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Editorial AS WE SEE IT

The Director of the Budget has let it be known that hope has been abandoned for a balanced budget for the fiscal year ending next June 30. For this disappointment the steel strike is held responsible. Loss of revenue by reason of the decline in business activity and profits during fiscal 1960 resulting from the prolonged stoppage in the steel industry is said to be potentially large enough to make the difference between a balance and a deficit of around a half billion dollars or more. A balanced budget is certainly most desirable, the more so since very substantial deficits have been all too common in postwar years and since the fiscal year ended with June of this year showed an unusually large one. But some of the facts that the Director of the Budget now reveals are more disturbing than a failure of receipts to cover outlays this or next year.

Apparently, despite all the talk about paring expenditures and all the work that is said to have been done of late, next year's (fiscal 1961) budgeted expenditures are destined to be at a peace time high. So much has been said by so many people about balanced budgets in recent years that there is danger that the unthinking will grow to assume, if they have not already begun to assume, that once the budget is balanced or is showing a small surplus all is well with our fiscal situation. Nothing, of course, could be farther from the truth. It is not enough to cover expenditures with receipts—and would not be even if expenditures actually made currently and currently recorded were the whole of the outlay story, which they are not.

What is needed and what we must have if we are to attain a really sound fiscal position is a budget pared of every penny of needless expense and covered by revenues which are large enough to provide a substantial surplus to reduce the staggering debt under which we now must live or do live. The real cause for worry is not where funds are coming from to cover extravagant expenditures, but how and when the total of government outlays are to be pared to the bone (Continued on page 23)

Facing the Discipline of The Balance of Payments

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

Banker proposes completing the 1933-34 departure from the gold standard and using gold now backing notes and deposits for full reserves behind our foreign short-term liabilities. States this would be neither inflationary nor deflationary and would relieve pressure on the dollar emanating from balance of payments deficit. Turning from gold technicalities, Dr. Reierson urges we deal with root causes for which he diagnoses and prescribes solutions involving business, labor and bipartisan Congressional action.

With increasing frequency, an unfamiliar term is appearing in the business news and in economic discussions—The United States balance of international payments. For the first time since our emergence as the leading industrial and financial power in the world, this country faces a troublesome balance of payments problem; imports are on the rise, American goods are encountering ever stiffer competition abroad, our gold reserve is declining, and the dollar has repeatedly been described as "weak" in foreign exchange markets.

Roy L. Reierson

Some observers are viewing this development with alarm; they hold that the dollar is nearing a crisis and that devaluation is imminent. Others hold a diametrically opposite point of view, namely, that the strain on our balance of payments is a passing problem which will correct itself soon, perhaps with a matter of months.

Actually, both these extreme positions have no validity in fact. The United States Government, under the administration of both political parties, has expressed its determination to hold the gold price at $35 per ounce; the corollary is that gold would be made available to foreign central banks. This determination is bolstered by our enormous gold stock, which is more than adequate to meet all possible withdrawals of foreign funds. There is no present "dollar crisis" and none is in prospect. It can be said with assurance that, for the present and as far ahead as can be predicted, gold will remain available to foreign central banks under the terms and conditions currently in effect, and that there is no likelihood that the dollar price of gold will be altered.

However, even though no crisis is at hand, the balance of payments problem is indeed too serious to be ignored any longer. Contrary to popular impression, our adverse balance of payments is not a recent development. Not only has it been with us for most of the decade, but the size of the deficit has increased sharply during the past two years, and continuation of recent trends would indeed have disturbing implications for the dollar as well as for our entire economic leadership in world affairs over the longer run. It is becoming increasingly clear, therefore, that forthright and energetic action is now required on several fronts—foreign trade and investment policies, wages and prices, the budget, credit policy, and debt management—in order to reduce the deficit in our international accounts and to maintain confidence in the dollar.

The Gold Reserve

It should be emphasized at the outset that the recurrent weakness of the dollar in foreign exchange has not shaken the dollar's position as a leading currency in the world economy. As foreign currencies have gained in strength in recent years, the exalted status enjoyed (Continued on page 27)

NSTA CONVENTION ISSUE TODAY: Section Two of this issue is devoted to the proceedings of the recently-concluded Convention of the National Security Traders Association.

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The Security I Like Best . . .

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This Week's Forum Participants and Their Selections

Heli-Coil Corp.—Murray L. Silberstein, of Burnham & Co., New York City. (Page 2)

Electronics Capital Corp. — Wm. H. Tegtmeyer, President, Wm. H. Tegtmeyer & Co., Chicago, Illinois. (Page 43)

MURRAY L. SILBERSTEIN
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Heli-Coil Corporation

The striking changes in metal technology since World War II have spawned a whole new group of growth companies. Among those that have capitalized on the increasing demand for light weight metals and plastics is the Heli-Coil Corporation. Heli-Coil has unusual attraction for the investor because:

Murray L. Silberstein

(1) At the end of fiscal 1960, its per share earnings will have almost doubled each year for four years.

(2) Its after-tax margins are now running about 19% and are still improving.

(3) It has weathered some difficult technical and financial problems during its 11 years of existence, but is now generating sufficient cash to continue its expansion program without equity financing.

(4) Its product has a wide range of uses ranging from automobiles and missiles to women's shoes, and its dependence on any one is slight.

(5) Its degree of market penetration and saturation is still very low.

(6) Its return on invested capital and on common equity is well above the average for American industry. For fiscal 1959, return on invested capital was about 14%, on common equity 21%. For fiscal 1960, the percentages will be substantially higher, since earnings are running almost double last year with no increase in the total amount of debt or common stock outstanding.

The company was founded in 1949, and operated as a privately owned organization until 1956, when it became a subsidiary of Topp Industries. In October, 1958, Topp spun it off and it assumed its present form. Sales, in the first year were $250,000; for fiscal 1960, they are estimated at $4.5 million. Earnings during the same period have risen from nothing to an estimated $800,000 for fiscal 1960. Per share earnings in 1956-1957 (combined 16 mos.) were $0.46; in fiscal 1958 $1.25; in fiscal 1959 $2.21; and for fiscal 1960, they are estimated at about $3.75, for the year ending April 30, 1960.

That the firm was able to weather the early years is a tribute to the perseverance and ingenuity of the management. The first Heli-Coil inserts were made by hand resulting in high labor costs and low margins. The quality of the steel purchased could not be adequately checked. The manufacturing processes themselves were not accurate. And, finally, the market for the inserts had not yet been developed.

Heli-Coil's product is unique; a precision formed, diamond shaped, stainless steel wire that looks and feels like a spring, and is used to line tapped or threaded holes prior to the insertion of screws or bolts. This insert adds a strength, at the point of assembly, of about 2½ times the original material. Because of this characteristic, its use can, therefore, serve to cut the required number of bolts or screws in half, to cut their size, or permit the introduction of lighter weight materials.

In an economy that is turning increasingly to aluminum, magnesium, and to plastics, the uses for Heli-Coil inserts are multiplying.

In the automotive field, for example, Ford is using Heli-Coil inserts on an aluminum transmission housing. General Motors has settled on one application for the Corvair engine. Volkswagon, Renault, and Fiat (to mention merely a few of the European makers) are buying inserts from Heli-Coil's European licensees. If the parent company were to achieve as high a degree of penetration in the automotive field as its foreign licensees, its sales would be increased substantially.

Manufacturers of outboard engines, earth moving equipment, farm machinery, and commercial aircraft, as well as missile manufacturers are also finding it advantageous to use Heli-Coil inserts. Their use eliminates the threat of rust, since they are made of stainless steel, and if they are used, neither constant vibration, nor violent temperature changes, nor continuous assembly and disassembly can strip their threads.

While there are other products on the market that have similar uses, there are none that are either identical or closely comparable. This close-to-exclusive position is maintained and strengthened in three ways.

(1) The company has about 50 patents with an average life of about seven years.

(2) Engineering standards have been issued on Heli-Coil products by a large number of outstanding companies, including Bell Laboratories, Bendix Aviation, General Motors, Ford, Westinghouse, Lockheed, Boeing, Chicago Pneumatic Tool, Sperry Rand, Pitney-Bowes, IBM, and AVCO. In addition, military standard numbers have been issued on Heli-Coil products by all branches of the armed forces. When such specifications and standards are in force, it should be evident that it is virtually impossible for competition to arise.

(3) The company has developed very advanced machinery for making its products, and for inserting them on an assembly line basis. In five years, three generations of machines have been obsoleted. During that time, the company has become accustomed to working to tolerances of 2/10,-000ths of an inch on standard items, while on specials, it has worked to 1/10,000,000ths of an inch. Were another company to attempt to duplicate the Heli-Coil insert, it is our belief that it would require several years merely to catch up on the engineering.

To ensure a flow of new products, management is spending about 3% of sales annually on research and development. Out of this program have already come some exciting innovations including 1) a screw lock insert which is designed to hold a screw or bolt firmly in place without the use of a lock nut or washer. For missiles and aircraft the savings in weight offered by the elimination of the nut and washer are very important; for miniature electronic assemblies it makes possible total redesign. 2) Cast-in inserts which offer the advantage of stainless steel threads cast into place in hard-to-tap metals such as titanium and inconel X. 3) Thread repair kits (for dealers and home owners) for outboard motors, lawn mowers, automobiles, etc.

Market Breakdown

Sales currently break down into three major areas: 1) **New equipment.** 2) **Salvage.** Until recently, if the tapped holes on an assembly line product were rejected, it was cheaper to discard the product than to repair the holes. With Heli-Coil inserts costing a few pennies each, this problem is avoided. 3) **Maintenance and repair.** Past alternatives were to weld up, plug up or retap worn holes or threads. With Heli-Coil inserts, it is now possible to do repairs on stripped threads very cheaply.

In terms of end use, the company's sales breakdown is somewhat as follows:

Commercial & military aircraft, missiles & space vehicles	40%
Motor vehicles, including trucks, autos, roadbuilding equipment	20
Engines	8
Electronics	6
All other	24

Profit Margins

While sales have risen steadily, the increase in after tax margins has been startling. In 1955, after tax margins were 4.2%. By 1958, this had risen to 7.9%, and by the first quarter of fiscal 1960, they were approximately 19%. These increases occurred in spite of the fact that prices have been cut three times in five years. The improvement can be attributed to: 1) Increasing use of automatic machinery. In three years, while sales were rising from $2.4 million to $3.5 million, the labor force has been reduced from 360 to 250 employees. 2) Installation of IBM data processing equipment to control inventory and production of the roughly 40,000 different items handled by the company. Since the equipment was installed, basic inventory has been lowered despite rising sales. Present inventory turnover is in excess of four times per year. 3) Increasing sales lead to a disproportionate increase in profits because the basic cost of each Heli-Coil insert is so low.

It is conceivable that after-tax margins could continue to rise but it seems more likely that management will again cut prices to discourage competition and widen its potential markets. If future sales increases are at a faster rate than in the past, cash flow (including depreciation, amortization of patents and earnings) is adequate for the financing of required plant expansion. Therefore, per share earnings can be expected to continue their rapid rise.

The company's current ratio is 3.2:1. In cash and government securities alone, it has over $1 million. Part of this money has been earmarked for an acquisition which will be announced shortly. The firm to be acquired has sales in excess of $2 million, and could contribute importantly to future growth. No dilution of current

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Business Outlook for 1960

By O. Glenn Saxon, *Professor of Economics, Yale University and Special Consultant, Income Foundation Fund*

Our encouraging economic future and how it can be sabotaged or saved is the subject dealt with by Professor Saxon. The noted economist criticizes what he considers are our destructive practices and policies that complicate investment decisions and endanger our economy, and prescribes a succinct but easy to follow solution for economic sanity and health. He says, for example, that so long as the threat of inflation continues to hang over our bond markets, the time will not be far off when bonds could only be sold at heavier and heavier discounts from par in addition to high interest rates. The thing to do, the author writes, is to reinstate bonds and similar obligations to their proper and historical financing status by reinstating the gold clause in our money and fixed obligations. Moreover, he adds, it would end inflation and the fear of investment-erosion.

In 1957 the U. S. economy soared to all-time peaks in most all areas of activity. In the second half of the year, however, came the beginning of the third recession since the end of World War II. This one was the deepest of these three postwar recessions, but recovery came faster than in the first two. Industrial production declined 13.7% between (February) 1957 and (April) 1958—the low point of the recession. However, between April, 1958, and June, 1959, industrial production increased 23%, rising to a new all-time level.

Dr. O. Glenn Saxon

In the first half of 1959, 16 out of 27 major categories of industries set new peaks of production. Only three groups failed to show increases over 1957. These were primary metals, coal, and tobacco manufactures. However, national expenditures for new plant and equipment were still lagging substantially below their 1957 levels. In June, 1959, employment was at its all-time peak. In the second quarter of 1959, our Gross National Product rose to an all-time peak of $485 billion (annual rate), compared to the previous peak of $457 billion (annual rate) in the fourth quarter of 1958.

Had the current steel strike not developed or had it been settled prior to Oct. 15, our second half-year would have maintained the gains of the first half.

The long-drawn-out strike, however will throw much of the expected production of the fourth quarter of 1959 into 1960.

Before this development, the general consensus among economists already was that 1960 would be a more prosperous year than 1959 — with the Gross National Product soaring across the half trillion dollar mark.

The long continuation of the steel strike in 1959 will assure generally higher levels of activities in 1960—(unless the strike continues for a long period in 1960, which does not appear likely) — with the Gross National Product reaching, say $505 or $510 billion, while practically all industries register new peaks of production.

The Outlook for the Decade, 1960-1969

The three postwar recessions of 1948-49, 1953-54, and 1957-58 were typical business cycles of a free market economy that usually take three to four years to run their courses from boom to recession, to recovery, and back to boom again. The boom or prosperity stage usually lasts from 12 to 18 months.

On this basis, especially in view of the current steel situation, the present boom stage (which began about six months ago) can be expected to continue into 1961, unless industry foolishly over-builds its inventories and increases prices of products unreasonably (during the period of steel shortages). Should this happen, a new (business cycle) recession may begin to operate in late 1960 or early 1961.

However, there are several major economic and political factors which will dominate the coming decade, 1960-69, along with recurring business cycles. These factors deserve analysis and illustrate the types of difficult and vital problems which will confront the nation and the managers of Mutual Funds in their investment decisions.

Population Growth

In the decade of the 1930's the rate of increase in our population declined year by year. Between 1930 and 1940 the rate of increase averaged less than 0.7% per annum. At that time it was estimated that U. S. population would become static by 1960-65—as had already happened in England and France.

However, due to the enormous increase in marriages during World War II, our birth rate in the United States rose sharply—with a doubling of the rate of increase in population. Between 1931 and 1940 the average annual rate of increase was less than 0.7%. Between 1941 and 1950 the average increased to 1.4%. Between 1951 and 1958 the rate of increase was 1.8%.

This sharp reversal in trend has been a major factor in the postwar expansion of the U. S. economy. In the 1960's it will be an even greater factor.

The children born of the wartime marriages are now coming of age and in the 1960's will be mar-

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The Pepsi-Cola Company—Sociable and Profitable

By Dr. Ira U. Cobleigh, Enterprise Economist

Some notes on the refreshing rise in earning power displayed by this fast growing soft drink company.

Late Fall may not be the most topical time of year to write about a soft drink company but quite regardless of season, Pepsi-Cola hits the spot and, in recent years, it's been hitting the financial jackpot as well.

Ira U. Cobleigh

The big improvement started in 1950. Then a tired company, with meager earning power, it was rejuvenated and revitalized by the entry of a new management echelon. This effective group gave the company a new effervescence in sales and money making. To illustrate, sales for 1950 were $40 million; for 1958 they were up a zestful 241%, to $136.8 million. They'll be around $150 million this year. To put it another way, in 1950 Pepsi-Cola was outsold five to one in case sales by its renowned competitor, Coca-Cola; in 1958 the margin had been narrowed to two to one. This all took a bit of doing.

First the formula was changed to make the beverage not quite so sweet, and more refreshing. Bottles were newly designed and came in a variety of sizes—now a 26-ounce big economy "Hostess" size, as well as the traditional 12-ounce, the 10-ounce and 6½-ounce bottle sizes. Pepsi-Cola has emphasized larger bottles for the "at home" market, which has accounted for roughly ⅔rds of sales; with the smaller sized bottled sold at ballparks, race tracks, beach stands, at pool-side, and in vending machines.

Bottlers are, of course, a vital element in Pepsi-Cola success. Bottlers generally got into a postwar squeeze between rising costs, and the 5c retail price that had become traditional. The upping of this 5c price, begun early in the 1950's, met with some resistance, but now higher retail prices are taken for granted, sales are rising steadily, and bottlers are happy and their numbers are growing.

Pepsi-Cola manufactures and sells its own syrup concentrates to over 825 franchised bottlers throughout the world, including over 225 in 82 foreign countries. Pepsi-Cola also sells through 20 company-owned bottling plants in the United States and 17 abroad. The main plant at Long Island City not only manufactures concentrate but includes a bottling facility and a king-size refinery which sells 40% of its sugar product to bottlers within an economic geographic area, and the balance to other industrial users.

Soft drinks live or die by the effectiveness of their advertising programs. Pepsi-Cola is not one to spare the money when it comes to this advertising pitch. It allocates roughly 20% of sales for advertising and promotion and will lay out around $30 million this year for these purposes. The accent has changed from the economy appeal ("12 full ounces, that's a lot") to a more sophisticated and subtle approach. Now it's "Be Sociable." Pepsi-Cola is offered as one of the elements of gracious, charming and smart living. There must be plenty of hidden persuasion to this line of suggestion as sales increased 17% in the first half of this year.

One of the elements affecting all soft-drink companies is the weather. A hot summer is the thing, and 1959 produced that, particularly in August and September. But Pepsi-Cola is not relying on favorable North American climate alone. It is spreading its concentrate, its bottling and its selling widely in those countries that have summer while we're having winter—South Africa, Ghana, Nigeria, Brazil, Argentina, etc. In fact, by next year, close to 50% of sales will be from foreign operations. There are 104 bottling plants in Canada alone.

Any consideration of Pepsi-Cola common, as an equity with growth characteristics, must take into account the basic trends in the industry. Last year American consumption of carbonated beverages worked out to 193½ bottles per capita. This is up from 158 in 1950; and the figure should be about 197 for 1959, and 240 by 1965. All this is based on the rising number of teen-agers (avid consumers of soft drinks), heavy promotion and advertising in the industry, and rising per capita income.

Pepsi-Cola, in capitalizing on this major industrial uptrend is not only aggressively selling its traditional home market but is stepping up sales in schools, restaurants, vending machines, and places of entertainment. It has also introduced some new lines—soft drinks led by Teem, a lemon-lime flavor.

The dual senior management provided by Mr. Herbert L. Barnet, President, and Mr. Alfred N. Steele, Chairman, which had shepherded the corporation's spectacular progress since 1950, was terminated by the death of Mr. Steele last May; and the office of Chairman discontinued. The achievements of this team were remarkable. A higher sales total with each passing year, a rapid expansion of bottling companies under the Pepsi-Cola franchise, the entry of Pepsi-Cola, and steadily expanded sales in many foreign lands, a dramatic rise in vending machine sales, and most impressive of all, a flat 800% increase in net income from 1950 to 1958. This is the point at which perceptive investors prick up their ears. They like, too, to note that Pepsi-Cola increased its dividend five times in the same period.

Capitalization consists of $26,968,541 in long-term debt and 6,354,915 common shares listed on the NYSE. The present dividend is $1.20 per share which, at current market price of 35 affords a yield of 3.44%. If this seems a bit on the meager side it should be borne in mind that rising earnings may well lead to a dividend increase very shortly. There is no tradition in the soft drink industry calling for a heavy plow-back in earnings. Most companies in this field distribute around 70% of net in cash. Since 1952 Pepsi-Cola has averaged a payout of about 60%. Per share net last year was $1.88, with unremitted profits from its foreign wholly-owned subsidiaries excluded. These would have added 17c a share. This year we would expect reported net in the order of $2.15 with 30c in the foreign accounts.

If there is some reluctance to consider Pepsi-Cola common now at round its all-time high, this should be partially overcome by the expectation that the stock will show $2.50 next year. On that basis the stock today sells at 14 times earnings.

Another thing to note about this equity is the defensive qualities it provides. In the recession of 1958, Pepsi actually increased its sales by $11 million and its net per share by 34c over 1957. With our below-twenty population expected to double in the next 20 years, millions of new Pepsi fans are lining up to "Be Sociable," or whatever the motivation may be when your correspondent is hobbling down to the post office to pick up his social security check.

Pepsi-Cola has come a long way since the rugged proxy fight back some 22 years ago, for control of Loft Candy Co. which then owned the property. The tail has wagged the dog since. Not that people have stopped eating candy but they've sure been guzzling Pepsi. Caps off to Pepsi-Cola, the stock with the built-in effervescence, sparkling earnings and an ascending dividend trend.

Opens Florida Branch

LAKE WORTH, Fla.—Marshall Company of New York City has opened a branch office at 327 North C Street.

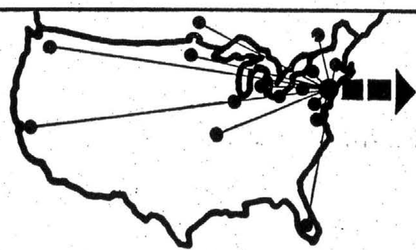
Form Mergers, Inc.

(Special to The Financial Chronicle)

HOLLYWOOD, Calif.—Mergers, Inc. has been formed with offices at 6777 Hollywood Boulevard to engage in a securities business. Officers are John S. Hill, President and Treasurer; Eugene T. Albright, Vice-President; and E. M. Godsey, Secretary.

Now Proprietor

ALTON, Ill.—Willis F. Slayton is now sole proprietor of Slayton & Thayer, 229 Market.



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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

The Federal Reserve Board has issued the following summary of national business and financial conditions for November:

Industrial activity declined only slightly in October when the steel strike extended into its fourth month, as metal consuming industries continued to draw on inventories and imports of steel. Reductions in activity spread further in early November and while reactivation of the idle mills began on November 7, recovery in output and employment in related industries will be limited until steel supplies are available in volume. Retail sales in October recovered to the July peak while the number of housing units started, dropped. The money supply estimate for October was somewhat lower than for September. Prices of basic industrial materials have continued to increase.

Industrial Production

Preliminary estimates of industrial production in October show a decline to 148% of the 1947-49 average, one point below the revised September figure and seven points below the peak in June. Revision of one point in the September index, up to the August level reflected a revision in output of nondurable goods to a new high. In October, slight declines were indicated in both durable and nondurable goods manufacturing.

Steel mill operations in October remained at 13% of capacity but with the reopening of steel mills, ingot output rose to 46% in the second week of November. Activity in the machinery industries declined only a little from the September record level as output of most producers' durable equipment was maintained; steel shortages curtailed output of some metal consuming industries such as farm equipment, structural metal products, and major consumer appliances. Auto assemblies rose more than seasonally from September but output was limited by steel shortages in late October and was severely curtailed in early November.

Production of textile and rubber products declined somewhat further in October and output of most other nondurable goods changed little at advanced levels. Minerals production remained at reduced levels as work stoppages continued to limit coal output and iron and copper ore mining.

Employment

Seasonally adjusted employment in nonfarm establishments declined 163,000 in October to 52.0 million, reflecting mainly decreases in the metal and metal fabricating industries. Employment also declined in the construction and service industries but increased in trade and State and local government. The number of persons unemployed, at 3.3 million in October, differed little from September but since it usually declines, the seasonally adjusted rate rose from 5.6 to 6.0% of the civilian labor force.

Distribution

Seasonally adjusted retail sales rose 3% in October, to the peak of July, reflecting a sharp expansion in auto sales after introduction of the new models. With auto assemblies curtailed in late October by steel shortages, dealer stocks declined contra-seasonally. Stocks of other durable goods continued generally ample.

Commodity Prices

In mid-November, the level of wholesale commodity prices was unchanged from a month earlier, and also unchanged from a year earlier. Prices of such basic industrial materials as steel scrap, copper, zinc, and rubber rose further in late October and early November, but prices of most fabricated materials and finished products were stable. Meanwhile, prices of farm products and foods continued to decline, reflecting mainly further decreases in meats, and averaged 5% below a year ago. With market supplies increasing more than consumer demands, livestock and meat prices have declined 10 to 15% over the year.

Bank Credit and Reserves

Total commercial bank credit increased in October as loans continued to expand and holdings of U. S. Government securities also rose. The seasonally adjusted active money supply declined somewhat further but at the end of October was about 1½% larger than a year earlier.

Member bank borrowings from the Federal Reserve averaged $835 million and excess reserves $405 million in the four weeks ending Nov. 11. Required reserves increased from mid-October to mid-November. Reserves were sup-

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plied mainly by an increase in System holdings of Government securities and gold stock.

Security Markets

Yields on U. S. Treasury securities, which had declined from mid-September highs, have increased somewhat since the third week in October. Yields on State and local government bonds have declined further while those on corporate bonds have been relatively stable. Common stock prices have shown little net change since mid-October.

In the third week of October the Treasury sold for cash $2 billion of June tax anticipation bills. In early November, it offered a new 4¾% certificate and a four-year, 4⅞% note in exchange for $3.8 billion of publicly held maturing securities. The new notes were also offered in exchange to holders of a $2 billion note maturing in 1962 but, on 90 days' notice, redeemable next February; $1.7 billion of the issue was exchanged.

Bank Clearings 10% 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, Nov. 21, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 10.0% above those of the corresponding week last year. Our preliminary totals stand at $27,800,006,296 against $25,272,818,600 for the same week in 1958. Our comparative summary for some of the leading money centers follows:

Week End. Nov. 21—	1959 (000 omitted)	1958 (000 omitted)	%
New York	$14,655,818	$11,929,946	+22.9
Chicago	1,448,903	1,311,134	+10.5
Philadelphia	1,286,000	1,240,000	+ 3.7
Boston	909,171	846,448	+ 7.4

Further details of the nation-wide course of bank clearings appear on page 45 of our issue of Monday, Nov. 23.

Steel Shortage to Prolong Industrial Attrition

Shipments of finished steel are running ahead of mill timetables. But real relief for steel users is still some weeks off and industrial attrition for lack of steel will persist, "The Iron Age" reports.

In spite of the better-than-expected performance at the mills, a major question on supply remains to be answered: How fast can new steel move through the pipelines?

The national metalworking weekly cautions that if mills are to keep shipments moving up, they will have to process new ingots before old stocks run out. There still could be a shipping lag, but so far, most problems have been less than expected.

One big reason behind the good rate of shipments: Automakers loaded up with conversion steel and are placing sizable tonnages of ingots and semi-finished steel into the mill pipelines.

"The Iron Age" says the out-

Continued on page 30

OBSERVATIONS...

BY A. WILFRED MAY

CURBING THE "ON-THE-CUFFERS"

The SEC, we learn on the highest authority, is exploring the possibilities of effecting a major alteration of the salesman's compensation arrangement under the *contractual* method of selling mutual funds shares. Long brewing, concern over fund distribution has been sharply accelerated lately by the vast growth in the instalment routine.

A. Wilfred May

1,100,000 payment plans are now outstanding, which huge total is being swelled at a rate of 25,000 initiations per month. Continuing acceleration of such distribution is clearly indicated. For example, one of the leading "credit-card clubs" is now readying arrangements to extend its far-flung "off-the-cuff" facilities to Fund buying. This will be begun with mailed offerings (on menus?) of a selected group of Funds for choosing by their enormous lists of cardholders (perhaps with the slogan "Reach for a stock instead of a steak").

Particularly popular, and worrisome, now is the contractual-"penalty" type plan which, with about 600,000 already outstanding, are out-selling the so-called Voluntary units.

Under the Voluntary type of plan the buyer pays only the regular proportionate distribution charge on each periodic payment as it is made. Under the Contractual Plan, in contrast, the distribution charges are disproportionately lumped at the beginning, automatically penalizing the buyer who terminates the contract in the earlier stages. Typically, in a 12½ year plan calling for a total purchase of $3,000 via monthly instalments of $20, the distribution and bank charges (of 3%) aggregate 11% on a holding over the whole period. But in the first year the distributor takes 50% of the $240 of payments, or $120, as a "creation charge." From this, the distributor pays the salesman about $80. This salesman's commission of $80 is payable as the monthly subscriptions come in—sometimes with an initial lump sum of the first year's "dues." The $120 "creation charge" plus a custodian fee of $7, totals $127, or a 53% cost deduction from the first year's pay-in. In the second and succeeding years the monthly charge drops to a total of $1.47, or $17.64 for the year—$10.40 of this going to the salesman and $7.20 to the bank.

Thus, if the Plan should be terminated after only six months, the deductions amount to 53.02% of the payments made by the purchaser; if it is terminated at the end of one year, the deductions amount to 53.02%, and to a 30.18% deduction if carried for only two years; and so on down in a sliding scale, to the end of the 12½-year contract period. The acceleration of the expense deductions means that in the absence of capital gains, but including average income return, 7½ years must elapse before enough investment income has accrued to cover the acquisition charge, and merely restore the buyer's principal.

Reform Sought Curbing the Salesman

The regulatory authorities, along with other objective observers, believe that the Contractual Plans' essential technique of taking the major portion of the salesman's total 12-year-or-so of commissions out of the first year's payments, leads to abuses both in selling and regarding the liquidity element of the investment. Remedy is looked for through linking the salesman's "net" commission to the buyer's maintenance of his payments.

The major amendment sought by the regulatory authorities is an offset to the weighting of the sales charge in the first year. Such allocation of the salesman's commission to the early period is ascribed by the industry to the need for getting aggressive and knowledgeable salesmen. It would be difficult, but probably not wholly impossible, to require a pay-back of his commissions by the salesman in the case of his customer's withdrawal. The salesman, even though he may have left the scene, could possibly be located through registration with the licensing body, the National Association of Securities Dealers. Or perhaps the contract could be cancellable without cost to the buyer, if, after one or two payments, he claims to have misunderstood the deal; this is done in some instances now.

Two-Fold Benefits

The suggested line of reform implies a number of advantages along practical as well as ethical lines. Instead of the salesman's present early near-exit from the scene, gearing his material self-interest to the contract's perpetuation would automatically alter his sales pitch. Instead of merely concentrating on getting the customer's name on a contract, his emphasis would rather be directed to demonstrating the worth of a long-term contract. Deterrence of the buyer from breaking-off his payments would be broadened beyond merely the penalty in his sacrifice of statistical return, which, in any event, is not at all clear to him. Many buyers do not realize the penalty incurred in an early termination; particularly including the fact that it takes 7½ years of investment income to get even against the concurrent expenses. Even professionals in the industry do not realize this, or else profess to believe that it is proper to depend on capital gains to shorten this 7½-year "cooling-off" period.

Salesmen in Demand

The main reason advanced for their accelerated commission is its indispensability in securing the services of vigorous salesmen. But this ignores two important facts. There have been enough regular-commission salesmen to distribute the ten-and-more billions of dollars of fund shares sold under the single-payment and under the Voluntary plan with its equal commission payments. And, second, the very necessity of using stronger bait for securing additional salesmen may be confirming the suspicion that Fund distribution is being overdone, including sales to people who should not be buying them. The lowering of the standards of the salesmen, combined with the hiking of their remuneration stimulus, will increase their purchases for the wrong reasons as well as by the wrong people.

The "Lock-in a Boon (?)"

Some of the other arguments in defense of the contractual system appear to embody rationalization. Justification importantly rests on the alleged need for a heavy penalty to keep the buyer disciplined against the temptation to stop his saving. In other words, he is "locked in" for his own good. (Might not one similarly say that the salesman should be paid less to discipline him against buying liquor?) Apart from the dubiousness of such benefit for the investor, that claim is completely inconsistent with the value put on liquidity throughout other securities areas. The supposed advantage of illiquidity of contractual fund investment through the contractual technique conflicts directly with the favorable stress on liquidity afforded by the Stock Exchange as well as many savings media. Furthermore, and closer to home, it is at variance with the "liquidity advantage" held out by the open-end funds in selling their own shares. Chief offset to the buying "load" on the open-ends is the compensating advantage of their great liquidity through allowing holders to cash-in at any time at asset value—with the "box score" on the net asset value per share ascertainable twice daily. Relative illiquidity is the argument used against the closed-end funds, several of which are always available at discounts on the Stock Exchange. As a matter of fact, it might be preferable to buy closed-end funds available at discounts, on the M. I. P. Plan (the Monthly Investment Plan administered by the Stock Exchange firms, whose only cost is the Stock Exchange commission, amounting to a maximum of 6%).

Defense is frequently made of the first-year sales commission blow-up, by pointing to the equally disproportionate "take" of the first-year's premiums in the sale of insurance policies. But this overlooks the fact that the correct motive for buying life insurance is *protection*, with full coverage given for death even if this should occur on the day immediately following the initiation of the policy. And the insurance premium is not in an industry suffering from speculative excesses.

* * *

In line with the history of regulation, the Fund industry must get on the move with additional self-imposed restraints, or else the Federal Government will.

In Investment Business

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — The Rex L. Hodges Realty Co. is engaging in a securities business from offices at 408 East First Street. Officers are William Barbee, President; Rex L. Hodges, Vice-President and Treasurer, and H. M. Harshaw, Secretary.

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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The general price level of the tax-exempt bond market is about unchanged from a week ago. Although new issues have come to market at scales indicating a higher price level, the pattern has actually been relative as against the lower coupon inventory offerings variously available. *The Commercial and Financial Chronicle's High Grade Bond Index* is 3.477% this week; little changed from 3.46% last week.

Dollar Bonds in Demand

The dollar quoted State, Municipal and Authority term bond issues are in several instances up as much as a point, while only a few are slightly lower. As a group, these securities have acted particularly well during recent months. Improved earnings have led to better markets, excepting for brief periods during general market disturbances. Issues in demand this week included Ohio Turnpike 3¼s, due June 1, 1992; Chelan County, Washington PUD No. 1 5s, July 1, 2013; Chicago-O'Hare Airport 4¾s, Jan. 1, 1999; Grant County, Washington PUD No. 2 3⅞s, Nov. 1, 2005; Illinois Toll Revenue issues; Indiana Toll Road 3½s, Jan. 1, 1994; New York Port Authority issues; Pennsylvania Turnpike 3.10s, June 1, 1993; and others with less important gains.

Tax-Exemption Under Fire

It is interesting and important to note that Congress is again considering the subject of state and municipal bond tax exemption. The House Ways Means Committee recently considered the general subject, with experts in the field of economics as well as other interested parties presenting their views. Discussions of this fundamental subject are not new to the Congress. During each Administration, since the advent of the Federal Income Tax Amendment, a Congressional committee, or a member of the Administration, has seriously taken up the matter. The last serious considerations were during the second Roosevelt term when Secretary of the Treasury Morgenthau made gestures considered economically and socially righteous by many, but which were politically unattainable.

The basic opposition to the proposal derives from the State's Rights concept. There may be less devotion to this concept now than there was twenty-five years ago. However, it seems a fair generalization that present holders of so-called tax exempt bonds need fear no quick change in the tax status of their holdings. Few of the arguments on either side of the question have been much altered. The market seems not to have taken cognizance of the controversy.

Street "Float" Up Sharply

The street float of state and municipal bonds as indicated by the "Blue List" was $308,046,000 on Nov. 25, 1959. A week ago the total was $263,470,000. This increase has been partly brought about by balances in the larger recent new issue accounts. The $55,125,000 New York State issue which was offered Nov. 18 had a balance of about $21,900,000 on Nov. 25. The $24,780,000 Philadelphia, Pennsylvania issue offered the same day had been sold down to about $9,000,000. It has been considered necessary by many dealers in the current competitive market to anticipate demand, in order to purchase large issues. The more difficult selling effort is perhaps to be considered well done in view of the circumstances. Further increases, however, in the street inventory may lead to a postponed, if not lesser, demand from investors.

Recent Financing

Tuesday's new issues were given a fair reception by investors. $10,000,000 State of Alabama Highway Authority bonds (1961-1980) were purchased by Halsey, Stuart & Company-Smith, Barney & Company-Blyth & Company-Glore, Forgan & Company-Harriman Ripley & Company-Sterne, Agee & Leach and others. The bonds were scaled to 3.90% and about $4,000,000 remains in account on Nov. 25. $6,800,000 Portsmouth, Virginia (1961-1985) bonds were awarded to the Halsey, Stuart & Company-White, Weld & Company-Smith, Barney & Company-Harriman Ripley & Company group. The normal coupon scale terminated in 1983 with a 3.80% yield. The balance is about $3,500,000 at this writing.

Another interesting underwriting involves $4,000,000 Escambia County (Pensacola), Florida School District No. 1 bonds (1960-1978) purchased by the Chase Manhattan Bank, Chemical Bank New York Trust Company-Harris Trust & Savings Bank-Ladenburg, Thalmann & Company-Philadelphia National Bank group. Scaled out to par for 3.80% bonds, the balance is said to be about $2,200,000.

The First Boston Corporation-Bankers Trust Company-Chase Manhattan Bank-Drexel & Company-Smith, Barney & Company group purchased $3,000,000 Pittsburgh, Pennsylvania 3½% bonds (1960-1984). Scaled to par, the issue met with favorable investor reception with this morning's (Nov. 25) balance being $1,100,000. The Bankers Trust Company-First

Continued on page 8

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.70%	3.55%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.55%	3.40%
New York (State)	3%	1978-1979	3.50%	3.40%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.70%	3.55%
Cincinnati, Ohio	3½%	1980	3.50%	3.30%
New Orleans, La.	3¼%	1979	3.85%	3.70%
Chicago, Ill.	3¼%	1977	3.95%	3.80%
New York City, N. Y.	3%	1980	4.05%	3.95%

November 25, 1959 — Index = 3.477

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	110½	+1½	4.48%
Chicago-O'Hare Airport 4¾% 1-1-1999	1-1-1974	104¾	106	+1	4.42%
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	95½	(*)	4.24%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	86	(*)	3.97%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	95½	+½	4.09%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	73	+½	5.49%
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	90¾	+¾	5.32%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	85½	+1½	4.32¾
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	105	+1	3.97%
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	75	+½	4.87%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	91	+½	3.87%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	90	(*)	4.57%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	84¾	+1½	4.99%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	83¼	+1½	4.23%
Massachusetts Port Authority 4¾% 10-1-1998	10-1-1969	104	103¾	+1¼	4.54%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	96	—¾	3.60%
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	102⅝	+1⅛	4.07%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	86	(*)	3.83%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	86¼	+1¾	4.01%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	83	+½	4.02%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	82½	(*)	4.43%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	83	+½	3.85%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	85	(*)	3.77%

(*) Unchanged.

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.

Issue	Amount	Maturity	Hour
November 30 (Monday)			
Montgomery Water Works and Sanitary Sewer Board, Ala.	10,000,000	1961-1981	10:00 a.m.
Washington University, Mo.	3,411,000	1961-1968	1:00 p.m.
December 1 (Tuesday)			
Columbus, Ohio	10,010,000	1962-1986	Noon
Edwardsburg Con. Sch. Dist., Mich.	1,495,000	1961-1989	8:00 p.m.
Floyd County, School District, Ga.	1,025,000	1960-1979	2:00 p.m.
Los Angeles School District, Calif.	21,500,000	1961-1985	9:00 a.m.
New Brunswick, N. J.	1,001,000	1960-1984	11:00 a.m.
Milford, Conn.	2,500,000	1960-1979	11:30 a.m.
Salt River Project Agric. Improv't and Power District, Ariz.	15,000,000	1963-1992	10:00 a.m.
Southwick, Mass.	1,000,000	1960-1979	11:00 a.m.
December 2 (Wednesday)			
Orange County, N. Y.	1,970,000	1960-1973	11:00 a.m.
Peoria Public Building Comm., Ill.	4,800,000	1961-1979	11:00 a.m.
★Sayreville, N. J.	1,120,000	1960-1984	7:30 p.m.
December 3 (Thursday)			
Los Angeles County, Calif.	13,000,000	1959-1999	9:30 a.m.
Marple-Newtown Joint School Authority, Pa.	2,110,000	1961-1965	8:00 p.m.
Massachusetts (Commonwealth of)	21,601,000	1960-1989	Noon
Willoughby-Eastlake City School District, Ohio	1,200,000	1961-1975	Noon
December 4 (Wednesday)			
Kentucky (State of)	2,500,000	1961-1985	10:00 a.m.
December 7 (Monday)			
Bowling Green State University, Ohio	2,500,000	1962-1999	11:00 a.m.
Kane Co., Sch. Dist. No. 129, Ill.	1,215,000	1961-1975	7:30 p.m.
McKeesport School District, Pa.	3,800,000	1961-1989	8:00 p.m.
Tulsa County, Okla.	1,725,000	1962-1979	2:30 p.m.
December 8 (Tuesday)			
Delaware, Ohio	1,975,000	1961-1980	Noon
Endicott, N. Y.	1,875,000	1960-1989	3:00 p.m.
Middlesex County Sewerage Authority, N. J.	7,705,000	1967-1998	Noon
North Hempstead Union Free School District No. 6, N. Y.	1,162,000	1960-1979	2:00 p.m.
Pearl River Valley Water Supply District, Miss.	4,400,000	1964-1999	10:00 a.m.
Puerto Rico (Commonwealth of)	20,000,000	1960-1979	-------
December 9 (Wednesday)			
California (State of)	100,000,000	1961-1985	10:00 a.m.
Chicago Board of Education, Ill.	10,000,000	1962-1979	10:00 a.m.
La Fourche Parish, La.	1,000,000	1961-1980	10:00 a.m.
Monfort Heights Local School District, Ohio	1,250,000	1960-1989	Noon
Omaha Metropolitan Utilities District, Neb.	1,500,000	1961-1965	10:30 a.m.
Wabash, Ind.	2,450,000	1962-1996	1:00 p.m.
December 10 (Thursday)			
Abington Township, Pa.	1,500,000	1961-1980	7:45 p.m.
Wisconsin University Building Corporation, Wis.	5,270,000	1960-1997	10:00 a.m.
December 11 (Friday)			
Board of Regents State Teachers' Colleges, Texas	1,530,000	1962-1999	9:00 a.m.
Florida Development Comm., Fla.	2,000,000	1961-1972	11:00 a.m.
December 14 (Monday)			
Garland Ind. School District, Texas	1,500,000	1960-1994	7:30 p.m.
Port of Portland, Ore.	2,000,000	1960-1979	10:00 a.m.
December 15 (Tuesday)			
Fairfield Local S. D., Ohio	1,493,000	1961-1982	Noon
Los Angeles County, Calif.	2,444,000	1961-1980	9:00 a.m.
December 16 (Wednesday)			
Gary, Ind.	1,250,000	1961-1979	10:00 a.m.
Piqua, Ohio	3,450,000	1960-1974	Noon
December 17 (Thursday)			
Midland, Texas	3,110,000	-------	2:00 p.m.
January 6 (Wednesday)			
San Jose, Calif.	4,435,000	-------	-------

★In the tabulation of pending sales as given in the Nov. 19 issue it was also indicated that Sayreville, N. J., planned an additional offering of $4,435,000 bonds on Jan. 6. This was incorrect. Actually, as noted by Borough Attorney Joseph T. Karcher, the brochure pertaining to the $1,120,000 water bonds to be sold by Sayreville on Dec. 2 contains assurances that the Borough will not offer any additional bonds for a minimum period of six months.—EDITOR.

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NEW ISSUE

$24,780,000

City of Philadelphia, Pennsylvania

4½%, 4¼%, 3¾% and 1% Bonds

Dated December 16, 1959 — Due July 1, 1961 to 1990, inclusive as shown below

Coupon bonds in the denomination of $1,000, registerable as to principal only. Principal and semi-annual interest (payable January 1 and July 1, but the first interest payment on July 1, 1960, will be for six and one-half months) will be payable at the office of the City's fiscal agent, The Philadelphia National Bank, Philadelphia, Pennsylvania, Non-callable.

Legal investment, in our opinion, for Savings Banks and Trust Funds in Pennsylvania and New York.

Interest exempt, in the opinion of counsel, from Federal Income Taxes under existing law.

Principal and interest payable without deduction for any tax or taxes, except gift, succession or inheritance taxes, which the City of Philadelphia may be required to pay thereon or retain therefrom under or pursuant to any present or future law of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the City of Philadelphia assumes and agrees to pay.

These Bonds, authorized for municipal improvements as set forth in the enabling ordinance, will, in the opinion of counsel, constitute valid and legally binding general obligations of the City of Philadelphia, Pennsylvania, and the City will be obligated to levy ad valorem taxes upon the taxable property—including real property—within the said City, without limitation as to rate or amount, sufficient to pay the principal of said Bonds when due and the interest thereon.

We offer these bonds, if, as and when issued and delivered to us, and subject to an unqualified approving joint legal opinion by our bond counsel, Messrs. Townsend, Elliott & Munson and Messrs. Dilworth, Paxson, Kalish, Kohn & Dilks, Philadelphia, Pa.

Amount	Interest Rate	Due	Yield	Amount	Interest Rate	Due	Yield	Amount	Interest Rate	Due	Yield or Price
$826,000	4½%	1961	2.90%	$826,000	4½%	1971	3.50%	$826,000	3¾%	1981	3.70%
826,000	4½	1962	3.00	826,000	4½	1972	3.55	826,000	3¾	1982	100
826,000	4½	1963	3.10	826,000	4½	1973	3.55	826,000	3¾	1983	100
826,000	4½	1964	3.20	826,000	4½	1974	3.60	826,000	3¾	1984	100
826,000	4½	1965	3.25	826,000	4½	1975	3.60	826,000	3¾	1985	100
826,000	4½	1966	3.30	826,000	4½	1976	3.65	826,000	3¾	1986	3.80
826,000	4½	1967	3.35	826,000	4½	1977	3.65	826,000	3¾	1987	3.80
826,000	4½	1968	3.40	826,000	4½	1978	3.70	826,000	3¾	1988	3.80
826,000	4½	1969	3.45	826,000	4¼	1979	3.70	826,000	1	1989	4.25
826,000	4½	1970	3.50	826,000	3¾	1980	3.70	826,000	1	1990	4.25

(accrued interest to be added)

It is expected that definitive bonds, as described above, will be available for delivery on or about December 16, 1959.

Drexel & Co. — The Chase Manhattan Bank — Chemical Bank New York Trust Company — Morgan Guaranty Trust Company of New York

The First Boston Corporation — Eastman Dillon, Union Securities & Co. — White, Weld & Co. — Carl M. Loeb, Rhoades & Co.

Ladenburg, Thalmann & Co. — Wertheim & Co. — W. H. Morton & Co. Incorporated — Lee Higginson Corporation

Seattle-First National Bank — Hemphill, Noyes & Co. — A. C. Allyn and Company Incorporated — Dominick & Dominick

The Marine Trust Company of Western New York — F. S. Moseley & Co. — Schoellkopf, Hutton & Pomeroy, Inc. — A. G. Becker & Co. Incorporated

W. E. Hutton & Co. — Ira Haupt & Co. — Baxter & Company — Shearson, Hammill & Co. — Reynolds & Co.

Spencer Trask & Co. — R. S. Dickson & Co. Incorporated — Auchincloss, Parker & Redpath — Fitzpatrick, Sullivan & Co. — J. A. Hogle & Co.

Coffin & Burr Incorporated — Trust Company of Georgia — Ernst & Company — R. H. Moulton & Company — A. M. Kidder & Co., Inc.

Geo. B. Gibbons & Company Incorporated — James A. Andrews & Co. Incorporated — Rand & Co. — Wood, Gundy & Co., Inc.

Yarnall, Biddle & Co. — Schaffer, Necker & Co.

November 23, 1959.

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

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

Canadian Business — Review — Bank of Montreal, Montreal, Canada.

Canadian Oil—Bulletin—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West Toronto, Ont., Canada.

How to Make Your Tax Advantages Count—Suggestions for tax savings in various situations—National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.

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

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

Oil Securities—Comparative figures on 12 companies—Hardy & Co., 30 Broad Street, New York 4, N. Y.

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

Textbook Publishing Industry—Analysis—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Chrysler Corp.**

Traders Graphic—Analytical monthly for security dealers and financial institutions—annual subscription, monthly edition, $7; combined monthly and quarterly editions, $40—Traders Graphic, 1970 Broadway, New York 38, N. Y.

* * *

American Bosch Arma—Data—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Standard Coil Products, A. S. R. Products,** and **Libby, McNeill & Libby.**

American Motors—Memorandum—Wm. C. Roney & Co., Buhl Building, Detroit 26, Mich.

American Sterilizer Co.—Memorandum—Fulton Reid & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

Anaconda Co.—Memorandum—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are memoranda on **Associated Transport, Inc., Consumers Power Co., Eastman Kodak Co.,** and **Pittston Co.**

Assembly Products, Inc.—Review—Straus, Blosser & McDowell, 111 Broadway, New York 6, N. Y. Also available are reports on **Cooper Tire & Rubber Co. and Moore-Handley Hardware Co.**

Beatrice Foods—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a review of current business.

Boston Edison Co.—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Libbey Owens Ford** and **Pittston Co.**

Burlington Industries, Inc. — Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **McGraw-Edison Company** and **American Zinc, Lead & Smelting Co.**

Carter Products Inc. — Memorandum — Schirmer, Atherton & Co., 50 Congress Street, Boston 9, Mass. Also available are memoranda on **Sanborn Co.** and **Standard Oil of New Jersey.**

Central Transformer Corporation—Analysis—Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, Dallas 1, Texas.

Chase Manhattan Bank—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Chemical Bank New York Trust Co.—Memorandum—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also available are memoranda on **Kendall Co., National Fuel Gas Co.** and **Penn Fruit Co.**

Control Data Corporation—Analysis—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

Corn Products Co.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y. Also available is a memorandum on **Food Machinery & Chemical Corp.**

Crane Co. — Memorandum — Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

Eagle Food Centers — Memorandum — Robert D. Baird & Co. Incorporated, 110 East Wisconsin Avenue, Milwaukee 2, Wis.

Entron, Inc.—Report—Alkow & Co., Inc., 50 Broadway, New York 4, N. Y.

Erie Railroad — Analysis — du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

General Precision Equipment Corp.—Memorandum—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y. Also available is a memorandum on **Mead Corp.**

General Tire and Rubber Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Harvill Corporation—Report—North's News Letter, 414 Mason Street, San Francisco 2, Calif. (35¢ per copy).

H. J. Heinz Company — Analysis — Hayden, Stone & Co., 25 Broad Street, New York 5, N. Y. Also available is a bulletin on **Olin Mathieson Chemical Corporation,** and an analysis of **Stone Container Corporation.**

International Harvester—Analysis—Steiner, Rouse & Company, 19 Rector Street, New York 6, N. Y. Also available is an analysis of **St. Regis Paper.**

International Nickel Co. of Canada Ltd.—memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

International Packers Ltd.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Norris Thermador Corporation—Analysis—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles 13, Calif.

Pacific Vegetable Oil Corporation—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Peabody Coal—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **Hueblein, Inc.**

J. C. Penney Co.—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

St. Regis Paper Co.—Memorandum—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Schering Corp.—Analysis—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

Servonics, Inc. — Bulletin — Weil & Co., 734 Fifteenth Street, N. W., Washington 5, D. C.

Susquehanna Corporation—Analysis—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

Swank, Inc.—Report—H. A. Riecke & Co., Inc., 433 Walnut Street, Philadelphia 2, Pa.

Taylor Instrument Companies—Report—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a report on **Botany Industries, Inc.,** a bulletin on **West Penn Electric, Delaware Power & Light** and **Consolidated Natural Gas,** and memoranda on **Amphenol Borg Electronics Corp., Kansas Power & Light Co.,** and **Motor Wheel Corp.**

Vanadium Corporation of America—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

Vendo Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Warner & Swasey Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Whirlpool Corporation—Study—Vilas & Hickey, 26 Broadway, New York 4, N. Y. Also available is a report on **Maytag Co.**

Wurlitzer Company — Report — Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Firm Trading Markets in—

(a) Operating Utilities

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Tax Exempt Bond Market

Continued from page 6

National City Bank, Salomon Brothers & Hutzler-R. W. Pressprich group bought $4,550,000 Providence, Rhode Island (1962-1981) 3.80% bonds and offered them on a scale to par. About $3,000,000 remain in account as we go to press.

Heavy Calendar Ahead

With the gradual accrual of inventory, next week's new issue Calendar becomes more important to dealers. It includes $21,500,000 Los Angeles, California School District bonds; $10,000,000 Columbus, Ohio bonds; $10,000,000 Montgomery, Alabama Water and Service System Revenue bonds; and $15,000,000 Salt River Project Arizona bonds, all selling Monday-Tuesday (11/30 and 12/1/59). On Wednesday, $21,601,000 Massachusetts bonds (1960-1989) are up for bidding. Although comparatively, this is but moderately heavy volume, combined bond market factors should cause dealers to approach this bidding with more caution than has been necessary during the past few weeks. There appear to be no negotiated type underwritings ready for marketing.

M. A. Schapiro Names Mackey Asst. Vice-Pres.

Paul A. Mackey has been appointed an Assistant Vice-President of M. A. Shapiro & Co., Inc., One Wall Street, New York, investment bankers specializing in bank stocks, the firm announced.

Mr. Mackey was formerly a financial analyst with Lionel D. Edie & Co., Inc., investment advisors.

COMING EVENTS

IN INVESTMENT FIELD

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

Dec. 15, 1959 (New York City)
Investment Association of New York Ninth Annual Dinner at Starlight Roof, Waldorf-Astoria.

Jan. 15, 1960 (Baltimore, Md.)
Baltimore Security Traders Association 25th annual Mid-Winter Dinner.

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.

Blyth & Co., Inc. Announces Elec.

The announcement of a number of executive elections at Blyth & Co., Inc., 14 Wall Street, New York City, including two Directors and two Vice-Presidents in the New York office, has been made by George Leib, Chairman of the Board.

John Inglis, San Francisco, a Director and Vice-President, was elected a member of the Executive Committee.

Paul A. Conley and Edward Glassmeyer, New York; John R. Beckett, San Francisco, and Richard M. Link, Los Angeles, were elected to the company's Board of Directors. They are all Vice-Presidents.

The new Vice-Presidents are: Robert E. Leslie and Frederick L. Miller, of the New York Buying Department; Adolf K. Eitner, Los Angeles; William T. Patten, Seattle, and Nieland B. Van Arsdale, Los Angeles.

Blyth & Co., Inc., investment bankers, was founded in 1914. The company has main offices in New York and San Francisco and operates branches in 22 other cities.

Frank Sassa Co. Formed in N.Y.C.

Announcement is made of the formation of Frank Sassa Company with offices at 1 Broadway, New York City, to engage principally in the trading of over-the-counter securities. Mr. Sassa was formerly in the trading department of Gersten & Frenkel.

For the MUNICIPAL BONDS of
WEST VIRGINIA
VIRGINIA
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Common Stock Portfolio With Long-Term Objectives

By Dr. Charles V. Kinter,* *Managing Partner, Duff, Anderson & Clark, Chicago, Ill.*

Experienced Chicago investment adviser lays down divining guides for the selection of a long-term portfolio of common stocks to meet different objectives. Because of uncertainty regarding the Cold War's outcome, Dr. Kinter suggests those firms and industries be selected that are adaptable to quick changes and are in possession of a growth rate capable of outpacing price inflation and any narrowing of price times earnings ratios. The author lists areas of change apt to occur that should also be considered as well as attributes to look for in appraising values. Further, he furnishes examples of companies and industries likely to be growth leaders in their respective areas, and to provide a higher yield than can be obtained on good bonds.

The construction of a common stock portfolio with long term objectives requires both a look forward and a review of what has happened in the postwar years. The perusal of the past is an examination of the records of individual companies and the comparative growth performance of different industries in our fast-moving economy. The look forward requires the marshalling of every bit of evidence which would indicate where the economy, the various industries, and the individual companies may be a decade hence. The selection of stocks for the portfolio therefore must be based both on the record and the probable future so far as it can be envisioned.

Two Contrasting Objectives

The formulation of a long term portfolio of common stocks obviously is no simple task in a world where social, political, economic, and technological changes are taking place with great rapidity. For the trust investment officer, the problem is compounded by the fact that investment goals vary with each individual account and are something exceedingly personal. Although clients can be classified into certain categories, no one portfolio precisely fits every requirement. The trust investment officer must have every possible objective in mind and the same stocks will not do in every case. For example, let us look at two contrasting types of accounts found in every trust department:

(1) One is the widows and orphan variety where the objective is to conserve capital and at the same time to earn as large a rate of return as is consistent with safety of principal.

(2) A contrasting type of account is that of a well-to-do businessman who has a large salaried or partnership income. He is interested primarily in capital gains and is willing to accept almost any degree of risk if the ultimate rewards are large enough.

The companies, or even the industries, we might use in these contrasting situations would vary widely. Taking the oil industry as an example, we might use the Standard Oil Company of California for the widow's and orphan's account. For the businessman, we might use Pubco Petroleum or Tidewater Oil. We probably would use food stock for the widow's and orphan's account; but these, as a general principal, might not have enough growth for the businessman.

In order to make my remarks as helpful as possible, I shall not try to discuss the selection of stocks for every possible type of portfolio. Rather, I shall have in mind what appears to be a common denominator for a trust department or trust company—namely, capital appreciation at a faster rate than the dollar will decline in purchasing power and at the same time the maintenance, on the average, over the next decade of a higher rate of return on the increasing principal than can be obtained on fixed-income securities of high quality. A portfolio fulfilling this requirement should include a good hard core of fairly stable, good growth groups, such as electric utilities. It then can be filled out with holdings in other fields where appreciation possibilities are unusually favorable.

This brings up one more troublesome problem, which must be resolved early in a discussion of this kind particularly under present conditions when common stocks appear to be high priced by most past standards. We all know that it is sound at times to purchase a stock selling at a high price times earnings ratio and a low yield. The ultimate rate of return, resulting from both capital appreciation and dividend increases, may be far greater than for an alternate investment opportunity available at a lower price times earnings ratio and a higher yield. Stocks in general are now selling at price times earnings ratios, which probably are higher than will prove to be normal over the next decade; and most of the better name stocks are even more expensive in relation to present earnings. However, in my opinion, the current prices of at least some of these stocks will seem low indeed a decade hence. The trust investment officer naturally must discriminate between stocks which at present prices are discounting the hereafter and those stocks which will prove to be good long term values soon enough to be of service to the owner.

Also, careful attention must be given to companies and industries which currently are unfashionable with investors but which have favorable long term prospects after resolution of present problems. For example, there is at the time a strong inclination on the part of investors to avoid the common stocks of raw material producers because almost all basic raw materials are in oversupply, except where labor disputes have halted production. This situation will change for a number of raw materials within the next decade. Therefore, investment opportunities appear to exist, despite the unfavorable present situation, because the common stocks of such companies now are priced to reflect the uncertain near term outlooks for these raw materials. We could provide numerous other examples, but the point is that the long term common stock portfolio must be adapted to conditions the trust investment officer expects to prevail in the future rather than they are at this particular moment.

Three Stock Selection Views

In my travels around the country, I talk to a large number of investment people and have the privilege of hearing their thoughts on proper investment policy. There appears to be three diverse concepts developing. Unfortunately, these do not suggest exactly the same policy in regard to selection of common stocks. These three views, much oversimplified, can be summarized as follows:

(1) One is based on the premise that Mr. Khrushchev is sincere in his proposals for peaceful coexistence. He may be completely confident in the ability of the Soviet Union to compete with the West in technical excellence and on a cost basis in a struggle for economic influence and power. It would be naive, however, not to recognize that Mr. Khrushchev knows he may have to defend underpopulated and resource-rich Siberia against the hordes of Chinese who inevitably will spill out in some direction from their own overpopulated and resource-poor country. Whatever the reason, it may be that the West has less to fear from the standpoint of Soviet military aggression than appeared likely in the recent past.

If this thesis is correct, the United States particularly, but the other Western nations as well, faces a period of readjustment. Defense expenditures would become relatively less important. While the longer term implications would be highly favorable, a period of economic uncertainty would prevail during the readjustment period. Over the near term, deflation might be as much of a problem as inflation. Corporate earnings temporarily would be depressed. The current price times earnings ratios of many stocks almost certainly would be narrowed, although not necessarily in every case. While commons would be attractive after the readjustment period, they possibly can be purchased at more attractive prices than prevail now.

(2) Another thesis, almost the opposite of the first, is based on the premise that any thaw in the Cold War is only temporary. Instead, the United States must face an all-out struggle for survival with the Soviet Union. Investment policy must be based on the assumption that the U. S. will win out because, if not, no values would remain. Victory in this titanic struggle will require such large and persistent defense expenditures, whether shooting actually starts, that inflationary pressures will be irresistible. Therefore, proper investment policy is to keep buying stocks instead of fixed-income securities. Any easing back of stock prices would be merely viewed as an opportunity to step-up buying.

(3) The third approach for the most part assumes that the Cold War will continue about as we have known it in recent years and therefore attention can be focused on the type of civilian economy we will have during the 1960s. Here it is generally presumed that, at least beginning by the middle 1960s, the United States will have its really Golden Era of economic prosperity based on a combination of rising population in the high spending age brackets and much higher per capita real income. While selectivity as always will continue to be important, common stocks in general will do well because of higher earnings and dividends. The acceptance of this thesis would suggest the ownership of a large percentage of commons in a portfolio, but with concentration on the companies and industries which would be the particular beneficiaries of the type of economy we would have then. For example, building and consumer durable companies should do particularly well.

Suggests Selection Principle

All three of these viewpoints, with individual variations, have highly intelligent adherents, and no one can say now which will be nearest to being correct over the next decade. What can the trust investment officer do to protect against any eventuality in view of the divergent courses the future may take? His best course appears to select companies and industries most adaptable to quick change and where growth will be strong. He will seek a rate of growth strong enough both to outpace any decline in the value of the dollar and to offset any narrowing which may take place in price times earnings ratios. This is a big order, of course, especially in view of the spectacular changes which will occur in almost every industry during the decades just ahead even if the Russian Bear and the Red Chinese remain peaceful or in time start to quarrel with each other instead of with the West.

By way of further comment on this important subject, here are some of the areas of change which should enter into the thinking of the trust investment officer:

(1) Obsolescence will be great in most industries because of rapid technological progress in providing better equipment and methods.

(2) New forms of energy, such as the fuel cell or atomic energy, will remove some of the limitations now imposed by geography on many industries. It is not at all inconceivable that well within the life span of most of us here today a new industrial revolution will develop. New energy sources may make advantageous the rebuilding, re-equipping, and even the relocation of many plants.

(3) New competition will arise for established goods due to the tireless efforts of researchers who develop new and better products. We all know numerous examples of this, and almost certainly it will gain in momentum due to increased appreciation and dedication to research in modern industry.

(4) Competition also will be intensified by improved transportation and communications. Overnight delivery from points across the continent, or even from other continents, will be even more common. Because of the rising costs of mass communication media, the big firms will have an increasing advantage in competitive selling.

(5) Competition also will be intensified in world markets. U. S. business men already are experiencing this not only in foreign areas but within our own country from foreign manufacturers.

(6) There will be more Americans, and as it certainly appears now, they will have larger real incomes and therefore will provide inviting new markets. This is well-known and perhaps already, unless carefully thought through, is being given too much emphasis in investment thinking. There is no precise correlation between more people and more prosperity. However, rising population should be given weight in selecting industries for inclusion in a portfolio if done with discretion. Certain companies and industries will be important beneficiaries.

(7) The people of the underdeveloped countries will refuse to remain backward in their living standards. Either their living standards will improve, or trouble is ahead. Better living standards in such backward countries will create new investment opportunities.

(8) Economic conditions will os-

Continued on page 16

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issue November 24, 1959

$15,000,000

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First Mortgage Bonds, 5¼% Series due 1994

Price 102.436%

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Income Tax Pointers For Today's Securities

By J. S. Seidman, C. P. A.,* Seidman & Seidman, New York City

Tax pointers on capital gains for individual and corporate investors, some of which are applicable to both and others are definitely not, range from the warning that the latest day for profits-taking for inclusion in 1959 returns is Dec. 24 to how to convert dividends and interest into capital gains. In addition, Mr. Seidman covers such other tax savings explanations as: keeping careful watch on the six-month line on losses to make sure they offset the heaviest taxed profit; spacing profits and losses between years; and taking advantage of short sales; and how to treat wash sales. Above all, alertness throughout and not at the end of the year is stressed.

Though 1959 has seen some sweeping changes in the Federal income tax laws, *Capital-Gain* is still a magic word in Federal income taxes.

J. S. Seidman

The reason is simple. Individual tax rates can go to 91%. Corporate rates can go to 52%. But with a capital gain, Uncle Sam's maximum take is 25%. Hence, the big push is for capital gains.

What is a capital gain? By and large, it is the profit on the sale of securities or anything else other than the merchandise of a business. Everything here will be described in terms of securities, but what is said will also apply to commodities, foreign exchange, real estate, etc. Furthermore, in trying to keep this brief and simple, the many refinements and exceptions in the tax law will be omitted.

The rules for the security "investor" are different from the rules for those who do enough buying and selling to be a "trader" or "dealer." Only the investor will be considered here—first the individual investor, and then the corporate investor.

The Individual Investor

How the 25% Rule Works on Security Profits

Security profits and losses go in one of two baskets, based on the length of time the securities are owned. Six months in the dividing line. Profits and losses on securities held for more than six months (here called over-six-month profits) go in one basket. Profits and losses on securities held six months or less (here called under - six - month profits) go into the second basket.

Each basket is taxed differently. If there is a net profit in one basket and a net loss in the other, the two are netted. If this leaves a net profit in the under-six-month basket, that profit is reportable in full, in the regular way. If it leaves a net profit in the over-six-month basket, there is a two - way play, whichever gives the lower tax: (1) a flat tax of 25% of the profit, or (2) reporting half the profit in the regular way.

The 25% limit on the tax becomes meaningful to the individuals with the regular income of more than $18,000. That figure becomes $36,000 if husband and wife are involved, and they file a combined return. People with lower incomes pay less than 25% on over six-month profits. In fact, the tax on those profits can get as low as 10% since only half the profits need be reported, which means half the lowest tax bracket of 20%.

How Security Losses Are Treated

If the net results of the under-six-month basket and the over-six-month basket taken together show a loss, then regardless of what basket it comes from the loss is deductible, within certain limits.

To illustrate: Suppose the net of all trades for 1959 is a $10,000 loss. Only $1,000 of this loss can be deducted in the 1959 return. The other $9,000 goes in the under-six-month basket for the five years 1960 to 1964, to apply against the first $9,000 of any net security profits in those years.

If there are no net security profits in those years, $1,000 can be taken as a regular deduction from other income in each of the five years. That absorbs $5,000. Nothing can be done about the other $4,000. Security losses of any year can be carried forward only, not backward.

As this rule about carrying forward losses for five years has been in effect for some time, it means that losses as far back as 1954 can be used in 1959 returns, if not previously absorbed by profits.

Losses are always figured in full whether under-six-month or over. The tax savings from losses can run as high as 91%. Suppose, for example, Jones is in the 91% bracket, and that in 1959 he takes a $1,000 under-six-month profit. His tax on that $1,000 will be $910. However, if he also takes a $1,000 loss on securities, whether over-six-month or under, that will exactly offset the $1,000 profit, and wipe out the $910 tax. In other words, the $1,000 loss saves Jones $910, or 91% in tax.

How Watching the Six - Month Line Saves Taxes

There is an obvious advantage in taking profits after a six-month holding. The tax rate then ranges from as little as 10% to a maximum of 25%. Before six months, the range is from 20% to 91%.

The six-month line also needs watching on losses, to make sure they offset the heaviest taxed profits. For example, suppose Jones has $2,000 of under-six-month profits and $2,000 of over-six-month profits. He also has an open loss of $2,000 on newly bought securities.

If he waits to take the loss until after the six-month line has been passed, he must apply it against the $2,000 of over-six-month profits. That leaves him with the $2,000 of under-six-month profits to report. If he had taken his loss before the six-month period had run, it would have been applied against the $2,000 of under-six-month profits. That would have left him with $2,000 of over-six-month profits, of which only $1,000 need be reported (with a maximum tax of $500), compared with $2,000 of regular income the other way around.

All this means alertness throughout the year. To wait until the end of the year, as is so frequently done, may let the six-month mark slip by.

How Spacing Between Years Saves Taxes

Where there are over - six-month profits and no under-six-month profits, it is an advantage to take losses in a different year from the profits. For example, suppose Jones has $2,000 of open over-six-month profits and $2,000 of open losses. If he takes both in 1959, the net result is zero.

If he takes the $2,000 losses in 1959 and the $2,000 profits in 1960, he is ahead of the game by a $500 deduction. It is figured in this way: For 1959, the $2,000 losses give him a $1,000 deduction and $1,000 to carry forward into 1960. This $1,000 is applied against the $2,000 of over-six-month profits in 1960, making a net profit for 1960 of $1,000, one-half of which, or $500, is reportable. Jones, therefore, has a $1,000 reduction in 1959 and $500 income in 1960, or a net deduction for both years of $500.

Jones' best bet, however, is to switch the thing the other way around and take the $2,000 over-six-month profits in 1959 and to take the $2,000 losses in 1960. By doing this, he reports in 1959 one-half the $2,000 profits, or $1,000. In 1960, he has a deduction of $1,000 of the $2,000 of losses. In 1961, he can deduct the remaining $1,000 of the $2,000 losses. The net effect for the three years is a deduction of $1,000, whereas taking the losses first, resulted in a net deduction of only $500, and taking the profits and losses in the same year was merely a stand-off.

How Short Sales Can Be Used to Tax Advantage

Through a short sale it is possible to shift profits or losses from 1959 to 1960, or for that matter indefinitely. That is because of the rule that no gain or loss need be reported on a short sale until the short position is actually closed out.

Here is how the shift is accomplished: Jones has in his box 100 shares of stock that he bought in August 1959 at 60. In December 1959, or four month later, the market is 85. He is leery about the future of the market and wants to freeze the $2,500 profit. He goes short the stock with his broker in December. He holds off covering the short sale until some time in 1960. That takes it out of his 1959 return and puts it in 1960.

No matter when Jones covers, it is an under-six-month profit, because when he went short he owned the same stock for less than six months. If when he went short he owned the stock more than six months, the profit on the close-out of the short position is an over-six-month profit.

How to Convert Dividends and Interest Into Capital Gains

Because of the 25% tax limit on over-six-month profits, it is natural for people in high brackets to try to get that sort of profit rather than regular income. Here is a way to accomplish this: Suppose Jones, in the 91% bracket, has 100 shares of over-six-month preferred stock that costs him $100 a share. The stock is now worth $160 a share because of an accumulation of $60 of dividends which are about to be cleaned up. If he receives the $6,000 of dividends, he will have to part with 91% or $5,460, less $240 (4% of $6,000), or $5,220.

However, by selling the stock at 160 before the ex-dividend date (that is, at least four full business days before the dividend "record" date), he gets the same $6,000, but it is now in the form of profit from the sale of over-six-month stock. His tax on the $6,000 is therefore only 25% or $1,500, instead of $5,220—a saving of $3,720. If he still wants to maintain his position in the preferred stock, he can step right back into the market after the dividend date and buy 100 shares. That puts him back to where he started stock-wise, but ahead of the game by $3,270 tax-wise.

How Wash Sales Are Treated

If an investor sells stocks at a profit, and then buys the stock right back, the profit is taxed. Not so with losses. There is a rule that says that no loss will be allowed on a sale, if within 30 days before or after the sale the same security is bought. This is known as a wash sale. The tax effect is as if the sale never took place.

The disallowance applies to a purchase not only of the same security, but also of substantially identical securities. Accordingly, the sale of a stock and the purchase of a voting trust certificate of the same stock, or vice-versa is under the ban. However, the loss will stand if the sale is of stock of one company, and the purchase is of stock of another. This holds even though the two companies are in the same line of business, their stock sells at the same price, and moves market-wise in the same way.

How to Identify Securities Sold

Suppose Jones buys 100 shares of stock in 1957 at 70, and another 100 in 1958 at 80. In 1959 he sells 100 at 75. Does he have a five point profit or a five point loss? It all depends. If he delivers the 1958 certificates costing 80, he has a five point loss. If he delivers the 1957 certificates costing 70, he has a five point profit. He can make his own selection of certificates, and so he can control whether to have a profit or loss.

The same result holds good if he instructs his broker at the time of the sale whether he wants to sell the 1957 block or the 1958 block. His instructions will control.

If he says nothing, and the certificates cannot be identified, the rule is that the 1957 block is sold first, because it was bought first.

How Commissions and Other Expenses Are Treated

Purchase commissions are additions to the cost of securities, and sales commissions are deductions from their sales price. Commissions therefore affect only the profit or loss on a trade.

State transfer taxes can be taken as a regular deduction. Federal transfer taxes are deductible by a trader in securities. Whether this also applies to an investor is uncertain.

It is an advantage to have a regular deduction because it can mean 91% saving in tax. As a reduction of profit or an increase in loss on a trade, the tax effect is limited to the tax rate that applies to the profit or loss.

Interest on a debit balance in a brokerages account is deductible, if it is actually paid to the broker. The mere interest charge by a broker is not enough to give the deduction to anyone who makes his return on the basis of cash coming in and going out. However, credits to the customers' account for interest, dividends, and sales proceeds on the customer's securities are the same as so much cash paid by the customer.

Dividends and premiums on short sales are deductible. Other deductions include cost of investment advisory services, subscriptions to investment literature, rent of safe deposit boxes, custodian fees, office expenses, cost of professional services for preparing or defending tax returns.

The Corporate Investor

There are special provisions that apply only to corporate investors. For example, in the case of over-six-month securities, individual investors have the choice of paying 25% of the profit or reporting one-half the profit as regular income. Corporate investors have the choice of paying 25% or reporting the full profit as regular income.

Also, while in the case of individuals, up to $1,000 of net security losses can be immediately deducted from other income, no such deduction can be taken by corporations. All that a corporation can do with the net losses is to carry them forward for five years until absorbed by security profits. If there are no security profits in the five year period, no tax benefit is derived from the losses.

In the case of an individual, mention was made of the desirability of minimizing dividend income in favor of capital gains. A corporation, however, is better off with dividends than any other type of taxable income, even including capital gains. That is because they generally pay less than 8% tax on dividend income.

Accordingly, while in the case of individuals, there is an advantage in selling stock before the dividend date and buying it back afterwards, in the case of a corporation it is just the opposite — there is an advantage in buying stock before the dividend date and selling afterwards.

However, quick in and out turns are restrained. The stock must be owned more than 15 days to get the 8% rate on dividends. Otherwise the rate goes up to 52%. With preferred stock paying back dividends of over a year, the holding must be at least 90 days. The rate is also up to 52% if a corporation is long and short the same stock on a dividend date.

Timing of Year-End Sales

Year-end tax selling, whether to take profits or establish losses, is a familiar occurrence. Timing is important, or else a transaction intended to affect 1959 taxes may turn out to be a 1960 item, and vice-versa. The reason for this is the interesting rule that to a taxpayer reporting on the basis of cash coming in and going out, profits are not considered realized for tax purposes until the securities sold are delivered to the buyer; losses, on the other hand, are deemed to be sustained when the sale is made on the floor of the exchange, regardless of the time of certificate delivery.

As the various exchanges in New York have a four-business-day delivery rule, the latest day to take profits for inclusion in 1959 returns is Dec. 24.

Securities sold on the next business day, Dec. 28, will not be delivered until Jan. 4, 1960, and the profit will therefore be a 1960 item. Between Dec. 28 and 31, securities can be sold for "cash" instead of the regular four-day delivery, and in that way profits can still be established for 1959. In the case of losses, they can be taken by sales made right up to the end of the year.

Hornblower & Weeks Names George Flynn

George T. Flynn, partner in Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, has been elected a member of the Executive Committee of the 71-year-old investment banking and stock brokerage house. Mr. Flynn, who is manager of Hornblower & Weeks' Syndicate Department, joined the firm in 1928 and was named a partner in 1952.

George T. Flynn

Form Leonard-Van Fossen

PERRY, Ga.—Leonard-Van Fossen has been formed with offices at 1022 Ball Street to engage in a securities business. Partners are James F. Leonard and Glenn L. Van Fossen.

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A Domestic Policy To Aid Our Balance of Payments

By Alfred Hayes, President, Federal Reserve Bank of New York, New York City*

Central banker links solution of our balance of payment problem with the domestic aims of a sound monetary policy, and cautions that monetary policy is no substitute or remedy for weaknesses in the economy. Mr. Hayes refers to the build up of $17.5 billion holdings abroad in stressing the need for realistic and courageous policies and in opposing certain cures that have been proposed with the end objective of maintaining confidence in our dollar. He dismisses stress paid to differences in European-U. S. A. wage levels in emphasizing the need to make our costs and price structure competitive again against the improved competitiveness of the European producer; anticipates favorable results from our recently announced tied-loan policy; shows how European recovery accompanied by higher interest rates does not help our balance of payment problem; and issues the reminder that our dollar assets are still important and can be kept that way with increased productivity which, also, could permit us to continue our international responsibilities and our domestic economic growth.

First, a word or two on the background of the problem. As has been said so often, this country has, in the past two years, faced an entirely new set of international economic conditions. The postwar era, the era of the dollar gap, is gone—and its disappearance is a most dramatic proof of the success of the Marshall Plan and our related efforts over the years to restore viability to the economies that had been severely damaged by the war. Our gold outflow and the rapid build-up of foreign-owned dollar balances have been the counterpart of a tremendous increase in the monetary reserves of foreign central banks and private holdings of dollars especially in Europe—a development which helped to pave the way for the restoration of external convertibility for so many currencies at the end of last year. So I think we are warranted in a feeling of considerable satisfaction in having contributed to a better international financial structure. But naturally we must think also of what this outflow of gold and build-up of foreign-owned dollar balances have meant for our own economy and what they would mean if allowed to continue indefinitely.

Alfred Hayes

Can't Continue Indefinitely

In 1958 our adverse balance of payments amounted to about $3.4 billion. This year it is running at the rate of about $4 billion. Last year some two-thirds of the balance took the form of a gold outflow, while this proportion may drop to about one-third in 1959. Our monetary gold stock, at its present level of over $19 billion, approximately half of the Free World's monetary gold, still represents a very sizable cushion. But no objective observer would argue from this that we can face with equanimity anything like a $4 billion adverse balance continuing for an indefinite period. For one thing, there is always a possibility that the share of the balance taking the form of a gold flow might rise. Liquid dollar assets owned by foreign countries are now estimated at $17½ billion and will have risen in 1959 by well over $2 billion. Granted that a good part of this total represents working balances that will be required to finance international transactions, it is apparent that dollar balances of this magnitude indicate that we must conduct our affairs in such a way as to preserve a feeling of complete confidence in the dollar. Fundamentally, this means confidence in the dollar's ability to purchase goods and services at competitive prices.

In essence, this country's adverse balance represents the sizable difference between a reduced but still substantial favorable balance on private current account and a much larger net outflow of United States capital and government payments (including private capital, foreign aid and military outlays abroad). Were it not for these heavy commitments for the defense and economic development of the Free World, we might be reasonably well satisfied with the present favorable balance for goods and services. But faced as we are with so large an outflow of capital, military, and economic aid funds—even though it may be possible to reduce it over a period of years — we must perforce search for ways of enlarging much further the present favorable balance on current account. And this means above all keeping close control over our cost and price structure. It is here, of course, that monetary policy can have a significant influence; but it may also, as I shall suggest in a moment, have some effect in tempering the capital outflow.

Monetary policy in this country must of course be geared primarily to our own domestic needs. The achievement of economic growth at a sustainable rate, which in turn depends upon price stability, has been and remains our chief objective. I suppose it is conceivable that under certain circumstances this domestic objective might conflict with international considerations. There have been times in the past when restrictive credit measures in this country have been attacked abroad as placing undue pressure on foreign monetary reserves. But in the period we are considering — the past 18 months — it seems clear that monetary policy has been serving both our domestic and our international needs.

Reviews Past 18 Months

Let's review briefly what monetary policy has done and what it has not done in this 18-month period since the bottom of the recession. First, "tight" money has not meant a scarcity of credit or capital to meet the needs of growing business. Business loans of commercial banks have risen at almost a record rate, while at the same time consumer and real estate loans have also been growing apace. New corporate bond offerings have been only moderately lower than in the record period of early 1958. New mortgages have been placed at an annual rate of $18 billion. And all this has occurred while the Treasury was financing a record-breaking peacetime deficit of $12.5 billion in fiscal 1959 plus a seasonal deficit of $7 billion in the first half of fiscal 1960.

Second, the tremendous growth of bank loans has not been reflected in any equivalent rise in the money supply. While loans were increasing at an annual rate of 10%, the money supply was rising at an annual rate of about 3%—a rate which may be considered reasonably in line with the normal long-term growth of the economy. The explanation lies in the consistent ability of the commercial banks, right up to the present time, and in the face of the heavy government deficit, to be net sellers of government securities, disposing of a good part of their large holdings accumulated in the easy-money first half of 1958. But this would not have happened unless the Federal Reserve had been exerting pressure on bank reserves, and the banks would not have found purchasers unless interest rates had risen to levels considered attractive by these purchasers. Thus, the upward trend of interest rates has been an essential element in an orderly and noninflationary financing of a rapid business recovery accompanied by a record peacetime budget deficit. And it is worth noting that even at their present level interest rates are not particularly high either in relation to the long-term historical record in this country or in relation to rate recently prevailing in other leading industrial nations.

Now this rise in interest rates has played soem corrective role in connection with our balance of payments deficit and the gold outflow. The net outward movement of private United States short-term capital, which had reached sizable proportions in 1958, was reversed during te first half of 1959. Tighter conditions in our capital markets, moreover, also slowed offerings in the United States of foreign issues which are now running about 45% below 1958 levels. At the same time, the rise in short-term and long-term interest rates here has stimulated efforts by American financial institutions to attract and retain in the American market the dollar balances accruing to foreign holders, thereby perhaps helping through the action of market forces to slow down the conversion of dollars into gold.

While it is less easy to demonstrate that our firm credit policy has helped our trade balance, I think there is no doubt that if, in an effort to keep interest rates down, we had added materially more than we did to bank reserves and thus had supported a materially greater increase in the money supply, we might well have experienced a rising cost and price trend which would have made American goods just that much less competitive in world markets. It is my hope that our firm credit policy has induced, and will continue to induce, greater caution on the part of the participants in industrial wage negotiations.

Circular Effect

I think I should add that not only has monetary policy been having some effect on the balance of payments, but also the balance of payments has had some effect on monetary policy. Of course there is no immediate and automatic effect in the sense that a given payments deficit brings an automatic and equivalent tightening in credit conditions or credit policy. For one thing, to the extent that the deficit results in a piling up of additional dollar balances or other dollar assets owned by foreign central banks or other foreign holders, the ownership of these balances or assets is shifted from domestic to foreign holders. But bank reserves —the base for the money supply —are not affected. Also, the change of ownership does not necessarily bring any great change in money velocity. And even to the extent that the payments deficit shows up in an outflow of gold, this is regarded by the Federal Reserve System, on a short-run basis at least, as only one of the many factors affecting member bank reserves; and if the net effect on bank reserves produced by all these factors taken together is not fully in accord with monetary policy, we can and do compensate through offsetting open market operations. In a smaller country, vitally dependent on foreign trade, it would be much harder to refuse to let a gold outflow affect domestic credit conditions—for the result might well be an acceleration of the loss of gold and a sharp shrinkage in the reserve base. Fortunately for the United States, the magnitudes involved in our gross national product, our money supply and our reserve base are still relatively large in relation to the balance of payments components. In effect, we do not let the gold outflow automatically tighten credit by reducing bank reserves and the money supply. This, however, is very different from saying that the Federal Reserve can or does blandly ignore the balance of payments deficit. We recognize it not only as a cause of drain on our reserves which cannot be allowed to go on indefinitely, but also as a highly useful indication of symptoms in our domestic economy that call for treatment.

Monetary policy is a necessary but by no means sufficient remedy for the weaknesses in our economy leading to a balance of payments deficit. Fiscal policy and debt management are of great importance. The vast improvement in the Federal budget in prospect for this fiscal year as compared with the last is making a most significant contribution to keeping our prices on a competitive basis. The same thing can be said of efforts to extend a larger portion of the Federal debt, which is admittedly lopsided in the direction of short maturities. The Treasury has been attacking this problem with courage and telling effect, and I fervently hope that we may soon see the end of artificial legislative restrictions on such debt extension — restrictions based on the mistaken belief that interest rate levels can be set by government fiat.

Growing Foreign Competitiveness

To be fully effective, monetary and fiscal policy must of course be accompanied by recognition on the part of both management and labor that they can no longer continue along the old path of inflationary wage settlements followed by sizable price increases. In the case of the steel industry, for example, it can hardly have escaped notice that foreign steel has been growing more and more competitive with our own both here and abroad. In many other segments of the economy, labor as well as management are perhaps becoming increasingly aware of this problem of foreign competition and its unavoidable implications for wage contracts and price policies.

In meeting foreign competition we have even more than cost and price relationships to consider. There is increasing need to tailor our products more effectively to the particular conditions, tastes and quality preferences prevailing in foreign markets; this calls for the best we have in techniques of design and merchandising. And if effective competition price-wise is to be buttressed by effective competition product-wise, we have to have fuller knowledge of the needs and potentialities of foreign markets, as well as to exert a continuing and imaginative effort to sell and to stimulate new demand.

So far we have been discussing measures which we in the United States can take in certain areas to correct the balance of payments deficit. Before passing on to a brief review of other lines of corrective measures, I might merely mention certain "automatic"

Continued on page 31

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A NEW ISSUE

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THE FRONTIER REFINING COMPANY

(A Wyoming corporation)

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Convertible by the holders at any time on or before maturity into common stock of the Company at an initial conversion price of $13.50 per share, which is subject to adjustment as set forth in the Prospectus.

Subject to call and redemption at the option of the Company on November 1, 1962, or any subsequent interest payment date on thirty days' notice at the principal amount thereof and accrued interest, plus certain premiums.

PRICE 100% PLUS ACCRUED INTEREST

Copies of the Prospectus are obtainable from only such of the undersigned and other dealers as may lawfully offer these securities in this state.

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Fifties' Dollar Gap Becomes The Sixties' Dollar Glut

By J. Peter Grace, Chairman, National Convention Committee of the National Foreign Trade Council and President, W. R. Grace & Co., New York City*

Spokesman for foreign traders group asserts we are "costing" not "pricing" ourselves out of foreign markets because our cost of production and productivity rate is opposite of Western Europe and Japan. In commenting, too, on U. S. S. R.'s entry into, and methods of, international trade, Mr. Grace avers we are not without our resources in meeting this situation. He announces requirements that should be met to meet the competitive trade challenges, and warns we should not go overboard and get into a "protectionist" panic nor retreat from our foreign aid program. Instead, he calls upon responsible American business leaders to revitalize what we best thrive on—competition.

There is no need for me to dwell in any great detail on the sharp decline in American exports, the rapid dwindling of our usual favorable balance of trade, and the exceptionally large deficit in the balance of payments of the United States now being encountered. The highlights will suffice. Our exports have dropped from a peak of $10.3 billion during the first half of 1957 to $7.9 billion during the similar period of this year—a decrease of $2.4 billion, or 23%. During the first half of 1957 our country had a favorable balance of trade of $4.8 billion and this has dwindled almost to the disappearing point of $500 million during the comparative period of this year. The balance of payments of the United States suffered a deficit of $3.4 billion in 1958 and the deficit this year may be around $4 billion. Obviously, there is trouble on the horizon in our international financial and commercial transactions and this situation cannot long continue without serious damage to our economy, to our national welfare and to the world-wide position of the United States at this critical juncture in our relations with the soviet Communists.

J. Peter Grace

It has never been in the nature of the American people, and certainly not of the American businessman, to wear a hair shirt, to complain or to cry on a sympathetic shoulder, and this problem will not overwhelm us.

Foreign traders are a tough breed of men. They go through a crisis a day. They have been hardened by years of rugged competition and in all of American industry I don't know of a more highly skilled, more dedicated or a more respected group around the world than the American international businessman.

"Costing" Not "Pricing" Ourselves Out of World Markets

Let us for a moment look at the hard facts of our deteriorating situation abroad. A moment ago I mentioned the loss in our export trade and favorable balance of trade and the deficit we are experiencing in our balance of payments. What is the reason for this decline? Essentially, as it has been stated by many eminent American businessmen, we are pricing ourselves out of foreign markets. Rather, I would say that we are "costing" ourselves out of world markets since what is really the issue here is the constantly rising cost of production of American products at a time when our Western European and Japanese competitors have lower production costs and a more rapid increase in the rate of productivity.

During the lush immediate post-war years when Western Europe's economy was being revived under the stimulus of the Marshall Plan, American exports had a dominant position in world trade and price was not much of a factor. With our industry intact we had a commanding position over our competitors. But during the early Fifties the tide began to turn against us and the danger now is that it may become a flood tide.

The seller's market of previous years is now a buyer's market in which we find ourselves with high quality merchandise priced to reflect our high cost of production in areas where quality of American products is preferred but where the price now pretty much determines the sale. In contrast to previous years, we are now bidding against strong, prosperous competitors. Last year's recipient of the Robert Dollar Award, by the National Foreign Trade Council, our good friend Rod Herod, likes to say that General Electric prefers prosperous competitors to hungry ones, and I'm sure that Bill Knox of Westinghouse agrees with Rod on this. And indeed the U. S. wanted it that way and we poured out many billions in foreign aid to make these competitors prosperous.

The war devastated nations of Western Europe and the Far East, primarily Japan, today are wealthy, booming countries. They are developing at a rapidly accelerated pace and overtaking us in the process. During the periods from 1950 through 1957, as an illustration, Europe's gross product jumped 88% and Japan's by 156% while ours increased by only 49%.

Great Britain is experiencing an unprecedented prosperity. Its exports are now at an all time high. In 1950 British exports amounted to $6.3 billion. Last year its exports reached $9.4 billion, an increase of 49%. Japan, which like Britain depends heavily on foreign trade for its economic welfare, had a similar tremendous upsurge in its exports. In 1950 Japan exported $827 million in goods to the world and last year its overseas trade amounted to $2.9 billion, an increase of 250%. Western Europe which is moving fast, very fast, to take advantage of its common market will be a lively competitor for many years to come. Western Germany, torn apart in the aftermath of the war, now stands among the major trading nations of the world. France under new and firm leadership is reasserting itself in international trade. And as we all know, much of the growth in foreign trade of these countries has been right here in the American market.

The prospects, therefore, are not for less but for more competition abroad and at home as well. The odds right now are against us because our costs of production—and consequently our prices—are so far out of line with our competitors. Our leading industrialists, who are calling attention to this situation, are also warning that we stand to lose markets, profits and jobs.

Cites Examples

Ernest R. Breech, Chairman of the Ford Motor Co., has pointed out that the cost per hour for purchasing automotive tools and dies from independent producers in the Detroit area is $7.90 per hour. In England it is $3 per hour, in France $2.38 and in Milan $1.60. The current hourly base rate for a Ford assembly line worker is $2.44, exclusive of fringe benefits. In England it is $1.05 and in Cologne, Germany it is 69 cents.

In our own company through our own trading activities we are in constant touch with this problem and we have information on instance after instance of American exporters being underbid by their foreign competitors.

Of course, contributing to our price disadvantage is the fact that we have been lagging behind most of the nations with which we compete in rate of increase in productivity of labor. For instance, during the period 1948-1958 our productivity as measured by its index in manufacturing improved by 3.6% compared to Japan's 12.7%, Germany's 8.3%, Italy's 7.7% and France's 5.4%.

The Netherlands also showed a greater increase in labor productivity, Our figure was only better than those of Belgium and the United Kingdom.

This, of course, is the problem that is at the heart of most of the current labor-management disputes where working conditions and contract provisions covering same have been a greater bar to settlement than actual hourly wages. Unless management is going to retain and in some cases regain, the right to manage, we as a nation will continue to be outclassed in the important element of productivity which plays such an important role in determining first our costs of manufacture, second our export prices, and thirdly our share in the world export market.

U. S. S. R.'s Entry Into Trade

Meanwhile, Russia's Premier Khrushchev has announced for all the world to hear that the Soviet Union intends to enter international trade in a big way. In the Soviet concept of trade, political considerations and propaganda for communism are all-important considerations. We expect that where the Russian communists consider it to their advantage they will underbid us regardless of cost in order to make the sale and promote the cause of communism.

In this endeavor, the Soviets have certainly been relentless. Since 1954 they have more than tripled the volume of their trade with the non-communist countries. According to figures revealed just last week in Moscow, they expect another 25% increase in 1960.

They are signing trade agreements with more and more countries. Their promotion delegations are tirelessly moving over the trade routes. Their goods are to be seen on display at every international exposition. To a considerable extent they are focusing their trade drive on the less developed countries — for political reasons in part, but for economic reasons too. They need the primary products which these countries produce — fibers, rice, tea, sugar and fruits. These same countries provide a convenient market for Soviet products which would be difficult to sell elsewhere — machines and manufactures, rolled steel, petroleum, lumber and wheat. For the underdeveloped countries, there is no question that Soviet trade has attractions. The communist countries provide them with another market and potentially a large one, for their products. Long term deals at fixed prices appear to them as a protection against sharp short-term price movements. Moreover, the Soviet bloc countries have offered a practical solution to the transfer problem—that is, they accept the normal export commodities of their trading partners as repayment for what they sell.

In the crucial matter of increase in gross national product, which underlies the phenomenal rise in Soviet power and influence in the world, they are doing all too well. We cannot overlook the fact that their system in this respect is far outperforming our own. Some of the most realistic studies indicate that the Soviets are achieving an annual increase in gross national product of 6% and in industrial output of about 9%. This is better than double our rates in recent years.

United States foreign trade, therefore, is confronted on the one hand by vigorous competition from its friends and on the other by equally energetic competition from the communists who are willing and able to make great financial sacrifices to achieve the political ends which they desire.

We Are Not Without Resources

We are not without resources, however, to meet this situation. Our government has already shown great understanding and has taken specific helpful steps to assist. It has already been successful in persuading some of the major trading nations of the world to relax discriminatory practices against the importation of American goods. Action already taken or contemplated by Britain, France and others will materially help American foreign traders to seek larger markets in the highly industrialized and expanding markets of these nations.

In the companion field of investments overseas, experience has proved that the U. S. Government not only realizes the importance of increasing the flow of private capital abroad but actively seeks to promote it. We were very pleased to see that the State Department last July gave strong support to the principles of the Boggs Bill which provides effective incentives for stimulating the flow of private capital abroad. We trust that the Administration will confirm its support of this legislation without restrictive amendments when it comes up for reconsideration next year in Congress.

And at this point I would also like to add that all of us have noted with pride and satisfaction the stiffening attitude of our State Department toward those, even in this hemisphere, who indulge in wanton expropriation and show contempt for American rights and the American flag. These misguided actions are discouraging and in some cases actually destroying investor confidence and the consequent flow of private capital from developed to less developed nations. Without this flow the righteous aspirations of the people in the less developed nations for a better life must face certain frustration.

With the sympathetic assistance of our government, American businessmen nevertheless realize that the job of promoting American exports is primarily theirs to do. It is a difficult task and will demand the utmost of our ingenuity, determination and skill. As I see it, the situation presents both a challenge and an opportunity.

Describes the Challenge Facing Traders

The challenge lies in stopping the downward trend of our exports and re-establishing America's position in the foreign trade field. This is our main worry and concern today and I would be less than frank if I did not tell you that there is no pat formula to resolve this problem. There is no easy way out. To sell more abroad we will have to make our prices more competitive by further increasing the rate of productivity of our labor and by cutting production costs.

There are predictions that our competitive position abroad will improve through an increase in production costs in Western Europe greater than our own during the next few years.

Any optimism engendered by this expectation should be tempered by the realization that our present labor differential is roughly 3 to 1. If the average annual rate of increase in labor costs in Western Europe is 50% greater than ours in the future, which is quite a differential, the actual quantitative increase in our case would still be twice what would occur in Western Europe. It is clear that we face many and serious problems in the struggle ahead to produce more goods for the export market at less cost.

To improve the cost and efficiency of our industries we will have to take unpopular measures and we will have to renew our efforts to sell against tough competition in foreign markets. Times have changed, as I have already stated. The dollar gap of the fifties is becoming the dollar glut of the sixties. The new situation must be reflected in our policies, particularly toward Western Europe.

Warns Against Protectionist Panic

But we must not go overboard about this and get into a protectionist panic. This is going to be a tough test of our maturity as the leader of the free world. If we try to take the easy way out by raising tariffs and establishing more quotas we will do more damage to our prestige and to the faith of other countries in us than billions of dollars in aid will ever be able to repair. We will cause irreparable harm to our friends and weaken everywhere the strongholds of freedom.

In this coming year, foreign aid is not going to be popular in the United States. But we cannot for that reason afford to retreat on this front. Now that the strength of our Western European allies is back, we have every right to call upon them to join with us in extending development assistance abroad. But let it be clear than the United States cannot thereby escape its duty to participate to the full extent of its capacity.

Responsible leaders of American business must continue to work toward an expanding, balanced multilateral world trade which is the lifeblood of social and political as well as material progress. We must realize that a vigorous American foreign trade will help, as much as anything else, to advance the cause abroad of American democracy and the American private enterprise system.

During Premier Khrushchev's recent visit to the United States he demonstrated that he is a vigorous campaigner for communism. But when he put the cold war on the basis of economic competition, he placed it on the campaign trail that we know best. Americans have always thrived on competition and they have always been able to meet it effectively.

Traditionally we have followed the slogan that "trade follows the flag." In today's economic contest with the communists we shall have to adopt the concept that "the flag follows trade." And that flag should be the American flag.

If we do this—and I have no doubt that we will because the stakes are high—we can seize the opportunity which has been given to us to make an effective contribution to the advancement of the American private enterprise system, to the prestige of the United States and to the welfare of mankind.

*From a talk by Mr. Grace before the 1st General Session of the 46th National Foreign Trade Convention, New York City, Nov. 16, 1959.

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Drug Business Review

By John F. Bohmfalk, Jr.,* Director of Institutional Research, McDonnell & Co., New York City

Salient developments affecting the drug industry's zigzagging common stocks, ranging from government attacks to what individual companies are doing, are closely scrutinized by market analyst. Product developments and opportunities are described by Mr. Bohmfalk who advises seizing buying opportunities on a selective basis as they develop. The writer submits the names of companies that appear attractive to him in what he considers is a growth industry.

The pharmaceutical industry has been realizing a pretty average year in 1959, with sales gaining a modest 8½% to an estimated industry total of $1.935 billion. The absence of any major new product development during the year or of an epidemic of any importance is partly responsible for the below-average growth, and also reduced prices for antibiotics and polio vaccine restricted the gain. Research spending accelerated in 1959, but the rate of gain will taper off next year.

John F. Bohmfalk, Jr.

After a recession in 1958 when wholesalers' inventories dropped to 12% of their annual rate of sales, the current year has seen a return to a more normal inventory level of 16%, producing a $60 million swing in business to drug manufacturers. Since added sales of this magnitude for the wholesalers' pipelines can be considered marginal sales, profits were aided accordingly. Another angle on the sales picture is provided by Commerce Department figures showing wholesale drug volume up 10% during the first half, while retail drug volume gained 8.3%. McKesson & Robbins, a major drug wholesaler, reports, however, that its sales gains are in line with our industry average and that its inventories are up only slightly.

In terms of the postwar sales growth of 12% compounded, the gain of 8½% in industry volume this year and about the same in 1960 is somewhat disappointing; but it is in line with the fairly conservative forecasting provided in Pfizer's George B. Stone's comprehensive thesis report.

Government Attacks—An Annual Affair

Several governmental investigations, indictments, and prosecutions presently under way continue a pattern of drug industry harassment that has distinct political motivations. Charges that drug prices are too high and profits too great will be made by the Kefauver Committee in a sweeping investigation that promises to drag trademarked drugs into the public spotlight. A polio vaccine antitrust trial accuses five producers of the Salk vaccine of criminally conspiring to fix and bid uniform prices on government polio vaccine contracts. Finally, the Federal Trade Commission is conducting hearings on a tetracycline (broad spectrum antibiotic) antitrust complaint, aimed at breaking the tetracycline patent and price structures.

The underlying theme running through all three investigations is that drug prices are too high. Rather than treating the issue in terms of what the patient gets for his money, the government is trying to create a destructive form of competition and in effect to break drug prices. While drug companies would like to shift the battleground to the contributions to medical science made by "high-price" pharmaceuticals, government probers are attacking the forms of competitive, free enterprise—such as the patent system and the right to meet a competitor's price schedule. But basically, sickness is a misery that some politicians are trying to capitalize to personal advantage.

From a financial analyst's point of view, the immediate point of concern is the effect these investigations will have on industry profit margins. A long range concern might be felt in the possibilities of disrupting doctor-patient relationships, cooperation between manufacturers and retailers of drugs, and joint government-industry research efforts. One drug industry representative has suggested to us that it may not be possible to make a "showing" before the Kefauver antimonopoly subcommittee, that industry might well be satisfied if it came off with a few bruises as possible. Several others hope, however, to make strong statements having public relations overtones.

On the basis of experience with government investigations of other industries, we are inclined to discount government harassment of the drug industry. Important benefits from these investigations could very well accrue to the drug industry. For one, the industry should assume a rightful role, from a public relations standpoint, of one of the Free World's most powerful contributors to peace and scientific progress. Again, the public exposure of heavy costs attached to the distribution of drugs might serve to still the clamor for Fair Trade, or in other ways to afford some relief from this situation (two-thirds of the price paid at retail represents costs of distribution).

Industry Profits

Whereas the government complains of excessive profits, industry profit margins have been said elsewhere to be tapering off. A statement such as the latter certainly needs qualification. In view of rising research and distribution costs as well as price reductions in a few products as polio vaccine, it may be said that the pressure on profit margins has intensified. Another thought which should be introduced is that a growing percentage of the drug business is institutional—hospitals and government agencies for example; such business tends to be less profitable. Finally, steady price declines in bulk (not packaged) vitamins, attributed in part to increased imports, have occurred for several years, and probably will continue.

By way of contrast, managements of drug companies pay closer attention nowadays to profitability of the entire product line. When certain products no longer prove profitable, they are discontinued, rather than carried as formerly as a convenience to a few users. But the main stream of product development activity is directed to the discovery of big volume specialty drugs which can command a long margin. Success has been frequent enough to more than compensate for product obsolescence.

Product Developments

Introductions of new products are the lifeblood of drug companies. Attention is naturally concentrated in the following areas:

Anti-Depressants — The market potential for this group has been placed as high as $100 million, but current volume is only $8 million generated by Pfizer (Niamid), Warner-Chilcott (Nardie), Ciba (Ritalin), Lakeside (Catron), Roche (Marplan), and Geigy (Tofranil). Schering has arranged a license from Lakeside to market its anti-depressant. These products may replace shock therapy and have application in the anti-hypotensive area. Smith Kline may introduce next year a potent, relatively short-acting compound called "SKF trans 385-A" for this market.

Steroids — The cortical steroid market is presently absorbing Ciba's Gammacorten, identical to Merck's Decadron and Schering's Deronil, and may witness next year introduction of new Upjohn steroids nearly twice as potent. Anabolic (protein building) steroids should shortly be marketed by Sterling Drug and Parke Davis in competition with Searle's Nilevar. A very good progestational drug, Upjohn's Provera, is now ready.

Diuretics — Merck has maintained a leading position in this market with Diuril, Hydro-Diuril, Hydropres and Diupres, accounting for two-thirds of the $50 million diuretic and anti-hypertensive market. Ciba and Abbott are other producers, while Squibb, Schering, Bristol and Pfizer are trying to stake out claims. Diuretics with 10 times the potency of the dihydrochlorothiazide type are in process. Aldactone, Searle's aldosterone blocking compound, represents a new approach and may make a significant contribution.

Antibiotics — Chloromycetin's amazing vitality (sales perhaps as high as $80 million vs. $66 million last year) has provided much of Parke Davis impetus. Threats to Chloromycetin's growth might be constituted in Lederle's Declomycin and Eaton Lab's (Norwich) Altafur, both claimed to be effective in treating resistant staphylococcus. Both Bristol and Pfizer are shortly scheduled to market "tailored penicillins" which are only slightly different, are not broad spectrum, but may produce slight advantages in blood levels and absorption.

Anti-Diabetics—Upjohn's Orinase is pretty much the whole story, as Pfizer's Diabinese and U. S. Vitamin's DBI have not secured much volume. Orinase is some 30% ahead of last year and is probably close to a $23 million level, still growing.

Other Products—The oral fungicides licensed to Schering (Fulvicin) and J & J's McNeil (Grifulvin) have started well and are probably capable of developing a $6 million market altogether, with further growth quite possible. Carter's Soma is a potent analgesic and muscle relaxant which is developing modest volume under limitations imposed by Wallace Labs small marketing organization. Vick Chemical has done very well with an anti-obesity product marketed by two of its divisions — Merrell's Tenuate and National's Tepanil. Polio vaccine sales follow a rather erratic course, but mainly downward. Eli Lilly's sales of vaccine have fallen from a peak of $33 million in 1956-7 to $12 to $13 million estimated for this year.

What Are the Opportunities?

As in all scientifically oriented organizations, the pharmaceutical research apparatus responds to many stimuli: The desire to create, the perception of a need, the pursuit of fundamental knowledge, etc. In the biological sciences, investigations of the life processes are leading drug houses into the productive areas of animal health and nutrition, even into the areas of plant hormones for regulating growth and combatting pests and various disease states. In the human side, a powerful stimulus to research should result from vastly increased government support through the National Institutes of Health in such areas as cancer, mental health, heart, arthritis and related metabolic problems, neurological, allergy and infectious disease, dental, and general research. In other words, the government is concerned with specific organic disease states (as established by mortality and morbidity statistics) to the tune of $400 million to be spent in fiscal 1960, double the drug industry research spending.

In the pharmaceutical industry proper, some attention is paid to methodology: how drugs act in a given environment and what chemical changes take place in a particular body process. But greater attention is paid to the screening and characterization of active drugs, and to the organization of many dissimilar scientific disciplines to work on a specific drug compound. Some simple illustrations should clarify these latter activities. Sometime in 1953, the hormone aldosterone was discovered and identified as the sodium-retaining hormone involved in the production and maintenance of edema in clinical disorders as congestive heart failure and others. G. D. Searle & Co. started a research program aimed at the discovery of antagonizing the effects of aldosterone, and was successful to the extent that a new product, Aldoctone, will shortly be offered to the medical profession for the treatment of edema. To illustrate the broad sweep of chemotherapy, we can cite present-day by-products of the discovery of the antibacterial sulfanilamide group of drugs in 1931: modified sulfa drugs to inhibit the tubercle bacilli and the organism of leprosy; sulfas as diuretics: sulfas as oral hypoglycemic drugs for the treatment of diabetes; and sulfas as antifolic agents.

A major new area still to be controlled by chemotherapy is that of the virus diseases, possibly including cancer. Another very promising direction indicated involves the general area of immunology and blood chemistry, aimed at exploring the natural processes of antibody protection against diseases of many sorts. Heart disease in all its ramifications provides a vast area for the fruitful application of biochemistry; the hope is that better control will be gained of such applications as hypertension and coronary artery disease, and perhaps a relationship of stress to coronary infarction. The cosmetic applications for drugs represent a fabulous market as yet unexploited — a remedy for baldness, for example, is potentially feasible if the steroid deficiency could be established.

Investment Values

Pharmaceutical common stocks have zigzagged around much of the year, some like American Home, Parke Davis, and Pfizer running wild at times. The implications of the various antitrust charges and government investigations set off a general decline in the group, but lately a reversal again has been experienced partly as the result of the announcement of "tailored penicillin" by Bristol-Myers and Pfizer.

Looking beyond the background of nervous activity in the stocks, it seems that as buying opportunities develop, they should be seized by institutional investors. The drug industry is without doubt a great growth industry, one in which the investor secures vigorous research and product development activity as well as potent merchandising skills. It is not an easy industry for others to break into; it does not have trouble overcoming the cost-price spiral, generally speaking; and there seems to be no ceiling to its markets.

Proper selectivity thus becomes a matter of determining which companies are best managed and, to an important extent, which companies are about to pop up with a big new product. My primary selection remains Smith Kline & French, and we add Schering to our list of primary selections. Searle is an intelligent speculation on Aldoctone, a possibly very important new product. Vick Chemical falls in this latter category as its anti-cholesteral drug MER-29 should be ready for marketing early in 1960. A considerable number of other drug companies could also be recommended but appear less attractive to me than the four above.

*An address by Mr. Bohmfalk before the 28th Mid-Continent Trust Conference sponsored by the Trust Division of the American Bankers Association, Detroit, Mich., Nov. 5, 1959.

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We Face Dollar Devaluation

By Robert S. Nattell,* *Financial Editor of the "United States Investor"*

Claiming we have outpriced ourselves out of the world's markets, Mr. Nattell concludes it is too late to save the dollar based on 1934's price of gold; maintains it is but a matter of time, now rapidly running out, before a run on the dollar in the form of gold withdrawals brings on a real financial crisis; and predicts a consequent gold embargo will result in gold's devaluation to about $70 an ounce. The financial publicist advises investors to hedge by purchasing good dividend-paying gold stocks instead of bullion, recommends certain stocks and says the "time to hedge against the inevitable devaluation of the dollar is now, later may too late."

The United States has been running an unfavorable international balance of payments for nearly 10 years and as a result of this foreigners have built up claims of short-term liabilities against our gold reserve of nearly $19 billion. Our gold reserve is now down to a 20-year low of $19.5 billion. The difference, therefore, between foreign claims against our gold reserve and our gold reserve itself is a slim margin of only a half billion, which is the only unmortgaged gold we own. Last year we ran an unfavorable balance of payments of $3.3 billion. When a country runs an unfavorable balance of payments it is represented by an increase in foreign liabilities against its gold reserve or actual loss of gold through foreigners pulling it out.

Robert S. Nattell

The situation in our foreign trade balance of payments this year has deteriorated to one of the worst levels in the history of the United States. For the first six months of 1959 our exports were $400 million below a poor last year while on the other hand our imports increased by an estimated one billion dollars. For the year 1959 the United States could have a staggering deficit in international payments of over $5 billion. This will completely wipe out our unmortgaged gold reserve and leave the dollar technically bankrupt.

The United States, therefore, is faced with a possible run on the dollar which would be in the form of heavy gold withdrawals. The Federal Reserve Bank has the naive view that by keeping our interest rates extremely high we will be able to keep foreigners from pulling out their gold, the idea being that by keeping their claims here at high interest rates they would not worry about our adverse balance of payments. This view assumes that the international bankers will ignore our shrinking gold reserve and mounting claims against it simply to get a slightly higher rate of interest. When depositors in a bank discover that there are not reserves to back their deposits, they do not care whether or not the bank pays a high rate of interest. They prefer to get their money out and put it in another bank where interest rates are lower and the principal is safer.

Talk Will Not Alter the Facts

This is the exact case of foreigners who have huge claims against our gold. As long as the United States had a large unmortgaged gold reserve, confidence stayed in the dollar. Now that we have out-priced ourselves in world markets and are running a heavy deficit in our international payments we may no longer have any gold reserve to back foreigners' claims. When a run develops on a bank and the depositors lose confidence in the bank's solvency, then the bank closes down. If a run develops on the United States dollar because the facts show that our short-term liabilities against our gold exceed our reserves then the United States will be forced to declare an embargo on gold and devalue the dollar. Nothing could stop it and all the rosy public relations, soft soap and talk coming out of Washington and New York would not change the cold facts.

We might lull people here in the United States, by the public relations technique of confidence, confidence, confidence but astute foreign bankers do not read our press releases and reassuring statements but instead look at the cold figures and facts that are released month after month. They see a continued mounting deficit in our international payments. They see rising claims against our gold reserve. They see a dwindling gold supply. They see mounting labor costs and over-priced American goods.

We Have Outpriced Ourselves

I have here in my hand a confidential report from one of the largest corporations in the United States that reveals the shocking facts of how we have so outpriced ourselves out of world markets. Here is proof of where we lost business by the actual business being placed outside of the United States because of our price being way too high. For instance, the United States price on a turbine generator was $900,000 and the sale was lost to Germany whose price was only $500,000. Germany also got the orders for induction motors at $80,000 each as against the United States price of double that of $160,000. It may be of interest to know that the German labor producing these products gets the equivalent of around 50 cents an hour as compared to the high-priced American Labor that gets over $3 an hour for the same type work. In the case of fabricated structural steel, England got the order at 11 cents a pound, we in the United States lost out; our price was nearly 40% higher at 15 cents a pound. How can anyone with a straight face claim that we haven't outpriced ourselves from world markets?

And it is too late now to do anything about it. To compete now and save the dollar from devaluation, wages here would have to be reduced drastically and we would all have to go through the deflation wringer in order to get our price structure down. We here in the United States will not stand for sharp deflation in order to try to save the over-valued dollar. Will unions take drastic reductions in wages to save the dollar? Will industry cut profits in order to lower prices sharply to save the dollar? Will politicians drastically reduce spending and raise taxes in order to save the dollar? They most certainly will not. And even if they were willing to do so, it might end up bringing on another depression and the toppling of the dollar anyway.

Says It Is Now Too Late

With the Federal debt now a staggering $290 billion, and with private, commercial and all debts totaling over $500 billion, the die has been cast. It is too late now to save the dollar based on 1934's price of $35 an ounce for gold.

However, last ditch efforts to save the dollar from devaluation will now be attempted. We can't jump our exports as we have outpriced ourselves. True we may attempt to give the stuff away or take near-worthless "soft" currencies in exchange. And haven't we been more or less doing this anyway via so-called foreign aid? That, however, won't give us any gold that the dollar needs for backing.

Imports are flooding into the United States and so far this year are around 20% above last year. Only by tariffs and quotas can we keep out the low-priced imports, but this will bring retaliation against our already dwindling exports. The United States as the world leader cannot shut out the world with a tariff barrier.

Too Much Hot Money Here

High interest rates such as we have had this year simply piles up "hot" money. For instance, due to our high interest rates foreign claims against our gold simply piled up in the form of very short-term Treasury bills that could be quickly pulled out. At present foreign holdings of Treasury bills and certificates have risen this year by $2 billion to a total of around $8 billion in "hot" money. This proves lack of confidence in the dollar. True they like to get the higher interest rates, but they are so scared of the dollar that they want to be only in very short-term paper so that they could get out in a hurry. At the same time as a sure sign of distrust against the dollar, foreigners hedge. In Great Britain today the United States dollar sells as a discount with relation to the 90 day future British pound. High interest rates in the United States in relation to lower rates of interest in other foreign countries is a sign of dollar weakness. The lowest rates of interest today are in Switzerland where the currency is the world's soundest. Sky-high interest rates in say Brazil never saved that currency, but rather was a true sign of its weakness.

It is, therefore, just a matter of time and time seems to be running out rapidly, before the run on the dollar and rapid withdrawal of gold out of the United States brings about a real financial crisis. I believe that our government will pour forth words of confidence and assurances and then suddenly place an embargo on the outflow of gold which then in turn will result in the devaluation of the dollar and a rise in the price of gold most likely to around $70 an ounce.

Hedging for a Gold Price Rise

There are sophisticated ways in which many professional investors are now hedging against what they believe to be an inevitable rise in the price of gold. If you are interested in buying gold bullion, it can be legally bought in Canada, and stored there, by the purchase of gold certificates on small margins through the Bank of Nova Scotia. However, when you do this there are interest charges and storage charges and if the rise in the price of gold is delayed much longer than you anticipate, then you would suffer inasmuch as you would be paying large charges.

In my opinion, a much wiser thing to do would be to purchase good dividend-paying gold stocks. In that case you would be receiving dividends and income on your investment. Also, historically, the last time the price of gold was raised the dividend paying gold stocks went up on the average of around 500% in price most of which occurred one to two years before the price of gold was raised. In other words, at that time sophisticated investors were already anticipating such a possibility. During the past year most gold stocks have shown signs of strength and have advanced somewhat in price but the big move up, in my opinion, has not yet occurred in them.

With reference to safety and the buying of gold stocks, the two most important things are that a dividend is paid and that new ore reserves are being continually developed.

The best of the dividend paying Canadian gold stocks are Giant Yellowknife Gold Mines, Campbell Red Lake, Kerr Addison, and Dome Mines. In South Africa the richest "growth" gold mines are Free State Geduld and Western Holdings. The time to hedge against the inevitable devaluation of the dollar is now, later may be too late.

*An address by Mr. Nattell before the Boston Economic Club, Boston, Mass.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The voices in this country who insist that we are not sacrificing enough, that we should have higher taxes, a longer work week, are increasing in loudness.

Carlisle Bargeron

The Senate Foreign Relations Committee has engaged some 10 university groups of professors to make studies of various aspects of our foreign affairs. With the generosity which Senator Fulbright, committee chairman, and old college professor himself, feels towards his fellow professors, the committee pays $10,000 for each study.

I have been privy to about six of these reports so far and each and every one of them says we must give a greater share of our worldly goods to the undeveloped nations of the world. We must tighten up our belts, give up some of our leisure time and get behind a general push to help the undeveloped nations attain what is called the good life.

Governor Rockefeller himself seems to be of this mind. Politicians usually promise something good, like continued peace and prosperity. Rockefeller seems to be basing his campaign on what Winston Churchill told the British people at a crucial period of the war.

"All I have to offer you," he said, "is blood, sweat and tears."

He hasn't promised higher taxes yet, but he has intimated it by recalling with pride that he boosted taxes in New York. He has said that we should quit bending our efforts towards a shorter work week and go in for increased production. It is true that he has said that if we do this we can reduce the budget, and taxes in a few years.

The American Federation of Labor-CIO is working for a shorter work week to absorb the fruits of automation.

Senator Jackson, of Washington, who is a prominent voice in foreign affairs, has sharply attacked the Administration for its intentions to hold down the military budget to $41 billion. He says we should increase it by $10 billion. I know one thing and that is that we never can give the military as much as it considers it needs.

Senator Jackson says that if necessary we should increase taxes.

It seems that in one speech he made in the 1956 campaign, Vice-president Nixon said that our prosperity was so great that if we continued in that direction we could have a shorter week and the average family would have an income of $10,000 a year.

Rockefeller, in his attitude, is said to consider this is the difference between him and Nixon. He has an issue with him here, it is claimed. My guess is that Nixon would win out.

The most influential newspaper here in Washington frequently advocates higher taxes. Not so many months ago when there was all sorts of suggested cures for the then recession, lower taxes were being pushed by the Democrats. Secretary of the Treasury Anderson did some fast and convincing talking with his fellow Texan, Speaker Sam Rayburn and Majority Leader Johnson and they agreed not to go for a tax reduction unless they first consulted him. In this way the tax reduction agitation in Congress was stopped.

Not only must we go in for increasing expenditures to help the rest of the world but we have got to step up our growth rate to compete with Russia. That is becoming to be the national theme song. Secretary of State Chris Herter has just pointed out that we are in no danger economically from Russia. We excell them, are way ahead of them, in fact, in everything save missiles and space development. In the other fields of science, notably medicine, we far excell them. The Russians put all their eggs in one basket. So far they have found out what practically everybody knew—that the moon is uninhabited.

I have received a letter from the National Agricultural Chemicals Association saying that on every container of the weed-killing, cancer inducing insecticide which was put out was a label specifically cautioning the user against any use of the insecticide until after the crop had been harvested. When the product is used as directed no residue will occur. It was on this basis that the product was registered by the U. S. Department of Agriculture under the provisions of the Federal insecticide, fungicide and rodenticide act in accordance with the Miller amendment to the Food, Drug and Cosmetic Act.

According to competent toxicologists who have extensively studied the chemical in question, the extremely small amount present on cranberries could not offer any significant risk to the consumer. They point out that tumors were found in rats only after a lifetime of feeding on a diet containing approximately 100 times as much of the chemical as has been found on the contaminated lots of cranberries, and that cranberries constitute only a small fraction of the total human diet.

V. K. Osborne Opens

V. K. Osborne & Sons, Inc. has opened a branch office at 30 Vesey Street, New York City, under the direction of Robert M. Kolodkin.

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Commercial Banks Victims Of Inequitable Tax Burden

By Hon. Ray M. Gidney,* *Comptroller of the Currency*

Summarizing germane matters of interest to national banks that transpired in the past year, Mr. Gidney discusses modernization and clarification of the National Banking Act; consideration given by proposed merger legislation to various factors involved; and the problem of equalization of the tax burden among the banks. Concerned about the rising spiral of inflation, the administrator of our national banking system comments on efforts that should be made to maintain the soundness of our money.

Today the national banking system is at a high point in its capacity to render service as measured by the character and ability of the men who head and staff the banks, in the scope of the service rendered their depositors and borrowers and to the public, and in the volume and quality of their assets. The total assets of national banks reported at the June 10, 1959, call date were $126,254,791,000 and for non-national banks in the District of Columbia supervised by the Comptroller of the Currency $692,229,000, a total of $126,947,020,000. It is truly a great system of banks, and we can well take satisfaction in the manner in which it is carrying on its well established tradition of outstanding service as we approach the day, now only 3½ years in the future, which will mark its 100th anniversary.

Ray M. Gidney

Last year, I gave figures for movements into and out of the national banking system through conversion and by consolidation, merger, or purchase. I am bringing this tabulation down to Sept. 30, 1959, so that it will be available for reference. The recent trend has been favorable to the national banking system.

From time to time, the Comptroller's office receives expressions of apprehension that too many new bank charters are being granted. Our office endeavors to make sound decisions, based on careful and thorough investigation, of applications for charters. In the year 1958, new primary organizations of national banks totaled 18, and of state banks, 74; in the year 1959 to Sept. 30, new national banks totaled 18, and new state banks totaled 63.

Conversions

	State-Chartered Banks Converted into National Banks		National Banks Converted into State-Chartered Banks	
	Number	Assets	Number	Assets
1950	6	$50,000,000	1	$3,000,000
1951	2	11,000,000	0	–0–
1952	0	–0–	6	88,000,000
1953	3	14,000,000	2	21,000,000
1954	11	160,000,000	2	19,000,000
1955	8	62,000,000	4	23,000,000
1956	10	120,000,000	3	4,000,000
1957	3	29,000,000	2	8,000,000
1958	6	103,000,000	3	13,000,000
1959 to Sept. 30	6	325,000,000	0	–0–
	55	$874,000,000	23	$179,000,000

Assets Transferred by Consolidation, Merger, or Purchase*

	State to National		National to State	
	Number	Assets	Number	Assets
1950	33	$260,000,000	8	$53,000,000
1951	21	272,000,000	22	934,000,000
1952	33	309,000,000	13	78,000,000
1953	24	141,000,000	21	351,000,000
1954	65	1,109,000,000	42	362,000,000
1955	52	441,000,000	47	7,163,000,000
1956	55	385,000,000	26	179,000,000
1957	55	576,000,000	26	321,000,000
1958	39	990,000,000	22	471,000,000
1959 to Sept. 30	29	725,000,000	22	264,000,000
	406	$5,208,000,000	249	$10,176,000,000

*Does not include transactions effected within the District of Columbia as the Comptroller of the Currency is the supervisory authority for both national and District Banks.

Number of Primary Organizations Of Banks 1948-1959

	National	State
1948	15	55
1949	11	51
1950	7	58
1951	9	47
1952	15	51
1953	16	51
1954	16	50
1955	28	84
1956	30	87
1957	20	64
1958	18	74
1959 to Sept. 30	18	63
	203	735

Helpful Banking Legislation

The period of a little over a year that has passed since The American Bankers Association met together in Chicago in late September, 1958, seems a long time because there has been so much activity and so many developments in many fields. It has been a good year for the national banking system in the field of legislation, of successful operations, of growth in assets, and in prestige. In all of these, the record has been favorable. The legislation affecting national banks enacted at the first session of the 86th Congress will be definitely helpful, as it does much to smooth out parts of the Federal banking statutes which needed modernizing and clarification, and also to provide definite improvements in the powers of national banks. We should all give very great credit to the Congressional leaders who studied so carefully and understood so well the needs of the banking system that they achieved passage of this important and helpful legislation.

I should like to quote from The American Bankers Association's Special Washington Bulletin of Sept. 15, 1959, and to endorse heartily the statement made therein by Senior Vice-President Ben C. Corlett, concerning the enactment of Bills H. R. 8159 and H. R. 8160 as Public Laws 86-230 and 86-251:

"Enactment of these two laws is a major accomplishment which can be attributed to a large extent to the outstanding leadership of Representative Brent Spence as Chairman of the House Banking and Currency Committee and Representative Paul Brown, Chairman of Subcommittee No. 2 of the House Banking and Currency Committee. Great credit must also be given to Senator Robertson, Chairman of the Banking and Currency Committee of the Senate, for it was under his sponsorship that almost all of the provisions of these bills were first drafted as a part of The Financial Institutions Act in the 85th Congress. Without Senator Robertson's initiative at that time and his skillful guidance during the closing days of this session of the Congress, action could not have been completed this year.

"The helpful advice of a number of other Representatives on Representative Brown's Subcommittee of the House Banking and Currency Committee was also of great assistance during the consideration of these bills. Representatives Abraham Multer of New York, Joseph Barr of Indiana, and Edgar Hiestand of California were particularly helpful.

"I want to express my personal appreciation to the many bankers throughout the country who responded to our calls for assistance so willingly and helped to convince the Congress of the merits of this legislation."

I say amen to what is so well said in this bulletin, and I should like to express appreciation for the fine work that Ben Corlett, Jerry Brott, Charlie McNeill, and Monroe Kimbrel did in assisting with this legislation and for the interest and support of President Lee Miller.

We are heartened by the enactment of the three bills I have mentioned for their actual content and for the manifestation by the Congress of sympathetic understanding of the problems involved in adapting legislation affecting national banks to the needs of the present day. I would like to repeat that we are deeply and genuinely grateful to the Committee members who gave close and productive study to the provisions of these bills so that when their conclusions were placed in final form they could be promptly enacted by the Congress and signed by the President.

Our recently published compilation of "National Bank Laws and Related Statutes" will be reissued at an early date with the changes required by this year's legislation included.

Bank Merger Legislation

Two very important legislative problems will be up for consideration in the coming session of Congress. One is the bill having to do with bank mergers. It was passed by the Senate as S. 1062 on May 14, 1959. [Text of bill herein.—Ed.]

As introduced, the bill was identical with proposed legislation which was favorably reported by the Senate Banking and Currency Committee and passed by the Senate as S. 3911 of the 84th Congress and as part of The Financial Institutions Act, S. 1451, of the 85th Congress. Like the predecessor bills, it would amend section 18 (c) of the Federal Deposit Insurance Act to require the approval of the appropriate Federal bank supervisory agency for every bank merger between insured banks. It implies recognition that a strong banking system is vital to the welfare of the nation and that banking is a supervised and regulated industry.

The three Federal supervisory agencies would have to confer and work out desirable application of the standards which the amended statute would make applicable. They would have to take into consideration the usual banking factors such as the effect upon the soundness of the banking system, the effect upon the convenience and needs of the community, the effect upon the particular banks involved, whether the resulting institution will be capably managed, soundly capitalized, and in a sound asset condition, and whether the plan is fair and equitable to the stockholders of each bank. They would have to consider also the competitive aspects of the merger. This means that full consideration would be given to all the factors which should be considered and in the light of the public interest.

Attorney General's Report

Under the amendments included in the bill as passed by the Sen-

Continued on page 25

Text of S. 1062 as passed by the Senate May 14, 1959

AN ACT

To amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 18 of the Federal Deposit Insurance Act is amended by striking out the third sentence thereof and substituting in lieu thereof the following: "No insured bank shall merge or consolidate with any other insured bank or, directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured bank without the prior written consent (i) of the Comptroller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a district bank, or (ii) of the Board of Governors of the Federal Reserve System if the acquiring, assuming, or resulting bank is to be a State member bank (except a district bank), or (iii) of the Corporation if the acquiring, assuming, or resulting bank is to be a nonmember insured bank (except a district bank). In granting or withholding consent under this subsection, the Comptroller, the Board, or the Corporation, as the case may be, shall consider the factors enumerated in section 6 of this Act. In the case of a merger, consolidation, acquisition of assets or assumption of liabilities, the appropriate agency shall also take into consideration whether the effect thereof may be to lessen competition unduly or to tend unduly to create a monopoly, and, in the interests of uniform standards, it shall not take action as to any such transaction without first seeking the views of each of the other two banking agencies referred to herein with respect to such question. In the case of a merger, consolidation, acquisition of assets, or assumption of liabilities, the appropriate agency shall request a report from the Attorney General on the competitive factors involved in the merger. The Attorney General shall furnish such report to such agency within thirty calendar days of the request: Provided, however, That in case the agency finds an emergency exists the agency may advise the Attorney General thereof and may thereupon shorten the period for the Attorney General to report to ten calendar days: Provided, further, That where the agency finds that an emergency makes necessary immediate action in order to prevent the probable failure of one of the merging banks, the appropriate agency may act without obtaining such report from the Attorney General: And provided further, That the Comptroller, the Board, and the Corporation shall each submit to the Congress a semi-annual report with respect to each merger, consolidation, acquisition of assets, or assumption of liabilities approved by the Comptroller, the Board, or the Corporation, as the case may be, which shall include the following information: the name of the receiving bank; the name of the absorbed bank; the total resources of the receiving bank; the total resources of the absorbed bank; whether a report has been submitted by the Attorney General hereunder; and if approval has been given, a summary of the substance of the report made by the Attorney General, and a statement by the Comptroller, the Board, or the Corporation, as the case may be, in justification of its findings."

Passed by the Senate May 14, 1959

Attest: Felton M. Johnston
Secretary

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November 24, 1959.

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Common Stock Portfolio With Long-Term Objectives

Continued from page 9

cillate. Some years will be prosperous and others depressed. This is easy to overlook during periods of either boom or depression. It is not at all unlikely that the fluctuations will be more pronounced over the next decade than during the years since World War II.

(9) While we certainly hope it will not deteriorate, it is not likely that the political climate will improve for the common stockholder. I do not expect, within our definition of long term, that he will be exterminated by government decree; but his tax burden is not likely to ease either directly or indirectly through reduction of corporation taxes.

Long-Term Yardsticks

In view of the unpredictable world which awaits us, it is useful to consider briefly the yardsticks which one must use in appraising companies whose common stocks should be used in a long term portfolio. As I see it, these are:

(1) The company should have a successful management development program. Good management at any particular time is not hard to identify, but the long term investor has to look ahead. A tradition of fine management and a management training and development program is a good omen for the future.

(2) A successful record of achievement in research and the acceptance by management of the necessity of pressing forward in research.

(3) A minimum of vulnerability to strong unionism.

(4) A minimum of vulnerability to price regulation or other forms of governmental control, except where there may be offsetting benefits. An example of a regulated industry with offsetting benefits would be an electric utility, which has strong growth characteristics resulting from a monopoly position in good territory and where the regulatory climate is favorable.

(5) A minimum of vulnerability to changes in fashion or taste.

(6) A minimum of vulnerability to sudden changes in technology.

(7) A successful record of technical excellence and a strong position in an industry where technical excellence is important.

(8) A degree of diversification, but not so much overdiversification that the company is difficult for management to comprehend in all its aspects.

There are several areas which may appear to have been overlooked. For example, I might have included a minimum of vulnerability to competition as a desirable attribute. That would indeed be desirable but is impossible. Any industry and every company must face increasing competition.

The trust investment officer would be living in an eleventh heaven if he could have a portfolio of stocks which had all the atttributes. He well knows he will not have that good a life but can use these yardsticks as reference points.

How to Appraise Management

A question which frequently comes up is, "How management can be appraised?" This is not easy for most investors to do. I might explain how our organization approaches this problem. Here one is dealing with value judgments, which can be misled by sheer personality. There are steps which can be taken to assure that an appraisal is sound.

(1) Get acquainted with the top people in the organization—the officers and principal department heads.

(2) Get acquainted with as many people as you can in the second and third tier of management. This gives you a feel of the whole organization and permit you to see what kind of people are coming up through the ranks.

(3) Visit plants and other installations. In addition to learning about the company, you can ascertain a great deal about the spirit and drive of the organization. Be sure to visit the research departments.

(4) Compare the record of the company in building earning power with other companies in the industry. This provides a documentary record of management success as compared with the achievements of other companies.

(5) Check with competitors. This can be most helpful if you are well enough acquainted with the people so they will be frank with you. Checks with customers and suppliers also can be fruitful.

It should be possible for an experienced person, after taking the suggested steps, to have a clear concept of the management skills in any company and the probable continuity of present strength or weakness.

In suggesting how a common stock portfolio might be constructed under present conditions, permit me first to mention a few broad areas which should, in my opinion, be given much weight in selecting investment opportunities. Then I shall name a few industries, or segments of industries, which should do especially well in the years ahead. Since the subject always comes up, I then will mention a few industries where performance probably will be substandard. Then I shall conclude by naming 20 companies which, considering all the diverse factors of the present situation and how conditions are most likely to unfold in the years ahead, deserve a place in a common stock portfolio formulated at the present time with long term objectives.

Areas of Opportunities

As to a few broad areas likely to provide investment opportunities, I would suggest the following:

(1) Areas where scientific progress is likely to be rapid, and therefore will provide new products and new investment opportunities. The chemical and electronic fields—I realize these are omnibus words—offer examples.

(2) Areas where good management can be effective. While good management is important anywhere and anytime, in a highly regulated industry, management has less opportunity for building earning power than when such control does not prevail, everything else being equal.

(3) Areas where possession of large raw material reserves will become of increasing significance because of increasing scarcity value or where supply, at probable prices, will not continue excessive in relation to rising demand. As an example, large timber reserves of the most desirable species will not attain an increasing scarcity value.

(4) Areas where the investor can benefit from rising real incomes in the hands of an increasing number of consumers. An example would be highly processed foods, particularly of the convenience variety.

(5) Areas where highly efficient equipment, rather than a large proportion of labor, can be utilized.

(6) Areas which will benefit from the development of atomic energy or other new sources of energy. Sometime within the experience of most people in this room, atomic energy—and again I am using an omnibus word—will be earning profits for investors. Such devices as the fuel cell also must be considered, both as perhaps a source of earnings and as competitor for present sources of propulsion.

(7) Areas which can supply unusual, high value materials, equipment, or components vital to key industries. I have in mind such items as control devices, unusual metals, and highly automatic machinery.

(8) Areas in an unusually favorable position to benefit from the spending propensities of a high income society with an abnormally large proportion of the population in age brackets where spending for consumption is greatest.

Being more specific, I feel it is possible to select a few industries, or segments of industries, which appear to have special promise for the future. The rate of growth in these industries should be rapid enough to more than compensate for any decline which reasonably can be expected in the value of the dollar over the next few decades, assuming that the Russian Bear and his Chinese friends remain tranquil.

Names 20 Companies

I offer the following to you with particular companies as examples. I merely mention these companies as examples, rather than specific recommendations; although I feel that all of these companies will do well—Aluminum: Alcoa and Kaiser; Atomic Energy: Union Carbide, Westinghouse, General Electric; Convenience Foods: General Foods, General Mills; Drugs: Parke-Davis, Merck; Electronic Communication and Guidance Equipment; General Electric, RCA, Westinghouse; Electronics Computing and Accounting Equipment: International Business Machines and National Cash Register; Home Temperature Control Systems: Trane, Carrier; Industrial Control Devices: Minneapolis Honeywell; Molecular Electronics: General Electric, Texas Instruments; Natural Gas and Natural Gas Liquids: Texaco, Phillips, Texas Natural Gasoline; Plastics: Union Carbide, Hercules, Phillips; Recreational Equipment: Outboard Marine, Brunswick-Balke-Collender; Specialized Labor Saving Equipment: Clark Equipment, American Machine & Foundry, Cincinnati Milling Machine Co.; Special Purpose or Unusual Metals: International Nickel, Union Carbide, National Lead; and Synthetic Fibers; DuPont, Dow, Union Carbide.

Since the matter nearly always comes up, these are a few industries which will in general perform below average in the years ahead. I well recognize the ingenuity of American businessmen and their ability to improve the earning power of a particular company even in a poor industry. American scientists are also ingenious. With a combination of business and technical skills at work, the position of a poor industry can be improved. However, the outlook for the following fields, as conditions appear now, is less favorable than those I mentioned earlier: Automobile components, most aircraft manufacturers, apparel, baking, lead mining, leather, motion pictures, small- to medium-sized domestic integrated oils, radio and TV broadcasting, shoes, sulphur, tobacco, and variety stores.

Back again to the positive factor; and to be even more specific, there are 20 companies which provide a cross section of American industry. All 20 have good growth prospects for the years ahead and should grow faster than the dollar probably will depreciate in purchasing power. There are many other fine long-term investment opportunities of course; and I am sure some have in mind particular companies, possibly smaller ones, which will outpace these. However, these companies are of high quality and can serve a good purpose. The list: Aluminum Company of America, Corning Glass, Dow Chemical, General Electric, General Foods, General Motors, Goodyear, International Business Machines, Merck, Minneapolis Honeywell, Minnesota Mining, Parke-Davis, Procter & Gamble, Sears Roebuck, Standard of New Jersey, Texaco, Union Carbide, United States Gypsum, United States Steel, and Westinghouse.

Present Stock-Bond Ratio

Some will immediately point out that the yields on most of these stocks do not provide a rate of return equal to that which can be obtained on high quality debt issues. This is true indeed at this time. Present conditions are unusual in the sense that yields on bonds are at highs for nearly three decades and yields on good grade stocks are subnormal. However, as I see the situation, most of these companies — all I expect — will, within the definition of long term, be paying higher dividends than they are today. All should within a few years be providing a higher rate of return than can be obtained on good bonds, and they all should do this on the average over the years. They should provide even greater rewards in the form of capital appreciation.

It also will be noted that the list of companies contains no surprises. We all like to find promising small companies which will grow into big ones. In my opinion, this will be increasingly difficult in the years ahead. Competition for sales, management, and scientific brainpower, will be intense. There will always be small companies which move forward vigorously, but I feel strongly that the companies selected for my list will be growth leaders in their fields.

In conclusion, my task has been to discuss only the formulation of a common stock portfolio under present conditions. It is not inconceivable that the investment trust officer may be able to purchase most stocks, including those I mentioned specifically, at lower prices than prevail in the market today. That is a risk which must always be accepted. In fact, the particular stocks I have mentioned were chosen with this possibility in mind. The 20 stocks selected would not be invulnerable to a general market decline. I would, however, expect them to go down less and come back more than stocks in general if such a decline were to occur. A balanced portfolio concept, with percentages on commons varying with the outlook, is usually sound and, it appears to me, particularly sound as conditions appear today.

*An address by Dr. Kinter, before the Mid-Continent Trust Conference of the Trust Division of the American Bankers Association, Detroit, Michigan, Nov. 5, 1959.

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James Lee Named For Pres. of IBA

James J. Lee, partner in W. E. Hutton & Co., New York, has been nominated for President of the Investment Bankers Association of America, it was announced by William D. Kerr, current President of the Association, and partner, Bacon, Whipple & Co., Chicago, Illinois.

James J. Lee

Nominees for Vice-President (five to be elected) were previously announced: William M. Adams, Braun, Bosworth & Company, Detroit; Warren H. Crowell, Crowell, Weedon & Co., Los Angeles; Edward Glassmeyer, Blyth & Co., Inc., New York; George A. Newton, G. H. Walker & Co., St. Louis; Robert O. Shepard, Prescott, Shepard & Co., Inc., Cleveland.

Mr. Adams has been nominated for his third term; he has been Vice-President since December, 1957.

Nominated for second terms were Mr. Crowell and Mr. Glassmeyer who have been Vice-Presidents since December, 1958.

The Association will act on the slate at its Annual Convention, Nov. 29-Dec. 4, 1959, at the Americana, Bal Harbour, Florida. Nomination is tantamount to election. The new President and the Vice-Presidents will be installed Dec. 3.

A.R.Lindburg With A. C. Allyn & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Arthur R. Lindburg has become associated with A. C. Allyn and Company, 122 South La Salle Street. Mr. Lindberg was formerly manager of the syndicate department of the Chicago office of Lehman Bros.

H. M. Finley With Byllesby & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Harold M. Finley has become associated with H. M. Byllesby and Company, Incorporated, 135 South La Salle Street, members of the Midwest Stock Exchange. Mr. Finley was formerly with the Chicago Title & Trust Company and prior thereto was with Lamson Bros. & Co.

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THE MARKET . . . AND YOU

BY WALLACE STREETE

High selectivity, some profit-taking in electronics occasionally, and some stirring in the aircrafts characterized the stock market this week, but much of the list was merely lolling without any clearcut determination to do anything decisive.

* * *

A measure of the standoff nature was the fact that plus and minus signs came within half a dozen of matching exactly, a repeat of last week's final session when there were only five more advances than declines out of more than 1,000 issues.

* * *

Rails were a rather pronounced drag on the general market and their average continued to sag into new low ground on the year. They suffered almost immediately when the steel mills shut down but so far have failed utterly to reflect the fact that the mills are humming again.

* * *

Industrials were in position to test the recovery peak reached early in the month, which is about halfway between the 1958 high and the September low. A breakout on the upside might help rebuild confidence, although it seemed generally agreed that not too much progress would be made until there is more evidence that the heavy tax-loss selling has abated.

* * *

The utilities were neglected for the most and the average for this section was holding precariously above the 1958 low but in position to break through on any pronounced easiness.

New Electronics Skyrocket Sought

It all added up to a cautious approach by most of the market fraternity except in the electronics where there was groping for a new skyrocket even at times when profit-taking was clipping the items like Texas Instruments and Ampex which have had such a long run. From this year's low Texas has tripled and Ampex doubled in price. Varian which only bowed in to listed trading in mid-September has doubled already to illustrate the ease with which issues associated with electronics have been bid up.

* * *

These wide swings contrast oddly with one of the more celebrated dividend payers, Washington Gas Light, with over a century of continuous payments. During nearly three-quarters of that period it has made continuous quarterly disbursements. Its yield is definitely above average, approaching 5%. Yet so far this year the issue has swung over an arc of only around eight points, or 2%.

* * *

Washington Gas, moreover, is a company that has shown rapid growth and has indicated that it is expansion minded. It has applied for franchises in new areas in addition to acquiring Shenandoah Gas Co. to add around a thousand square miles to its service area in one swoop. Its sales have been increasing at a rate of better than 15% per year, its revenues up no less than 81% in the last five years.

Farm Equipments Shunned

An even better-known name, International Harvester, has held in a range of a dozen and a half points so far this year, depressed in part by the general antipathy toward farm-equipment shares although half of Harvester's sales are from motor trucks, particularly heavy ones where the big demand centers. Its agricultural equipment accounts for only little more than a third of the total.

* * *

Informed estimates of Harvester's results during the fiscal year that concluded last month indicate that sales were a third higher and the projection indicates that profits doubled. It, too, has a yield approaching 5% and the high estimates of its probable earnings this year and next indicate that further liberality is possible, even though the rate was recently raised from $2 to $2.40.

A Misunderstood Company

The contrast might be General Time which ran from 35 to above par this year, showing a yield of a little better than 1%, in tune with the other space age issues even though, as one source puts it, the fluctuations "were generated by a basic misunderstanding of the company."

* * *

General Time might be better grouped with the office equipment firms since its specialty on which its future growth rests importantly is a data processing machine which, at the moment, has little competition from other office machine makers. The issue is both a candidate for a stock split as well as dividend boost, but at its peak price it has discounted a good portion of such favorable news.

Diversified Coal Enterprise Makes Progress

Another narrow-moving item is Pittston Co. which is still listed as a coal company but has diversified to where its fuel oil business and trucking subsidiary each account for about a fifth of profits, about 45% combined. Pittston's coal business is also thriving. Coal produces only a little better than a fourth of total gross income, but around half of profits. The cash payout is a modest $1.20 but this is supplemented normally by 5% stock which is expected to be continued as the company builds up its cash through next year. Earnings might reach $5 this year and company estimates indicate that next year Pittston could come close to doubling that showing. Such earnings would call for a reappraisal of the present dividend policy.

* * *

As a group the stores stocks have held in a narrow range except higher-priced J. C. Penny which has moved over a range of a score of points. Penny has racked up a good growth record over the years, although one of its newer switches isn't expected to show up in earnings until next year. That is the expansion of its credit plan to its key stores. Charge accounts and installment credit were started experimentally a year ago and results apparently have convinced the company that it is a valuable sales boost. But the cost of expanding the program will be a brake on this year's earnings, but paves the way for a good comparison next year when the benefits begin to materialize.

Interesting Home Appliance Item

The home appliance section is another that hasn't been striking any sparks and Whirlpool, which has held in about a 10-point range, offers a yield of a bit better than 4½%. Yet this company through acquisitions has grown to the fourth largest operation in the home appliance field, outpaced only by the giants—General Electric, General Motors' Frigidaire division and Westinghouse. Its most recent acquisition was the refrigerator activities of Servel.

* * *

Almost two-thirds of Whirlpool's sales are to Sears, Roebuck, but the company is moving vigorously to broaden its sales base among consumers generally. It has been meeting with enough success so that while appliance sales slipped generally through the recession, those of Whirlpool rose consistently. The slight drop in earnings last year was due more to the expenses of expanding and modernizing than to any sales resistance. With the expanded and improved facilities, the company has shown wider profit margins this year and final results are expected to double those of last year and go on next year to an even better showing.

[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.]

Ohio Valley IBA Elects Officers

CINCINNATI, Ohio—At the Annual Meeting of the Ohio Valley Group, Investment Bankers Association, officials elected for 1960 were:

Ralph Elam

Chairman: Ralph Elam, Sweney Cartwright & Co., Columbus, Ohio; 1st Vice Chairman: Henning Hilliard, J. J. B. Hilliard & Son, Louisville, Ky.; 2nd Vice Chairman: Harry O'Brien, W. E. Hutton & Co., Cincinnati, Ohio; Secretary-Treasurer, George Rinker, The Ohio Company, Columbus, Ohio.

Members of the Executive Committee will be:

Milton Trost, Stein Bros. & Boyce, Louisville, Ky.; William Alden, Jr., O'Neal, Alden & Co., Louisville, Ky.; Howard Banker, C. J. Devine & Co.; Cincinnati, Ohio; Gordon Reis, Seasongood & Mayer, Cincinnati, Ohio; Jack Nida, Merrill Lynch, Pierce, Fenner & Smith, Columbus, Ohio; William Sanders, W. E. Hutton & Co., Columbus, Ohio.

Speakers at the meeting were William D. Kerr, Bacon, Whipple & Co., Chicago, President, Investment Bankers Association of America, and Professor Raymond Rogers, New York University Graduate School of Banking.

Form Walter Marks Inc.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Walter N. Marks, Inc., is engaging in a securities business from offices at 3460 Wilshire Boulevard. Officers are: Walter N. Marks, President and Treasurer; Walter N. Marks, Jr., Vice-President, and D. W. Marks, Secretary.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

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November 23, 1959

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What Is So Different About The Chemical Industry?

By Robert B. Semple,* *President, Wyandotte Chemicals Company, Wyandotte, Michigan*

Manufacturer arrays the distinguishing characteristics of the chemical industry; reports it already ranks fourth among manufacturing industries and ranks first in current capital spending plans and in pure research; and notes anticipations held that it will be the number one basic industry in our country. Mr. Semple selects ability of management as the deciding factor in determining what companies in any industry will enjoy the fastest rate of growth.

The chemical industry has grown from a comparatively small but prosperous industry at the turn of the century to where it is now, based on total assets at June 30, 1959, the fourth - largest manufacturing industry. In terms of total sales for the first half of 1959, the chemical industry ranks fifth among all manufacturing industries. Our industry is important not only as a supplier to producers, who in turn serve other industries, but also as a consumer of many types of goods and services, and as a major employer and a taxpayer. These contributions to the economy by the chemical industry are not localized. There are approximately 12,500 chemical plants, which are located in all 50 states.

Robert B. Semple

A comparison of the growth of industrial chemical sales to the growth of Gross National Product for the years 1955 through 1958 is illustrated on Chart I. The classification, industrial chemicals, includes most of the heavy chemicals and other bulk chemicals sold chiefly to other industries. Industrial chemical sales, as a per cent of 1954 sales, exceed Gross National Product as a per cent of the base year by 2 to 4%. Dollar-wise, sales have increased from approximately $13.7 billion in 1947 to $23.5 billion in 1958.

Characteristics of the Chemical Industry

The chemical industry has certain distinct characteristics of which the most obvious one is its complexity. Some industries start with a number of raw and semi-finished materials to make a single product, like an automobile; others take a single raw material like petroleum and make a number of end products from it. The basic raw material of the chemical industry is the molecule. This tremendous scope enables the industry to produce more than 10,000 distinct chemical entities to which hundreds more are added annually.

Because of this complexity, the industry has developed various other characteristics, which distinguish it from other industries.

We all know that competition is the lifeblood of the American economy, but in the chemical industry it reaches a unique intensity. In 1958, for example, the combined sales of the three largest chemical companies amounted to less than 16% of total chemical industry sales. This intensity, as well as the growth of industry competition, is best reflected perhaps by the number of producers competing in certain fields; for example, ammonia producers number 12 in 1949, 40 in 1959. There are now approximately 230 producers of plastics material, 84 for sulfuric acid, 160 for organic intermediates, 54 for dyes, and 1,429 for paints.

Another distinguishing characteristic of the industry is the intercommodity competition. Many chemicals compete with each other. Chlorine is a good example in that it is used as an oxidizing agent, as a bleaching agent for textiles and paper, and as a bactericide for water purification. It competes with other oxidizing agents in bleaches, such as hydrogen peroxide, and bactericides, such as ammonia compounds. There are numerous examples of various chemicals which may perform the same functions.

Interprocess competition, I believe, is peculiar to the chemical industry; for example ethylene glycol is made by four different processes; phenol and vinyl chloride, each by three different processes.

There is also inter-end product competition. An example of this is cellophane versus wax paper, versus aluminum foil, versus polyethlyene film, versus acetate film. All compete in the packaging or the wrapping field.

Lastly, there is the interindustry competition. In the past years, there has been a marked increase in the number of companies not primarily involved in chemical production that have entered the chemical field and are capturing sizable portions of markets for particular products. Included are leaders in electrical equipment, food, metal, shipping, rubber, distilling, paper, photography, and virtually all of the petroleum producers.

There are 5 basic reasons for this intense competition: (1) most chemicals regularly produced in the U. S. can be made by different processes from alternate raw materials; (2) existing producers do not have market dominance; (3) patent monopolies of great importance are few and far between; (4) research progress affords a company the advantage of a product or process for only a limited time; and (5) foreign competition is increasing. This foreign competition is secondary in nature in that it is our customers, who are faced with direct product competition.

Another economic characteristic of the chemical industry is the rapid obsolescence of facilities.

A constant development of new products and new processes causes chemical industry equipment to become obsolete even before it has paid for itself. In addition, equipment depreciation is accelerated by the severe conditions under which it is operated; conditions such as corrosion, high temperatures and pressures, along with constant efforts to maintain the highest possible levels of safety often cause equipment to be discarded before it is obsolete.

Another economic characteristic of the industry is relative stability of our selling prices. The tremendous variety of applications of chemicals and the number of companies requiring chemicals for manufacturing operations tend to insure a fairly level demand for bulk chemicals even in recession periods. These factors, in addition to a high rate of production made possibly by well-designed plants and the healthy pressure of competition, hold prices to relatively low levels or increase at a slower rate than the average for all manufactured prices. Because of these stable prices, the chemical industry has been caught in somewhat of a price squeeze. Such items as chemical wages, freight rates, and the cost of machinery have increased approximately 25% to 50% more than the selling prices of chemicals.

A comparison of the chemical to the iron and steel industry illustrates dramatically the lag of price increases which has existed in the chemical industry. The selling price in the iron and steel industry have increased to approximately 172% of the 1947-1949 base period, which approximates the chemical wages increase of 176% in the same period. We could not, however, pass this latter increase on to our customers. While the iron and steel industry increased their prices approximately 40% of the base - period price during the period 1953-1958, chemical prices rose approximately 5%.

Because of this price squeeze in the chemical industry, further competition is created and in turn accentuates the price squeeze. Let me explain this cycle. Every industry builds ahead and operates with some stand-by capacity. This stand-by capacity is usually utilized to alleviate temporary or emergency conditions which may occur. Due to our inability to increase prices in the chemical industry, we attempt to sell out our maximum volume and thus utilize this stand-by capacity. This pressure to sell our maximum volume is both a cause and effect of the price squeeze.

It is surely a stimulus to get maximum process efficiencies, and the greatly improved earnings reported by the chemical industry this year, as compared to last, is indicative of the success of these efforts.

While the price squeeze is frequently lamented by chemical management, it is hard to see how the industry can other than enjoy satisfactory profit margins. The simple fact of its rate of growth necessitates satisfactory return to attract the capital necessary for new plants.

Compares Capital Spending

One of the best indicators of an industry's future is to determine what confidence and growth potential an industry exhibits itself. I believe this is best illustrated by a comparison of the capital spending plans of various manufacturing industries. (Chart 2). This can be seen from Chart 5. The chemical industry's capital spending has and will exceed all other manufacturing industries. It is forecasted that in 1962 the chemical industry is expecting to spend approximately 24% more than in the year 1958, while all other manufacturing industries will increase their capital spending plans over 1958 by approximately 4%.

One of the most important factors contributing to the industry's dynamic growth is the tremendous research effort, which is continuously expended. One authoritative estimate is that 16% of the chemical industry's sales in 1960 will be accounted for by products which were not in production in 1956. The chemical industry in 1959 will expend more for research facilities than any other manufacturing industry. The chemical industry is exceeded only by the electrical equipment and aircraft industries. For comparative purposes, I believe the data on the subject are slightly misleading. I am sure that a sizable portion of the expenditures of these industries are incurred for the government and are therefore defense oriented. In addition, a substantial amount of total expenditures of these two industries are development expenses incurred in the preparation of prototypes, etc. If the development expenditures could be removed from their figures, I feel the amount spent for pure research would be highest in the chemicals and allied products industry.

Conclusion

In conclusion, I have attempted briefly to present the chemical industry in perspective to our national manufacturing economy and have touched upon some of the distinct characteristics of our industry. To many, we are a glamorous industry as evidenced by the significant entry into all phases of the chemical industry by companies not primarily, or formerly, involved in chemical production. Their entry into the industry is, to a large degree, speculative. Steady future growth is insured primarily by basic chemical producers. Competition in the chemical industry is keen and unique. I believe the deciding factor in determining what companies in any industry will enjoy the fastest rate of progress and growth is the ability of management. I believe that management in the chemical industry views its inevitable growth with determination, anticipating that some day the chemical industry will be the number one basic industry in our country.

***From an address by Mr. Semple before the 28th Mid-Continent Trust Conference sponsored by the Trust Division of the American Bankers Association, Detroit, Mich., Nov. 5, 1959.**

CHART I

INDEX OF GROWTH INDUSTRIAL CHEMICAL SALES AND GROSS NATIONAL PRODUCT

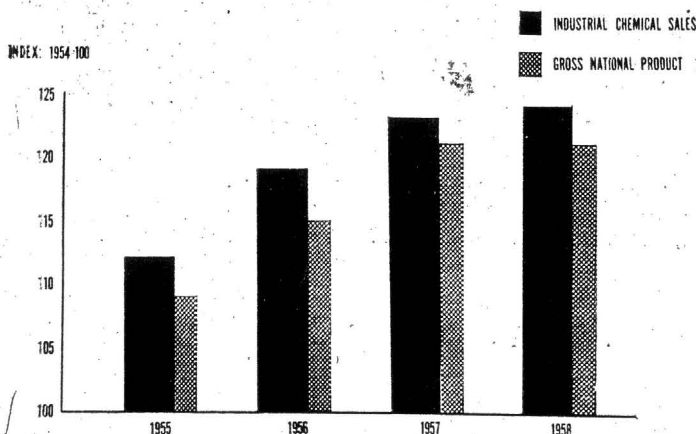
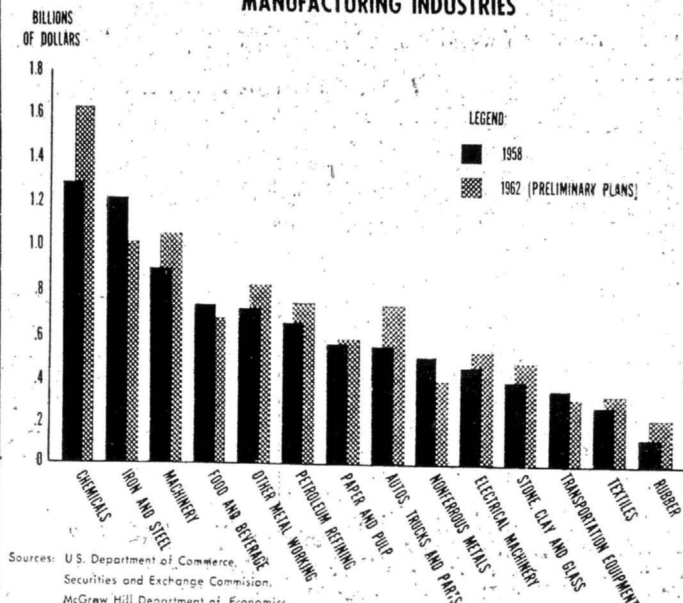


CHART II

CAPITAL SPENDING PLANS OF MANUFACTURING INDUSTRIES



Baum Co. Appoints Roberts, Thompson

Don L. Roberts   Robert P. Thompson

KANSAS CITY, Mo. — Don L. Roberts, Vice-President of George K. Baum & Company, 1016 Baltimore Avenue, members of the Midwest Stock Exchange, has recently become Manager of the firm's Municipal Bond Department. Mr. Roberts started his career in 1949 with Commerce Trust Company and has been associated with George K. Baum & Company since 1952.

Robert P. Thompson, of Kansas City, Kansas, has been appointed Assistant Vice-President and Assistant Manager of the Municipal Bond Department of the firm. Mr. Thompson has been associated with George K. Baum & Company for the past four years. In addition to his new duties, he will continue to represent the firm in the State of Kansas.

Form Syndication Inv.

Syndication Investors Corporation has been formed with offices at 527 Madison Ave., New York City, to engage in a securities business. Officers are John M. Bess, President; and Ina Bess, Secretary-Treasurer.

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BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

Of the 100 leading industrial corporations in the United States only one is headquartered in the First Federal Reserve District. By way of contrast, six of the 100 largest commercial banks are located in this New England District. This heavy bank representation at first glance would appear to be excessive relative to the absence of important industrial borrowers, especially with the region's loss of national position in such key industries as textiles, paper and metals clearly in mind. Among the 500 leading firms, only five are based in Boston. It is interesting to note, however, that the few firms remaining are by no means ignored by the region's leading bank. The presence of officers of four out of these five companies on the board of directors of the First National Bank of Boston presumably is mutually advantageous to the bank and to the companies they represent. Since leading New England banks enjoy healthy activity, this contrast merely points out to those exploring the attractiveness of bank stocks the versatility of banking in the United States.

The Six Largest Banks in the First Federal Reserve District

	Approx. Bid Price Range 1959	Recent Mean Price	Indic. Divid.	Yield
The First National Bank of Boston	93—81	95	$3.50	3.68%
Industrial Nat'l Bank of Providence	51—43	44	1.80	4.09
National Shawmut Bank of Boston	53—47	52	2.40	4.62
Hartford National Bank & Trust Co.	39—35	37	1.60	4.32
Second Bank-State Street Trust Co.	93—78	95	3.90	4.11
Connecticut Bank & Trust Co.	45—38	44	1.80	4.09

Favored by early history, Boston flourished as a leading financial and trading center. Adjustment to changing times has found the long established New England banks lending more funds outside its region than New England firms borrow elsewhere. Since leading corporations are heavy borrowers their market for large bank loans is nationwide. Legal limitations on the size of any one bank's loan to a large borrower, together with the voluntary exercise of safety, call for a need for participation by several banks. Thus borrower relationships with banks frequently ignore geography. Service rendered becomes the determining factor for repeat business. This kind of contact largely explains why The First of Boston has continued a leading lender to the California-based motion picture industry. A similar case is the continuance of significant financing for textile customers by New England banks even though much of the industry has moved to the South.

Even on a strictly regional basis all is not bleak for New England banks. Underneath their frail deposit growth the banks are servicing the food, apparel, transportation equipment, furniture, instrument and electrical machinery industries on a par with the rest of the United States. Although the regional trend appears to be signaling for more durable goods production than in the past, this heightened cyclical vulnerability is offset in part by healthy growth of service and distributive industries. A thriving billion dollar tourist industry, the prominence of the insurance industry and the District's strong representation in the growing mutual funds field, second only to the New York area, are rapidly "shoring up" the region's future.

The nation's bank merger fever has reached certain sections of New England. State-wide branch banking is legal for Vermont and Rhode Island. Rhode Island now has only eight commercial banks compared with 25 in 1945. New Hampshire alone prohibits branch banking, while Maine, Massachusetts, and Connecticut allow limited branch banking. Outdated legislative restrictions have slowed the trend in New England toward fewer and larger banks, but these limitations are being effectively challenged by the needs of the public.

The region's banking activities are exemplified by the pre-eminent position of The First National Bank of Boston since it has more resources than all the banks in Vermont, Maine, New Hampshire, or Rhode Island, and more than all other Boston banks combined.

The First National Bank of Boston

Chartered in 1784 this leading New England bank, sixteenth largest in the United States, ranks high among lenders to national corporations. A full line of banking and trust services is offered through its 26 Boston offices and its affiliate, Old Colony Trust Co. With domestic branch offices restricted by law to Suffolk county, foreign expansion has brought about its present high standing among the world's commercial banks. Fifteen branches are operated in important centers of Latin America. These are complemented by a representative office in London, The First Bank of Boston (International) in New York and a world-wide network of correspondent banks.

Formerly a wholesale bank, progress into retail banking has occurred over the past 25 years. Correspondent bank deposits are believed to be three times as large as savings deposits. The latter are declining, possibly due to the low dividend rate. Alert to new industry development the bank is working closely with growing enterprises in the area.

Loan limits were raised in 1957 and again in 1959. Loans have been maintained at a high percentage of total assets, reflecting an aggressive policy. More than 40% of the bank's business done in services were unknown to banking 25 years ago. One of the principal protagonists of this development is the recently elected President, Roger C. Damon. The bank's factoring operations make it the fourth or fifth largest factoring enterprise in the country. The newer and highly profitable First Check Credit revolving loan plan has now been adopted in modified form by over 100 leading banks throughout the nation. In 1959 the payment period was extended from 12 to 24 months to accommodate large consumers' durables purchases.

The bank's earnings trend shows great stability with moderate growth. Foreign earnings are included only when received in this country. The Brazilian offices remain unprofitable, but Cuban and Argentine offices have been profitable. No earnings from Cuba will be included in 1959 results although operations there remain normal. Bank reserves amply protect all foreign investments.

Income from other than loanable funds is gaining in significance. The book value of assets held in personal trust fiduciary and agency accounts are believed to approximate $3 billion. Earnings for 1959, at an estimated $7.15-$7.25 a share, compare with $6.50 and $6.60 for 1958 and 1957 respectively. The bank shows ability to bring down a larger percentage of gross to net earnings than most banks. Efficiency aids underway, such as the use of electronic equipment and incentive plans for its young executives, should further enhance cost control.

On approval of shareholders in January 1960, a 25% stock dividend is to be paid and the regular dividend of 70c quarterly is to be continued on the increased number of shares. Year-end extra dividends are to be discontinued. The regular annual dividend declared will then be the equivalent of $3.50 per share on the 2.8 million shares presently outstanding.

This high quality bank stock can be expected to maintain its past investment standing as a good income producer over the determinate future.

Quarterly Earnings Comparison

NEW YORK CITY BANKS

Bulletin on Request

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London Branches
54 PARLIAMENT STREET, S.W.1
13 ST. JAMES'S SQUARE, S.W.1

Trustee Depts.: 13 St. James's Sq.; Govt. Rd., Nairobi; Ins. Dept.: 54 Parliament St.; Travel Dept.: 13 St. James's Sq.; Income Tax Depts.: 54 Parliament St. & 13 St. James's Sq.

Bankers to the Government in: ADEN, KENYA, UGANDA, ZANZIBAR & SOMALILAND PROTECTORATE

Branches in:
INDIA, PAKISTAN, CEYLON, BURMA, KENYA, TANGANYIKA, ZANZIBAR, UGANDA, ADEN, SOMALILAND PROTECTORATE, NORTHERN AND SOUTHERN RHODESIA

Fund Sponsors Name V.-Ps.

Thomas J. Flaherty, Jr., President, Universal Programs, Inc., sponsor of contractual plans for the accumulation of shares of Philadelphia Fund, has been elected to the board of directors of the Association of Mutual Fund Plan Sponsors, Inc., and appointed eastern Vice-President of the Association.

Charles F. Smith, who was re-elected to the board, was named western Vice-President. Mr. Smith is President of FIF Management Company, sponsor of contractual plans for the Financial Industrial Fund.

Announcement of the appointments was made in New York by Rowland A. Robbins, President of the Association who is Chairman of the Board, First Investors Corporation. The Association, with headquarters at 50 East 42nd Street, New York 17, is comprised of sponsors of the contractual plan investment method for the purchase of shares of mutual funds.

Encouraging Second Look At Throgmorton Street

By Paul Einzig

Optimistic about the over-all industry's 1960 prospects, financial observer denies the recent London stock market set-back even approached a slump and reports not only does the economic outlook remain good but that it is expected to improve rather than deteriorate. Dr. Einzig explains what occurred, sees even the capital goods industry turning the tide, posits the expected wage demand in first quarter of 1960 as a critical period, and notes no monetary measures are needed to defend sterling which he anticipates will finish the year strong and likely stay at a premium during the first half of 1960.

LONDON, Eng.—At the beginning of the third week of November the London Stock Exchange experienced a notable setback following on its remarkable rise since shortly before the general election. All commentators agreed that this time the setback was more than just a technical reaction to consolidate the previous advance. Some commentators went so far as to commit themselves to the view that the boom has come to an end. In the circumstances it would not have been surprising if the decline had gathered momentum and developed into a minor slump. But in reality nothing approaching a slump occurred. In the course of the week the markets regained a measure of equilibrium, even though they closed with a slightly weak undertone, at a level which left most previous gains in possession of holders of industrial equities.

Dr. Paul Einzig

The setback gave some food for second thoughts by providing a reminder that after a sharp rise such as was witnessed in October and the first half of November the markets were bound to become rather vulnerable. It is essential to examine the reason why this setback threatened to develop into a serious fall.

The most obvious cause was the cautionary tone struck by several official spokesmen—amongst them the Chancellor of the Exchequer, Mr. Amory, and the Governor of the Bank of England, Mr. Cobbold, in recent public pronouncements. Obviously the Government does not like the Stock Exchange boom. A Government that does not go through the gestures of discouraging the creation of fortunes overnight is liable to lose popularity, and even though the next general election is far away, Mr. Macmillan may well feel that he would be in a stronger position at the coming Summit Meeting if he is obviously popular in the country.

What is important in the short run is the seasonal factor. Christmas is coming, and many small investors are anxious to take their profits in order to spend it on Christmas presents. Precisely because of the large number of small holders of equities who acquired their holdings for capital gains, this influence is at present of considerable importance. Even though there is still much time before Christmas the moment these small investors become uncertain about immediate prospects they hasten to take their profits for fear that a drop in prices might upset their Christmas plans. They responded with alacrity to the wanting notes given by the Chancellor and the Governor.

The reason why the large number of small sales tended to affect prices to a disproportionate degree was that tickers in London do not indicate the size of the transactions. The appearance of a fair number of markings at lower and lower prices conveyed the impression of a turn in the trend, and selling became infectious. It influenced also some medium and large investors who are able to finance their Christmas purchases without having to realize investments, but who will have to pay Income Tax and Surtax after the turn of the year. This influence together with the approach of Christmas is likely to continue to give rise to some selling during the next few weeks.

Outlook Remains Good

Having said all this it is necessary to add that basically the situation has not changed. The economic outlook remains good and is expected to improve rather than deteriorate. There are of course weak spots. Equities of firms concerned with armament are not looked upon with favor. Others are disproportionately high and in many instances the prospects of their earnings in 1960 do not justify their low yield. But taking industry as a whole 1960 is expected to be a good year. It is probable that capital goods industries will at long last begin to benefit by the turn in the tide which has conferred such substantial benefits to consumer goods industries.

The stability of the cost of living index is in itself a most important point foreshadowing a further expansion of business. It reduces the likelihood of a reversion to dear money and tight credit for the sake of preventing inflation. There is so far no sign of any inflation, so that the authorities can afford to view the expansion of bank credit with comparative equanimity. What will happen if some of the excessive wage demands are conceded is of course another story. Likewise a series of major strikes might inflict losses on the firms concerned, with reactions affecting other industries. The first quarter of 1960 will be a critical period from this point of view, because by then the extent to which demands for higher wages and shorter hours are likely to be pressed will become evident.

Strong Sterling

One thing is certain. Whether or not the Government should deem it necessary to resort to the use of the monetary weapon to check domestic inflation, no such measures are likely to be called for in defense of sterling. It is now considered possible that sterling will finish the year without declining below its parity of $2.80, in which case it is likely to remain at a premium during the first half of 1960, and the Treasury is likely to gain more gold. From the point of view of the exchanges there will be no need for interfering with the business expansion anticipated for next year. And the Government may think twice before checking the expansion solely for the sake of preventing domestic inflation.

Two With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—James R. Cote and Thomas H. Fiege are now connected with Paine, Webber, Jackson & Curtis, Pillsbury Building.

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"Labor Savings"— Fact or Fancy?

By Allen W. Rucker,* President, The Eddy-Rucker-Nickels Company, Cambridge, Mass.

How can a firm keep up with its competitors whose prices are falling relative to the pay of employees? The answer to this, Mr. Rucker points out, lies in keeping a favorable ratio of production value output per $1.00 of compensation cost input. The author outlines the three basic ways of achieving this economic productivity improvement factor that preserves earning capacity, and stresses the importance of keeping them in balance and of utilizing derivative incentives constructively. Thus, Mr. Rucker distinguishes labor time savings from "labor savings," and explains why prices of manufactured goods generally are and for years have been falling relative to labor-time costs.

In 1909, just 50 years ago, a popular make of automobile sold for $1,250. Thirteen years later, in 1922, this same type of car sold for $395 — a price reduction of two-thirds! All this was the result of labor-time saving in the manufacture of materials and parts, and on the assembly line—savings passed on to the customer under the relentless pressure of competition. The new 1960 model of the same popular make of car, doubtless improved from the one that cost our dads and grand dads $1,250 a half century ago, sells today at about $2,000—the price difference being a measure of the penalty of inflation only partially offset by improvement in efficiency and labor-time savings. Were it not for a half century of technological improvement, this car would sell today for about $12,000! This is a striking achievement of industrial management and engineers, now too often forgotten.

Allen W. Rucker

And yet, if we could make it today at the material and labor-cost levels of 1909, but with all of today's improvements in efficiency, it probably would sell for less than $200!

Lest someone imagine that I want to turn back the clock, let me add that in 1909, the $1,250 car required upwards of 6,000 hours of the **pay** of factory workers in those days. In 1922, the $395 car needed only the **pay** of not quite 700 hours. Today, the $2,000 car calls for the pay of about 880 hours of the average factory worker pay.

The Results of Labor-Time Savings

The big and important effect of labor-time saving in manufacture is to reduce the cost to the customer in terms of his own labor. The customer gets the results of labor-time saving directly. We in industry get our benefits indirectly, largely through higher volume as improved efficiency cuts costs and widens the market.[1]

This is the great achievement of private, competitive enterprise—the accomplishment of able managers, engineers and inventors backed by risk capital.

As nearly as the official data of the U. S. Census of Manufactures can enable us to determine, in conjunction with the F. R. B. Index of Manufacturing Output, the average man-hours or man-minute per unit of product today is less than 30% what it was in 1914! It is down to about 76% of what it was just 10 years ago—a reduction in labor-time of 24%. But I cannot see that manufacturers generally have made any money directly out of this time-saving. In other words, there is no evidence that the labor-time saved has been converted into the equivalent amount of payroll dollar savings.[2]

If this seems surprising, and it may sound like absolute heresy, let me give you the factual basis for the statement:

Ten years ago, average hourly wages in factories were $1.33; today they are about $2.25, an increase of over 60%. Had there been no improvement in efficiency, no reduction in labor-time per unit of output, the prices of manufactured goods would have to be also 60% higher. How else could business recover its costs?

The Relative Reduction of Prices

But manufactured goods prices have not risen 60%; they have risen only about 25% on the average, in contrast to the rise in hourly wages of over 60%. This tremendous gap had to be closed somehow. It was closed by labor-time saving, thus slowing the rise of unit labor costs and enabling manufacturers to sell their products at what amounted to steadily declining prices relative to their labor-rates.[3] Compare mentally, for instance, typical labor-rates and prices of 10 years ago—how much have labor-rates risen; how much have prices advanced?

In recent years, I have been called upon to advise several multi-plant firms on this matter of labor-saving and pricing. In one of these firms, the industrial engineers told me that they had reduced "labor-costs" by 24% in five years; the controller of the firm promptly retorted, "where are the savings? — they did not show up in company profits." Well, where were the labor-savings? I checked the company's index of hourly pay against the price index of its product—pay up over 30%, prices up about 3%. On that basis, no one can convert labor-time savings into dollars of added profit; he has to use them to reduce unit costs and hence enable prices to be held in line with competition.

The rule, amounting to a law of competition, is simple and ruthless: we have to do as well as competition in improving efficiency and making labor-time savings in order to maintain volume and in order to win our share of an expanding market.

Labor-Time Versus Labor-Dollar Savings

Another firm confronted me with this problem: Said the President, "our factory manager and industrial engineers figure to cut 7% off our labor-force and save that payroll by an investment of two million dollars in improved equipment. These new facilities will be ready to operate for the full year 1961. What about that for a big job in labor-saying?"

I asked first to see the labor contract; it was a three-year contract with pay escalators. According to the contract, hourly labor rates in 1961 would be raised above 1959 by 15.4%, twice as much as the expected labor time-savings. There would be no labor savings in dollars; on the contrary the contract-rise in wage rates confronts that firm with the need to raise prices for 1961 by over 9%, and to increase its volume by over 11% just to recover the added depreciation cost on the additional investment.

No wonder the Executive Vice-President hit the ceiling—"Hell's fire!" he snorted, "we have to rub like blue blazes just to stay even." And that is exactly right.

In another plant, a new production manager put in measured day work two years ago. He insisted that he had saved more than 25% of the labor per unit of product. Well, it turned out that he had done just that, in terms of cutting labor-time per unit of product. But it also turned out that the firm had raised hourly wage-rates something over 9% in the same two years—and that to install and operate the new system he had to spend about 7% of payroll, and, to cap it all, the sales department had reduced prices! And all this just at the time when contract negotiations looked as if they would end with a three to 5% increase in hourly rates. For management, this is a tough world.

As I have put it more than once, the private enterprise competitive system is beneficial to customers but brutal to men responsible for costs, prices and profits.

There is nothing fanciful about labor **time**-savings. They are very, very real. But "labor savings" in the sense of reducing payrolls and converting dollar labor-savings into added profit are as fanciful as Alice in Wonderland's adventures.

What Becomes of Productivity Improvements?

Recently I saw a copy of a speech by the President's chief economic advisor, Prof. Raymond J. Saulnier.[3a] He urges businessmen to pass along the benefits of productivity improvement in the form of lower prices! He placed greater emphasis on this as a means of helping to prevent inflation. Now, I rise up in defense of American business over this statement—just what have we been doing all these years except to pass along the benefits of higher productivity, that is, labor time-saving per product unit, in the form of relatively lower prices? Our own Index of Relative Price Reduction, the ratio of BLS Index of Manufactured Goods Prices to an index of the average yearly income of factory employees, shows a reduction of 24% in 10 years—and that reduction almost exactly equals the total labor-time saving. What's the point of urging business to do something it is already doing? The implication is contrary to the fact. Let's clear up some of this needless contradiction between theory and practice.

Whether business reduces prices absolutely, or simply does not increase its prices as fast as it increases its hourly wages and yearly salaries, the end-result is the same. PRICES OF MANUFACTURED GOODS GENERALLY ARE AND FOR YEARS HAVE BEEN FALLING RELATIVE TO THE PAY OF EMPLOYEES. (Labor-time costs.) Business already has long been passing on productivity gains to customers.

Dr. Saulnier does recognize that if we go any farther than reducing prices in proportion to our labor-time savings, we will impair, injure or wholly destroy the economic equilibrium of our businesses.[4] Let me discuss this vital point briefly:

The Critical Ratio of Economic Productivity

The economic equilibrium of a business is determined by the constancy of its Economic Productivity—the amount of Production Value **output** per $1 of compensation or employment cost **input.**[5] This can range from $1.50 to $10 or more, depending on the nature of the industry and its economic characteristics. The point is, no business can long withstand the damage caused by declining Economic Productivity. For instance:

In one firm, and a pretty large one at that, a drop in its Economic Productivity, some years ago of only 9% cut its rate of return on capital almost exactly in half. In 10 years, this firm had advanced hourly wages almost 9% per year, **compounded**; and competition had forced prices to a point over 10% **less** than a decade ago. This is rough, and it came about largely because no one knew about Economic Productivity. Let me spell this out a bit more:

I have developed a principle which amounts to this: Economic Productivity must be kept at a near constant at very least, or there is almost no chance whatever of increasing earnings proportionate to added investment in plant and facilities.[6] The example firm has a standard Economic Productivity of $1.97 per $1 of labor-payroll input. The firm now knows—its President, its Treasurer, its Sales Manager, its Production Manager all know—that every added dollar of employment cost, however it comes about, has to be offset by an additional $1.97 in Production Value **at minimum.**

If the management fails to accomplish that task, if it allows Economic Productivity to fall to say, $1.92, $1.87 or $1.75, every penny of that reduction comes out of the management margin after paying labor costs. In other words, the management margin per $1 of employment cost drops to 92, 87 or 75%—reductions that usually cannot be offset by cuts in fixed charges and by increases in volume.[7]

If you want to know how good a manager is in a plant's operations, find the Economic Productivity for the past five years—find the dollars of Production Value output per $1 of compensation cost input.

If it has been stable, good. It means that the plant has probably been making labor time-savings and hence relative cost reductions at least equal to industry and has still preserved the earning capacity of the business. If Economic Productivity has been rising, it is not only good, it is outstanding. If it has been falling, the plant is likely already to be in trouble, or to find trouble just ahead of it.

The Means of Economic Productivity Improvement

Much of this subject centers around the increase in Economic Productivity. This comes about in three basic ways:

(1) Increase and improvement in tools of production, that is more capital investment per worker;

(2) Improvement in methods—better material utilization, scheduling, handling and waste reduction;

(3) Improvement in teamwork among employees and between employees and management.

Now, everyone recognizes these three approaches but not everyone realizes the importance of keeping them in balance. Still fewer, I think, fully grasp the possibilities of better teamwork, thereby improving efficiency by worker cooperation, and reducing the burden of added capital investment and lightening the load on management.

The purpose, the fundamental purpose of incentives, is to stimulate employees to greater accomplishment that utilizes the full capacity of the available facilities and takes fullest advantage of all improvements in methods. The objective of incentives is to surpass your competition in labor time-saving per product unit, that is, in raising productivity per man-hour—and to do that while improving the firm's Economic Productivity accomplishment.

If a firm succeeds in that improvement, it can well afford to pay a part of the gain in the form of incentive earnings to those who help achieve it. Then the firm is on the threshold of ever-higher progress improvement and a sustained higher rate of earnings on your investment.

As a possible spur to new achievement, let me summarize here some of the guiding corollary principles that arise from the basic Rucker Share of Production Principle:[8]

(a) Labor-costs per unit of product rise in direct proportion to increases in hourly wages, but in inverse proportion to increased output per man-hour.

(b) Prices, as realized in the market, will reflect average unit costs of competition; and these in turn will reflect the labor time-savings per unit made by competition.

(c) Prices of products do not rise as fast as hourly wages, so that prices will be continuously falling relative to wage rates . . . and at a rate equal to the average labor-time savings of firm's competition.

(d) In order to maintain physical volume, and to increase that volume (to hold at least the share of an expanding market) competitive prices, including those of substitute products and materials, must be met.

(e) The Standard Management Task is to achieve labor time-savings and hence relative price reduction equal to competition, and at the same time, maintain Economic Productivity at or above the standard ratio.

(f) Under the Rucker Principle, incentives may be paid only for improvement of Economic Productivity—and the incentive pay is at the same rate as the gain over standard Economic Productivity. Thus, participating employees and the company both share in those gains.

Private, competitive enterprise, whether in the United States, Canada, England, France or Germany, or elsewhere generates its great power for expanding output faster than population increases —for providing and marketing more goods per capita of population—largely by its ability to reduce labor-time per unit of product. It finds a market for its steadily expanding output by passing along most, if not all, of these savings in the form of prices that FALL RELATIVE TO WAGE/SALARY INCOMES. Hence, dollar incomes of workers buy more today than they did 10 years ago; they will buy more 10 years in the future than they do today.

This is the task of management: it is the objective of managerial skill; it is a constant challenge to industrial leadership in enlist-

1 THE COMMERCIAL AND FINANCIAL CHRONICLE, "What Becomes of 'Labor Savings' From New Capital Investment?", by A. W. Rucker, Dec. 20, 1956.

2 PROGRESS IN PRODUCTIVITY AND PAY, *The Eddy-Rucker-Nickels Co.,* 1952.

3 THE COMMERCIAL AND FINANCIAL CHRONICLE, *New Measures of Productivity for Manufacturing Industry,* by A. W. Rucker, Oct. 23, 1958.

3a Reported in *The Commercial and Financial Chronicle*, Sept. 3, 1959, page 1.

4 MANAGEMENT METHODS, *How to Control Profit and Policy with a Production Value Index,* by Albert Lynch, Jan. 1959.

5 THE CONTROLLER, August, 1955. Rucker, A. W. etc. For Rucker's mathematical equation, see "Wages, Prices and Productivity," The Eddy-Rucker-Nickles Company (1956).

6 AMERICAN BUSINESS, *How to Measure Profit Contribution,* by A. W. Rucker, July, 1959.

7 HARVARD BUSINESS REVIEW, "Clocks" for Management Control, by A. W. Rucker, Sept.-Oct. 1955.

8 WAGES, PRICES and PRODUCTIVITY (1956), The Eddy-Rucker-Nickels Company,

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ing the active, sustained cooperation of every employee in achieving that goal.

The following table shows what was accomplished here and abroad between 1952-1958.

Relative Decline of Prices With Respect to Wage-Rate

U. S. AND FOREIGN COUNTRIES

	Relative Price Decline
United States (1952-1958)—	
All U. S. Manufacturing	9.3%
Chemical and Allied Products	17.3
Rubber Products	4.7
Pulp, Paper and Paperboard	9.5
Primary Steel	3.5
Gas Utilities	25.6
Electric Utilities	20.1
Foreign Countries (1953-1958)—	
Great Britain	10.8
Holland	15.4
Sweden	11.5

SOURCES: United States: Wholesale Prices and Gross Hourly Earnings per BLS from 1959 Ed. of *Business Statistics*.

Foreign Countries: Price and Wage data from *Managed Money*, by M. Palyi, Notre Dame Press, 1958.

Better tools and better methods must play their part. But better teamwork must also play its part. And it is the basic purpose of various incentive programs to spur achievement toward that goal, and toward the improvement in a firm's Economic Productivity. Without such an improvement, there will be little or no lasting progress; but given this gain, progress in a firm should be assured—and there is no visible limit to what a firm can achieve.

*Address by Mr. Rucker before the Eighth Annual Executives Conference on the Rucker Plan, Chicago.

Stone & Webster Expands in Canada

TORONTO, Can.—Stone & Webster Canada Limited, which has designed and built some of Canada's major petrochemical, power and industrial plants, has announced the opening of a new office in Calgary.

Lee Carter

Philip Scott, president of the company, said that the new office is located at 917 Lancaster Building, Calgary, under the direction of Lee Carter, formerly of Stone & Webster Engineering Corporation, an affiliate of the Canadian organization.

Growing industrialization of western Canada, Mr. Scott stated, has led to the opening of the new office in order to provide better and faster service to industrial firms, natural gas and petroleum interests, and utilities planning new or expanded facilities.

The company is a member of the Stone & Webster group and is affiliated with Stone & Webster organizations in Great Britain, France, Holland and Australia, as well as in the United States.

Now Fidelity Mutual

LOCUST VALLEY, N. Y.—The firm name of Mutual Investors Company, 60 Cedar Avenue, has been changed to Fidelity Mutual Investment Company.

H. A. Riecke Branch

JACKSONVILLE, Fla. — H. A. Riecke & Co., Incorporated has opened a branch office in the O'Reilly Building under the management of James E. Curington.

Steichen Opens Branch

GRAND RAPIDS, Minn. — R. J. Steichen & Company has opened a branch office in the Lasker-Upin Building under the management of Guy G. Baker.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Consumers Power Company

Consumers Power supplies electricity and natural gas to a population of close to 4,000,000 in southern Michigan. "Outstate Michigan" as the company likes to call it. The area covers most of the lower peninsula, excluding the area around Detroit served by Detroit Edison and a few small sections taken care of by local utilities. Principal cities serviced are Flint, Grand Rapids, Saginaw, Lansing, Pontiac and Muskegon.

Revenues are about two-thirds electric and one-third gas, with a very small amount of steam heating. While the area has a large number of farms it is also highly industrialized and includes the production of automobiles, machinery and metal products, furniture, chemicals, paper and foodstuffs. However, industrial sales contribute only 30% of electric revenues compared with 43% for residential and farm customers. In the gas division, residential and space heating business contributes 78% of gas revenues.

As with other companies which were formerly in the old Commonwealth & Southern System, residential rates are quite low—about 2.23¢ compared with the national average of 2.53¢; correspondingly, residential usage last year averaged 3,905 kwh. compared with the national figure of 3,366.

During 1959 sales of electricity and gas have been running well ahead of last year. In the first eight months kwh sales of electricity were up 16% and volume sales of gas 19%. Revenues were 13% larger than in the first eight months of 1958, with electric revenue showing a 12% increase and gas revenue a 16% gain. For the 12 months ended Aug. 31, revenues were up 10% to $248,010,000.

The company earlier this year had about 250,000 gas space heating customers and another 30,000 were to be added this fall, since additional gas was to become available. The FPC issued a certificate to Trunkline Gas Company for construction of facilities to supply an additional 100 million cf per day to Consumers (increasing to 200 million cf per day over a four year period). The contract called for deliveries to begin Dec. 1, but the steel strike has delayed the construction of the new lines, hence the initial date of delivery is somewhat uncertain.

It appears likely, however, that business from these new customers should be received during at least a portion of the heating season. Over the next five years Consumers expects to obtain double the gas supply which it has been receiving. (Its principal supplier is Panhandle Eastern Pipe Line). Even after taking care of the 30,000 new customers, the company will have a waiting list of over 110,000 for gas heating service; since the company first brought Texas gas into Michigan in 1942 it has been handicapped most of the time by restrictions on space heating. There is, therefore, still an excellent growth potential.

The company now has a total electric generating capacity of 2,270,000 kw, compared with last year's peak load of 1,739,000 kw. The Dan E. Karn Power Plant on Saginaw Bay went into commercial service in early September with a unit of 265,000 kw capacity. A second unit, also of 265,000-kilowatt capacity, is under construction and is scheduled to go into service in 1961.

The company is planning to build an atomic power plant on Lake Michigan near Charlevoix at a cost of some $30 million, of which about $13 million is to be charged off as research and development expense. It will be a boiling water reactor with guaranteed capacity of 50,000 kw, but it is hoped to increase this to 75,000 kw during a test period of 4½ years, by increasing kwh output per cubic foot of the reactor core.

Consumers Power earned $2.45 a share in the year 1948, when the shares were distributed to the public in the break-up of the Commonwealth & Southern System. Earnings had advanced to $2.78 by 1950, but receded moderately in the two following years; in 1953, they improved to $3.16. During the next five years there was little net change, $3.15 being reported in 1958.

In 1958 only 5.3% was earned on year-end net property account, compared with 6.5% in 1954 and 6% in 1948. The company therefore requested a rate increase and after some delay, received about $6.8 million in increased revenues, considerably less than the amount requested. The commission allowed a 6% return on an original cost rate base; while fair value had previously been recognized in Michigan, the commission refused to allow this basis. The Michigan Supreme Court dismissed an appeal from the order. The increase would be equivalent to about 37¢ a share per annum on the common stock, effective early in June.

Earnings for the 12 months ended Sept. 30 were $3.57 compared with $3.21 on a slightly smaller number of shares in the previous period. This year's figures presumably included about 9¢ attributable to the increased rates, but on the other hand may haveb een affected moderately by the steel strike. In general, however, the sharply increased tempo of automobile operations has doubtless benefited 1959 earnings (although recently there have been temporary plant closings due to steel shortages).

The longer term outlook seems favorable assuming that the company can maintain profit margins at the current level. It is benefitting by the opening of the St. Lawrence Seaway as well as by the completion of the new bridge connecting the lower and upper peninsulas of Michigan.

Consumers Power has maintained conservative financial policies and the equity ratio after the sale of $25 million mortgage bonds in August approximated 37%. The stock has been selling recently around 56 (range this year about 62-52½) and based on the current dividend rate of $2.60 the yield is 4.6%. The price-earnings ratio is 15.7.

Oliver Goshia With J. N. Russell & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Oliver Goshia has become associated with J. N. Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges. He has recently been with Prescott & Co. In the past he conducted his own investment business in Toledo.

Do Not Invest in Europe

By Roger W. Babson

Mr. Babson counsels against purchasing European investments generally and German stocks or bonds particularly. He depicts European stocks as dangerous speculations rather than as investments. This is based on an assumed trend toward socialism and not on fears concerning W. W. III or any Communist activities.

Since returning home from my long trip to Europe, I find that many of my friends here are greatly interested in buying stocks now of German, French, Italian, and other European companies.

Roger W. Babson

Let me first say that in Norway, Sweden, and Denmark, the railways, telephone and telegraph, and all the utilities are owned by their national governments. All these countries have many private stores and huge "co-operatives." In some of these countries every co-operative not owned by the state must have a majority of its directors citizens of that country. Holland and Belgium are more friendly to outside investors.

In Poland and Russia everything is state-owned. Hence, the purchase of European stocks by Americans is limited practically to stocks of corporations in a limited number of nations as noted above.

Conditions in Germany

West Germany is now very prosperous and this prosperity extends—in decreasing proportion—until we reach Spain. The German people are intelligent and industrious, and are not handicapped by unreasonable labor leaders or tax collectors. The favorite German stocks are the "industrials," namely chemicals, metallurgy, electronics, building materials, automobiles, paper products, and chain stores. The banks—which largely carry on the investment business—are also making money. Many of these companies may offer temporary profits.

American investors who buy them are, however, playing with fire. I hope I am wrong; but I think that Mr. K will succeed in getting control of all Berlin and will ultimately consolidate East Germany—which Russia now controls and which I visited—with West Germany. This could enable Mr. K to control the entire area under the Polish System. The Poles insist they are not Communists; but all property is owned by the Polish Federal Government, which is friendly to Russia. Hence I do not recommend the purchase of any German stocks or bonds.

Khrushchev's European Program

As I stated last week, Mr. K does not want World War III. His hope is that some way can be worked out for him to gradually consolidated and control Germany without fighting. But if he must fight to bring about his goal, and if we should feel obliged to get into a nuclear war, I hate to think of what would follow. Western Europe does not want Communism; but I believe that with the exception of the property owners—who are a small minority—the majority are favorable to state ownership under the Polish System.

If World War III should come, all Europe would immediately turn socialistic and have state ownership; but gradually—war or no war—this is the trend. This especially applies to France, Italy, and perhaps to England, notwithstanding the recent fine victory of the conservative party. They don't want Communism; and I hope the Russians will get tired of it. Much, however, depends upon China which is fast developing its own form of Communism. All the above means that my U. S. readers had better look upon European stocks as dangerous speculations rather than as investments.

Our Securities and Exchange Commission

Bankers and brokers have never liked our Securities and Exchange Commission. They claim its red tape puts a "ball and chain" on the sale of new issues of stocks and bonds. I, however, feel it is a protection to all honest investors, and even speculators, if they take the time to read the prospectuses which the Commission requires.

Stocks and bonds issued by bankers and corporations in Germany and other European countries do not have to be reported to such a commission; in fact, no such commission exists in Germany. Therefore, it is often impossible to get the records of earnings, assets, and other details of European stocks or banks which the corporations or bankers do not care to publish. Furthermore, punishments for false rumors and "estimates" are not severe enough to insure accuracy or honesty. Hence, irrespective of fears of World War III or any Communist activities, I cannot advise my readers to now invest in Europe.

New York State Elec. & Gas Corp. Rights Offering

Common stockholders of New York State Electric & Gas Corp. of record at the close of business Nov. 20, 1959 will receive transferable warrants evidencing rights to subscribe at $25.50 per share for 466,961 shares of common stock in the ratio of one share of new stock for each 15 shares held of record. Subscriptions will be accepted only for full shares of stock. The subscription offer will expire at 3:30 p.m. (EST) on Dec. 7, 1959.

The company, organized under New York law in 1852, is engaged principally in the business of generating, purchasing, transmitting, distributing and selling electricity and gas within areas in the central eastern and western parts of the State of New York. It also produces and sells steam for heating in the City of Lockport. The principal office of the company is at 108 East Green Street, Ithaca, N. Y.

The corporation will use the stock proceeds primarily for construction.

H. O. Peet Co. to Admit MacDonald

KANSAS CITY, Mo.—On Dec. 1st, H. O. Peet & Co., 23 West Tenth Street, members of the New York and Midwest Stock Exchanges, will admit Frederick H. MacDonald to partnership. Mr. MacDonald was formerly Vice-President and Manager of the Syndicate Department of Burke & MacDonald, Inc.

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Hugh W. Long Elects Ann Galvin

ELIZABETH, N. J.—Ann V. Galvin has been elected a vice president of Hugh W. Long & Company, Westminster at Parker.

Miss Galvin has been with the Long Company since 1948 and was elected an assistant vice president in 1957.

Tillman Stevens Opens

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Tillman S. Stevens has formed Tillman S. Stevens & Associates with offices at 4824 Drew Avenue, South, to engage in a securities business.

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MUTUAL FUNDS

BY ROBERT E. RICH

Not Dead, But Not Fully Alive Either

Back in 1953, the chief executive officer of a major railway carbuilding company engaged a newsman to take a walk in Wall Street. His job was to find out what investment company leaders, bankers, brokers and analysts thought of his company, his industry and its customer, the railroads. The newsman, somewhat sheepishly, was forced to report that the car builder either would diversify or die since it was serving "a dying industry." That company, like every other car builder, now has a large degree of diversification, but the carriers aren't dead.

Still, they aren't thriving either after more than a decade of pouring billions of dollars into such cost-cutting programs as dieselization and electronic yards and offices. Now, apparently, it is to be a series of mergers in yet another effort to come abreast of the changed times. It may yet be that they will radiate the vitality that was theirs a generation ago, but right now about one of every three investment companies has written them off. For, of the 179 open-end and closed-end member companies of the National Association of Investment Companies, only 121 hold security issues of the railroads. These 121 companies have over $800 million invested in the common stocks, preferred stocks and bonds of the carriers. This investment represents an exceedingly slim 4.8% of the total net assets of all N. A. I. C. member companies.

Actually, their vote of confidence—if it may be called that—is less resounding than even these figures would indicate. For only 70% of the $800 million investment is in the common stocks of the railroads. Th balance is in the carriers' bonds (23%) and preferred stocks (7%).

A measure of the low level to which railroad common stocks have fallen as an investment medium is the revelation that the two kingpin carriers. Pennsylvania and New York Central, are shunned. It would appear that where investment companies can be persuaded that railroad issues have some merit, their selections have been confined to Southern Pacific, Southern Railway, Chesapeake & Ohio, Atchison, Topeka & Santa Fe, Great Northern and Seaboard Airline.

Union Pacific, Nickel Plate, Norfolk & Western and Illinois Central also are represented, but the value of the investment in all four of these roads totes up to a mere $125 million. As the chief of one mutual fund, which holds no railroad securities, noted: "That adds up to a few sizable secondary offerings."

Nor is the low esteem in which the railroads are held confined to fund managers. Individual investors too have turned their backs on the carriers, which sold at new lows for the year in recent days. Symbolic of their state was the announcement last week by Pennsylvania Railroad that it would again this year pay a token dividend of 25 cents per share—not that a dividend was justified, but the road wanted badly to keep intact a record of paying something each year for more than a century. If the old Wall Street cliche, which holds that the time to buy a stock is when nobody wants it, then there should be at any moment a mad scramble to get aboard the rails.

And it may yet be that better days are ahead for the carriers. It may be a case of "it's got to get better because it can't get worse." Railroad chiefs have, as previously noted, done a man-size job of cost-cutting. They are coming to grips with their passenger-travel problems and they are making a strong fight against the labor feather-bedding that costs hundreds of millions of dollars every year. And they are bringing home to Washington the inequities in a society that pampers truckers while penalizing railroads. And they are winning friends at long last in the state legislatures, which imposed ruinous taxes on the railroads only to awaken now to the fact that the carriers often are the jugular vein of cities, towns and suburbia.

It is somewhat premature to look for the glow of health in this basic industry, but there are some, as the statistics of the funds show, who retain faith. For this small band of faithful the rewards could be rich. And as one fund chief who has a smallish stake in carriers noted: At least the risks are small."

The Funds Report

Fourteen top executives of investment companies have been appointed to the 1959-1960 chairmanships of the special committees which handle the multi-faceted activities of the National Association of Investment Companies. Herbert R. Anderson, Association President, is Chairman of the N. A. I. C. Board of Governors and also of the Administrative Committee. Chairmen of committees, the titles of which define areas of operation are:

S. E. C. rules, Joseph E. Welch of Wellington Fund; Finance, Leland M. Kaiser of Insurance Securities Trust Fund; Tax, Edward P. Rubin of Selected American Shares; Open-end Companies, William F. Shelley of Canada General Fund, Ltd.; Insurance Relations, Edward B. Burr of One William Street Fund; Membership, Charles F. Smith of Financial Industrial Fund; Institutional Studies, Fred E. Brown of Tri-Continental Corp.; Federal Reserve, Franklin R. Johnson of The Colonial Fund; Closed-end companies, John M. Schaeffer of U. S. & Foreign Securities; State Liaison, John R. Haire of Fundamental Investors; Federal Legislation, Francis S. Williams of Chemical Fund; Public Information, Harold K. Bradford of Investors Mutual, and Employees' Retirement, W. Linton Nelson of Delaware Fund.

* * *

More than 25,000 new accumulation plans for purchase of mutual fund shares are now being opened each month by people building their investment in American enterprises, according to the National Association of Investment Companies. At the end of October, investors had 1,100,000 of these plans in force with a value in excess of one and three-quarter billion dollars. An indication of the growth in popularity of these plans is pointed up by the fact that there were about 830,000 in force a year ago, so that the 12-month rise is more than 250,000. Five years ago, there were less than 200,000 of these plans in force. They have been increasing, on average, by more than 200,000 each year.

* * *

Directors of **Institutional Income Fund, Inc.**, declared a dividend of eight cents a share from investment income, payable Jan. 4 to shareholders of record Dec. 1.

* * *

Fundamental Investors, Inc. declared a fourth quarter dividend of 6½ cents a share from net investment income, payable Dec. 28 to stock of record Dec. 4. The fund's 107th consecutive dividend, it compares with 5½ cents paid in each of the first three quarters of this year.

* * *

Diversified Growth Stock Fund, Inc. declared a fourth quarter dividend of 1½ cents a share from net investment income, payable Dec. 24 to shareholders of record Nov. 27.

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The **George Putnam Fund of Boston** declared year end distributions of 12 cents a share from investment income and 52 cents a share from capital gains, both payable Dec. 22, to stock of record Dec. 1.

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Teachers Insurance & Annuity Association has elected as trustees Richard A. Lester, Jacob B. Taylor and Otto C. Richter.

* * *

Scudder, Stevens & Clark Fund, Inc. reports total net assets of $79,246,465 on Nov. 13, equal to $19.55 per share. This compares with a per share value of $19.37 a year ago. These figures have been adjusted to reflect a 2-for-1 stock split effective Oct. 30, 1959.

Scudder, Stevens & Clark Common Stock Fund, Inc. reports total net assets of $31,675,669 on Nov. 13. Latest per-share net asset value was $9.78, compared with $9.21 per share a year ago. These figures have been adjusted to reflect a 3-for-1 stock split effective Oct. 30, 1959.

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Thomas J. Flaherty Jr., President of **Universal Programs, Inc.**, sponsor of contractual plans for the accumulation of Philadelphia Fund shares has been elected to the board of the Association of Mutual Fund Plan Sponsors, Inc. and appointed eastern Vice-President of the Association.

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College Retirement Equities Fund has elected as trustees Charles S. Gage and William F Edwards.

Hugh W. Long Elects Lundy

CHICAGO, Ill.—Richard D. Lundy has been elected a regional vice president of Hugh W. Long & Company, Inc., of Elizabeth, N. J., one of America's leading mutual fund sponsors. He will represent the firm in Chicago and the North Central States in association with regional vice president Martin DeTamble, with headquarters at 105 South La Salle St.

Richard D. Lundy

Mr. Lundy was formerly representative for the Long Company in the Middle Atlantic States.

Inv. Management Elects Young

ELIZABETH, N. J.—Edmund G. Young has been elected assistant secretary of Investors Management Company, Inc., Westminister at Parker, investment advisor to Fundamental Investors, Inc.; Diversified Investment Fund, Inc. and Diversified Growth Stock Fund, Inc.

Edmund G. Young

Mr. Young is a senior securities analyst specializing in the electronics industry and has been with the company since 1951. He is a member of the New York Society of Security Analysts and the American Ordnance Association.

Gibraltar Fin. Corp. Stock Offered

Public offering of 325,000 shares of Gibraltar Financial Corporation of California capital stock was made on Nov. 24 by an underwriting group headed by Kidder, Peabody & Co. The stock was priced at $19.25 per share. The shares were purchased by the underwriters from a group of selling stockholders and no part of the proceeds will be received by the company.

The company owns all the issued and outstanding equity securities of Gibraltar Savings and Loan Association of Beverly Hills and the outstanding capital stock of four affiliated companies. The association is engaged in the business of lending money principally against first liens on real estate for the purpose of purchasing, constructing and improving real property of refinancing existing loans on properties. Funds are provided by savings of individuals, institutions and others. Income is derived principally from interest and fees received in connection with such real estate loans.

On Dec. 31, 1952 total assets of the association were approximately $1,156,000 and at Sept. 30, 1959 the total assets had increased to $96,714,000.

For the nine months ended Sept. 30, 1959, pro forma net earnings per share before appropriations to Federal insurance reserves were $1.37, compared with 78 cents for the 1958 period.

The association has outstanding 929,900 shares of capital stock of $1 par value, excluding 234,900 shares held by the affiliated companies.

Testwuide Named V.-P. By Walter J. Brand Co.

SHEBOYGAN, Wis. — Konrad C. Testwuide III, who has been associated with the firm as registered representative for the past three years, has just been elected a Vice-President of Walter J. Brand & Company, Security National Bank Building.

W. A. Gardner Branch

RIDGEWOOD, N. J.—W. A. Gardner & Company has opened a branch office at 2 Goodwin Avenue under the management of Elizabeth S. Cronyn.

Jamieson Adds Two

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Roger G. Lindquist and Thomas M. Shafer have become affiliated with Jamieson & Company, First National Soo Line Building.

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AS WE SEE IT (Continued from page 1)

and kept pared that way. What makes the outlook more disheartening is the fact that the rank and file have now become so accustomed to such super-extravagance that the extent of our departure from what we all used to regard as sound and sane is not realized or understood and the inherent danger of such a situation is rarely perceived.

Time for New Hard Look

The time has definitely come for a new hard look at the situation that has developed in our national finances since the advent of Franklin Roosevelt and his New Dealers. Here are a few facts which should somehow be seared into the souls of us all. There are plenty of others, but these will do very well to show the state of affairs into which we have drifted during the past three decades. In 1929 the Federal Government took for its use some 3.6% of the total output of goods and services in this country. By 1936 after the New Deal had been well under way it took 6.0%. The figure had risen to 12.2% by the time we were drawn into World War II. With the war won, the figure rose to 18.6% in 1946. By 1952, the last year before President Eisenhower came into office, the national government had increased its take to 19.5% of total output.

And what of the course of events under President Eisenhower who had made so much of the necessity of getting the state of our national finances in order? Well by 1958, he had been able to limit a great rise in outlays sufficiently to hold them to about 17.8% of a vastly increased volume of national output! And if what is now being said about the budget for next year proves accurate the percentage figure could well be back at or about its postwar peak! The Director of the Budget speaks of "built in expenditures" or something of the sort, by which he presumably means that acts of Congress in years past have laid a heavy burden upon the country for next year. Of that we have not the slightest doubt. Neither do we have any doubt that unless something effective is done Congress will next year and the next and the next continue to make very difficult adequate cuts in outlays during succeeding years. It is an old, old custom to arrange for expenditures for future years while leaving the year's budget immediately under consideration relatively unburdened.

States & Municipalities, Too

Unfortunately it is not only in Federal finances that we are suffering from this extravagance. State and local governments have been and are at it, too. In 1929 these smaller governmental units expended about twice as much as did the Federal Government, 7.3% of total output of the nation as against 3.6% for the national government. The increases since that far-off year have, of course, been more dramatic in the case of the Federal Government—thanks to a World War and to the relative ease with which the national treasury could raise funds with the aid of the banks. But the figures for state and local governments are disturbing enough. By as early as 1936 these units were taking about 10.4% of the total output of the nation. War conditions naturally held them in check for the time being. By 1950, however, they had again reached their 1929 percentage despite enormous increases in total national production. In 1958, at 9.4% of the national product, they had well passed their 1929 mark despite very large increases in national output.

Now unless we are ready to accept the notion, deeply tinged with socialistic or communistic philosophy, that government (for which read the politicians) knows better what to do with the product of our labors than we, the individual citizens of the land do, then there is something very disturbing about this apparently endless growth in the part of our output which goes each year into the hands of government—well over a quarter of it in 1958 and still on the rise. Obviously here is a matter which is quite apart from the question of a balanced budget. Of course, if we must pour all this into governmental operations, then certainly in times like these there is no shadow of excuse for not meeting the cost out of current income rather than merely adding to the debt upon which interest (at rising rates) must be paid. But whether so met or not, it is far too large a part of our product to turn over to the politicians.

The situation is really a good deal worse than such figures as these would indicate. There are vast contingent liabilities of one sort or another already existent and many more being accumulated year by year in the form of loan guarantees, so-called insurance, and most of all in the form of commitments to make payments on social security account in the years to come. These facts as well as the formal fiscal figures already cited are, of course, well known to the matriculate. They are properly understood, we are afraid, by a small minority—so far have the Neo-Kaynesian doctrines and the preachings of Franklin Roosevelt and his followers brain-washed the American public. It is very unfortunate that President Eisenhower does not marshal his enormous prestige more consistently and effectively in behalf of budgetary frugality.

A. R. Frederick & Co. Coast Exch. Member

The election of Arthur R. Frederick, representing the firm of A. R. Frederick & Company, Inc., to membership in the Pacific Coast Stock Exchange, Los Angeles Division, effective Nov. 19, 1959, has been announced by William H. Jones, Board Chairman of the Division.

A. R. Frederick & Company, Inc., with offices at 1416 Westwood Boulevard, Los Angeles, Calif., is a new firm organized to engage in the securities business, of which Mr. Frederick is President, Treasurer and Director; J. Wallace McKnight is Secretary and Director; and Virgil F. Every is Director.

Mr. Frederick has been engaged in the financial consulting business in the Los Angeles area for a number of years and recently returned from India where he was a management consultant to government owned and private industry in India.

Alkow Firm to Continue

As a result of his suspension by the Board of Governors of the New York Stock Exchange, Jacob M. Alkow has resigned as President, Treasurer and Director of Alkow & Co., Inc., 50 Broadway, New York City, members of the New York Stock Exchange. No charges were brought against the firm itself.

The company has announced that it will continue all of its business operations, including its branch offices in New York City, Baltimore, Hollywood Beach, Fla., and Beverly Hills, Calif.

McCarthy & McCarthy

SEATTLE, Wash. — McCarthy & McCarthy, Inc., is engaging in a securities business from offices in the Securities Building. Officers are: Stephen D. McCarthy, President; Terence K. McCarthy, Vice-President, and Lois B. McCarthy, Secretary-Treasurer. Stephen D. McCarthy was formerly with Walston & Co. and Foster & Marshall.

Join Staff of Woodcock, Hess

PHILADELPHIA, Pa.—Woodcock, Hess, Moyer & Co., Inc., Fidelity Philadelphia Trust Building, members of the New York Stock Exchange and other Exchanges, announce the election of Harry B. French, Frederick V. Devoll, Jr. and Marshall Figgatt as Vice-Presidents of the firm. Messrs. French, Devoll and Figgatt were formerly associated with Bache & Co. as registered representatives in their Philadelphia office. Mr. Devoll will be in charge of the firm's Trading Department.

Harold P. Woodcock, President of the firm, also announced that Matty Edison and John B. McClure, formerly of Hallowell, Sulzberger, Jenks, Kirkland & Co., have joined Woodcock, Hess, Moyer & Co., Inc. as registered representatives.

Form H. B. Crandall Co.

Harold B. Crandall has formed H. B. Crandall Co. with offices at 82 Beaver Street, New York City, to engage in a securities business.

Frank Donnelly Opens

NEWARK, N. J.—Frank G. Donnelly, Inc. is engaging in a securities business from offices at 24 Commerce Street. Officers are Frank G. Donnelly, President and Treasurer, and I. J. Donnelly, Secretary.

PROPOSED NEW ISSUE November 26, 1959

500,000 Shares

(Amount currently being registered)

CAPITAL LIFE INSURANCE SHARES AND GROWTH STOCK FUND

(Par Value $.01)

A class of stock issued by

CAPITAL SHARES, INC.

Offering Price $10 Per Share

(in single transactions involving less than $10,000)

The Fund, whose primary investment objective is long-term capital growth, will become an open-end investment company after delivery of the shares being offered. The Fund seeks to achieve its objective through investments in companies believed to have growth possibilities, with special emphasis on companies engaged directly or indirectly in the life insurance business. It will also invest a portion of its assets in securities of companies in other industries which it feels offer unusual opportunities for capital growth.

Shares of the Fund will be offered to the public through a group of underwriters headed by Shearson, Hammill & Co.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This advertisement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

Phone or write your local broker or dealer or the undersigned for your copy of the Preliminary Prospectus.

SHEARSON, HAMMILL & CO.

14 Wall Street, New York 5, N. Y.

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NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Board of Directors of **The First National City Bank of New York** recommended Nov. 24 that shareholders at the annual meeting Jan. 12 vote a stock dividend of 240,000 shares to be distributed to shareholders in the ratio of one share for each 50 presently outstanding. If voted, the stock dividend will be payable to shareholders of record at the time of obtaining the necessary approval by the Comptroller of the Currency, which has been requested for Jan. 14. The Comptroller has indicated his tentative approval.

The issuance of the new shares would increase the bank's capital stock from 12,000,000 shares with a total par value of $240,000,000 to 12,240,000 shares with a total par value of $244,800,000. The increase would be effected by a transfer of $4,800,000 from undivided profits to capital.

It is expected that cash dividends will be continued at the present rate of $3 per share per annum on the increased number of shares.

* * *

The First National City Bank of New York will open a branch Nov. 26 in Cordoba—Argentina's second largest city. It is the bank's 81st overseas branch in 28 countries, and its sixth in Argentina.

The new branch will be under the supervision of Guillermo H. Howard, Manager.

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Chemical Bank New York Trust Company, New York has elected Plato Malozemoff to its Advisory Board on International Business, Chairman Harold H. Helm announced.

* * *

Manufacturers Trust Company, New York has opened a Representative Office in Paris at 18 Place Vendome, is was announced Nov. 24 by Horace C. Flanigan, Chairman of the Board, and Andrew L. Gomory, Senior Vice-President in charge of the Bank's international banking department.

"This move will enable us better to serve the ever-increasing number of our clients who travel to France for business or pleasure," the announcement said. Tibor E. Durr is the representative in charge.

The Paris office is the bank's fifth Representative Office outside the United States, the others being located in London, Tokyo, Rome and Frankfurt am Main. The Bank's representative for the Near and Middle East maintains headquarters at Rome.

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D. J. Giles and A. E. Scott, both of **Bankers Trust Company New York**, were named Vice-Presidents Nov. 24, it was announced by William H. Moore, Chairman.

Mr. Giles, formerly a trust officer, has been connected with personal trust work since he began his career with the bank in 1929. He became an officer of the Bank in 1944.

Mr. Scott, who joined Bankers Trust Company in 1926, has been associated with the Bank's Trust Department since that time. He became an Assistant Trust Officer of the Bank in 1943 and a Trust Officer in 1950.

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The Bank of Westbury Trust Company, Westbury, New York was given approval by the New York State Banking Department to increase its capital stock from $487,500 with shares of 19,500 par value $25.00, to $609,375. (Number of shares outstanding 48,750 par value $12.50 each.)

* * *

The Comptroller of the Currency approved the merger of the **Central Bank and Trust Co., Great Neck, New York,** and **The Meadow Brook National Bank of Nassau County, West Hempstead, New York,** under charter and title of The Meadow Brook National Bank of Nassau County, effective Nov. 12.

The stockholders' approval of the consolidation was given in the Nov. 12 issue of the "Chronicle" page 2002.

* * *

James C. Waide, Trust Offifcer of **Long Island Trust Co., Garden City, New York,** was promoted to Vice-President and Trust Officer at a meeting of the Board of Directors Nov. 18.

Mr. Waide began his banking career at **Brooklyn Trust Co., Brooklyn, N. Y.,** and advanced to the fiduciary accounting section of their trust department. He came to Long Island Trust Co. in July 1950, and was named Assistant Trust Officer in August of that year, and Trust Officer in Dec. 1952.

* * *

William L. Butcher was named Chairman of the Board of **The County Trust Co., White Plains, N. Y.,** by the bank's directors on Nov. 18. Mr. Butcher, President since 1957 will succeed Dr. Joseph E. Hughes as head of the bank. Dr. Hughes will retire Dec. 31, at the age of 65, under the bank's retirement plan.

John A. Kley, Executive Vice-President since 1957, was elected President to succeed Mr. Butcher as chief administrative officer.

Dr. Hughes, the retiring chairman, will have completed 33 years in banking. He was one of the founders of the **Washington Irving Trust Co., Tarrytown, New York,** and became its President in 1934. When it merged with The County Trust Co. in 1947, Doctor Hughes became President of the combined institution. In 1957, he was elected Chairman.

William L. Butcher came with The County Trust Co. as Executive Vice-President in 1946 and was elected President two years ago. He was previously associated with **The Central Trust Co. in Cincinnati, Ohio.**

John A. Kley has been with The County Trust Co. since 1937. He was named Vice-President in 1951, Executive Vice-President in 1957 and became a member of the Board of Directors a year later.

* * *

Shareholders of **The First National Bank of Jersey City, N. J.** at a special meeting Nov. 17 approved a proposal by the Directors of the Bank to increase capital funds through the sale of 31,000 additional shares of the Bank's $25 par value capital stock. More than 80% of the stock of the Bank was voted in favor of the proposal. In accordance with this action by the shareholders, the Bank will offer the shareholders of record on Nov. 17 rights to subscribe pro rata to the 31,000 new shares at $53 per share. These rights will expire on Dec. 3. There is no underwriting involved in this offer.

With the completion of this offering, the number of shares of the Bank's capital stock will be increased from 189,000 to 220,000. The proceeds will increase the capital of the Bank to $5,500,000, surplus to $5,500,000 and undivided profits to approximately $1,750,000. It is estimated that Total Capital Structure, including Reserves, will amount to $14,938,000.

* * *

George H. Brown, Jr., has been elected by the Board of Directors as President and Chief Executive officer of **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** effective Nov. 23.

The announcement is made by Geoffrey S. Smith, Girard President since 1948, who now becomes Chairman of the Board. James E. Gowen, who has been Board Chairman, has been elected Chairman of the Executive Committee pending his retirement from active service on May 1, 1960.

In addition, President Smith announced that George R. Clark, now Senior Vice-President of the bank, will become Vice-Chairman of the Board following his election as a Director at the annual meeting of Girard shareholders on March 7, 1960.

The new President, George H. Brown, Jr., was elected a Director of the bank. He fills the vacancy created by the resignation of J. J. Caprano who has reached the age of retirement. Mr. Caprano is a retired officer of the bank, having completed almost fifty years of service which began when he joined the staff as a clerk in 1910.

* * *

Directors of **Broad Street Trust Co., Philadelphia, Pa.,** announce the election of Michael J. Brett as Vice-President, Stuart Whitman, Assistant Vice-President, William R. O'Donnell Assistant Treasurer, Alfred C. Achtert Assistant Treasurer and John T. Wagner, Assistant Secretary.

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The Central National Bank, Cleveland, Ohio, announced the appointment of Mr. Loring L. Gelbach as President to succeed Mr. Ben F. Hopkins Jr. Mr. Gelbach remains Chairman and Chief Executive Officer.

* * *

Mr. R. B. Johnston was elected Vice-President in the bank's loaning division and Mr. R. K. Newhall was elected Vice-President in the international banking department and C. F. Newhall and G. W. Miller were elected Vice-Presidents in the banks banking division of the **First National Bank of Chicago, Ill.**

* * *

By the sale of new stock, the **First National Bank of Janesville, Wisconsin,** increased its common capital stock from $400,000 to $500,000, effective Nov. 10. (Number of shares outstanding 10,000, par value $50.)

* * *

The merger of the **Citizens National Bank of Durham, North Carolina,** with common stock of $250,000 with and into **Durham Bank and Trust Co., Durham, North Carolina,** under the charter and title of Durham Bank & Trust Co., effective Oct. 31.

* * *

The consolidation of the **First National Bank of Raleigh, North Carolina,** with common stock of $200,000 with and into **American Commercial Bank, Charlotte, North Carolina,** under the charter and title of American Commercial Bank, effective Oct. 30.

* * *

The Alamo National Bank of San Antonio, Texas, by a stock dividend increased its common capital stock from $3,000,000 to $3,375,000, and by the sale of new stock from $3,375,000 to $3,750,000, effective Nov. 6. (Number of shares outstanding 187,500, par value $20.)

* * *

Walter A. Hass, Jr., and Grover D. Turnbow, have been elected Directors of the **Bank of America, N. T. & S. A., San Francisco, Calif.**

At special meetings held Nov. 19, the merger of the **Bank of Whittier, Calif.** and **The First National Bank of Vernon, Calif.,** into **Citizens National Bank, Los Angeles, Calif.,** approved by shareholders of all three banks.

Roy A. Britt, President of Citizens National Bank, H. C. Dolde, Chairman, Bank of Whittier, and Leonis C. Malburg, President, The First National Bank of Vernon, jointly stated that it was expected that the effective date of the merger would be Nov. 30, and that the merged banks will be operated by their present officers and staff members as branches of Citizens National Bank.

Citizens National showed resources of $567,497,874 as of Sept. 30, 1959. On the same date, Bank of Whittier resources were $12,802,057 and The First National Bank of Vernon's resources were $6,059,753.

* * *

Edwin M. Blakeslee was recently elected a Director of the **Santa Monica Bank, Santa Monica, Calif.,** Aubrey E. Austin, Jr., President, announced.

* * *

L. H. Brinck was elected a Vice-President of the **Wells Fargo Bank, San Francisco, California.**

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Common Sense and the Very Small Investor

One of the worthwhile objectives of those who conscientiously are advocating the investment of very small sums, on a monthly or quarterly basis into stocks and Mutual Funds, is to encourage thrift among the masses. There is also the opinion of many in the investment industry that the broader the participation in the ownership of business, the greater will be the general public's allegiance to traditional American capitalism. Both of these objectives we heartily endorse. Regardless of these considerations, it seems to us that there are other facets of this proposition that are deserving of serious consideration by all those who are engaged in the distribution of common stocks to the general public.

Savings Should Have A Definite Purpose

It is the observation of many in the securities business with whom I have discussed the most excellent "Monthly Investment Plan" sponsored by the New York Stock Exchange, and the sound monthly and quarterly accumulation plans offered by the Mutual Funds, that these worthwhile vehicles of investment are only suitable for those who have first made preparation for certain very fundamental eventualities that are faced by all families. These "plans" should only be offered to those who have prepared for such emergencies as the loss of income for a protracted period and the untimely demise of the bread-winner. Unless, in addition to ample life insurance, a family has a reserve fund in a good savings bank, a Savings and Loan Association, or governments, that will provide for at least six months of living expenses, it is not advisable for them to acquire common stocks under any plan.

In the case of a young man who is beginning to make his way in life and who has several small children, I doubt if any conscientious investment salesman would advocate that he invest even $40 a month in common stocks unless he has first acquired sufficient life insurance protection for his family. This would require that the family's living expenses were at least protected up to 75% of their present income for a period of from 10 to 15 years. On this basis most families would need from $50,000 to $75,000 of life insurance as a minimum requirement before they could be in a position to buy common stocks. Even $40 a month will buy over $10,000 of life insurance for the young family man if he is insurable. Certainly his family would be much better off with life insurance if he were taken from them prematurely than if they had been bequeathed a few hundred, or even several thousand dollars worth of common stock or Mutual Funds, which the father of this family might have bought investing $40 a month in stocks or Funds.

And How About A Home?

Should not each family that owns their home strive to build up a substantial equity in this valuable property? Despite the proclaimed virtues of long-term mortgages, 10% equities and other such arrangements is not every family in a sounder financial position with a large equity in their home rather than burdened with a large mortgage? Possibly this is old fashioned thinking. But should not all investing have a purpose and be directed toward objectives that are most important? If so, can anyone seriously recommend common stocks to those who have not also set up a plan through life insurance of mortgage retirement, in case of the premature death of the breadwinner of a family.

Good For Those Who Qualify

For those investors who have reserves available for life's emergencies, the Mutual Fund Accumulation Plans and the "Monthly Investment Plan" sponsored by the New York Stock Exchange are very worthwhile investment mediums. Risk is reduced through diversification, management, and dollar averaging in the Fund plans. Guidance and selection of good stocks is offered by representatives of investment firms and there is the added advantage of dollar averaging here, too. The profit involved in handling these accumulation plans is small considering the time and detail involved, yet this is a service that is willingly offered by progressive investment firms throughout the country.

There are many people who should begin to buy stocks on a monthly basis. They are well fortified with a reserve of savings and life insurance, and they have a substantial equity in their home. If any of these people wish to investigate buying common stocks on a monthly or quarterly basis, either through the Funds or the "Monthly Investment Plan," I am sure that they will be welcome to call at any broker-dealer's office for the help they need in order to select suitable investments to meet their requirements.

I believe that the investment of savings should be planned and directed, so that those who invest have the best investments for the purpose for which they are intended. With this precept no investment salesman who places service to his clients first can conscientiously disagree.

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Commercial Banks Victims Of Inequitable Tax Burden

Continued from page 15

ate, the Federal supervisory agencies would be required to request a report from the Attorney General on the competitive factors involved in a merger, and the Attorney General would be required to furnish a report to the appropriate agency within 30 calendar days of the request. Exceptions are provided for emergency cases. The supervisory agencies would also be required to make semi-annual reports to the Congress of mergers consummated; and if action taken should be contrary to the views of the Attorney General as to competitive factors, they would be required to give their reasons.

S. 1062 is supported by the Treasury Department, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, The American Bankers Association, The Association of Reserve City Bankers, The Federal Advisory Council, the United States Chamber of Commerce, and the American Bar Association. At the meeting of the House of Delegates of the American Bar Association on Feb. 19, 1957, a resolution was adopted favoring the method of this bill. I am told that this position has not changed.

Tax Equality

Another important legislative matter scheduled to receive attention of the House Ways and Means Committee has to do with taxation. The bill, H. R. 7950, sponsored by The American Bankers Association, Independent Bankers Association, the Bankers Committee for Tax Equality, and others was introduced June 24, 1959, by Representative Noah Morgan Mason of Illinois. Its provisions are of great importance to the commercial banks, and indeed to our system of free enterprise. It is designed to bring about a greater degree of tax equality and would also add substantially to the receipts of the United States Treasury, which needs additional income. In my remarks at last year's meeting, I referred to the striking difference between the relative portion of earnings paid as Federal income taxes by commercial banks and those paid by competitive financial institutions such as mutual savings banks and savings and loan associations. The figures then quoted referred to the five-year period 1952-1956. Figures for 1957 and 1958 were also striking. In 1958, for example, insured commercial banks paid Federal income taxes of $1,198,890,000 and state income taxes of $72,570,000, out of total net profits of $2,973,128,000.[1] In contrast, insured mutual savings banks paid Federal income taxes of $511,000,[2] while carrying $125,597,000 to reserves and undivided profits or surplus. Savings and loan associations, members of the Federal Home Loan Bank System, paid Federal income taxes of $5,600,000,[3] while carrying $476,300,000 to surplus and reserves.

Problem of Inflation

Turning from this illustration of the need for changes in tax laws to bring about equalization of tax burden and to obtain needed income for the Treasury, I should like to comment again on the ever present need for the best efforts of every one of us to maintain the soundness of our money and to stop the rising spiral of inflation. Many are aware of the very serious problems which have been created for the Treasury Department by the tremendous increases in Federal indebtedness and the general problems created by similar increases in the indebtedness of state and municipal governments. Clearly, we have been trying to use our money and credit in too many directions, and for too many purposes simultaneously. It should not surprise any one that with such multitudinous demand, the price of money — i.e., the rate of interest which must be paid to obtain loans, whether by individuals or public treasuries—has risen sharply; yet a very large number of our citizens and many of our lawmakers find this process mysterious or mistakenly ascribe the advancing levels of interest rates to the actions of Federal Reserve authorities. I am sure that bankers do not need an explanation of the true meaning of these phenomena, and I am equally sure that they can do a great service to the Treasury and to the nation if they can spread real understanding of the subject among their customers. Interest is the price paid for borrowed money; and in free credit markets, it responds to supply and demand. This being the case, the primary determinants of interest rates are the actions of millions of individuals and institutions rather than those of the Treasury or Federal Reserve. In June of this year during the recent session of Congress, the President presented a three-point proposal to Congress requesting:

(1) Removal of the 3.26% interest rate ceiling on U. S. Savings Bonds.

(2) Removal of the 4¼% interest rate ceiling on new issues of marketable Treasury Bonds.

(3) Increases in the temporary and permanent public debt limits.

The Congress acted on the request to increase the debt limit and on the request to raise the interest rate ceiling on U. S. Savings Bonds. But it did not act upon the request to remove the 4¼% ceiling on the rate which can be paid on marketable government securities with maturities beyond five years. Clearly this provision of law needs correction. When the Treasury borrows money it has to pay the going rate of interest. The Treasury believes that the refusal of Congress to act to give needed latitude in this area is in effect a renewal of the old conflict between the advocates of soft money and pegged interest rates against those who stand solidly for sound money and flexible interest rates.

Acquainting the People

Once again we are in a situation in which our people must be acquainted with the facts about money. They must choose between artificially low interest rates created by soft money, and the inflation that results, or the flexible interest rates that are essential if inflation is to be avoided and growth is to be healthy, long-lasting, and rewarding.

We need help of all banking groups in spreading a true understanding of this matter, and we need the help of all well posted individuals and organizations. I am glad to hear of the organized activities by the Committee for Economic Growth without inflation of the American Bankers Association. I was much heartened to receive recently a card sent to me by a very large corporation with the heading, "The rising spiral of inflation must be stopped." It is so good that I should like to place it in the record, to wit:

"Each stockholder in Texaco, Inc., has a real stake in whether our country is successful in meeting the issue of inflation. While there is much that is superficially attractive in inflation, its ultimate results will be harmful to our people and to our economy, and will tend to destroy basic values such as thrift and responsibility.

"Robert B. Anderson, Secretary of the United States Treasury, recently pointed out that the rate of this country's growth and development and its capacity to meet the expanding needs of the economy as a whole are still essentially anchored to the growth and development of private business and industry.

"He suggested among others the following guiding principles which should be a part of our basic thinking:

"(1) We must realize that long-term economic growth in real terms can be achieved not with but only without inflation.

"(2) We must not, as we come out of a recession, seek to force the economy into a quick boom which can later injure our long-run capacity to produce.

"(3) We must give maximum free rein to incentives to save, to work, to produce, to invest.

"(4) We must maintain the priceless incentive of confidence in the value of money.

"(5) We must achieve a budget that is in balance or better during periods of high-level activity.

"(6) We must be willing to seek out the impediments to growth in our economy whether these are found in traditional business practices, in organized labor, in government subsidy programs, or in any other area.

"In sharp contrast to these basic principles, we are hearing talk that 'a little inflation is good for economic growth.' Sometimes inflation is unavoidable; for instance, in times of war. But no thoughtful person, at any time, should invite it. Unfortunately, inflation hits hardest at those who are least in position to do anything about it—those retired and living on fixed incomes, people dependent upon the fruits of savings put by in former years."

Checking inflation is a vital problem which has received great emphasis in the year to date. The public has shown an interest and understanding which has led to support of the efforts of the President, the Treasury, and the Federal Reserve System to combat vigorously the inflationary trends which have become so obvious. Sound money and fiscal integrity are necessary to a sound economic system and must be fought for. I am sure that the members of the ABA's National Bank Division will do their part in this battle.

*From an address by Mr. Gidney before the American Bankers Association Convention, Miami Beach, Fla., Oct. 26, 1959.

[1] F. D. I. C. Annual Report for 1958 p. 197.
[2] F. D. I. C. Annual Report for 1958 p. 218.
[3] Federal Home Loan Bank Board.

Sudler Opens Branch

BOULDER, Colo.—Amos C. Sudler & Co. has opened a branch office at 2522 Broadway, under the management of James Stone.

Planned Programs Formed

Planned Programs, Inc. is engaging in a securities business from offices at 60 East 42nd Street, New York City. Elliott Adler is a principal in the firm.

Substantial Secs. Co.

(Special to THE FINANCIAL CHRONICLE)

NORTH HOLLYWOOD, Calif.—Substantial Securities Company has been formed with offices at 6730 Klump Street to engage in a securities business. Officers are: William R. Glore, President; Ejay Shepard, Vice-President, and Philip D. Terrill, Secretary-Treasurer. Mr. Glore was formerly an offices of Glore, Evans & Co.

Associated with the firm's staff are: Lawrence H. Gleason, Charles K. Godfrey, Robert J. Magidson, Charles F. Pavis, Irving Rubin and Edward P. Traxel.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Treasury offer of a 320-day bill to take care of the current year's cash needs was in line with what the money market had been looking for. On the other hand, the offer to swap outstanding savings bonds for another savings bond with income tax deferral advantages, as well as the option to convert savings bonds which are coming due next year into a marketable issue was not in the line of thinking of most money market specialists.

The short-term sector of the money market is still showing a strong demand for the most liquid Treasury issues. However, need for funds for inventory purposes could have a restraining influence on the buying of near-term governments. Tax switches continue to be made, with no general pattern discernable since the time for these exchanges is limited now. Buying of the high coupon issues is still brisk, as are purchases of certain of the 2½% obligations which come due in the late '60s and '70s.

Surprise Offer

The Treasury's offer to owners of Government savings bonds, namely the "E" bonds and the unmatured "F" and "J" bonds, to exchange them for "H" bonds with tax deferral advantages, along with the offer to holders of $1,600,000,000 of the "F" and "G" bonds, which come due next year, to turn them in for the marketable 4¾% note due May 15, 1964, were the interesting and surprising parts of the new money raising operation of the Treasury. But, as had been expected, the Government made public the way in which it was to obtain its December money, through an offer of a 320-day Treasury bill in the amount of $2 billion. These were sold on a discount basis to yield 4.86%, the highest rate the Treasury has paid on an issue with less than one year's maturity since 1929. They were very well received.

This issue will be payable through the Treasury tax and loan account of the commercial banks. There had been very little doubt in the financial district but what the Treasury would use a short-term obligation in its year-end new money venture. However, the savings bond swap had not been anticipated and even though the marketable section of exchange involves not more than $1,600,000,000 of the (1948) "F" and "G" savings bonds which could be turned in for the 4¾s of May 15, 1964, this might be the start of a move by the Treasury to get a part at least of the savings bonds converted into marketable obligations.

Savings Bonds Equal to Cash

Government savings bonds can be turned in for cash very readily and the heavy redemption of these obligations in recent years has been a drain on the Treasury. The higher rate of return that is being offered to the owners of the "F" and "G" bonds which are maturing in 1960 (since they can turn them in for the 4¾s due May 15, 1964), apparently is one of the ways in which the Treasury is willing to compensate holders of the price protected Government savings bond so that they will exchange them for marketable issues which will fluctuate pricewise, depending upon the demand for money and credit.

The large amount of savings bonds that are outstanding does not make the exchange of these issues for marketable ones something that can be done overnight. In addition, many owners of savings bonds do not want marketable issues.

Nonetheless, recent experience with savings bond redemptions probably means that the return on savings bonds will have to keep some semblance of pace with the trend of interest rates or there will be a rather steady stream of cash-ins since many owners of Treasury savings bonds will most likely take advantage of more favorable situations as they appear.

The use of a long-term Government marketable bond with a high coupon rate which would appeal to investors both large and small, like the 5s of 1964 did not so long ago, might be one of the ways in which the price-sheltered Government savings bonds could be converted into distant maturities of the Treasuries.

"Advanced Refunding"

The offer to exchange the "F" and "G" savings bonds for the 4¾s of 1964 is considered to be a form of "advanced refunding" since the former issues are not due until next year. Also the owners of the "F" and "G" who turn them in for the 4¾s will earn about 5% from the exchange date of Dec. 15 to the date on which the savings bonds mature in 1960. After that they will earn 4.81% (the offering price is 99¾ for the 4¾% note) to maturity date May 15, 1964.

Next Treasury Borrowing Early Next Year

The next operation of the Treasury in the money market will be early in 1960 when another $2 billion or so of new money will be obtained. However, the amount of new funds which will be raised at that time may be increased since the deficit of the Government due mainly to the long steel strike, is quite likely to exceed the estimates of $1 billion which are being heard.

Champion to Aid Boy Scout Campaign

George Champion, president of The Chase Manhattan Bank, has been named a vice chairman for the forthcoming Golden Anniversary Boy Scout Capital Camp Campaign, it has been announced by Clarence J. Myers, general chairman of the campaign, and president and chairman of the board of the New York Life Insurance Company.

George Champion

Mr. Champion's specific responsibility in the campaign, according to Mr. Myers, will be to give leadership to two major sections of the drive, foundations and leadership gifts.

The campaign is expected to formally begin early in 1960, the Boy Scouts' Jubilee Anniversary year.

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Business Outlook for 1960

Continued from page 3

rying and producing children, thereby again substantially raising the rate of population increase and stimulating our economy to further expansion.

In addition, revolutionary developments in machine technology throughout all industry will continue during the 1960's at a high rate, reducing costs, increasing efficiency, and raising our living standards—along with revolutionary developments in air travel with jet propulsion and in marine transportation under nuclear power, as well as exploration of space.

In short, the decade of the 1960's can, without doubt, truly become the "Golden Decade"—as it has already been labeled by many expert forecasters—a decade of fabulous growth and accomplishments, based on **economic forces already in being**, provided only that we establish and maintain a **favorable political** climate both at home and abroad and put an end to inflation that has plagued us since 1939.

We can, however — by stupid and shortsighted political decisions, and my selfish and prejudiced actions of our powerful pressure groups in industry and agriculture, as well as our monopolistic labor unions—convert this coming decade into one of confusion, turmoil, inflation and depression.

The Cold War and Disarmament

Defense expenditures of the Federal Government in 1959 will run close to 10% of our Gross National Product, compared to only 1.3% in 1939. If the tensions and costs of the Cold War should be substantially eased and a safe and practical disarmament program can become effective within the next few years, Federal taxes can be reduced sharply—both individual and corporate income **taxes**. It would at least be possible to reduce the corporate rate from today's high level of 52% to, say, 35 or 33⅓% (compared to 12½% in 1929 and [about] 37½% in 1939). The individual income tax could be reduced even more. Even these lower rates would continue to produce revenues equal to those now earned by higher rates, as our **real** National Income (without inflation) rises year by year at a normal rate of 2 to 3% and is further stimulated by increased expansion of economic activities under the impact of these tax reductions.

A sharp reduction in defense appropriations will have substantial repercussions on our **defense** industries and, for some time, until readjustments can be made by these defense industries to **increased private** expenditures, Federal expenditures could be increased in the field of space exploration and foreign aid to under-developed nations. After the readjustment period, our huge national debt, now dangerously high at more than $280 billion (compared to only $46 billion in 1939), could be reduced to a normal level to assure room for expansion in future emergencies **without** confiscation of property, directly or indirectly.

Inflation

The greatest threat—except war—to the Golden Decade of the 1960's is continuation of the vicious inflation from which we have suffered since 1934, with the devaluation of the gold dollar. Our consumer price index is now at its all-time historic high—110% above 1939, while our wholesale index (also at its all-time peak) has risen 140% since 1939.

These price increases have, as stated earlier, already reduced the purchasing power of all fixed investments—bonds, mortgages, insurance policies, bank accounts, etc.—by several hundred billions of dollars. These investment and savings media are those primarily used by the average man or woman in the low and middle income groups. The continuation of these trends and rates of increases into the next decade will most certainly lead to disaster of one kind or another and convert the Golden Decade into one of repudiation and chaos.

Increase in Our Money Supply

Inflation is the increase in total money supply at a rate faster than the increase in goods and services. Since 1939 our money supply has, as stated earlier, increased 300% in face of a population increase of only 35.5% and an increase in our real goods and services of only 130%. In fact, the **per capita** increase in **real** goods and services since 1939 has been less than 70%.

In sharp contrast, our **per capita** money supply has grown from $267 in 1939 to (about) $791 in 1959, an increase of (about) 200%.

Monetization of Public Debt

This huge increase in our money supply at a much faster rate than the growth of goods and services has been accomplished to a major extent through sales of **Federal** bonds and other certificates of indebtedness by the U. S. Treasury to **commercial** banks of the nation, which pay for them merely by crediting the government's account with corresponding **deposits** — a mere bookkeeping transaction which is the equivalent of printing-press money. This process is contrary to sound commercial banking policy, but has been legalized to dispose of the huge Federal debt at relatively low and artificial interest rates in an effort to hold down the annual interest charges on the national debt. This process inflates all prices and thereby reduces the purchasing power of all fixed investments, shifting part of the interest burden to their owners, and **indirectly** confiscating their property or subjecting it to a **hidden** tax to which other forms of property are not liable. It is, in effect, a **cowardly** and essentially **dishonest** or **unethical** form of taxation upon people who can least afford it.

Unbalanced Budget

As stated, Federal debt, created by Federal budget deficits, monetized in the manner described, is the primary cause of our 26 years of continuing inflation. In fact, since 1933 our Federal budget has been balanced only in four years—in 1947 and again in 1956 and 1957—with the Federal debt rising from $22.5 billion in 1933 to more than $280 billion today.

Consequently, in order to halt this continuous inflation since 1933, it is essential that the public insist upon balanced budgets—at least, in time of peace. Unless this is done in the decade of the 1960's, we will eventually see the so-called "creeping" inflation converted into the "galloping" type that totally destroys currencies and all fixed investments payable therein — as in Germany in 1923-40.

The Wage-Price Spiral and Corporate Profits

Another factor in our present all-time peaks of **consumer** and **wholesale** prices is the so-called **wage-price spiral** which has been operating in this country since 1945—**financed** by the huge increase in our money supply. Without that increase in money supply, the wage-price spiral would not have been possible.

Between 1946 and 1957 (inclusive) the average wage rate (including fringe benefits) in manufacturing in the United States has risen 8% per year, while productivity in industry has increased only 3½% per year. In this period, the cost of living rose at an annual average rate of only 4.7%. This sharp annual increase (compounded yearly) in labor costs, accompanied by increases in raw material costs and high tax rates, has put a "squeeze" on corporate profits (as a percentage of corporate sales).

In 1947 and 1950, corporate profits (**after** taxes) in all manufacturing were 5.7% on **sales**. Since 1950 they have declined sharply—to 4.1% in 1951, 3.2% in 1952-54 (inclusive) and 3.5% in later years (until 1959, for which data are not available).

As a consequence of preemption by labor of all (or the greater part of) annual productivity gains, not only have corporate profits (as measured above) declined, but, more important, the productivity gains have not been used, as they have been in past periods of our history, to reduce prices to the public, as a potential off-set to "creeping" inflation.

This continuous wage-price spiral (that now has operated for 14 years since the end of World War II) has raised U. S. products to levels which are rapidly pricing industry after industry and product after product not only out of foreign markets, but out of our own domestic markets, as nation after nation undersells U. S. products in foreign markets, and floods the U. S. market with their merchandise, produced by labor whose wages are sharply lower than ours, in spite of longer hours of work abroad.

Interest Rates and Savings

Prior to the depression of the 1930's, interest rates in the United States were established on free markets—according to the laws of supply and demand. From 1933 through 1953, interest rates were arbitrarily held below their true levels by the joint actions of the U. S. Treasury and the Federal Reserve Board, though the latter is an agency of Congress, independent of the Treasury.

Prior to 1933 interest rates of 5, 6, 7, and even 8% on industrial bonds had been common throughout our history—with government obligations enjoying **lower** rates because of their (so-called) **lower** risks. Between 1933 and 1955, prevailing rates were 50 to 60% lower, due to artificial controls and the huge money supply. Since 1955 they have risen again close to their **historic** (normal) levels, as the demand for funds (both from governments and industry) increased sharply.

Bonds vs. Stocks

Manipulation of interest rates, to hold them below their true market levels discourages savings and greatly encourages debt, especially when it will most likely be paid off in cheaper and cheaper dollars. It also encourages **debt financing** for expansion by corporations rather than financing by sales of stocks. Debt financing by corporations is further stimulated by the high corporate income tax (of 52%) with all interest charges on bonds or debt made **tax-deductible** by law, while **dividends** on stocks are not tax deductible. In fact, a 6% rate on bonds becomes an effective rate of only 2.88% after tax deduction. These factors, to a major degree, explain the present **shortage** of common **stocks** and their current unprecedented price levels. In 1956 only 27% of all money raised by security issues of corporations in the United States was obtained through sales of common stock.

At the same time, bonds—even those with 5 to 7% **interest** rates—are no longer safe investments in a nation which had permitted the reduction in the purchasing power of its money by 52% in 20 years — the life of the average industrial bond or mortgage.

The continuation of inflation into the next decade should—at an early date—generate a growing fear of **total** destruction of the values of bonds on or before their maturity by the inflation process.

So long as this threat of inflation hangs over our bond markets, the time may not be far off when it will be impossible to sell bonds—except at heavier and heavier discounts from par—in addition to high interest rates.

Return to the Gold Standard

In the past, at east from 1878 to 1933—a period when the nation was on the **gold** standard, with full convertibility into gold of all money, and with all long-term bonds and other fixed obligations (such as mortgages, leases, etc.) protected by the **gold** clause, which provided for payment of these claims in **gold dollars** (of the same kind as the debtor received from the lender) or **their equivalent** in paper money—bonds were truly **safe** investments that could not be **eroded** in value or become totally worthless, as a consequence of inflation.

Consequently, the quick and simple way to reinstate bonds (and similar obligations) in their **proper** and historical status in financing of both public and private debts and reduce interest rates thereon is to return to the (internal) gold standard and again legalize the **gold clause** in contracts (which was outlawed both for existing and future contracts by Congress in 1933). It would also be necessary to assure the public that the reinstated **gold clause** would not again be invalidated — at least, not by a simple majority vote of both houses of Congress and approval by the President.

In my considered judgment, the wave of inflation which has overhung the entire western world since 1930 is not likely to be finally ended until the major nations of the world return to the gold standard.

Meanwhile, until then, stock prices are likely to continue to sell at relatively high ratios of price to earnings — because of their capital gains potential as an offset to inflation—while bonds, regardless of interest rates, are likely to become more and more suspect and difficult to sell—until this threat of total erosion is eliminated.

This fear could be eliminated (temporarily) by political pledges for balanced budgets and free markets for interest rates—along with an end to the wage-price spiral — but a return to the gold standard would eliminate this fear immediately and assure at least a **longer** term of compliance to these conditions than to attempt to do so **without** the gold standard.

The maintenance of the gold standard—with internal convertibility (on demand) of all currency—requires:

(1) That a minimum reserve of 25% (of our money) be maintained in gold bullion—a reasonable ratio in view of the legal requirements for banks of **cash** reserves of 18 to 20% against their deposits.

(2) Balanced governmental budgets—to avoid monetization of debt, and

(3) A balance (or surplus) in the nation's international payments.

Unless a balance (or surplus) exists in international accounts of the country, gold bullion must be delivered to settle all negative accounts.

The Threat of Imports

In the decade, 1949-58, our exports of merchandise averaged $15.7 billion—with a low of $10.3 billion in 1950 and a **high** of $20.8 billion in 1957. In the same period, our imports averaged only $10.8 billion—with a low of $6.6 billion in 1949 and a high of $13.0 billion in 1957. Our excess of exports over imports in the same period averaged $4.9 billion—with a **low** of $1.4 billion in 1950 and a high of $7.9 billion in 1958.

However, while exports rose 73% (from **low** to **high**) in the period, our imports rose 100%. Moreover, in the first half of 1959 our exports (on an annual basis) have been only $14.3 billion—30% **below** 1957, while our imports have been $13.0 billion—slightly **above** their 1957 level.

In other words, our **high** prices for our exports—due chiefly to the wage-price spiral since 1946—have not only **reduced** foreign markets for our exports (which must compete with foreign merchandise produced by workers enjoying sharply lower wage rates, while working longer hours), but have encouraged a rising flood of imports into our domestic market—on an increasing scale year by year. This trend has been accentuated by our **Reciprocal Trade Program** under which we have **reduced** tariffs three times since 1947. In fact, our tariffs have already been reduced an average of (about) 80% since 1934 (when this Program began)—without a corresponding reduction in foreign tariffs on U. S. products or in gross discriminations through quotas and exchange controls over U. S. exports.

Military and Foreign Aid Payments

In this same period the U. S. Government has made grants (and loans) in the sum of more than $60.0 billion to foreign nations. Likewise, additional billions of dollars have been sent (or spent) abroad by Americans traveling in foreign countries, or for investment abroad.

In addition, we have been spending about $3.0 billion annually to support our troops and maintain our bases on foreign soil.

Consequently, as our exports have declined, while our imports have risen in face of our other expenditures of billions of dollars annually abroad, we are now threatened with an **unfavorable** or **negative** balance of International Paymounts.

A Growing Threat to Our Gold Stock

Not only have increasing imports threatened the very existence of some of our industries and large segments of other industries—with resulting heavy unemployment—but over the past 16 months we have been losing gold to foreign nations.

In (September) 1949 our Treasury's gold stock was $24.7 billion—more than 60% of the total monetary gold stock of the western world. In (September) 1959 it had been reduced to only $19.5 billion—a loss of 21%.

The ratio of our gold stock to our non-gold money and bank deposits in (August) 1959 was only 7.0%—compared to an average of 8.6% (with a **low** of 6.7 and a high of 10.9%) between 1915 and 1932 (before we suspended convertibility of the dollar into gold in the United States). This ratio has fallen from 10.4% in 1953.

Between Feb. 19, 1958, and Sept. 30, 1959, a total of $3.3 billion of our Treasury gold stock has been withdrawn by foreign accounts that converted their dollar holdings into gold at $35.00 per ounce.

The withdrawn gold was not shipped abroad, but was "earmarked" as held for foreign account and no longer carried in our Treasury gold stock.

In addition to "earmarked" gold (which now totals $9.0 billion) held in this country by foreign institutions and governments, these foreign agencies now

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Facing the Discipline of The Balance of Payments

Continued from page 1

hold short-term claims on dollars (that can be converted into gold) in the sum of $11.7 billion.

Should they convert these short-term claims, our present gold stock would be reduced to only $8.0 billion — **substantially below the legal reserve required to support our currency-deposit money.**

In an attempt were made to convert these short-term claims, the Treasury probably could refuse to do so—for its authority to convert for foreign account is "permissive" and not mandatory. Such a refusal, however, would result in a sharp decline of the dollar in terms of foreign currencies. I would, in effect, be the equivalent of a refusal by a commercial bank to allow its depositors to withdraw their deposits on demand.

However, it is not at all likely that these foreign agencies will attempt to convert their short-term claims into gold, provided our monetary and fiscal policies are sound and are enforced. In fact, our situation with respect to these short-term foreign claims to our gold stock is exactly the same as commercial banks in respect to their deposits. They are legally required to maintain a reserve in **cash** of only (about) 20% of their total deposits. None of them is likely (unless they are insolvent) to be called up to convert **all** their deposits into cash at once.

However, this **potential** threat to our gold stock means, in a very real sense, that we are at the mercy of our foreign creditors, **unless** we do maintain the three requirements of the gold standard: (1) the necessary legal gold reserve; (2) balanced budgets; and (3) a balance (or surplus) in our (total) international payments accounts.

Therefore, it should be clear that our safest policy is to return to the full-fledged gold standard —with convertibility of dollars into gold on demand of any holder, whether domestic or foreign. We have ample gold to do so now. By doing so now, we will firmly re-establish the **integrity** of our dollar (and assure that foreigners will **not** convert and withdraw gold) by accepting the gold standard's rigid **disciplines**— which we (for political reasons) may not otherwise do—until it is too late.

If we should continue with unbalanced budgets or unbalanced international payments, we are certain to have a run on our gold and will then, most likely, take the "easy" way out of further devaluation of the dollar. This would, of course, merely mean another period of inflation and constant further erosion, year by year, of the purchasing power of the dollar.

These problems **indicate** clearly the difficulties that lie ahead during the decade of the 1960's. They clearly demonstrate the kind of complicated technical, economic, and political factors that will determine values of all investments in the next decade—factors which the average investor (large or small) is ill-prepared to deal with.

by the dollar in the early postwar period has diminished, but it is still a key currency and continues to function as such in international trade and finance. Indeed, confidence abroad in the dollar has improved visibly since last year, and the gold outflow has eased substantially.

Adequacy of the Gold Stock — While Americans have no alternative to the use of dollars in settling their accounts within the country, the United States cannot compel foreign central banks to accept our currency in settling a deficit on international account; the medium through which final settlement is effected among nations continues to be gold, or a currency convertible into gold. It is conceivable that at some time in the future, some other unit of value will gain universal acceptability in settling international accounts, but today and doubtless for many years to come, gold retains its age-old functions. Consequently, unless the dollar is to sell at a substantial discount in world markets, the Treasury must stand ready to supply gold to foreign central banks on demand, and foreign holders must have confidence that gold will be available upon request.

Despite a decline of $3¼ billion since early 1958, the United States gold reserve is still about $19½ billion; our holdings still comprise almost one-half the monetary gold stock of the entire non-Communist world. A more balanced distribution of gold among the free nations has been a consistent objective of our international economic policy, essential to the rebuilding of sound currencies abroad. Even so, however, our gold stock is far greater than that of any other nation. The other largest holders of gold in the free world are the United Kingdom (with perhaps $3 billion of gold) and West Germany (with about $2¾ billion); in fact, the gold reserves of all Western Europe apparently total no more than $12-13 billion.

Thus, even if the United States should continue to lose gold at the rapid pace of 1958, the size of the United States gold reserve appears as an adequate bulwark for a long time ahead. Indeed, the present gold reserve exceeds the $16 billion of short-term dollar balances held by foreigners and the additional $3 billion held by the World Bank, the International Monetary Fund, and other international institutions.

The "Free" Gold Problem — Despite the huge size of our total gold reserve, fears for the dollar are fed in part at least by the fact that, in contrast to most other countries, more than half the United States gold stock must be held as reserve against domestic liabilities. Almost $12 billion of gold is required to be held as a 25% reserve against approximately $47½ billion of Federal Reserve note and deposit liabilities, even though these are no longer redeemable in gold. This gold is thereby barred from functioning as a means of settling international accounts — the remaining essential function of gold in our monetary system — and is not available to support the convertibility of foreign holdings of dollar balances. This leaves some $7½ billion of "free" gold, comprising about 40% of our short-term dollar liabilities to foreigners and to international institutions.

By itself, this appears as a thoroughly respectable and adequate coverage, both in historical perspective and in comparison with the reserve coverage prevalent among other leading countries. However, the situation has nonetheless led to some concern abroad, where our gold losses are measured not against the total gold stock but against the very much smaller amount of free gold; apparently it is feared that if further heavy inroads are made upon the free gold, the United States will be compelled to stop making gold available for international settlement and thus devalue, even though most of our gold reserve might still be intact.

A Case for Remedial Action — In meeting the broad complex of the balance of payments problem therefore, it may be wise to alleviate these anxieties by reducing, or even eliminating, the present 25% gold reserve requirement against Federal Reserve note and deposit liabilities. This requirement is a holdover from the days prior to 1933, when gold circulated freely in our monetary system and money was convertible into gold coin on request.

A reduction in the reserve requirement would not be a radical step; a change was effected in 1945, when Congress enacted a uniform 25% ratio in place of the earlier provision which called for a 40% gold certificate reserve against Federal Reserve notes and 35% against deposit liabilities. In addition, the Federal Reserve already has the power to suspend the existing requirement for limited periods. Congressional action toward further easing or complete elimination of this requirement would represent no more than adapting our currency laws to the conditions of the present day.

Effects Abroad — The results of such action would be to increase the amount of gold potentially available to support the dollar in international exchange. Should the present 25% requirement be cut in half, the amount of free gold available for purposes of international settlement would be raised to some $13½ billion, and the ratio of such gold to foreign short-term liabilties would be increased to above 70%. If the United States were to eliminate altogether a formal reserve requirement for the central bank, as most other leading nations have done, the monetary gold stock would cover these foreign liabilities by about 100%. It should be note that, in Europe, only Belgium and Switzerland require their central banks to hold significant gold reserves against their domestic liabilities.

Assuredly, the timing of such a change will require some care. Should consideration of such a step be delayed until a time of unsettled exchange conditions, when gold is leaving the country in large amounts, it might conceivably be interpreted as a sign of weakness. If the proposal were advanced under conditions such as the present, however, it is reasonable to expect a favorable reaction, particularly if it were accompanied by a full and frank discussion of the reasons for the proposed action and a firm restatement of the government's position with regard to the continued availability of gold at its present price. By raising, in effect, the gold backing of foreign dollar balances, we would be clearly demonstrating our determination to maintain the convertibility of the dollar in international exchange. This would provide an effective rebuttal to the recurrent rumors of devaluation and to recurrent fears that an embargo may be placed on gold sales.

Effects at Home — While the effects of this proposed change in our currency laws would remove a source of needles uncertainty concerning the dollar in international exchange, it would not, as a practical matter, affect banking and credit conditions at home. Since enactment of the 25% gold certificate reserve requirement, the ratio has in fact never declined below the 40% level; thus the existing requirement actually has never been a restraint upon Federal Reserve policy. In the future, as in the past, we shall have to depend upon the integrity and good judgment of the Federal Reserve officials to establish a credit policy appropriate to conditions in the United States economy. In this task, the present reserve requirement will be of no assistance, but it may well prove an unnecessary hindrance and complication.

Finally, of course, removal or reduction of the 25% gold certificate reserve requirement would have no effect upon the reserve position of the commercial banking system. The reserve requirements of the commercial banks are entirely separate from, and unrelated to, the gold reserve requirement of the Federal Reserve Banks. Consequently, the reduction or removal of the latter would have neither an inflationary nor a deflationary effect upon the credit system.

Holding Gold or Holding Dollars — The action here proposed would, of course, allay merely one of the many anxieties affecting our balance of payments problem. As long as we incur a net deficit in our international transactions, foreigners are acquiring additional dollars which they may use in various ways, including ways which may pose continuing pressure on our gold reserve.

Foreign businesses or banks may elect to leave all or part of the dolars in the United States in the form of deposits or holdings of short-term obligations or other securities. If these foreign holders wish to withdraw their dollars from the United States, they sell them to their central bank. In turn, when foreign central banks acquire dollars, they may leave part on deposit for use as working balances; they may invest the proceeds, normally in short-term dollar obligations; or they may purchase gold.

Under ordinary conditions, foreign holders have a fairly strong incentive to leave a substantial part of their receipts of dollars on deposit in the United States or invest them in short-term securities, rather than withdraw them in gold. The United States is a major banker for the free world, and a number of foreign central banks hold part of their reserves in dollars. Also, central banks, governments, commercial banks and business concerns generally hold substantial dollar amounts as working balances for affecting commercial and financial transactions not only with the United States but with other countries as well.

However, the willingness of foreigners to hold dollars in preference to withdrawing their funds in gold cannot be taken for granted, but depends on a variety of factors. One consideration, of course, is confidence in the dollar; that is, confidence that the dollar's purchasing power will remain stable as well as confidence in the determination and abiilty of the Treasury to maintain the convertibility of the dollar into gold at the fixed price of $35 an ounce. Another factor is the identity of the country gaining dollars; some central banks keep their monetary reserves, in excess of necessary working balances, in gold; others hold part of their reserves in short-term securities in order to realize an interest return. Yet another important consideration is the attractiveness of the rates than can be earned in the American market on Treasury obligations and other securities compared with the yields obtainable in other international money centers.

The implication of all this should be obvious. If we are to come to grips with our balance of payments problems, a strengthening of the free gold reserve is merely a preliminary technical step, albeit a desirable and helpful one. The basic objective must be to reduce the net deficit in our international transactions. This means reshaping some of our positions and policies with reference to foreign trade, foreign investment and government outlays abroad. At the same time, we need to develop and carry out economic policies which will keep the dollar an attractive holding in the eyes of the world; that is to say, economic policies that will provide stability of purchasing power and reassure foreigners— and our own citizens—against the inflationary threat.

The Balance-of-Payments Deficit

Unfortunately, the deficit in the United States balance of payments is not a passing phenomenon. With minor interruptions, our international accounts have been running against us for almost 10 years. In the past, however, a goodly portion of the outflow of investment capital and of outlays stemming from government programs was usually offset by a sizable export surplus in our foreign trade and hence did not lead to an undue strain on our gold reserve. The problem was further alleviated for a while by the temporary boost given to our exports by the Suez crisis and by the worldwide investment boom.

Now, with reduced exports and much larger imports, the balance of payments deficit has risen conspicuously. Although merchandise exports still exceed imports, the gap has narrowed perceptibly, while government aid and United States private investment abroad have advanced in recent years. As a result, whereas the net balance of payments deficit averaged around $2 billion a year in the early and middle 1950's and almost disappeared in 1957, it increased to almost $3½ billion in 1958 and is likely to be in the $4 billion range in the current year; in fact, it may be above $5 billion if our contribution to the International Monetary Fund is included. If this deficit is to be narrowed appreciably, as it should be, vigorous and effective endeavors will need to be taken without delay.

Foreign Trade Competition — One important reason why the situation is unlikely to mend of itself is that the shift in our balance of payments mirrors fundamental changes that have taken place in the world economy in the past decade. Unlike the situation in the early postwar years, the United States is no longer the only important supplier of manufactures to the world markets. The destruction of World War II has been made good. Industrial capacity in Western Europe, Japan and elsewhere has increased. Modern and efficient plants are being put up throughout the globe, and many countries are aggressively introducing improved mass production techniques. As a result, foreign exporters are now able successfully to compete for markets abroad and, as we are all aware, in the American markets as well.

Foreign producers also have significant cost advantages in their favor, and frequently appear less hampered by restrictive labor practices than do their American competitors. Even after allowing for the higher costs of social benefit programs, both public and private, which prevail in many parts of the world, hourly labor costs in practically all important industrial nations are significantly lower than in the United States. In

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Hirsch in Newark

NEWARK, N. J.—Hirsch & Co., members of the New York Stock Exchange, have announced the opening of an office at 11 Commerce Street, under the management of Christopher J. Doyle. Burton S. Resnick and Thaddeus A. Zega are registered representatives at the new branch office.

Francis Co.

LOUISVILLE, Ky.—Francis Co. is engaging in a securities business from offices in the Kentucky Home Life Building. Officers are C. Webster Abbott, President; Harold Rosen, Vice-President and General Manager; and S. L. Greenebaum, Secretary.

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Facing the Discipline of The Balance of Payments

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addition, whereas American industry previously enjoyed the advantage of abundant raw materials at low costs, we are now becoming increasingly dependent upon foreign sources.

Adding to competitive pressures in world markets is the rise of economic regionalism, particularly in Europe, where the Common Market seems to be forging ahead with unexpected vigor. Trade barriers among the six members are being whittled down and industry there is actively preparing for the larger markets to come. Another rgeional bloc may develop out of the Free Trade Agreement, which would join Great Britain and six other European countries, and would likewise be designed to promote broader trade among members. Regardless of whether or not the two groups join to form a huge European and overseas trading area, it seems likely that American businessmen will continue to feel keen competition, both in foreign markets and at home.

Improving the Trade Balance — Reflecting these various developments, our net surplus on account of goods and services (including investment income, but exclusive of military expenditures abroad) declined from an average of $5½ billion a year in the 1951-58 period to an estimated $3½ billion in 1959. Included in the latter, moreover, are sizable exports of surplus farm commodities as part of the government's agricultural disposal program; these are not commercial exports and probably would not be made without the government subsidy involved. Furthermore, payments for exports under this program are in foreign currencies which may be used for limited purposes only and hence are of little help in easing our balance of payments problem.

It is possible that some of the pressures on our foreign trade will ease, it least for the time being; exports seem to have passed their low and may increase with the expansion of business activity in Europe, the higher prices for some basic raw materials, and the better balance of payments position of a number of foreign countries. Also, the United States Government is pressing for elimination of the remaining discriminatory barriers against American goods in foreign markets and for the liberalization of trade in general, and these efforts seem to be meeting with a measure of success.

The responsibility for achieving material and lasting improvement, however, rests upon business and labor. In essence, American industry needs to become more competitive in world markets, and this means facing up to the two major cost-raising forces that have plagued our economy for decades: wage rises in excess of productivity gains and restrictive work practices in important industries. For many goods, especially those for which production techniques are widely standardized and in which the labor content is relatively large, our high level of labor costs would seem to limit the degree of effective competition on our part. Here, emphasis will need to be placed in the development of new processes and new products.

In addition, however, the average American manufacturer will have to match his foreign counterpart in export-mindedness, that is, apply the same degree of alertness, ingenuity and initiative in promoting sales abroad as in the home market. Significantly, while American manufacturers have often been less than aggressive in developing foreign markets, businessmen abroad have vigorously pushed their sales to the United States. Imports have virtually soared in the past 12 months and while some of this increase was due to such special factors as higher food shipments and the buying of steel as a strike hedge, it is evident that foreign producers by and large have gained considerable ground in our markets, and their initiative in matters of styling, cost reductions and sales promotion cannot be dismissed.

It is understandable that some American producers prefer to seek protection either through tariffs, quotas, or import restrictions, but aside from exceptional situations, this furnishes no workable solution. Certainly, domestic industries, such as textiles, should not be made the victim of government policies that provide foreign producers with American raw materials at prices below those our own manufacturers must pay. As a general matter, however, a resort to protectionism in our international trade would undermine the government's current efforts to gain wider access for American goods in foreign markets, doubtless encourage retaliatory measures abroad, and raise prices to the American consumer. The only constructive alternative is to compete in terms of greater attention to consumer needs and wants, technological leadership, and quality of output, and at the same time develop economic policies which will retard or, better yet, end the persistent rise of production costs which is so largely responsible for our difficulties.

The Foreign Investment Problem — While our excess of merchandise exports has dwindled, the outflow of investment funds has increased in recent years. Although direct investment declined last year from an extraordinarily high level, there are strong continuing pressures to develop natural resources abroad, especially of minerals and petroleum. A further impetus is being provided by the progress of the European Common Market, as American companies acquire facilities in the Common Market area to avail themselves of the opportunities that seem to lie ahead. At the same time, foreign securities, especially equities of European companies, have gained considerable favor among American investors. As a result, net transfers of investment funds abroad have fluctuated around the annual rate of $3 billion in 1957 and 1958, about double what they were as recently as five years ago, and although a lower total is estimated for 1959, it is difficult to foresee any important slackening in the forces making for a continued large and generally increasing outflow of investment capital.

This outflow has many desirable aspects: it provides American business and individuals with an opportunity to participate in economic development abroad; in the case of direct investment, moreover, the export of American management and production methods may hasten industrial growth elsewhere in the world. Under certain conditions, foreign investment may also broaden the market for American goods. Finally, but importantly, our foreign investments are now contributing close to $3 billion of annual income to the favorable side of the balance of payments, and the amount is rising year by year.

In our present situation, however, there are also some drawbacks. Unless capital equipment is exported from the United States, direct foreign investment adds to the deficit in the balance of payments. In addition, frequently the output of the newly built plant abroad competes directly with goods manufactured at home. Certainly no new obstacles should be placed in the path of international investment activity, but as long as the United States is confronted with a large balance of payments problem, it would be inopportune to provide tax relief and similar incentives designed to stimulate an even greater outflow of funds except on a selective basis in those instances where private capital investment will lessen the need for Government aid.

Reappraising Government Programs — Government expenditures abroad have many purposes. Some support our military forces abroad, some assist underdeveloped countries, some help build the political and economic strength of the free world in general. The harsh realities of our times and our world responsibilities obviously cannot be ignored, but it is not inconsistent with these responsibilities to recognize that we need to reappraise our activities in the foreign field so as to reduce their impact upon our balance of payments position. This is underlined by the fact that outlays for military expenditures, foreign loans and grants have in recent years been running at the annual rate of $6 billion, some 50% higher that five years earlier.

One approach is to induce other countries, especially those of Western Europe, to shoulder a greater portion of the burden of military and economic aid. In view of the great progress of these countries in recent years, this does not seem to be an inequitable proposal, and it is gratifying that our efforts to this end seem to be meeting with some favorable consideration. In addition, the United States can reduce off-shore procurement and substitute American products, although probably at a higher cost.

Beyond this, we seem to be confronted with two troublesome alternatives. The first is to reduce the volume of spending under our foreign programs; here it will be argued that our international obligations make unwise any substantial cutbacks and that reductions would raise problems for the recipient countries. The second alternative is to reduce the impact of our foreign programs upon our balance of payments by requiring that a larger share of the funds made available under these programs be spent in the United States. This will be criticized on the ground that it smacks of restrictionism and is contrary to the efforts we have been making to achieve reductions in trade barriers and greater freedom in international exchange.

In view of the magnitude of the adverse balance of payments and the difficulties of redressing the situation, some selective reductions in the size of our foreign grant and loan programs seem unavoidable. These reductions can be moderated, however, if we take steps to reduce the impact of these programs on our balance of payments position. In distinction to commercial exports, which are in the realm of trade, our Government aid programs are assuredly not part of the regular flow of commerce, and it is not restrictionism if a larger proportion of our grants-in-aid is made "in kind"—that is, in the form of goods—rather than in dollars. The same principle would apply to "soft loans" which are clearly akin to grants in many respects. Neither in the case of grants or soft loans would such a policy run counter to our general objective of avoiding restrictive practices in international trade and finance.

Repayment of Foreign Debts — Finally, some of the strain on our balance of payments could be eased by greater repayments of loans we have made. As a result of foreign lending activities extending over many years, the United States Government has accumulated more than $18 billion of credits and claims against foreign governments. Assuredly, the bulk of these claims is of long maturity, and large amounts are due from countries that are experiencing balance of payments problems of their own. However, about $10 billion of such claims are held against countries in Western Europe, most of which are enjoying a favorable balance of payments situation, and of this total about $900 million is of a short-term nature.

Great Britain recently announced the prepayment of some $250 million of obligations due the Export-Import Bank. If other countries in Western Europe continue to show favorable balances of payments, more can possibly be accomplished along these lines.

Implications for Domestic Policies

In the final analysis, of course, the problem of the balance of payments goes far beyond the technicalities of the gold reserve, nor is the problem limited to transactions with other countries. Essentially, the condition of the balance of payments indicates the degree to which the economy of a nation is in harmony with the realities of world markets. Consequently, coping with a deficit in the balance of payments is neither easy nor popular, since it requires dealing with root causes of economic maladjustments.

Nevertheless, other countries, in much worse trouble than the United States, have successfully stood up to their problems. Throughout Western Europe and other parts of the world, country after country has taken effective steps not only to improve its capacity to produce and export, but also to meet its fiscal and monetary problems. Inflation may not have been checked completely, but it has been slowed materially, for the time being at least; output has been stepped up sharply, imbalances in international accounts have been redressed, and gold and exchange reserves abroad have been fortified considerably.

This great improvement abroad is assuredly all to the good. It represents the fulfillment of the aims of our international economic policies during the postwar era. However, while other countries have sooner or later made the necessary and often painful adjustments in their economies and have moved ahead, we in the United States have in some respects been slow, and in others have failed altogether, to adjust our own economic policies so as to keep in step. Yet, since our own condition is still measurably better than that of most other countries which faced such problems in the postwar period, we should be able to make the necessary corrections with less hardship and stress, provided we act before our situation suffers serious deterioration.

Costs and Prices — Of all the problems in the balance of payments sphere, perhaps none is so crucial as that of curbing the persistent uptrend in the costs and prices of American manufactured products. This trend, under way for 20 years of war and peace, has already eaten far into the purchasing power of the dollar at home and is now becoming a threat to the dollar internationally. The need to halt the constant advance in wage rates and production costs should be obvious not only to management but also to labor; a steady worsening of our competitive position in world markets inevitably means lower sales and fewer jobs.

Emphasis must perforce be directed toward achieving greater productivity and toward passing on some of the productivity gains in the form of lower prices. Today, many potential benefits of technological progress are being minimized or blocked by the restrictive work practices inherited from a bygone day. Labor leaders in some European countries have already drawn the obvious conclusion; they have displayed increased readiness to adapt their policies to the requirements and the opportunities of the present age. In the United States, however, general acceptance of this principle still has considerable distance to go. Our business leaders, in turn, may have to revise pricing policies carried over from the earlier postwar era of the seller's markets, and become considerably more aggressive in holding prices down in order to defend and expand their markets —both at home and abroad.

Federal Reserve Policy—Credit policy likewise is of cardinal importance, not only because of its role in restraining inflationary pressures but also because of the sensitivity of foreign balances to conditions in an international financial center such as the United States. Now that a number of other currencies have again become solid citizens of the world's financial community, interest rates in the United States must be attractive relative to others, else gold will leave the country and our monetary reserves will come under pressure; our experience in the early part of 1958 amply substantiates this point. On the other hand, the higher rates of the past 12 months have attracted substantial foreign funds; had these funds not been willing to enter the American money market, interest rates in the United States would presumably have advanced significantly above their current levels.

Thus, we must recognize that the Federal Reserve, too, is exposed to the discipline of the balance of payments and needs to weigh the impact of its policies upon movements of funds in international money markets. In particular, it cannot ease credit or hold down rates against the forces of the market place. If we as a nation demand easy credit to finance expenditures which we are reluctant to meet out of savings, we now run up squarely against the balance of payments, which tells us in obvious terms what many experienced students have been cautioning for years, namely, that such practices contribute to the gradual cheapening and debasement of the American dollar.

The Budget — The balance of payments troubles of many countries, including our own, are associated to an important degree with large and recurring budget deficits financed with the help of short-term credit. This is not difficult to explain, since loose fiscal practices involve a drain on a country's resources, expand the money supply, impede the task of credit control, add to upward pressures on costs and prices, and thus reduce the attractiveness of the currency to foreign holders.

In the United States, we have consistently been lax about achieving a balanced budget. We have incurred huge deficits, financed through commercial bank credit, in times of economic recession, and have been content to attain no better than a substantially balanced budget in periods of business recovery. This is not enough. When business is good and private credit demands are running high, it is essential that we accumulate substantial budget surpluses out of which to retire some Treasury debt.

Our unhappy fiscal record cannot be adequately explained by referring to defense needs; the rise in Federal spending in recent years has been almost entirely in the nondefense category. Here again, the moral is plain; we can-

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not as a nation make ever higher demands for government price supports, assistance and services of all kinds without someday encountering the discipline of the balance of payments, and the day now seems to have arrived. A more conservative fiscal policy thus is a prerequisite if the dollar is to be strengthened at home and abroad.

Treasury Debt Management — Debt management, too, ranks high among the factors that determine the strength or weakness of the dollar in the world economy. In the United States, the effects of budget deficits have been compounded in recent years by the inability of the Treasury to develop a steady market for its obligations among savings institutions and other investors. As a result, the Treasury has been compelled to do its refinancing, as well as its cash financing, overwhelmingly through short and, at best, intermediate maturities; the Treasury now finds itself with a rapidly rising floating debt which enhances the volume of liquid assets and hence the inflationary potential in the American economy.

This disturbing development has not escaped the notice of foreign observers, especially since it compares unfavorably with the record of many Western European governments, which are able to market their obligations among long-term investors and are thus better able to finance deficits out of private savings. If the debt management difficulties of the United States Treasury are to be eased, two steps are essential and both are in the area of Congressional action.

By lifting the 4¼% statutory interest rate ceiling on new bond issues, Congress must restore to the Treasury the power to compete for long-term funds in order to avoid a progressive shortening of the debt through the passage of time; in 1960, for example, almost $20 billion of outstanding Treasury obligations will drop into the one-year category. In addition, by practicing strict economies, Congress must permit the Treasury to achieve, in a period of active business, an adequate budget surplus out of which to retire some of its debt. Some may characterize the latter as an unrealistic expectation, yet this too is a requirement imposed by the discipline of the balance of payments and any shortcomings in this area will merely intensify our problems elsewhere.

An Exercise in Statemanship

Perhaps the most painful adjustment required of us today is to recognize that we are no longer free, as we were for so long in the postwar period, to make our own rules and shape our domestic policies independently of economic developments abroad and independently in the effects of our actions upon our foreign creditors. Now that other countries have regained their economic and financial strength, we are once again only one among a group of nations, each subject to the discipline of the balance of payments, and each required sooner or later to correct any maladjustments and imbalances that have been permitted to develop in the economy. The question is whether we shall conform to these requirements which are basic not merely to our own economic progress but are also essential in living up to our responsibilities to the economy of the free world as a whole.

A Bipartisan Problem—Repeatedly, we hear doubts abroad as to the readiness of the United States to accept this discipline of the balance of payments. There is a body of opinion which holds that the American dollar is already overvalued in relation to other currencies and that sooner or later our currency will have to be devalued. Many who do not share this extreme view, nevertheless fear that we are unwilling or unable to stop the wage-cost-price spiral and to master our predilection for large budget deficits whenever business turns downward even moderately. The persistent partisan criticism of the Federal Reserve for its credit policies and of the Treasury for its debt management operations, together with the refusal of Congress to raise the interest rate ceiling on Treasury bonds, have all provided added support to those who stress the existence of an inflationary bias in the American economy which is leading us into ever deeper difficulty in our balance of payments.

These expressions of skepticism contain too many uncomfortable truths to be dismissed. Unfortunately, virtually all the areas of domestic economic policy which are crucial to remedying the balance of payments problem are also lively issues of partisan politics, and one need not be cynical to entertain doubts as to the prospects for taking the necessary effective action, particularly in the election year which lies ahead. The fact that the United States cannot determine its economic policies, and especially its fiscal and credit policies, independently of economic trends and reactions abroad it not likely to be widely appreciated for readily accepted.

Nevertheless, political controversy and procrastination on these issues would be hazardous not only to the nation in general but also, and specifically, to both political parties. The next Administration, regardless of its political complexion, will in all probability face a balance of payments problem fully as difficult, as awkward, and as embarrassing as that of today. It would be a matter of grave consequence if either major party, either as a matter of policy or in the heat of the campaign, should become committed to a program that would increase the pressures on our monetary reserves or reduce our freedom of action in dealing with the various phases of this broad national problem.

On one point there must be agreement—that the dollar is to be defended and strengthened. That a solid currency is a cardinal prerequisite was adequately recognized in Great Britain prior to the latest general election, when the Labor Party in unmistakable language expressed its determination to defend sterling. A similar statement, supported by a willingness to back the pronouncement with appropriate action, would be equally constructive in the United States. We need a bipartisan policy in matters that affect our balance of payments and the position of the dollar no less than we need a bipartisan policy in international political affairs.

Taking the Initiative — The problem of course is how to develop such a bipartisan approach. Possibly this could be achieved through the appointment, jointly by the President and the leaders of Congress, of a nonpolitical study commission, composed of a small number of experienced, widely respected authorities on the subject and on its various interrelated aspects.

Our present situation is unique in American experience, and we need to explore some troublesome questions. What are the reasons for our balance of payments problems and what are the prospects? What will be the consequences if a large balance of payments deficit continues? How have other countries coped with these problems? Why has the United States dollar been "weak" in foreign exchange markets and how can it be strengthened? What specific changes in foreign economic policy are required under present circumstances? What are the interrelationships between the budget, debt maagement, credit policy and the trend of wages, productivity and prices, on the one hand, and the balance of payments position of the United States and the status of the dollar, on the other?

Several Congressional committees and other bodies, inside and outside government, have in the past explored individual aspects of this involved topic, but much needs to be done to give a comprehensive picture of the problem and to achieve a broader understanding.

Our balance of payments problems are not insoluble. Admittedly, they cannot be dispelled by a single decision or action, but effective results can be obtained from a number of separate efforts in many different ways and places. However, we cannot temporize on the assumption that our troubles will shortly disappear and that we will be spared the need for making uncomfortable decisions. The evidence says that the problems will not evaporate, and the consequences of procrastination could be serious.

*An address by Dr. Reierson before the Management Conference, Southwestern Bell Telephone Company, Galveston, Texas, Nov. 18, 1959.

Enflo. Corp. Stock Offered

D. Gleich Co. and Aetna Securities Corp., both of New York, on Nov. 24 publicly offered 125,000 shares of common stock (par 10 cents), at $3 per share.

The net proceeds will be used for general corporate purposes.

The company manufactures and sells plastic sheets, rods, tubing, finished and semi-finished components and pressure sensitive, cementable and plain tapes, primarily for use in the electronics, electrical and chemical industries. The company was incorporated under the laws of Delaware on May 29, 1956.

Now Proprietor

SOUTHERN PINES, N. C.—Herbert J. Dietenhofer is now sole proprietor of Dietenhofer and Heartfield, 670 Southwest Broad Street.

Wm. Hormann Opens

MIAMI BEACH, Fla. — William Horrmann is conducting a securities business from offices at 1134 Lincoln Road.

Graham King Branch

MIAMI, Fla. — Graham & King, Inc. have opened a branch office at 125 Southeast Third Avenue under the management of S. Arthur Verenis.

Now Proprietor

SAN FRANCISCO, Calif.—Henry A. McMicking is now sole proprietor of McMicking & Co., 100 Bush Street.

All States Branch

DENISON, Tex.—All States Management Company has opened a branch office at 1505 West Texas Street under the management of Louis M. Stuart.

EBSCO Inv. Branch

SANTA CRUZ, Calif. — EBSCO Investment Services, Inc. have open a branch office at 129 Walnut Street under the direction of William Foster.

C. F. Cassell Branch

GORDONSVILLE, Va.—C. F. Cassell & Co., Inc. has opened a branch at 119 North Main Street under the management of Frank D. Rock.

Cautious Attitude Adopted by Purchasing Executives' Group

Purchasing agents show how dependent the economy is on domestic steel; perceive some weakening of new orders; and doubt any general move to increase non-steel inventories with the settlement of the steel strike.

According to the Business Survey Committee of the National Association of Purchasing Agents, in their November report, "the results of the steel strike are now being felt by most industry and in all areas of the country. We are facing an extended period of adjustment. Not only will it take time to get furnaces repaired and steel mills again operating at capacity, but it will also take time to replenish inventories to enable fabricators to get back to volume output. We have about reached the end of the line in maintaining production by imports, special purchases, swaps and other ingenious methods of bolstering thinning inventories.

"Reflecting this situation, 24% of our members say their production is off from last month (not since the Spring of 1958 have so many been in this category); 47% state there is no change, and 29% report increases.

"New orders continue to be weaker than in many months with 28% reporting improvement, 45% no change, and 27% a decrease.

"There is not much change in commodity prices, but the slight movement is upward—largely the result of premium prices for strike created short supply items. Employment to date has held up remarkably well. However, many believe we are just on the threshold of a rash of shortened week works, layoffs and shutdowns.

"A cautious attitude is prevalent in buying policy and Purchasing Executives are maintaining a flexible position so that they can rapidly extend or contract commitments as the future business picture becomes more clear.

"Inventories are again down. Our special question this month sought to determine the likely trend of purchased material inventories in the months ahead. Excluding steel items it appears as if there will not be any general move to increase inventories with the settlement of the steel strike. 66% reported they would strive to hold purchased inventories at their present level, 19% will effect further reductions, and only 15% plan to add to their stocks on hand.

Commodity Prices

"Industrial commodity prices continue to inch upward—but the amount is small and largely results from premium prices on strike created 'short supply' items.

"This month, 30% tell of increases, 68% report no change, and 2% are fortunate enough to be paying less. Over-all, there seems to be almost a united front in the fight against inflation, and a resultant determination to resist price increases.

Inventories

"Steel and products made from steel constitute a substantial bulk of the purchased materials inventories of American industry. With no replenishment of these items, we would expect inventory balances to be low—and they are. October figures show the lowest balances for 1959. While 43% report no change from September, 42% say their inventories are lower. By far, most emphasize that steel is the basic reason for this. While there is some real concern over the critical steel situation, most buyers would not want to add substantially to their inventories of other than steel items at this time.

Employment

"In spite of the decline in gross national product figures, employment, surprisingly, continues to hold at good levels. While this month's 24% who report less employment is up 5% from last month, it is still a long way from the 57% in this category during the low employment period of 1958. Again in October, 18% say they have more people employed than in the previous month. However, many believe we are right at the brink of a decline. They expect a rash of reduced work week hours, layoffs, and shutdowns in the immediate period ahead. This leads to much concern about the effect on holiday retail sales.

Buying Policy

"There is a very cautious attitude being displayed by buyers. Few are willing to extend commitments too far for fear of over-inventorying in the event of a letdown resulting from the steel strike. On the other hand, they do not want to be caught short if the promised boom of 1960 materializes earlier than expected.

	Per Cent Reporting				
	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
October—					
Production materials	8	26	31	27	8
MRO Supplies	24	44	16	12	4
Capital Expenditures	11	6	10	24	49
September—					
Production Materials	6	22	37	20	15
MRO Supplies	23	42	17	14	4
Capital Expenditures	14	4	10	18	54

Specific Commodity Changes

"There are many more steel items on the critical list this month. The general steel situation has so monopolized our attention that price increases in other items are slipping by without the usual concern we might otherwise show.

"On the **up** side are: Copper, lead, steel scrap, zinc, corrugated cartons, kraft paper, linseed oil, natural rubber, some electrical equipment and phthalic anhydride.

"On the **down** side are: Turbine generators and some localized price breaks due to special circumstances are reported, but these are too scattered or few to report as trends.

"In **short** supply are: An increasing number of steel items, chrome, coal chemicals and phthalic anhydride."

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STATE OF TRADE AND INDUSTRY

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look now is for mills to ship about 8 million tons in December and for customers to add about 2 million tons to inventory. However, the inventory buildup will be largely statistical. Part of it will be steel in transit. Another part of it is necessary buildup of balanced stocks before users can resume production.

Right now, the magazine reports, steel consumption is running at the rate of 5 million tons a month. Earlier in the year, consumption was close to 7 million tons a month. The lag is strictly because of lack of steel, not because of any lag in manufacturers' production hopes, the magazine states.

Biggest part of the drop came from the cutbacks in the auto industry. Production in November was a scant 250,000 cars, compared with a scheduled figure of some 600,000. In addition, there have been freight car losses, limited appliance production, and the general slowdown.

As steel starts to move, consumption should reach 6 million tons in December. Steel use in January is still expected to be less than normal, while consumers fight to bring their inventories back into balance. Full industrial production is not expected to be reached much before February. By then, consumption will come very close to total steel production and inventory buildup will be negligible, the magazine predicts.

On the labor situation, "The Iron Age" comments that the highly publicized industry offer disclosed last Thursday was actually made and rejected four days previously.

Referring to the fast rejection of the industry's offer, the magazine says that on the controversial 2-B (work practices) clause, David McDonald, President of the Steelworkers, is literally the captive of the locals, local officers and the executive committee who insist that there be no give at all on 2-B.

While Mr. McDonald still has control of the union at large, the magazine says, he has lost control over any negotiations on the work practices.

Steel Production Is Zooming!

Metalworking is reaching the peak of the steel pinch, "Steel," the metalworking weekly, reported Nov. 23.

It estimated that 450,000 of 500,000 workers have been laid off by companies which use steel. But the total should not rise much above the present level.

Steel shortages will trouble metalworking firms for at least six months even if a strike settlement is reached before the Taft-Hartley injunction expires. A "Steel" survey of more than 100 steel users across the nation finds that 39% expect shortages next year.

Inventories are at a postwar low—about 8 million tons—and badly unbalanced. Users will have to add more than 10 million tons to their inventories just to get them up to normal.

In spite of the steel industry's rousing recovery, operations in metalworking plants are lagging. There have been cutbacks since the strike was started, and more are sure to come. Converters and fabricators are getting only material that was in process when the strike started.

Most steelmakers are refusing to open their books for next year until they've substantially reduced their backlogs.

Steel production is zooming. Expectations are that operations will rise to 85% of capacity during this Thanksgiving holiday week and that they will probably hit 90% early in December. Steelworks operations last week rocketed to 79% of capacity—33.4 points above the previous week's revised rate. Output was about 2,237,000 ingot tons.

"Steel's" price composite on heavy melting steel scrap slipped 50 cents a gross ton to $44.83 last week. A year ago, it stood at $40.67. Mills are not entering the market as expected, despite zooming steelmaking operations.

Copper users have fared surprisingly well since walkouts in that industry began over three months ago.

"Steel" surveyed 35 of the country's major copper consumers in five areas last week and found that most user stocks can support operations for one to three months without an additional pound of copper being added to them. Some could last as long as six months. Many are operating at reduced levels because of a lack of steel, or because of fewer orders from their customers due to the steel strike.

About 150 vending machine makers are benefiting from the boom in automatic merchandising of everything from refreshments, groceries, and small hardware to newspaper, insurance, and tickets. It's mainly a small business industry but consolidation of manufacturers and operators should continue during the '60s.

"Steel" reported that well over $2.2 billion worth of coins will slip into the slots of automatic dispensers this year, a 7% gain over 1958. The number of machines will top 4 million, an 8% increase. By 1965, the value of vended merchandise is expected to reach $4 billion, 80% higher than it will be in '59.

Steel Output Based on 88.1% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *155.3% of steel capacity for the week beginning Nov. 23, equivalent to 2,495,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of 139.0% of capacity and 2,333,000 tons a week ago. In week beginning Nov. 9, output was 1,291,000 tons and operating rate *80.4% [ED. NOTE: The strike in the steel industry which began July 15 was ended via a court injunction on Nov. 7.]

Actual output for the week beginning Nov. 16 was equal to 78.9% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 88.1%.

A month ago the operating rate (based on 1947-49 weekly production) was *23.1% and production 371,000 tons. A year ago the actual weekly production was placed at 1,988,000 tons, or 123.8%.

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

Auto Output 43% Higher Than in 1958

The return of Ford Motor Co. plants to five-day operations in week ended Nov. 21 gave the auto industry its best production boost in a month, "Ward's Automotive Reports" said.

"Ward's" said the five-millionth car of 1959 was produced during the recent period and that the combined car-truck figure to date had topped the six-million mark. The estimated car volume (5,035,970) beat the cumulative total by the end of the same week last year by 1,511,024 units or 43%.

Ford, which had limited production schedules to three and four days in past weeks to conserve steel supplies, programmed a full schedule at all Ford and Mercury plants. In addition, the company's Falcon production lines and the Lincoln-Thunderbird plant were scheduled to operate six days.

"Ward's" estimated the week's car output at 67,100 units—an increase of 4.5% over preceding week's 64,233, one of the lowest production figures since steel shortages began to hamper operations.

The reporting agency added that although steel mills are rushing back towards full-blast operations, auto companies and parts suppliers have received only meager shipments of finished steel.

The huge General Motors plant network still is idle for lack of steel parts and most other car and truck manufacturers are working on reduced schedules because of shortages.

Chrysler Corp., which has used up most of its steel stockpile, will close some of its car plants before the end of the month, "Ward's" said, and probably will not be able to resume operations until mid-December.

Another dismal note was injected into the week's production story with the announcement that Ford Motor Co. is abandoning its Edsel line because of the poor sales showing of the re-styled '60 models. The Edsel production line at Louisville (Ky.) will shut down completely as soon as current dealer orders are filled.

"Ward's" said the week's car-truck production figure (77,685 units) was off 53% from the 163,565 units turned out the same week last year.

However, cumulative car-truck output this year (6,068,620) is ahead of 1958 (4,275,940) by 42%.

Electric Output 9.8% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 21, was estimated at 13,812,000,000 kwh., according to the Edison Electric Institute. Output increased by 542,000,000 kwh. above that of the previous week's total of 13,270,000,000 kwh. and showed a gain of 1,233,000,000 kwh., or 9.8% above that of the comparable 1958 week.

Car Loadings About Equal to 1958 Output

Loading of revenue freight for the week ended Nov. 14, 1959, totaled 638,408 cars, the Association of American Railroads announced. This was a decrease of 6,123 cars or nine-tenths of 1% below the corresponding week in 1958, and a decrease of 8,889 cars or 1.4% below the corresponding week in 1957.

Loadings in the week of Nov. 14 which were affected by re-opening of the steel mills following the 116 day strike were 77,750 cars or 13.9% above the preceding week.

Intercity Truck Tonnage Up 2.6% Over 1958 Week

Intercity truck tonnage in the week ended Nov. 14, was 2.6% ahead of that of the corresponding week of 1958, the American Trucking Associations, Inc., announced. Truck tonnage was an even 1% below the previous week of this year; the tonnage decrease reflects the occurence of the Veteran's Day Holiday, Nov. 11.

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

Lumber Shipments Down 3.3% From 1958 Week

Lumber shipments of 466 mills reporting to the National Lumber Trade Barometer were 10.1% below production for the week ended Nov. 14, 1959. In the same week new orders of these mills were 14.8% below production. Unfilled orders were equivalent to amounted to 32% of gross stocks. For reporting softwood mills, unfilled ordersw ere equivalent to 15 days' production at the current rate, and gross stocks were equivalent to 45 days' production.

For the year-to-date, shipments of reporting identical mills were the same as production; new orders were 1.0% below production.

Compared with the previous week ended Nov. 7, 1959, production of reporting mills was 3.5% below; shipments were 6.5% below; new orders were 9.1% below. Compared with the corresponding week in 1958, production of reporting mills was 1.6% below; shipments were 3.3% below; and new orders were 7.3% below.

Business Failures Slightly Higher

Commercial and industrial failures edged up to 287 in the week ended Nov. 19 from 285 in the preceding week, reported Dun & Bradstreet, Inc. For the second consecutive week, casualties ran above their last year's level, 260, but they continued below the 308 which occurred in the comparable week of 1957. Business mortality exceeded by 14% the prewar toll of 252 recorded in the similar week of 1939.

Failures involving liabilities of $5,000 or more accounted for all of the week's upturn, rising to 257 from 247 in the previous week and 229 a year ago. In contrast, small casualties, those with liabilities under $5,000, declined to 30 from 38 a week earlier and 31 last year. Twenty-seven of the failing businesses had liabilities in excess of $100,000 as compared with 25 in the preceding week.

Manufacturing casualties climbed to 64 from 39 last week, while the toll in commercial services edged to 28 from 26. Contrasting declines prevailed in other lines; casualties among retailers fell to 132 from 143, among wholesalers to 26 from 34, and among construction contractors to 37 from 43. More concerns succumbed than a year ago in manufacturing, retail trade, and services, but neither wholesalers or contractors suffered as many casualties as in 1958.

Nearly all of the week's rise was concentrated in the Middle Atlantic States, up to 88 from 73, in the Pacific States, up to 81 from 61, and in New England where the toll jumped to 21 from 13. In contrast, marked declines occurred in the East North Central States, down to 37 from 55, in the South Atlantic, off to 25 from 39, and in the West South Central, down to 12 from 25. There was little week-to-week change in the other three regions. Compared with a year ago, failures exceeded or held approximately even with 1958 in all regions except the West South Central States.

Wholesale Food Price Index Unchanged in Latest Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., stood at $5.91 on Nov. 17, showing no change from the prior week. There was a decline of 7.4% from the $6.38 of the corresponding date a year ago.

Commodities quoted higher in wholesale cost this week were wheat, hams, lard, butter, cheese, coffee, eggs, potatoes and steers. Lower in price were flour, rye, beef, sugar, cottonseed oil, cocoa, raisins and hogs.

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

Wholesale Commodity Price Index Dips Moderately From Prior Week

Lower prices on grains, flour, lard, coffee, sugar, and rubber offset increases on hogs, steers, and lamb this week holding the general commodity price level moderately below the prior week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., dipped to 278.38 (1930-32=100) on Nov. 23 from 280.04 a week earlier. It compared with 276.48 on the corresponding date a year ago.

There was a marked dip in trading in wheat, and prices were down noticeably: this reflected a marked rise in receipts at the beginning of te week and slow sales to flour mills. Volume in rye was sluggish and prices were down somewhat.

Although receipts moved up and trading was sustained at a high level, corn prices declined moderately during the week. A slight dip in oats prices occurred as transactions slipped. Soybean supplies expanded and buying moved up appreciably, but prices were down slightly.

There was some fill-in buying of flour and over-all volume was close to the prior week, but prices weakened. Rice prices were steady this week, reflecting continued high domestic and export buying. Inquiries were received during the week from India, Europe, Africa, South America, and the Caribbean Islands.

Purchases of sugar slipped somewhat from the prior week and prices were slightly lower. Reflecting a dip in trading, coffee prices declined moderately. Reports of bad weather conditions in growing areas in Ghana stimulated the buying of cocoa and prices rose appreciably.

Hog receipts in Chicago expanded noticeably this week and buying was appreciably higher; this helped prices rise moderately from a week earlier. There was a slight increase in steers prices as trading remained at a high level and receipts were steady.

Although the salable supply slipped fractionally, lamb prices rose somewhat. In contrast to the increase in hog prices, prices on lard dipped moderately.

Prices on the New York Cotton Exchange moved within a narrow range this week, and finished unchanged from a week earlier. According to a report of the United States Bureau of the Census, domestic consumption of all cottons during the four week period ending Oct. 31 came to about 733,000 bales, compared with 862,000 in the preceding five week period, and 839,000 in the similar period last year.

Some Early Christmas Shopping Stirs Trade

With early Chirstmas shopping helping sales of women's fashion accessories, linens, and gifts and cold weather stimulating interest in men's and women's outerwear, over-all retail trade advanced noticeably from a week earlier and was up moderately over a year ago in the week ended this Wednesday. Limited dealer inventories held sales of new passenger cars appreciably below the prior week, but volume remained substantially over last year, according to scattered reports.

The total dollar volume of retail trade in the week ended Nov. 18, was 2% to 6% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Mountain +8 to −12; Middle Atlantic +4 to +8; East North Central and South Atlantic +2 to +6; East South Central +1 to +5; New England and West South Central 0 to −4; West North Central −1 to −3; Pacific Coast −2 to +2.

Extremely cold weather in many areas boosted volume in women's coats considerably over last year and moderate gains occurred in accessories, dresses, and sportswear; volume in women's suits fell slightly below that of the similar 1958 week. Over-all sales of men's clothing rose moderately from last year, especially in overcoats; purchases of men's furnishings remained close to a year ago.

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Appreciable year-to-year gains were maintained in children's merchandise.

Early Christmas shoppers stepped up their buying of gifts, glassware, china, and silverware this week, and volume was up moderately from last year. There were marked year-to-year increases in bedroom sets, upholstered chairs, and juvenile furniture. While purchase of television sets expanded noticeably from a week earlier, volume in most other appliances was steady; total appliance volume slightly exceeded that of a year ago. Sales of draperies were up noticeably from last year, linens were up slightly, and the call for floor coverings was unchanged.

Grocers reported slight increases during the week in sales of frozen foods, baked goods, candy, and fresh meat. Volume in dairy products and canned goods was steady.

The buying of women's Spring coats, suits, better dresses, and sportswear rose again in most wholesale markets this week, and volume was moderately higher than a year ago. The only exception was in Chicago markets where bookings showed no change from the similar 1958 week. Jewelry wholesalers in Providence and New York reported substantial year-to-year gains in Spring merchandise. There was a marked rise during the week in the call for boys' clothing, especially Spring slacks and sports jackets. Over-all sales of men's merchandise remained close to both the prior week and a year ago.

Trading in industrial fabrics and man-made fibers picked up this week, as many customers dependent on steel expect to increase their output in the coming weeks and steel supplies become a little more plentiful. Although transactions in cotton gray goods slowed up this week, stocks of print cloths and sheetings in some markets were still limited. Bookings in woolens, worsteds, and carpet wool were sluggish again this week. New England dyeing and finishing plants reported a moderate rise in incoming orders.

There was a marked rise in wholesale orders for draperies and curtains this week, and appreciable year-to-year gains occurred. Interest in floor coverings was sustained at a high level, and bookings in linens moved up somewhat. Furniture wholesalers reported little change in the buying of metal lawn tables and chairs, bedroom sets, and upholstered chairs. Volume in appliances, especially refrigerators and laundry equipment, slipped somewhat reflecting limited supplies at the wholesale and manufacturing levels induced by steel shortages.

Purchases of canned goods at wholesale were sluggish again this week, but interest in frozen foods and fresh produce moved up somewhat. Declines occurred in fresh meat and eggs, but the call for poultry, butter, and cheese was steady.

Private housing starts dipped 11% in October to a seasonally adjusted annual rate of 1,180,000, according to the United States Department of Commerce. The decline was attributed primarily to the tight supply of mortgage money.

Nationwide Department Store Sales Up 6% for Nov. 14 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Nov. 14, increased 6% above the like period last year. In the preceding week, for Nov. 7, an increase of 5% was reported. For the four weeks ended Nov. 14 a 6% increase was registered and for Jan. 1 to Nov. 14 a 7% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Nov. 14 increased 6% over the like period last year. In the preceding week Nov. 7 a 2% increase was shown. For the four weeks ended Nov. 14 a 6% increase was reported over the 1958 period. Jan. 1 to Nov. 14 showed a 3% increase.

A Domestic Policy To Aid Our Balance of Payments

Continued from page 11

forces now in operation which will reinforce these deliberate efforts. The rapid accrual of reserves abroad permitted an easing of monetary conditions and thus helped set the stage for the industrial recovery and expansion now proceeding apace in most of Europe. This business boom should logically stimulate American exports to Europe. There are some signs that this is happening, although it is too early to say whether the better export level (after seasonal adjustment) of the third quarter marks the beginning of a sustained trend. On the other hand, interest rates in Europe have begun to rise and European authorities have begun to tighten credit policy in response to booming business conditions, and this may weaken the corrective influence on the payments deficit which has been exerted by the tendency for rates to move higher here while monetary conditions abroad have remained comparatively easy.

Ending Dollar Discrimination

Foreign governments also have a role to play in remedying the imbalance by removing most of the remaining measures abroad which discriminate against American goods and services. As Dr. Jacobsson forcefully pointed out in his address to the Fund-Bank meeting, these measures were born in an environment of dollar scarcity which no longer exists. I was glad to note at the Washington meetings virtual unanimity on the part of the central bankers with whom I talked that dollar discrimination should be eliminated as rapidly as possible. Britain and France have recently removed many of their discriminatory controls and the Fund's strong statement of a few weeks ago on this subject should bring further progress.

As for methods of reducing the net capital outflow from this country, Secretary Anderson has called for "a reorientation of the policies of the earlier postwar period and a new determination by all the industrial countries to face the common obligation to share in the task of providing capital to the less developed parts of the Free World." Here again I was pleased to find virtually no dissent on this basic principle in talks with the central bankers of the industrialized nations. Implementing the principle, however, is less easy and clear-cut. In the area of joint action, the new International Development Association offers one promising answer. While differing views were expressed at the International Bank meetings as to the policies which the Association should follow in its lending operations, and some questions were raised about its capital structure, the sentiment generally was clearly in favor of the Association. The prospect that the Association will be under the direction of the International Bank would seem to constitute a most promising guarantee against unwise policies.

Hopeful Result of Our Tied Loans Policy

Another step intended to encourage greater sharing of the burden of providing foreign capital was the recently announced policy under which funds committed hereafter by the Development Loan Fund will be available, for the most part, only to finance American exports. While this move has been attacked as a reversion to a "buy American" program, my guess is that most of our friends abroad will undestand that the purpose of this action was to encourage other industrialized countries to provide adequate long-term financing for the underdeveloped countries and thereby help to relieve the United States of the unduly heavy proportion of the aid burden which it has carried for so long. As the provision of long-term capital by foreign sources becomes more plentiful, the Free World can continue to move more rapidly toward the kind of liberal economy that all of us have been trying to develop since the war — where both goods and capital should be obtainable in the cheapest markets for each. I suspect that many of the industrial countries will frankly espouse a policy of taking on a larger share of the foreign assistance burden, in order to assure continued progress toward this kind of world.

In the private sphere, as well, it is my hope that we shall see a resurgence on a large scale of long-term financing of the capital needs of the underdeveloped countries by international financial centers abroad. Over the past few years a great deal of thought and effort has been given to the problem of stimulating more private American investment abroad through special guarantees and tax concessions. Now I think we can all agree that we would like to see more of the total international flow of capital on a private basis and less on a government basis. But in the light of our present balance of payments position, I think there is perhaps less need (except in carefully selected cases) for special stimulants to induce private American capital to go overseas and more need for encouraging private capital in other financial centers to play an increasingly important role in financing economic growth and general progress in the less developed countries.

Opposes Two Suggested Cures

There are two ways of correcting our balance of payments deficit which I fervently hope will not receive public support. One would be to curtail overseas expenditures for collective defense and economic development so severely as to weaken the defense and progress of the Free World. A more balanced sharing with other developed countries of military and development financing programs need not diminish the total flow of funds for these purposes. In the case of economic development in particular, the total flow should in fact be enlarged so that we can make accelerated progress in raising the living standards of the less developed areas. This is a goal which merits personal sacrifice on the part of not only all Americans but also the citizens of the more prosperous nations abroad.

Secondly, I would be most unhappy if, as a result of the payments deficit, we in the United States who believe in a liberal economy should lose ground to the forces of protectionism and restrictionism which are always present in this country, as in others. I should be greatly disturbed to see an attempt to solve the problem by raising tariffs or establishing additional import quotas. Not only would such an effort probably prove abortive, by giving rise to countermeasures abroad which could prove at least as effective as our own; but the process of competing to erect higher barricades would also mean a major setback in the healthy postwar trend, in which American influence has been so strong, toward less restricted world trade, and would bring a general lowering of living standards in all countries. It would indeed be ironical if the United States were to adopt such practices at the very moment when most other countries—after years of active encouragement by the United States—have made significant steps towards a freer pattern of international trade and payments.

There is at present a disturbing tendency to revive demands in this country for tariffs sufficient to compensate for the difference in wage rates here and abroad. Such a move overlooks the whole classical theory of international trade—especially the valid principle that mutually advantageous two-way trade can perfectly well take place between a high-wage and a low-wage country if the comparative advantage of one country in producing some products is less than that in producing some other products. It also overlooks, as is so often the case, the benefit to the American consumer in obtaining a product from the cheapest available source. Changes in the flow of international trade, as in the flow of our own domestic trade, should be allowed to develop naturally with a minimum of government interference.

Always Had a Higher Wage Level

I think there has been a good deal of exaggeration of the sudden lack of competitiveness of American products in comparison with those produced abroad. Some of the commentators speak as if it were a brand-new discovery that our wage levels are several times as high as in other industrialized countries. This is not a new phenomenon. What is new is the degree to which foreign producers have improved their competitive standing through more modern plant and equipment, more efficient selling methods and prompter delivery. (If we look merely at the trend of wage rates here and abroad, we find that it has been rising more rapidly abroad than here in the past seven or eight years—and this may well continue, given the world-wide tendency to try to emulate the American standard of living.) While we must keep a very tight rein on costs under these circumstances, I see much evidence that those continuing advantages which we have in over-all productivity can, if we handle our domestic affairs with restraint, make it possible to come close to balancing our international accounts while continuing to maintain a much higher average wage level than countries abroad. Is not that the advantage we gain, at the present advanced state of our economy, from being able to afford the enormous outlay that is made every year in the United States on research and development and on highly productive new equipment?

First Line of Attack

After viewing this balance of payments problem from many angles, I cannot escape the conclusion that the first line of effective attack is to maintain sound conditions in our own economy, including a competitive cost and price structure. It seems to me clear that this is what the world expects of us, and that such doubts of our policies as have been expressed abroad usually have involved questioning of our determination to pursue realistic and courageous policies to this end. The really important point is that there has not been and need not be any fundamental conflict between our international responsibilities and our responsibility for maintaining sound conditions in our own economy. The two objectives are furthered by the same program—and the need to help correct the balance of payments deficit has provided an added argument in support of policies that are needed in any case for our own domestic welfare. To put it another way, by following policies aimed at domestic price stability and lasting economic growth, we are simultaneously strengthening the dollar as a key currency in the whole financial structure of the Free World, and enabling our economy to contribute generously to the economic development of other countries. Despite all that has been said about concern for the dollar, here and abroad, the fact remains that dollar assets constitute a vast segment of international monetary reserves. In our efforts to keep the dollar worthy of this position, I am sure that we will have the support of all who are interested in enhancing this nation's leadership in an increasingly prosperous world.

*An address by Mr. Rayes before the 46th National Foreign Trade Convention, New York City, Nov. 16, 1959.

Shearson, Hammill To Underwrite Fund's Shares

Shearson, Hammill & Co. will head an underwriting group which will offer 500,000 shares of Capital Life Insurance Shares and Growth Stock Fund Class A stock (par one cent) to be issued by Capital Shares, Inc. The offering price is to be $10 per share in single transactions involving less than $10,000.

The fund's primary objective is long-term capital growth. The fund will become an open-end investment company after the offering and delivery of the initial shares.

Frontier Rfg. Co. Debs. Offered

J. A. Hogle & Co.; Peters, Writer & Christensen, Inc. and Garrett-Bromfield & Co. headed an underwriting group which publicly offered on Nov. 23 a new issue of $6,000,000 convertible subordinated debentures due Nov. 1, 1969 of The Frontier Refining Co. (a Wyoming corporation) at a price of 100% plus accrued interest.

The debentures are convertible by holders at any time into common stock of the company at an initial conversion price of $13.50 per share.

The debentures are subject to redemption at the option of the company on Nov. 1, 1962, or any subsequent interest payment date on thirty days' notice at the principal amount thereof and accrued interest, plus certain premiums.

The company, having its refinery office at Cheyenne, Wyo., and its general and producing division offices at Denver, Colo., was incorporated under the laws of Wyoming on June 12, 1940. It is qualified to do business in Wyoming, Colorado, Nebraska, Kansas, Utah, Montana, New Mexico, South Dakota, Nevada, Washington, North Dakota, Minnesota, Iowa, Missouri, Idaho, Wisconsin, Texas and Oklahoma. The company is engaged in the business of exploring for, producing and transporting oil and natural gas, of refining crude oil and of distributing petroleum products at wholesale and retail.

With Arthur B. Hogan

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ernest J. Markham has become associated with Arthur B. Hogan, Inc., 618 South Spring Street. He was formerly with Hill, Richards & Co.

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Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
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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 prime contractor on specialized construction projects. **Office**—123 Denick Avenue, Youngstown, Ohio. **Underwriter** — Strathmore Securities, Inc., 605 Park Building, Pittsburgh 22, Pa. This offering is expected to be refiled.

• **Aircraft Dynamics International Corp. (12/15)**
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.

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 Street, New York. **Underwriter**—C. B. Whitaker Co., New York. **Offering**—Expected in about three to four weeks.

★ **Alberta Municipal Financing Corp. (12/11)**
Nov. 25 filed $20,000,000 of sinking fund debentures, due Dec. 15, 1984. The debentures are guaranteed unconditionally as to principal and interest by the Province of Alberta. They are payable in the United States currency. The debentures will not be redeemable, except by operation of the sinking fund, until Dec. 15, 1969. **Price**—To be supplied by amendment. **Proceeds**—From the sale of the debentures after conversion into Canadian funds, will be applied to the purchase of securities of municipalities, cities, towns and villages within Alberta as loan applications are approved. **Underwriters**—The First Boston Corp. and Wood, Gundy & Co., Inc., both of New York.

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 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. No decision has been announced.

• **American Service Life Insurance Co.**
Sept. 14 filed 300,000 shares of common stock (par 40¢). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office** — 113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

• **American Yachting Systems, Inc.**
Oct. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Roslyn, N. Y. **Underwriter**—Hilton Securities Inc., formerly Chauncey, Walden, Harris & Freed, Inc., 580 Fifth Avenue, New York, N. Y. **Offering**—Expected any day.

★ **Amhoc, Inc.**
Nov. 10 (letter of notification) $20,000 of debentures due Jan. 15, 1970 and 200 shares of class B common stock (par $50) to be offered in units consisting of $500 debentures and five shares of common stock. **Price**—$750 per unit. **Proceeds**—For working capital. **Office**—7848 Wisconsin Ave., Bethesda, Md. **Underwriter**—None.

★ **Anelex Corp. (12/14-18)**
Nov. 18 filed $2,250,000 of subordinated debentures, due Dec. 1, 1974, with warrants attached to purchase 45,000 shares of common stock (par $1) and (2) 90,000 shares of common stock (par $1). The debentures and stock are to be offered in units consisting of $50 principal amount of debentures (with attached warrant to purchase one share of common stock) and two shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay off $400,000 of serial notes plus accrued interest thereon; approximately $220,000 will be used to redeem and pay accumulated dividends on the company's outstanding 2,000 shares of cumulative preferred stock; approximately $143,000 will be used to pay a promissory note to Anderson-Nichols & Co.; approximately $800,000 will be used for machinery and equipment; and the balance will be used for general corporate purposes, including additional working capital. **Office**—150 Causeway St., Boston, Mass. **Underwriter**—Putnam & Co., Hartford, Conn.

• **Anodyne, Inc., Bayside, L. I., N. Y. (11/30-12/4)**
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. (12/7-11)
Sept. 28 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—5371 Firestone Boulevard, South Gate, Calif. **Underwriter** — Marron, Edens, Sloss & Co., Inc., New York. **Registrar**—The First National City Bank of New York.

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.

★ **Arizona Color Film Processing Laboratories, Inc.**
Nov. 12 (letter of notification) $291,760 of 10-year 6½% convertible debentures to be offered for subscription by stockholders of record Oct. 15, 1959 in denominations of $56 each at the rate of one $56 debenture for each 100 shares or a fraction thereof then held. Rights expire November, 1959. The debentures are convertible into 18 shares of common on or before the expiration of three years from date of issuance; into 14 shares after three years but prior to five years from said date; and into 11 shares prior to maturity but after five years from said date. **Price**—At par. **Proceeds**—For payment of unsecured loans and working capital. **Office**—2 N. 30th St., Phoenix, Ariz. **Underwriter**—None.

Arkansas Louisiana Gas Co. (12/3)
Nov. 10 filed $16,000,000 of first mortgage bonds due in 1979. **Price**—To be supplied by amendment. **Proceeds**—To be used to repay part of an outstanding long-term bank loan incurred for construction and acquisition purposes. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Arkansas Power & Light Co. (12/8)
Oct. 23 filed $15,000,000 of first mortgage bonds, series due 1989. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc. and Dean Witter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EST) on Dec. 8.

★ **Arkay International, Inc.**
Nov. 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 8806 Van Wyck Expressway, Richmond Hill, N. Y. **Underwriter**—A. D. Gilhart & Co., Inc., New York, N. Y. **Offering**—Expected in December.

Artesian Water Co.
Nov. 2 (letter of notification) 100 shares of class A common stock (no par). **Price**—$40 per share. **Proceeds**—To expand the water distribution system. **Office**—501 Newport & Gap Pike, Newport, Del. **Underwriter** — Laird, Bissell & Meeds, Wilmington, Del.

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.

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.

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.

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

BarChris Construction Corp. (12/4)
Oct. 28 filed 280,000 shares of common stock. **Price** — $6 per share. **Proceeds**—For general corporate purposes, including expansion. **Office** — 35 Union Square West, New York. **Underwriter**—Peter Morgan & Co., New York.

Basic Products Corp.
Oct. 30 filed 100,000 warrants for the purchase of common stock, and 100,000 shares of stock reserved for issuance upon exercise of said warrants. **Proceeds**—The proceeds from the sale of the stock will be used to redeem notes issued in equal amounts to Mass. Mutual Life Insurance Co. and New England Mutual Life Insurance Co. in connection with the (consummated) acquisition of Hevi-Duty Electric Co., with the balance to be used for general corporate purposes. **Office**—3830 West Grant St., Milwaukee, Wis.

Bear Brand Hosiery Co.
Nov. 10 (letter of notification) 2,000 shares of common stock (no par) to be offered for subscription by stockholders of record Dec. 10, 1959 on the basis of one share for each 6½ shares held. **Price**—$100 per share. **Proceeds**—For working capital. **Office**—131 S. Wabash Ave., Chicago 3, Ill. **Underwriter**—None.

Benlen Manufacturing Co., Columbus, Ohio (12/15)
Nov. 12 filed 370,000 shares of common stock (par $1) of which 70,000 shares are to be offered for the account of the issuing company and 300,000 shares will be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital and other corporate purposes. **Underwriters** — Smith, Barney & Co., New York; Kirkpatrick-Pettis Co., Omaha, Neb.; and The First Trust Co. of Lincoln, Neb.

★ **Bell Telephone Co. of Pennsylvania (12/15)**
Nov. 20 filed $30,000,000 of 35-year debentures dated Dec. 1, 1959 and due Dec. 1, 1994. **Proceeds**—To repay outstanding advances from the American Telephone & Telegraph Co.; any balance will be used for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly); Morgan, Stanley & Co. **Bids**—To be received up to 11 a.m. (EST) on Dec. 15 at Room 1900, 195 Broadway, New York, N. Y.

★ **Benson Manufacturing Co., Kansas City, Mo.**
Nov. 25 filed $2,000,000 of convertible subordinated debentures due 1971 and 130,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For additional manufacturing equipment, acquisition of property and retirement of a $500,000 bank loan. **Business**—In addition to its aluminum operations the company fabricates magnesium, stainless steel and titanium. As a leading subcontractor it serves the major missile, rocket and aircraft companies through its missile container division. **Underwriter**—S. D. Fuller & Co., New York.

• **Biederman Furniture Co. (11/26-12/4)**
Oct. 16 filed 331,635 shares of class A common stock (par $1). Of the total, 216,549 shares will be sold for the company's account and 115,086 shares are being offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—$845,170 will be used to purchase from the shareholders of Biedermans of Alton, Inc., an Illinois corporation and Biedermans of Springfield, Inc., a Missouri corporation, all of the outstanding stock of both corporations. The shareholders from whom such stock is to be acquired are David Biederman, William Biederman and the Trustees of the Trust Estates created under the Will of Charles Biederman, deceased, all of whom are also selling shareholders; the balance will be used for general corporate purposes, and the possible future expansion of its business by opening of additional stores, requiring the carrying of additional inventories and additional instalment obligations, and also possibly for the expansion of warehouse facilities. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo.

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.

Bowmar Instrument Corp. (12/14)
Nov. 10 filed 78,000 shares of common stock (no par), of which 45,000 shares will be offered for the company's account and 33,000 shares will be offered for the account of several selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—8000 Bluffton Road, Ft. Wayne, Ind. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

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.

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Burch Oil Co.
Sept. 25 (letter of notification) 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 on the basis of one new share for each 8 shares held. **Price**—$64 per share. **Proceeds**—For general corporate purposes, including working capital. **Office**—20 Valley St., Endwell, N. Y. **Underwriter**—None.

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.

Calumet & Hecla, Inc., Chicago, Ill.
Oct. 27 filed 188,340 shares of common stock, to be offered in exchange for all of the common and preferred stock of Flexonics Corp., on the basis of one Calumet share for each 2⅝ shares of Flexonics common and one Calumet share for each 4 shares of Flexonics preferred.

Carwin Co.
Oct. 2 filed 48,080 shares common stock (par $2), of which 46,080 shares are being offered for subscription by common stockholders at the rate of one new share for each four shares held on Nov. 16. The rights expire Dec. 7. The remaining 2,000 shares were sold for the account of a selling stockholder. **Price**—$11.50 per share for the rights offering. **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.

Chadbourn Gotham, Inc. (12/1)
Sept. 28 filed $2,000,000 of 6% conv. subord. debentures, due Oct. 1, 1974, with warrants to purchase 200,000 shares of common stock (par $1), to be offered for subscription by holders of its common stock of record Dec. 1, 1959 (with a 14 day standby) at the rate of $100 of debentures, with an attached warrant to purchase 10 common shares for cash for each 100 common shares held. **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, N. C.

★ **Cincinnati Gardens, Inc.**
Nov. 16 (letter of notification) 32,967 shares of common stock (no par). **Price**—$9.10 per share. **Proceeds**—To pay outstanding contractor's bills and for working capital. **Office**—2250 Seymour Avenue, Cincinnati, Ohio. **Underwriter**—None.

Citadel Life Insurance Co. of New York
Nov. 10 filed 60,000 shares of common stock (par $10). **Price**—$20 per share. **Proceeds**—For working capital. **Office**—150 Broadway, New York City. **Underwriter**—The stock will be sold through the efforts of the officers and directors of the company, principally Moshe B. Pomrock, President.

● **Citizens Casualty Co. of New York (12/14-18)**
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp.

★ **Clary Corp.**
Nov. 13 (letter of notification) an undetermined number of shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one new share for each 22 shares held (with an over-subscription privilege). **Price**—At-the-market. **Proceeds**—Not to exceed $300,000, which will be used for working capital. **Office**—408 Junipero St., San Gabriel, Calif. **Underwriter**—None.

Coastal States Gas Producing Co.
Nov. 12 filed 40,000 shares of common stock (par $1). **Price**—To be related to the market. **Proceeds**—To selling stockholders. **Office**—200 Petroleum Tower, Corpus Christi, Texas. **Underwriter**—Blair & Co. Inc., New York City.

Colorado Central Power Co.
Oct. 16 filed 66,490 shares of common stock (par $2.50) being offered for subscription by holders of outstanding stock of record Nov. 6, 1959, on the basis of one new share for each 10 shares then held; rights to expire on Nov. 30. **Price**—$20 per share. **Proceeds**—For construction. **Office** — 3470 South Broadway, Englewood, Colo. **Underwriter**—The First Boston Corp., New York.

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NEW ISSUE CALENDAR

November 26 (Thursday)

Biederman Furniture Co.____Common
(Dempsey-Tegeler & Co.) 331,635 shares

November 30 (Monday)

Anodyne, Inc.____Common
(Ross, Lyon & Co., Inc.) $300,000

Conetta Manufacturing Co.____Common
(Vermilye Bros.) $400,000

Consolidated Diesel Electric Corp.____Debentures
(Van Alstyne, Noel & Co.) $1,090,000

Faradyne Electronics Corp.____Common
(Netherlands Securities Co., Inc.; Herbert Young & Co., Inc.; Morris Cohon & Co.; Schrijver & Co. and Richard Bruce & Co., Inc.) $1,150,000

Hawthorne Financial Corp.____Common
(William R. Staats & Co.) 165,000 shares

Life Insurance Co. of Florida____Common
(Plymouth Bond & Share Corp.) $915,642

National Video Corp.____Common
(Bache & Co.) 283,307 shares

Oak Valley Sewerage Co.____Bonds
(Bache & Co.) $145,000

Oak Valley Water Co.____Bonds
(Bache & Co.) $125,000

Oxford Chemical Corp.____Common
(Johnson, Lane, Space Corp.; Francis I. du Pont & Co. and The Robinson-Humphrey Co., Inc.) $1,089,125

Seligman & Latz, Inc.____Common
(F. Eberstadt & Co.) 250,000 shares

Trans-World Financial Co.____Common
(W. R. Staats & Co.) 655,000 shares

World Publishing Co.____Common
(Joseph, Mellen & Miller, Inc.) 100,000 shares

December 1 (Tuesday)

Chadbourn Gotham, Inc.____Debentures
(R. S. Dickson & Co.) $2,000,000

Consolidated Edison Co. of New York, Inc.____Bonds
(Bids to be invited) $50,000,000

Cracker Barrel Supermarkets, Inc.____Common
(Diran, Norman & Co.) $300,000

Merry Brothers Brick & Tile Co.____Common
(Johnson, Lane Space Corp.) $1,248,000

United Control Corp.____Debentures
(Blyth & Co., Inc.) $2,500,000

Vance-Sanders & Co., Inc.____Common
(400,000 shares)

Winkelman Bros. Apparel, Inc.____Common
(Watling, Lerchen & Co.) 145,000 shares

December 2 (Wednesday)

General Telephone Co. of California____Bonds
(Bids 11 a.m. EST) $30,000,000

Middlesex Water Co.____Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co., Inc.) 29,534 shares

(Howard W.) Sams____Common
(Indianapolis Bond & Share Corp., Kiser, Cohn & Shumaker, Inc., and Walston & Co.) 88,000 shares

Superior Manufacturing & Instrument Corp.____Com.
(D. A. Lomasney & Co.) $240,000

December 3 (Thursday)

Arkansas Louisiana Gas Co.____Bonds
(Eastman Dillon, Union Securities & Co.) $16,000,000

Micronaire Electro Medical Products Corp.____Com.
(General Investing Corp.) 200,000 shares

Micronaire Electro Medical Products Corp.____Wts.
(General Investing Corp.) 50,000 warrants

December 4 (Friday)

BarChris Construction Corp.____Common
(Peter Morgan & Co.) $1,680,000

December 7 (Monday)

Anthony Pools, Inc.____Common
(Marron, Edens, Sloss & Co., Inc.) 200,000 shares

Dilberts Leasing & Development Corp.____Debens.
(Ira Haupt & Co.) $2,500,000

Dilberts Leasing & Development Corp.____Common
(Ira Haupt & Co.) 600,000 shares

Dutron Corp.____Common
(J. Barth & Co.) 118,030 shares

Mohawk Business Machines Corp.____Common
(Myron A. Lomasney & Co.) 30,000 shares

Mohawk Business Machines Corp.____Debentures
(Myron A. Lomasney & Co.) $600,000

Dynex, Inc.____Common
(Myron A. Lomasney & Co.) $600,000

Electronics Funding Corp.____Common
(Darius Inc.) $150,000

Fastline, Inc.____Common
(Mortimer B. Burnside & Co., Inc.) $300,000

Garden Land Co., Ltd.____Common
(Hill, Darlington & Co.) 200,000 shares

Hydromatics, Inc.____Common
(Paine, Webber, Jackson & Curtis and Tucker, Anthony & R. L. Day) 105,000 shares

Minitran Corp.____Common
(Pleasant Securities Co.) $300,000

Palomar Mortgage Co.____Common
(J. A. Hogle & Co.) 80,000 shares

Palomar Mortgage Co.____Debentures
(J. A. Hogle & Co.) $750,000

Talcott (James), Inc.____Notes
(F. Eberstadt & Co. and White, Weld & Co.) $7,500,000

Talcott (James), Inc.____Notes
(F. Eberstadt & Co. and White, Weld & Co.) $15,000,000

United Marine, Inc.____Common
(Boenning & Co.) 125,000 shares

United Marine, Inc.____Debentures
(Boenning & Co.) $1,250,000

Universal Container Corp.____Common
(Michael G. Kletz & Co.) $600,000

Worcester County Electric Co.____Bonds
(Bids to be invited) $7,500,000

December 8 (Tuesday)

Arkansas Power & Light Co.____Bonds
(Bids 11:30 a.m. EST) $15,000,000

Fed-Mart Corp.____Debentures
(Eastman Dillon, Union Securities & Co.) $3,000,000

Fall River Electric Light Co.____Preferred
(Bids 11 a.m. EST) $3,000,000

Red Fish Boat Co.____Common
(R. A. Holman & Co., Inc.) $300,000

Scott-Mattson Farms, Inc.____Common
(R. S. Dickson & Co.) 67,500 shares

Transitron Electronic Corp.____Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 1,000,000 shares

December 9 (Wednesday)

Ford Motor Co.____Common
(The First Boston Corp.; Goldman, Sachs & Co.; Kuhn, Loeb & Co.; Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc.) 2,000,000 shares

Land Bank of France____Bonds
(Morgan Stanley & Co. and Lazard Freres & Co.) $50,000,000

Missouri Power & Light Co.____Bonds
(Bids 11 a.m. EST) $4,000,000

New England Power Co.____Preferred
(Bids to be invited) $10,000,000

December 10 (Thursday)

Dyna-Therm Chemical Corp.____Common
(Peter Morgan & Co.) $600,000

December 11 (Friday)

Alberta Municipal Financing Corp.____Debentures
(The First Boston Corp. and Wood, Gundy & Co., Inc.) $20,000,000

December 14 (Monday)

Anelex Corp.____Debentures
(Putnam & Co.) $2,250,000

Anelex Corp.____Common
(Putnam & Co.) 90,000 shares

Bowmar Instrument Corp.____Common
(Paine, Webber, Jackson & Curtis) 78,000 shares

Citizens Casualty Co. of New York____Common
(Lee Higginson Corp.) 250,000 shares

Copperweld Steel Co.____Debentures
(Dillon, Read & Co., Inc. and Riter & Co.) $8,000,000

Financial Federation, Inc.____Common
(Kidder, Peabody & Co.) 235,000 shares

Gulf & Western Corp.____Debentures
(Ira Haupt & Co.) $1,500,000

Midwestern Financial Corp.____Common
(William R. Staats & Co.; Boettcher & Co. and Bosworth, Sullivan & Co., Inc.) 250,000 shares

Nedick's Stores, Inc.____Common
(Van Alstyle, Noel & Co.) 17,000 shares

Turner Timber Corp.____Common
(Frank P. Hunt & Co., Inc.) 250,000 shares

Turner Timber Corp.____Debentures
(Frank P. Hunt & Co., Inc.) $2,000,000

Victoreen Instrument Co.____Debentures
(Van Alstyne, Noel & Co.) $2,500,000

December 15 (Tuesday)

Aircraft Dynamics International Corp.____Common
(Aviation Investors of America, Inc.) $300,000

Behlen Manufacturing Co.____Common
(Smith Barney & Co.; Kirkpatrick-Pettis Co. and The First Trust Co. of Lincoln, Neb.) 370,000 shares

Bell Telephone Co. of Pennsylvania____Debentures
(Bids 11 a.m. EST) $30,000,000

Electronics Development, Inc.____Common
(First Broad Street Corp.) $404,106.50

Johnny-On-the-Spot Central, Inc.____Common
(Richard Bruce & Co., Inc.) $150,000

Perrine Industries, Inc.____Debentures
(S. D Fuller & Co.) $1,500,000

Public Service Electric & Gas Co.____Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 800,000 shares

December 16 (Wednesday)

Tobin Craft, Inc.____Common
(General Investing Corp.) $150,000

January 4 (Monday)

General Public Utilities Corp.____Common
(Offering to stockholders—No underwriting) 1,115,000 shares

January 19 (Tuesday)

Kansas Gas & Electric Co.____Common
(Bids to be invited) 200,000 shares

Louisiana Gas Service Co.____Bonds
(Bids to be invited)

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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 after Jan. 1, 1960.

Combined Electronics, Inc.
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, inclding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis.

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.

● **Conde Nast Publications, Inc.**
Oct. 30 filed 501,863 shares of common stock (no par) being offered for subscription by common stockholders on the basis of one new share for each two shares held. Rights expire Dec. 11. **Price**—$8 per share. **Proceeds**—To retire $3,500,000 bank loan incurred in connection with the acquisition of Street & Smith Publications, Inc. last August. **Office**—420 Lexington Avenue, New York City. **Underwriter—None.** The registration statement became effective Nov. 24.

● **Conetta Manufacturing Co. (11/30)**
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 (par 20c), of which 1198,000 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, 75c 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.

★ **Consolidated Development Corp., Pompano Beach, Fla.**
Nov. 24 filed 140,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay outstanding notes and for working capital. **Underwriter**—Consolidated Securities Corp., of Pompano Beach, Fla., on a best efforts basis.

● **Consolidated Diesel Electric Corp. (11/30-12/4)**
Oct. 29 filed $1,000,000 of 6% convertible subordinated debentures, due Nov. 1, 1975. **Price**—At 100% of principal amount. **Proceeds**—For working capital and the discharge of $187,535 of debts. **Office**—880 Canal Street, Stamford, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York.

Consolidated Edison Co. of New York, Inc. (12/1)
Oct. 30 filed $75,000,000 of first and refunding mortgage bonds, series Q, due Dec. 1, 1989. **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 up to 11 a.m. (EST) on Dec. 1.

Consumers Cooperative Association
Nov. 3 filed $9,000,000 of 5½% 25-year subordinated certificates of indebtedness and 120,000 shares of preferred stock (par $25). **Price**—The certificates are to be offered in units of $100; the preferred stock is to be sold at $25 per share. **Proceeds**—To be added to general funds of the association and be used for retiring maturing certificates of indebtedness and for capital expenditures. **Office**—Kansas City, Mo. **Underwriter**—None.

★ **Continental Reserve Co.**
Nov. 13 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—To invest in the common stock of its proposed subsidiary, Continental Reserve Life Insurance Co. **Office**—914-916 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Columbine Securities Corp., Denver, Colo.

Copperweld Steel Co. (12/14-18)
Nov. 16 filed $8,000,000 of convertible subordinated debentures, due Dec. 1, 1979. The company has applied for the listing of the debentures on the New York Stock Exchange. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes with the balance to be added to general funds. **Underwriters**—Dillon, Read & Co., Inc., and Riter & Co., both of New York.

Copymation, Inc. (formerly Peck & Harvey Mfg. Company)
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 any day.

● **Coraloc Industries, Inc.**
Oct. 30 (letter of notification) 5,450 shares of common stock (par $5) and 27,250 shares of preferred stock (par $10) to be offered in units of five shares of preferred and one share of common. **Price**—$55 per unit. **Proceeds**—For engineering and technical costs, sales, services, etc. **Business**—Manufactures swimming pools. **Office**—494 S. San Vicente Boulevard, Los Angeles 43, Calif. **Underwriter**—Edward Lewis Co., Inc., New York, N. Y. **Offering**—Expected in two to three weeks (subject to SEC clearance).

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. (12/1-2)**
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.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter**—To be supplied by amendment.

★ **C. & W. Enterprises, Inc.**
Nov. 13 (letter of notification) 50,000 shares of 4% preferred stock (par $1). **Price**—$1.10 per share. Preferred stock is convertible into common stock on a basis of one for one. **Address**—Box 1013, Fort Smith, Ark. **Underwriter**—None.

Dallas Power & Light Co.
Nov. 10 filed $20,000,000 of first mortgage bonds, due 1989. **Proceeds**—To repay short-term borrowings from Texas Utilities Co., the parent company, which amounted to $12,500,000 on Sept. 30, with the balance to be used for general corporate purposes, including construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: 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. **Bids**—Expected to be received up to noon on Dec. 14.

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.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Derab 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.
Sept. 25 filed 65,877 shares of capital stock (par 10 cents) being offered to the holders of outstanding shares of such stock on the basis of one new share for each five shares held. The rights dates are Nov. 18 to Dec. 3. **Price**—$7.50 per share. **Proceeds**—For general corporate purposes. **Office** — Albertson, L. I., N. Y. **Underwriter** — Granbery, Marache & Co., New York City.

● **Dilberts Leasing & Development Corp. (12/7-11)**
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 1c) to be offered in units consisting of $50 principal amount of debentures and 12 shares of common stock. 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.

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.

★ **Diversified Growth Stock Fund, Inc.**
Nov. 24 filed (by amendment) an additional 3,000,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Office**—Elizabeth, N. J.

Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis.

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.

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.

Dutron Corp. (12/7-8)
Nov. 5 filed 118,030 shares of common stock (no par), of which 100,000 shares are to be offered for the account of the issuing company and 18,030 shares, representing outstanding stock, to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including the purchase of equipment, addition to working capital, and the redemption of the preferred stock of a subsidiary. **Office**—607 Irwin St., San Rafael, Calif. **Underwriter**—J. Barth & Co., New York.

Dyna-Therm Chemical Corp. (12/10)
Oct. 28 filed 200,000 shares of capital stock (par $1). **Price**—$3 per share. **Proceeds**—To purchase stock of subsidiaries, for payment of loans, and for working capital. **Office** — Culver City, Calif. **Underwriter** — Peter Morgan & Co., New York City.

★ **Dynatronics, Inc.**
Nov. 6 (letter of notification) $105,000 of five year 6% subordinated debentures to be offered in denominations of $500 each with warrants to purchase 143 shares of common stock. **Price** — $3.50 per share. **Proceeds** — For working capital. **Address**—P. O. Box 2566, Orlando, Fla. **Underwriter**—None.

Dynatronics, Inc.
Nov. 6 (letter of notification) $105,000 of five-year 6% subordinated debentures to be offered in denominations of $500 each with warrants to purchase 143 shares of common stock. **Price**—$3.50 per share. **Proceeds**—For working capital. **Office**—P. O. Box 2566, Orlando, Fla. **Underwriter**—None.

Dynex, Inc. (12/7-11)
Aug. 6 filed 120,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including product research, the purchase of new equipment, and expansion. **Office** — 123 Eileen Way, Syosset, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

★ **Echo Bay Lead-Silver Mines, Inc.**
Nov. 4 (letter of notification) 2,000,000 shares of non-assessable common stock to be offered for subscription by stockholders of record May 12, 1959 with the right to purchase one share for each share held. **Price**—At par (10 cents per share). **Proceeds** — For mining expenses. **Address**—P. O. Box 364, Coeur d'Alene, Idaho. **Underwriter**—None.

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 in two to three weeks' time (subject to SEC approval).

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.

● **Electronics Development, Inc. (12/15)**
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

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College, Pa. **Underwriter**—First Broad Street Corp., 50 Broad St., New York.

Electronics Funding Corp. (12/7-11)
Oct. 19 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Sales and leaseback of special and staple machinery and equipment for the American electronics industry. **Office**—c/o Darius Inc., 90 Broad Street, New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

Fall River Electric Light Co. (12/8)
Oct. 22 filed 30,000 shares of preferred stock (par $100). **Proceeds**—To be used for prepayment of the company's short-term bank loans which amounted to $2,800,000 at Oct. 19, 1959 and the balance will be used for construction purposes. **Underwriters**—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 up to 11 a.m. (EST) on Dec. 8, 1959 at the offices of the company, 49 Federal Street, 8th Floor, Boston, Mass.

● **Faradyne Electronics Corp. (11/30)**
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.

● **Fastline, Inc. (12/7-11)**
Nov. 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—8 Washington Place, New York, N. Y. **Underwriter** — Mortimer B. Burnside & Co., Inc., New York, N. Y.

Fed-Mart Corp. (12/8)
Nov. 6 filed $3,000,000 of 6% subordinated debentures, due Dec. 1, 1979, convertible through Nov. 30, 1969. **Price**—To be supplied by amendment. **Proceeds**—For intermediate- and long-term capital requirements. **Office**—8001 Othello Street, San Diego, Calif. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

● **Financial Federation, Inc. (12/14-18)**
Nov. 6 filed 235,000 shares of capital stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—Mostly for the repayment of short-term notes, with the balance for working capital. **Office**—5150 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

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

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix. Statement effective Oct. 9.

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.

Florida Tile Industries, Inc.
Nov. 12 filed 89,285 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—It is expected that about $437,500 will be used for additional working capital and/or general corporate purposes, of which $250,000 may be expended for additional facilities, and that about $87,500 will be used to retire short-term bank loans. **Office**—Lakeland, Fla. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Ga.

★ **Ford Motor Co., Dearborn, Mich. (12/9)**
Nov. 19 filed 2,000,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder (Ford Foundation). **Underwriters**—Blyth & Co., Inc., The First Boston Corp., Goldman, Sachs & Co., Kuhn, Loeb & Co., Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co., all of New York.

Formula 409, Inc.
Oct. 29 filed 300,000 shares of common stock (no par). **Price**—$1.50 per share. **Proceeds**—For advertising, reduction of indebtedness, bottling equipment, payment of $44,000 for acquisition of formula 409, a liquid degreaser, and office equipment. **Office**—10 Central Street, West Springfield, Mass. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

Fredonia Pickle Co., Dunkirk, N. Y.
July 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Underwriter** — Summit Securities, Inc., New York. **Offering**—Expected in about two weeks.

★ **Fuller (H. B.) Co.**
Nov. 17 (letter of notification) 4,585 shares of preferred stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—255 Eagle Street, St. Paul 2, Minn. **Underwriter**—None.

Garden Land Co., Ltd. (12/7-11)
Nov. 9 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For land conversion and improvement in California, with the balance to be added to working capital. **Office** — 17315 Sunset Boulevard, Pacific Palisades, Calif. **Underwriter**—Hill, Darlington & Co., New York City.

Gas Hills Uranium Co.
Oct. 28 filed 6,511,762 shares of common stock, of which 3,990,161 are to be offered for sale. The remaining 2,521,601 shares are owned or underlie options owned by officers and/or directors, affiliates, and associates of the issuing company. Of the shares to be sold, 415,000 shares are to be offered to holders of the outstanding common at the rate of one new share for each 20 shares held; 500,000 shares are to be offered in exchange for properties and services; 326,883 shares are to be offered to certain holders of the company's convertible promissory notes; and 2,748,278 shares are to be offered for the account of selling stockholders, of which number 655,500 shares represent holdings of management officials and affiliated persons. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — 604 South 18th Street, Laramie, Wyo. **Underwriter**—None.

● **General Coil Products Corp.**
Oct. 29 (letter of notification) 99,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For automation of operations; working capital; additional equipment and machinery and research and development. **Office**—147-12 Liberty Ave., Jamaica, N. Y. **Underwriter**—A. T. Brod & Co., New York, N. Y. **Offering**—Expected in two weeks (subject to SEC clearance).

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 Public Utilities Corp. (1/4)**
Nov. 24 filed 1,115,000 additional shares of common stock (par $2.50) to be offered to common stockholders of record Dec. 30, 1959, on the basis of one new share for each 20 shares so held; rights to expire on Jan. 19, 1960. **Price**—To be supplied by amendment. **Proceeds**—To pay short-term bank loans, and the balance will be added to the general funds of the company. **Underwriter**—None.

General Telephone Co. of Calif. (12/2)
Nov. 5 filed $30,000,000 of first mortgage bonds, series M, due Dec. 1, 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp. (jointly); The First Boston Corp. and Equitable Securities Corp. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Dec. 2.

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.

Gold Medal Studios, Inc.
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.

Granco Products, Inc.
Oct. 21 (letter of notification) 42,860 warrants and 60,000 shares of common stock (par 50 cents). The stock is underlying the warrants, and the purpose of the filing was to permit the warrant holders to exercise their warrants and buy the underlying stock at $2.50 per share during the life of the warrant. The expiration date of the warrant is Feb. 25, 1961. The price of the warrant is at the market. **Proceeds**—In the first instance, to the warrant holders; if they convert, Granco's treasury will receive $2.50 per share. **Office**—36-17 20th Ave., Long Island City, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York City.

Great Lakes Bowling Corp.
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. **Offering**—Expected sometime after Jan. 1, 1960.

Great Northern Life Insurance Co.
Oct. 28 (letter of notification) 99,236 shares of common stock (par $1) to be offered for subscription by stockholders of record, on the basis of one new share for each 2½ shares held. Warrants are to expire during November, 1959. The unsubscribed shares are to be offered to the public through the underwriter at not less than the subscribed price nor more than the highest over-the-counter market price. **Price**—$3 per share. **Proceeds**—For expansion. **Office** — 119 W. Rudisill Blvd., Fort Wayne, Ind. **Underwriter** — Northwestern Investments, Inc., 502 Gettle Bldg., Ft. Wayne, Ind.

● **Great Western Financial Corp.**
Oct. 19 filed $9,998,800 of convertible subordinated debentures, due Dec. 1, 1974, being offered for subscription by common stockholders of record Nov. 20, 1959 (with a 14 day standby), on the basis of one new debenture for each 22 shares then held; rights to expire on or about Dec. 4. **Price**—At 100%. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office**—4401 Crenshaw Boulevard, Los Angeles, Calif. **Underwriter**—Lehman Brothers, New York.

Greater Washington Industrial Investments, Inc.
Nov. 4 filed 20,500 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds** — For investments in small businesses. **Office**—1625 Eye St., N. W., Washington, D. C. **Underwriter**—None.

Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

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. The statement became effective July 24.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

Gulf & Western Corp. (12/14-18)
Nov. 5 filed $1,500,000 of 6% convertible subordinated debentures, due Nov. 15, 1974. **Price**—To be supplied by amendment. **Proceeds**—Initially for working capital, and, as required, to finance increased inventories and accounts receivable on behalf of subsidiaries. **Office**—4615 Empire State Bldg., New York. **Underwriter**—Ira Haupt & Co., New York City.

● **Harman-Kardon, Inc.**
Oct. 22 filed $600,000 of 6½% subordinated convertible debentures due December 1969, and 196,400 shares of common stock (par 25 cents), of which the debentures are to be offered for the account of the issuing company and 80,000 shares of the common stock are to be offered for the account of its President, Sidney Harman. Of the 116,400 common shares remaining, 20,000 are being registered under a restricted stock option plan, 4,000 are being reserved for key employees pursuant to stock options, and 92,400 are being reserved for debenture conversion. Proceeds—For reduction of bank loans and general corporate purposes including new plant and equipment. Office—Westbury, L. I., N. Y. Underwriter—Milton D. Blauner & Co., Inc., New York City. This offering is expected in December.

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.

(H. M.) Harper Co.
Nov. 6 filed 100,000 shares of common stock (par $1), of which 60,000 shares are being offered for the account of the issuing company, and 40,000 shares are being offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — Morton Grove, Ill. **Underwriter**—Blunt Ellis & Simmons, Chicago, Ill. **Offering**—Expected in mid-December.

Hawthorne Financial Corp. (11/30-12/3)
Oct. 22 filed 165,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 301 South Hawthorne Blvd., Hawthorne, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

★ **Heli-Coil Corp.**
Nov. 18 filed 157,000 shares of common stock (without par value) to be offered to holders of outstanding shares of the capital stock (par $10) of Grip Nut Corp. The holders of 95.7% of the outstanding Grip Nut capital stock entered into an agreement with Heli-Coil on Oct. Oct. 21, 1959, to exchange their holdings of 103,055 shares of Grip Nut stock for 150,850 shares of Heli-Coil's common stock. Heli-Coil is not obligated to accept less than 100% of the Grip Nut shares, but at its option may do so to a lesser degree, though not less than 80%. It will then issue a number of shares proportionately reduced from the 157,500 which it (Heli-Coil) has registered. Office—Danbury, Conn.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. Price—At par ($1 per share). Proceeds—To pay existing liabilities: for additional equipment; and for working capital. Office—East Tenth Street, P. O. Box 68, Great Bend, Kan. Underwriter—Birkenmayer & Co., Denver, Colo. Offering—Expected shortly.

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Housatonic Public Service Co.
Oct. 23 filed 76,642 shares of common stock (par $15) being offered for subscription by common stockholders on the basis of one new share for each five shares held of record Nov. 17, 1959; rights to expire on Dec. 3. **Price**—To be supplied by amendment. **Proceeds**—For construction, including the payment of short-term loans incurred for this purpose. **Office**—33 Elizabeth Street, Derby, Conn. **Underwriters** — Allen & Co., New York, and Bacon, Whipple & Co., Chicago, Ill.

★ **H. W. I. Building Corp.**
Nov. 17 (letter of notification) $300,000 of 6% series D first mortgage bonds maturing serially from 1960 through 1979 to be offered in denominations of $500. **Price**—At par. **Proceeds**—For construction of a warehouse and working capital. **Address** — P. O. Box 868, Nelson Road, Fort Wayne, Ind. **Underwriter**—None.

Hycon Manufacturing Co.
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

● **Hydromatics, Inc. (12/7-11)**
Oct. 20 filed 105,000 shares of common stock (par $1), of which 80,000 shares are to be offered for the account of company, and 25,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For working capital. **Office**—Livingston, N. J. **Underwriters**—Paine, Webber, Jackson & Curtis, and Tucker, Anthony & R. L. Day, both of New York.

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.

Indiana General Corp. (formerly Indiana Steel Products Co.)
Nov. 12 filed 208,270 shares of common stock (par $1). These shares were issued to holders of the outstanding stock of General Ceramics, pursuant to the terms of the merger of Ceramics into General, which became effective Nov. 16. **Office**—405 Elm Street, Valpariso, Ind. **Underwriter**—None.

Industrial Leasing Corp.
June 1 (letter of notification) $200,000 subordinated convertible 6% debentures ($1,000 denomination) and $50,000 subordinated convertible 6% debentures ($500 denomination). **Price**—100% of principal amount. **Proceeds**—For working capital. **Office**—522 S. W. 5th Avenue, Portland 4 Ore **Underwriter**—May & Co., Portland, Ore. Clearance date was June 9.

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.

Integrand Corp.
Oct. 13 filed 85,000 shares of common stock (par 5c). **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**—[illegible] 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 momentarily.

Inter-Island Resorts, Ltd.
Sept. 10 filed 99,000 shares of common stock (par $3) being 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**—$5.50 per share. **Proceeds**—For construction of a new hotel at Kalapaki Bay, on the Island of Kauai. **Office**—305 Royal Hawaiian Ave., 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

Investment Trust for the Federal Bar Bldg.
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

Investors Counsel, Inc.
Nov. 2 (letter of notification) 300,000 shares of common class A stock (non-voting). **Price**—At par (one cent per share). **Proceeds**—For general corporate purposes. **Office**—20 Exchange Place, New York 5, N. Y. **Underwriter**—None.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can **Underwriter** — Laird & Rumball, Regina, Sask., Can

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.

J E Plastics Manufacturing Co.
Nov. 12 filed 72,500 shares of common stock (par 10¢), of which 42,500 shares are to be offered for the account of the present holders thereof and 30,000 shares represent shares issuable by the company upon the exercise of a like number of warrants to buy the common stock at $2.50 per share from 11/1/59 to 11/1/61. **Price**—The public offering price will be supplied by amendment. **Proceeds**—For working capital. **Office**—Yonkers, N. Y. **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.

Johnny-On-The-Spot Central, Inc. (12/15)
Oct. 28 (letter of notification), 30,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 830 Central Ave., Scarsdale, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

★ **Jurgensen's Co.**
Nov. 16 (letter of notification) 65,000 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds**—To retire loans and unsecured installment notes. **Office**—842 E. California Street, Pasadena, Calif. **Underwriters** — Evans MacCormack & Co., Bingham, Walter & Hurry, Inc. and Wagenseller & Durst, Inc., Los Angeles, Calif., and Jones, Cosgrove & Miller, Pasadena, Calif.

★ **Kansas Gas & Electric Co. (1/19)**
Nov. 20 filed 200,000 shares of common stock (no par). **Proceeds**—For the construction of electric facilities and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co., Glore, Forgan & Co. and Goldman Sachs & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 19.

Kennesaw Life & Accident Insurance Co.
Nov. 12 filed 331,836 shares of common stock, to be offered to the holders of the outstanding common stock on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—165 Luckie Street, Atlanta, Ga. **Underwriter** — The Robinson - Humphrey Co., Inc., Atlanta.

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.

★ **King's Grant Inn, Inc.**
Nov. 9 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To pay off loans to banks, constructions, purchase of a farm inn and working capital. **Address**—R. F. D. No. 3, Laconia, N. H. **Underwriter**—Osborne, Clark & Van Buren, Inc., New York, N. Y.

● **Kittanning Telephone Co., Kittanning, Pa.**
Aug. 24 filed 14,000 shares of common stock, being offered by subscription to holders of outstanding common stock on the basis of approximately 0.212 new shares for each share held on Nov. 14, 1959; rights to expire on Dec. 15, 1959. **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.

★ **Lake Aircraft Corp., Sanford, Me.**
Nov. 20 filed 135,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay bank indebtedness, for remaining payment on purchase by the company of certain assets of Colonial Aircraft Corp., and for other corporate purposes. **Underwriter**—Mann & Gould, Salem, Mass.

★ **Lance, Inc.**
Nov. 9 (letter of notification) 1,400 shares of class A common stock (par $5) and 2,100 shares of class B common stock (par $5) to be offered to executives, administrative and supervisory employees of the company in units of two shares of class A and three shares of class B common stock. **Price**—$13.25 per share. **Proceeds**—For working capital. **Office**—1300 S. Blvd., Charlotte, N. C. **Underwriter**—None.

● **Land Bank of France (12/9)**
Nov. 18 filed $50,000,000 of guaranteed external loan bonds due Dec. 15, 1979. The bonds are to be unconditionally guaranteed as to payment of principal and interest by the Republic of France. The bonds will not be redeemable prior to Dec. 15, 1969 except by operation of the sinking fund, which will begin in 1964 and is designed to retire the entire issue by maturity. **Price**—To be supplied by amendment. **Proceeds**—The net dollar proceeds will be added to the foreign exchange reserves of the Republic of France. Application will be made to list these bonds on the New York Exchange. **Underwriters**—Morgan Stanley & Co. and Lazard Freres & Co., both of New York

Life Insurance Co. of Florida (11/30-12/4)
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.

★ **Liquid Veneer Corp.**
Nov. 16 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Proceeds** — For general corporate purposes. **Office** — 211 Ellicott Street, Buffalo, N. Y. **Underwriter**—B. D. McCormack Securities Corp., New York, N. Y.

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.

Magna-Bond, Inc.
Nov. 9 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—1718 S. 6th Street, Camden, N. J. **Underwriter**—American Diversified Securities, Inc., 1028 Connecticut Avenue, N. W., Washington 6, D. C.

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.

Manchester Insurance Management & Investment Corp.
Oct. 22 (letter of notification) 100,000 shares of common stock (par $1) to be offered for subscription to stockholders at the rate of one share for each two shares held, and the remainder to the public. **Price**—To stockholders, $2.70 per share; to the public, $3 per share. **Proceeds**—To pay a note, purchase land and to construct a building. **Office**—9929 Manchester Road, St. Louis 22, Mo. **Underwriter**—None.

● **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 held Nov. 13. Rights are scheduled to expire in February. **Price**—$10 per share. **Proceeds**—For general corporate purposes, including expansion and working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Merry Brothers Brick & Tile Co. (12/1)
Oct. 26 filed 160,000 shares of common stock (par $2.50). **Price** — $7.80 per share. **Proceeds** — For new production facilities. **Office**—415 Masonic Bldg., Augusta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Ga.

● **Micronaire Electro Medical Products Corp. (12/3-4)**
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of such stock at $3 per share, to be offered in units of 100 shares of common stock and 25 warrants. **Price**—$275 per unit. **Proceeds**—For general corporate purposes, including the discharge of indebtedness, the expansion of sales efforts, and for working capital. **Office**—79 Madison Avenue, New York City. **Underwriter**—General Investing Corp., New York.

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. Statement effective Oct. 26.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general

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corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. **Office**—500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriter**—None.

Middlesex Water Co. (12/2)
Oct. 30 filed 29,534 shares of common stock, to be offered to holders of the outstanding preferred and/or common stock of record Dec. 2 on the basis of one new share for each three preferred or common shares then held, with a 14-day standby. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred for construction purposes, with the balance to be used for general corporate purposes. **Office** — 52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

Midwestern Financial Corp. (12/14-18)
Nov. 9 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay the $1,360,000 balance to Majestic Mortgage Co. due in connection with the issuing company's acquisition of all of the outstanding stock of Majestic Savings & Loan Association, with about $650,000 to be used for capital contributions to its savings and loan associations and for loans to other subsidiaries, $51,000 to be used to repay principal and interest on a short-term bank loan, and $55,000 to be used as additional working capital. **Office**—2015 13th Street, Boulder, Colo. **Underwriters**—W. R. Staats & Co., Los Angeles, Calif., and Boettcher & Co. and Bosworth, Sullivan & Co., Inc., both of Denver, Colo.

● **Minitran Corp. (12/7-11)**
Oct. 30 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office** — 5 Oliver Street, Newark 2, N. J. **Underwriter**—Pleasant Securities Co., 392 Broad Street, Newark, N. J.

Missouri Power & Light Co. (12/9)
Oct. 29 filed $4,000,000 of first mortgage bonds, due 1989. **Proceeds**—To be added to general funds, to be used to retire certain short-term bank loans incurred in connection with the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 9.

Mohawk Airlines Inc.
Nov. 9 filed $3,500,000 of 6% convertible subordinated debentures, due 1974, $1,917,500 of which are to be offered in exchange for a like amount of the company's outstanding 5½% convertible subordinated debentures, due 1966. The remainder, plus any not taken in the exchange offer, are to be publicly offered. **Price**.—To be supplied by amendment. **Proceeds** — For general corporate purposes, including debenture redemption, airplane equipment, and working capital. **Office**—Utica, N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Mohawk Business Machines Corp. (12/7-11)
Oct. 29 filed $600,000 of 6% 10-year subordinated convertible debentures, due 1969, and 30,000 outstanding shares of common stock (par 40 cents). **Price**—For the debentures, 100% of principal amount; for the common stock, at a price to be related to the market. **Proceeds**—To liquidate indebtedness in the amount of $150,000, with the remainder to purchase new equipment and machinery and be used as working capital. **Office** — 944 Halsey Street, Brooklyn, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

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.

Motel Co. of Roanoke, Inc.
Oct. 28 (letter of notification) 9,000 shares of common stock (par 20 cents). **Price**—At-the-market. **Proceeds**—To go to selling stockholders. **Office**—144 S. Jefferson St., Roanoke, Va. **Underwriter**—None.

● **Munston Electronic Manufacturing Corp.**
Nov. 9 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—Beech Street, Islip, N. Y. **Underwriter**—Heft, Kahn & Infante, Inc., Hempstead, N. Y. **Offering**—Expected in a couple of weeks.

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.

Narda Microwave Corp.
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. Indefinitely postponed.

National Bellas Hess, Inc.
Oct. 27 filed $5,318,800 of convertible subordinated debentures, due Oct. 1, 1984, to be offered to common stockholders on the basis of $100 of debentures for each 50 shares held on or about Nov. 20, 1959; rights to expire on or about Dec. 8. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the possible increase of investment in the issuing company's life insurance subsidiary. **Office**—14th Avenue and Swift Street, North Kansas City, Mo. **Underwriter**—Stern Bros. & Co., Kansas City, Mo.

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 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 Motels, Inc.
Oct. 23 (letter of notification) 3,500 shares of common stock (no par). **Price** — $75 per share. **Proceeds** — For guarantee of a lease of Howard Johnson Motor Lodge in Prince Georges County, Md., operating expenses and acquisition of a third motel. **Office**—59 S. Park Avenue, Longmeadow, Mass. **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. **Offering**—Expected this month.

National Standard Electronics, Inc.
Sept. 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Palombi Securities Co., Inc., New York City. **Offering**—Expected any day.

● **National Video Corp. (11/30-12/11)**
Oct. 19 filed 283,307 shares of class A stock (par $1). Each certificate for class A shares will bear an endorsement evidencing an interest in a Trust which will hold all of the outstanding common stock of Rico Electronics, Inc., a Puerto Rican manufacturing company affiliated with National Video Corp. **Price** — To Be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriter** — Bache & Co., New York.

New England Power Co. (12/9)
Nov. 2 filed 100,000 shares of cumulative preferred stock (par $100). **Proceeds**—To reduce indebtedness. **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 up to 11 a.m. (EST) on Dec. 9.

● **New York State Electric & Gas Corp.**
Oct. 21 filed 466,961 shares of common stock, (no par), being offered to holders of outstanding common stock of record Nov. 20 on the basis of one new share for each 15 shares then held. The rights are scheduled to expire Dec. 7. **Price** — $25.50 per share. **Proceeds** — To discharge short-term obligations incurred for construction, with the balance to be applied to expenditures for construction. **Office**—Ithaca, N. Y. **Underwriters**—The First Boston Corp., Lehman Brothers, Wertheim & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.

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.

Northeastern Gas, Inc.
Nov. 9 (letter of notification) 7,363 shares of common stock. **Price** — At par ($25 per share). **Proceeds** — To purchase material and for working capital. **Office**—2013 S. Oliver, Wichita, Kan. **Underwriter**—None.

Nova-Tech, Inc.
Nov. 4 (letter of notification) 120,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For development, purchase, parts for production, and additional working capital. **Office**—1721 Sepulveda Blvd., Manhattan Beach, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

● **Oak Valley Sewerage Co. (11/30-12/4)**
June 30 (letter of notification) $145,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay to Oak Valley, Inc. a portion of the cost of construction of sewerage collection and disposal system and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter**—Bache & Co., Philadelphia, Pa.

● **Oak Valley Water Co. (11/30-12/4)**
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.

Occidental Petroleum Corp.
Oct. 29 filed 615,854 shares of common stock (par 20 cents), 307,927 shares of which are to be offered for subscription by holders of outstanding common stock at the rate of one new share for each 10 shares held. The remaining shares are to be offered to a group of individuals, not as yet named, who have agreed to purchase not less than 307,925 shares, and will also be offered shares not bought by the holders of the outstanding common. **Price**—To be supplied by amendment. **Proceeds**—For drilling, exploration, development, and to purchase an interest in Parker Petroleum Co. **Office**—8255 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—None.

● **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 "stop order" hearing has been postponed from Nov. 23 to Dec. 23.

Ovitron Corp., Detroit, Mich.
Oct. 27 filed 150,000 shares of common stock (par one cent). **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York. **Offering**—Expected sometime after Dec. 1.

Oxford Chemical Corp. (11/30-12/4)
Oct. 22 filed 227,500 shares of class A common stock (par 25 cents), of which 35,000 shares are to be offered first to employees. Any shares not so purchased plus an additional 72,500 shares are to be publicly offered. The remaining 120,000 shares, representing outstanding stock, are also to be publicly offered. **Price**—To employees, $4.55 per share; to the public, $5 per share. **Proceeds**—For general funds. **Office** — 166 Central Ave., S. W., Atlanta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Ga.; Francis I. duPont & Co., New York; and The Robinson-Humphrey Co., Inc., Atlanta, Ga.

Pacific Uranium Mines Co.
Oct. 20 filed $3,000,000 of 6% secured notes, 675,000 common stock purchase warrants, and 675,000 shares of common stock. $1,600,000 of the notes and 360,000 warrants are to be offered to holders of $1,600,000 of outstanding notes. The remaining $1,400,000 of new notes and 315,000 warrants are to be offered to American Securities Corp., acting on behalf of their clients, for a total sum of $1,344,000 for the notes and $56,000 for the warrants.

● **Palomar Mortgage Co. (12/7-11)**
Nov. 13 filed $750,000 of 15-year 7% subordinated sinking fund debentures, due 1974, with common stock warrants attached, and 80,000 shares of common stock ($1 par), to be offered in units of $1,000 principal amount of debentures with a warrant entitling the holder to buy 100 shares of common before 11/30/62. **Prices**—To be supplied by amendment. **Proceeds** — To be loaned to home builders and individual borrowers in connection with real estate. **Office**—4026 30th Street, San Diego, Calif. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

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.

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 Street, New York. **Underwriter**—Hilton Securities, Inc., formerly Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

Perrine Industries, Inc. (12/15)
Oct. 26 filed $1,500,000 of 20-year convertible subordinated debentures due 1979, to be offered in units of $500 and $1,000. **Price**—At par. **Proceeds**—To be used to establish two new plants in the midwest and southeast industrial areas; to spend $350,000 to equip these new plants; $150,000 to further equip and improve the company's Brooklyn plant; and $600,000 will be used to retire corporate indebtedness. **Underwriter**—S. D. Fuller & Co., New York.

Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation

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will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

● Piedmont Natural Gas Co., Inc.
Oct. 22 filed 36,237 shares of cumulative convertible preferred stock (without par value) being offered to common stockholders of record Nov. 20, 1959, on the basis of one new share of preferred stock for each 35 of common stock then held; rights to expire on Dec. 7. **Price** $100 per share (flat). **Proceeds**—For repayment of notes incurred for construction program. **Underwriter**—White, Weld & Co., New York.
—To be supplied by amendment. **Proceeds**—For repayment of notes incurred for construction program. **Underwriter**—White, Weld & Co., New York.

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 Street, Chicago, Ill. **Underwriter**—None. Statement effective Nov.4.

Porter-Cable Machine Corp.
Oct. 23 (letter of notification) 10,910 shares of common stock (par $10) to be offered in exchange for all of the outstanding stock of Rototiller, Inc. The exchange offer expires at 5 p.m. (EST) on Dec. 1, 1959. **Office**—700 Marcellus St., Syracuse, N. Y. **Underwriter**—None.

★ Preferred Underwriters, Inc.
Nov. 13 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—1020 Virginia Street, Seattle, Wash. **Underwriter**—None.

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.

Prudential Commercial Corp.
Oct. 21 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—City of Dover, County of Kent, Del. **Underwriter**—All State Securities, Inc., 80 Wall Street, New York, N. Y.

Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock, (par $1), 200,000 shares of class B common stock (par $1) and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

Rad-O-Lite, Inc.
July 8 filed 300,000 shares of common stock (par 25¢). **Price** — $1.50 per share. **Proceeds** — For general corporate purposes. **Office**—1202 Myrtle St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York. **Offering**—Expected in a couple of weeks.

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. Statement was withdrawn on Nov. 10.

Realty Investment Associates, Inc.
Oct. 30 (letter of notification) 3,000 shares of capital stock with a minimum subscription of 50 shares and a maximum of 500 shares. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—1104 N. Main St., Randolph, Mass. **Underwriter**—None.

● Red Fish Boat Co. (12/8)
Oct. 22 (letter of notification) 400,000 shares of class A common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay mortgages, accounts payable, purchase raw materials, expand production facilities and expansion of sales program. **Business**—Manufactures fiberglass boats. **Address**—P. O. Box 610 Clarksville, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Renewal Guaranty Corp.
Oct. 28 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working caiptal. **Office** — First National Bank Bldg., Suite 2323, Denver 2, Colo. **Underwriter**—Columbine Securities Corp., Denver, Colo.

Reserve Insurance Co., Chicago, Ill.
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. This offering will not be made in New York State. **Offering**—Postponed indefinitely.

Revere Fund, Inc., Philadelphia, Pa.
Nov. 10 filed 250,000 shares of common stock (par $1). **Price** — $13.50 per share. **Proceeds** — For investment. **Underwriter**—Revere Management Co., Inc. **Investment-Advisor**—Revere Advisory, Inc.

★ Revlon, Inc.
Nov. 23 filed 179,145 shares of common stock (par $1) to be offered to employees of the company and its subsidiaries under the company's executive stock option plan. **Office**—666 Fifth Avenue, New York City. **Underwriter**—None.

Ridall Corp.
Nov. 3 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase a barge, mobile incinerators, working capital, etc. **Office**—85 Centre St., Roxbury, Mass. **Underwriters**—Three company officials.

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**—Hilton Securities, Inc., 580 Fifth Avenue, New York. **Offering**—Expected in three or four weeks.

St. Regis Paper Co.
Nov. 12 filed 267,325 shares of common stock (par $5) to be offered in exchange for the outstanding common stock of Schmidt & Ault Paper Co. on the basis of 4¼ St. Regis shares for each Schmidt & Ault share. **Office**—150 E. 42nd Street, New York City.

★ 20/20 Sales Co.
Nov. 12 (letter of notification) Pre-organization fractional interests in an aggregate amount of $300,000. **Price**—$24 per gross. **Proceeds**—For purchase of 20/20 from the manufacturing company and for advertising to promote the sale and distribution of same. **Office** — 812 Mayo Building, Tulsa, Okla. **Underwriter**—None.

● (Howard W.) Sams & Co. (12/2)
Oct. 21 filed 88,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company, and 38,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be used as working capital and to reduce indebtedness. **Office**—1720 East 38th St., Indianapolis, Ind. **Underwriters**—Indianapolis Bond & Share Corp. and Kiser Cohn, & Shumaker, Inc., both of Indianapolis, and Walston & Co., Inc., of New York City.

Savoy Industries, Inc.
Oct. 29 (letter of notification) 23,412 shares of common stock (par 25 cents), of which 12,300 shares will be offered to five former stockholders in exchange for outstanding capital stock of Rex Bassett, Inc.; 11,112 shares will be issued upon conversion, if any, of convertible debentures. **Price**—$9 per share. **Office**—416 Enterprise Bldg., Tulsa, Okla. **Underwriter**—None.

Scaico Controls, Inc.
Sept. 23 (letter 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.

● Scott-Mattson Farms, Inc. (12/8-9)
Oct. 27 filed 67,500 shares of outstanding common stock. (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Professional Bldg., Ft. Pierce, Fla. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

● Seligman & Latz, Inc. (11/30-12/4)
Oct. 28 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company operates 259 beauty salons in leased premises in leading department and specialty stores. **Underwriter**—F. Eberstadt & 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.

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 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. Statement effective Oct. 15.

Southern Growth Industries, Inc.
Nov. 12 filed 963,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For investment. **Office** — Greenville, S. C. **Underwriter** — Capital Securities Corp., on a "best efforts" basis, with a commission of 50 cents per share.

Southwestern Investment Co.
Nov. 2 filed 225,000 shares of common stock, of which 15,000 shares are to be offered to employees of the issuing company and its subsidiaries, and 210,000 shares represent outstanding stock held by previous stockholders of Southwest Acceptance Co., who may offer their shares. **Price**—At market. **Office**—Amarillo, Texas. **Underwriter**—None.

Standard Beryllium Corp.
Sept. 3 (letter of notification) 200,000 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.

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.

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.

★ Sterling Industrial Development Corp.
Nov. 12 (letter of notification) 1,000 shares of common stock (no par). **Price**—$300 per share. **Proceeds**—To pay off an amount owed on land and for working capital. **Office**—3151 N. Washington Blvd., Arlington, Va. **Underwriter**—None.

● Superior Manufacturing & Instrument Corp. (12/2)
Oct. 12 (letter of notification) 80,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—154-01 Barclay Ave., Flushing 55, N. Y. **Business**—Electronics. **Underwriter**—D. A. Lomasney & Co., New York, N. Y.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Talcott (James), Inc. (12/7-12)
Nov. 12 filed $15,000,000 of senior notes due 1979 and $7,500,000 of capital notes due 1979 and convertible into common stock on or before Dec. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Underwriters** — F. Eberstadt & Co. and White, Weld & Co., both of New York.

Tasti-Cup Coffee Corp.
Nov. 9 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office**—30 Main Street, Brooklyn 1, N. Y. **Underwriter**—None.

Telechrome Manufacturing Corp.
Nov. 16 filed $750,000 of 6% convertible subordinated debentures, due 1969. **Price** — At 100% of principal amount. **Proceeds**—For general corporate purposes including expansion and debt reduction. **Office**—Amityville, L. I., N. Y. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., Inc., both of New York City. **Offering**—Expected in January, 1960.

★ Texas Gas Transmission Corp.
Nov. 24 filed 80,000 shares of common stock (par $5) to be offered under the company's Stock Option Plan for Key Employees of the corporation and its subsidiary, Texas Gas Exploration Corp.

(The) T 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.

★ Thomas Industries, Inc.
Nov. 19 filed 13,250 shares of cumulative preferred stock, $5 series, $100 par value, to be issued to the shareholders of Des Plaines Manufacturing Co., formerly known as Benjamin Electric Manufacturing Co. Thomas has acquired the assets and assumed certain liabilities of

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Benjamin Electric, and upon its dissolution will issue the preferred stock now registered. **Office**—410 So. 3rd St., Louisville, Ky. **Underwriter**—None.

Timeplan Finance Corp.
Oct. 8 (letter of notification) 28,570 shares of cumulative preferred stock (par $5) and 14,285 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one-half share of common. **Price**—$10.50 per unit. **Proceeds**—For working capital. **Office**—111 E. Main St., Morristown, Tenn. **Underwriter**—Texas National Corp., San Antonio, Tex.

★ **Tobin Craft, Inc. (12/16)**
Nov. 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Bayville, Ocean County, N. J. **Underwriter**—General Investing Corp., New York, N. Y.

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.

Transamerica Corp.
Nov. 9 filed 832,000 shares of capital stock (par $2), to be offered in exchange for the capital stock (par $6.25) of American Surety Co. of N. Y., on the basis of two shares of Transamerica for three shares of Surety. The offer is conditional upon holders of 51% of the Surety stock accepting the exchange. **Office**—Montgomery St. at Columbus Ave., San Francisco, Calif.

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.

Transitron Electronic Corp. (12/8)
Nov. 6 filed 1,000,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—168 Albion St., Wakefield, Mass. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

Trans-World Financial Co. (11/30-12/3)
Oct. 26 filed 645,000 shares of common stock (par $1) of which 420,000 shares are to be offered for the account of the issuing company, and 225,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans on its own behalf and that of a subsidiary, and to liquidate the unpaid balance for the common stock of a subsidiary, with the balance to be added to general funds. **Office** — 8001 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—W. R. Staats & Co., Los Angeles, who has acquired for investment purposes in exchange for $20,000 cash the 10,000 shares of the filing not accounted for above.

(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.

★ **Tri-State Petroleum Corp.**
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J.

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.

Turner Timber Corp. (12/14-18)
Nov. 12 filed $2,000,000 of 6¾% convertible debentures, due 1969, and 250,000 shares of common stock (par one cent), to be offered in units consisting of $1,000 principal amount of debentures and 125 shares of stock. **Price**—$1,001.25 (plus accrued interest from 12/15/59) per unit. **Proceeds**—For the acquisition of coal and timber properties, with any balance to be added to working capital. **Office**—60 E. 42nd Street, New York City. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

● **United Control Corp., Seattle, Wash. (12/1)**
Nov. 10 filed $2,500,000 principal amount of convertible subordinated debentures, due Dec. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—For construction with the balance (which will be at least $500,000) to be used for general corporate purposes. **Underwriter** — Blyth & Co., Inc., New York.

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 Marine, Inc. (12/7-11)**
Oct. 23 filed $1,250,000 of 6% sinking fund debentures, due Dec. 1, 1974, with warrants to purchase 100 common shares for each $1,000 of debentures, and 125,000 shares of common stock (par $1), to be offered in units of 100 common shares and $1,000 of such debentures. **Price**—$1,125 per unit. **Proceeds**—For the acquisition of Richardson Boat Co., Inc., and Colonial Boat Works, Inc., and expenses incidental thereto. **Office**—Millville, N. J. **Underwriter**—Boenning & Co., Philadelphia, Pa.

U. S. Land Development Corp.
Oct. 30 filed 2,250,000 shares of common stock, of which 1,170,000 shares are to be offered pro rata to holders of the outstanding common shares of Eastern Properties, Inc., and 1,080,000 shares are to be offered pro rata to holders of the outstanding common shares of Venice East, Inc., which are to be operated as subsidaries of the issuing company. **Office**—1040 Bayview Drive, Fort Lauderdale, Fla. **Underwriter**—None.

U. S. Magnet & Alloy Corp.
Oct. 3 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—266 Glenwood Avenue, Bloomfield, N. J. **Underwriter**—Robert Edelstein Co., 52 Wall Street, New York 5, N. Y.

U. S. Sonics Corp.
Nov. 5 (letter of notification) 73,300 shares of common stock (no par). **Price**—$2.50 per share. **Proceeds**—For working capital. **Office**—Somerville, Mass. **Underwriter**—Old Colony Investment Co., Stoneham, Mass.

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. Statement effective Oct. 9.

Universal Container Corporation (11/30-12/4)
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.

Universal Finance Corp.
July 13 (letter of notification) 10,000 shares of common stock (par 15 cents). **Price**—$5 per share. **Proceeds**—For general operating funds. **Office**—700 Gibralter Life Bldg., Dallas, Tex. **Underwriter**—Texas National Corp., San Antonio, Tex.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Vance Sanders & Co., Inc. (12/1-4)
Nov. 3 filed 400,000 shares of non-voting common stock (par 50 cents). **Price**—To be supplied by amendment. **Office** — Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, New York.

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.

★ **Vernier Missile Systems, Inc.**
Nov. 17 (letter of notification) 15,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—10575 Folsom Boulevard, Rancho Cordova, Calif. **Underwriter**—None.

Victoreen Instrument Co. (12/14-18)
Nov. 13 filed $2,500,000 of 6% convertible debentures, due Dec. 15, 1974, to be offered in coupon form in denominations of $1,000. **Price** — At 100% of principal amount plus accrued interest from Dec. 15, 1959 to date of delivery. **Proceeds**—$1,850,000 is to be used to retire a short-term bank loan undertaken in connection with acquiring the assets of Standard Felt Co., with the balance to be used for general corporate purposes. **Office**—5806 Hough Avenue, Cleveland, Ohio. **Underwriter**—Van Alstyne, Noel & Co., New York City.

Virginia-Carolina Chemical Corp.
Nov. 13 filed $1,500,000 of participations in its Stock Purchase Plan for Employees, and 100,000 shares of common stock (no par), purchasable under the Plan. **Office**—401 East Main Street, Richmond, Va. **Underwriter**—None.

Vita-Plus Beverage Co., Inc.
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Glen Arthur & 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.

★ **Waco, Inc.**
Nov. 9 (letter of notification) 1,000 shares of common stock (no par) and 1,000 eight years 6% unsecured debentures. **Price**—Of stock, $100 per share; of debentures $100 each. **Proceeds**—To construct a warehouse and for working capital. **Office**—6210 Denton Dr., Dallas, Tex. **Underwriter**—None.

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 Water Power Co.**
Nov. 24 filed $10,000,000 of first mortgage bonds and $5,000,000 of sinking fund debentures due 1985. **Price**—To be supplied by amendment. **Proceeds** — To repay notes due May 2, 1960 in the amount of $12,000,000, with the balance for construction. **Underwriters** — Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co., and Dean Witter & Co.

★ **Wear-Weld Engineering & Mfg. Co.**
Nov. 16 (letter of notification) $150,000 of 7% 16-year debentures to be offered in denominations of $250 and 75,000 shares of common stock (no par) to be offered in units of one $250 debenture and 125 shares of common stock. **Price**—$500 per unit. **Proceeds**—For working capital and part payment of indebtedness to the bank. **Office**—4831 S. E. Division Street, Portland, Ore. **Underwriter**—Merritt, Vickers, Inc., New York, N. Y.

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.

Western Carolina Telephone Co.
Nov. 4 filed 71,513 shares of common stock (par $5), to be offered to stockholders on the basis of one new share for each five shares held. **Price**—$6.75 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the continuation of construction. **Office**—15 South Main St., Weaverville, N. C. **Underwriter**—None.

● **Western Heritage Life Insurance Co.**
Aug. 26 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—533 East McDowell Road, Phoenix, Ariz. **Underwriter**—None. Some of the shares may be sold by salesmen employed by the company, or by registered broker-dealers. A commission not to exceed 17%, or 34 cents per share, may be paid to sellers of such shares. Statement effective Nov. 13.

● **Western Reserve Life Assurance Co.**
Oct. 6 filed 100,000 shares of common stock, being offered for subscription by stockholders at the rate of one new share for each share held. Rights expire Nov. 30. **Price**—$7.50 per share. **Proceeds**—For working capital. **Office**—Cleveland, Ohio. **Underwriters** — McDonald & Co., and Ball, Burge & Kraus, both of Cleveland, Ohio.

White Shield Corp., New York
Oct. 20 filed 110,000 shares of common stock (par 10c). **Price**—To be supplied by amendment. **Proceeds**—For advertising and general funds. **Underwriter**—The shares are to be offered on an "all or none" basis by Adams & Peck, of New York, who will advise the issuing company before the close of business on the third full business day following the effective date of registration as to whether they will purchase the shares.

Winkelman Bros. Apparel, Inc. (12/1)
Oct. 22 filed 145,000 shares of class A common stock (par $3), of which 70,000 shares are to be offered for the account of the company and 75,000 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. **Office**—25 Parsons St., Detroit, Mich. **Underwriter**—Watling, Lerchen & Co., Detroit.

Worcester County Electric Co.
Oct. 30 filed $7,500,000 of first mortgage bonds, due 1989, and 35,000 shares of common stock, the stock to be sold to its corporate parent, New England Electric System. **Proceeds**—First to the payment of short-term notes payable, then outstanding, incurred for capitalizable construction expenditures, including notes payable to NEES, presently amounting to $6,800,000. The balance will be used to pay the cost of or the reimbursement of Worcester's treasury for, extensions, enlargements, and additions to the plant and property of the company. **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.

Word Record Distributing Co.
Oct. 30 (letter of notification) 20,000 shares of common stock (par 10 cents) to be offered primarily to distributors, certain key men within the distributor organizations and recording artists of the company. **Price**—$10 per share. **Proceeds**—To retire a debt; purchase inven-

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tory, etc. **Office**—3407 Franklin Ave., Waco, Tex. **Underwriter**—None.

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.

★ **Yocam Batteries, Inc.**
Nov. 16 (letter of notification) 10,000 shares of common stock (par $2.50). **Price**—$6 per share. **Proceeds**—For working capital. **Address**—U. S. Highway 41 South, Tampa, Fla. **Underwriter**—None.

York County Gas Co.
Oct. 26 (letter of notification) 5,571 shares of common stock (par $20), to be offered for subscription by stockholders of record Nov. 17, 1959, on the basis of one new share for each 15 shares then held; warrants to expire Dec. 8, 1959. Unsubscribed shares go to full-time, regular employees (including officers) allowing them to subscribe for not more than 100 additional shares, subject to allotment; these rights also expire Dec. 8, 1959. **Price**—$47 per share. **Proceeds**—To pay off a temporary bank loan. **Office**—127 W. Market St., York, Pa. **Underwriter**—None.

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. **Registration**—Expected in the immediate future.

American Hospital Supply Corp.
Oct. 28 directors of this company have authorized an additional equity financing, number of shares has not as yet been determined. **Proceeds**—For company's expansion program, to retire bank loans, and for general corporate purposes. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York. **Registration** — Expected sometime after Jan. 1, 1960.

● **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**—To be supplied by amendment. **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. The company is presently negotiating with two New York underwriters.

★ **Bank of Westbury Trust Co.**
Nov. 24 the bank is offering to the holders of the company's outstanding capital stock (par $12.50) of record Nov. 12, 1959, the right to subscribe at $26 per share for 9,750 additional shares of capital stock. Subscription warrants will expire at the close of business day on Dec. 11, 1959. **Proceeds**—To increase capital and surplus. **Underwriter**—Francis I. du Pont & Co., New York.

Brooklyn Union Gas Co.
Aug. 19 it was reported that the company is contemplating some additional equity financing, the form of which will be decided on shortly. It will probably be preferred stock. **Proceeds** — For construction program. **Offering**—Expected in the first quarter of 1960.

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**—To be supplied by amendment. **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.

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).

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).

First National Bank of Jersey City, N. J.
Stockholders of this Bank are being offered rights to subscribe for 31,000 additional shares of stock; rights to expire on Dec. 3. **Price**—$53 per share. **Proceeds**—To increase capital and surplus.

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.

● **Florida West Coast Corp.**
Oct. 22 it was reported that a public offering of common stock is expected later this year. **Proceeds** — For land acquisition. **Office**—30 East 60th Street, New York City. **Underwriter**—Midtown Securities Corp., same address. **Registration**—Expected in a couple of weeks.

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 pursuant to a stockholders meeting to be held on Dec. 4 in Augusta, Georgia.

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**—To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

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 to be received on Jan. 6.

Louisiana Gas Service Co. (1/19)
Nov. 4 it was reported that the company contemplates the sale of $7,500,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Jan. 19.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **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.

● **Nedick's Stores, Inc. (12/14-18)**
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

New-Era Corporation, Rochester, Mich.
Sept. 1 it was reported that this company contemplates the early registration of approximately 200,000 shares of common stock. **Business**—Manufacturer of mufflers and gears. Underwriter—Mortimer B. Burnside & Co., Inc., New York.

Northern Illinois Gas Co.
Nov. 18 it was announced by Marvin Chandler, President, that the company expects to sell $10,000,000 to $15,000,000 of straight preferred stock early next year, subject to market conditions. **Proceeds**—To retire outstanding bank loans and for 1960 construction program. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., both of New York.

● **Public Service Electric & Gas Co. (12/15)**
Oct. 21 it was announced that the company on that date filed an application with the Board of Public Utility Commissioners of the State of New Jersey covering the proposed issuance and sale of 800,000 shares of common stock (without nominal or par value). **Proceeds**—To be added to the general funds of the company and will be used for its general corporate purposes, including payment before maturity of any unsecured bank loans which may be outstanding, and including payment of a portion of the cost of its current construction program. **Offering**—Expected in December. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc. **Registration** — Expected later this month.

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.

Trade Bank & Trust Co.
It was announced Nov. 4 that stockholders have approved an increase in the bank's capital stock by 39,340 shares to pave the way for an offering of additional stock to holders at $19 a share. The offering, to be made at the rate of one new share for each eight held of record Nov. 6, will expire Nov. 30.

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.

★ **West Florida Natural Gas Co.**
Nov. 25 it was reported that the company is contemplating the filing of an amendment to its original registration statement of Aug. 28 which will provide for the specific type of securities to be offered in exchange for the company's presently outstanding 6% 20-year income debenture bonds. It was originally contemplated that the proposed financing would consist of $837,200 of 7½% subordinated debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). White, Weld & Co. and Pierce, Carrison, Wulbern, Inc. (jointly) will underwrite the offering. It is expected that the offering will take place early in January.

OUR REPORTER'S REPORT

Emboldened by the glowing success of American Telephone & Telegraphic Co.'s recent big offering which carried a 5.22% yield, investment bankers were a bit more venturesome this week in bidding for a smattering of smaller issues which were up for grabs.

Potomac Electric Co.'s $15 million of first mortgage bonds led the parade on Monday, being bid in as 5¼% at 101.7599 and reoffered to yield 5.10%. There were five bids in all, all close, with the runnerup offering only 40 cents per $1,000 less than the winner.

Here again, as in the case of the Telephone issue, the bonds had the attraction of a high redemption price for the first five years, in lieu of a definite no-call clause. The initial call price stands at 109.19 for the entire period.

Running close behind with the yield working progressively lower was Gulf States Utilities Co.'s $16 million of new double-A rated bonds. These brought a top bid of 101.83 for a 5¼% coupon. Here again five bids were made in all, the two best being separated by 1.50 per $1,000 bond.

Reoffered to yield 5.08% to the buyer, this issue was hardly to be regarded as the speedster of the week and while the bonds were reported moving, their pace was slower than in the case of predecessor issues.

Keep Pot Boiling

The renewed tendency to do a "little reaching," so to speak, for the last few issues is making for a bit of nervousness in some quarters. Hereabouts it is feared that bankers may fall into their old habit of bidding themselves and their dealers out of a reasonable profit.

With the public showing that it has money for investment if the terms are right, and major institutional buyers displaying much the same attitude, the hope among those in the business is that the bankers will keep this in mind when figuring their future bids.

As noted before, the Telephone issue yielded 5.22% and roared out to investors. The next two were relatively small, "street-sized" dealers which may have accounted in part for the progressive drop in reoffering yield.

Could Be Real Test

The calibre of the current market could really be tested next week when Consolidated Edison Co. of N. Y., Inc., comes into the market with $75 million of its first and refunding mortgage bonds on Tuesday.

This week's corporate emissions hardly could have been considered sufficiently large to have brought about a real test of the market's mettle. But the impending operation could do just that.

The bonds will be non-callable and redeemable at par, plus the coupon rate. Those who have been scouting the situation look for a price and rate to set a reoffering yield of 5.15 to 5.20%.

Light Roster Again

Except for the Consolidated Edison issue, next week promises again to be a relatively quiet period in corporate new issues.

On Tuesday bankers will be bidding new General Telephone Corp. of California securities, and on Thursday several groups will compete for $16 million of Arkansas Louisiana Gas Co. bonds.

Monday, as usual, could bring a smattering of smaller prospects to the wire, but in recent weeks this hardly has been the case.

G. M. Kirsch Opens

BROOKLYN, N. Y.—Gerry M. Kirsch is engaging in a securities business from offices at 2620 East 13th Street under the firm name of Kirsch & Co. Mr. Kirsch was formerly with Jacwin & Costa, Inc. and Reynolds & Co.

Joins Meadows Staff

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Raymond L. Parent has become connected with Meadows & Co., 1490 Main Street.

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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)	Nov. 28	§88.1	*78.9	13.1	73.7
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 28	§2,495,000	*2,233,000	371,000	1,988,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 13	6,875,825	6,898,975	6,839,025	6,967,885
Crude runs to stills—daily average (bbls.)	Nov. 13	7,892,000	7,681,000	7,759,000	7,755,000
Gasoline output (bbls.)	Nov. 13	27,839,000	27,575,000	28,111,000	28,095,000
Kerosene output (bbls.)	Nov. 13	2,215,000	2,267,000	2,157,000	2,393,000
Distillate fuel oil output (bbls.)	Nov. 13	12,154,000	12,083,000	11,796,000	12,798,000
Residual fuel oil output (bbls.)	Nov. 13	5,992,000	6,086,000	5,999,000	6,744,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Nov. 13	176,400,000	175,800,000	178,732,000	169,309,000
Kerosene (bbls.) at	Nov. 13	32,699,000	32,764,000	33,440,000	32,220,000
Distillate fuel oil (bbls.) at	Nov. 13	178,913,000	181,624,000	179,990,000	164,330,000
Residual fuel oil (bbls.) at	Nov. 13	57,990,000	57,799,000	59,745,000	67,251,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 14	638,408	560,658	580,768	644,531
Revenue freight received from connections (no. of cars)	Nov. 14	527,782	510,960	518,499	554,218
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Nov. 19	$372,100,000	$444,300,000	$261,000,000	$243,008,000
Private construction	Nov. 19	232,300,000	265,700,000	146,500,000	119,612,000
Public construction	Nov. 19	139,800,000	178,600,000	114,500,000	123,396,000
State and municipal	Nov. 19	85,600,000	148,900,000	96,200,000	108,890,000
Federal	Nov. 19	54,200,000	29,700,000	18,300,000	14,506,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 14	8,935,000	*7,675,000	7,975,000	8,759,000
Pennsylvania anthracite (tons)	Nov. 14	438,000	423,000	365,000	398,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 14	167	155	160	157
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 21	13,812,000	13,270,000	12,762,000	12,579,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 19	287	285	250	260
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 17	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Nov. 17	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Nov. 17	$46.17	$46.17	$45.17	$41.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 18	34.725c	34.625c	32.500c	28.675c
Export refinery at	Nov. 18	30.300c	32.025c	28.550c	29.425c
Lead (New York) at	Nov. 18	13.000c	13.000c	13.000c	13.000c
Lead (St. Louis) at	Nov. 18	12.800c	12.800c	12.800c	12.800c
‡Zinc (delivered) at	Nov. 18	13.000c	13.000c	12.500c	12.000c
Zinc (East St. Louis) at	Nov. 18	12.500c	12.500c	12.000c	11.500c
Aluminum (primary pig. 99.5%) at	Nov. 18	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Nov. 18	101.125c	101.750c	102.250c	99.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 24	82.92	82.54	84.21	88.73
Average corporate	Nov. 24	84.30	84.17	84.04	90.48
Aaa	Nov. 24	88.13	87.86	87.99	94.86
Aa	Nov. 24	86.24	86.11	85.20	93.08
A	Nov. 24	84.04	83.91	84.17	90.20
Baa	Nov. 24	79.13	79.01	79.13	84.17
Railroad Group	Nov. 24	82.27	82.15	82.90	87.99
Public Utilities Group	Nov. 24	84.43	84.04	83.28	90.63
Industrials Group	Nov. 24	86.24	86.11	85.98	92.79
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 24	4.24	4.25	4.09	3.54
Average corporate	Nov. 24	4.84	4.85	4.86	4.38
Aaa	Nov. 24	4.55	4.57	4.56	4.08
Aa	Nov. 24	4.69	4.70	4.77	4.20
A	Nov. 24	4.86	4.87	4.85	4.40
Baa	Nov. 24	5.26	5.27	5.26	4.85
Railroad Group	Nov. 24	5.00	5.01	4.95	4.56
Public Utilities Group	Nov. 24	4.83	4.86	4.92	4.37
Industrials Group	Nov. 24	4.69	4.70	4.71	4.22
MOODY'S COMMODITY INDEX	Nov. 24	380.0	386.5	382.4	396.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 14	304,154	361,161	285,609	284,288
Production (tons)	Nov. 14	331,839	319,477	332,662	313,809
Percentage of activity	Nov. 14	95	94	98	94
Unfilled orders (tons) at end of period	Nov. 14	495,639	523,320	523,694	431,670
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Nov. 20	111.49	111.71	111.05	109.69
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 30	2,844,120	2,209,290	1,968,230	3,037,450
Short sales	Oct. 30	590,870	316,670	343,680	606,520
Other sales	Oct. 30	2,281,910	1,834,050	1,711,170	2,346,070
Total sales	Oct. 30	2,872,780	2,150,720	2,054,850	2,952,590
Other transactions initiated off the floor—					
Total purchases	Oct. 30	758,640	496,030	569,980	784,030
Short sales	Oct. 30	230,320	73,820	57,710	121,900
Other sales	Oct. 30	637,600	458,880	544,310	725,710
Total sales	Oct. 30	867,920	532,700	602,020	847,610
Other transactions initiated on the floor—					
Total purchases	Oct. 30	1,019,959	800,540	824,580	1,073,690
Short sales	Oct. 30	227,940	111,710	145,380	154,700
Other sales	Oct. 30	1,028,415	754,273	953,415	956,420
Total sales	Oct. 30	1,256,355	865,983	1,098,795	1,111,120
Total round-lot transactions for account of members—					
Total purchases	Oct. 30	4,622,719	3,505,860	3,362,790	4,895,170
Short sales	Oct. 30	1,049,130	502,200	546,770	883,120
Other sales	Oct. 30	3,947,925	3,047,203	3,208,895	4,028,200
Total sales	Oct. 30	4,997,055	3,549,403	3,755,665	4,911,320
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	Oct. 30	2,136,045	1,565,776	1,667,559	1,686,273
Dollar value	Oct. 30	$108,158,299	$79,971,089	$82,644,477	$76,733,823
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 30	1,678,594	1,295,247	1,137,874	1,720,369
Customers' short sales	Oct. 30	15,983	11,965	22,681	12,550
Customers' other sales	Oct. 30	1,662,611	1,283,282	1,115,193	1,707,819
Dollar value	Oct. 30	$81,333,812	$63,675,160	$55,751,097	$77,508,344
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 30	386,720	329,660	242,450	562,320
Short sales	Oct. 30	------	------	------	------
Other sales	Oct. 30	386,720	329,660	242,450	562,320
Round-lot purchases by dealers—Number of shares	Oct. 30	847,540	606,320	775,130	532,170
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	Oct. 30	1,265,980	661,920	761,920	1,150,030
Other sales	Oct. 30	18,365,530	13,772,620	13,409,690	20,617,120
Total sales	Oct. 30	19,631,510	14,434,540	14,171,610	21,767,150
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 17	118.9	119.2	119.1	119.1
Farm products	Nov. 17	85.0	*86.4	86.1	91.8
Processed foods	Nov. 17	104.9	105.7	106.1	108.8
Meats	Nov. 17	90.2	92.7	94.7	102.4
All commodities other than farm and foods	Nov. 17	128.6	128.7	128.5	126.8

*Revised figure. §Includes 961,000 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
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Oct. 31:			
Imports	$304,460,000	$316,226,000	$246,187,000
Exports	290,159,000	300,873,000	353,638,000
Domestic shipments	25,023,000	15,970,000	16,509,000
Domestic warehouse credits	55,748,000	30,250,000	279,622,000
Dollar exchange	35,750,000	45,000,000	116,650,000
Based on goods stored and shipped between foreign countries	233,932,000	245,580,000	242,354,000
Total	$945,072,000	$953,899,000	$1,254,960,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of September:			
New England	$31,306,500	$20,010,501	$27,526,300
Middle Atlantic	171,763,777	93,955,907	109,842,861
South Atlantic	57,535,278	69,364,311	42,192,498
East Central	113,217,678	114,635,222	104,068,383
South Central	102,172,473	98,974,865	115,980,207
West Central	42,114,041	55,987,084	44,101,927
Mountain	38,385,782	34,194,829	23,985,481
Pacific	148,684,470	128,538,461	117,683,636
Total United States	$705,179,999	$615,661,180	$585,381,293
New York City	136,353,039	58,657,111	53,445,172
Outside New York City	568,826,960	557,004,069	531,936,121
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of October (000's omitted):			
Total U. S. construction	$1,494,000	$1,538,000	$1,621,272
Private construction	794,000	961,000	613,073
Public construction	699,000	577,000	1,008,199
State and municipal	526,000	463,000	823,177
Federal	173,000	114,000	185,022
COAL EXPORTS (BUREAU OF MINES)—			
Month of September:			
U. S. exports of Pensylvania anthracite (net tons)	216,711	108,424	235,256
To North and Central America (net tons)	201,641	107,864	191,304
To Europe (net tons)	15,047	------	35,123
To Asia (net tons)	------	560	8,829
To South America (net tons)	23	------	------
Undesginated	------	------	------
COPPER INSTITUTE—For month of October:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	30,986	*26,081	112,079
Refined (tons of 2,000 pounds)	44,218	*44,648	113,288
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	68,648	92,501	120,793
Refined copper stocks at end of period (tons of 2,000 pounds)	78,308	81,514	128,490
COTTON GINNING (DEPT. OF COMMERCE):			
To Nov. 1 (running bales)	9,717,782	------	7,312,816
COTTON PRODUCTION (DEPT. OF COMMERCE: (running bales) as of Nov. 1	14,801,000	14,692,000	11,435,323
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—			
Crop as of November 1 (in thousands):			
Corn, all (bushels)	4,402,476	4,429,154	3,799,844
Wheat, all (bushels)	1,117,430	1,117,430	1,462,218
Winter (bushels)	909,333	909,333	1,179,924
All spring (bushels)	208,097	208,097	282,294
Durum (bushels)	20,546	20,546	22,077
Other spring (bushels)	187,551	187,551	260,217
Oats (bushels)	1,075,378	1,075,378	1,422,164
Barley (bushels)	408,442	408,442	470,449
Rye (bushels)	20,996	20,996	32,485
Flaxseed (bushels)	21,790	21,790	39,543
Rice (100 lb. bags)	53,111	52,553	47,015
Sorghum grain (bushels)	588,539	573,183	614,845
Cotton (bales)	14,801	14,692	11,512
Hay, all (tons)	113,884	113,884	121,924
Hay, wild (tons)	8,946	8,946	10,481
Hay, alfalfa (tons)	64,548	64,548	67,134
Hay, clover and timothy (tons)	22,524	22,524	24,441
Hay, lespedeza (tons)	5,012	5,012	6,017
Beans, dry edible (cleaned—100 lb. bags)	18,489	19,300	18,981
Peas, dry field (cleaned—100 lb. bags)	4,191	4,191	2,475
Soybeans for beans (bushels)	528,111	529,793	574,413
Peanuts (pounds)	1,655,800	1,673,120	1,835,800
Potatoes (hundredweight)—			
Winter	3,874	3,874	4,971
Early spring	3,311	3,311	4,703
Late spring	22,553	22,553	24,152
Early summer	13,806	13,806	14,659
Late summer	32,774	32,774	34,308
Fall	165,854	167,225	182,936
Total	242,172	243,543	265,729
Sweetpotatoes (hundredweight)	[illegible]	[illegible]	17,434
Tobacco (pounds)	1,800,257	1,819,689	1,736,204
Sugarcane for sugar and seed (tons)	8,182	8,182	6,681
Sugar beets (tons)	16,685	16,538	15,183
Broomcorn (tons)	32	32	33
Hops (pounds)	53,403	53,403	48,407
Apples, commercial crop (bushels)	117,727	115,843	126,610
Peaches (bushels)	72,806	72,806	71,069
Pears (bushels)	30,823	31,110	28,890
Grapes (tons)	3,231	3,248	3,026
Cherries (tons)	219	219	192
Apricots (tons)	230	230	108
Cranberries (barrels)	1,249	1,273	1,166
Pecans (pounds)	123,350	129,700	174,750
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1947-49=100—Month of Oct.:			
Seasonally adjusted	148	149	138
Unadjusted	153	151	143
METAL OUTPUT (BUREAU OF MINES)—			
Month of September:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	113,202	*136,775	162,532
Silver (in fine ounces)	1,673,326	*2,245,778	2,650,329
Copper (in short tons)	25,937	*54,403	82,988
Lead (in short tons)	20,348	*21,648	19,360
Zinc (in short tons)	28,874	*30,591	30,209
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of October:			
Net sales	------	------	------
Net purchases	$14,081,000	$28,274,650	$17,347,000
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Sept. (000's omitted):			
Exports	$1,427,000	$1,396,700	$1,360,900
Imports	1,391,800	1,189,800	1,074,000

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RAILROAD SECURITIES

Rock Island-St. Paul Merger Talks

The latest development in the railroad merger field came to light recently with the announcement of talks and studies of a consolidation by the Chicago, Rock Island & Pacific and the Chicago, Milwaukee, St. Paul & Pacific. Committees of directors of both of the roads are considering the feasibility of a plan.

A merger of the two properties would eliminate an estimated 1,000 miles of duplicate mileage and produce a much stronger competitive system. It is believed that a plan of merger and terms will be forthcoming in the near future.

There had been negotiations between the St. Paul and the Chicago & North Western as long ago as 1954. However, after the change in management of the North Western in 1957, the idea was completely abandoned. It is understood the Rock Island has been considering the possibilities of such a merger since last June.

Both of these carriers have had checkered careers. The Rock Island was in bankruptcy from 1913 to 1917 and was forced into reorganization in 1933 where it remained until 1948. At one time it was proposed that the road be dismembered and parts sold to eight different carriers. Since that time it has shown a high degree of operating efficiency despite the low traffic density on its lines.

The St. Paul operated in bankruptcy from 1925 to 1927 and again was under court protection from 1935 to 1945. Much of the troubles of the two roads can be traced to drought conditions in their territory which cut into the earnings of the farm districts. This, of course, was due to general depressed business conditions throughout the country.

If the two systems are unified, they would form a railroad of more than 18,000 miles of track and total assets of $1,172,000,000, making it from an asset standpoint about the eighth largest transportation company in the country.

The St. Paul's 10,600 miles of line covers the Northwestern states, extending from Chicago and Milwaukee to Seattle and Tacoma, Wash., as well as to other Pacific Coast ports. The Rock Island's line of 7,600 miles extend from Chicago westward through Omaha to Denver and southwesterly through Kansas City to Santa Rosa, N. M., and also south to Fort Worth and Dallas. It also operates between Minneapolis and St. Paul southward through Des Moines to the Gulf Coast.

There is a considerable duplication of mileage by both lines, particularly in the mid-west. The Rock Island reaches Minneapolis over St. Paul's lines. Rough estimates are that the consolidation of the two roads would produce savings of about $30,000,000 annually in operating costs.

The proposed merger of the St. Paul and Rock Island is one of the largest which has come to light in recent years. The Great Northern-Northern Pacific consolidation still is under study, while that between the Pennsylvania and New York Central has been abandoned. In view of the apparent thinking of the management of the roads, it is believed that rapid progress will be made. This was the case in the merger of the Norfolk & Western and Virginian where little time was taken to effect the consolidation.

Now Disbro & Co.

(Special to THE FINANCIAL CHRONICLE)

WILLOUGHBY, Ohio — Disbro & Co., 4076 Erie Street, has been formed to continue the investment business of Robert M. Disbro. Officers are Mr. Disbro, President and Treasurer, and E. K. DeVan, Secretary.

Inv. Sales Corp.

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Investment Sales Corporation has been formed with offices at 341 Ocean Center Building to engage in a securities business. Officers are James C. Hayes, President; W. M. Hayes, Vice-President, and B. W. Kelley, Treasurer.

DIVIDEND NOTICES

GEORGE W. HELME COMPANY
9 Rockefeller Plaza, New York 20, N. Y.

On November 25, 1959 a quarterly dividend of 43¾ cents per share on the Preferred Stock and a dividend of 40 cents per share on the Common Stock, plus an extra of 15 cents per share on the Common Stock, were declared, payable January 2, 1960, to stockholders of record at the close of business December 11, 1959.

P. J. NEUMANN, Secretary

ANACONDA

DIVIDEND NO. 206

November 25, 1959

The Board of Directors of THE ANACONDA COMPANY has today declared a dividend of One Dollar ($1.00) per share on its capital stock of the par value of $50 per share, payable December 28, 1959, to stockholders of record at the close of business on December 7, 1959.

R. E. SCHNEIDER
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

DIVIDEND NOTICES

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a regular quarterly dividend of fifty cents (50c) per share and a year-end dividend of forty-five cents (45c) per share on the capital stock ($3 par value) of the Corporation, payable December 15, 1959, to stockholders of record November 27, 1959.

L. G. REGNER, Secretary-Treasurer

Milwaukee, Wis.
November 17, 1959

CSC

COMMERCIAL SOLVENTS
Corporation

DIVIDEND NOTICE

The Board of Directors has today declared the following dividends on the common stock of this Corporation:

Quarterly cash dividend of five cents per share
Extra cash dividend of five cents per share
Stock dividend of two percent

All dividends are payable on December 31, 1959 to stockholders of record at the close of business on December 4, 1959.

A. R. BERGEN, Secretary

November 23, 1959

THE COLORADO FUEL AND IRON CORPORATION

Dividends Declared

The Board of Directors of The Colorado Fuel and Iron Corporation today, Friday, November 20th, declared a 2 percent common stock dividend payable January 8, 1960 to common stockholders of record on December 1, 1959.

The Board of Directors also declared the regular quarterly dividend of 62½ cents per share on the series A $50 par value preferred stock, and 68¾ cents per share on the series B $50 par value preferred stock. These dividends are payable December 31 to holders of record at the close of business on December 1.

These common stockholders who are entitled to receive fractional-share interests as a result of the common stock dividend will be given an option to sell their fractional-share interests or to buy a fractional-share interest sufficient to round out their stock dividend to the nearest full share. The Marine Midland Trust Company of New York has been appointed agent for handling such purchases and sales, which will be made at the instruction of, and for the account and record of, such holders. The period in which such sales or purchases may be made will expire on February 11, 1960. Any fractional-share interests remaining outstanding after February 11, 1960, will be sold and the cash proceeds forwarded to the holders of fractional-share interests.

D. C. McGREW, Secretary

DIVIDEND NOTICES

TEXAS GULF SULPHUR COMPANY

153rd Consecutive Quarterly Dividend

The Board of Directors has declared a dividend of 25 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable December 15, 1959, to stockholders of record at the close of business November 30, 1959.

E. F. VANDERSTUCKEN, JR., Secretary.

KENNECOTT COPPER CORPORATION
161 East 42d Street, New York, N.Y.

November 20, 1959

At the meeting of the Board of Directors of Kennecott Copper Corporation held today, a cash distribution of $1.50 per share was declared, payable on December 21, 1959, to stockholders of record at the close of business on December 1, 1959.

PAUL B. JESSUP, Secretary

ELECTRIC BOND AND SHARE COMPANY
New York, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty cents (30¢) per share on the Common Stock, payable December 29, 1959, to shareowners of record at the close of business on December 8, 1959.

B. M. BETSCH,
Secretary and Treasurer

November 19, 1959.

SERVING HOME AND INDUSTRY WITH ESSENTIAL BASIC PRODUCTS

EASTERN GAS AND FUEL ASSOCIATES

DIVIDENDS

COMMON STOCK — A regular quarterly dividend of 40 cents a share, payable December 28, 1959 to shareholders of record December 8, 1959.

4½% CUMULATIVE PREFERRED STOCK — A regular quarterly dividend of $1.12½ a share, payable January 1, 1960 to shareholders of record December 8, 1959.

E. H. BIRD, President
250 Stuart St., Boston 16, Mass.
November 19, 1959

Our stock is listed on the New York Stock Exchange. Symbol is EFU.

DIVIDEND NOTICES

SUPER FOOD SERVICES, INC.
39 South LaSalle Street,
Chicago 3, Illinois

AN

WHOLESALER

DIVIDEND NOTICE

The Board of Directors of Super Food Services, Inc. has declared a cash dividend #4, of 30c per share on the Preferred Shares-First Series, payable December 15, 1959 to shareholders of record December 4, 1959.

Wm. H. Tegtmeyer, President

November 13, 1959

SUNDSTRAND

SUNDSTRAND CORPORATION

DIVIDEND NOTICE

The Board of Directors declared a regular quarterly dividend of 25¢ per share on the common stock, and a 2% stock dividend, both payable December 19, 1959, to shareholders of record December 9, 1959.

G. J. LANDSTROM
Vice President-Secretary

Rockford, Illinois
November 17, 1959

TENNESSEE CORPORATION

TENNESSEE CORPORATION

November 19, 1959

CASH DIVIDEND

A dividend of thirty-one and one-quarter (31¼¢) cents per share was declared payable December 18, 1959, to stockholders of record at the close of business December 3, 1959.

EXTRA CASH DIVIDEND

An extra dividend of twelve and one-half (12½¢) cents per share was declared payable January 8, 1960, to stockholders of record at the close of business December 3, 1959.

JOHN G. GREENBURGH, Treasurer.
61 Broadway
New York 6, N. Y.

DIVIDEND NOTICES

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 48 cents per share on the Common Stock of the Company, payable January 4, 1960 to stockholders of record at the close of business December 1, 1959.

D. W. JACK, Secretary

November 20, 1959

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

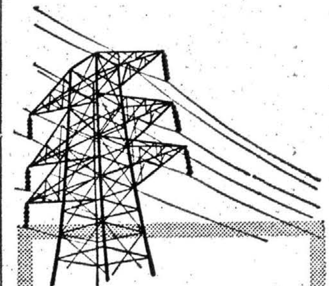
Dividend Notice

The Board of Directors has this date declared a dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of the Corporation, payable January 2, 1960, to stockholders of record at the close of business on December 10, 1959.

B. M. BYRD, Secretary

November 24, 1959

UNITED GAS
SERVING THE
Gulf South



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 202
65 cents per share;

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 51
27 cents per share.

The above dividends are payable December 31, 1959, to stockholders of record December 5. *Checks will be mailed from the Company's office in Los Angeles, December 31.*

P. C. HALE, Treasurer

November 19, 1959

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The Security I Like Best

Continued from page 2

earnings will occur as a result of the acquisition.

Recent Developments

At the present, there are approximately 240,000 shares outstanding. If all debentures were converted, and all options exercised there would be roughly 280,000 shares outstanding. However, at its last regular meeting the Board of Directors announced a 100% stock dividend which will result in a two-for-one split. The Board also authorized another dividend payment of 50¢ a share which brings total payments for the year to $1.00. The stock is listed on the American Stock Exchange.

WM. H. TEGTMEYER

President, Wm. H. Tegtmeyer & Co., Chicago, Ill.

Electronics Capital Corporation

Electronics Capital Corporation has:

(1) The usual growth features that most money managers look for in a special situation.

(2) Monies to be invested primarily in loans which will carry a conversion feature into equity so that from the investors standpoint, they can have their cake right now with a possibility of adding several dippers of "a la mode" to it in the future.

W. H. Tegtmeyer

(3) A favorable tax situation under the Small Business Investment Act of 1958. For example, in its first loan of $750,000 of about a month ago to The Potter Instrument Company, it has already developed a paper profit of about $3,200,000 or $2 per share on 1,800,000 shares. If the company should elect to be taxed as a regulated investment company every stockholder *no matter what his tax bracket* would have at least $1.50 per share left after Federal income taxes, when the equity position from conversion of the loan was sold. The company could either pay out this profit as a dividend or pay the 25% capital gains tax and keep the funds, but in any case there would be *only one tax paid.*

Aims and Objectives

Electronics Capital Corp. was set up in June of 1959 with some $16 million of capital (after allowing for selling commissions on securities). Its principal aims and objectives, under the Small Business Investment Act of 1958 are as stated in its prospectus:

(1) "To provide capital, principally through the purchase of convertible debentures, to selected electronics companies which in the opinion of management possess potential for investment appreciation.

(2) "To render to the electronics companies in which it invests specialized management counseling services, including financial, technical, marketing and manufacturing planning, and thus to attempt to protect and enhance its investments in those companies.

(3) "To sponsor a group development program, in order to assist client companies with complementary facilities jointly to undertake government and commercial electronics contracts otherwise beyond their individual capabilities."

In a special situation such as Electronics Capital Corp., or ECC, as it is usually designated in the brokerage house circles, our firm usually looks for able, fast stepping operating management, backed by financial men who can keep the money coming in to finance the expansion needs of the operating management.

In ECC, one has the unusual situation of having the head of the company, not only experienced in the operations of electronics companies, but also in money management, and the money for many months' expansion already on hand.

In short, one cannot understand Electronics Capital Corp. without first understanding Charles Salik, its President. The son of a wealthy San Antonio, Tex. family, Charles Salik was the youngest ham operator ever licensed at the age of eleven. Later he accumulated a B.S.E.E. in electronics engineering from Yale University and then went into business. Four years ago, aged 29, he already had made a small fortune for his own account by founding or purchasing, and then developing radio and television stations; later selling them at substantial profits. He also was involved in other electronics situations. Like Henry Ford I, Charles Salik had the ability to use his technical (electronics) know-how in such a way that it produced operating and financial success.

In 1955, Charles Salik decided there was a need for an investment fund devoted to the electronics industry. Divesting himself of most other interests, he formed Electronics Investment Corp., an open end mutual fund. Started with a public sale of some $10 million of securities, this fund, through price appreciation and sale of additional shares, now totals, four years later, some $30 million in assets and has probably the best record of any mutual fund in per cent increase in asset value in the year 1958. Thus, in the Summer of 1959, we find the investment management team headed by Charles Salik peculiarly equipped to form Electronics Capital Corp., both from the knowledge of electronics and finance. Other directors and advisers of Electronics Investment Management Corp. include:

Richard T. Silberman, Executive Vice-President. (Formerly President of KIN TEL, a division of Cohu Electronics, who developed a subsidiary from a peanut stand operation of under $100,000 to $8 million annual sales.)

Clarence Weatherall, Chief Technical Officer. (Just resigned as Chief Engineer of the Western Division of Stromberg-Carlson.)

Dr. Neil H. Jacoby, Director. (Dean, Graduate School of Business Administration, University of California.)

Bernard Koteen, Director. (Partner, Koteen & Burt, Attorneys at Law.)

Louis J. Rice, Senior Vice-President. (Director, First National Bank of San Diego.)

Roger S. Woolley, Secy.-Treasurer and Director. (Partner, Driscoll & Woolley, Attorneys at Law.)

Dr. Joseph M. Pettit, Technical Adviser. (Dean of the School of Engineering, Stanford Univ.)

Current Happenings

Early in October, ECC made its first purchase, $750,000 convertible 8% debentures of The Potter Instrument Co., with an agreement to loan an additional $250,000 if needed in the future. ECC also supplied certain technical "know-how" and contacts to The Potter management with the result that certain large stock underwriting houses have already offered to underwrite a stock sale in the company which would make ECC's interest worth some $5,000,000 not just the $750,000 originally invested. Naturally, until some stock of the company is sold to the public in such situations as The Potter Instrument Co., there is no quoted market for the value of the equity position of ECC. However, I do not believe this to be a matter of importance because even though the above underwriting was turned down, good merchandise is always salable.

Mr. Salik indicates that ECC plans to assemble groups of electronic companies with dove-tailing products and services in each group so as to enable them by group bidding to bid more effectively on both governmental and civilian contracts. In fact it has already done this in certain instances.

Growth Features

Electronics Capital Corp. has has several loans totaling about $3,500,000 in the mill waiting finalization of legal and technical details. If these are on as profitable a basis as the loan to The Potter Instrument Co., one can project a true asset value of $40 to $50 per share for ECC capital stock long before the two to five year period usually considered necessary for the maturing of growth situations.

I feel that ECC has first, a tax saving feature under the Small Business Administration Act; second, a double headed position of buying debt securities with a conversion feature into equity; and third, the usual basic growth features that most money managers look for in a growth special situation:

(1) Good operating management (as outlined above).

(2) Good tools with which to work ($16 million).

(3) Operating in a good industry (electronics).

(4) Available for purchase at the right time—NOW.

DIVIDEND NOTICES

A CLOSED-END DIVERSIFIED INVESTMENT COMPANY LISTED ON THE NEW YORK STOCK EXCHANGE

The Board of Managers has declared the following year-end dividends:

1. $0.37 per share in cash, being the remaining undistributed net ordinary income realized during 1959, and
2. $1.35 per share payable in stock or cash at the option of each shareholder from net capital gains realized during 1959.

Both dividends are payable December 24, 1959 to stockholders of record December 2, 1959.

William B. Viall, Secretary

Financial Report Available on Request

48 WALL STREET, NEW YORK 5, N. Y. • Room 1

The American Tobacco Company

221ST PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on January 2, 1960, to stockholders of record at the close of business December 10, 1959. Checks will be mailed.

November 24, 1959

HARRY L. HILYARD
Vice President and Treasurer

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DIVIDEND NOTICES

Cities Service
COMPANY
Dividend Notice

The Board of Directors of Cities Service Company on November 18, 1959, declared a quarterly dividend of sixty cents ($.60) per share on its Common Stock, payable December 14, 1959, to stockholders of record at the close of business December 1, 1959.

FRANKLIN K. FOSTER, *Secretary*

151ST DIVIDEND

FINANCIAL CORPORATION

A quarterly dividend of $0.65 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable January 1, 1960, to stockholders of record at the close of business December 10, 1959. The transfer books will not close. Checks will be mailed.

C. JOHN KUHN,
Treasurer

November 25, 1959.

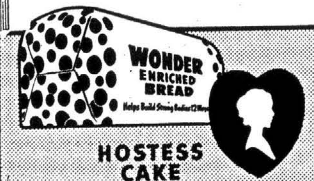
CONTINENTAL BAKING COMPANY

Preferred Dividend No. 84

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 dividend Preferred Stock, payable January 1, 1960, to stockholders of record at the close of business December 4, 1959.

Common Dividend No. 59

The Board of Directors has declared this day a regular quarterly dividend, for the fourth quarter of the year 1959, of 55¢ per share on the outstanding Common Stock, payable December 22, 1959, to holders of record of such stock at the close of business December 4, 1959.



The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

November 18, 1959

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WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — A tall, good-looking woman in a black dinner dress rose the other night in a downtown Washington hotel after she and her fellow diners had finished their broiled chicken on country ham.

She had just heard the man who introduced her declare that a prominent Westerner once told him that "nearly every man in Utah had wanted to marry her." The woman was Ivy Baker Priest, a miner's daughter from Bountiful, Utah.

The 30th Treasurer of the United States, and the most famous feminine official in the Eisenhower Administration, Mrs. Priest likes her job and she wants to keep it for at least another five years or so.

As Treasurer of the United States she is in charge of all the money in the United States and the gold at Fort Knox, Ky. She is not only responsible for all the money paid to the government of the United States by individuals and by the various foreign governments, but she is also responsible for the hundreds of millions of checks issued each year on the Treasurer of this country.

The name of Ivy Baker Priest is a household word in the United States as her name appears on the currency circulation along with that of Secretary of the Treasury Robert B. Anderson from Texas and his predecessor former Secretary George Humphrey.

GOP Campaigner

Mrs. Priest, who married a wholesale furniture dealer in Utah, is a great campaigner for the Republican Party and she is tuning up now to take on some heavy campaigning during the coming year. Perhaps some thoughts she brought out the other night at the Statler Hotel before the Society of Business Magazine Editors, she will toss out at Republican gatherings in 1960.

She is preaching for a sound dollar and a sound economy, and quoted from her big boss, President Eisenhower, who recently restated an old military saying: "You can do nothing positive except from a firm base." Mrs. Priest is emphasizing thrift in her talks. She comes from a long line of Mormons, who make thrift an integral part of their way of community and spiritual life.

She told the Society of Business Magazine Editors that her family not only did not know where the next dollar was coming from, sometimes there was doubt where the next meal was coming from. It is pretty obvious that if Ivy Baker Priest had her way the United States not only would have a balanced budget in 1960, but in subsequent years.

"Nations of thrifty people in the industrial history of the world," said Mrs. Priest, "have typically been countries noted for growth and progress. Thrifty people are responsible people. They tend to favor sound and responsible government, sound fiscal policies, and dependable currencies."

Mrs. Priest went on to tell the Business Paper Editors that a thrifty Nation may grow even with poor resources, "but a thrifty people blessed with abundant resources has unbeatable possibilities."

Perhaps it would be a good thing for the country if President Eisenhower and the other members of the Eisenhower Team, could hear this daughter from the West deliver her speech on sound and responsible government.

Failure of Eisenhower Regime

The Eisenhower Administration has had some prosperous years. But the Eisenhower Administration has failed to live up to its repeated promises in bygone years that it would have balanced budgets. The facts are since coming into power in 1952 it has had a balanced budget in 1956 and again in 1957. It looks unfavorable for a balanced budget in 1960, but it could happen with the right kind of stern leadership from both the White House and Congress.

The Government of the United States today is under a staggering debt of $290,000,000,000. It is really serious, because the interest rate alone is now beyond $8,000,000,000 a year, and it is growing.

The second woman Treasurer in the history of the United States must have been thinking about this stupendous debt, among other things, when she told hearers that some people in this country have taken the position that growth in the United States can be helped by more government spending, regardless of its effect on prices.

"These people charge," said she, "that those who insist on a balanced budget and fiscal soundness are too rigidly adhering to old-fashioned concepts—that they are against maximum growth."

Ivy Baker Priest is full of stories of her job. She says a North Carolinian wrote her suggesting that the currency printed by the Bureau of Engraving carry the size of the bill only on one side, and that other side be sold to advertisers. This way "we could pay off our debt," the author wrote her.

This famous woman of the United States Government, not only has the confidence of a professional football quarterback in the Eisenhower team, but she is confident that the Grand Old Party leaders are going to get the country off on the right foot for the Sixties.

Keen Sense of Humor

While her post does not carry policy-making responsibilities, it carries influence and prestige. She not only dines at the White House on occasion, but she has broken bread and sipped wine with kings and queens and ambassadors and leaders of industry around the world.

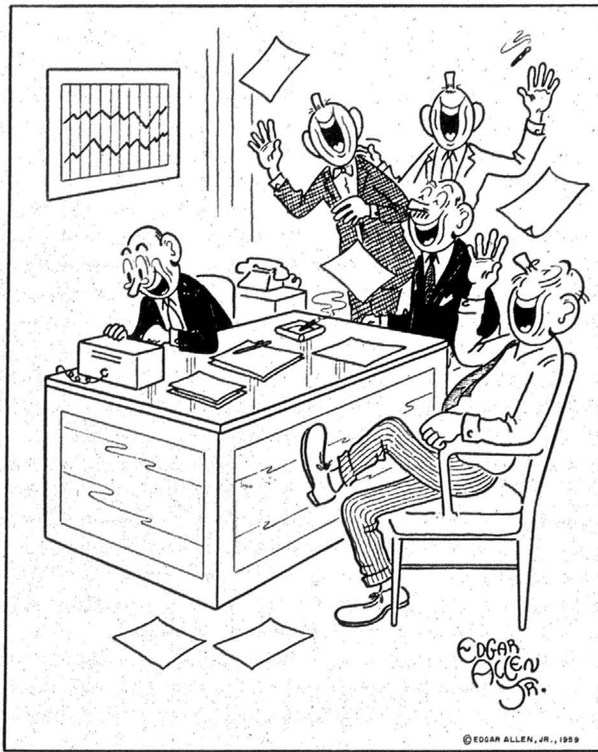
She has a keen sense of humor that she invokes on occasion. The man who introduce her the other night recalled that at a big dinner meeting when there were captains of industry and a lot of other male "VIPs" present, Mrs. Priest was the speaker. She began her talk with the facetious declaration that "I am the most beautiful woman in this hall tonight."

The men attending the meeting began looking all round to see the expressions on the other women's faces. Sure enough Mrs. Piest had caught many of them by surprise. She was the only woman present.

But Mrs. Priest and Secretary of the Treasury Anderson, boss of the Treasury Department, and all the members of the Eisenhower Administration, are keenly aware and dead serious about the financial predicament the United States is in because of the colossal debt. That is why the United States must cut down on its foreign aid or foreign assistance programs, and that is why the prospering countries of Japan, England and West Germany should start carrying more of the load.

Meantime, at the outlook conference of the United States Chamber of Commerce a few days ago some leading experts predicted that economic expansion will continue through 1960, money will get tighter before mid-1960, and that the Gross National Product (now from $485 to $490 billion a year) should average about $505 billion or slightly more for 1960. Demand for consumer credit, which has been rising at the rate of about $500 million a month, is expected to continue if the auto industry has a good year.

[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.]



"Press Release—'We sincerely regret to announce the resignation of our general partner, Otis B. Bulldozer—'"

Columbian Fin. Branch

CAMDEN, N. J.—Columbian Financial Development Co., Inc. has opened a branch office at 426 Market Street under the direction of Alvin R. Mogil.

J. C. Hoit Opens

MT. VERNON, Ill.—John C. Hoit is conducting a securities business from offices at 1100 Main Street.

Businessman's BOOKSHELF

Average Workweek as an Economic Indicator—Gerhard Bry—National Bureau of Economic Research, 261 Madison Avenue, New York 16, N. Y. (paper), $2.

Deposit Velocity and Its Significance—George Garvy—Federal Reserve Bank of New York, New York 45, N. Y. (paper), 60¢.

Employment, Growth, and Price Levels — Hearings before the Joint Economic Committee of the 86th Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 65¢.

Energy Resources and Technology—Hearings before the Subcommittee on Automation and Energy Resources of the Joint Economic Committee of the 86th Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.25.

Final Declaration of the Forty-Sixth National Foreign Trade Convention (New York, N. Y., Nov. 16, 17 and 18, 1959)—National Foreign Trade Council, Inc., 111 Broadway, New York 6, N. Y. (paper).

Literature of Freedom—Catalogue of books and other publications in 1959—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.

Measurement of the U. S. Territorial Sea — G. Etzel Pearcy —Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., 10¢.

Michigan Manufacturers — Ninth Edition of Directory—Manufacturer Publishing Co., 8543 Puritan, Detroit 38, Mich.

Monetary Policy Under the International Gold Standard 1880-1914 — Arthur I. Bloomfield — Federal Reserve Bank of New York, New York 45, N. Y. (paper), 50¢.

Peace With Russia? — Averell Harriman—Simon & Schuster, Inc., 630 Fifth Avenue, New York 20, N. Y. (cloth), $3.00.

Report and Financial Statement of the Secondary Market Operations—Federal National Mortgage Association, 811 Vermont Avenue, N. W., Washington 25, D. C. (paper).

Republic of China — Department of State Publication 6844 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25 cents.

Retirement and Insurance Plans in American Colleges—William C. Greenough and Francis P. King — Columbia University Press, 2960 Broadway, New York 27, N. Y., $8.50.

Sales Financing and Better Living—Facts About Time Buying — American Finance Conference, 176 West Adams Street, Chicago 3, Ill. (paper).

Sodium Dispersions for improvement of chemical reaction efficiencies—U. S. Industrial Chemicals Co., 99 Park Avenue, New York 16, N. Y.

Speculative Significance of the Inner Action of the Market—Institute for Economic and Financial Research, Dept. FC, P. O. Box 124, Newton Center 59, Mass., $2.95.

Studies of the Central Business District and Urban Freeway Development — University of Seattle Press, Seattle 5, Wash., $5.00.

They Laughed When I Sat Down — Frank Rowsome, Jr. — McGraw-Hill Company, Inc., 330 West 42nd Street, New York 36, N. Y. (cloth), $7.50.

Towards a Solution of Our Wheat Surplus Problems—A Statement by the Canadian-American Committee — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), 30 cents.

U. S. Master Tax Guide, 1960—Commerce Clearing House, Inc., 4025 West Peterson Ave., Chicago 46, Ill. (paper), $3.

Wanted—A Working Environment More Conducive to Canadian-American Trade in Natural Gas — Canadian American Committee, National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), 25¢.

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