase 10 common shares for cash for each 100 common shares held on or about Oct. 15, 1959; rights to expire on or about Oct. 30. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital and the acquisition of shares of the outstanding common stock of Davenport Hosiery Mills, Inc., of Chattanooga, Tenn. **Office** — 2417 North Davidson St., Charlotte, N. C. **Underwriter**—R. S. Dickson & Co. Charlotte. The offering has been temporarily postponed.

Charter Oak Life Insurance Co.
Sept. 28 (letter of notification) 116,064 shares of common stock (par $1) to be offered to present and future foundation policyholders of the company. **Price**—$2 per share. **Proceeds**—For surplus and working capital. **Office**—411 N. Central Avenue, Phoenix, Ariz. **Underwriter**—None.

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

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

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.

★ **City Discount & Loan Co.**
Oct. 7 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—1206½ Main St., Vancouver, Wash. **Underwriter**—None.

● **Colonial Corp. of America**
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.

● **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 before Jan. 1, 1960.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 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.

★ **Commonwealth Edison Co.**
Oct. 9 filed 4,250 shares of common stock (par $25). **Price** — To be related, initially, to the current market price for the stock at the time of the offering. **Proceeds** To selling stockholders. **Office** — 72 West Adams St., Chicago, Ill. **Underwriters** — The First Boston Corp., and Glore, Forgan & Co., both of New York.

● **Conetta Manufacturing Co.**
Sept. 28 filed 100,000 shares of class A common stock (par 10c). **Price**—$4 per share. **Proceeds**—For working capital; to prepay a bank note; and for machinery and equipment. **Office**—73 Sunnyside Avenue, Stamford, Conn. **Underwriter**—Vermilye Bros., New York.

Consolidated Development Corp.
Aug. 28 filed 448,000 shares of common stock, of which 198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price** — For the shares to be offered to the debenture holders, 75 cents per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — For general corporate purposes. **Office**—Calle 23, No. 956, Vedado, Havana, Cuba. **Underwriter**—H. Kook & Co., Inc., New York.

● **Copymation, Inc. (formerly Peck & Harvey Mfg. Co.)**
Sept. 23 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To pay bank loans and loans to stockholders and others and for working capital. **Office**—5642-50 North Western Avenue, Chicago 45, Ill. **Underwriter**—Simmons & Co., (handling the books) and Plymouth Securities Corp., both of New York, N. Y. **Offering**—Expected in late October.

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.

★ **Corinto Marine Corp.**
Oct. 6 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—24 State St., New York 4, N. Y. **Underwriter**—None.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

Cracker Barrel Supermarkets, Inc.
Sept. 25 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—84-16 Astoria Blvd., Queens, L. I., N. Y. **Underwriter**—Diran, Norman & Co., New York. **Offering**—Expected in early November.

Credit House, Inc.
Oct. 1 (letter of notification) $200,000 of debenture notes of which $100,000 will be 5-year 7%, and $100,000 will be 10-year 8%, to be offered in multiples of $500 each. **Price**—At face amount. **Proceeds**—For working capital. **Office**—3208 Grand Ave., Cocoanut Grove, Miami, Fla. **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.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 841,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 658,387 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. (10/19)**
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.

Dayton Aviation Radio & Equipment Corp.
Sept. 28 filed 201,050 shares of common stock, of which 190,871 shares are to be offered to holders of outstanding stock as of the record date on the basis of one new share for each four shares then held. **Price**—$1.50 per share. **Proceeds**—To finance government contracts, reduce accounts payable, and increase working capital. **Office**—South Dixie Highway, Troy, Ohio.

Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office**—1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

● **Digitronics Corp. (10/20)**
Sept. 25 filed 65,877 shares of capital stock (par 10 cents) to be offered to the holders of outstanding shares of such stock on the basis of one new share for each five shares held on or about Oct. 20; rights to expire on or about Nov. 5. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Albertson, L. I., N. Y. **Underwriter**—Granbery, Marache & Co., New York City. **Offering**—Expected in October.

● **Dilberts Leasing & Development Corp.**
June 11 filed $4,400,000 (subsequently reduced to $2,-500,000) of 20-year convertible debentures, due July 15, 1979 and 1,056,000 shares (subsequently reduced to 600,000 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. The debentures are guaranteed as to principal and interest by Dilbert's Quality Supermarkets Inc., the parent company. **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**—Ira Haupt & Co., New York.

● **DIT-MCO, Inc. (10/20-21)**
Sept. 8 filed 33,333 shares of common stock (no par value, $1 stated value). **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. The number of shares actually offered will depend on the price per share. The offering is expected to total $500,000.

● **Diversified Communities, Inc.**
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York.

★ **Dorsett Laboratories, Inc.**
Oct. 2 (letter of notification) $160,000 of 10-year 6% convertible subordinated debentures. Debentures are convertible into common stock at $4 per share up to and including Nov. 1, 1962; thereafter at $8 per share up to and including Nov. 1, 1965 and thereafter at $12 per share. **Price**—At face amount. **Proceeds**—To reduce notes payable, to purchase facilities and equipment, and for working capital. **Office**—401 E. Boyd St., Norman, Okla. **Underwriter**—None.

Dow Chemical Co.
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**—$68 per share.

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.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

Dynex, Inc.
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.

ESA Mutual Fund, Inc.
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), 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. **Offering**—Expected during the next two months.

● **ECon-O-Veyor Corp. (10/19-23)**
Sept. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For advertising and promotion; new equipment, and general corporate purposes. **Office**—224 Glen Cove Avenue, Glen Cove, N. Y. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

● **Electronics Development, Inc.**
Sept. 25 filed 115,459 shares of common stock (par 10c). **Price**—$3.50 per share. **Proceeds**—For plant erection, advertising, research and development, and working capital. **Office** — Gill and West College Streets, State College, Pa. **Underwriter**—First Broad Street Corp., 50 Broad St., New York.

● **Electro-Sonic Laboratories, Inc. (11/2)**
Aug. 14 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loan; to increase inventories; for sales and promotional activities; to improve production facilities and to acquire new and improved tools and machinery; for development and research and for

working capital. **Office** — 35—54 Thirty-sixth St., Long Island City, N. Y. **Underwriter**—L. D. Sherman & Co., New York, N. Y.

● Electronic Communications, Inc.
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. **Offering** — Indefinitely postponed.

● Electronics Funding Corp. (10/29)
Sept. 15 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To go to the company. **Office**—c/o Darius Inc., 90 Broad Street, New York, 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

Enflo Corp.
Sept. 30 filed 125,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Maple Shade, N. J. **Underwriters**—D. Gleich Co. & Aetna Securities Corp., both of New York.

Ennis Business Forms, Inc. (10/19-23)
Sept. 25 filed 217,490 shares of common stock (par $2.50) of which 45,000 shares are to be publicly offered for the account of the issuing company, 5,000 shares are to be offered by the company to its employees, and 167,490 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion and the purchase of equipment. **Office**—214 West Knox St., Ennis, Texas. **Underwriter**—Kidder, Peabody & Co. **Offering**—Expected in October.

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.

● 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 November.

★ Farmbest, Inc.
Oct. 12 filed 6,000 shares of nondividend-bearing common stock and $200,000 of non-dividend-bearing-fifteen years retain capital certificates, to be sold only to agricultural producers and cooperative associations of such producers. **Price**—$1 per share of stock; 25 cents per unit of certificates. **Proceeds**—For general corporate purposes. **Office**—Denison, Iowa.

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 Financial Corp. of the West (10/26-30)
Sept. 28 filed 120,000 shares of capital stock (without par value), of which 100,000 shares are to be offered for the account of the selling stockholders, and 20,000 shares will be sold for the company's account. **Price** — To be supplied by amendment. **Proceeds**—To prepay the remaining balance of and accrued interest on an outstanding term loan. **Underwriter**—William R. Staats & Co., Los Angeles and San Francisco, Calif.

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix.

● First Philadelphia Corp. (10/19-23)
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. Statement effective Oct. 6.

First United Life Insurance Co.
Sept. 28 filed 158,236 shares of common stock, to be offered to common shareholders of record Oct. 15 at the rate of one new share for each four shares then held; rights to expire on or about Dec. 2. **Price**—$5 per share. For company reserves and expansion. **Office** — 475-79 Broadway, Gary, Ind. **Underwriter**—None.

● First Virginia Corp. (10/20)
Sept. 16 filed 600,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness, make additional investments in the common capital stock of subsidiary banks and, subject to the approval of the Federal Reserve System, purchase up to 3,600 shares of the common capital stock of The Purcellville National Bank, Purcellville, Loudon County, Va., for the approximate sum of $772,000 from J. R. Trammell & Co. **Office**—2924 Columbia Pike, Arlington, Va. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

Florida Power & Light Co. (10/27)
Oct. 1 filed $20,000,000 of first mortgage bonds, series due Nov. 1, 1989. **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 to be received up to 11:30 a.m. (EST), Oct. 27.

Foster Grant Co., Inc. (10/29)
Sept. 25 filed 190,000 shares of common stock (par $1) of which 100,000 shares are to be sold for the account of the issuing company, and 90,000 shares are to be sold for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To provide funds for construction. **Office**—Leominster, Mass. **Underwriter**—Goldman, Sachs & 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. Statement effective Oct. 1.

● 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. Statement effective Oct. 1.

● Frantz Manufacturing Co. (10/26-30)
Sept. 11 filed 190,953 outstanding shares of common stock, (par $1). **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.

● Gateway Airlines, Inc.,
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. **Offering**—Expected any day.

● General Acceptance Corp. (11/4)
Oct. 2 filed $10,000,00 of subordinated debentures due Nov. 1, 1974, with warrants for the purchase of common stock, to be offered in units consisting of a $1,000 debenture and one common stock purchase warrant. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1105 Hamilton St., Allentown, Pa. **Underwriters**—Paine, Webber Jackson & Curtis, and Eastman Dillon, Union Securities & Co., both of New York.

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., Avenida Condado 609, Santurce, Puerto Rico.

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. **Offering**—Expected later in Oct.

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.

● Gertsch Products, Inc. (10/26-30)
Sept. 24 filed 107,143 shares of capital stock (without par value), of which 28,571 shares are being offered for the account of the company and 78,572 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Underwriter**—Schwabacher & Co., San Francisco and Los Angeles, Calif.

★ Giant Food Properties, Inc.
Oct. 13 filed 200,000 shares of class A common stock (non-voting). **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Landover, Md. **Underwriters**—Auchincloss, Parker & Redpath, Washington, D. C., and Kidder, Peabody & Co., New York.

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 late November.

● Gold Medal Studios, Inc. (11/16-20)
Sept. 18 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, including the purchase of additional studio equipment, investing in properties in the entertainment field, and the provision of funds for a down payment on another building or buildings. **Office**—807 E. 175th Street, New York, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

Great American Publications, Inc.
Aug. 11 filed 260,000 shares of common stock (par 10 cents) of which 195,000 shares are to be publicly offered on a best effects basis. **Price**—At market. **Proceeds** — For working capital. **Office** — New York. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York. **Offering**—Expected in the latter part of November.

● Great Lakes Bowling Corp. (10/26-30)
Aug. 31 filed 120,000 shares of common stock (par $1). **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.

● Griffin Steel & Supply Co.
Sept. 22 (letter of notification) 50,000 shares of capital stock (no par). **Price** — $5.50 per share. **Proceeds** — For working capital. **Office**—625 Williams Street, Bakersfield, Calif. **Underwriter**—Bailey & Co., Fresno, Calif.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office** — 1825 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C.

Guarantee Mortgage, Inc.
Aug. 14 (letter of notification) $100,000 of 10-year 6% sinking fund debentures (in denominations of $1,000). Each debenture may be purchased with 100 warrants to buy one share of class A common stock (par $10). The right to purchase class A common stock by way of warrants will terminate Dec. 31, 1969. **Price**—90% without warrants. **Proceeds**—For investment purposes. **Office**—725 Failing Bldg., Portland 4, Ore. **Underwriter**—None.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

● Guerdon Industries, Inc. (10/20)
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.

Harnischfeger Corp.
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. **Offering**—Indefinitely postponed due to market conditions.

Hawaiian Telephone Co.
Sept. 11 filed 287,321 shares of common stock (par $10), of which 261,201 shares were 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 26,120 shares are being offered for subscription by employees. Any shares not subscribed for by employees will be offered to stockholders under an oversubscription privilege; rights will expire on Oct. 23. **Price** — $17.75 per share. **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.

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Hemisphere Gas & Oil Corp.
April 27 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil and gas properties. **Office**—702 American Bank Building, Portland 5, Ore. **Underwriter**—D. Earle Hensley Co., Inc., 4444 California Avenue, Seattle, Wash.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Hickok Electrical Instrument Co.
Sept. 9 filed $500,000 of convertible subordinated debentures, due 1974, together with 100,000 shares of class A common capital stock, of which 90,000 shares are to be publicly offered, and 10,000 shares offered to employees. (Any unsubscribed shares will be offered to public.) **Price**—For the debentures: at 100% of principal amount. For the stock; to be supplied by amendment. **Proceeds**—For retirement of bank loans, for the construction of laboratories, and for working capital. **Office**—Cleveland, Ohio. **Underwriter**—Hayden, Miller & Co., Cleveland, Ohio.

● **Hilton Hotels Corp. (10/28)**
Sept. 29 filed $30,000,000 of subordinated sinking fund debentures due 1984, with warrants for purchase of 360,000 common shares. **Price**—To be supplied by amendment. **Proceeds** — For capital expenditures. **Office** — Chicago, Ill. **Underwriters**—Carl M. Loeb, Rhoades & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc.

Hycon Manufacturing Co.
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1953, 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 being 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. The exchange period was to have expired Oct. 2, 1959. No extension, however, will be made beyond Dec. 1, 1959, unless 80% or more of the outstanding shares of the common stock of Volunteer are tendered on or before said date. If 80% or more of such common stock has been so tendered Ideal, at its discretion, may continue its exchange. **Office**—500 Denver National Bank Building, 821 17th Street, Denver, Colo. Statement effective Sept. 1.

★ **Indiana Gear Works, Inc.**
Oct. 8 filed 100,000 shares of common stock (stated value $2) of which, 25,000 shares are to be offered to employees, and the remaining 75,000 shares are to be offered to the public. The public offering will include any shares not subscribed for by the employees. **Price**—To be supplied by amendment. **Proceeds**—To partially retire bank loans, which were used for acquisition of fixed assets and working capital. **Office**—1458 E. 19th St., Indianapolis, Ind. **Underwriter**—City Securities Corp., Indianapolis. **Offering**—Expected in five to six weeks.

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.

Inland Western Loan & Finance Corp.
Sept. 24 filed $1,000,000 of 6% capital debentures. **Price**—To be supplied by amendment. **Proceeds**—To discharge loans from banks and from the Commercial Life Insurance Co.; to furnish operating capital for subsidiaries; and to establish new subsidiaries or branches of already existing ones. **Office**—10202 North 19th Ave., Phoenix, Ariz. **Underwriter**—The underwriters, if any, will be named by amendment.

● **Insul-Cup Corp. of America (10/20)**
Sept. 18 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1938 Park Avenue, New York City, N. Y. **Underwriter**—The James Co., 12 E. 41st Street, New York.

★ **Integrand Corp.**
Oct. 13 filed 85,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

Intercontinental Motels, Ltd.
Oct. 7 filed 133,000 shares of common stock (par 10c). **Price**—$3 per share. **Proceeds**—To be added to working capital in order to enable company to exercise options on motels and/or parcels of land. **Office**—Martinsville, Va. **Underwriter** — G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected before the end of November.

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.
Aug. 11 (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.

Interstate Fire & Casualty Co. (10/27)
Sept. 17 filed 85,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office** — 501 Livingston Bldg., Bloomington, Ill. **Underwriter**—White, Weld & Co., Inc., New York.

Investment Trust for the Federal Bar Bldg.
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can **Underwriter** — Laird & Rumball, Regina, Sask., Can

● **Israel American Oil Corp.**
Oct. 6 filed 13,550,000 shares of common stock (par 10 cents), to be offered to holders of the Israeli Joint Venture in exchange for up to a 25% interest in such venture. **Office**—Cody, Wyo. **Underwriter**—Bear, Stearns & Co., New York.

● **Israel Development Corp.**
Sept. 22 filed 200,000 shares of common stock (par $25). **Price**—$27.50 per share, payable in cash or State of Israel Independence Issue or Development Issue bonds. **Proceeds**—For general corporate purposes. **Office**—17 E. 71st Street, New York City. **Underwriter**—None.

★ **Jetronic Industries, Inc.**
Sept. 23 (letter of notification) 5,460 shares of common stock (par 10 cents). **Price**—At the market on the American Stock Exchange. **Proceeds**—To go to selling stockholders. **Office**—Main & Cotton Streets, Philadelphia, Pa. **Underwriter**—None.

Jocelyn-Varn 1960 Oil Associates
Sept. 28 filed 100 units of oil and gas exploration agreements. **Price**—$20,000 per unit. **Proceeds**—For locating, developing, and administering oil and gas producing properties. **Office**—310 KFH Building, Wichita, Kan. **Underwriter**—None.

● **Kayser-Roth Corp. (11/9)**
Oct. 5 filed 375,000 shares of outstanding common stock (par $1). **Price**—To be related to the market price on the N. Y. S. E. at the time the offering begins. **Proceeds**—To Harrison Factors Corp., the selling stockholder. **Office**—425 Fifth Ave., New York. **Underwriter**—Hemphill, Noyes & Co., New York.

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.

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.

● **Knox Glass, Inc. (10/21)**
Sept. 23 filed 200,000 shares of capital stock (par $6.25). **Price** — To be supplied by amendment. **Proceeds** — Together with funds to be received from a $2,000,000 bank loan and a $6,000,000 long-term loan from an institutional investor, will be applied in part to repayment of all of the company's outstanding indebtedness, and the balance of the proceeds will be used to provide machinery, equipment and working capital for a proposed new plant in the southeastern part of the United States, and for general corporate purposes. **Underwriter**—Smith, Barney & Co., New York.

Lee Telephone Co.
Sept. 8 (letter of notification) 20,888 shares of common stock (par $10) being offered to stockholders of record Sept. 19, 1959 on the basis of one new share for each 9¼ shares then held; rights to expire Oct. 15. **Price** — $14 per share. **Proceeds**—To be used to curtail short-term bank loans. **Office**—127 E. Church St., Martinsville, Va. **Underwriter**—None.

● **Lenahan Aluminum Window Corp. (10/19-23)**
July 28 filed 157,494 shares of common stock (par 50c), 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.

● **Life Insurance Co. of Florida**
Sept. 28 filed 203,476 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds**—For expansion. **Office**—2546 S. W. 8th St., Miami, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami. **Offering**—Expected in November.

★ **Lindberg Steel Treating Co., Inc.**
Oct. 12 filed all of their 85,035 outstanding shares of class A stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Melrose Park, Ill. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill.

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.

● **Madison Gas & Electric Co.**
Sept. 15 filed 82,000 shares of common stock (par $16) being offered for subscription by the holders of outstanding common stock on the basis of one new share for each five shares held on Oct. 5. **Price**—$47 per share. **Proceeds**—For general corporate purposes. **Office**—Madison, Wis. **Underwriter**—None.

Magnuson Properties, Inc.
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**—Blair & Co. Inc., New York. **Offering**—Expected this Fall.

★ **Maui Bros., Inc. (10/19-23)**
Sept. 22 (letter of notification) 66,000 shares of common stock (par 25 cents). **Price**—to be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Millville, N. J. **Underwriter**—Kidder, Peabody & Co., New York.

● **Mayfair Markets**
Oct. 1 filed 301,177 shares of common stock (par $1), to be offered to holders of such stock on the basis of one new share for each five shares then held. **Price** — $10 per share. **Proceeds**—For general corporate purposes, including expansion and working capital. **Office**—4383 Bandini Boulevard, Los Angeles, Calif. **Underwriter**—None.

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 Rialto 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 in a couple of weeks.

● **Metropolitan Telecommunications Corp. (10/26-30)**
Sept. 28 (letter of notification) 99,933 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—964 Dean St., Brooklyn, N. Y. **Underwriter**—Lee Co., New York, N. Y. **Offering**—Expected in late October.

Microwave Electronics Corp.
July 2 filed $500,000 of 10-year 5% subordinated debentures due July 1, 1969 together with 250,000 shares of

common stock (par 10 cents) to be offered in units of $10,000 principal amount of debentures and 5,000 common shares. An additional 138,000 shares may be issued in connection with the company's restricted stock option plan. **Price**—$10,500 per unit. **Proceeds**—To purchase machinery, equipment and other fixed assets, for operating expenses, and the remainder for working capital. **Office**—4061 Transport St., Palo Alto, Calif. **Underwriter**—None. **Financial Adviser**—Hill, Richards & Co., Inc., Los Angeles, Calif.

Mid-America Minerals, Inc.
June 22 filed $921,852 of Working Interests and Overriding Royalty Interests in 26 oil and gas leases covering lands in Green and Taylor Counties, Kentucky, some of the interest being producing interests and some nonproducing. The offering is to be made initially to participants in the Mid-America Minerals, Inc., 1959 Fund. **Price**—$2,221.33 per smallest unit. **Proceeds**—For investment in oil and gas lands. **Office**—Mid-America Bank Bldg., Oklahoma City, Okla. **Underwriter**—None.

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.

★ Mid-Eastern Electronics Inc.
Oct. 8 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For the purchase and construction of machinery and equipment; salaries of additional engineers; expansion of sales promotion, public relations and advertising and to retire short-term bank loans. **Office**—32 Commerce St., Springfield, N. J. **Underwriter**—None.

★ Mills Corp.
Oct. 7 (letter of notification) 35,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For expansion, purchase of new equipment and working capital. **Address**—Marlow, N. H. **Underwriter**—None.

Montreal (City of) Canada (10/19)
Sept. 25 filed $20,000,000 of sinking fund debentures for public works, due 1979. **Price** — To be supplied by amendment. **Proceeds** — To repay interim borrowings incurred by the City for various public works projects. **Underwriter**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co. and Dominion Securities Corp. (jointly); Shields & Co., Halsey, Stuart & Co. Inc. and Salomon Brothers & Hutzler (jointly); Lehman Brothers, White, Weld & Co., Eastman Dillon, Union Securities & Co. and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received up to 12:30 p.m. (EDT) on Oct. 19, in Montreal.

Mortgage Guaranty Insurance Corp.
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc., which filed 10,000 shares of its own common stock (par $5). **Price**—$115 per unit of four shares of Mortgage common and one share of Guaranty common. **Proceeds**—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

★ Mortgages, Inc.
Sept. 30 (letter of notification) $130,000 of 7% 5-year subordinated debentures to be offered in denominations of $100. **Price**—At face amount. **Proceeds**—For working capital. **Office**—211 Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—None.

★ Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

N. A. Building Associates
Sept. 4 filed $2,120,000 of Participations in Partnership Interests in Associates. **Price**—$10,000 per unit. **Proceeds**—To supply the cash and incidental expenses necessary to the purchase of the National Association Building, 25 West 43rd St., New York. **Office**—60 East 42nd St., New York. **Underwriter**—None.

● Narda Microwave Corp. (10/19-23)
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 Beverages, Inc.
Sept. 25 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For building on company property, purchase of new vending machines and additional working capital. **Office**—1030 South Sixth West Street, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Denver, Colo.

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. Statement to be amended.

● National Co., Inc. (10/21-22)
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. This offering has been postponed due to market conditions.

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 Key Co., Cleveland, Ohio (10/19-23)
Sept. 17 filed 200,000 shares of class A common stock (par 50 cents) of which 75,000 shares are to be sold for the account of the issuing company and 125,000 shares for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the purchase from Grant Ave. Realty Corp., at seller's cost, about 6.25 acres of Cleveland land, on which a building is being constructed which will house the issuing company's executive offices and Cleveland operations. **Underwriter**—C. E. Unterberg, Towbin Co., New York.

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 Munsey Co.
Sept. 28 filed 293 limited partnership interests. **Price**—$5,000 per unit. **Proceeds**—To purchase land and erect buildings thereon. **Office**—535 Fifth Avenue, New York City. **Underwriter**—Tenney Securities Corp.

National Union Fire Insurance Co. (Pittsburgh, Pa.) (10/16)
Sept. 24 filed 200,000 shares of capital stock (par $5) to be offered for subscription by stockholders of record Oct. 16, 1959, on the basis of one additional share of capital stock for each three shares then held; rights to expire on Nov. 16. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp., New York.

Nationwide Auto Leasing System, Inc.
July 16 (letter of notification) 142,500 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For financing of leased cars and for general corporate purposes. **Underwriter**—Investment Bankers of America, Inc., Washington, D. C.

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 Natural Gas Co. (10/27)
Oct. 9 filed $25,000,000 of sinking fund debentures, due Nov. 1, 1979. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including costs of construction of the issuing company and its subsidiaries. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—Blyth & Co., Inc., New York.

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.

Nu-Line Industries, Inc.
Sept. 23 (letter of notification) $250,000 of 7% subordinated debentures due Oct. 1, 1969 with common stock purchase warrants entitling the holders of the warrants to purchase 25,000 shares of common stock (par 10 cents). **Price**—$1,020 per $1,000 debenture with warrant for purchase of 100 shares of common stock attached. **Proceeds**—For working capital. **Office**—Minneapolis, Minn. **Underwriter**—Woodard-Elwood & Co., Minneapolis, Minn.

●Oak Valley Sewerage Co.
June 30 (letter of notification) $145,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay to Oak Valley, Inc. a portion of the cost of construction of sewerage collection and disposal system and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter**—Bache & Co., Philadelphia, Pa. **Offering**—Expected in October.

● Oak Valley Water Co.
June 30 (letter of notification) $125,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay Oak Valley, Inc. a portion of the cost of construction of the water supply and distribution system; to pay the cost of a new 12 inch well to increase the company's supply of water; and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter** — Bache & Co., Philadelphia, Pa. **Offering**—Expected in October.

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 had scheduled a hearing, to begin on Sept. 2, to determine whether a stop order should be issued suspending the offering.

● Oil Recovery Corp. (10/22)
Sept. 15 filed $550,000 of 6% convertible subordinated debentures, due 1974, and 5,500 shares of common stock, to be offered in units of $500 of debentures and 5 shares of stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including the acquisition and development of properties for secondary oil recovery purposes. **Office**—405 Lexington Ave., New York City. **Underwriter**—Lehman Brothers, New York.

Palestine Economic Corp.
Sept. 28 filed 124,000 shares of common stock. **Price**—$25 per share, payable in cash, State of Israel bonds at par, or both. **Proceeds**—For general corporate purposes bearing on the further development of industry and agriculture in Israel. **Office**—18 East 41st Street, New York. **Underwriter**—None.

Pan-Alaska Corp.
Aug. 7 filed 2,612,480 shares of common capital stock to be issued pursuant to options held by Marine Drilling, Inc. Latter company will, in turn, offer its stockholders rights to purchase two shares of Pan-Alaska common, at 20 cents a share, for each share of Marine Drilling stock. Marine Drilling also plans to sell 250,000 shares of the 680,000 shares of Pan-Alaska it now owns. **Underwriter**—Any stock not subscribed for by holders of Marine Drilling will be publicly offered by Crerie Co., Houston, Texas and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn., at a price of 20 cents a share.

Pantasote Co.
Aug. 28 filed $2,700,000 of 6% subordinated sinking fund debentures, due Oct. 15, 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 from Oct. 15. **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. **Offering**—Temporarily postponed.

Participating Annuity Life Insurance Co.
June 4 filed $2,000,000 of variable annuity policies. **Proceeds** — For investment. **Office** — Hathcock Building, Fayetteville, Ark. **Underwriter**—None.

Pathe News, Inc.
Sept. 17 filed 400,000 shares of common stock (par 10 cents) with warrants to purchase an additional 100,000 common shares at $3.25 per share. **Price** — $3.75 per share, with warrants. **Proceeds**—For general corporate purposes, including the addition of working capital, the reduction of indebtedness, and the provision of the $173,000 cash required upon the exercise of an option to purchase the building at 245-249 W. 55th St., New York. **Office**—245 W. 55th St., New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

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.

★ Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

Photo-Marker Corp.
Sept. 14 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For acquisition of a coating plant; establishment of eight new branch offices; moving to larger quarters and further research. **Office**—153 W. 36th St., New York 18, N. Y. **Underwriters**—Marron, Edens, Sloss & Co., Inc., New York, N. Y., and First Albany Corp., Albany, N. Y. **Offering**—Expected shortly.

Pik-Quik, Inc.
Sept. 17 filed 500,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To place in operation 80 food markets in Florida, three of which will be located near West Palm Beach. These three have been leased from International Properties, Inc., a newly-formed Minneapolis real estate firm, for 15 years, with options to renew. **Office** — Baker Bldg., Minneapolis, Minn. **Underwriter** — Craig-Hallum, Inc., Minneapolis, Minn.

Pilgrim National Life Insurance Co. of America
Sept. 17 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders. **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W. Adams St., Chicago, Ill. **Underwriter**—None.

● Plastic Applicators, Inc.
Oct. 1 filed $1,000,000 of convertible subordinated sinking fund debentures, due 1969. **Price**—At 100% plus accrued interest since Oct. 1, 1959. **Proceeds** — For general corporate purposes. **Office**—7020 Katy Road,

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Houston, Texas. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo.

● Porce-Alume, Inc. (10/19-23)
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.

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.

Professional Finance Co.
Sept. 22 (letter of notification) 125,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—c/o Charles E. Coleman, Pres., 3300 West Grand Ave., Littleton, Colo. **Underwriter**—The issue will be underwritten by R. W. Newton, Secretary-Treasurer.

Puget Sound Power & Light Co. (10/28)
Sept. 21 filed $20,000,000 of first mortgage bonds, series due Nov. 1, 1989. **Proceeds**—To repay outstanding bank loans, due Jan. 1, 1960, incurred to finance construction, which bank loans are expected to aggregate about $23,000,000 at the time of such sale. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Lehman Bros. (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 up to noon (EST) on Oct. 28, at 90 Broad St., 19th Floor, New York, N. Y.

Rad-O-Lite, Inc.
July 8 filed 300,000 shares of common stock (par 25¢). **Price** — $1.50 per share. **Proceeds** — For general corporate purposes. **Office**—1202 Myrtle St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York. **Offering**—Expected in October.

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 (par 10 cents). **Price** — For debentures, 100% of principal amount; for 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 sometime in November.

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. **Underwriter**—Hayden, Stone & Co., New York.

★ Radio Corp. of America
Oct. 8 filed 400,000 shares of common stock (no par), which have been or may be delivered on the exercise of options which have been or may be granted under the RCA Stock Option Plans. **Office** — 30 Rockefeller Plaza, New York City.

● Radio Frequency Company, Inc. (11/2-6)
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.

★ Ranney Refrigerator Co. (10/26-30)
Oct. 8 filed 43,500 shares of common stock (par $2.50) of which 40,000 shares are to be offered for the account of the issuing company and 3,500 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—$8 per share. **Proceeds** — For expansion and working capital. **Office**—Greenville, Mich. **Underwriter** — Campbell, McCarty & Co., Inc., Detroit, Mich.

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 any day.

● Realsite, Inc. (10/19-23)
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.

● Rek-O-Kut Co., Inc.
Sept. 25 filed 214,000 shares of common stock, of which 142,666 shares are to be offered for the account of the issuing company and 71,334 shares are to be offered for the accounts of the present holders thereof. **Price** — $3.50 per share. **Proceeds** — For general corporate purposes, including the repayment of indebtedness and for tooling and production. **Office**—38-19 108th St., Corona, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York. **Offering**—Expected in early November.

● Republic Resources & Development Corp.
June 29 filed 1,250,000 unit shares of capital stock (par one Philippine centavo). **Price**—$2 per unit of 200 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 any day.

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.

Rochester Gas & Electric Corp. (10/22)
Sept. 25 filed $12,000,000 of first mortgage bonds, series E, due 1989. **Proceeds**—For general corporate purposes, including the repayment of loans incurred to finance construction, which amounted to $10,950,000 at Sept. 21. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; White, Weld & Co.; Shields & Co. **Bids**—Expected to be received on Oct. 22.

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.

★ Rosemount Engineering Co.
Oct. 2 (letter of notification) 22,609 shares of common stock (par 75 cents) of which 7,799 shares are to be offered to the employees of the company and the remainder to the public. **Price**—To employees, $12.83 per share; to the public, $13.50 per share. **Proceeds**—To pay outstanding bank loans and for working capital. **Office**—4900 W. 78th St., Minneapolis, Minn. **Underwriter**—White, Weld & Co., Minneapolis.

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.

● St. Paul Ammonia Products, Inc.
Oct. 2 filed $1,249,849 of 10-year 6% convertible subordinated debentures, due Dec. 1, 1969, to be offered for subscription by common stockholders on the basis of $10 principal amount of debentures for each 10 shares held. **Price**—At 100% of principal amount. **Proceeds**—For inventory accumulation with the balance, estimated at $125,000, to be added to working capital. **Office**—South St. Paul, Minn. **Underwriter**—White, Weld & Co., New York. It is expected that the warrants will be mailed out about Nov. 7 and will expire about Nov. 23.

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. **Offering**—Expected in late October.

● San Diego Gas & Electric Co. (11/4)
Oct. 6, 1959 filed 500,000 shares of common stock, to be offered for subscription by common stockholders on the basis of one new share for each eight shares held of record Nov. 4; rights to expire Nov. 24. **Price**—To be supplied by amendment. **Proceeds**—To reimburse treasury funds of the company. **Office** — San Diego, Calif. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Scaico Controls, Inc.
Sept. 23 (leter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For research and development; increaese of plant facilities; sales and training program; sales promotion and for general corporate purposes. **Office**—P. O. Box 41, 450 Cooper St., Delanco, N. J. **Underwriter**—Albion Securities Co., Inc., 11 Broadway, New York 4, N. Y.

Service Life Insurance Co.
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 (10/20-23)
Sept. 11 filed $1,000,000 of conv. subord. debens. due Oct. 1, 1974. **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.

★ Sheaffer (W. A.) Pen Co.
Oct. 5 (letter of notification). An undetermined number of shares of class A common stock (par $1) and class B common stock (par $1) not to exceed $50,000. **Price**—At the most recent Midwest Stock Exchange quotation. **Proceeds**—For working capital. **Office**—301 Avenue H, Fort Madison, Iowa. **Underwriter**—None.

● Shelbourne Realty & Construction Corp.
Sept. 17 (letter of notification) 148,500 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—15 William St., New York 5, N. Y. **Underwriters**—C. H. Abraham & Co., Inc., B. Fennekohl & Co., and Louis L. Rogers Co., all of New York, N. Y. and Maryland Securities Co., Inc., Baltimore, Md. **Offeriing**—Expected in late October.

● Shell Electronics Mfg. Corp. (10/26-30)
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.

Shopping Centers Corp.
Oct. 1 filed 269,230 shares of common stock, 87,322 of which are to be offered to stockholders of record Oct. 15 on the basis of one new share for each five shares then held, and 112,678 of which are to be publicly offered. **Price**—To stockholders, $10 per share; to the public, $15 per share. (The remaining 69,230 shares are to provide for conversion of $692,300 of outstanding 6% debentures.) **Proceeds**—For general funds. **Office**—201 Bessemer Building, Pittsburgh, Pa. **Underwriter**—The company President, Akiba Zilberberg, is underwriting the issue on a best efforts basis, for which he is to receive a 10% commission. Mr. Zilberberg is also a principal officer of Tower Development and Investment Corp., owner of the aforementioned debentures.

● Simon Hardware Co. (10/19)
Sept. 14 filed $800,000 of 7% sinking fund subordinated debentures, due Sept. 30, 1971, and 80,000 shares of common stock (no par), to be offered in units of $1,000 principal amount of debentures and 100 shares of common stock, transferable only as units until March 31, 1960. The securities will also be offered in half-units of one $500 debenture and 50 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, Calif.

● Sire Plan of Tarrytown, Inc.
Sept. 15 filed (by amendment) $1,650,000 of securities, consisting of $825,000 of 7% debentures and $825,000 of $3.50 cumulative, non-callable, participating preferred stock (par $50) to be offered in units of one $50 debenture and one share of preferred stock. **Price**—$100 per unit; minimum sale is expected to be five units at $500. **Proceeds**—For general corporate purposes incidental to the acquisition of land and buildings in Tarrytown, N. Y., and for alterations and construction thereon. **Office**—115 Chambers St., New York City. **Underwriter** — Sire Plan Portfolios, Inc., 115 Chambers St., New York City.

Skaggs Leasing Corp.
June 4 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Harrison S. Brothers & Co., Salt Lake City, Utah.

★ (J. M.) Smucker Co.
Oct. 12 filed 165,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Orrville, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● 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**—Indefinite.

Southern Bell Telephone & Telegraph Co. (10/20)
Sept. 25 filed $70,000,000 of 35-year debens., due Oct. 1, 1994. **Proceeds**—To repay loans from American Telephone & Telegraph Co., the issuer's parent company, which are expected to approximate $64,000,000 at the time the proceeds are received, and which were incurred mainly for property additions and improvements. **Office**—67 Edgewood Ave., S. E., Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 20 at room 2315, 195 Broadway, New York N. Y.

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 be used for the purchase of receivables covering the installment financing of consumer products or other types of financing in which the company may engage. **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. (10/20-23)
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.

Southwest Airmotive Co.
Sept. 18 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the issuing company, and 100,000 shares are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used for general corporate purposes, including the addition of working capital, and the providing of funds for adding to jet-engine overhaul facilities, including the purchase of shop equipment and special tooling required for this purpose. **Office**—7515 Lemmon Ave., Dallas, Tex. **Underwriters** — Rauscher, Pierce & Co., Inc. and Dallas Rupe & Son, Inc., both of Dallas, Tex.

● **Span America Boat Co., Inc. (10/26-30)**
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 were terminated on Sept. 22, and a decision is pending.

● **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.
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. **Offering**—Expected any day.

● **State Industries**
Oct. 5 filed $500,000 of 6% convertible subordinated debentures, due Oct. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including the purchase and installation of a modern paint plant, and the purchase and installation of new tube mill equipment. **Office**—4019 Medford St., Los Angeles, Calif. **Underwriter**—John Keenan & Co., Inc., Los Angeles.

● **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 to stockholders; unsubscribed shares will be publicly offered at $5 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. **Offering**—Expected in late October or early November.

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.

Sylvania Electric Products, Inc.
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. This offering has been deferred due to market conditions.

Tang Industries, Inc.
May 25 filed 110,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase machinery and equipment; for research and development; for certain expenses and for working capital. **Office**—49 Jones Road, Waltham, Mass. **Underwriter** — David Barnes & Co., Inc., New York. **Offering**—Expected any day.

● **Tassette, Inc. (10/15)**
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.

Tennessee Gas Transmission Co.
Aug. 21 filed 473,167 shares of common stock (par $5), being 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. Exchange offer will expire on Nov. 16, 1959, unless otherwise extended. **Office**—Tennessee Bldg., Houston, Texas. **Dealer-Managers** — Stone & Webster Securities Corp., and White, Weld & Co., both of New York. Statement effective Oct. 1.

● **Tex-Tube, Inc.**
Oct. 6 filed 150,000 shares of common stock, (par $1), of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To discharge bank loans, for capital improvements, and to increase working funds. **Office**—1503 North Post Road, Houston, Texas. **Underwriter**—Moroney, Beissner & Co., Houston. **Offering**—Expected in early November.

Texas Gas Transmission Corp. (10/21)
Sept. 28 filed 150,000 shares of convertible second preferred stock (par $100). This issue will carry a dividend not to exceed 5½%. **Price**—To be supplied by amendment. **Proceeds** — For expansion and construction program. **Underwriter**—Dillon, Read & Co. Inc., New York.

Therm-O-Disc, Inc. (10/28)
Sept. 25 filed 121,057 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Route 13, Mansfield, O. **Underwriters**—Goldman, Sachs & Co., of New York, and McDonald &Co. of Cleveland, O.

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.

● **Town Enterprises, Inc. (10/26-30)**
Sept. 30 filed 200,000 shares of class A common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion, and for the reduction of indebtedness. **Office**—902 Orange Street, Wilmington, Del. **Underwriter** — Johnston, Lemon & Co., Washington, D. C.

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.

★ **Transportation Plan, Inc.**
Oct. 7 filed $600,000 of 7% convertible subordinated debentures, due November, 1969, 60,000 shares of common stock (par one cent) and 30,000 common stock purchase warrants, to be offered in units consisting of $100 of debentures, 10 common shares, and 5 warrants. **Price**—$150 per unit. **Proceeds**—For general corporate purposes, including working capital. **Office**—120 Broadway, New York City. **Underwriter**—Ross, Lyon & Co., Inc., New York.

Treasure Hunters, Inc.
June 4 filed 1,900,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For salvage operations. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter**—None. Statement effective Sept. 28.

★ **Tri Metal Works, Inc.**
Oct. 5 (letter of notification) 60,000 shares of 40 cents cumulative convertible preferred stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Bannard & Warrington Aves., East Riverton, N. J. **Underwriter**—R. L. Scheinman & Co., New York, N. Y.

● **1960 Trice Oil and Gas Co.**
Oct. 2 filed $5,500,000 of participations in Programs 6001-4. **Price**—$5,000 per unit. **Proceeds**—For acquisition and development of undeveloped oil and gas properties. **Office**—Longview, Texas. **Underwriter**—None.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price** — $10.75 per share. **Proceeds** — For investment. **Office**—South Main Street, Greenville, S. C. **Underwriter**—To be supplied by amendment. Statement effective Sept. 25.

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.

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 Fidelity & Guaranty Co.**
Oct. 8 filed 910,743 shares of capital stock (par $5) to be offered to stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriters**—Alex. Brown & Sons, Baker, Watts & Co., John C. Legg & Co. and Stein Bros. & Boyce, all of Baltimore, Md.

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.
Sept. 2 filed 229,606 shares of common stock (par $10) being 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**—$29.50 per share. **Proceeds** — For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

Universal Container Corporation
Sept. 25 filed 167,500 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—$4 per share. **Proceeds** — For general corporate purposes, including provision of funds for the purchase of the assets of a similarly engaged enterprise, working capital, new equipment, and expansion. **Office**—Louisville, Ky. **Underwriter**—Michael G. Kletz & Co., New York. **Offering**—Expected in early November.

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.

Urethane Corp. (10/26-11/1)
Sept. 25 filed 170,000 shares of class A capital stock and 170,000 shares of common stock, to be offered in units of one class A share and one common share. An additional 170,000 shares of common stock will be offered to the founders of the company and to the underwriters. **Price**—$5.05 per unit. **Proceeds**—For general corporate purposes, including the purchase of supplies, machinery, and equipment, and the leasing of a Los Angeles plant for manufacturing purposes. **Office**—235 Montgomery St., San Francisco, Calif. **Underwriters**—Wilson, Johnson & Higgins of San Francisco, and Evans, MacCormack & Co., of Los Angeles.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

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★ Vermont Natural Gas & Mineral Corp.
Oct. 6 (letter of notification) 4,000 shares of class A capital stock. **Price**—At par ($10 per share). **Proceeds**—For expenses incidental to exploring and developing gas properties. **Address** — P. O. Box 6, Burlington, Vt. **Underwriter**—None.

Vernors Ginger Ale, Inc. (10/20)
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 plus accrued interest. The price of the common shares will be $7 per share. **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.

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.

● 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 prior to Nov. 1.

Washington Mortgage and Development Co., Inc.
Sept. 29 filed 100,000 shares of common stock (par 10c) **Price**—$5 per share. **Proceeds**—For investment in mortgage notes secured by real estate. **Office**—1028 Connecticut Ave., N. W. Washington, D. C. **Underwriters**—American Diversified Mutual Securities, Inc. and Gildar & Co., both of Washington, D. C.

● Washington Planning Corp. (11/2-6)
Oct. 1 (letter of notification) 24,286 shares of new class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to the company. **Office**—52 Broadway, New York 4, N. Y. **Underwriter**—Heft, Kahn & Infante, Hempstead, N. Y. **Offering**—Expected in late October.

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.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price**—At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

West Florida Natural Gas Co.
Aug. 31 filed $837,200 of 7½% 30-year subordinated income debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). **Price**—$100 per unit consisting of one $100 debenture and a warrant to purchase three shares of class A common stock. **Proceeds**—To be applied, together with moneys in the sinking fund of the issuing company, to the redemption of the outstanding 6% 20-year debenture bonds at their redemption price of 103% of their principal amount. **Office**—Maple and 3rd Streets, Panama City, Fla. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

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.

Western Massachusetts Electric Co. (10/21)
Sept. 23 filed $8,000,000 of first mortgage bonds, series D, due Oct. 1, 1989. **Proceeds**—To pay outstanding bank loans. **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.

Western Reserve Life Assurance Co.
Oct. 6 filed 100,000 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—Cleveland, Ohio. **Underwriters**—McDonald & Co., and Ball, Burge & Kraus, both of Cleveland, Ohio.

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.

Wisconsin Michigan Power Co., Milwaukee, Wis.
Sept. 29 filed $3,000,000 of first mortgage bonds due 1989. **Proceeds**—To be used to retire short-term bank loans, to reimburse treasury, and for additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Wisconsin Public Service Corp. (10/29)
Oct. 1 filed $8,000,000 of first mortgage bonds, series due Nov. 1, 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; The First Boston Corp.; Kuhn, Loeb & Co. and American Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Oct. 29.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

● York Research Corp.
Aug. 10 filed 150,000 shares of class A stock (par $1). **Price**—$3 per share. **Proceeds** — For general corporate purposes, including the discharge of various indebtedness and the purchase and installation of new equipment; and for the establishment of a new testing laboratory **Office**—Stamford, Conn. **Underwriter**—Myron A. Lomasney & Co., New York.

Prospective Offerings

American Gypsum Co.
July 15 it was reported that the company will register debt and equity securities later this year. **Proceeds**—For construction of a gypsum products plant in Albuquerque, New Mexico, and for working capital. **Office**—Albuquerque, N. M. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque, N. M.

American 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.

Bell Telephone Co. of Pennsylvania
Sept. 25 it was announced that the company plans the sale of $30,000,000 of debentures dated Dec. 1, 1959. **Proceeds** — To replace short-term borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 15.

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.
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, istered in the Fall. **Underwriter**—Merrill Lynch, Pierce, Ill. **Price**—$10 per share. **New Name**—The company's name will be changed to Buckingham Freight Lines.

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).

Cyprus Mines Corp.
July 15 it was reported that approximately 1,000,000 shares of a secondary issue common stock will be reg- 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.

★ Fall River Electric Light Co. (12/8)
Oct. 15 it was reported that the company plans sale of 30,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on Dec. 8.

First National Bank of Miami, Fla.
Sept. 14 it was announced stockholders have approved 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. **Underwriter**—None.

● Georgia-Pacific Corp.
Aug. 19 it was reported that the company plans to register about $10,000,000 of convertible preferred stock, conversion of which would add about 600,000 shares to the number of common shares currently outstanding. **Proceeds** — For expansion. **Office** — Olympia, Wash. **Underwriter**—Financing in past has been handled by Blyth & Co., Inc. **Offering**—Expected later this year.

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.

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, or early in 1960.

National Bellas Hess, Inc.
Oct. 1 it was reported that the company is considering the issuance and sale of approximately $5,000,000 of convertible subordinated debentures to be offered for subscription by present stockholders on the basis of $100 principal amount of debentures for each 50 shares held. Stockholders on Sept. 29 approved 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** — Stern Brothers & Co., Kansas City, Mo.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register in a few days an issue of 100,000 shares of common stock (par 10c). **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, within 30 days.

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 England Power Co. (12/9)
Sept. 17 it was announced that this company plans to issue and sell 100,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Equitable Securities Corp.; Kidder, Peabody & Co.; Lee Higginson Corp., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 9.

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.

Piedmont Natural Gas Co., Inc.
Sept. 25 it was announced that this company contemplates the issuance of about $3,500,000 of convertible preferred stock later this Fall. The terms and exact timing of the offering have not as yet been set. **Proceeds**—To finance construction program. **Underwriter**—White, Weld & Co., New York.

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.

Sams (Howard W.) & Co.
Sept. 21 it was reported that this company plans a common stock offering, part of which will be sold for the company's account and part of which will be sold for the account of certain selling stockholders. **Underwriter**—Indianapolis Bond & Share Corp., Indianapolis, Indiana.

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.

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.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

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.

Trav-ler Radio Corp.
Sept. 10 it was reported that the company is contemplating the issuance and sale of some additional common stock. **Underwriters**—Lee Higginson Corp., New York; and Straus, Blosser & McDowell, Chicago, Ill.

Universal Marion Corp.
Sept. 30 shareholders approved the issuance of 150,000 shares of new convertible preferred stock, of which an initial series of 43,200 shares will be issued in exchange for all the outstanding stock of five corporations owning 12,000 acres of land in Hillsborough County, Fla. The initial series will have a par value of $100 per share and a dividend rate of 4½% annually. The shares will be convertible into common stock starting two years after their date of issuance at an initial conversion price of $22 per share, with the conversion price to increase $1 per share per year thereafter. **Office**—Jacksonville, Fla.

Velvex Mid-City Parking Center
Sept. 22 it was reported that $1,015,000 of partnership participations will be registered in the immediate future with the Attorney General of the State of New York, for offering to New York State residents only. **Price**—$2,500 per unit. **Proceeds**—To purchase the property at 8th Avenue and 44th St., New York City. **Underwriter**—First Republic Underwriters, 49 W. 32nd St., New York 1, N. Y. **Offering**—Expected any day.

Worcester County Electric Co. (12/7)
Sept. 17 it was announced that this company plans to issue and sell $7,500,000 of first mortgage bonds, series E, due 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; The First Boston Corp.; Coffin & Burr, Inc. **Bids**—Expected to be received on Dec. 7.

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.

Our Reporter's Report

The more experienced hands around the vicinity of the investment markets are expressing the hope that the rousing success of the Treasury's "Magic Fives" operation does not generate an overdose of optimism among underwriters and their dealer organizations.

The splendid behavior of the markets since the wildfire oversubscription of the Treasury's note issue has, it appears, been building up a head of steam, presumably on the theory that it shows the public as well as institutional investors have funds available for investment if the terms are right.

As a matter of fact, the bidding for yesterday's offering of $50 million of new first mortgage bonds by Philadelphia Electric Co. was awaited with some trepidation around the Street because of reports that prospective buyers gave indication of being inclined to bid fully for the bonds.

The successful bid for the issue, however, fixed a 5% coupon and the reoffering price set an indicated return of 4.93%, some six to eight basis points better than some had expected. Bids of the runners-up were sufficiently far away, however, to have meant an offering price that would have been in line with ideas of those thinking in lower terms.

The rank and file, having had a taste of more substantial underwriting profits on some recent issues, naturally was not too enthusiastic about such prospects. In fact, some were outspoken in their belief that such a move looked like "pressing one's luck" a bit hard.

It was this line of thinking that brought the mild reversal of the recent upward trend as dealers sought to take a little cash into the tills in place of paper profits.

Southern Bell Debentures

Next Tuesday will bring Southern Bell Telephone Co.'s $70 million of 35-year debentures up for competitive bids. Several other Bell units have recently been in the market for funds and the parent company, American Telephone & Telegraph, has $250 million of new securities slated for market about five weeks hence.

Thus far in the current firmer money market the AT&T affiliated operating companies have refrained from recourse to the five or 10 year non-callable clause as a means of obtaining a slightly better rate on such paper.

Indications currently are that Southern Bell will hew to the line and that it will retain the right to call the impending issue at any time should changed money conditions warrant such action. The last major AT&T issue, in 1957, it was recalled, carried a five-year non-callable clause.

A Bit More Activity

The ensuing week gives promise of the best volume of corporate new debt issues in quite a spell. That is, if all the major prospects come through on schedule.

Southern Bell's issue, noted above is, of course, the largest by far, and due on Tuesday. The following day Texas Gas Transmission Corp. has $15 million of preferred stock scheduled, with Western Massachusetts Electric Co. due to open bids for $8 million.

On Thursday, Rochester Gas & Electric Corp., is set to market $12 million of bonds through competitive bidding.

The week gets off early on Monday with bidding for $20 million debentures of the City of Montreal, Canada.

Two With Hall & Hall

(Special to The Financial Chronicle)

FRESNO, Calif.—Lillian O. Johnson and William P. Ulrich have joined the staff of Hall & Hall, 15 North Fulton Street.

Grant, Fontaine Adds

(Special to The Financial Chronicle)

OAKLAND, Cal.—Alan J. Campbell has been added to the staff of Grant, Fontaine & Co., 360 Twenty-First Street.

Now With Bache

(Special to The Financial Chronicle)

CHICAGO, Ill. — Paul M. Sabre has become associated with Bache & Co., 140 South Dearborn Street. He was formerly with Paine, Webber, Jackson & Curtis.

D'Orazi Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Alexander J. Liebendz has been added to the staff of D'Orazi Investment Company, 9 Sutter Street.

Joins Dempsey-Tegeler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—William G. Claussen has joined the staff of Dempsey-Tegeler & Co., 210 West Seventh Street.

With J. B. Hanauer

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Milford L. Stern has become associated with J. B. Hanauer & Co., 140 South Beverly Drive.

Bache Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass.—Paula C. Franks has been added to the staff of Bache & Co., 21 Congress Street.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Oct. 17	§12.9	*12.8	12.6	74.2
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 17	§365,000	*362,000	356,000	2,003,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 2	6,824,775	6,858,325	6,784,625	7,013,585
Crude runs to stills—daily average (bbls.)	Oct. 2	¶7,618,000	7,722,000	8,132,000	7,507,000
Gasoline output (bbls.)	Oct. 2	28,544,000	28,078,000	29,450,000	26,563,000
Kerosene output (bbls.)	Oct. 2	2,100,000	1,954,000	1,932,000	1,730,000
Distillate fuel oil output (bbls.)	Oct. 2	12,635,000	12,155,000	12,673,000	12,276,000
Residual fuel oil output (bbls.)	Oct. 2	5,825,000	6,333,000	6,373,000	6,709,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	Oct. 2	175,857,000	180,896,000	181,509,000	172,582,000
Kerosene (bbls.) at	Oct. 2	32,231,000	32,217,000	31,354,000	31,317,000
Distillate fuel oil (bbls.) at	Oct. 2	174,169,000	172,401,000	163,198,000	156,528,000
Residual fuel oil (bbls.) at	Oct. 2	59,524,000	59,398,000	57,507,000	68,742,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 3	572,502	587,079	544,089	677,625
Revenue freight received from connections (no. of cars)	Oct. 3	528,977	521,662	503,531	572,512
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 8	$241,500,000	$408,400,000	$338,800,000	$353,104,000
Private construction	Oct. 8	141,900,000	182,800,000	228,800,000	125,193,000
Public construction	Oct. 8	99,600,000	225,600,000	110,000,000	227,911,000
State and municipal	Oct. 8	85,300,000	120,000,000	99,300,000	184,271,000
Federal	Oct. 8	14,300,000	105,600,000	10,700,000	43,640,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 3	7,645,000	*7,795,000	7,340,000	8,663,000
Pennsylvania anthracite (tons)	Oct. 3	433,000	422,000	427,000	478,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 3	142	145	148	145
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 10	13,086,000	13,234,000	13,109,000	12,067,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 8	274	224	222	271
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 6	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Oct. 6	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Oct. 6	$43.50	$43.17	$40.83	$42.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 7	32.550c	31.150c	30.550c	26.125c
Export refinery at	Oct. 7	28.125c	27.675c	28.750c	26.675c
Lead (New York) at	Oct. 7	13.000c	13.000c	13.000c	12.000c
Lead (St. Louis) at	Oct. 7	12.800c	12.800c	12.800c	11.800c
‡Zinc (delivered) at	Oct. 7	12.500c	12.500c	11.500c	11.000c
Zinc (East St. Louis) at	Oct. 7	12.000c	12.000c	11.000c	10.500c
Aluminum (primary pig. 99.5%) at	Oct. 7	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Oct. 7	103.125c	102.750c	102.125c	96.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 13	82.38	81.86	81.13	89.55
Average corporate	Oct. 13	83.91	83.79	84.94	89.92
Aaa	Oct. 13	87.86	87.72	88.81	94.56
Aa	Oct. 13	85.46	85.33	86.65	93.08
A	Oct. 13	83.66	83.66	84.30	89.64
Baa	Oct. 13	78.90	78.78	80.32	82.90
Railroad Group	Oct. 13	82.77	82.65	84.17	87.72
Public Utilities Group	Oct. 13	82.65	82.77	83.91	89.37
Industrials Group	Oct. 13	86.24	85.98	86.65	92.64
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 13	4.29	4.34	4.39	3.46
Average corporate	Oct. 13	4.87	4.88	4.79	4.42
Aaa	Oct. 13	4.57	4.58	4.50	4.10
Aa	Oct. 13	4.75	4.76	4.66	4.20
A	Oct. 13	4.89	4.89	4.84	4.44
Baa	Oct. 13	5.28	5.29	5.16	4.95
Railroad Group	Oct. 13	4.96	4.97	4.85	4.58
Public Utilities Group	Oct. 13	4.97	4.96	4.87	4.46
Industrials Group	Oct. 13	4.69	4.71	4.66	4.23
MOODY'S COMMODITY INDEX	Oct. 13	379.1	379.2	384.4	387.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 3	363,714	295,039	374,535	373,237
Production (tons)	Oct. 3	331,401	336,246	335,940	308,845
Percentage of activity	Oct. 3	97	97	97	95
Unfilled orders (tons) at end of period	Oct. 3	532,006	502,306	550,083	482,780
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 9	110.81	110.45	110.20	108.79
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 18	1,762,943	1,805,520	1,870,510	2,390,110
Short sales	Sept. 18	242,740	175,370	285,360	523,380
Other sales	Sept. 18	1,594,118	1,531,020	1,673,550	1,852,430
Total sales	Sept. 18	1,836,858	1,706,390	1,958,910	2,375,810
Other transactions initiated off the floor—					
Total purchases	Sept. 18	332,410	348,150	251,800	614,480
Short sales	Sept. 18	27,300	54,400	37,200	49,000
Other sales	Sept. 18	377,440	322,820	207,020	528,180
Total sales	Sept. 18	404,740	377,220	244,220	577,180
Other transactions initiated on the floor—					
Total purchases	Sept. 18	560,651	504,630	542,103	815,470
Short sales	Sept. 18	135,220	76,120	93,090	148,410
Other sales	Sept. 18	742,595	781,065	624,808	983,360
Total sales	Sept. 18	877,815	857,185	717,898	1,131,770
Total round-lot transactions for account of members—					
Total purchases	Sept. 18	2,656,004	2,658,300	2,664,413	3,820,060
Short sales	Sept. 18	405,260	305,890	415,650	720,790
Other sales	Sept. 18	2,714,153	2,634,905	2,505,378	3,363,970
Total sales	Sept. 18	3,119,413	2,940,795	2,921,028	4,084,760
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	Sept. 18	1,629,386	1,395,209	1,455,720	1,515,446
Dollar value	Sept. 18	$81,101,534	$70,337,916	$74,056,085	$72,896,620
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 18	1,127,969	1,095,506	1,217,254	1,633,505
Customers' short sales	Sept. 18	21,127	19,943	10,294	6,092
Customers' other sales	Sept. 18	1,106,842	1,075,563	1,206,960	1,627,413
Dollar value	Sept. 18	$55,411,752	$55,862,299	$61,000,891	$74,081,521
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 18	255,420	256,150	314,340	567,610
Short sales	Sept. 18				
Other sales	Sept. 18	255,420	256,150	314,340	567,610
Round-lot purchases by dealers— Number of shares	Sept. 18	733,870	557,180	554,830	461,570
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	Sept. 18	570,320	480,830	507,660	844,630
Other sales	Sept. 18	12,186,320	10,999,690	11,623,260	18,003,370
Total sales	Sept. 18	12,756,640	11,480,520	12,130,920	18,848,000
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 6	119.1	119.2	119.4	118.8
Farm products	Oct. 6	86.4	86.9	88.1	92.1
Processed foods	Oct. 6	106.2	106.8	107.1	110.3
Meats	Oct. 6	95.9	98.2	98.6	105.4
All commodities other than farm and foods	Oct. 6	128.4	*128.4	128.3	126.1

*Revised figure. ¶Includes 973,000 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
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE — Month of July (000's omitted)	$852,900	$1,821,100	$806,600
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Aug. 31:			
Total consumer credit	$47,910	$47,256	$42,923
Instalment credit	37,049	36,449	33,074
Automobile	16,092	15,780	14,567
Other consumer goods	9,314	9,183	8,197
Repairs and modernization loans	2,323	2,282	2,061
Personal loans	9,330	9,204	8,249
Noninstalment credit	10,861	10,807	9,849
Single payment loans	3,878	3,807	3,373
Charge accounts	4,243	4,272	3,927
Service credit	2,740	2,728	2,549
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of August	711,609	690,449	644,301
In consuming establishments as of Aug. 29	838,344	1,109,507	1,523,387
In public storage as of Aug. 29	7,636,193	7,570,216	6,849,599
Linters—Consumed month of August	108,992	92,728	85,737
Stocks Aug. 29	465,440	547,988	684,992
Cotton spindles active as of Aug. 29	16,332,000	17,501,000	17,541,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of August:			
Cotton Seed—			
Received at mills (tons)	314,400	67,800	304,504
Crushed (tons)	149,300	97,400	147,634
Stocks (tons) Aug. 31	265,500	100,300	331,385
Cake and Meal—			
Stocks (tons) Aug. 31	87,800	116,300	78,447
Produced (tons)	70,100	45,500	69,370
Shipped (tons)	98,600	82,800	103,404
Hulls—			
Stocks (tons) Aug. 31	33,100	43,400	86,947
Produced (tons)	34,600	24,200	36,078
Shipped (tons)	44,900	44,700	46,453
Linters—			
Stocks (bales) Aug. 31	109,300	127,500	230,548
Produced (bales)	45,600	28,500	42,609
Shipped (bales)	63,800	61,700	131,451
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of July:			
Death benefits	$247,100,000	$265,700,000	$246,800,000
Matured endowments	47,400,000	51,900,000	55,300,000
Disability payments	9,900,000	10,000,000	9,900,000
Annuity payments	54,600,000	55,800,000	50,700,000
Surrender values	124,700,000	128,600,000	120,600,000
Policy dividends	103,200,000	123,900,000	106,700,000
Total	$586,900,000	$635,900,000	$590,000,000
MANUFACTURERS' INVENTORIES AND SALES Month of July (millions of dollars):			
Inventories—			
Durables	$30,339	*$30,227	$28,311
Nondurables	21,889	*21,911	21,466
Total	$52,228	*$52,138	$49,777
Sales	30,812	*31,248	26,284
MONEY IN CIRCULATION—TREASURY DEPT. As of July 31 (000's omitted)	$31,898,000	$31,914,000	$31,171,000
MOODY'S WEIGHTED AVERAGE YIELD 100 COMMON STOCKS—Month of Sept.:			
Industrials (125)	3.13	2.96	3.54
Railroads (25)	4.77	4.59	4.89
Utilities (not incl. Amer. Tel. & Tel.) (214)	4.00	3.89	4.23
Banks (15)	3.73	3.57	4.15
Insurance (10)	2.97	2.74	2.98
Average (200)	3.34	3.19	3.72
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of June	3,946	3,876	3,507
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914=100—As of Aug. 15:			
All farm products	239	240	248
Crops	221	226	221
Commercial vegetables, fresh	214	215	176
Cotton	281	287	281
Feed, grains and hay	160	161	160
Food grains	201	200	192
Fruit	211	206	265
Oil-bearing crops	214	222	230
Potatoes	164	232	136
Tobacco	504	503	478
Livestock	254	252	272
Dairy products	251	239	248
Meat animals	314	314	337
Poultry and eggs	139	139	165
Wool	249	248	211
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of July (000's omitted):			
Savings and loan associations	$1,285,881	$1,261,132	$986,186
Insurance companies	137,939	120,239	124,950
Banks and trusts companies	561,487	542,706	491,460
Mutual savings banks	187,395	168,367	164,662
Individuals	366,786	338,036	308,132
Miscellaneous lending institutions	560,318	543,726	467,372
Total	$3,099,806	$2,974,206	$2,542,762
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of July (000's omitted):			
Exports	$1,468,600	$1,425,700	$1,415,600
Imports	1,248,400	1,369,400	1,049,100
U. S. GOVT. STATUTORY DEBT LIMITATION —As of Sept. 30 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$288,000,000
Outstanding—			
Total gross public debt	288,296,022	290,395,605	276,665,905
Guaranteed obligations not owned by the Treasury	115,983	110,781	117,839
Total gross public debt and guaranteed obligations	$288,412,006	$290,506,390	$276,783,745
Deduct—other outstanding public debt obligations not subject to debt limitation	414,806	415,874	427,362
Grand total outstanding	$287,997,199	$290,090,515	$276,356,382
Balance face amount of obligations, issuable under above authority	7,002,801	5,909,484	11,643,617
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Sept. 3			
General funds balance	$288,412,006	$290,506,390	$276,783,745
	7,016,559	6,617,473	5,098,837
Net debt	$281,395,447	$283,888,917	$271,684,908
Computed annual rate	3.137%	3.072%	2.577%

Steel Strike's Effect Now Becoming Apparent

Purchasing agent's survey finds we have passed the critical point in steel supplies to where it now affects business prospects in the immediate months ahead. More members are said to report fewer new orders (since April, 1958) and more unemployment (since early 1957) than those who report increases.

The steel strike has lasted too long to enable us to avoid serious dislocations in production—so say Purchasing Executives of the Business Survey Committee, in this month's report. This Committee of the National Association of Purchasing Agents makes monthly surveys.

While many companies are just now at the point where production schedules are being curtailed, pipe lines have been exhausted. This means that, even with full steel production, there will be a period of reduced output of fabricated steel items. Further, many of our members believe that the prospects for good business in the immediate months ahead are tied directly to an adequate and steady supply of steel.

Production and new order figures both reflect the result of the steel strike. This month, for the first time since April, 1958, more of our members tell of fewer new orders than those who report increases. Only 27% received more new orders, while 31% had decreases. In reporting production data, 28% say it is greater than last month, 53% the same, and 19% less.

The steel strike, of course, has taken its toll in employment. For the first time since early 1957, more of our members report reductions than those who report gains.

Spurred by the artificially created shortages of strike materials, commodity prices have inched upward in the last month. Inventories are again down as a result of both a tight inventory control program and the unavailability of some items. As a result, while there is no mad scamble to extend purchase commitments, there is some indication that purchasing executives are buying a little further ahead in order to protect their needed material requirements.

Commodity Prices

Since March, there has been relatively little price movement. Such as there has been could be characterized as trending downward. For the last three months, we have seen a notable "marking of time." However, this month the number of those reporting prices as up jumped to 39% from 23% in August, exactly the same number as reported in this category last March. Also, those showing prices the same dropped from 76% in August to 59% in September. Only 2% say prices are any lower than last month.

In view of this overall slight up trend, it is probably important to acknowledge that there are some specific items and some localities where prices are lower than the last time the buyer bought the item.

Inventories

There has been another drop in the quantity of purchased materials on hand. A significant 37% report that their inventories in September are lower than they were in August. Not since July, 1958, two months after the turning point in the 1957-1958 inventory liquidation program, have so many reported lower stocks on hand. Similarly, only 16% say their inventories are higher than in August, a drop of 6%. Predictions are that it will be at least 90 days after the settlement of the steel strike before sufficient steel production will be available to meet even current production requirements, let alone build up any inventory.

Employment

The general effects of the steel strike are showing up more and more in the employment situation. Again, this month, for the third straight time, the relationship of better, to same, to worse, is less favorable than in the previous month. In September, we find only 18% reporting their employment better than in August, with 19% saying their situation is worse. The bright spot is that 63% report no change, which means that this many are holding at their earlier high levels of employment. Few are willing to state that they are greatly concerned about the "lull" in the generally improving employment picture.

Buying Policy

Some buyers indicate that they are placing steel orders further ahead than they normally would so that they will be "on the books." Others say that, aside from the steel situation, business is holding up very well and that they have had to extend their forward commitments on some items in order to maintain proper inventory balances.

Per Cent Reporting

	Hand to Mouth	30 Days	60 Days	90 Days	6 Months to 1 Year
September:					
Production Materials	6	22	37	20	15
MRO Supplies	23	42	17	14	4
Capital Expenditures	14	4	10	18	54
August:					
Production Materials	10	26	32	21	11
MRO Supplies	22	52	19	6	1
Capital Expenditures	9	5	13	20	53

Specific Commodity Changes

There are far too many steel items, shapes, and products in short supply this month to list them all. This was expected, of course, and unless some settlement is made soon, there will be many more by next month, according to reporting members.

On the **up** side are: Copper, lead, steel (?), scrap, fasteners, zinc, cardboard cartons, some paper products, raw sugar, natural rubber, glycerin, linseed oil, and plasticizers.

On the **down** side are: Power transformers and capacitors. In addition, local situations have reflected some price concessions, but there are not enough in any one item to be statistically recorded.

In **short** supply are: Some copper items, many types of steel and steel products, phthalic anhydride, maleic anhydride, and naphthalene.

Railroad Securities

Gulf, Mobile & Ohio

So far earnings of the Gulf, Mobile & Ohio have been able to withstand the impact of the steel strike better than the majority of the nation's railroads. This has been accomplished mainly through a good control of expenses and a high degree of operating efficiency.

Gross revenues in August were down only 2.6% from the like 1958 month, which was a good showing in view of the fact that, in addition to the steel strike, there were stoppages in the farm implement, meat packing and some other industries. One factor which helped to maintain traffic close to that of a year ago was the increased activity in the paper mills in its territory.

The road has been faced with some downward adjustment in rates to meet competition from other forms of transportation. This has been principally from the barge lines which continue to move more low-rated traffic. To meet this situation Gulf has sought and been able to attract new traffic from industries and plants which have located along its line. This greater industrialization in the past three years has attracted new plants with an estimated traffic producing capacity of 36,000 cars. Despite this, total volume is lower than it was three years ago. There have been selective rate adjustments on this traffic which has helped volume and it is anticipated that additional new plants will locate in the service district in coming months.

The road has not participated in the piggyback movement, but indications are it will join in this trend to offset traffic lost to highway movement. The major problem is competition from the barge lines. Even with the long strike of the commercial barge lines, little traffic was rerouted over the rails. This would indicate that most of the traffic is moving on private barge lines. The carrier's main hope to meet this competition rests on the imposition of charges for use of publicly owned and maintained transportation facilities.

The company's equipment continues in excellent shape. Its right-of-way is in good condition. The efficiency of the railroad is shown by the rise in gross ton-miles per freight train-hour. This efficiency measuring factor averaged 75,242 in the first eight months of this year as compared with 74,152 in the comparable 1958 period. The bad car order ratio on Sept. 1 stood at 6.3%, which is not high in comparison with most roads and it is believed the carrier has sufficient equipment to handle current traffic requirements. It is estimated that Gulf could handle some 10% more traffic with its present car fleet which would indicate that it will not require equipment financing for some time.

Finances continue strong. On August 31 of this year, cash and cash equivalents totaled $22,978,000 and current liabilities were $20,827,000. Net working capital was $18,866,000. The company has about $14 million invested in short term government securities. Cash is expected to be further strengthened by depreciation charges of $4,600,000 which is substantially more than equipment maturities which next year are placed at $1,700,000. Another source of cash could be from a tax refund claim of approximately $4 million which has been approved by an Internal Revenue Bureau Examiner and which might be received in 1960.

The $2 annual dividend appears to be well protected by earnings. Net income for the first eight months amounted to $1.24 a share as compared with 51 cents a year ago. The Gulf is faced with higher taxes over the balance of the year due to the elimination of once large amortization tax deferrals. This may reduce earnings; however, it is estimated that for the full year net income will be around the $2.32 earned in 1958.

With F. I. du Pont Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Frank G. Senram has joined the staff of Francis I. du Pont & Co., 317 Montgomery Street.

Reynolds Adds

(Special to The Financial Chronicle)

OAKLAND, Calif.—Henry S. Chin is now connected with Reynolds & Co., 2150 Franklin Street.

Politics and the Business Man

"If business men are to achieve a maximum effectiveness in politics, they must work toward this goal as citizens rather than as spokesmen for or representatives of just one segment of our total economy." — Senator Thruston B. Morton, Republican National Chairman.

"Those business men who enter the political arena with only the narrow purpose of securing higher tariffs for their industry, special tax concessions for their corporations, or special competitive advantage for their products would be better advised to stay out.

"With such narrow purposes in mind they are going to end up alienating the general public, creating suspicion of the business community and doing a clumsy job of obtaining even their narrow objectives." — Paul M. Butler, Democratic National Chairman.

We are not altogether clear in our own mind what is meant by "entering the political arena." Business men are citizens and as such have always played their part in our political life. We are certain that they have always been as public spirited and as free from the special pleading of the professional lobbyist as any of the others—far more so, we should say, than some who have been active in the political arena for many years past.

Walston Adds to Staff

(Special to The Financial Chronicle)

STOCKTON, Calif. — Michael J. Sanguinetti is now with Walston & Co., Inc., 312 East Weber Ave.

Joins Lamson Bros.

(Special to The Financial Chronicle)

PEORIA, Ill.—Kenneth W. Stott is now with Lamson Bros. & Co., Jefferson Building.

With Marshall Assoc.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Kieran A. McIntyre is now affiliated with Marshall & Associates, 75 East Wacker Drive.

With Westheimer Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Bernard I. Miller has become connected with Westheimer and Company, 134 South La Salle Street.

DIVIDEND NOTICES

Washington and You

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The World's most significant address, 1600 Pennsylvania Ave., in the Nation's Capital, is a busy place these early autumn days despite the fact that Congress is in adjournment until January.

A carnival of color has come over the 16 acres comprising this world renowned address, the White House. The leaves from the many species of trees, some of them red and yellow, are falling and dancing about the turf and among the flowers.

Why is 1600 Pennsylvania Ave. so important? It is the executive address of the 50 States of the United States, and to a degree is regarded as the "capital" of the other Nations of the Free World and their 600,000,000 people.

So much history has been recorded and so many momentous decisions have been made at the White House that books have been written and others will be penned in the decades and generations to come.

Outwardly these golden autumn days, the White House appears quiet, particularly when President Eisenhower is away. Inwardly it is a bee-hive of activity, and part of it is due to his absence.

With the population of the United States and the Free World Nations increasing all the time, 1600 Pennsylvania Ave. appears to be taking on greater importance all the time. Not too many years ago, No. 10 Downing Street, the Prime Minister's place in London, was ragarded as the most significant address on the globe because of the momentous decisions made there affecting every phase of international politics, finance and commerce across the Seven Seas.

London, the Capital of the United Kingdom of Great Britain, of course is truly one of the great cities of the world, but it and No. 10 Downing Street no longer hold the significance that they did before World War II when London and Britain were so badly crippled by the ravages of war.

A few days ago another milestone for the White House was recorded. President Eisenhower observed his 69th birthday. No other President 69 years of age has occupied the White House, and there have been 32 Presidential families to occupy it, starting with John and Abigail Adams in November, 1800. The President was 69 years old October 14.

President William Henry Harrison died at the White House at the age of 68 exactly one month after becoming the Chief Executive.

First "Lame Duck" President

When President and Mrs. Eisenhower moved into the White House on a cold winter day in January, 1953, it marked the first time in more than 70 years that a former Army General and his wife had occupied the property. Like President Ulysses S. Grant, a hero of the Civil War, President Eisenhower was nominated and elected because of his fame rolled up in Europe during World War II.

The first so-called "lame-duck" to be President of the United States, General Eisenhower still has 15 months to go in the White House, and they are going to be busy months for a series of reasons. The constitutional amendment prohibiting a President from holding more than two four-year terms applies to Mr. Eisenhower.

It is no secret that President Eisenhower's great ambition during the remaining months he will live and work at 1600 Pennsylvania Ave. in Washington is to bring about an easing of world tensions. Certainly it is a laudable ambition.

The United States became involved in World War I, World War II and the Korean War when the White House was occupied by Democrats. Perhaps these momentous actions would have happened under Republican Administrations had Republicans been in the White House. No one knows, of course. Nevertheless, President Eisenhower and Republican leaders promised in the last two Presidential campaigns that they would strive toward bringing about peace.

President Eisenhower on the other hand has failed in promises to cut down on Federal spending and to bring about balanced budgets. Of course the big spending beyond Federal income can be blamed partially on the Democratic controlled Congress, but the White House must shoulder part of the responsibility.

The story of the White House is a tremendous story of the great swirl of political activity and social functions for 159 years.

Always in Touch With the White House

Actually the "White House," as far as the wheels of government are concerned, in wherever the President is located. For instance at Palm Springs, Calif., recently the Army Signal Corps (as is their function) provided a series of direct lines from the White House in Washington to the little White House in California. There is always a direct ticker service between 1600 Pennsylvania and wherever the President is stopping.

When President Eisenhower is golfing at Burning Tree Country Club in suburban Washington, there is a direct radio communication between 1600 Pennsylvania Ave. and the golf cart that the President uses to transport him over the course. Thus, he can be reached on a moment's notice on the golf course.

When the President goes to South Georgia for a quail hunt and golf, a similar setup is always available. Sometimes a special courier plane is used to carry special documents for the President to sign.

Nearly all government employees work regular 40-hours a week. But not the White House staff members, surrounding the President. Their hours are long, and irregular.

Memorable Decisions

The 34th President of the United States has acted upon some historic questions and issues since taking office. Most of them were wise decisions, but he has made his share of mistakes. His biggest political blunder of all, was the flying of armed and bayoneted paratroopers to Little Rock, Ark., to quell an unfortunate school situation involving integration that United States Marshals could have handled without deep bitterness. Some of Mr. Eisenhower's closest friends on Capitol Hill readily acknowledge that this was a serious mistake any way you look at it.

Of the memorable decisions reached at 1600 Pennsylvania Ave., Mr. Eisenhower's predecessor, Harry S. Truman, had to make one of the most historic. It was at the White House that he decided that our Air Force should drop the first atomic bomb in warfare on Hiroshima, Japan, and the second one on Nagasaki, Japan, on Aug. 6 and Aug. 9, 1945, respectively.

These two nuclear bombs, miniatures as compared to what is in store now, brought an already weakened Japan to her knees almost immediately, thus saving the lives of Americans by perhaps hundreds of thousands, because plans were nearing completion to invade the Japanese homeland. The invasion would have been extremely costly in American lives.

It was at the White House where President Franklin D. Roosevelt and his brain trusters put into motion some of his far-reaching New Deal measures during the depression years as well as subsequent years. It was on the back porch of the White House that President Roosevelt in January, 1945, delivered his fourth term inaugural address.

With the exception of the unattractive so-called East Wing and West Wing office annexes where a tremendous amount of business is transacted each day, the White House is a massive white house with thick sandstone walls.

Here some of the most famous figures in the world have been entertained. President and Mrs. Eisenhower, for instance, have entertained Britain's Queen Elizabeth and Sir Winston Churchill, and Premier and Mrs. Nikita S. Khrushchev of the Soviet Union, to name but a few.

Seen Tragic Times

But the White House has had its tragedies, like the tragic period of the Civil War with President Lincoln at the head of the ship of state. Another tragic time was the lingering at the White House of President Garfield who was struck down by an assassin's bullet.

President McKinley had left the White House during his second term in 1901 to go to Buffalo for an exposition when he was shot down by an assassin.

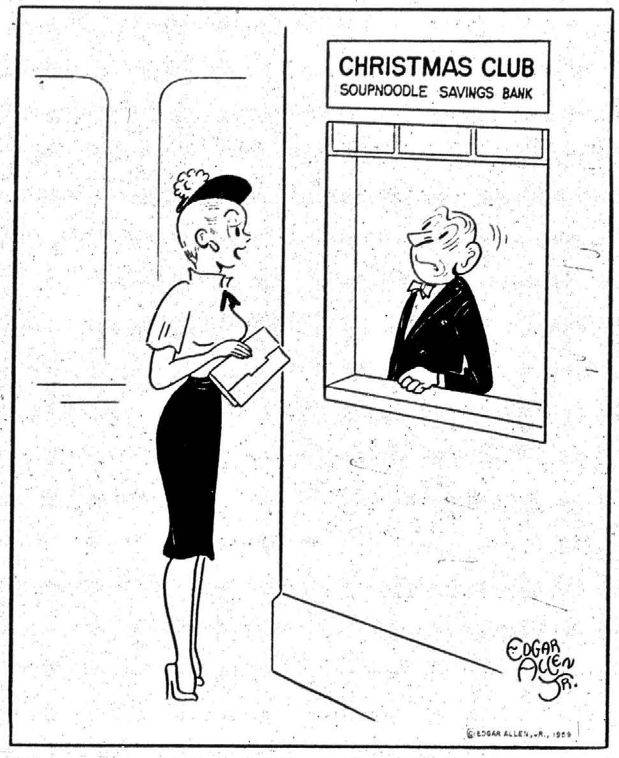
When Washington was a village, surrounded by fields on both sides of the Potomac River, and marked with cow trails over the community, Dolly Madison was forced to flee only a matter of hours before the British set fire to the original White House.

A year from next January the 33rd President and his family will move to 1600 Pennsylvania Ave. Whomever he is, he will be the 35th President of the United States. He will write new chapters at a place where the spirit of Jefferson and Jackson and Lincoln lives.

The White House was the vision of President George Washington who never lived to see it built and who never dreamed it would become the world's most significant address.

[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



"How often do you hold your meetings, dances and parties?"

Businessman's BOOKSHELF

Case Problems in Finance—Pearson Hunt, Charles M. Williams, James T. S. Porterfield, Leonard C. R. Langer, and Robert F. Vandell — Richard D. Irwin, Inc., Homewood, Ill. (cloth) $9.

Chemical Industry Facts Book — Fourth edition—Manufacturing Chemists Association, Inc., 1825 Connecticut Ave., N. W., Washington 9, D. C.—$1.25.

Economic and Social Contributions of Life Insurance to the Nation — A symposium — Institute of Life Insurance, 488 Madison Ave., New York, N. Y.

Guide to Systematic Wage and Salary Administration — Robert D. Gray — Industrial Relations Section, California Institute of Technology, Pasadena, Calif. (paper) $1, quantity prices on request.

Intelligent Investor — Benjamin Graham—2nd Revised Edition—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $4.95.

Management in Britain — I. McGivering, D. Matthews and W. H. Scott—Liverpool University Press, 123 Grove Street, Liverpool 7, England—21s.

Money Market and the Position of the Treasury—C. J. Devine Institute of Finance, New York University Graduate School of Business Administration, New York, N. Y. (paper).

Money Side of "The Street" — Carl H. Madden—Federal Reserve Bank of New York, New York 45, N. Y. (paper) 70 cents.

New Anatomy of Advertising — Mark Wiseman — Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $5.59.

President Eisenhower's European Trip, August-September 1959—Department of State Publication 6888 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 20 cents.

Primer of Lamps and Lighting — Willard Allphin — Chilton Co., 56th and Chestnut Streets, Philadelphia 39, Pa.—$10.