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Editorial AS WE SEE IT

Let us do a little supposing. Imagine, first of all, that no antitrust statutes existed in this country, and that common law protection against restraint of trade did not exist. Next, assume that the entire steel industry was organized into a tight combine which fixed all prices for all steel products. Again, suppose that virtually all users of steel products quite lawfully could and did act in unison when the time came to determine the prices they would pay for the products of the steel mills. Once more, suppose that the custom had grown up for these two groups, the one a monopoly producer and the other a monopoly consumer, to negotiate price agreements to run for one, two or three years. Then to complete the picture, suppose the time arose when they could not agree—the steel industry offering a price schedule which the consumers would not accept, and the consumers making counter offers which the producers found unacceptable. Now let this deadlock run for months on end while the steel mills remained closed and most of the users of steel idle.

Now whose imagination is vigorous enough to envisage a public waiting patiently for this deadlock to end, and public officials complaining about a lack of "responsibility" on the part of both groups—and doing nothing else about it? A pale replica of such a situation did exist in a number of industries at one time in this country—nothing so extreme or so bald, but of the same basic nature—and what happened? Of course, common law exerted a certain restraining effect, but the Sherman Law, the Clayton Act, and the Federal Trade Commission Act are, of course, some of the fruits of this abuse of privilege on the part of business. These laws are, of course, far from perfect in their operation. In the manner in which they are enforced, they sometimes bring fresh problems and difficulties, but they are a clear indication of what the public thinks of business monopoly and the proper cure for its abuses. But in the course of various legislative acts, organized (Continued on page 19)

The Anatomy of the Crisis In the Steel Industry

By R. Heath Larry,* *Administrative Vice-President-Labor Relations, United States Steel Corporation*

Member of the steel industry's bargaining team cautions unions on allowing Congress or third parties to solve their impasse. He points out employees' interests cannot be advanced at the expense of employers' interests as there is "an inevitable inter-relationship." Mr. Larry says the root of the problem is to stop rising costs; hopes public's attention now focused on the problem is a portent of better labor-management relations; describes "shocking developments" that arose in the steel crisis and answers labor's charges; and invites labor cooperation to improve the efficiency of industry's operations.

Sometimes it takes some rather shocking developments to focus our attention on what is really happening. If the crisis that has developed out of the steel strike does at least that much—then perhaps it will not have been all bad. Some of the developments which converged as parts of the total picture this year were a long time in the making, but the 1959 steel negotiations did serve to focus attention upon them.


R. Heath Larry

As Dr. Taylor observed in the course of his report to the President, following the Hearings of the Board of Inquiry in October:

"This dispute has occurred during a period of growing National interest in ways of achieving both price stability and economic growth."

There can be no doubt about it — by 1959 the people of this country had become sick and tired of inflation. They were tired of seeing the increasing number of dollars they were getting continually depreciating in terms of spendable value.

Moreover, people were becoming increasingly aware of the nature of the soil at the root of the problem. After all, continuous, peace-time inflation has not heretofore been a characteristic of American history, but the record since World War II was startlingly different. The cause of this peace-time inflation could not be found to be of familiar demand-pull origin; inescapably it had to be found to be of cost-push origin—and as everyone knew that over three-quarters of all costs in consolidated industry were represented by employment costs, it had to be recognized as of wage-push origin.

It would no longer do for labor leaders to try to brush the problem aside with the accusation that there was a big business conspiracy to place the blame for inflation on the backs of American workers. There was more knowledge and understanding than there had been in earlier years. The facts were becoming evident — they could speak for themselves. It would no longer do for Unions to contend that wages were only chasing prices, for the opposite was demonstrably true. Economists by the score were freely acknowledging this fact. By way of documentation, I quote these words from the late Dr. Sumner Slichter's writings in January of this year:

"There has been much discussion in recent months as to whether wages were pushing prices up or were chasing prices up. . . . If wages were chasing prices up, it is presumably the prices of consumer goods that wages would be chasing, since they are the prices that wage earners pay. But in every year from 1947 to 1957, the percentage increase in the hourly compensation of non-farm workers exceeded the percentage rise in the Consumer Price Index. . . . In view of the consistency with which wage increases have exceeded price increases during the 10-year period, it is preposterous to argue that wages were chasing prices up."

Now, of course, prices (Continued on page 22)

The Security I Like Best . . .

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

EDWARD H. BRADFORD
Research Dept., F. L. Putnam & Company, Inc., Boston, Mass.
Member Boston Stock Exchange

United States Sugar Corporation


E. H. Bradford

Is United States Sugar Corporation common the stock that General Motors' executives like the best? Significantly, through family and "Foundation" holdings, Mr. C. S. Harding Mott is the largest individual stockholder of U. S. Sugar and also of General Motors; and is—or has been—a director of each. Similarly, the former manager of Chevrolet, at Flint, Michigan, Charles E. Wetherald, is also a large stockholder of each and was until recently President of the sugar company. Despite the fact that there is no corporate affiliation, several other members of GM's top brass are officers, or have an interest in U. S. Sugar. Curiously enough, it is not the motor magnates who draw immediate attention to this company—but Doctor Fidel Castro, leader of the Cuban Revolution, whose agrarian reform and high handed seizure of American-owned properties has jeopardized the availability of Cuban sugar in our markets. With the Cuban supply off the market, American producers will be called upon for greatly increased production and recent Government curtailments will be relaxed or removed. Interest is also drawn to the stock as a Florida Land Play of a different sort, backed with rich farmland. Earning gains and latent values combined to give the shares both near-term and long-term appeal.

Company operations center at Clewiston, Florida—on the southeastern shores of Lake Okeechobee, where sugar cane is grown on rich muckland. The cane is harvested and then ground at U. S. Sugar's 16-roller mill. Sugar is refined on a toll basis by independents. Both sugar and molasses are sold directly by the company to large consumers. U. S. Sugar is the largest domestic producer of cane sugar and accounts for 90% of Florida's output. In recent years, bad weather and Government restrictions have held average production to about 110,000 tons of sugar and 6,000,000 gallons of molasses annually. This year, however, and we are speaking of fiscal year 1960, which began in November, a huge harvest is coming to the mill. Some years ago, as a means of diversifying and to gain full utilization of farm acreage, the company experimented with a herd of cattle, bred from registered stock to combine better characteristics of Brahma, Hereford and other selected breeds. The herd has now been developed to a major undertaking which, at last year's annual reporting, stood at a count of 13,500 non-registered and 10,500 purebreds. This has now become a second major activity and, in a very true sense, adds a "growth" element to the investment picture.

Inasmuch as hidden assets are one of the attractions of this stock, I have taken a hard look to discover unexposed wealth. The herd of cattle presents an initial difficulty. Head counts, at different dates, don't seem to agree; and no satisfactory formula has yet been suggested for depreciation on a Brahman bull. As to the number of animals—possibly the farmer who checked his cattle every evening by counting their feet and dividing by four, could offer a helpful suggestion. The non-registered stock is carried at "cost," while the purebreds are carried at cost less depreciation. These combine to a book figure of about $1,340,000. The depreciation figure looks like the work of a life insurance actuary, since it is set at 12½% or an eight-year expectancy—against a longevity record well over 20 years. The cattle are, obviously, undervalued by a very large amount; but an exact figure is beyond conjecture.

Real estate values are almost equally difficult, since the company has no intention of selling any land and there are no recorded adjacent sales for comparison. U. S. Sugar's 100,000 acres of rich muckland was purchased in one of the best real estate deals since William Penn bought Philadelphia from the Indians. The property was bought at a receivership auction in 1930, a few months after the stock market crash, when Wall Streeters were still jumping out of windows. The price averaged out at $57 an acre. There are parcels in the area today that would certainly go for $2,500 an acre; and the value for the whole tract might be set at $120 million to $150 million, or 25 times the cost at which the land is carried on the books. This isn't all! The company has completely written off a $7 million water purification system, which is now as good as the day it was built and in active use. Furthermore, $8 million in depreciation should be added back to the modernized sugar mill. U. S. Sugar is bursting with value. The stock, which is currently quoted Over-the-Counter at about 33, has assets behind it amounting to an estimated value of over $125 per share.

Those interested in earnings rather than assets will find the domestic cane sugar industry headed for the dawn of a new day. Under the Sugar Act of 1948, as amended in 1956, domestic sugar producers have been sheltered by a quota and allotment system that assures a definite proportion of the American market. Government regulations set the amount of acreage that companies in this country could plant and also the amount that they could sell. The balance, above American production, was reserved on a quota basis by foreign producers. Of the balance, Cuba has supplied up to 96% in the past. In the last two years, the provisions of the Act have operated less and less as a limitation on domestic companies, since many have not been able to produce their full allotments. The Act expires in 1960, at which time it will probably be renewed under revised terms. There is a likelihood that Cuban Sugar may be unavailable if Castro continues his antics, or at least not available on terms that we could accept. Through 1960, therefore, domestic producers would operate at capacities; and, in a revision of the Act, larger allotments would be assigned to American companies. Planters have already come to the mills with a record-breaking harvest.

United States Sugar Corp.'s earnings in fiscal '57 and '58 were $2.08 and $1.83 per share, respectively. The fiscal year ends Oct. 30; but the figures for '59 will not be available until some time in January. Unfavorable weather was a retarding factor in 1957 and 1958. The year just ended will be adversely affected by heavy charges for power units installed at the "Sugar House" or mill. Results for the year are expected to be about at the '58 level. In looking forward to 1960, however, very sharp gains can be foreseen. Production will, undoubtedly, exceed the record figure of 127,000 tons established by the company in 1953—and may be as much as 25% above recent averages. Sugar prices have been high in the domestic market; but are expected to resist pressure while the Cuban situation remains acute. Again, we are guessing, but I believe that the company can earn from $3.50 to $4.00 per share in 1960. Capitalization consists only of common stock — 1,529,771 shares outstanding, net after Treasury stock; and the current position is unusually strong, so that U. S. Sugar can and has paid out the bulk of its earnings. In 1957, the dividend was $2—or within 8 cents of net per share. In '58 the payout was trimmed for reduced earnings. If our expectations for '60 materialize, we should expect to see a dividend of $3 or $3.50—or even more. I don't expect the stock to do much of anything until the 1959 report is out of the way, but all the developments appear favorable. The shares have backed off from recent highs and possibly the "count down" has already started for another move upward.

This Week's Forum Participants and Their Selections

United States Sugar Corp. — Edward H. Bradford, Research Dept., F. L. Putnam & Co., Inc., Boston, Mass. (Page 2)

Ocean Drilling & Exploration Co. —G. Shelby Friedrichs, partner, Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La. (Page 2)

G. SHELBY FRIEDRICHS
Partner, Howard, Weil, Labouisse, Friedrichs and Company
New Orleans, La.
Members N. Y. Stock Exchange

Ocean Drilling and Exploration Company


G. Shelby Friedrichs

It is now an auspicious time to take another look at Ocean Drilling and Exploration Company and the offshore oil industry. The company has recently battled its way through a severe industry-wide recession, was able to capitalize on the general economic difficulties, and is now about to realize its earlier potential. The market is appraising its stock at a substantial discount from its intrinsic value.

Ocean Drilling, known informally as ODECO, is an offshore drilling contractor. The company specializes in drilling oil wells in the Gulf of Mexico. These wells are usually drilled for other operators on a contract day-rate basis.

Drilling an oil well under water is an expensive, hazardous, highly technical business, requiring especially designed, complex equipment and men skilled in seamanship, as well as oil well drilling technology. Few of the major oil companies are so

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

The Business Outlook

*By P. Henry Mueller,*Vice-President, The First National City Bank of New York, New York City*

New York banker scrutinizes forebodings raised about the oncoming decade and concludes there is but one big cloud ahead—labor unrest and not tight money. He comments on the challenges of population growth and technological explosion, and concludes that even though we face unparalleled potential for economic growth it does not mean this assures automatic prosperity. He adds, however, given a climate that encourages work, initiative, and risk-taking, we should go far in validating the glorious accounts we have head of the Sixties.

We will shortly enter an eagerly awaited decade whose advance billing has been unmatched. Since the late Forties we have heard dazzling accounts of how fabulous the Sixties could be in terms of prosperity and opportunity. Not much was said of problems but, then again, all of us hoped—and still do—that whatever they turned out to be they would not be too serious. Nearing the breakthrough, we are sobered by the thought that perhaps the future is as much what we make it as how it is molded by circumstance. It is little wonder then, that a discussion about business, on the eve of 1960, attracts a special curiosity.


P. Henry Mueller

Let's imagine that a banker from The First National of Mars has just joined such a discussion as a delegate to help usher in the "sizzling" new decade. He's breathless and bewildered. He clutches a clipping from the *Wall Street Journal*. It's a lead article captioned "Foggy Future" and, as he rocketed in, he read that:

"The mist is made up of many perplexities. Among them: The steel strike and its outcome; other strikes under way or imminent; whether money will become tighter or easier; the threat of keener foreign competition; a possible thaw in the cold war; the outlook for further inflation; the impact of the new compact cars; the results of overproduction in some industries and the consequences of Government action on defense spending, road building and other matters."

It's not the bullish line I've been getting, he thinks to himself—by now he isn't sure whether he should stay to whoop it up or blast off on the next missile. He asks to be updated so he can decide.

Remarkable Steel Recovery

Steel mills resumed operations quickly after the Supreme Court, on Nov. 7, upheld the court order sending the men back to work. Production in the week ending Dec. 13 is scheduled at a new high of 2,671,000 tons, equivalent to 94.3% of capacity. This is a much faster recovery than originally anticipated from the 13% level which prevailed during most of the strike. Interestingly enough, despite the 116-day strike, it seems certain that we shall outproduce the 85 million ton figure for 1958 by 8 to 10%. The record was in 1955 when we produced 117 million ingot tons.

Disruptions caused by the strike must be repaired and it will be some time before a balanced orderly flow of finished steel in the many shapes and sizes required by industry is achieved. The swollen pre-strike stocks have dwindled almost to the vanishing point and there is a scramble for steel, not only to meet heavy current demands but also to build up adequate working stocks to ensure steady operations.

It has often been said that the worst pinch comes after production has resumed, and the best example is to be found in the automobile industry. Paradoxically, automobile plants were still laying off assembly line workers in early December, although parts manufacturers had started calling back workers in mid-November. Last week, American Motors outproduced GM and Chrysler put together. But General Motors is starting up again and in another week most lines will be back in operation. The latest estimate for 1959 domestic passenger car production is 5,552,000 units and sales for the year are about the same. Output in early 1960 will be boosted to make up for strike losses, and the industry is optimistically talking in terms of sales of seven million cars, including 500,000 imports. Meanwhile, dealers' stocks were down to about 442,000 domestic units at the end of November from their peak of 965,000 only four months earlier. Waiting lists are building up for the new cars, which including the compact models, have had a good initial reception.

Fortunately, the impact on industry as a whole has been much milder than in the auto industry. From the pre-strike record of 155 in June, industrial output, as measured by the Federal Reserve index, has declined less than 5%. Because of the crosscurrents in durable goods output, it is not clear how much, if any, recovery the November index will show. But by December, industrial activity should be on its way back toward pre-strike levels. Employment and personal income has been sustained near peak levels, and retailers are counting on another record Christmas season.

The gross national product—the value of all goods and services produced in this country — declined $5.9 billion from its second quarter peak to $478.6 billion in the third quarter. The reduction was entirely in the rate of inventory change as a result of strike disturbances, which eliminated the plus influence of in-

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Westinghouse Electric Corp.

By Dr. Ira U. Cobleigh, Enterprise Economist

Marshalling a few reasons to indicate that this distinguished electrical enterprise will do far better in the Sixties.

Westinghouse Electric Corp. is in the main stream of those sectors of our economy which are likely to dominate the Surging Sixties—electricity, electronics, atomics, astronautics; and sophisticated propulsion for sub-surface, surface and space vehicles. We view WX common stock today, as a mature and elite equity, about to enter a new order of magnitude in both sales and profitability.

There have been times in recent years when such a constructive viewpoint about Westinghouse would not have been justified. Four or five years ago the management was considerably less effective in labor relations, sales effort, cost controls and imaginative research than it is today. In particular there was a long and costly strike in 1956 during which WX lost considerable ground to competitors. As a result WX has required time to catch up, and its stock has lacked the market glamor of some of its electric and electronic confreres (Minneapolis-Honeywell, for example). But WX is making the grade today and presents a pleasing array of products, profitability and prospects.

Westinghouse has long been renowned for the generating and distribution equipment it has supplied to the electric power industry. It has made small generators as well as some of the biggest; for hydroelectric and for steam installations. And it is today the leader in atomic power development. The famed "Nautilus" runs by an atomic reactor planned and developed by Westinghouse. Three more nuclear propelled subs are now in service, two more launched; and a dozen to tote the Polaris missile are in the planning stage; and Great Britain has placed orders for power units. The cruiser "Long Beach," and the projected aircraft carrier "Enterprise," will be powered by Westinghouse reactors.

Ashore, Westinghouse built the first atomic electric power plant for Duquesne Light Co. at Shippingport, Pa.; it is building a reactor to run the steam turbine generating unit of Pennsylvania Electric Power at Saxton, Pa. WX will design and construct a new pressurized water reactor for Carolina-Virginia Power Associates at Parr, South Carolina; and it has orders to build plant units for Belgium and Italy. Westinghouse has already built more nuclear power units than all of its American competitors put together. It leads the world in commercial atomic power.

Westinghouse electrical apparatus and equipment power railway locomotives and ships at sea. Westinghouse elevators and electric escalators are enjoying a constantly broadening (and rising) market; and a second plant was recently built in Dover, N. J., to turn out these products.

Almost a quarter of Westinghouse sales come from consumers appliances—big ticket ones like ranges and refrigerators, and little ones like radios and toasters. In the past three years Westinghouse has strengthened its position in the appliance field by improvements in product design, addition of new lines, more aggressive advertising and merchandising ("you can be sure if its Westinghouse"); and more effective and coordinated dealer representation.

You simply can't talk about an electrical or electronic company today without referring to its research. Westinghouse research ranks with the best. The company spends around $200 million a year—about 10% of sales—in this area. About ¾ths of this sum is financed by customers including, of course, Uncle Sam. Westinghouse gets a lot for its money. The 7,000 engineers, technicians and scientists in R & D have achieved much: (1) a thermo-electric break through, the conversion of heat directly into electricity; (2) a new series of semi-conductors; (3) Cubex, a magnetic core material; (4) an insulation that permits an electric motor to run for 40 days at 950° temperature; (5) a new high pressure steam turbine that converts fuel into power with 10% greater efficiency; (6) new electronic tubes for x-ray; (7) automatic control systems for industrial use; (8) transistorized high-frequency power for fluorescent lighting systems; and (9) new and more sophisticated infra-red devices for missile direction and detection. These are just a few of the researched items that are keeping Westinghouse in the forefront of technology in its field.

Let's turn now from the technical to the financial side of Westinghouse. First, the company is well heeled. At the 1958 year-end, current assets were $928.2 million against current liabilities of $198.4 million. This $730 million in net working capital would indicate no need for public financing for a long while. An expansion program involving capital investment of about $67 million a year can be taken care of quite comfortably by the depreciation account (almost $48 million last year) and retained earnings.

Altogether, in the years 1947 through 1958, WX spent $600 million on new plants and equipment. This huge investment is now having its effect on earning power. Per share net was $2.46 in 1955, and a measly 10c in 1956, the strike year. For 1957 the figure was $4.18 and for 1958 only 7c higher, $4.25. We would guess the per share for 1959 would be about $4.35; but would expect a substantial move into new high ground next year—at least $5.75 a share.

Only in 1957 has WX exceeded $2 billion in sales. It won't quite make it this year but should cross $2.1 billion next year.

The cash dividend which has been $2 a share for the current decade (except for $2.50 in 1954) has been increased to $2.40 this year. Further, a 2-for-1 split in the common is to be voted on at a stockholders meeting next Jan. 4th. Presently capitalization consists of 17,180,028 common shares, listed NYSE, 467,000 shares of 3.8% preferred, and $321 million in long-term debt. Price range in WX common since 1950 has been between 35 (1951) and this year's high of 110¾. Current price of 107 values WX at 24 times 1959 earnings, which seems very conservative for the electronic league.

Important in our consideration of WX is the visible improvement in profit margins. For example, in the first six months this year, sales billed showed a net decline of 1% from 1958, yet net income was up 14%.

Westinghouse has a lot of things in its favor to look forward to in the 1960's. It doesn't need to worry about interest rates because it shouldn't have to borrow money. It has ultra modern plants which should permit a 50% sales growth in the decade. The expected doubling of electric generating plant capacity in the U. S. by 1970 should deliver to WX a huge volume of orders in the field in which it excels. The company President, Mr. Mark W. Cresap, Jr., has predicted that, by 1968, eight million American homes may be electrically heated.

Finally we would estimate that earnings on WX common may rise in the next three years to past $8 a share, with a corresponding rise in cash dividends. On these assumptions, and by statistical comparison with some of the more flamboyant electrical and electronic shares in today's market, a rather decent case might be made for acquisition of WX common.

McDonnell & Co. To Appoint V.-P.s

On Jan. 1 Morgan F. McDonnell and Frank V. Deegan will become Vice-Presidents of McDonnell & Co., Incorporated, 120 Broadway, New York City, members of the New York Stock Exchange. Mr. Deegan is director of Sales for the firm.

Mr. McDonnell has been an Assistant Vice-President of the firm, with headquarters in the Chicago office, 208 South La Salle Street.

With Illinois Company

(Special to The Financial Chronicle)

CHICAGO, Ill.—George R. Strell and Bruce Thorne, Jr., have been added to the staff of The Illinois Company Incorporated, 231 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins Lehman Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—Myron R. Szold has joined the staff of Lehman Brothers, 39 South La Salle St.

OBSERVATIONS...

BY A. WILFRED MAY

A CAPITALIST-POPULATION EXPLOSIVE?

Perhaps, as is being increasingly claimed, the tremendous growth of our private pension funds is actually bringing about our economy's most extreme departure from the concept of traditional Adam Smith capitalism, over to new concepts as "Socialization of the wealth of capitalism."

The present concern over our Pension Trust movement is in line with predictions of drastic and permanent changes in our corporate system which have appeared and reappeared ever since 1905 when Charles Evans Hughes dramatically revealed the spreading power exerted by the life insurance industry. [Footnote]. As counsel for the Armstrong Committee in New York State. Thereafter important threats to our social and corporate structures, emphasizing "bigness," were publicized by Woodrow Wilson; by Justice Brandeis in his pioneering work, "Other People's Money;" by W. Z. Ripley's highlighting of the spawning holding company abuses; by Veblen on absentee ownership; by A. A. Berle, Jr. in his searching analyses of the far-reaching implications of our corporate system's dis-franchisement of the stockholder-owner, followed by his depiction of the "Non Statist Nationalization" of business owned by widely scattered company owners; by James Burnham in voicing cosmic expectations from "The Managerial Revolution." And the furtherance of the "People's Capitalism" by the Stock Exchange has been getting the "hard-sell" in the world-wide peregrinations of its colorful President.

In its present-day stock-taking of the course of the treatment of "other people's money," observers are becoming worried over the dimensions of the pension fund phenomenon. Nibbled at by the Senate's "Fulbright Committee's stock market inquiry" in 1955 (during those hearings, Senator Lehman queried each witness on the impact of the growing institutional investing on the corporate system), it is now heralded as the most important innovation to the capitalistic system since the diatribes from Karl Marx.

A New Definitive Report

In any event, the pension funds' recent and present rates of growth, at over $4 billion annually, with an outstanding grand total of such investment in excess of $39 billion, naturally elicits the public's interest in the implications of the fund movement. This demand for reliable data now gets valuable fulfillment from a new study and comprehensive report published under the aegis of the Twentieth Century Fund: *Pension Funds and Economic Power by Paul P. Harbrecht, S. J.*; (528 pp. $5.00. New York City). The Twentieth Century Fund, the enterprising research organization founded by the late Boston merchant, Lincoln Kirsten, has since 1956 been directed by the gifted and imaginative August Heckscher.

In its definitive report, this volume stresses the significance of the Funds' impact in changing us to the "paratrietal" society—or at least from a property system to a "power system." This is in line with the long-standing Berle theory, that the workers' savings are neither public nor private property, the former in the sense that they are not controlled by the state. Another important commentary confirms the pension fund's role as a capitalist population exploder.

New Data

Father Harbrecht's painstaking and inexhaustible researches into pension plans have uncovered a mass of valuable factual data. He maintains that they raise two basic questions requiring fuller exploration: "What are the powers and duties of pension plan administrators and trustees? What are the property rights of the pensioners?" The answer to the first of these queries has important bearing on widespread institutional investment areas. Indicating their importance in the capital markets, the annual stock purchases by these funds are larger than those of any other major group of buyers. They are now buying over a quarter of the total net additions to stock outstanding; exceeding the combined holdings by the investment companies, personal trusts and all individuals.

It is contended by Father Harbrecht that the pension implications go far beyond the scope of the divorce of ownership from control, namely, that with the advent of the pension trusts along with other institutional funds, enormous accumulations of corporate stock are in the hands of bank trustees, with ownership as an operating feature drastically diminishing.

Another Authoritative Study; Stock Market Impact

Original data in this field are also afforded by a recent Report released by the Fund for the Republic. *"Pension Funds and Economic Freedom," by Robert Tylove (91 pp. New York City)*. The two major phenomena treated in this volume, embrace the pension plans' restraining influence on labor mobility; and secondly, our old question of the potential concentration of economic power. This Report concludes that the Funds do restrain labor mobility; with little change ahead; but with such restraints having little effect on the younger age categories. On the question of stock market impact, it is found that the Funds' buying of common stocks is concentrated in 200 to 300 issues, on which the effect is relatively more important than on the market as a whole. Compared with other institutions, pension funds are found to be the most persistent long-term buyers; with less attention given to attempts at market-timing.

The Funds and Corporate Management

Important, and touched on by this Study, is the relationship of the pension fund managers to their companies' managements. It is recognized by the author (if euphemistically) that since there may be "conflicts of interest" between the shareholding owners and their managements, "a blank check to management is not the exercise of the fullest diligence." The Wall Street "Rule" if-you-don't-like-it — sell-your-stock, happily is not endorsed here. On the other hand it is considered "unrealistic" to expect institutional holders to exercise independent judgments. In fact this report seems to validate the institutional holder's attitude as an investor rather than co-owner; with abstention from voting suggested as the proper response.

A variety of interesting and significant data are given in this volume. The pension funds' absorption of common stock rose to 37% of their net income in 1957, and has increased further since. Their net purchases of common stocks have recently amounted to one-quarter of the total of new equity financing required by corporations.

By 1965 self-insured pension funds may hold $17 to $20 billion in common stocks. But, with the increase of new issues, this may amount to no more than 6% of total outstanding stock.

Limitations on a "Limitless Future"

It is concluded by both reports that the pension funds along with other financial institutions, wield a "vast potential" toward the exercise of corporate control and influence. But, despite the enormous sums involved, no "clear and present danger" of a successful grab to economic power is foreseen. As they see it, it is decisive that the trust companies that control the investment programs of most of the self-insured funds are anxious to abstain from abusing that potential.

With this conclusion we agree; but accompanied by some challenging of the great dramatic emphasis such as is being typically placed by these two Reports. Our warning of exaggeration is based on several elements. We should remember that the concentration of economic power was similarly ascribed to the life insurance companies ever since the Hughes investigation of 1910. Also, we should remember that the economy will likewise grow along with the projected growth of the pension funds, and perhaps even faster, on the other side of that investment-economic equation.

Moreover, as the funds approach the point of maturity where their dollars paid out begin to counterbalance those coming in, it is altogether conceivable that the economy with its outpayment demands could thereafter proportionately grow even faster than the funds. And we may ask whether the switch to common stocks by various types of savings institutions is not importantly stimulated by bull market environment.

ABA Alerts Banks Re Federal Tax on Interest and Divs.

John W. Remington, President of the American Bankers Association, sent letters to all banks that are members of the Association requesting each of them to enclose in monthly statement envelopes to checking account depositors a reminder of Federal income tax obligation to report receipt of interest and dividends.

With the letter to each bank, Mr. Remington, who is President of the Lincoln Rochester Trust Company, Rochester, New York, enclosed sample copies of two "statement stuffer" notices, one issued by the Treasury Department and one a form devised by the Association. The latter, which may be reproduced locally by banks or purchased at cost from the A.B.A., lists the principal categories of interest and dividend income which are subject to Federal income tax.

McCormick Co. to Admit New Part.

CHICAGO, Ill. — On Jan. 1 McCormick & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges, will admit Bertel T. Malmquist to partnership.

Rothschild Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Arthur Savin is now affiliated with Rothschild & Co., 135 South La Salle Street.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The Board of Governors of the Federal Reserve System has compiled the following summary of general business and financial conditions for inclusion in the December issue of the Federal Reserve Bulletin.

Industrial production and employment in November began to recover from the steel strike low, although shortages of steel curtailed output in some lines and reduced deliveries of autos to consumers. Incomes advanced and retail sales excluding autos reached a new high. Private housing starts were little changed. The money supply increased slightly in November. From mid-November to mid-December, yields on Treasury securities rose, and common stock prices advanced. The level of wholesale commodity prices was stable.

Industrial Production

The Board's preliminary seasonally adjusted index of industrial production in November was 148% of the 1947-49 average, one point above the revised October figure. Output of minerals rose sharply as activity was resumed at coal and iron ore mines which had been inactivated by the steel strike. Overall output of both durables and nondurable goods was unchanged from October.

Steel mill operations rose from 14% of capacity in October to 60% in November and 96% in mid-December. Auto assemblies were sharply reduced, however, until the expanded supply of steel in mid-December permitted the scheduling of assemblies at a rapidly rising rate. Output of trucks, farm machinery, and other producers' equipment was also curtailed in November by steel shortages, and output of construction materials declined further to about one-tenth below the mid-summer peak.

Output of nondurable goods — which was revised downward in October, largely accounting for the downward revision of one point in the total index — was maintained in November. Production of textiles and rubber products declined somewhat further while output of most other nondurable goods increased slightly.

Employment

Seasonally adjusted employment in nonfarm establishments rose 125,000 to 52.1 million in mid-November. The return of 400,000 workers to their jobs in the steel and coal mining industries was largely offset by sizable layoffs in the auto industry and smaller cutbacks in other metal fabricating plants caused by steel shortages. Employment rose in the service industries and state and local government but declined in construction and trade. Unemployment rose less than seasonally to 3.7 million.

Production curtailments in metal fabricating industries were also reflected in a decline in the average factory workweek. Increased employment in the steel industry raised hourly earnings in manufacturing, however, and average weekly earnings were maintained.

Distribution

Seasonally adjusted retail sales edged down in November from the record rate in October but were 7% above a year ago. Sales at department stores and most other retail outlets rose somewhat, but supply shortages reduced auto deliveries substantially. At the end of November, stocks of new domestic autos were the lowest for this date since 1954.

Commodity Prices

The wholesale commodity price level remained stable from mid-November to mid-December, reflecting little change in both the industrial and agricultural components. Prices of copper and products rose, as supplies continued to be limited by work stoppages, and textile prices continued to advance. Prices of rubber and steel scrap declined following earlier sharp increases, however, and lead prices were reduced. Prices of most other industrial materials and finished products were stable.

Bank Credit and Reserves

Total commercial bank credit declined in November as reductions in holdings of U. S. Government and other securities were offset only in part by continued loan growth. The seasonally adjusted active money supply increased slightly, following reductions over the past three months. At the end of November the money supply was about 1% larger than a year ago. In early December bank credit increased substantially when the Treasury issued $2 billion of new bills.

Member bank borrowings from the Federal Reserve averaged $865 million and excess reserves $450 million over the four weeks ending Dec. 9. Reserves were absorbed principally by outflows of currency and gold and increases in Treasury and foreign deposits at the Reserve Banks. Reserves were supplied by Federal Reserve purchases of U. S. Government securities. In addition, total reserves held by member banks were increased in early December by a change in regulations which permitted banks having large holdings of vault cash in relation to their deposits to include part of this cash in their reserves.

Security Markets

Yields on U. S. Government securities rose sharply in late November and early December, and with the exception of those on long-term bonds reached new highs. Yields on corporate and state and local government bonds changed little. Common stock prices increased to within 3% of the peak reached in August.

Bank Clearings Up 11.3% Above The 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, Dec. 19, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 11.3% above those of the corresponding week last year. Our preliminary totals stand at $30,065,806,331 against $27,009,-204,697 for the same week in 1958. Our comparative summary for some of the principal money centers for the week follows:

Week End. Dec. 19—	1959 (000 omitted)	1958 (000 omitted)	%
New York	$16,769,876	$14,091,748	+19.0
Chicago	1,453,023	1,316,788	+10.4
Philadelphia	1,204,000	1,176,000	+ 2.4
Boston	864,034	779,698	+10.8

Complete details of bank clearings throughout the nation appear on page 47 of our Monday, Dec. 21, edition.

Says Voluntary Settlement of Steel Dispute Is Improbable

Building workable stocks of steel is the biggest single problem facing steel users at the start of 1960, the "Iron Age" reports.

The national metalworking weekly says that only record production and shipments of finished steel will enable the metalworking industry to meet its production schedules.

The magazine points to contradictory estimates of first-half steel supplies to back up the uncertainty of steel supplies.

One extreme: Steel inventories are expected to jump 9 to 10 million tons in the first half of 1960.

Another: Shipments of finished steel during 1960 are estimated at 93 million tons against consumption of 86 million tons. Even though this would mean record shipments, it means an inventory buildup of only 7 million tons during the entire year. This is

Continued on page 26

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The State and Municipal bond market has continued very active during the past week for reasons other than those which prevailed throughout most of the current quarter. The market's steady poise had been maintained by the generally aggressive bidding, particularly for high grade new issues. During the latest weekly period, however, there were no important, scarce, or even interesting flotations up for sale. Dealers have been kept very busy otherwise; with the problem of liquidating unsold new issue balances.

Recent Emissions "Sticky"

The New York State syndicate, with an unsold balance of about $20,000,000, arranged to liquidate the commitment at losses up to four points or more. The bonds were sold to another dealer group headed by the First National City Bank and the Bankers Trust Company, which reoffered them to yield the investor about 15 basis points more than had been available when the issue first came to market. Better than half of the reoffering has been sold.

The Philadelphia, Pennsylvania account also determined to dispose of the approximately $7,000,000 group balance. The bonds were prorated among members of the group. Bonds have traded, generally, down 20 to 25 basis points which represents a substantial loss, particularly in the longer maturities.

Both of these issues were considered competitively by the industry and the bidding was extremely close in both instances. There was sizable pre-sale interest shown by investors and the dealers attempted to price the bonds as realistically as possible. Initial sales in each instance were stimulating and underwriting success seemed likely. However, as we have pointed out before in these columns, the basic market trend is in gradual decline, and as the problems of new year underwriting approach and become more broadly grasped, not the least of which is a voluminous calendar of large new issues, the investor demand has naturally lessened. Thus purchases have been cut back or deferred or price limits have been lowered. The negative effect on these issues was telling.

The New Jerseys Also Lag

The recent State of New Jersey issue which was sold out of account during the order period following purchase by the combined groups account seemed well placed at first glance. Actually it has not been very well sold. Most maturities are generally available and investor interest is lagging. Dealers were almost unanimous in their pricing of this single bid underwriting. Apparently, about $125,000,000 of top rated New York State and State of New Jersey bonds offered within a brief period, with no respite from the difficulties involving other phases of the bond market, particularly the Federal financing and refinancing, plays right into the hands of the buyers. They, too, must deservedly have their day.

Although in lesser volume, the tax exchange business continues to keep some dealers busy. Most of the important swaps have been accomplished. Those dealers that have specialized in deep discount bonds during this period have, as usual, enjoyed pleasantly wide markets. The ideal technique, of course, is to be out of such bonds by Christmas. The timing can be difficult.

Revenue Projects Doing Well

The market for term type revenue issues has been steady. Although they fluctuate, their changes are usually gradual and are a matter of daily record to be easily followed as against the lack of record quotations for serial bonds. Operating results, in all but few instances continue to improve and 1959 will see most of these projects covering interest handily. Only two of the better known projects, at present, seem to have drastic problems. A few, to be sure, have growing pains that gradual growth seems to be slowly alleviating. As a group, the record is favorably evolving with less drama than the negative headline portrayals of a few years ago.

The Commercial and Financial Chronicle's High Grade Bond Index is at 3.611% as we go to press. Last week the yield was 3.573%. This indicates approximately what has happened to the secondary market, in the aggregate, during the week. Since it represents the offering side of the market, there is naturally some lag. The spread equals about one-half point lower.

Housing Issue Added to Expanding Calendar

The new issue calendar has been expanded to sizeable proportions and early year underwriting should be unusually active and well diversified. A recent addition is $102,000,000 New Housing Authority bonds to be offered by the Public Housing Administration on Feb. 9, 1960. Already more than $400,000,000 of offerings are contemplated for January, of which $200,000,000 involves the negotiated financing of the New York State Power Authority, scheduled for Jan. 12. The syndicate is to be managed by Dillon Read & Company, Inc., Halsey, Stuart & Company, Kuhn, Loeb & Company, and W. H. Morton & Company, Inc. The issue will be about 80% term bonds due Jan. 1, 2006 and approximately 20% serial bonds with maturities as yet undesignated. The presently outstanding 4.20% bonds of 2006 are quoted 98-98½ at this writing.

While on the subject of negotiated sales, it is not inappropriate to call attention to a forthcoming offering in this country by a Canadian municipal unit. The Montreal Metropolitan Corp. has just registered with the SEC an issue of $30 million debentures to mature in 1985. The issue will be underwritten by a First Boston Corp. syndicate and present plans indicate that it will reach the market about Jan. 26.

Inventory Situation Favorable

A favorable aspect of the market, in addition to the unusually generous yields that have been available for the past several months, is the apparently steady inventory situation. According to the "Blue List," last week's state and municipal bond total was $326,550,697. The previous week the total was $331,880,870. This week, despite continued market ease, the total is but $326,440,870.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.05%	3.85%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.80%	3.65%
New York (State)	3%	1978-1979	3.75%	3.60%
Pennsylvania (State)	3⅜%	1974-1975	3.30%	3.10%
Vermont (State)	3⅛%	1978-1979	3.30%	3.15%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	4.00%	3.85%
Baltimore, Md.	3¼%	1980	3.80%	3.65%
Cincinnati, Ohio	3½%	1980	3.60%	3.45%
New Orleans, La.	3¼%	1979	4.00%	3.80%
Chicago, Ill.	3¼%	1977	4.00%	3.80%
New York City, N. Y.	3%	1980	4.40%	4.30%

December 23, 1959 — Index = 3.611%

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	108½	+ ¼	4.57%
Chicago-O'Hare Airport 4¾% 1-1-1999	1-1-1974	104¾	105½	(*)	4.45%
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	92	−1	4.38%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	83¾	+ ¾	4.12%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	93¾	− ¼	4.18%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	72¼	− ¾	5.55%
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	89¾	− ¼	5.38%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	84½	(*)	4.38%
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	103	− ½	4.09%
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	71¾	− ¾	5.12%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	89½	−1	3.96%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	84	− ¼	4.97%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	81¾	(*)	5.22%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	81½	+1	4.33%
Massachusetts Port Authority 4¾% 10-1-1998	10-1-1969	104	102½	(*)	4.62%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	92¾	− ¼	3.78%
New York Power Authority 3.20% 1-1-1995	1-1-1963	103	82	(*)	4.17%
New York Power Authority 4.20% 1-1-2006	1-1-1970	103	99⅝	− ⅜	4.22%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	81½	(*)	4.10%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	83¼	− ¼	4.19%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	82	+1	4.09%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	78	−1	4.72%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	81	−1	3.95%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	84¼	(*)	3.82%

(*) 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.

December 29 (Tuesday)			
Pasadena, Texas	1,385,000	1961-1983	11:00 a.m.
Ventura Union High Sch. D., Calif.	4,900,000	1961-1975	11:00 a.m.
January 5 (Tuesday)			
King County, Bellevue Sch. Dist. No. 405, Wash.	1,000,000	1962-1980	11:00 a.m.
Muscogee County Sch. Dist., Ga.	3,000,000	1960-1988	Noon
Nashville, Tenn.	4,000,000	1963-1990	7:30 p.m.
Paramount Unified Sch. Dt., Calif.	1,000,000	1961-1985	9:00 a.m.
Pine Bend-Inver Grove Independ. School District No. 199, Minn.	1,250,000	1963-1987	7:00 p.m.
Portland, Ore.	1,000,000	1962-1975	10:00 a.m.
Santa Monica Unified S. D., Calif.	2,500,000	1961-1980	9:00 a.m.
Sequoia Union High School Dist., California	1,500,000	1961-1985	10:00 a.m.
West Virginia (State of)	3,600,000	1963-1985	11:00 a.m.
January 6 (Wednesday)			
Monroe County, N. Y.	5,965,000	1961-1983	2:00 p.m.
San Jose, Calif.	4,435,000	1961-1980	11:00 a.m.
January 7 (Thursday)			
Hope College, Mich.	1,000,000	1962-1999	10:00 a.m.
Toledo City School District, Ohio	10,000,000	1961-1983	Noon
January 8 (Friday)			
Colorado State University, Colo.	1,450,000	1962-1999	2:00 p.m.
January 11 (Monday)			
Red Wing, Minn.	2,250,000	1962-1980	2:00 p.m.
Saginaw, Mich.	2,000,000	1960-1985	7:30 p.m.
San Francisco, Calif.	13,600,000	1961-1975	-------
Seattle, Wash.	11,800,000	-------	-------
Shively, Ky.	3,855,000	1962-1999	8:00 p.m.
Spring Branch Ind. Sch. Dist., Tex.	2,892,000	1961-1990	8:00 p.m.
January 12 (Tuesday)			
Columbus City School Dist., Ohio	8,000,000	1961-1983	Noon
Los Angeles, Calif.	6,700,000	1962-1990	10:00 a.m.
Monroe, La.	5,500,000	1962-1990	10:00 a.m.
*N. Y. State Power Auth. N. Y.	200,000,000	-------	-------
Pasadena School Districts, Calif.	4,840,000	1961-1930	9:00 a.m.
South Bend School City, Ind.	1,220,000	1960-1963	2:30 p.m.
Tacoma, Wash.	32,000,000	1964-2010	2:00 p.m.
West Ottawa Public School Dist. No. 59, Mich.	2,700,000	1960-1989	8:00 p.m.
January 13 (Wednesday)			
California (State of)	100,000,000	1961-1985	-------
King County, Highline Sch. Dist. No. 401, Wash.	1,485,000	1961-1979	11:00 a.m.
January 15 (Friday)			
Howland Township Local School District, Ohio	1,775,000	1961-1984	3:00 p.m.
January 19 (Tuesday)			
Arcadia Unified Sch. Dist., Calif.	1,925,000	1962-1980	9:00 a.m.
Fullerton, Calif.	1,000,000	1961-1980	7:30 p.m.
January 20 (Wednesday)			
Defiance City Sch. Dist., Ohio	1,350,000	1961-1983	Noon
East Muskingum Sch. Dist., Ohio	1,100,000	-------	-------
Louisiana (State of)	15,000,000	1961-1984	11:00 a.m.
February 9 (Tuesday)			
Public Housing Administration (local Authority bonds)	102,000,000		

*A negotiated sale to be underwritten by syndicate headed by Dillon, Read & Co., Halsey, Stuart & Co., Kuhn, Loeb & Co., and W. H. Morton & Co.

The Preferable Approach To Successful Investing

By William H. Cruickshank, Jr.,* *David L. Babson & Co., Inc. Boston, Mass.*

Rendition on successful investing method employs definition of criteria used and illustration of practical application. In reply to the logical question why isn't this successfully simple method followed by every investor, it is shown that, one, psychologically the individual investor shuns attractive securities high in dollar price in favor of bargains or second grade issues with lower P/E ratios; and, two, it takes experience to recognize value in such situations. The lesson stressed is to buy and hold shares in the most successful firms even if the stock is overpriced for, if it is "the best," it will pay for itself over the long term.

Let's start with the universal agreement that all investors are interested in two objectives: growth of capital and growth of income. The problem is how to obtain these objectives with a minimum risk. Our firm's policy has been founded on the conviction, which is proven by experience over the years, that these two objectives can best be obtained by buying and holding shares in the most successful companies in our country.


W. H. Cruickshank

One of the great fallacies in the investment field today is the thought that appreciation of capital and higher yields are obtainable only through buying marginal or second grade issues. The investor who buys the best investment grade stocks and holds them will do well over the years.

About 10 years ago we selected two sample portfolios each consisting of 10 companies. One group was selected for future growth of income and the other for high current income. This was soon after the Korean War began. Think back to the dismal predictions at that time concerning the future of common stocks. The 10 growth companies were among those which we were recommending for inclusion in our clients' growth accounts at that time. The group of 10 companies chosen for growth had proven records of successful management. We went back a decade, to 1940, to examine the record. They all met the qualification tests that we used in selecting growth stocks.

Gives Growth Stock Criteria

What are these qualifications? In our opinion the following can be used with reasonable certainty to identify the company whose **sales, earnings** and **dividends** will grow over a period of years. **First, growth of sales:** The company must be engaged in an industry whose unit output is expanding faster than the national economy as a whole and which is relatively recession-resistant.

Second, growth of earnings: Among expanding industries there must be a further distinction. Although the dollar sales of some companies are expanding faster than the Gross National Product, their net income **per share** remains relatively stationary because of government regulation or other factors. It is important to distinguish between mere growth of sales and growth in earnings per share.

Third, high profit margin: The company should be one whose profit margins are consistently high for its particular industry. A generous margin allows management to finance the growth of its business by **internal** rather than **external** means.

Fourth, research: The company's management should be research-minded. We are living in an age of science and technology. Companies which are making — and are likely to continue to make — the greatest progress are those which are in the forefront of research.

Fifth, return on invested capital: A company that manages to earn a consistently high rate on its investment, **especially new capital employed,** indicates astute and capable management.

Sixth, labor ratio: The company should have a low ratio of labor costs to total sales. This makes it less vulnerable to the continued advance in wage rates, fringe benefits, guaranteed annual wages, etc. Moreover, pay scales in such companies are likely to be higher and the number of workers fewer. Hence, labor relations tend to be better.

Seventh, high plow-back: The less of its earnings a company pays out in dividends the more it will have to invest in new facilities and research without recourse to the money market. A good growth company is one that can reinvest its capital at a high compounded rate of return.

Eighth, ratio of stock price to earnings per share: The merit of a price-earnings ratio is to enable the investor to measure the relative value of a company at any given time against other companies. The P/E ratio of the best company that qualifies under the preceding seven points will always be higher than one of poorer grade. If a company has an established growth rate and future growth can be foreseen one must be prepared to pay more for those earnings.

At the time we selected the 10 companies that met the above specifications we selected another group of 10 companies that could properly be classified as being of the stable-income type. We then compared the 1950 value of, and income from, the two groups of stocks, assuming that $1,000 had been invested in each of the 20 issues in1940 at their average prices in that year.

When this material was first compiled in 1951 it might have been said that since it was a selected study based on companies chosen **after** the period of comparison had ended, there could be some "hindsight" in picking the companies which were used. In extending the study from 1950 to date, it is obvious that "hand picking" was not a factor because there has been no change in the list of companies, while the contrast between the two groups has continued to broaden.

Some companies do not occupy the position today that they did 10 years ago. But the important point is that in sticking with these same companies over the years, an investor would have reaped rewards. We know that we have not in the past nor will not in the future, be able to pick anything like 10 out of 10 growth stocks with extraordinary results.

This is what the investor in growth stocks should expect: over any given period of time one or two companies out of every 10 are likely to run into difficulties for a period of years, a couple will make only average progress, several will do quite well and two or three will record such outstandingly good results that the performance of a portfolio as a whole will be above average.

The list of the companies in the two portfolios and their comparative performance is shown below.

Growth Companies

Abbott Laboratories
Celanese Corporation
Corning Glass Works
Dow Chemical
Eastman Kodak
Gulf Oil
International Business Machines
Minnesota Mining
Standard Oil, N. J.
Union Carbide

Income Companies

American Chicle
American Telephone
American Tobacco
Beneficial Finance
Consolidated Edison
Corn Products
General American Transportation
General Foods
International Shoe
F. W. Woolworth

Comparative Performance:

Growth Portfolio

Period	Market Value	Annual Income	Yield at Market	Yield at Cost
Ave. 1940	$10,000	$390	3.9%	3.9%
Ave. 1950	26,739	1,190	4.5	12.0
12/31/51	41,928	1,410	3.4	14.1
12/31/54	59,807	1,377	2.3	13.8
12/31/55	73,328	1,542	2.1	15.4
12/31/56	91,230	1,789	2.0	17.9
12/31/57	95,044	2,044	2.1	20.0
12/31/58	141,114	2,055	1.5	20.6
9/30/59	160,614	2,288*	1.4	22.9

Cumulative income 1940-59 = $22,155

*Indicated annual dividend rate.

Income Portfolio

Period	Market Value	Annual Income	Yield at Market	Yield at Cost
Ave. 1940	$10,000	$168	6.2%	6.2%
Ave. 1950	11,445	663	5.8	6.6
12/31/51	11,812	700	5.9	7.0
12/31/54	17,281	819	4.7	8.2
12/31/55	18,079	844	4.7	8.4
12/31/56	17,531	893	5.1	8.9
12/31/57	17,921	952	5.3	9.5
12/31/58	26,182	988	3.8	9.9
9/30/59	27,218	1,039*	3.8	10.4

Cumulative income 1940-59 = $13,993

*Indicated annual dividend rate.

The obvious comparison is in the market value of each group. For the 19-year period the growth portfolio has appreciated 16 times while the income group has not quite tripled. But a much more significant result which is often overlooked in appraising growth companies is their ability to steadily increase dividends. The growth companies today can afford to pay out almost six times as much as they did in 1940, whereas the stocks which would have been unquestionably chosen for income 20 years ago have not quite doubled their return and thus have not been able to offset the rising cost of living which has more than doubled since 1940.

One of the enduring fallacies in the investment field today is the belief that opportunities to obtain substantial gains and higher income from the best grade, lowest risk stocks has passed. We can only say that this belief has always existed; one year ago, five years ago, 10 years ago or 25 years ago.

Often, after examining these figures many people will ask this question: If this policy is so successful and so simple, why does not every investor follow it? **First,** psychology is usually against the individual investor. Most attractive securities usually sell at a high dollar price and because of this he tries to be too smart, searches for "bargains" and ends up selecting second-grade issues in the same industry because their lower P/E ratios made them look more attractive.

Second, it takes experience to recognize value in such situations. The best securities usually sell at prices which cannot be justified by a purely statistical approach. Current price to earnings ratios and yields are hard to evaluate in relation to long-term prospects. Many investors are reluctant to pay $165 today for a stock which they could have bought at $60 only two years ago. It is the habit of all of us to think that a company that has made excellent progress in the past is priced too high today to buy because its progress will not be repeated. Actually the unusual record of its success is what makes it attractive.

Reasonable values are always available among the best companies although occasionally the "market" may discount the growth in the earning power of a company too far in advance. The lesson to be learned is that even if an investor is unlucky enough to pay too much for the best stocks, he owns "the best" and the company's growth will eventually correct for the accidental timing and give him surprisingly good results over the long term.

*An address by Mr. Cruickshank, Jr., before the ninth annual convention of National Association of Investment Clubs, St. Louis, Mo.

Carl Jensen Joins Cruttenden

CHICAGO, ILL.—Carl F. Jensen has joined Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, as Personnel Director, Robert A. Podesta, managing partner, has announced.

Mr. Jensen comes to the Chicago-based investment firm after four years at Horder's, Inc., where he was personnel director. From 1947 to 1955, he was director of industrial relations at Webster-Chicago Corporation (now Webcor). Previously, for several years, he was Chief Industrial Engineer in the Chicago Office of Sears, Roebuck and Co.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Douglas M. Middleton has become affiliated with Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Board of Trade Building.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Broader Horizons for Natural Gas —Review—Bank of Nova Scotia, Toronto, Canada.

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

Business and Economic Conditions in Hawaii — Review — Bank of Hawaii, P. O. Box 2900, Honolulu 2, Hawaii.

Business Review—Monthly bulletin—Wells Fargo Bank, Market & Montgomery Streets, San Francisco 20, Calif.

Common Stocks as Investments— A statistical review of 101 stocks for the period 1913-1958—Capital Research and Management Co., 900 Wilshire Boulevard, Los Angeles 17, Calif.

Electronics Industry on the Pacific Coast with particular reference to **Ampex Corp., Hewlett-Packard Company, Varian Associates** and **Eitel McCullough** —In the December "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine Street, New York 5, N. Y. Also in the same issue are data on **Ideal Toy Corp., National Biscuit Co., Lerner Stores Corp., Mississippi River Fuel Corp., Lock Joint Pipe Co. and Granite City Steel.**

Interest Rates — Survey — New York Hanseatic 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.

Market Action of the Dow-Jones Industrials by calendar years— Tabulation—Vance, Sanders & Co., Inc., 111 Devonshire Street, Boston 9, Mass.

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.

Petroleum Situation — Review — The Chase Manhattan Bank, Petroleum Department, 18 Pine Street, New York 15, N. Y.

Railroad Outlook for 1960—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Retread Tires—Report with particular reference to **Dayton Rubber, Long Mile Rubber** and **Mohawk Rubber**—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **10 Other the Counter Stocks** for capital gains.

Review & Forecast for 1960 — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Stocks for 1960—In the current issue of "Pocket Guide"—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Stocks for Growth — Bulletin — Goodbody & Co., 2 Broadway, New York 4, N. Y.

Taxes—Suggestions for strategic changes—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Ten Stocks for 1960—Circular— Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Victims of Tax Selling — 42 selected issues selling at discounts —Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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All American Life & Casualty Co. —Report—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are bulletins on **American Biltrite Rubber Co., American Marietta Co., Interstate Motor Freight System, Plough Inc.,** and **Universal Oil Products.**

Allied Radio Corporation—Report —Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is an analysis of **Barden Corporation.**

American Hoist & Derrick Co.— Analysis — Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn. Also available is a memorandum on **Jostens, Inc.**

American Motors—Data—Van Alstyne, Noel & Co., 52 Wall St., New York 5, N. Y. Also in the same circular are data on **Beech Aircraft Corp., Fedders Corp., United Aircraft, Avco Corp.** and **Camloc Fastener Corp.**

James B. Beam Distilling Co.— Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Borg Warner Corp. — Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Buckingham Freight Lines — Analysis — Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Budd Company—Report—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Cassiar Asbestos Corp. Ltd. — Analysis—James Richardson & Sons, Inc., 14 Wall Street, New York 5, N. Y.

Chicago School Building Bonds of 1959 — Report—Rockland-Atlas National Bank of Boston, 30 Congress Street, Boston 6, Mass.

Chrysler Corp. — Memorandum — Woodcock, Moyer, Fricke & French, Inc., Fidelity-Philadelphia Trust Building, Philadelphia 9, Pa. Also available is a memorandum on **Halliburton Oil Well Cementing Co.**

Colgate-Palmolive—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

R. R. Donnelly & Sons Co.—Memorandum—Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

Dynamics Corp. of America — Analysis—Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

Frobisher Limited — Analysis — Burns Bros. & Co. Ltd., 44 King Street West, Toronto 1, Ont., Canada.

Glidden Company — Analysis — Hornblower & Weeks, 40 Wall Street, New York 5, N. Y. Also available is a report on **Gardner Denver Company.**

W. T. Grant Co. — Report — Raynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Carolina Power & Light Co., Singer Manufacturing Co.,** and **Baltimore & Ohio Railroad.**

Great American Insurance Co.— Analysis — Parrish & Co., 40 Wall Street, New York 5, N. Y.

Great Western Sugar—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Harshaw Chemical — Review — Hardy & Co., 30 Broad Street, New York 4, N. Y. Also available is an analysis of **Transamerica Corporation.**

Insurance Company of North America — Report — American Investor, American Stock Exchange Building, 86 Trinity Place, New York 6, N. Y.— 15c per copy; $1 per year. Also in the December-January issue are articles on leasing equipment; **White Stag Manufacturing Co.; Cockshutt Farm Equipment Ltd.,** and **Stylon Corp.**

Jamesbury Corporation—Analysis —Blair & Co. Inc., 20 Broad Street, New York 5, N. Y.

Kansas City Public Service Co.— Memorandum—Midland Securities Co., 15 West 10th Street, Kansas City 5, Mo.

Lytton Financial Corp.—Analysis —William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Micromatic Hone Corp.—Bulletin — De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available are bulletins on **Birtcher Corp.** and **National Starch and Chemical Corporation.**

Missouri Pacific Railroad — Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Nekoosa Edwards Paper Co. — Review—Loewi & Co. Inc., 225 East Mason Street, Milwaukee 2, Wis. Also in the same bulletin is a review of **American Express Company.**

New Hampshire Insurance Co. — Analysis — The first Boston Corporation, 15 Broad Street, New York 5, N. Y.

New Jersey Zinc — Analysis — Gruntal & Co., 50 Broadway, New York 4, N. Y.

Northwestern Steel & Wire Co. —Analysis—Quail & Co., Inc., Davenport Bank Bldg., Davenport, Iowa.

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

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

J. C. Penney Co. — Memorandum —Rotan, Mosle & Co., Bank of the Southwest Building, Houston 2, Texas.

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

Ross Gear & Tool Co.—Memorandum — City Securities Corp., Circle Tower, Indianapolis 4, Ind.

Sealed Power Corp. — Memorandum—H. M. Byllesby & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Siegler Corporation — Analysis — T. L. Watson & Co., 25 Broad Street, New York 4, N. Y.

Spartans Industries Inc.—Analysis —P. W. Brooks & Co. Inc., 120 Broadway, New York 5, N. Y.

J. P. Stevens—Bulletin—Bache & Co., 36 Wall Street, New York, N. Y.

Thermo King Corporation — Report — The Milwaukee Co., 207 East Michigan Street, Milwaukee 2, Wis.

U. S. Tobacco Co.—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a bulletin on interesting tax exempt obligations, a review of **Chicago & North Western Railway,** a memorandum on **U. S. Rubber Co.** and a bulletin on **Railroad Bond Opportunities.**

Vendo Corp.—Memorandum—Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, Dallas 1, Texas.

Worthington Corporation—Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

J. M. Mabe Opens

PENSACOLA, Fla. — James M. Mabe is engaging in a securities business from offices at 110 South Barrancas Avenue, Warrington, under the firm name of American Mutual Funds. Mr. Mabe has been associated with Nolting Nichol & O'Donnell, Inc.

COMING EVENTS

IN INVESTMENT FIELD

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

Jan. 20, 1960 (Philadelphia, Pa.) Philadelphia Securities Association annual meeting and dinner at the Hotel Barclay.

Jan. 25, 1960 (Chicago, Ill.) Security Traders Association of Chicago, Inc. Mid-Winter Party at the Guild Room of the Ambassador West.

Feb. 1-2, 1960 (Dallas, Tex.) Association of Stock Exchange Firms meeting of Board of Governors at Sheraton Dallas Hotel.

Feb. 3, 1960 (Detroit, Mich.) Bond Club of Detroit annual winter party at Sheraton Cadillac Hotel.

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

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

May 9-10, 1960 (Atlanta, Ga.) Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

Sept. 11-14, 1960 (Sun Valley, Idaho) National Security Traders Association Annual Convention.

Sept. 12-13, 1960 (New York City) Association of Stock Exchange Firms meeting of Board of Governors at Fisher's Island Club, Fisher's Island, N. Y.

G. A. Saxton & Co. 25th Anniversary

G. A. Saxton & Co., Inc., 52 Wall Street, New York City, is celebrating the 25th anniversary of its founding in 1934.

Officers are Carl Stolle, President; Arthur W. Bertsch, Executive Vice-President; Victor M. Miller, Vice-President and Secretary; Henry C. Trundle, Vice-President; and Herbert L. Swinarton, Treasurer.

Albert McGann Now NYSE Member Firm

SOUTH BEND, Ind.—Albert McGann Securities Company, Incorporated, has been elected a member corporation of the New York Stock Exchange. Albert McGann, president of the firm, holds the exchange membership. Other officers of the company are Richard Cleary and E. E. Richards, Vice-Presidents; and Davies Robertson, Secretary.

Halle & Stieglitz To Admit Bliss

Halle & Stieglitz, 52 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Elliott Bliss will become a general partner in the firm as of Jan. 1, 1960.

Investment Planning ABC's For the Individual Investor

By R. B. Johnson,* *Analyst, Schwabacher & Co., San Francisco, Calif.*

The ABC's of planning an investment program are outlined by San Francisco security analyst. After cautioning on the foremost need of first providing for cash savings and insurance, Mr. Johnson defines and analyzes the diverse investment objectives of maximizing safety, income and capital gains which he warns must be so arrayed in order to set up an investment priority schedule upon which selection of securities depend. The author then proceeds to discuss equity and debt ratios for defensive and aggressive portfolios; makes the reminder that the sources of highest yields vary from time to time; and refers to investment risks in each objective with particular reference to growth prospects and overdiversification.

Planning one's investment program is something like selecting one's wife . . . although I will admit that mistakes in judgment in the former are frequently easier to adjust.

R. B. Johnson

The subject of investment planning is so large that one might use the term—"broad spectrum." For that reason I should like to restrict my comments to only one phase of investment planning—a topic which I hope may be of greater interest. Let's consider the **individual** rather than the institutional investor.

Now, before getting down to the business of defining objectives and selecting securities, there are two or three points which, I think, deserve preliminary consideration. Perhaps the first step in investment planning might be to insure that we have made adequate financial provision to cover any family emergencies which might reasonably be anticipated. In other words we should, ideally, have at all times a minimum reserve of liquid funds.

As a second step in planning our investments we should review our provisions for life insurance. Again, ideally, financial decisions are designed to: (1) minimize risks, or (2) to assure that, for risks voluntarily assumed, the chance for gain is commensurate with the risk taken. Thus, it seems only prudent to insure against those risks which can be handled by actuarial laws of large numbers.

The third step in planning our investments might involve the defining of our **individual** investment **objectives.** The importance of outlining what we hope to achieve by means of our investments can scarcely be overemphasized. As an illustration, perhaps, of the importance of clearly defining our objectives, let's consider the example of the lions in the zoo:

There are two lions—one old and one new—just arrived that day, who share adjoining cages. The old lion merely loafs on the floor of his cage, apparently contemplating his advanced age. The new lion, on the other hand, acts a proper beast, pacing and roaring and clawing at the visitors through the bars.

When lunchtime comes the keeper tosses a great bloody steak to the old lion, then throws two bananas and a bag of peanuts to the new lion. The new lion is so hungry from his exertions that he gobbles down the bananas and peanuts. But then he says to the old lion: "I don't get it . . . here I pace and growl and claw like a lion, and all I get is some bananas and peanuts, while you lie there like a worn rug and get a proper meal. I just don't get it."

"There's something you've got to learn," says the old lion. "This is a small town and a small zoo. The budget can't stand two lions. You're booked in here as a monkey."

So, let's all make sure that we define what we are . . . and what we expect to achieve from our investments.

Three Investment Considerations

Perhaps one of the first things that any of us in the investment business comes to realize is that individual investors **all** have at **least** three objectives:

(1) Maximum safety
(2) Maximum income, and
(3) Maximum prospects for capital gain.

While there are, of course, some securities which may tend to provide a limited percentage of each of these three objectives, to the best of my knowledge there are **no** securities which will provide the maximum combination of **all three.** Thus, one of the first considerations in setting up any investment program is to attempt to determine which of these three objectives is most important to the individual concerned or—at least —to attempt to arrange these three objectives in some sort of sequence of importance to the individual investor.

Quite obviously, the investment needs of individuals will vary with their particular circumstances. As an example, we traditionally recognize that widows and orphans need safety above all else so their capital, therefore, should be placed **only** in the most conservative securities.

Perhaps at the other end of the spectrum, the wealthy businessman may quite properly feel that he can afford to risk substantial funds in new, and perhaps uncertain but nevertheless promising, enterprises.

Somewhere in between these two extremes we find the greater number of investors. I do not mean to oversimplify this attempted division, but in the interests of time I prefer to treat it briefly. Within this broad midrange then, I think it might be helpful to further divide this segment of investors into two divisions: (1) defensive, and (2) aggressive.

Probably the great majority of investors are in the defensive group . . . those who emphasize safety and conservatism. Now, investment funds may be further divided into two divisions: (1) debt, and (2) equity.

Defensive Portfolio

In the debt segment of the **defensive** portfolio, many investors include obligations of the Federal Government (e.g., treasury bonds, savings bonds) and the obligations of individual states or municipalities—which, incidentally, are taxfree. In some cases, certain highgrade corporate bonds might also be found in this part of the portfolio.

The second part of the defensive portfolio — representing equity — might include a diversified list of high-grade common stocks. Now, the relative proportions of these two parts of the defensive investor's portfolio will depend, in large measure, upon the subjective feeling of the investor. Investment counselors and analysts usually attempt to define this division between debt and equity somewhere between a 75% debt and 25% equity—and the reverse—i.e., 25% debt and 75% equity.

The so-called defensive investor may choose to invest his **equity** portion of the portfolio through the medium of shares in investment trust companies—e.g., mutual funds. While this policy may appear quite feasible for the smaller investor — i.e., one with limited funds—it would perhaps not appear as logical for an investor with substantial means.

In brief, there are three points which the defensive investor should remember — they involve three hazards which he should, at all times, guard against:

(1) Stock market speculation
(2) Buying less than top-grade issues, and
(3) Buying good common stocks at prices which **may** be excessive.

Of course, it is the obligation of those in the profession of security analysis to aid defensive investors in attempting to achieve their objectives — while simultaneously avoiding the foregoing hazards.

The Aggressive Investor

Let's consider the **aggressive** investor. Perhaps "aggressive" may not be the best word to define the counterpart of the defensive investor, but whether we call him aggressive or enterprising it is, after all, only a question of definition. Of course, you have all heard, in these days of publicity afforded television quiz programs, of the contestant who defined "alabaster" as an illegitimate Mohammedan.

The aggressive investor frequently is both willing and able to devote considerable time and effort to the selection of his investments as contrasted with many defensive investors who prefer to leave the majority of such decisions to others. The aggressive investor attempts to search out and acquire securities at prices which may be considerably less than their actual or possible ultimate worth. Many aggressive investors assume certain calculated risks when convinced that their chance of profit sufficiently outweighs the hazard of loss.

In making an allocation between debt and equity issues in his portfolio, the aggressive investor may choose to remain entirely flexible. By that I mean to suggest that, in consideration of many economic variables, the aggressive investor may, at one time, choose to have a large percentage of his portfolio in debt issues, while at a different time he may, in fact, have his entire portfolio represented by equity issues.

The problem of defining investment objectives is no less important for the aggressive investor than for the defensive investor. The question as to which is of paramount importance — i.e., safety, income, or growth — **must** be determined by **each** investor irrespective of his individual investment philosophies; this is, whether he may be more conservative or more enterprising.

Once the individual's investment objective has been defined, the next step involves the application of certain analytical techniques by means of which one may select the securities which appear most likely to help attain that investment objective.

Generally speaking, when the primary investment objective is **safety of principal,** the investor must be satisfied with a reasonable yield on his investment and, only limited prospects for capital appreciation. An analyst in such cases directs his efforts toward attempting to prevent the investor from assuming substantial risks.

In those cases where the investment objective may be either above-average **yield** or maximum prospective capital **appreciation,** the tools of investment analysis are considerably less precise than those which may be employed in the preceding instance. Briefly, the analyst now seeks to assume risks, but to assume them successfully.

Guarding Against Hazards

Major risks of financial loss can be avoided, of course, by recommending the purchase of only "blue chip" investments . . . i.e., stocks of dominant American corporations such as, for example, duPont, IBM, Minnesota Mining, GE, etc. However, even when buying or selling "blue chip" securities, the question of **timing** is of paramount importance and success in investing depends in great measure upon the successful timing of such commitments.

Planning an investment program for those primarily concerned with safety of principal should, in most cases, suggest a consideration of debt securities as perhaps the largest percentage of the total portfolio. For any portion of the portfolio not represented by debt securities, extreme care should be exercised in selecting only those equity situations in which any inherent risk may be minimized.

Planning an investment program for those interested primarily in achieving **maximum income return**—commensurate with reasonable safety of principal—requires certain different considerations. There are occasions in certain periods of the cyclical fluctuations of our economy in which opportunities affording higher yields may be found in debt securities. For example, during those periods in which our economy operates in the realm of high interest rates and general high costs of money, yields obtainable on certain high-grade debt securities are frequently very satisfactory.

In addition, one should also give prime consideration of course to the tax bracket of the individual investor concerned. In those instances, for example, where an investor may be in a higher income bracket, the advantages of **municipal** securities are immediately apparent. Because of their tax-free nature, the **effective** rate of return on this type of security is frequently higher than the **actual** rate of return on other types of securities.

Equity issues for investors concerned primarily with above-average income return may frequently be sought in certain industry groups. For example, many securities in the utility field offer reasonably high rates of return. Moreover, at the present time, above-average yields may be found in the equity securities of many of our leading railroads. Also today above-average income may be obtained from many securities of leading companies in the tobacco industry.

For example, at recent prices, the common stock of American Tobacco may be purchased to yield nearly 5% . . . shares of "Nickel Plate" Railroad may be acquired to yield more than 6% . . . and shares of New England

Continued on page 20

A Wage Policy Formula For a Stable Price Level

By Wilson Allen Wallis,* Executive Vice-Chairman, Cabinet Committee on Price Stability for Economic Growth and Dean, University of Chicago's Graduate School of Business

The question as to what and what not should determine wages, so as to achieve a reasonably stable price level, is answered by working economist of Nixon's Anti-Inflation Committee. Dean Wallis warns that the literal applicability of the generalization that the average level of earnings remain in line with productivity is true in the case of the economy as a whole but not in the case of a specific job, occupation, firm or industry. Thus, he opposes tying wages to output per man-hour, industry by industry, or to tie wages in each industry to the economy's average productivity. Instead, Dean Wallis says those on the spot with knowledge of all the special circumstances must find the best wage solution and that this will in the aggregate conform with over-all average productivity increases if done under an environment where neither party can force unsound wage settlements on each other and where the government manages money, budgets and debts properly.

Gains in productivity are the principal source of gains in our standard of living. Increases in earnings, including the "fringe" benefits that go with them, help provide wage and salary earners with a higher standard of living. To the extent that increases in earnings are offset by increases in prices, however, wage or salary earners do not gain; and to the extent that prices decline, they gain even more.

Dr. W. Allen Wallis

Clearly there is only one way that general purchasing power can go up, and this is through greater production. The purchasing power of wage and salary earners can also go up if their share of the total national output increases; their share has in fact been increasing gradually for several generations, and is now nearly 80% of the total. The increase in the share of wage and salary earners has resulted primarily from advances in productivity. From any viewpoint, the role of productivity in providing gains in the standard of living is crucial.

The average level of prices can be stable only if the average level of earnings is reasonably in line with productivity. It does not follow, however, that for any specific job, occupation, firm, industry, or region, productivity and earnings must be related in the same way that average productivity and average earnings are related. On the contrary, the relation of productivity to specific earnings is complex. To examine the relation between earnings and productivity, we must consider:

Measures and meanings of productivity;

Sources of gains in productivity;

Productivity and earnings in one industry, job, or occupation; and

Productivity, wages, and prices in the economy as a whole.

Measures and Meanings of Productivity

As our population grows and more hands and heads go to work, production is almost sure to rise, but productivity need not necessarily do so. *Production* refers to output, without regard to the amounts of labor, capital, and natural resources used to get that output. *Productivity*, however refers to output per unit of input; it is a measure of efficiency. Everyone recognizes that it is important to maintain maximum employment opportunities for our labor, capital, and natural resources. Obviously it is equally important to use them efficiently, for this means that more goods and services are produced from the same labor, capital, and natural resources.

Several different measures of productivity are in use. No one measure is *the* right or *the* best measure. The choice among the measures depends on the purpose involved. It also depends on the data available, which are nearly always inadequate.

The most familiar measure of productivity is output per man-hour. Even this measure has several forms. It can be based on man-hours paid-for or on man-hours worked. The results differ because of paid vacations, holidays, and sick leave. Output per man-hour paid-for is useful in cost calculations, while output per man-hour worked is useful in evaluating the efficiency of machinery or working arrangements.

Output per man-hour is based sometimes on production workers only, sometimes on salaried workers and self-employed workers as well. Since the number of salaried workers has been growing faster than the number of production workers, productivity rises more slowly when salaried workers are counted in the labor inputs. Salaried workers are, of course, as essential as other workers, but often it is hard to assign specific output to their work, hence difficult to take proper account of them in measuring productivity.

Measures of productivity for the whole economy usually reflect both changes in productivity within industries and changes rising from shifts in the importance of different industries. Special measures of productivity have been devised that to some extent exclude the changes resulting from the changing importance of different industries. Such measures show how much better we can do the same things, but do not reflect the extent to which we have shifted to doing different things.

Recently another measure of productivity has been suggested, output per unit of labor-and-capital-combined. This measure attempts to show how efficiently the economy is using both labor and capital, not just how efficiently it is using labor. Historically, measures of output per man-hour have risen faster than measures of output per unit of labor-and-capital-combined, because the amount of capital per worker has been increasing.

Any answer to the question, "How fast is productivity rising in the United States?" depends on the definition of productivity that is used and the time period selected; it depends also on the quality of the data available, which varies with the definition and with the time period. In selecting a time period, the opening and closing dates must be at comparable stages of the business cycle, otherwise we make an error which is like measuring the rate of tidal rise on the ocean by comparing the peak of a wave one time with the trough of a wave at a later time. Successive peaks represent the course of economic growth better than successive troughs.

For the decade 1948-57, which is the longest peak-to-peak comparison available in the postwar period, it is estimated that output per man-hour-paid in the private economy rose 3.1% per year (a rate that would double output per man-hour-paid every 23 years), while output per man-hour-worked rose 3.7% per year (equivalent to doubling every 19 years). In the same period, output per unit of labor-and-capital-combined rose 2.1% per year (equivalent to doubling every 33 years). All these rates are well above the long term trend; for example, in the period 1889-1957, output per unit of labor-and-capital-combined rose 1.7% per year (that is, doubled every 41 years).

Despite the inexactness of data about productivity changes, there are a number of important statements about our experience in the United States to which most experts would agree:

(1) Productivity in the American economy has been increasing for as long as there are data, and probably longer.

(2) There seem to be long-run fluctuations in the rate of productivity increase which are not yet well understood.

(3) The rate of growth in output per man-hour has been in an upswing in recent decades, rising more rapidly since the First World War than before, and still more rapidly since the Second World War.

(4) Improvement in productivity is slower in many service industries than in manufacturing or agriculture.

Sources of Gains in Productivity

The long and rapid rise in productivity in the United States has occurred not because people work harder—in fact, our grandfathers almost all worked longer hours at heavier tasks than we do—but because people work more effectively. The increase in the effectiveness with which people work results in considerable part from increases in education, in skills, in health, and in general well-being. The *rising quality of the labor force*, in short, is an important source of productivity increases.

A related source of productivity increases is *new knowledge*, some produced by research in industrial, university, and government laboratories but much developed in an informal way on all kinds of jobs where ingenious people make innumerable small or large improvements in their methods of doing things.

Productivity increases also as *more and better capital equipment* is used. One man with a steam shovel can move more earth than many men using only hand tools. Even without improvement in the quality of equipment, an increase in the amount used can bring a rise in output per man-hour. In general, however, as we accumulate capital, we incorporate in it the findings of research, so that we have not only more but better capital equipment. But capital includes more than just tools and machinery. For example, the improvement of roads, harbors, communication networks, water supplies, and sanitary facilities can all contribute to rising productivity.

Just as the tools with which people work are important to their productivity, so too are the natural resources at their disposal. Ask a farmer about the importance of good land or a miner about the importance of the richness of the seam he works. The discovery and development of *more and richer natural resources* results in increased productivity.

Increased productivity also results from *more effective organization* of the nation's human and material resources, so that each input is used where it can produce the most value. The organizing job is performed mostly by management, and improved methods of management increase the rate of growth in productivity. An important contribution of managers is in seeking and developing new products and new methods, and especially in risking the funds necessary to try innovations that often prove costly failures. The responses people make on their own initiative to differences in wages and prices also result in labor, capital, and natural resources moving toward their most effective uses.

As manpower shifts from, or avoids, low-productivity jobs where pay must be low, and moves to higher-productivity jobs where pay is higher, productivity increases for the economy as a whole, even though productivity in each industry separately may remain unchanged. Similarly, the efforts of owners of capital and natural resources to get a high return lead them to employ their property where the demand for it is greatest. Competition for the buyer's dollar and the incentives offered in a free economy by wages, prices, and profits play a vital role in directing our efforts and stimulating efficiency, as well as in rewarding them.

Increases in productivity arise, then, from the efforts of people in all walks of life. They are not attributable to any single group. Even a group whose measured productivity happens to be rising cannot necessarily claim special credit, for its rises may be due primarily to increases in the quantity and quality of the people, capital, natural resources, management, and technology with which it works. Labor, capital, natural resources, management, and technology jointly produce our output, and an increase in the quantity or quality of any one of them will increase the output per unit of input of the others.

Productivity and Earnings in One Industry

The various measures of productivity all give us some insight into the process by which our standard of living rises, and they therefore have some bearing on the *average* gains that workers can expect to obtain through increases in *average* earnings or decreases in *average* consumer prices. In evaluating specific wages and salaries, however, there is no similar rule or formula of broad applicability.

One important barrier to any general rule is that productivity and its growth, however measured, vary tremendously from industry to industry.

There are many reasons why productivity increases more rapidly in some industries than in others. New industries typically present many opportunities for improvement, since as they grow economies are realized from mass-production or simply from new ideas. New technology and new resources affect some industries more than others. Arrangements by governments, labor, or management stimulate productivity gains in some industries but retard them in other industries. Many direct-service industries are by nature difficult to change; for example, productivity cannot be expected to rise as rapidly in barber shops as in automobile factories.

If wages were tied to output per man-hour, industry by industry, the result would be both unfair and impractical. Wages would go up rapidly in some industries, stay about the same in others, and even decline in a few.

Since many occupations and types of jobs are found in virtually all industries, people doing the same work would receive different pay. In fact, many plants produce in several industries, so wages might differ for the same work in the same plant. Industries with constant or only slowly rising wages would have more and more trouble persuading people to work for them, while people would be on waiting lists to work in the high-wage industries.

Also, tying wages to output per man-hour in each industry would reduce the incentive to industry to introduce the innovations which raise productivity in the first place, and would discourage expansion in the successful industries by preventing exceptional productivity from being fully reflected in reduced costs and prices.

Thus, if wages are not tied to the productivity of individual industries, the outcome is likely to be more equitable and more practical. The ordinary processes of wage determination and of choosing among jobs once rates of pay are established, tend to bring about roughly equal pay for equal work.

Not only would it be impractical to tie wages in each industry to productivity in that particular industry, but it would also be impractical to tie wages in each industry to average productivity in the whole economy. This would ignore differences in the need for labor and in its availability. In an expanding area, industry, or occupation employers frequently raise wages more than the national average increase in output per man-hour. These large wage increases serve the useful purpose of inducing labor to enter the area, industry, or occupation in question, and they help pay moving or re-training costs. In a declining area, industry, or occupation a chronic labor surplus may develop, and attempts to increase wages in line with the national average increase in output per man-hour would reduce employment opportunities and make it less likely that new industries would move into the areas of labor surplus.

These considerations and many others like them make it clear that it is difficult or impossible to prescribe general criteria for proper rates of wages and salaries. Those on the spot with knowledge of all the special circumstances must find the best solution for each case.

Productivity, Wages, and Prices In the Economy as a Whole

Even though the special circumstances surrounding each particular wage or salary may make it impossible to judge any one rate, certain judgments can be made about the general or average result of all the separate rates. There is here an analogy with judging baseball players: the shortstop, for example, is not necessarily causing a game to be lost if he scores fewer runs than the opposing shortstop; but the team as a whole certainly loses if it scores fewer runs than the opposing team as awhole. In wage negotiations as in baseball, even though we have no clear-cut criterion of evaluating any one contributor to the total result, we can apply certain clear-cut criteria to the total result.

For the economy as a whole productivity is related to wages in the following broad terms: If the average level of prices is to be reasonably stable, wages can rise only as much as productivity, appropriately measured, rises. (Increases in the total share of national output going to wage and salary earners do, as indicated earlier, modify this assertion; but such changes are so slow and the possibilities for further increases from the present 80% are so limited that they can be overlooked in discussing short-run practical questions.)

Productivity, and changes in productivity, throw little light on what wages should be, or what changes in wages should occur, in any particular job, firm, industry, occupation, or region. Above-average increases in productivity in any one industry, for example, may

To some extent raise wages in the industry,
To some extent increase employment in the industry,
To some extent decrease employment in the industry,
To some extent increase output in the industry,
To some extent lower prices in the industry,
To some extent raise wages in other industries which compete for similar workers,
To some extent lower wages in other industries,
To some extent raise prices in other industries,
To some extent lower prices in other industries.

The extent to which each of these adjustments is appropriate in any instance depends on literally thousands of details and special circumstances, and can best be worked out by individuals who have freedom and opportunities to choose among jobs and among the goods and services they buy. Since the public interest may be little concerned with each separate adjustment in each instance, and since the maintenance of free institutions and free collective bargaining are paramount goals of public policy, attainment of the appropriate over-all result for the whole economy must be sought by controlling the environment in which wage and salary negotiations occur.

The key to a proper environment is to maintain a legal and institutional framework such that the self-interest of each party is either consistent with the public interest, or else is balanced and checked by opposing interests of other parties. If excessive wage and price increases would cause severe losses of employment, sales, and public good will, for example, one side or the other will resist them. Where excessive concentrations of power in the hands of labor or business produce too many results or an average result contrary to the public interest, remedies should be sought through eliminating the power to injure the public interest, rather than through direct control of unions, businesses, or collective bargaining.

Another important key to an environment which will hold wages and salary settlements in line with the public interest is sound management of money, budgets, and debt by governments. When mismanagement creates pervasive inflationary pressures, little success can be achieved by those who attempt to hold down particular wages or prices, for neither party to transactions gains any advantage from preventing increases—and to the extent that they do succeed they may do as much harm as good, since "grey markets" appear under these conditions.

Conclusion

Productivity is the basis of prosperity. Increases in productivity, on which depend the rapid improvements that characterize the American standard of living, spring from many different sources: more effective workers, more and better capital equipment, better natural resources, better management, new knowledge and technology, and a social organization which affords broad opportunities, encourages competition, and provides incentives and rewards to individuals for efficiency, thrift, and industry.

For the economy as a whole, increases in wages and salaries, including fringe benefits, must be matched by increases in productivity, for if they are not, prices must rise. But this general principle for the economy as a whole throws little light on what earnings should be in any specific job, firm, industry, occupation, or region. If the millions of individual wage and salary determinations made each year in millions of special circumstances are to turn out in the aggregate to conform with average productivity increases, they must be made in an environment in which neither party has the power to force unsound settlements on the other, and in which governments are managing money, budgets, and debts properly.

*An address by Dean Wallis before the National Industrial Conference Board, Chicago, Ill.

Williams With Harriman Ripley

PHILADELPHIA, Pa.—Alexander S. Williams has joined the investment firm of Harriman Ripley & Co. Incorporated, 1529 Walnut Street, as head of the Philadelphia Municipal Bond Department. He was formerly in the Municipal Department of Drexel & Co.

Jack Jost Dir. of Intercontinental

Jack H. Jost, previously associated with Carl Marks & Co., Inc. of New York City becomes Executive Director of Intercontinental, S. A., a Mexico City investment banking concern controlled by a Mexican-American-German group of financial and industrial interests.

Supporting Reasons Behind Confidence in Sterling

By Paul Einzig

Evidence of sterling's inherent strength, despite current surface changes seemingly to the contrary, is seen in Conservative Government's willingness to forego protective measures at its disposal in order to help strengthen our dollar. Dr. Einzig notes that the outflow of funds from the United States is diverted, however, to Germany and Switzerland. Nevertheless, he believes, "it may make an appreciable difference to any pressure on the dollar that is liable to develop in 1960 if the most important rival currency does not appear to be excessively strong.

LONDON, Eng.—The Chancellor of the Exchequer, Mr. Heathcoat Amory, announced in the House of Commons on Dec. 17 that the standby credit of $739 million from the International Monetary Fund, which was due to expire in a few days, would not be renewed. This decision was not unexpected after the recent decision to repay the Export-Import Bank credit well ahead of its maturity. The Chancellor declared that in view of the improvement in Britain's external position he did not consider it necessary to seek a renewal of the credit. Evidently he is not unduly concerned by the small decline in the gold and dollar reserves during November. He said it no doubt largely reflected the movements of short-term funds in response to higher interest rates and tighter money conditions in other centers.

The fact that the British authorities made no attempt to check this outflow of funds is in itself an indication of their confidence in the strength of sterling. This in spite of the certainty that the figures for December would show a further decline in the gold reserve, partly because of supporting operations when sterling declined to a discount, and partly because of the payment of $186 million in December on the United States and Canadian loans. Moreover, the outstanding balance of $361 million of the credit from the International Monetary Fund will have to be repaid in monthly instalments by the end of 1961.

What is somewhat worrying is the deterioration in the balance of payments indicated by the trade returns for November. The official decision to abandon the standby credit must be based on the assumption that this deterioration was purely temporary. The Government would not have dared to risk a weakening of the technical defenses of sterling if the possibility of substantial declines in the reserve through a series of adverse balances had been seriously anticipated. It is true, Britain is in a position to draw against its quota with the International Monetary Fund which amounts to well over $2,000 million. But the use of these facilities is not automatic and its existence does not therefore inspire the same confidence as that of a standby credit which is entirely at the Government's disposal.

Possibly the decision not to renew the standby credit is intended as a gesture indicating Britain's willingness to cooperate with the United States in face of the possibility of renewed dollar scares. The stronger sterling is technically, the more foreign holders of dollar balances would be inclined to transfer their money to London if it should be such a scare. This is the last thing the British authorities would want, not only because the inflow of hot money would have considerable disadvantages, but also because sterling's strength would be the dollar's poison. If all major currencies appear to be somewhat vulnerable then foreign holders of dollars might feel it would be as well to leave their money in the U. S. The termination of the standby credit might discourage some people from switching from dollars into sterling, having regard to the fact that an adverse change in the balance of payments is liable to deprive the British authorities of most of their recent gains of gold in a relatively short time.

It is true, by making sterling less attractive the British authorities might in given circumstances cause the outflow of foreign funds from the United States to be diverted to other countries. Only the Deutschmark and the Swiss franc appear to be sufficiently strong at the moment to attack foreign funds. Inflation prospects in Western Germany may tend to discourage, however, an unduly large influx of foreign funds. Switzerland, on the other hand, commands full confidence. Possibly in a few months' time a strengthening of the French franc will attract funds to France. Even so, it may make an appreciable difference to any pressure on the dollar that is liable to develop in 1960 if the most important rival currency does not appear to be excessively strong.

Apart altogether from any such considerations the decision is to be welcomed as an indication that at long last sterling is deemed to be sufficiently strong to be in no need of external support. It took a long time since the end of the War to reach the stage at which sterling is in a position to look the dollar in the face. Assistance in various forms was generously given by the United States and by the International Monetary Fund and there was a real danger that the British people and its leaders might permanently get into a mentality taking for granted that external aid would be there as a matter of course whenever needed.

It is doubtful whether the present healthier attitude would have been adopted if the Labor Party had won the General Election. During the 'forties the British Welfare State was built largely with the aid of American money, and another Labor Government would undoubtedly have tried hard to obtain a treatment equally favorable as had been received by its predecessor. It would not have been either able or willing to do very much towards cooperating with the United States to make things easier for the dollar, though conceivably and quite unintentionally the weakening of confidence in sterling resulting from Socialist policies would have made the dollar appear stronger in comparison with sterling. However this may be, what matters is that the Conservative Government is both able and willing to pursue policies aimed at strengthening the dollar.

Glore, Forgan Opens Boston Off.

BOSTON, Mass.—Glore, Forgan & Co. has announced the opening of a branch office at 201 Devonshire Street under the management of John H. Valentine, Jr.

Edward D. Jones Opens Branch in Pueblo, Colo.

PUEBLO, Colo.—Edward D. Jones & Co. has opened a branch office in the Bon Durant Building under the management of Harry W. Lloyd, Jr. and Donald C. Cozzetti.

Aligning Private Rights With Public Responsibility

By Adlai E. Stevenson, Ex-Governor of Illinois, and Democratic Candidate for President in 1952 and 1956; Partner, Stevenson, Rifkin & Wirtz, Chicago, Ill.*

Major strikes that deny the public an alternative source of supply and the tendency to emphasize private rights ahead of public responsibility receive from a self-described "then candidate for President" both criticism and remedial suggestions. Gov. Stevenson proposes changing our labor legislation to allow a "choice of procedures" in settling labor disputes and to provide for a Board of Public Responsibility to be convened well in advance of key strike dates. Attacking what he terms is an unnatural timidness and defensiveness in our domestic policies, Mr. Stevenson asks whether we are underrating the Soviet's challenge to escape the disagreeable fact that public spending and taxes ought to be increased for certain priorities until the occurrence of disarmament or the acceleration of economic growth rate provides adequate resources.

In the face of the most powerful and dangerous challenge our capitalist economic system and our democratic political system have ever confronted, I have seen little awareness of the public responsibility of private power.

Adlai Stevenson

But the steel strike dramatizes the fact that we are at the end of an era. Everybody is agreed that this cannot happen again; that the public interest is the paramount interest, and that irresponsible private power is an intolerable danger to our beleaguered society.

Our American tradition has been to disperse power and trust to luck to make power responsible. James Madison, in the Federalist No. 10, found safety from factions in having a great many of them, fighting over a large territory. But in order to have any confidence that if enough centers of power contend they will make one another responsible, we must attribute to Providence a greater interest in the welfare of the American people than either our history or our merits would seem to justify.

Private Groups' Responsibility

The time has come for us as a people, as a community learning together, to learn how to assume conscious control of our destiny. If a society is to be free and just, all power in it must be made responsible. We are certain of this when it comes to governmental power. When the Constitution was framed, government and the individual were the only two entities in society. Government was the one with the power. Now other centers of power may have a more direct and drastic effect on the individual and on the life of the country than any 18th century government could have hoped to have. This raises new constitutional questions. Where private groups—like big business and big labor — are performing public functions, they must be held to public responsibility. And one may forecast with some certainty that the Supreme Court will increasingly hold them to this responsibility.

But are the alternatives always between governmental control and letting private power run wild until it is checked by collision with other private powers? Are there other instruments of criticism and correction?

Although I see few signs that the universities, the media of communication, and the professional associations are interested in becoming centers of independent criticism, there are some indications that we may eventually develop new institutions for the purpose. The recommendation of the Commission on the Freedom of the Press that a continuing agency be established to appraise the performance of the media is being actively debated. Senator Cooper has introduced a bill calling for a national advisory council on education. The Center for the Study of Democratic Institutions reports the need for an organ of criticism with regard to the economic order. There are some stirrings among scientists, engineers, and medical men that may give us some hope that these professions may ultimately try to give some reasonable direction to the greatest irresponsible power at large in the world, the power of technology.

And if private power is to be made responsible, we shall have to look to the centers of power, like the business community, to bring about this result. Businessmen will have to get over their neurosis about government, for government has a positive duty to see to it that business is directed to the common good. The same is true of labor. To the extent to which labor and management see to it that their activities are directed to this end, direct intervention in their affairs by government may be avoided.

But in September it proved necessary—for the first time in our history — for government to establish controls over the internal affairs of the labor unions—their constitutions, their elections, the administration of their offices —because of the irresponsibility of a comparatively few labor leaders. This was a failure not just for the unions, but for democracy. The system is weaker today than it would have been if labor had done for itself what government has now had to do for it.

And now there is this bitter, stubborn failure of private responsibility in the steel industry. Although the public has been barred from knowing what is going on, it now appears that the crucial issue is not wages, but rather the handling of the problems arising from automation. And apparently both sides are insisting on virtually absolute control over these decisions, without regard to the cost to the country.

The basic failure was far deeper than the fact of the strike itself. Thoughtful men, who have championed collective bargaining as a keystone of a free economy, and now voicing concern about its capacity to cope with the problems of the technological revolution — at a time when America cannot pay the price of nationwide stoppages in its basic industries.

Possible Strikes Looming

By the end of January—unless earlier settlement is reached—the country will again be exposed, with no protection, to a steel strike. And in the Spring the question will be whether the railroads will be operating or not.

The impression created around the world by the spectacle of such failures in our vaunted democratic capitalist system is lamentable. I suspect the country will no longer accept this state of affairs. And if there are more stoppages Congress may be expected to reflect the public temper in legislation which would not only stop strikes but might stop or seriously cripple collective bargaining too. The most likely prospect would be some form of compulsory arbitration, limited to the case itself.

But it is now apparent that the emergency disputes provisions in the Taft-Hartley Act do not work and that a new and reasonable law is needed.

I hope I will be forgiven for speaking of this last point in personal terms. "I told you so" has always seemed to me a demeaning phrase. But with your indulgence I want to quote from a speech on Labor Day, 1952, in Cadillac Square in Detroit, by a then candidate for President:

"New methods must be found for settling national emergency disputes . . .

"We cannot tolerate shutdowns which threaten our national safety, even that of the whole free world. The right to bargain collectivity does not include a right to stop the national economy . . .

"All the Taft-Hartley answer boils down to is that in national emergency disputes employees shall be ordered to work for another 80 days on the employer's terms . . .

"What we need is a . . . law that will provide for investigation and reporting to the public on the issues involved, one that will provide for more effective mediation between the parties . . . (Because these emergency cases are always different) the Congress should give to the President a choice of procedures when voluntary agreement proves impossible: seizure provisions geared to the circumstances; *or* arbitration; *or* a detailed hearing and a recommendation of settlement terms; *or* a return of the dispute to the parties . . ."

If there is excuse for this anecdotal intrusion it is only in the fact that I would propose today substantially what I did then—except a little more so.

The "choice of procedures" approach still seems to me the right one. I think of it as essentially a mediation approach — but with real teeth in it, with the opportunity afforded for effective assertion of the public interest, and—if I may use the term here —with the inclusion of an "insurance policy" covering the possible risk of mediation failure, with the public named as the beneficiary.

Proposes Special Public Board

I would add one proposal to my 1952 suggestion—the President should have authority to convene a special public board—a Board of Public Responsibility—well in advance of the strike date in any key industry, perhaps as listed by Congress. The Board would meet with the parties to the dispute; it would express the public interest to the parties, keep the President advised, and perform whatever mediation functions appeared advisable. Its effectiveness would be immeasurably enhanced by the parties' knowledge that the Board's final responsibility—if its efforts at mediation should fail—would be to recommend to the President what further action should be taken. The possible forms of this further action, the "choice of procedures," would include, to avoid any party's confident reliance on being "taken off the hook," the possibility of *no* further action—assuming the situation permitted this.

With such a law it is likely that no case would ever get to the final stage requiring the ultimate Presidential action. But if it did —if the parties were unable or unwilling to resolve their dispute, to exercise responsibility consonant with their power — then I would see no reasonable objection to requiring that the dispute be taken out of their hands entirely; that the President be authorized in that case to require in one form or another that production be continued while the dispute was resolved by process of reason rather than by subjecting the economy to grievous injury.

I have no illusions about this proposal. It will be objected to on the ground that it intrudes the Government into these cases at too early a stage. I think not. It was one thing to expect the public to accept the results of collective bargaining when that result represented the "decentralized decision making" of a thousand different sets of negotiations. But with the development of industry-wide bargaining, decisions affecting the entire economy are made by a small group of men sitting at a single table, and the public has no alternative to accepting those decisions. I think it is entitled to be represented at that table in the restricted sense I have suggested.

Also it will be said that this proposal involves a denial of the rights of labor and management to strike and to shut down a basic industry. It seems to me that this, too, is a legitimate and necessary implication of the decision to resort to industry-wide bargaining. The greater the power, the larger the responsibility. When the public is denied alternative sources of supply it is entitled to demand that the supply not be shut off. It was in a similar context of labor-management strife that Mr. Justice Brandeis once said: "All rights are derived from the purposes of the society in which they exist; above all rights rises duty to the community."

All these changing circumstances demand fundamental changes in the collective bargaining process. They will mean, I suspect, increased use by labor and management of various forms of continuous bargaining, in place of the present practice of concentrating all bargaining in the brief periods just before old contracts expire, while a strike bomb is set and ticking.

Sees Economy Weakened

Finally, let me repeat and emphasize the importance of the fact that our economy, and the society it serves, will be weaker by whatever degree it is necessary for Government to intrude upon the settlement of labor-management disputes in order to make private power responsible.

But I wish our failure to display to a watchful, skeptical world the fullest wisdom and responsibility of democratic capitalism was confined to labor-management relations.

Increasingly in the past 18 months I have become puzzled by the rising chorus of fear about this great and powerful economy. When a $500 billion annual income is in sight; when we have the highest per capita income in human history; when we have weathered three recessions without a decline in consumer income; when catching up with American productivity has even become the — curiously un-Marxist — goal of our rivals, the Russians, our leaders tell us we can spend on space research only half what we spend to store a single year's surplus crop; we cannot afford to spend proportionately on education what the Russians spend, on welfare what the Scandinavians spend, on arms, I'm told, what the Chinese spend. We have half the free world's gold and only twice since 1945 have we had an adverse balance in our international payments, yet we attach with panicky haste the "Buy American" strings to our loans while asking everyone else to end their trade restrictions.

What is one to make of it all?

Criticizes Prophets of Bankruptcy

On the one hand, we are the wealthiest people in history; on the other we teeter on the edge of bankruptcy. With goods fairly running out of our ears, we moan about the dangers of inflation.

When our political and business leaders warn us that we are "spending ourselves into bankruptcy" they have only one kind of spending in mind — public spending derived from tax money or official borrowing. Nobody cries "reckless spending" when perfectly good office buildings on Park Avenue with years of life ahead of them are pulled down to make room for new ones carrying higher rents and higher profits. The charge of spending is hurled instead against attempts at the other end of the same avenue to pull down ghastly tenements and rehouse families with the elements of human decency. There is no outcry about business expense accounts that equal in a year what a primary school teacher can earn in a decade. Who asks what cost to our economy day by day is added by including in the cost of every product the packaging and persuasion to buy what in many cases people do not really want?

Where, then, is the waste? Surely not in the public domain.

In short, what the prophets of bankruptcy and collapse really mean is that all government expenditures must be held to a minimum while the flood of private consumption goes up unchecked, even if the consumption is of marginal human value. There is more here than a matter of priority and value. For it is precisely in the public domain that the Communists present their most dangerous threat. To refuse to meet the challenge in the area of government spending is ideology in reverse. Unless we are prepared to spend not what we can "afford" but what we need in such areas as defense, economic aid, education and basic research

—to name only the four chief areas of Communist challenge — it is not just our free enterprise system that we are putting in jeopardy, it is the survival of free society itself.

Taxes May Have to Be Higher

I think we are evading this issue. I think we have underrated the Soviet challenge. Their atom bombs came long before we expected. Sputnik was an ugly surprise to us. Now they have pinned their colors to the moon, and even sent us photographs of its back side. Four years ago I often warned about the implications of rapid Soviet economic growth. It makes no difference that prominent politicians — not of my party!—broadly hinted that I might be a disloyal American. But it does make a difference if we are still making the mistake of under-estimating our rivals — perhaps as an easy escape from the disagreeable fact that public spending, far from falling, very probably ought to increase; that taxes, far from falling, may have to be higher, at least until disarmament or an accelerated rate of economic growth gives us adequate resources.

The point is that business carries a heavy share of the burden of foresight, understanding and leadership not to put the last least triviality of private spending ahead of public needs in priority and esteem. Public spending in defense and research must have priority because survival depends upon it. Public spending on education, on health, conservation and urban renewal must have priority because the dignity and grace of our free way of life depends upon it.

And there is another priority — the question whether as a community, we, the wealthiest society known to man, can keep our spiritual self-esteem and offer the poor underdeveloped countries an alternative to Communism as a method of economic modernization.

Regardless of the Communist competition in these decisive areas, we have to go no further than the Christian basis of our nation's ethic to know how this issue will be decided. While we double and treble our standards of life, the meager living of nearly half our fellow men on this planet threatens to diminish further. For example, between India's per capita income of $60 and our own, about $2,000, the job is already as great as the gulf between Dives and Lazarus, and it is growing wider.

Now that Asian attention is riveted on the President's journey, how incalculable might be the effect if we were to choose Delhi to announce a new and sustained Western effort to aid world growth and world investment. For in India live nearly half the inhabitants of the emergent areas.

Wants "Positive Approach"

I have seen little sign of any challenging, positive approach to the great problems of our time. In the most radical and revolutionary epoch of man's history, our dominant concerns seem almost wholly defensive. We are not spurred on by the positive opportunities of world building and nation building inherent in our position as the most fabulously endowed people mankind has ever seen.

On the contrary, our foreign policy is dominated by fear of Communism, our domestic policy by fear of "inflation." Economic assistance programs have been sold chiefly as a means of checking the Communists, never as our creative part in extending the technological revolution to the rest of mankind. The spur to our exploration of the solar system and scientific research has not been our restless desire to extend the boundaries of human knowledge. It has been irritation with the Russian achievements. Interest in greater excellence in education flared up not because we want every free citizen to exercise to the full his innate talents and capacities, but because our rivals are producing more scientists and technologists.

So let us assess our needs—our need to maintain equality of military strength, until controlled disarmament takes its place, our need for better education, our need for wider research, a greater thrust into outer space, our need for decent cities where segregation and delinquency give ground in the wake of redevelopment and renewal, our need to conserve our national resources, above all, water.

All these needs—domestic, foreign and military—will cost more money, at least until we can make some progress with disarmament. But keeping the budget down isn't as imperative as keeping our heads up.

I think our needs could be covered by existing tax rates at higher levels of economic growth. But I am sure that if our political leadership defines the tasks with clarity and conviction, we will approve what is necessary to fulfill our national purpose whatever the sacrifice—higher taxation in years when the private economy is running at full stretch, for instance, budgetary deficits in times of slack, restraint upon wages and profits to slow down inflationary pressure, less emphasis on private rights, and more on public responsibility.

But the recompense will be to see American society once more the pace setter in human affairs, to see freedom once more the great challenger on the human scene. For this, surely, is the crux. An attitude of unadventurous conservatism cannot stand for long as the creative image of freedom. I tremble for our future —and for the world's future—if growth, thrust, initiative and the vast new frontiers of science are felt to be the prerogative of Communist discipline and drive—if "the shot heard around the world" has been silenced by the shot around the moon.

Today not rhetoric but sober fact should bid us believe that our curious combination of complacency and apprehension, of little aims and large fears, has within it the seed of destruction first for our own community, and then for the larger hope that, as science and technology bring the nation inescapably together, freedom, not tyranny, will be the organizing principle of the society of man.

*An address by Gov. Stevenson before the Institute of Life Insurance Luncheon, New York City, Dec. 8, 1959.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Governor Rockefeller's obvious strategy of dividing the pros and the people has one drawback. In his recent whirlwind trip to the Middle West, he sought to draw a distinction in the receptions he received. While the pros, that is the political pros, generally gave him a lukewarm reception, he found he got more response from the rank and file. Any number of people in the audience, he said, would come up to him and say they would like to have a chance to support him.

But Rockefeller's strategy has this one flaw. The popular polls are decidedly in favor of Nixon. They show the Vice-President with about 69% of the Republican voters and Rockefeller with only about 26%. Among the independents and Democrats where Rockefeller claims to be the strongest, there appears to be a slight edge in favor of Nixon.

These polls would indicate that all of the Vice-President's strength is not with the pros at all. Another thing, even it were true, the pros' influence cannot be discounted in a primary. In New Hampshire, for example, Governor Wes Powell has agreed to lead the Nixon fight. In a primary, particularly in a little State such as it is, the courthouse crowd, or rather the State employees, will follow the Governor.

The situation is different from what it was in 1952 when Senator Taft seemed to have the nomination tied up on the eve of the convention. He did not have the polls with him. There seemed to be a serious doubt among Republican voters that he was the man who could win. The whole campaign against him, of course, was based on the argument that he could not win. The leaders in these movements admitted after the election that their fear was not that he could not win but the fear that he would. These Eastern leaders did not want him because they didn't think he was enough of an internationalist. They worried about what would become of our foreign policy.

There is a growing feeling among the Republicans that if Nixon goes to the convention with anything like the strength Taft had, and Rockefeller comes along and snatches the nomination from him, it will serve to make the task of the party that much more difficult in its quest for victory at the polls.

The old Taft crowd still has a trace of bitterness over the way the nomination was taken from him in 1952. To have the rather cold exterior that "Mr. Republican" exhibited, it is amazing how devoted his followers are.

There is a memorial to him on the Capitol grounds and every 15 minutes its carrillon bells play tunes. Spectators stop as if in silent prayer.

The strange thing about it is that Nixon has been given the Taft mantle. Yet he was never for the man from Ohio.

He left the session of Congress in the Summer of 1952 and went out to Denver and got aboard the Eisenhower train. He rode the train when it came to Chicago.

But somehow he has picked up the Taft label. Eisenhower was given an unusually cool reception in Wisconsin and this is attributed to none other than Tom Coleman, long the Republican leader of the State and who was one of the three Taft pre-convention managers. He has never quite accepted Eisenhower.

Yet Nixon not only was for Eisenhower in 1952 but is running as sort of his protege now, not that Eisenhower has indicated any preference between Nixon and Rockefeller. Nixon is definitely tied up with the President's peace campaign.

The Republicans have apparently hit upon a ten strike by planning to have a series of summit conferences with Khrushchev instead of one. The probability is they will be running throughout 1960. Maybe one of them will be timed to fit in with the campaign.

It is causing the Democrats to gnash their teeth but there is little they can do about it. Some of them, like former Secretary of State Dean Acheson, are trying to show that the Republicans have become soft on the Communists and are letting down our guard. With the whole world wanting peace, or an end to the cold war, however, this is pretty hard to sell.

Especially when it was the Democrats that played footsie with the Communists all through the First and Second New Deals, who brought them into the society of nations and made them allies during the Second World War.

D. Allen Sec. of Delaware Funds'

PHILADELPHIA, Pa.—Donald M. Allen has been appointed Secretary of Delaware Fund, Delaware Income Fund and Delaware Management Co., Inc., the Funds' national distributor and investment adviser, 3 Penn Center Plaza, W. Linton Nelson, President, has announced.

Donald M. Allen

Mr. Allen, an attorney, joined Delaware's executive staff in 1956 prior to which he was associated with the Fidelity-Philadelphia Trust Company. A year later, he became Assistant Secretary of Delaware Fund.

COMEX Market to Close Early on Holiday Eves

The Board of Governors of Commodity Exchange, Inc. announced Dec. 17 that all futures trading rings on the Exchange will close at 12:30 p.m. on Thursday Dec. 24 and Dec. 31.

Commodity Exchange, Inc. is the marketplace for futures trading in copper, lead, zinc, rubber and hides.

Wood, Walker to Admit Partners

On Jan. 1, Wood, Walker & Co., 63 Wall Street, New York City, members of the New York Stock Exchange, will admit Calvert H. Crary and Orson D. Munn to partnership.

With Eversman Inv.

(Special to THE FINANCIAL CHRONICLE)

NEW KNOXVILLE, Ohio—Homer F. Greiwe is now with Eversman Investment Co., Botkins Road.

Security Associates To Be NYSE Mem.

WINTER PARK, Fla. — Effective Jan. 1 Walter A. Schiffer, member of the New York Stock Exchange, will join Security Associates, Inc., 300 Park Avenue South, and the firm will become a New York Stock Exchange member. It already holds memberships in the Midwest and Philadelphia-Baltimore Stock Exchanges.

Officers of Security Associates, Inc. are Herman Gade, President and Treasurer; Kenneth W. Osborne, Executive Vice-President and Secretary; J. Dennis Delafield, William R. Hambrecht, and Vivian L. Gartside, Vice-Presidents; and Gene E. Moller, Assistant Treas.

With Indianapolis Bond & Share Corp.

INDIANAPOLIS, Ind.—Harold J. Egenes is now associated with Indianapolis Bond and Share Corporation, 120 East Market St., as sales representative in the Indianapolis and Marion County area. He was formerly with Blyth & Co., Inc., in Indianapolis.

Federal Highway Program And Effect on Toll Roads

By B. D. Tallamy,* Federal Highway Administrator, Bureau of Public Roads, U. S. Department of Commerce

Nation's highway administrator apprises investors concerned about the status of toll roads with his views as to reimbursement for toll or free highways incorporated into the Interstate System and whether existing turnpikes will be adversely affected by free Interstate routes. Until the long-range financing plan is enacted in 1961, Mr. Tallamy doubts much can be done about the former and, as for the latter, he denies toll road bonds will be jeopardized by Interstate routes in pointing out they will not siphon traffic away from existing turnpikes. He is pleased with Federal highway progress made to date; unhappy about the financing restrictions; and expects $1.8 billion will be apportioned in fiscal 1961 and $2 billion in 1962 for the Interstate routes.

As Federal Highway Administrator, I am now concerned with roads that are financed by user taxes rather than by bonds. I have been able to transfer to good advantage much of the experience gained in building, financing and operating the New York Thruway, which incidentally is the world's longest toll highway. Since then, the New York Thruway has been integrated into the National System of Interstate and Defense Highways, along with most of the mileage of other great toll facilities financed mainly by revenue bond issues.

Bertram D. Tallamy

One of the beneficial effects of these toll facilities, and one frequently overlooked, was psychological. They made up a good sample of what modern highways should be and illustrated the great need for more. This expressed itself eventually in the enactment of the Federal-Aid Highway Act of 1956, which substituted a bold attack on the highway problem for the holding operation of many years standing.

One of the principal objectives of the legislation was to make possible the completion of the Interstate System within a reasonable time. Congress expressed its intent that the System be completed as nearly as practicable within a 13 - year period and simultaneously in all the States. The Act permitted the inclusion of certain toll and free roads following the general routes of the Interstate System and meeting the standards adopted for that System. The Act also stipulated the standards were to be developed in cooperation with the States and approved by the Secretary of Commerce. They were required to be adequate to carry the types and volumes of traffic forecast for the year 1975.

Like most laws, the Act of 1956 was a compromise in many respects. Earlier proposals for financing the program through long-term bonds to be issued by a Federal Highway Corporation had been rejected and it was decided to put the program on a self-sustaining basis.

In the legislation Congress set annual Interstate authorizations through the fiscal year 1969. It provided for increased apportionments for what we call the ABC program—the primary and secondary highways and their urban extensions. It specified that the money was to come from a Highway Trust Fund, a depository for revenues equivalent to motor fuel and other highway user taxes. The much discussed Section 209(g) of the Act — sometimes known as the Byrd Amendment—restricted Federal participation in the program to the amounts estimated to be available in the Highway Trust Fund to liquidate obligations as they fell due. This was the pay-as-you-go or pay-as-you-build clause which has played such an important role in the financing of the program.

Pleased With Gross Made

As of now, measured in terms of funds obligated for actual construction and the necessary preliminary steps, both the Interstate and ABC programs are on schedule. That means that we are right on the goal or a little ahead, as far as commitment of available funds is concerned. Some States are ahead of others, of course, but our national progress is entirely up to expectations.

In terms of physical accomplishment, the record established in a little over three years of the expanded Federal-State program is quite impressive. Highways, unfortunately, do not roll out like toothpaste from a tube. But as of Dec. 1, construction was under way on 4,691 miles of the Interstate System at an estimated cost of $2.911 billion. Basic construction contracts had been completed on 5,332 miles of the System at a cost of $2.097 billion. In addition, $2.159 billion had been authorized or spent for preliminary engineering work and acquisition of right-of-way.

Of greater interest to more people, however, is the fact that all of the work, including the pavement, has been completed on 3,355 miles of Interstate Highways. This is new mileage, built since the 1956 Act, and most of it is in use. The segments connect in many cases with toll or free roads previously constructed and incorporated into the Interstate System. This basic highway transport network, which will connect 48 States and 90% of our principal cities, is now taking shape all across the country.

It must be remembered, though, that we have a balanced program. The so-called ABC systems—the primary represented by the principal State highways, secondary highways which are those of lesser importance such as certain county roads here in New York State, and their extensions into urban areas —are equally important and, as a matter of fact, have first call on the Highway Trust Fund. As of Dec. 1 work was under way on 18,830 miles of primary, secondary and urban improvements, at an estimated cost of $2.242 billion. Since July 1, 1956, construction contracts have been completed under the ABC program on 80,618 miles at a cost of $4.902 billion.

To summarize our position without the use of more statistics which are about the dullest thing in the world, we are on schedule as to the obligation of all available funds. We are well along the way toward the integrated National System of Interstate and Defense Highways so necessary to an expanding economy. We are making substantial and continuing improvements to the nation's highway plant. Under the 1956 and subsequent legislation we have made more Federal funds available for highways in four years than in all the 40 years of previous Federal-aid history.

I believe that we have made tremendous progress in less than three and a half years, not only on the record but in physical accomplishments across the country. This progress was made possible through the effective Federal-State partnership which has prevailed since 1916 and which is now undergoing a supreme test. The question is: Where do we go from here?

Before giving my thoughts on that question I want to answer a couple of others.

Raises and Answers Questions

First, will the new free Interstate routes siphon traffic away from the existing turnpikes to the point of jeopardizing the tremendous investment in toll road bonds? The answer is no. The Department of Commerce has a fixed policy in this matter which I will summarize briefly. It says in effect that no new Interstate project generally paralleling an existing toll road and serving the same traffic needs will be approved until (a) the toll road is not capable of handling the traffic safely and efficiently and (b) the completion of the new route would not jeopardize the financial structure of the toll road.

This is merely a blend of prudence and common sense. It would be a waste of tax funds to provide a new facility to provide nearly the same traffic service as an existing one, whether toll or free. As to the question of competition, the net effect of the new Interstate routes should be the reverse. Most of the major toll roads are already woven into a network that will be 41,000 miles in length and will carry 20% of the total traffic.

That leads to another question, and a complicated one. It concerns the possible reimbursement of the States for the full Federal share of the cost of already completed highways, toll or free, that have been incorporated into the Interstate System.

In the 1956 Act, Congress declared that it intended to determine in due course whether the Federal Government should reimburse the States for portions of such highways that had been built or put under contract within about 10 years before the end of fiscal 1957. It directed the Secretary of Commerce to prepare a report to determine which of the highways measured up to Interstate standards.

In 1958, after receiving the report, Congress directed the Secretary to prepare possible reimbursement formulas. Accordingly, last January drafts of two bills were submitted, but without any expression by the Department as to whether reimbursement should be made. After deductions for depreciation and for Federal funds used in the highways, it appeared that the remaining cost that might be considered for some measure of reimbursement amounted to $4.83 billion, of which $2.52 billion was for toll roads and $2.31 billion for free roads.

Immediate reimbursement of this $4.83 billion would have equaled approximately two years' planned apportionments for the Interstate System. As the payment would have delayed completion of the Interstate System, the bills as drafted provided for no reimbursement prior to July 1, 1968.

There are many considerations involved in any reimbursement plan. Mere cash reimbursement would enable the States to retire road bonds or to use the money for other purposes, such as schools and hospitals. Another point was raised about highways financed with bonds payable out of toll charges. Reimbursement, it seemed to us, implied a prior expenditure by the entity being reimbursed. Straight cash payments equal to highway costs that had been paid for by highway tolls would not be reimbursement in any real sense of the word. If, however, the payments were required to be devoted to Federal-aid highway projects, the reimbursement would be more logical.

The draft legislation, therefore, provided for reimbursement of 90% of the depreciated cost, less earlier Federal payments, beginning in fiscal 1969, the sums to be spent either on new Interstate mileage or on primary roads, including Interstate.

Problem Must Be Postponed

None of the legislation has been passed. My own feeling is that there probably is equity in the reimbursement principle but the first problem is the long-range financing of the new Interstate System routes. This is a real problem. We are now conducting a substantial program but a limited one, considerably short of that authorized in the 1956 and 1958 highway Acts. There are several reasons for this and they get quite complicated. But one of the principal reasons is that, by act of Congress in 1958, we have been living beyond Trust Fund Income. The 1958 legislation waived the pay-as-you-go restriction for two years and directed the expenditure of about $1.6 billion more than the Trust Fund would support. As a result, we faced a deficit in the Fund and could not have made an apportionment of Interstate funds for fiscal 1961.

To meet this emergency President Eisenhower recommended to the last session of Congress an increase of 1½ cents a gallon in the motor fuel tax. This would remain in effect through fiscal 1964. It would have permitted the program to continue on the schedule contemplated in the 1956 Act. Instead, Congress voted an increase of only one cent through fiscal 1961, to be replaced then by diversion from the General Fund of certain automotive excise tax revenues.

The 1959 Act has permitted the Interstate program to continue without interruption. It does, however, require a substantial reduction from the authorized levels and has introduced a new principle in Federal-State fiscal relations. In signing the Act, President Eisenhower stated in part:

"Because the bill does not provide the level of revenues required for continuing the highway program on the schedule contemplated under existing authorizations, it will be necessary to make orderly use of these authorizations so that spending can be held within limits that will avoid future disruption of the program. This action will be required if the Federal Government is to meet promptly its obligations to the States and at the same time adhere to the self-financing principle upon which the highway program has been established."

Wait Until 1961

Under the pay-as-you-go restrictions of the 1956 Act and with careful scheduling of obligations of funds to accord with anticipated revenues, it was possible to apportion $1.8 billion of Interstate funds for fiscal 1961. We expect to apportion $2 billion for 1962. These apportionments are substantially short of the authorized amounts but they do permit the Interstate program to advance at a satisfactory rate pending the establishment of an equitable and adequate long - range financing plan.

This long-range financing plan is expected to be enacted in 1961. Or at least Congress will have before it two reports that are basic to its development. One is a new estimate of cost of completing the Interstate System. The other is a report presenting the conclusions derived from a four-year study of the cost of providing Federal-aid highways for the various classes of users, and the benefits to be derived from the highway systems by both users and non-users. The findings of this study will be an important guide in determining the most equitable basis of distributing the cost of the continuing Federal-aid highway program.

That is where we stand now. We have interim financing until 1961, which is the critical year in the advancement of the program.

I will close with another quotation from President Eisenhower. He said:

"As I have repeatedly stated, there is an urgent National need for legislation to allow the Interstate highway program to proceed at a steady rate. Both the Congress and the Executive are justly proud of the vast highway program enacted in 1956. A good beginning has been made on the program, and it is inconceivable that it should be allowed to come to a halt. For traffic safety and convenience, as well as to meet the requirements of a growing economy, it is essential that we continue to build new, modern roads."

This statement was made on Aug. 25, 1959, but I believe it is equally applicable to Jan. 1961. For good highways are a vital part of the recipe for expanding economic and social opportunity for all.

*An address by Mr. Tallamy before the Municipal Forum of New York, New York City, Dec. 10, 1959.

Phila. Inv. Ass'n Elects Officers

PHILADELPHIA, Pa. — H. Gates Lloyd, III, of Drexel & Co. was elected President of the Investment Association of Philadelphia at the annual meeting and election of the Association held Dec. 10. Mr. Lloyd succeeds Robert Arnold of The First Boston Corporation whose term expired.

H. Gates Lloyd, III

Other officers elected at the meeting were: Herbert Bengtson of Schmidt, Roberts & Parke, Vice-President; Robert G. Rowe, Jr., of Paine, Webber, Jackson & Curtis, Secretary; and Robert J. Caulfield of Equitable Securities Corporation, Treasurer.

The following were elected to the Association's Executive Board to serve for one year: Robert Arnold, Alan Crawford, Jr. of Brown Brothers Harriman & Co. and George S. Hundt of Stroud & Company, Incorporated.

E. F. Hutton Co. To Admit Two

E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Keith S. Wellin and Robert M. Bacon to partnership in the firm. Mr. Wellin will make his headquarters at the firm's Chicago office, Board of Trade Building. Mr. Bacon will be located in the San Francisco office, 160 Montgomery St.

Form Registered Funds

CHARLOTTE, N. C.—Registered Funds, Inc. is engaging in a securities business from offices at 511 Charlottetown Mall. Officers are Charles A. Hunter, President; R. Bruce Hall, Executive Vice-President; William B. Sample, Vice-President; Raymond J. Brown, Secretary-Treasurer; and May I. Chase, Assistant Treasurer.

What a Businessman Sees Ahead for Agriculture

By Harry A. Bullis,* Former Chairman of the Board, General Mills, Inc.

Food industrialist submits an optimistic business forecast wherein he sees no major business cycle causes in the next six years, and an analysis in depth of our agricultural economy. He claims agriculture contains basic strength and offers grounds for optimism. Mr. Bullis describes the paradoxical phenomenon of agriculture's enviable production record precipitating the farmers' almost insoluble predicament—i.e., the farm surplus problem; points out how outmoded, old concepts have not solved our agricultural problems—in fact, the reverse; and proposes how surpluses can be put to work at a time when Communism is using the "terrifying" population explosion to further its aims, and hopes that it will soon be politically popular to reshape our farm policies to fit the needs of our people as well as our international responsibilities.

The Future for American Business

I believe the outlook for agriculture is bright for the years ahead because of the bright outlook for American economic growth in general. We have had three recessions since the end of World War II — in 1949, in 1953, and in 1957. In each, our economy has been resilient enough to absorb the strains of readjustment. And, after each adjustment, our economic power has been strong enough to resume its upward course.

Harry A. Bullis

In these adjustment periods, when business was liquidating inventories and reducing capital expenditures, our consumers have continued to buy. And this consumer confidence, as well as buying power, in turn has been bolstered by the built-in stabilizers of our economic system. These include unemployment compensation, the natural flexibility of the personal income tax and the "recession reduction" in consumer saving. All these forces supplementing each other have meant that we have come through the three depressions without even coming close to an economic catastrophe.

Today, our population increase of about three million a year means more support for a prosperous economy. With so many more people to feed, clothe and house, industry will keep up with the increase in consumer demand by investing more money in new plants and equipment and by replacing obsolete equipment with more efficient machinery. More money will be spent for research to find better products and to improve old ones. Large research expenditures will continue in the food field to upgrade consumer products and eating habits.

Research will also seek ways to serve the farm population better and to help farming become even more efficient. And meantime, in the years ahead, commercial farmers will try to enlarge their operations. They know that large volume is necessary for efficient operation and low unit costs. As they add to their holdings, land values will increase.

The trend toward improved quality of farm products will continue. Research is leading the way, and farmers are following because they know their products must meet the high standards required by mass marketing and specification buying of food processors and merchandisers.

High consumer expenditures are of vital interest to the farmer. When people have the money to spend, they eat better — more meat, poultry and dairy products and more fresh fruits and vegetables. While such upgraded eating will not reduce the surplus in commodities like wheat, it should encourage the wise farmer to raise more of the products that people want and less of those that are already in too plentiful supply.

Our farmers have shown great ingenuity in adapting to changing conditions. Mass production is proving effective not only in the cultivation and harvesting processes, but in the production of meat, poultry and dairy products. We are seeing vertical integration in several areas of agriculture — in the broiler business, for example, with controlled production from the sources of chicks and feed through the marketing of the finished broilers.

Right now, of course, progress to complete economic recovery is being hampered by the results of the steel strike. But, assuming we have a real settlement by the end of the Taft-Hartley period, we will enter 1960 with a large backlog of demand for steel products, and while there are possibilities of strikes in other industries, I do not see one of the major causes of business cycle recessions likely to operate seriously in the next six years.

Meanwhile, we in business will become a steadier prop for the free economy by planning our outlays for new plant facilities more in harmony with our certain national economic growth. And today's high wage rates and tomorrow's shortage of labor will force us to keep up our rate of plant outlays if we want to meet the certain expanding markets.

Total consumer outlays are now running at an annual rate nearly $20 billion above the third quarter of last year. In 1960, and the years following, these outlays will continue to increase.

Thus, I believe, the year of 1960 will be a good one. We shall enter it with consumption enlarged by $25 billion from the recent recession low. Because of the steel strike, we will not advance appreciably in our restoration of inventories from the recession low of early 1958. As we produce for still larger consumption and for the restoration of inventories to an appropriate level, we shall create still larger incomes to reinforce our great economic expansion in the 1960s.

Eventually, this ultra-rapid advance will level off. But, I foresee no serious decline in 1961, certainly no more than a percent or two. Nor do I see anything but resumed economic growth for the rest of the first half of the next decade.

The Future of Agriculture

From this optimistic forecast of the general economy, let us turn more specifically to the future of agriculture. Here, too, there is basic strength and reason for optimism. The American agricultural economy is strong financially. Total farm assets have reached a new high of $203 billion, and indebtedness is only 11% of that figure. This is an enviable record from a business point of view.

Ironically, American agriculture also has a second enviable record which business wishes it could equal. Yet, this record has precipitated the American farmer into the worst predicament in his history. I am, of course, referring to the incredible production record of agriculture. It puts to shame the best efforts of industry. According to President Eisenhower's Annual Report for January 1958, American agriculture's increase in productivity per worker from 1947 to 1956 reached the astounding figure of about 6% a year. In the same period, the best all non-agricultural industries could chalk up was less than half as much—about 2.8% a year.

Yet, this great record of accomplishment has in turn created the most costly, the most dangerous, and so far, the most insoluble problem we have ever faced in agriculture — the farm surplus problem.

Upon consulting experts on farming and agricultural economics, I find that even they are a little confused as to where agriculture is heading with its surpluses, soil banks, crop loans, support prices, acreage restrictions and political plans which seem designed to visit the sins of the past upon unborn generations. None of these experts believe that we are going in a constructive or in a safe direction.

Personally, they remind me of a chap named Jones who was walking disconsolately down the street when he was hailed by his friend Bill Smith: "Hi, Jones! What's making you look so downhearted?" "My future," replied Jones glumly. "Nonsense! What makes your future seem so hopeless?" asked Bill. "My past," explained Jones.

In agriculture, it is the very *success* of the past that makes the future so glum. If ever revolution turned anybody's world topsy-turvy, the technological revolution has done this to the farmer.

I have just looked at some pictures of a new tractor being manufactured at Moline, Ill., a tractor so large that it is hinged in the middle to increase its maneuverability. This new "behemoth" will pull a three-ton cultivator across the field at a 19-acre-an-hour pace. It has tripled the capacity of the largest tractor up to now, and it can cultivate a 360-acre farm in two working days.

I mention it because our first agricultural revolution came from the replacement of the horse, which released 90 million acres for production of crops other than oats. Immediately thereafter came more revolutions: power-driven equipment, hybrid corn, the new and heavy uses of fertilizers, and the new and better methods of animal feeding.

Or take the case of the reaper. Before the days of the McCormick reaper in 1831, it took 40 hours of labor to harvest an acre of wheat. The first reaper reduced this and greatly lightened the labor. The grain binder next cut the hours down to about 17 for an acre of wheat, and the tractor-powered binder pushed the hours down to seven. Next came the pull-type combine which cut the hours to less than two, and our present biggest self-propelled combine reduced the time to *six or eight minutes*.

Similarly, the hours to pick an acre of corn have been cut from 5½ hours when done by hand a generation ago to 20 minutes today.

Until about 1940, the consequences of such revolutions did not show up very much. Yields of most major crops had changed little since the Civil War. But, it was in this period, before we saw where farming was heading, that we started an agricultural support program based on parity.

Twenty-five years ago, this program seemed justified both as an economic and as a political expediency. Now, we know that it has done much to speed up the technological revolution in agriculture, and thus, make our surplus problem even worse.

Other tremendous revolutions still lie ahead in agriculture. But we are not responding to their challenge. We continue to cling to old and outmoded concepts of what government should do for farmers. We still use government money to support prices so that farmers will produce what they cannot sell and what we cannot use. Instead, we should use this money to guide and help farmers into the production of things we do want, things they can sell.

Unavoidable Facts in the Crisis

Perhaps only a crisis will make us act. That crisis is on the way. Here are some of the unavoidable facts that are creating and augmenting the crisis.

One: At present, the Department of Agriculture has $8.6 billion tied up in farm surpluses. At present, $6.2 billion of surpluses are owned outright by Uncle Sam, including 1½ billion bushels of corn valued at $2.4 billion and over 1¼ billion bushels of wheat valued in excess of $2 billion.

And at the same time, prices are now at their lowest in 15 years, while general price levels have advanced more than 60%. This disparity for farmers has come because government is offering incentives to produce too much, and agriculture is responding by producing too much.

Two: Growth of markets available to American agricultural products has no kept pace with increased agricultural productivity in some lines. Wheat, corn, and cotton are examples of increased output on decreased acreage.

Three: The total domestic market for food grows in proportion to population and no faster. The capacity of the human stomach is limited and increased per capita consumption of certain foods results in decreased consumption of other foods.

Four: Our huge surpluses of certain agricultural commodities are a drug also on the international market. Our prices are too high to be attractive to the "have-not" countries. However, it is true that through our Export Program under Public Law 480, vast quantities of wheat and wheat flour have been exported to these "have-not" countries. Our nation has just signed a new $238,800,000 surplus food agreement with India to obtain United States farm surpluses, including 110,000,000 bushels of wheat, with its own currency. Some 80% of the rupees received for the shipment will be lent or given to India to finance local economic development.

Foreign demand for our surplus commodities is limited not only by the shortage of available funds in many countries, but also by their preference for other types of foods. People of the Orient seem to prefer rice to wheat, and would pass up butter in favor of other fats and oils, even at equivalent prices.

Five: The programs which have given rise to the production of our huge surpluses are weakening the farmer's long-range independence and financial strength. They are making him dependent upon a benevolent government which decrees how much he shall get for his product and how much he may produce.

To sum up, guaranteed price levels, soil banks and acreage controls have not solved our agricultural problems. The result has been not to decrease but to *increase* our surplus and the difficulties attendant upon it.

A Grass Roots Problem

Of course, it would be misleading to assume all of farming is included in the price support program. Farmers are fortunate in-

Continued on page 24

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks struggled with their all-time high again this week, the area giving industrials definite trouble. A second unsuccessful bid to forge through the peak dampened enthusiasm rather obviously to where a minority was talking of the earlier than usual demise of the year-end rally.

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With some tax selling still apparent, and time fast running out, the majority view was still that a new high was possible after the holiday shutdown and before the trading of 1959 grinds to a halt.

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The bid for any sort of peak was confined strictly to the industrial average. The rail and utility averages were still in minus ground on the year and showing no clearcut determination to get into the plus column before the year is over.

1959's Big Upset

That, is retrospect, wasn't the way the year was supposed to have gone. At the start the predictions were virtually all glowing, with rails and utilities expected in time to share in the prosperity. The predictions were upset mostly by the longest steel strike in history that is only temporarily solved by a Taft-Hartley injunction.

* * *

And, apparently, the fears of a resumption of the strike late in January were still keeping the market restrained. It was indicated rather widely that a full-fledged agreement between the companies and the union prior to the end of the injunction period could spur much better things in the market.

* * *

The new year wasn't being viewed with any alarm, generally, since sooner or later the steel mills and the union will come to some sort of terms and end that uncertainty. In general, stocks were in strong hands, funds for investment ample, and there are many issues of good quality available that haven't been carried to ridiculous levels by mass demand.

Year-End Friends

Lists of depressed issues were being circulated widely, and included: Amerada and Cities Service in the oils; Freeport Sulphur; the airlines; Anaconda in the nonferrous metals; B. & O. and Central in the rails, and the better aircrafts such as Boeing, General Dynamics and United Aircraft.

* * *

Utilities had some year-end friends, too, particularly those like Peoples Gas which has been able to double its profit in the last decade but still offers an above-average yield approaching 4%. The dividend was increased recently and is well sheltered by earnings which are expected to reach a new peak again this year.

* * *

Tobaccos, with the recurring controversy over lung cancer, have had little sustained popularity although some of the better yields are available in this group. U. S. Tobacco has been more immune to the health scares than the others, since its important products are snuff and smoking tobacco instead of cigarets. With little in the way of growth in the snuff market, the company recently started to diversify to broaden its outlook.

A Tobacco Company Reaching for a Sweet

The first move out of its own field taken by U. S. Tobacco was acquisition of Circus Foods, maker of candy bars and nut products. This acquisition was tied in with U. S. Tobacco's own distribution system and it is anticipated that its line will be expanded to nationwide distribution. It had concentrated on the west and southwest. And it is believed that this was only the first step in a far broader diversification. The yield in U. S. Tobacco approaches 6%. Its market price has been around 12 times projected earnings for this year, which gives little reflection of the expanding future that now faces the company.

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Auto shares have, on occasion, perked up as the industry set its sights on a near-record year 1960, but the auto supply shares were still one of the more neglected groups. A cyclical item in this group is Budd Co. which derived some 85% of its sales from automotive parts last year, and hence quickly reflects the state of the auto business generally. The stock has moved narrowly this year. With its range limited to around a dozen points, it has been lolling lately closer to the low than the high as one result of the steel strike's pinch on auto production in the second half of the year. With the strike ended finally, and auto production humming, Budd could show a sharp earnings rebound early next year.

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Budd, too, is following the diversification trail. It recently landed a multi-million dollar subway car contract and in the fall acquired Lewyt Mfg. Co. which gave it entry into the electronics business.

Electronics Sleepers?

In the prime electronic issues, General Instruments has done well but without any of the fanfare that has settled on more popular items in this group. It is one of the older electronic operations dating back to 1923. In the last few years vigorous efforts have been directed toward ending its earlier, erratic earnings record, including mergers, discontinuance of unprofitable lines, and close attention to cost control and efficiency.

* * *

In the past five years the company's progress has been pronounced, as General Instrument doubled sales and went from red ink in the profit report to net above a million dollars. It would appear that the company has made its turn and is emerging from its period of transition, particularly since 1960 projections indicate good growth ahead.

* * *

P. R. Mallory is another electronic that hasn't been as prominent as the other skyrockets, holding in about a 15-point range so far this year. The company is expected to show a sharp increase in net this year and go on from there to better things next year. The company by then will be on full-scale production of rectifiers which have been only a pilot-plant item this year, and has expanded into electronic assemblies to broaden the narrow vista it had when it was only producing components.

* * *

International Resistance, which is a more speculative situation, is another involved in electronic work that has been changing its habits. It reduced its reliance on radio and television set makers from nearly half of total sales to only about a fifth, terminated unprofitable operations, and saw military and general equipment sales mount to nearly two-thirds of the total. Despite a dip of 11% in sales last year, net income was up 7% as all the moves added up to increased profit capacity. So far this year on a sales gain of less than 50%, profits spurted 370%.

[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.]

Form Weinberger Co.

FOREST HILLS, N. Y.—Mandel Weinberger is engaging in a securities business from offices at 110-45 Seventy-first Road under the firm name of Weinberger & Co.

Forms Geo. Wright Co.

OGDEN, Utah—George R. Wright is conducting a securities business from offices at 5919 South Woodland Drive under the firm name of George R. Wright & Co.

NEWS ABOUT BANKS AND BANKERS

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

The First National City Bank of New York, Dec. 23, announced the appointment of two senior Vice-Presidents and nine Vice-Presidents.

William I. Spencer   Edwin Thorne

The new senior Vice-Presidents are William I. Spencer, who is associated with the Special Industries Group in the bank's National Division, and Edwin Thorne, head of the European District in the Overseas Division.

Nine men were appointed Vice-Presidents as follows:

Eugene J. Callan, New York Branch Division.

John H. Early, New York Branch Division.

Joseph H. Fleiss, Jr., Bond Administration.

Lawrence S. Heath, II, Overseas Division (European Common Market).

William A. Lockwood, Petroleum Department, National Division.

Clarence F. Michalis, Consumer Goods & Commodities, National Division.

W. A. Prendergast, Supervisor of branches in Brazil.

Kenneth K. Rounds, South American District, Overseas Division.

Dana B. Scudder, Bond Administration.

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The Board of Trustees of **The Bowery Savings Bank, New York** elected Walter H. Tietjen, Vice-President and Controller; Edwin W. Goat and Elbert B. Schenkel, Vice-Presidents. Stanford Holzman, Aubrey J. Hood and Martin J. Lindloff were appointed Assistant Vice-Presidents. Mr. Hood also was appointed Senior Deputy Controller.

Other appointments were George F. Butler, Frank D. Smith, William H. Auer and John R. Blair, Assistant Treasurers; Baxter Davidson, Edward K. Smith and Theodore Jackson, Deputy Controllers; and John Lintner, Deputy Auditor.

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The Union Square Savings Bank, New York on Dec. 15 announced the election of two new Trustees. Elected by the Board of Trustees were Gavin K. MacBain, and Williamson Pell, Jr.

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Henry C. Alexander, Chairman of the **Morgan Guaranty Trust Co. of New York,** announced plans for eventual consolidation of headquarters of the bank in one location. The plans include a decision to continue to have the bank's head office in the downtown area.

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Election of five Vice-Presidents by **Morgan Guaranty Trust Co. of New York,** was announced Dec. 21 by Henry C. Alexander, Chairman. They are John M. Keyes, of the personnel division; William C. Lang, of the general banking division; William M. Lewis, in charge of custody operations; John S. Schaffer, of the operations division; Walter H. Zulch, of the international banking division. All were previously Assistant Vice-Presidents.

The following were elected Assistant Vice-Presidents: John Reis, Jr., of the corporate research division; Arthur W. Rossiter, Jr., of the trusts and investments division; Philip J. Engel and Alexander M. F. Vagliano, of the international banking division; Roland F. Burns and Donald B. Riefler, of the government portfolio and bond division; and Cyril H. Hebrank, Jr., of the Madison Avenue office.

The following were elected Assistant-Treasurers: Robert G. Engel, S. Phelps Montgomery, William R. Putnam II, general banking division; James B. Monroe, Frank R. Rosenbach, credit department; Joseph G. Brown, government bond dealer department; Henry C. McDonald, Richard L. Tauber, municipal bond department; Robert F. Hirten, Wilbur J. Smith, Jr., international banking division.

Francis J. Farrell, John E. Paulson, and George Strattis were elected Assistant Secretaries in the corporate trust and stock transfer division, and Harris H. Gould an Assistant Trust Officer in the same division. Henry P. Bours was elected an Assistant Secretary in the personnel division.

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Appointment of Aaron L. Fried to the Flatbush Advisory Board of **Manufacturers Trust Co., New York,** is announced by Horace C. Flanigan, Chairman of the Board.

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Kempton Dunn, was elected a director of **Bankers Trust Co.,** New York.

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The election of G. L. Sheldon as Vice-President and Comptroller of **The Bank of New York** was announced Dec. 17 by Albert C. Simmonds, Chairman.

Mr. Sheldon, who has been Comptroller of the bank since 1951, joined The Bank of New York in 1926 and was made Assistant Comptroller in 1949.

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The **Fiduciary Trust Co., of New York** announced the election of Robert S. Krisko and G. Ronald Furse as Vice-Presidents.

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The promotion of Mr. Horsfield to Vice-President from the position of Assistant Vice-President was announced Dec. 17 by Mr. William A. Lyon, President.

Mr. Horsfield has been with Dry Dock since 1957. He was formerly with **East River Savings Bank, New York.**

* * *

John T. Madden, Chairman of the Board of **Emigrant Industrial Savings Bank, New York,** announced that William R. White has been elected a Vice-President of the bank. Mr. White is the bank's Attorney of Record.

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The Franklin Savings Bank, New York, announced the appointment of Harry H. Bock as trustee of the bank and Vice-President in charge of investments. Mr. Bock joined the bank in 1953 as an Assistant Vice-President. Previously he was an Assistant Treasurer of the **New York Trust Co., New York.**

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The Williamsburgh Savings Bank, Brooklyn, N. Y., announced the election of Louis Miller as Senior Vice-President. Formerly a Vice-President Mr. Miller has been

Continued on page 28

Savings Bank Investments Over the Business Cycle

By Roger F. Murray,* *S. Sloan Colt Professor of Banking and Finance, Columbia University, New York City*

Former commercial banker advises savings bankers on how to go about building long-term earning power. He suggests a flexible dividend policy, including split dividends, to check perverse outflow of funds during prosperity when competition for savings aggressively mounts as against an inflow during the downswing. And, after warning bankers against investment policies found wanting, the banking professor recommends: (1) buying and holding a diversified portfolio of well selected equities; (2) a contra cyclical investment policy involving a flexibility or deposit equalization account to provide funds for investment when there's low cash flow and tight money; and (3) cultivating the willingness to borrow. Above all, he deplores a mechanistic approach to investing.

The goal of savings bank investment policy never really changes; It is always to develop the best possible earning power over a period of years. For savings banking as a going business, in a competitive market for thrift services, only earnings pay operating expenses, cover inevitable losses, reward savers, and attract new customers. From time to time, the supervisory authorities may distract us from this goal by their obsession with the mechanics of loss reserves, surplus ratios, and dividend formulas; but hopefully we all return to the realization that, while good earning power may not solve all our problems, there is no important problem facing us today that we can solve without it.

Dr. Roger F. Murray

How we work toward this goal of developing the best possible earning power for the years ahead does, however, change as the environment in which we lend and invest constantly changes. The postwar period as a whole, the more recent past, and the events of yesterday and today all suggest that we are in a period of dynamic development in the United States which generates cyclical instability. A flexible monetary policy is employed to moderate the swings in economic activity and to check the inflationary pressures generated by the cold war and recurrent booms. Despite these efforts, we continue to witness sufficiently wide fluctuations in the demand for long-term funds to produce the most erratic behavior of long-term interest rates in the history of our mature capital markets.

Perversity in the Flow of Funds

The resurgence of competition for savings has put new and increased emphasis on earning power, compelling us to re-examine traditional tenets of investment policy and to test their adequacy. It seems clear that a passive approach of lending and investing funds as they are received is simply not competitive under present circumstances.

If the flow of funds were even over the business cycle, we could make relatively good progress. We could dollar-average our way through the cycle. But, unhappily, the flow of funds is not even. During the first half of 1958, a period of recession and easy money, deposits of mutual savings banks, including credited dividends, increased by $1,175,000,000 or 3.72%. In contrast, the first half of 1959, when interest rates were high, produced a growth of less than $500,000,000 or 1.43%, and we all know what the "Magic 5's" did to the deposit trend later this year. This was a repetition of experience in the previous cycle: a growth rate of almost 4¼% for the low-interest-rate first half of 1954 shrinking to 2.93% for the first half of 1957 when rates were rising sharply.

Our recent and current experience, while painful to contemplate, is not necessarily unique. We are probably being only realistic if we assume a perverse behavior of deposit trends; i.e., a high growth rate in periods of recession and low interest rates but a low rate of inflow in periods of prosperity and high interest rates. If one deals with cash flow (net deposit increase plus cash earnings plus mortgage amortization and payoffs), the picture is even less encouraging. Comprehensive figures for the whole system are not available, but spot checks of the experience of individual institutions indicate that, precisely as one would expect, mortgage payoffs tend to diminish in the tight money periods, so that total cash flow is even more perverse in its behavior over the cycle than are deposits alone. If ever we have a recession so protracted as to cause an appreciable volume of defaults on insured and guaranteed mortgages, of course, the problem will be even more serious.

Flexible Dividend Policy

Ideally, all of us would like to see the effects of the business cycle operate in just the opposite direction. We should like to see withdrawals decline in periods of prosperity in contrast to a rise during recessions. Then we could turn in a better than average performance without exerting ourselves unduly. But this is not in the least likely to happen. When money is tight, our competitors, including now the U. S. Treasury, are more aggressive and our customers are disposed to spend in durable consumers goods and "big ticket" items. But let a recession develop and we find our competitors less aggressive and our customers hesitant to withdraw their savings.

The economic facts of life dictate this behavior of our flow of funds and what do savings bankers do about it? They act systematically to increase its perversity by dividend policies which emphasize stability in the rate. Dividends tend to be maintained even when interest rates decline and competition is less active. Contrariwise, dividends are increased at a glacier-like pace as interest rates rise in a subsequent recovery. I submit that our depositors would be much better served by a more flexible dividend policy which more closely reflects the current earning power potential of the new deposit or of the withdrawal not made. By the use of split-dividends, flexibility can be introduced without causing wide fluctuations in the reward to the long-term saver.

For example, at the present time, a 4% rate on two-year money is appropriate with the rate on new funds not far below this figure. In a subsequent recession, the rate on new money could be reduced to 3% or even 2½% before changing the longer-term rate. The differential could be narrowed again during the next period of recovery and rising interest rates. This would not necessarily stabilize the behavior of deposits, but it would at least use dividend policy as a positive factor in that direction instead of in the opposite one as at present. Needless to say, the supervisory authorities would have to adopt a more imaginative and flexible attitude in those states where dividends are controlled to make possible this flexibility.

Discredited Solutions

Although this kind of a dividend policy would make an important contribution to the goal of developing better long-term earning power, we must also explore the more specific role of investment policy.

First of all, we can reject two kinds of investment policies which have been repeatedly weighed in the balance and found wanting. One of these is to permit a deterioration in asset quality. This, we know, only increases earning power in the short run. When the inevitable losses occur, we learn that the yield premium was not adequate for the risks assumed and that the net return over a period of years was lower than that available from loans and investments of good quality.

The second discredited investment policy is at the other extreme. For fear of making a mistake in the timing of portfolio management changes, a rigid pattern of asset allocation is established and little or no flexibility is permitted. In this eminently respectable formula for mediocrity in asset management, the same liquidity ratios are made applicable at all times, reserve buying power is established at the expense of earnings but is seldom used, and achievement of an orderly rotation of bond maturities is taken as evidence of successful management. The pursuit of this policy will soon make the institution non-competitive in a competitive saving market.

Happily, in my observation, neither of these approaches to investment policy is in widespread use at the present time. On the contrary, particularly during recent years, there has been more and more flexibility, imagination, and willingness to adapt policies to the radically different environment in which we have operated since the famous accord between the Treasury and the Federal Reserve in March, 1951.

Some Specific Suggestions

In terms of a flexible approach to portfolio management, then, what can be done to build long-term earning power in spite of the perverse behavior of a bank's cash flow? I should like to suggest and strongly endorse three approaches to the problem. The first should be easy, but it seems that considerable fortitude is needed at times like this. It is simply to **hold** equities. The fortitude is needed to resist the temptation to realize on the paper profits which may be sorely tempting at times. But holding equities by the decade is one of the best ways yet discovered to build earning power. Just the other day, I studied a list of common stocks owned in my bank five years ago and still owned today. The dividends from Sept. 30, 1954 to Sept. 30, 1959 increased by 30%. Even if the rate of growth in dividends is not as great in the next five years, I can see no real competitor to this good stock portfolio as the best contributor to long-term earning power.

An investment policy of buying and holding a diversified portfolio of well selected equities, then, is one which can be carried out through the cycle. Within the limits of the statute, one almost always has buying power. Hopefully, more of it will be used in recessions than in booms. As a New Yorker, I sometimes envy some of my neighbors who can buy bank stocks in addition, but I am comforted by the thought that the New York prohibition against bank stocks may have happily forced us to invest in more productive industrial and public utility equities.

A second component of an effective investment policy involves using what might be called a flexibility reserve or a deposit equalization account. You can give it whatever name you wish, but the purpose is simple. In periods of high cash flow and easy money, you accumulate a fund in highly liquid form for subsequent investment in a period of low cash flow and tight money.

Let me illustrate by the ideal case. On Nov. 15, 1957, when the Federal Reserve announced a reversal of its tight money policy, you had nothing left in this account because you had spent the last dollar on A.T. & T. 5s. From then until mid-1958, you built up your flexibility reserve out of the good deposit inflow and some sales of long-term bonds. You maintained basic earning power by the relending of mortgage amortization and payoffs. By July 1958, your reserve account had reached its maximum of 7% of assets. For the next 12 months, you drew on the account only very sparingly as rates rose. Since July 1959, you have used it more liberally in order to be able to keep on lending and investing in this market while facing an adverse deposit experience. Perhaps you have only a small portion of it still left, but you have more than offset the normal perversity of the flow of investible funds.

I have described the ideal case, which probably none of us would achieve in actual practice. But by working toward such an objective, it is my own observation from actual experience that the results are indeed rewarding. Psychologically, it is not easy to follow this contracyclical investment policy because it involves accepting a low, perhaps even a very low, return on the short-term, highly liquid assets in the deposit equalization account at a time when yields generally are declining. There are also the risks of not being as accurate on timing as in my ideal case. But one need not achieve close to perfection in his timing to accomplish worthwhile results with as modest a portion of total assets as I am suggesting.

My third recommendation for an effective investment policy is to cultivate the willingness to borrow. This can take the form of pushing forward mortgage commitments, ware-housing mortgages, or actually borrowing to meet withdrawals. Borrowing in this broad sense can be thought of as an enlargement of the deposit equalization account or as the equivalent of a secondary reserve. It is not, of course, a substitute for a primary reserve in cash and short governments totalling, say, 5% of assets for spot liquidity purposes. The various kinds of borrowing make particularly good sense because they facilitate short-term adjustments in position. For more persistent needs, the mortgage portfolio is the best possible source of cash flow.

I appreciate that tradition is strongly opposed to the notion of borrowing by a mutual savings bank, but I am not advocating the practice of borrowing at all times as so many savings and loan associations make a practice of doing. However, bearing in mind the importance of sound earning power, it seems clear to me that this is a better way to provide a secondary reserve for such contingencies as cannot be foreseen or offset than the traditional bond investments approved for the purpose. A reasonable amount of borrowing can be repaid from either a reversal of unfavorable deposit experience or from letting the mortgage portfolio shrink if bond prices are unfavorable to sales. There is appreciably less exposure than when reliance is on three- to five-year bond maturities as has been usually regarded as eminently respectable for a secondary reserve.

Summary

In summary, then, I again emphasize the importance of keeping constantly in mind the goal of building long-term earning power. This means holding high grade common stocks for their long-term yield and disregarding capital gains. It means trying to achieve a degree of independence from the perverse behavior of deposits through the business cycle. It means flexibility in asset allocation so that funds are invested in whatever market is under the greatest pressure at the time, in accordance with the adage: "Buy what's in supply!" Finally, it means being willing to borrow when the deposit trend turns unpredictably sour, even when this means publishing a statement which includes a conspicuous "bills payable" item.

*An address by Professor Murray before the 13th Mid-year Meeting of the National Association of Mutual Savings Banks, New York City.

The Business Outlook

Continued from page 3

ventory accumulation. Businessmen were adding to stocks at a $10.4 billion annual rate in the second quarter, but in the third they reduced them at a $1 billion rate. Apart from this, final demand—purchases of goods and services by consumers and government plus business fixed investment — continued to rise steadily through the third quarter, virtually unaffected by strikes.

Says Economy Is in Good Shape

On the whole, the economy is in good shape for the upsurge which will inevitably follow the settlement of major labor disputes and the resumption of full-scale steel production. The accumulation of inventories will add to the sharpness of the upswing in early 1960 as it did in early 1959; inventories of steel, autos, and many other types of goods will need to be rebuilt. The outlook is for a continued rise in consumer spending. In the past year, Federal Government spending has been relatively stable, while the trend in state and local expenditures has been slightly rising; prospects are that both these trends will be continued in 1960. Our net export balance is improving. Business fixed investment is rising, but residential construction, affected by tight money and steel shortages, declined slightly. Even so, the expectation is that housing starts next year will add up to 1.2 million, down 10 to 15% from this year but still a good housing year. The peak setback in 1950 was just under 1.4 million starts; we may come fairly close to that in 1959.

Cites McGraw-Hill Survey

A survey taken in October by McGraw-Hill showed that at that time manufacturers were planning to boost their plant and equipment spending in 1960 by 19% over 1959. Non-manufacturing firms expected to increase capital expenditures 6% to a new record. At the time of this survey the steel strike clouded the outlook with uncertainty, particularly in regard to construction schedules and delivery dates on heavy equipment. Consequently, a tendency toward understatement of anticipated expenditures would be only natural. In past periods of widespread improvement in economic activity, business has tended to raise its sights for plant and equipment spending. Prospects that dislocations of the strike will be corrected and that business will be on the upgrade next year make it more than likely that capital spending budgets for 1960 will be boosted still further.

Our friend from Mars interrupts. His built-in computer has subjected my comments to simultaneous analysis and he concludes that, despite strikes, 1959 will be the nation's most prosperous year. He adds that while we live in a universe where there are always unforseeable developments, 1960 looks better on the basis of momentum alone. But, he asks, even with our assurance of a half-trillion dollar economy, what's this he's picked up about tight money, inflation, and labor unrest?

* * *

Will Money Be Too Tight?

The question of whether tight money will check our prosperity is cropping up more and more. Better business, sustained homebuilding, and enlarged auto sales, will need more credit. Adding to our difficulties is resistance in Congress to giving the Treasury power to pay going rates in the market on issues of over five years maturity, thus exerting further pressures on the short-term market. Little comfort is to be found in the thought that 75% of the debt matures within five years.

While this heavy demand for money in relation to supply has created a squeeze which makes it impossible for people to do everything they'd like to do on credit, there is no evidence of crisis. The objective of Federal Reserve policy is to suppress credit excesses and thus encourage growth at a pace we can sustain. This calls for an anti-inflationary posture.

But there are those who would have the Fed let up on the reins still further — to provide more money to make credit easier. This would simply lead to excesses of some kind, in speculation, overinvestment, overspending, overpricing, more boom and bust. History's lesson is that there is no compromise with inflation, "creeping" or otherwise. Whenever and wherever this has been tested, it has been found wanting. It would be nice if no one objected to higher prices and we could all spend beyond our incomes, and in doing so enlarge each other's income. But continuous inflation is a fool's paradise in which people hurry their spending to beat the game, hoard goods someone else needs, and overcommit themselves. The correct prescription is to let money become hard to borrow and to resist rising cost and price trends. This interferes less with individual freedoms, strengthens inducements to save, and offers the best method we have to stretch prosperity out in time.

Only Cloud Is Labor Unrest

The optimism for 1960 hinges on the willingness of people to accept prosperity and stay at work. The big cloud ahead is labor unrest. The outcome of negotiations now in progress may have an important bearing on the ability of the economy to capitalize on the markets of the "fabulous Sixties" and to realize its full growth potential. In one recent union-management dispute after another, the crucial issue has turned out to be working rules and the right of management to promote efficiency and cut costs. It needs to be remembered that the United States is able to pay the highest wages in the world only because it has achieved the highest productive efficiency. Now, as other nations are catching up, American industry is challenged to hold the line on costs and avoid the necessity of advances in prices. If a businessman is unable to obtain the cost reductions he expected on an expensive piece of new equipment, or if the efficient scheduling of its operations is repeatedly disrupted, his incentive to make further investments of this sort is greatly diminished. But capital investment is what paves the way for future increases in production and productivity not only to support a larger population but also to improve living standards. It's the key to real economic growth. Businessmen's willingness to maintain a high level of plant and equipment outlays is fostered by an economic climate in which they feel able to operate peaceably and profitably. To finance investment requires profits. This dependence underscores the basic role of profit trends in underwriting economic growth. Profits supply means for payment, the creditworthiness for borrowing, and the incentive for expansion.

Challenges Ahead

In the challenging new decade ahead there is a great deal of anticipation of the changes these years will bring. Postwar reconstruction, the expansion in industrial investment, and more money in consumers' pockets fueled the upsurge of the Fifties. Some of these trends will continue. The added factor for the Sixties is the sharp increase in the birth rate which started in 1946 and 1947. The first groups of this wave of young people are now becoming teenagers. Any who have teenagers around the house know what that does to family spending patterns. Even more important, these youngsters will begin to reach marriageable age in the mid-'60s. Youngsters everywhere will want jobs, families, homes, the better things in life. But it is easier to produce population increase than equivalent increase in goods and services. Of course, we want more than equivalent increase: we want rising standards of living, broadened educational opportunities, and increased leisure. These will tend to accelerate already-evident political and social trends. There will also be a challenge in the fact that the numbers of people of working age will grow—for every two new job applicants today, there will be three by 1970—but the numbers of children and retired people are expected to grow relatively much faster. It will be a severe test for our ingenuity in finding ways to improve our productive efficiency and to get together enough capital to provide tools through which our output can be increased.

In talking of the '60s I would be remiss not to mention the technological explosion in which we find ourselves. If "past is prologue," its staggering impact upon our personal and banking lives promises to intensify. It will bring about social changes, too—the Model T Ford is the classic example.

I had fun, while preparing this paper, thinking of some of the developments that I have encountered during my own 25 working years: Salk vaccine, atomic submarines, hula hoops, laundromats, World War II, power steering in the family car, ball point pens, nylon stockings, a direct hit on the moon, TV and TV dinners, the Air Force Academy, bank automation, suits that don't wrinkle, the formation of 20 new nations since 1945, just to mention a few at random.

Industry is gearing itself for change. Research and development expenditures this year will total over $9 billion, up from $4.8 billion as recently as 1955. Forecasts as far out as 1962 indicate over $10 billion for R & D. Out of this will come new industries, products, markets, and opportunities.

The nation faces unparalleled potential for economic growth, but this does not assure automatic prosperity. Our type of free enterprise, in which we set our own objectives and make our own decisions, is and always will be affected by cyclical swings in production, employment opportunities, and credit availability. We will need to attack the road blocks to growth now present in our economy, keep incentive alive, guard private enterprise from the encroachments of socialism, and practice fiscal discipline. Given a climate which encourages work, initiative, and risk-taking, we should go far in validating the glorious accounts we have heard of the '60s.

*An address by Mr. Mueller before the 1959 Correspondent Bank Conference of the Bank of Virginia Commonwealth Club, Richmond, Va., Dec. 9, 1959.

Harris, Upham Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — Louise Perrill has joined the staff of Harris, Upham & Co., 135 South La Salle Street.

Joins Hemphill, Noyes

(Special to The Financial Chronicle)

CHICAGO, Ill.—Arnold M. Mass has become connected with Hemphill, Noyes & Co., 231 South La Salle Street.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Iowa-Illinois Gas & Electric Company

Iowa-Illinois Gas & Electric supplies electricity and gas to the cities of Rock Island, Moline and East Moline in Illinois; and Davenport, Iowa City and Fort Dodge in Iowa; and natural gas only to Cedar Rapids and Ottumwa, Iowa. Population of the area served with gas is about 351,000, and with electricity 286,000. Iowa is, of course, well known as a corn State and also raises other grains, cattle and dairy products; also produces meats and prepared foods, farm and other machinery, steel products, etc.

Fifty-one per cent of electric revenues were from electricity last year, and 49% gas. Electric revenues were about 34% residential and rural, 22% commercial, 33% industrial and 11% miscellaneous. Of the revenues 62% was derived from residential and other heating business.

The company is part of the old United Light & Railways System which was dissolved in 1950. There has been considerable exchange of power among the former subsidiaries of that holding company, but this was terminated in July, 1958, and was superseded by a new Iowa Power Pool composed of five utilities in that State. This was made possible by extensive construction of high voltage transmission lines, known as the Iowa Grid. This coordinated program should permit installation of new generating units on a more economical basis as to timing, location and unit sizes; and should also minimize requirements for reserves. The company's generating capability aggregated 292,859 kw at the end of 1958, and peak load in that year was 246,819 kw, indicating reserve capacity of 16%.

A 125,000 kw generating unit will be completed in June, 1961, at a cost of about $20 million near Davenport; this unit is about 2½ times that of the largest generator now operated and is also substantially larger than any generator operating in Iowa. Pending completion of the new unit, the company will obtain 20,000 kw firm power from Illinois Power Company during the year ending June 1, 1960, and 40,000 kw for the following 12 months. An interconnection with Union Electric is also being built. Construction of larger units should help the company increase efficiency; last year operations averaged 13,500 btu per kwh.

A merger with Iowa Power & Light has been proposed, but the two companies were unable to agree on a common stock exchange ratio, and negotiations were discontinued in January, 1959.

Iowa-Illinois Gas & Electric's share earnings record has "made a line" for the obvious reason that good growth in sales has been offset by a declining rate of return. According to Standard & Poor's, the percentage earned on year-end net plant declined from 13.5% in 1948 to 6.7% (about one-half) in 1954, and in the 12 months ended Sept. 30, 1959, approximated 7%. Share earnings declined from $2.60 in 1948 to $2.12 in 1954, but recovered to $2.72 in 1957; the latest figure was $2.48 for the 12 months ended Sept. 30, 1959.

There is no State commission in Iowa, where the company deals directly with municipalities, but operations in Illinois are under the jurisdiction of the Commerce Commission. A fair value basis has been used in Illinois for some years, and was established in Iowa in a 1957 decision of the State Supreme Court. The company has had somewhat of a struggle in both States to obtain full application of the principal particularly with respect to gas rates in different Iowa municipalities. However, some rate increases have been obtained in Iowa districts which include an allowance for fair value.

The company has had to pay higher prices for gas from its suppliers in recent years, including amounts collected under bond and subject to refund. About half of these increases were passed along to its own customers under escalation clauses in the rate schedules or contract. While substantial refunds were obtained from suppliers in 1958-9, the company thus had to refund a substantial part of this, and also adjusted income taxes, so that it only retained $530,000 allocated to several years' earnings. At the end of 1958 it was still paying nearly $1 million under bond pending determination of pipeline rates by the Federal Power Commission, applying to the years 1957-8. Should the increases be denied by the FPC, Iowa-Illinois' earnings for these two years might be increased somewhat.

The company has obtained gas rate increases in Cedar Rapids and Ottumwa, totaling $410,000 annually. New electric rates in Davenport were estimated to increase annual revenues about $925,000 and a gas increase added $50,000. A 26% rate increase was upheld by the District Court in Fort Dodge recently, and after Jan. 1 the company will ask for an additional 27%.

In December, 1958, the Illinois Commerce Commission authorized new electric rates in Illinois estimated to yield about $270,000, compared with the requested amount of $567,000. The company's request for a rehearing was denied, but the company made a court appeal. The Circuit Court of Rock Island granted almost the entire amount originally requested (effective Sept. 1) but the Illinois Commission planned to appeal to the State Supreme Court. The Circuit Court had held that 5.8% rate of return was too low and that not enough weight was given to reproduction cost of plant.

In the 12 months ended Sept. 30 the company reported earnings of $2.48 on average shares (adjusted for a 5% stock dividend, June 30), compared with $2.33 on a smaller number of shares in the previous year. The company charged a total of $4,165,000 for depreciation, compared with $3,552,000 in the previous year, an increase of 17%, a substantial part of this reflecting a special charge for depreciation on fair value which had been effective for only part of the previous period.

At the recent price of 38½ the stock yields 4.7% based on the $1.80 dividend rate. The price-earnings ratio is 15.5.

P. V. Hall & Co. To Be Formed

P. V. Hall & Company, members of the New York Stock Exchange, will be formed as of Jan. 1st with offices at 44 Wall Street, New York City. Partners will be Paul V. Hall and Norman Burch, both Exchange members, general partners; and Henry G. Fownes and Nancy O. Hall, limited partners. Mr. Hall has been active as an individual floor broker. Mr. Hall and Mr. Fownes were partners in Burch & Co., which is being dissolved.

AS WE SEE IT (Continued from page 1)

labor has been largely excepted from the provisions of these statutes. Taking advantage of this special treatment, large sections of labor have organized themselves into a tight monopoly—and one of those monopolies closed the steel mills of the country for months on end earlier this year and now threatens to close it down again early next year. Government, the politicians generally, and the general public have become disturbed about this state of affairs, but where is the politician with the hardihood to suggest dealing with these monopolistic labor organizations as was done with business in general? Where can one find great public demand that something of the sort be done notwithstanding that it is plain as a pikestaff that in this way, and only in some such way, is the situation likely to be remedied?

The powers that be, from the President down, have been strongly condemning both parties to this controversy—impartiality appears to be regarded as a political necessity—and demanding that more "social responsibility" be shown by both. One of the latest to come forward with some such appeal is the Secretary of Labor in Washington in an address before the recent meeting of the Investment Bankers Association. [Full text in our issue of Dec. 17.] "The objective of maintaining industrial peace cannot, in short, be met," he says "unless labor and management meet their responsibilities for efficiency, for real growth, and for competitive position as well." They must agree, he adds, that "owners and stockholders, union members and employees, the consumers and the public, all have a right to a fair share of increasing productivity. Let them agree that the time has come when a third chair is at every bargaining table, the chair in which the public sits."

A Cut Above

This general statement seems to us to place Mr. Mitchell a cut above most of the Secretaries of Labor who have held office in Washington in recent years. This impression of the man is supported further by his warning to the effect that "it may be . . . that settlements based upon a postponement rather than an acceptance of responsibility may prove more costly to our society than a strike." The trouble is that there is apparently no realization of the essential futility of demanding that monopoly behave in the way he cites. In the early days when monopolies had arisen in various industries, and had not been taken forcibly in hand, it would have been quite futile for Theodore Roosevelt to call on this or that trust to act "responsibly." For one thing, various people have various ideas about what the word means in any particular context—and, of course, those being called upon to behave in this particular way are hardly disinterested parties.

And let no one suppose that this situation has been or is now confined to the steel industry. There has been "settlement" after "settlement" in the months since the recession receded in which the parties can hardly be said to have acted responsibly—unless, indeed, to settle on what terms are available without a long and costly strike is to be regarded of itself a responsible settlement. And there are others to come even before those reached in relatively recent months expire and must be renegotiated. The problem is basic and is all pervasive.

One trouble is that except when a long-drawn-out strike occurs, and the economy is obviously and distressingly affected thereby, all too little public attention or interest in the matter is discernible. If prices rise, there is, of course, some complaint and dissatisfaction, but to date nothing in the nature of a general refusal to pay the higher price has come into evidence, and hardly more than some rather desultory discussion of the whys and wherefores of the price rise is heard. At least that has been the record so far. And then the public is told by men of influence that a little inflation is, perhaps, a good thing and some sort of an assurance of satisfactory growth in the future. The consumer is apt to shrug his shoulders, borrow money and buy very nearly as always.

But, of course, this course of things can not keep on forever. Already it is clear that American manufacturers are having real price difficulty in foreign markets, and even at times in our down domestic markets. And this despite the most amazing technological progress known in history. The worst of it is, as is evidenced by the steel situation, that not only wages are involved in all this but various working rules and restrictions which make no sense and, consequently, add to the cost of production, sometimes in larger degree than advances in wages that are granted. We have now had a number of years, a very substantial number of years, to observe the effects of relieving wage earners of conforming to the antitrust laws. How much longer must we endure the cost of this mistake before we begin to recognize it as a blunder and prepare to do something about it?

Voorhis Sec. of Tri-Continental

H. M. Eaird Voorhis has been elected Secretary of Tri-Continental Corporation and the Broad Street Group of Mutual Funds, Francis F. Randolph, Chairman, and Fred E. Brown, President, have announced. He will take office Jan. 1, 1960.

Mr. Voorhis, now Assistant Secretary of the companies, will succeed Kenneth H. Chalmers, who will retire Dec. 31 after 30 years of service.

Investment Planning ABC's For the Individual Investor

Continued from page 9

Electric afford a yield in excess of 5%.

Capital Appreciation

Now let's consider the investor whose primary objective is that of prospective capital appreciation over the longer term — i.e., "growth." It is not at all difficult to provoke an argument as to what may be meant by the term "growth."

It continues to be my impression that the concept of growth may not be as simple as it might appear. The growth to be desired, presumably, is that of **secular** growth and not merely growth caused by an upward swing in the business cycle. Thus, in attempting to analyze the growth record of an industry, long-run trends should perhaps be measured in terms of physical units of output —since there is little evidence of a secular trend in the price level. This raises the question as to the proper time to buy into a growth industry. In the early stages of a typical growth pattern there may be, in fact, very little growth. During this period, growth may be recognized only by estimating future prospects.

Obviously, the investor who makes a commitment in a growth industry at this **early** stage may enjoy the rewards to be achieved in the period of most rapid growth. However, there are two basic hazards confronting the investor who buys into a growth industry at such an early stage:

(1) He runs the risk of possibly overestimating the **extent** of future growth (based solely on an appraisal of current prospects) or, of overestimating the rate of expected growth.

(2) He can never quite be sure **which** stocks of companies in the growing industry may increase in value as a result of the industry's growth nor, in fact, which companies may survive.

Stocks of companies that enjoy prospects of rapid growth in the future tend to sell at prices which represent a very high multiple of current, or even of estimated future earnings. For example, shares of IBM at prices of around $400 are selling at more than 55 times last year's earnings. Nevertheless, it is interesting to note that investors who have held shares of IBM since only Jan. 1, last year, have realized an appreciation of approximately 100% on their investment.

There is another risk inherent in attempting to invest in growth stocks . . . that of possibly buying **too late** in a period of growth. In this case, the investor incurs the risk that he may pay a high price for the stock of some company because of its brilliant **record** only to discover that the company may have either reduced its **rate** of growth or may, in fact, have stopped growing. . . .

Thus, as we can see, those investors who attempt to eliminate problems of timing by merely buying growth stocks will discover that this in itself involves some peculiar problems of timing.

True historical growth is sometimes difficult to measure. If, for example, we measure the growth in sales from the peak of one business cycle to the peak of the next we may tend to eliminate the effect of purely cyclical factors. However, **temporary** factors may also exert an upward influence on sales and thus produce an erroneous impression of the amount of growth achieved. As an example, sales of molybdenum were greatly increased because of foreign demand during the war, and the stock of Climax Molybdenum Company, then considered to be a growth situation, sold at a high of around 48 in 1943. However, when sales in the early postwar years declined below the level of 1937, the stock sold in 1949 at a low of around 10½. However, since that time, as a result of mergers, stock dividends, etc., the shares of American Metal Climax (the successor company) are now selling at around 24, as compared with the **adjusted** price of 3½ in 1949. I wanted merely to illustrate how **temporary** factors such as excess demand created in wartime may have an effect on certain stock prices.

Possibly one way in which we might attempt to discover true growth trends, as measured by sales, is to compare a company's sales with some measure of the total **available market.** A consistent gain in a company's **share of the market** may, and frequently does, indicate true growth. As a matter of fact, such a company might be considered a growth company even if it operated within an industry that was not particularly noted for growth prospects, assuming of course that the industry was not highly cyclical.

One further point—and this is significant: Selecting the right **company** is fully as important as selecting the right **industry.** It should never be presumed that all, or even a majority, of the companies engaged in any given industry recognized as a growth industry may, **per se,** be growth companies. In addition, it should never be presumed that growth companies—recognized as such—within a growth industry may, in fact, achieve growth either at the same rate or to the same extent. While not a common fallacy, this has nevertheless occasionally misled investors.

Assuming a company's sales represent a growing share of the available market, this evidence may suggest good management. However, the investor should not be interested in growth of sales **unless** it is accompanied by growth in **profits.** Growth in itself may be of value to management, but it can be a hazard to the investor **if** it is accomplished at the **expense of profits.**

One very important criterion of growth involves the increase in both earnings and dividends **per share** of stock.

Not infrequently, a rate of growth in earnings may **exceed** the rate of growth in sales. This also suggests the possibility of excellence in management.

One caution which I should like to suggest at this point . . . the general concept of a growth stock may imply that an investor will enjoy longer-term appreciation in **market value** as well as in earnings and in dividends. Many so-called growth stocks, however, have exhibited wide fluctuations of market price as excessive optimism concerning the future—during periods of good business—evolves into more realistic appraisals of the future during periods when earnings are depressed.

How Much Diversification

One further very important consideration in our investment plan involves the term **diversification.** Speculators suggest that the most expeditious manner by means of which one may obtain larger profits in the market is to put all one's eggs in one basket. While this has resulted in success for some investors with considerable courage, it seems only fair to point out, however, that it is also possible to go broke by this method.

It is also possible, of course, to **overdiversify.** There have been investors who, through misguided desires to achieve adequate diversification, have in fact gone **too** far in the opposite direction. Ideally a realistic balance between these two opposite poles should be one's objective.

In other words, it might seem reasonable to suggest a realistic division of one's portfolio in various areas of **industry** as well as in the shares of various companies within such industries. And this tenet is just as applicable in the case of the investor concerned primarily with safety of principal as with investors concerned primarily with either maximum income or maximum capital appreciation.

Summary

In summary, then, let's review briefly the more significant points to be considered in planning an investment program:

(1) Insure that adequate provision has been made for any emergency situations which might normally be anticipated — e.g., cash available in savings banks, government bonds, etc.

(2) Provision for adequate life insurance protection.

(3) Definition of objectives — i.e., protection of principal . . . income . . . or growth.

(4) **Careful** selection of securities which may normally be expected to provide the highest relative degree of achievement of the stated investment objective.

(5) Assurance of adequate—but not excessive—diversification.

(6) (and this is certainly as important as any of the preceding points but should, perhaps, be emphasized to an even greater degree) . . . Maintain a constant and careful supervision of the securities comprising the portfolio. The financial market is a dynamic phenomenon. One economist has commented on the economy of Wall Street: "The only thing constant about the stock market is its propensity for change."

*An address by Mr. Johnson before the American Institute of Banking, San Francisco, Calif.

Chicago Trade Bd. Receives Slate

CHICAGO, Ill. — The Nominating Committee of the Board of Trade of the City of Chicago has presented the following slate to be voted upon at the annual election to be held Monday, Jan. 18:

Chairman of the Board: Clarence Rowland, Jr.

Vice-Chairman of the Board: James P. Reichmann.

Second Vice-Chairman of the Board: William G. Catron, Jr.

Directors (five to be elected to serve for three years): William D. Fleming, John L. Georgas, Alfred H. Fruetzmacher, William R. O'Donnell, and Gardiner B. Van Ness, Jr.

Director (to serve for one year): Maynard F. Gamber.

Nominating Committee (two to be elected to serve for three years): William E. Casselman, and James F. Wade.

Committee of Appeals (to serve for two years): Earl M. Combs, III; Amos H. Flint, Jr., William F. Mitty, Jr., Orville O'Neill, and Donald J. Powers; (to serve for one year); William E. Ferguson.

Committee of Arbitration (to serve for two years): Raymond A. Comenzo, Sidney C. Hamper, Thomas E. Herr, Edmund J. O'Connor, and Clarence W. Swaby.

Nominated by petition for the office of Director was Ben Raskin; and for the Office of Nominating Committee, Adams J. Riffel.

Murphey, Marseilles Partner

Murphey & Marseilles, 65 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Herbert L. Smith III to partnership. Mr. Smith will become a member of the New York Stock Exchange.

SECURITY SALESMAN'S CORNER

BY *JOHN DUTTON*

Some People Should Be Told the Facts of Life

There is one thing I have learned in the many years I have been selling securities and that is you don't make money wasting your time servicing accounts that should have kept their money in the savings bank. There are a lot of people who want to buy stocks, or trade in the market, and they are not financially or emotionally equipped for this unique activity. The security salesman that cannot eliminate such people from his prospect and customer list is losing money for himself and his firm. Besides he may shorten his life. There are enough responsibilities involved in handling investment and trading accounts when you deal with people who can afford to take the risk and who know something about investing and trading without knocking yourself out on such dubious customers as Mrs. M. Case History of a telephone interview follows:

The Lady Meant Well

The other morning I received an unsolicited telephone call from Mrs. Muddleford, at least that is what I think she called herself. Said she, "Ahem, I am Mrs. Muddleford and I read your ad in the paper. It said something about your firm offering personal service and I think I need some." "That's fine, Mrs. M," says I, "The name is John Dutton, what can we do for you?"

"I just don't know where to start. But I am real unhappy. Yes, I am unhappy. Now I have a trading account with Blank & Co. (good firm, members NYSE) and I don't think they are treating me right at all. You know Mr. Burke over there, don't you?" "Can't say that I do," I replied. "Well, I invested $10,000 with him and I have three stocks, all of them show me a loss." "What stocks do you own?" I asked. The lady didn't hesitate a split second and she went into quite a tirade. "That is the worst part of it. Look at the stocks he bought for me, General Motors, Southern Pacific, and 100 shares of Ryder Trucking."

By this time I began to catch my breath and I thought it best to ask the little lady a few pointed ones myself. I inquired. "What's wrong with those stocks, Mrs. Muddleford?" "Wrong," she exploded, "do you realize I have an $800 loss in them. Here I am starting out with $10,000 and I expect my broker to make me some money in this kind of a market and look what has happened, I have an $800 loss."

Burke old boy, and Blank and Company, thought yours truly, this gal you don't wish on me. So quietly and casually I asked the lady, "Mrs. M. are you a widow?" "Why yes," she replied, "I am." "Now I don't mean any offense but truthfully Mrs. M. don't you think you ought to stop trying to make money in the stock market and settle down and be satisfied with your good stocks?" "Satisfied," she exploded, "do you know that I only receive $95 every three months on this investment?" "How much do you think you should receive?" I asked. "Why, I don't know," said she. "But isn't that a very small return?" "I don't think so," I said, "you only would receive about $400 a year on any sound investment today in a bank."

"Mr. Dutton," said the lady, "I don't think you read your own ads. Here I am calling your firm to help me and you claim that you offer personal service. Don't you think I can do better than I am? Mr. Burke promised me that if I get five points out of my Ryder Trucking we will sell it and I can buy something else. What about that?"

"Mrs. M.", I replied "Let me give you some personal advice since that is what you seem to require, do you mind?" "No, Mr. Dutton, go ahead," said the dear lady. "Well, here it is. You are doing business with a good firm. You have good stocks. You should stop trying to speculate in the market. You don't have enough money to do so, since you only have this ten thousand and I presume it is important to you. If you can't afford losses possibly the best place for your money is in a good mutual fund and a savings bank. Talk that over with your friend, Mr. Burke. If not relax, don't try to get rich with ten thousand dollars as a stake in the market, and try to live within your means."

"Well I never heard such a thing," says Mrs. M. "I telephoned you for personal service and you tell me that I should just swallow my $800 loss and forget it. I am not going to do it. No sir. If you don't want to help me buy some stocks I can make some money on I am going to call up somebody else. Maybe they can tell me what to do."

Being a gentleman, I of course didn't tell her that I knew darned well what she could do, but I'll bet a plugged nickel that my employer and I will both be better off without her business, even if she did answer one of our expensive ads in the newspaper offering "service" with a capital "S". You see, Dutton will have time for customers and other people, who have sense enough to understand horse sense when they hear it, and money enough to afford the risk of speculation if they want to trade, and capital enough for a sound investment if that is their aim. After all my time, work, experience, and the lining of my stomach is worth something too—isn't it?

S. D. Fuller & Co. Offers Perrine Dbs.

S. D. Fuller & Co. is manager of an underwriting group which offered on Dec. 23, $1,500,000 Perrine Industries, Inc. 6½% convertible subordinated debentures, due Dec. 1, 1979, at 100% and accrued interest from Dec. 1, 1959.

Net proceeds from the sale of the debentures will be used by the glass importing and processing company to set up and equip two proposed new plants; to improve and further equip the company's Brooklyn plant; to acquire additional inventory for operations; to eliminate indebtedness to banks and to finance accounts receivable. The balance of the proceeds will be used by the Hialeah (Miami) Florida company for general corporate purposes.

The debentures will be convertible, unless previously redeemed, into class A common stock at an initial price of $6.25 per share. The debentures will be redeemable at optional redemption prices ranging from 105% to par and through the sinking fund at a redemption price of par, plus accrued interest in each case.

MUTUAL FUNDS

BY ROBERT E. RICH

Mutual Benefits

The urge to merge that has been a strong characteristic of postwar corporate trends finally caught up with the investment field in 1959. Just as manufacturers broadened their base, obtained diversity and leveled out the peaks and valleys (especially in cyclical industries) through corporate acquisitions, so the managers of mutual funds have come upon a formula to attain these somewhat similar ends. And, as many a corporate whale in quest of Jonahs before them, the mutual fund men have been increasing their assets through stock swaps.

A major impetus to this trend was provided by One William Street Fund, which attained its present eminence in large measure by buying up a number of small investment companies. The best known of these, of course, is Aurora Corp., whose stockholders were, for the most part, executives of the Ford Motor Co. They sold their approximately $36,000,000 worth of holdings to One William Street, whose fortunes incidentally are guided in no small part by Ford men. Aurora stockholders merely exchanged their holdings for One William Street shares.

Other small personal holding companies and private investment groups have entered into like arrangements with such firms as State Street Investment Corp., Fundamental Investors and Broad Street Investing. The urge to merge among investment men is not confined to the mutuals: Lehman Corp., one of the biggest closed-end investment trusts, has made a series of similar deals.

The process of swallowing these small and not so small ventures is expected to grow in the months and years ahead because of the tax angle. It appears that these ventures, in selling out to the big mutual and closed-end funds, have only to satisfy the Federal tax collectors that the transaction is for "business purposes" to be able to make the deal without incurring a tax liability.

There are other tax advantages for the partners in liquidating their small ventures, notably elimination of the Federal taxes on income or capital gains passed on to shareholders.

Another consideration: they get the stock in the mutual fund without being hit by the loading charge.

Probably the largest benefit is the acquisition through the stock swap of easy-to-market shares in a company managed by professionals working at the job full time.

For the mutual fund, the benefits too are not inconsiderable. There is, for one thing, the leverage factor. The cost of operating a mutual fund does not vary greatly even though it attains substantial growth. And, as in the case of the small number of stockholders in Aurora who chose for One William Street, the fund incurs only a negligible added cost in servicing the new share owners.

It can also be assumed that the fund acquired some highly desirable securities, else it would hardly have been interested in absorbing the personal holding company or private investment group in the first place. And it obtained these without having to go out into the marketplace. In the kind of thin markets that are all too prevalent these days, it is not difficult to imagine the premium that would have to be paid to pick up these shares. And, of course, the stock-swap route means that brokerage commissions are avoided.

The foregoing is but a sampling of the considerations involved, but the major determinant will always be the assets of the selling group. Thus, a mutual fund with a strong penchant for growth stocks would hardly be attracted to a portfolio that stressed money-rate equities.

But, all in all, 1960 should witness a growing trend toward such deals, since the mutual funds, with sales topping $2 billion this year and expecting a $2.5 billion year in 1960, will not lack the wherewithal to capitalize on the many attractive offerings that should becoming along.

The Funds Report

Income Foundation Fund reports these additions to its portfolio since Aug. 31: 2,000 shares of Caterpillar Tractor, 765 Central Soya, 2,200 Cutler-Hammer (not previously owned), 2,000 Food Machinery & Chemical, 500 General Electric, 5,000 Grumman Aircraft Engineering, 800 Halliburton Oil Well Cementing, 4,700 Parke Davis (not previously owned), 5,716 Standard Oil (New Jersey), 379 Texaco and 2,000 Westinghouse Electric. Over the same span, Income Foundation eliminated its holdings of American Airlines (3,000 shares), Mead Johnson (1,200) and Motorola (1,000).

* * *

November sales of **Delaware Fund** shares were the largest for any month in the Fund's 22-year history, W. Linton Nelson, President, reported. Totaling $4,247,-579, they represented a 91.6% increase over gross sales of $2,216,923 in the same month last year, and were 84.6% greater than those amounting to $2,300,122 in July, 1955, the best previous sales month. Delaware Fund's share repurchases last month amounted to $252,055, or less than 6% of sales. Gross sales in the first 11 months of this year were also at an all-time high. They amounted to $19,488,290, up 87% from the corresponding 1958 period.

* * *

Hugh W. Long & Co. reported 1959 sales of mutual fund shares in excess of $100 million for the first time in any fiscal year in the sponsor's history. Total sales of more than $104 million were announced for the three mutual funds under Long sponsorship during the year ended Nov. 30, 1959. This represents a 51% increase over the $68.9 million figure for fiscal 1958. Assets of the funds sponsored by Long are currently in excess of $760 million. The funds are: Fundamental Investors, Inc.; Diversified Investment Fund, Inc. and Diversified Growth Stock Fund, Inc.

* * *

Texas Fund, Inc. reports that, due to the sharp cross currents in the securities markets the past three months, net asset value a share has shown a slight drop from the Aug. 31 year end value of $9.67. The Nov. 30 net asset value of $9.51 registered a fractional decline for the first quarter but increased 5% during the past 12 months (taking into account the 25 cents capital gains distribution of August 31).

* * *

Haydock Fund, Inc. in its semi-annual report to shareholders recalls that last May it "indicated that common stock prices were anticipating earnings growth far into the future and that stocks were providing less income than could be obtained from bonds." Over the intervening months Haydock has shifted "a modest portion of the assets" from common stocks into bonds. As of Oct. 31, common stocks represented slightly over 64% of the fund's assets and adds that "this percentage is currently somewhat lower."

* * *

A dividend of four cents a share from investment income has been declared by **Wisconsin Fund, Inc.,** payable January 29 to holders of record December 31. The board also announced that a 1959 capital gains distribution will be paid at the end of January.

* * *

Institutional Growth Fund declared a dividend of 6 cents a share from investment income and a distribution of 3 cents a share from securities profits, both payable Feb. 1, to shareholders of record Jan. 4.

* * *

The **Lazard Fund, Inc.** will declare on Jan. 5 a dividend from net capital gains realized in 1959, as well as a dividend from undistributed net investment income of the year. Both dividends will be payable Jan. 30 to stockholders of record Jan. 12. The capital gains dividend will be payable in shares of stock of the Fund, unless a stockholder elects to take cash.

* * *

Selected American Shares, Inc. declared a dividend from net investment income of 7 cents a share, payable Jan. 27. This dividend brings 1959 declarations to 27 cents. A distribution from net security profits realized in 1959 will be made on Jan. 27. Exact amount of the capital gain distribution has not yet been determined, but it is expected to be about 55 cents a share.

Named by Coast Comm. Chamber

SAN FRANCISCO, Calif.—James L. Murphy, Resident Managing Partner of the San Francisco office of Reynolds & Co. has been elected a director of the San Francisco Chamber of Commerce for 1960, according to G. L. Fox, General Manager.

James L. Murphy

Mr. Murphy was named Managing Partner of all West Coast offices of Reynolds & Co., members of the New York Stock Exchange, this January.

R. H. Sanchez Opens

ODESSA, Texas — Richard H. Sanchez is engaging in a securities business from offices at 5400 Clinton.

Now With Goodbody Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — James H. Easly has become connected with Goodbody & Co., National City East Sixth Building.

Is the U. S. A. Becoming A Second Rate Nation?

By Roger W. Babson

A fervent plea for less softness and for dedication to efforts to prevent us from becoming a second-rate nation—which are specified —is the subject of Mr. Babson's contribution. The financial publicist's views range from comments on what really constitutes growth investments to solving the problem of city taxes.

Recently I visited the home where I was born and spent my boyhood. I saw the lawn that I cut with a hand sickle every week. Mowing machines were not then known. Now it is cut with a gasoline-propelled motor requiring very little effort by the person who runs it. Furthermore, he is not one of the boys of the family, but a full-grown hired man.

Times Have Already Changed To Make "Softies"

The school I attended was a mile from my house. Schools then had two sessions each day. This meant walking four miles per day. If I attended this school now, I would be taken in a city bus. Then, upon arriving at the school, I would exercise in a beautiful gymnasium built by the city and directed by an athletic instructor. The whole program today seems crazy to me.

I believe in progress. My whole life has been given to the study of new products and new processes. These are the basis of "growth investments," which my clients are seeking. But do we think about what kind of growth? Are the electronics which automatically open the supermarket doors making us stronger or softer?

What About City Taxes?

What is the test which city governments have for spending city money? This is the question I like to ask city managers and councilmen who are responsible for the expenditures and the tax rate. These men fail to answer me. They really have no test, but operate on the old principle that "the wheel which squeaks the most gets the grease."

In fact these officials try to do what the majority of the people ask them to do. That is why taxes are high. I believe in the employment of city managers; but they are human and must please the voters to hold their jobs. Perhaps we should have "city dictators" for specified terms instead of city managers who can be fired at any time.

An Important Forgotten Test

Cities spend most of their tax money on free schools, free roads, free fire and police protection, and free old-age benefits. These latter are especially popular because they relieve the young people from taking care of their elders. The free good roads, and police and fire protection are demanded by the big insurance companies; while the free schools provide "parking places" for mothers to leave their children during the day. The next appeal will be for "free baby sitters." Why not? I forecast that—barring World War III — free baby sitters will one day be provided by our city fathers.

When city officials turn to me and ask what test I would make for spending public money, I reply: There are several tests, but one of the most important would be whether the expenditure would make the city's young people softer or harder. This test need not be limited to young people; it could be applied to all voters. It should be applied to school appropriations especially. Any city appropriation which makes its citizenry softer should be cut out.

Character Ahead of Profits

The test of a nation is the growth of its people, physically, intellectually, and spiritually. Money and so-called "prosperity" are of very little account. Inflation or war or labor unions could make our dollar of little value. This would result in much higher taxes and cost of living, and finally in revolution. Babylon, Persia, Greece, Rome, Spain, and France all had their turn in being the richest in the world. Instead of saving them, their so-called prosperity ruined them.

Our nation is now rated the richest; but it could easily become a second-class nation and head downward. Money will not save us. Big crops will not save us. Stock exchanges and banks will not save us. Already our gold at Fort Knox is diminishing. Only a sane spiritual revival which changes the desires of our people will save us. We must be filled with a desire to render service, to seek strength rather than security, to put character ahead of profits. Even with democracy for which our fathers fought and bled could result in our downfall.

With Stifel, Nicolaus

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Mrs. Eleanor H. Tardy has become associated with Stifel, Nicolaus & Co., Incorporated, 105 West Adams Street. For many years she was with Greenebaum Investment Co.

Joins Sincere Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Charles D. Davis has joined the staff of Sincere and Company, 231 South La Salle Street.

Link, Gorman Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James R. Janssen has joined the staff of Link, Gorman, Peck & Co., 208 South La Salle Street. He was formerly with Taylor, Rogers & Tracy, Inc.

The Anatomy of the Crisis In the Steel Industry

Continued from page 1

have gone up, and this is a part of inflation, but not the cause of it, for again to use words from Dr. Slichter, "If prices were not adjusted upward, much productive capacity could not be profitably operated and would be idle." Thus he says, and I quote him again, "Inflation is a method by which the price level is adjusted to **rising labor costs** that usually accompany **strong trade unions** and **centralized bargaining**." And there we have the root of the problem; the power of dominating unions to force increases in employment costs.

Now, the fact that public attention has been focused upon the problems of inflation and upon the forces which have so strongly contributed to it in the post-war period could be one "plus" arising from our difficulties of 1959 if, having focused, we succeed in doing something about it.

Foreign Competition

The steel dispute has served also to focus attention upon a different, but related problem—the mounting problem of foreign competition. There were some who were inclined to try to make the whole problem go away simply by calling names about those who worried about it, simply by using purple adjectives regarding the whole concern. But no amount of epithets, adjectives, or pretending could make the problem go away, because it was—and is—a very real one indeed.

By now many surely have become familiar with the fact that imports of steel have been increasing and exports have been decreasing over the last several years — to the point that since December, 1958, America, for the first time, has become a net importer of steel. I am sure also that many know that many foreign steel workers have hourly wages which merely equal or are less than just the amount of the increase in hourly employment cost which accrued to American steel workers during the last three-year steel-labor agreement. I am sure that many also know that because of the foreign producers' vastly improved plants, the technological superiority which we once had before the last war has been rapidly vanishing.

I would like to emphasize just one statistic and that is that during the pre-strike months of this year, it would have taken an American steel plant with an annual capacity of two million tons to produce the finished steel that foreign mills shipped into the 11 southern states alone—and such a plant would have provided full-time employment for some 15,000 steel workers.

It is not only the actual importing and exporting of finished steel that is of concern. This may be on the way to becoming a small part of the total problem which is arising as the people who would otherwise be buying steel in this country, whether of domestic or foreign origin, begin pulling up stakes in large numbers and going abroad where manufacturing costs, generally, are cheaper.

This is not a concern of the American steel industry alone. Just about a month ago, there was an interview with John L. Lewis in the U. S. NEWS AND WORLD REPORT. He was decrying the fact that a thousand American companies have built production plants abroad and are employing a million workers in those countries. He was deeply disturbed about it and I think he should be! And many other people should be disturbed about it. The steel workers themselves who saw increasingly large amounts of steel and steel products entering American markets during this strike which was called to further raise employment costs, should be disturbed about it.

Course of Action Taken

Facing the facts this year, it was obvious that the needs of the situation, more than ever before, were to call a halt on rising employment costs and to pursue every reasonable step to improve the efficiency of the industry's operations. So this is what we set out to do in our bargaining with the Steelworkers.

From the standpoint of status within the industrial worker hierarchy, the steel worker "had it made," as the saying goes. The steel workers were clearly in a position to join the companies in a real effort to tackle the problem mentioned earlier.

Over the years, since 1940, the employment cost per hour in steel had been pushed up faster and further than in almost any other industry. As the Mitchell Report pointed out, the increases in the employment cost per man-hour between 1940 and 1959 have been about 300%. This was about 8% per year compounded annually. Meanwhile, the long-term trend of output per man-hour showed an increase in the neighborhood of 2% per year compounded annually. Moreover, the margin of superiority of steel workers over the average of all other manufacturing workers had grown amazingly. The steel workers were about 87 cents an hour ahead of the average by June, 1959. The margin was only 25 cents an hour as short a period ago as 10 years. The steel worker's earnings had run ahead many times faster than any cost-of-living indices, many times faster than any kind of productivity index, far ahead of any budget comparisons.

This situation was not a carefully guarded secret kept from the rank and file in order to keep up their appetite. As a matter of fact, at their own convention in Atlantic City, just a little more than six months before bargaining began, the Steelworkers had waxed quite eloquent in praise of their own past successes—or perhaps I should say, "excesses."

Obviously, the Steelworkers were in a position to make one of the greatest contributions to the future well-being of the industry and, I think, of the steel workers, themselves, that they had been in for years. Here was the ideal opportunity to show that stature in the labor movement did not necessarily depend upon endless rounds of increases, whether needed or not. If a union was ever sufficiently at the top of the heap to enable it to be in a position to rest for a while on its laurels, to encourage a little stability and growth in the economy, it was the Steelworkers' union.

As it turned out, this situation was apparently more of a potential liability than a potential asset.

While the steel workers' status at the beginning of 1959 could have been as asset, the history—the trend which had led to that status, was a liability. Trends are hard to stop. It apparently is hard to convince those who have pressured such trends into existence that opposition to a continuance of it is more than a ritual.

Long in advance of the actual bargaining there were discussions with the Steelworkers Union to emphasize the fact that we were facing a new situation, that we were facing conditions which could no longer be ignored, and that there should be no doubt about the sincerity and purpose with which the companies were going to pursue the accomplishment of a non-inflationary settlement in 1959.

But the Union apparently was convinced that it would have no trouble at all in pursuing the inflationary paths of the past. Well in advance of bargaining it cut loose with its propaganda campaign, offering nearly every group in the country a "Billion Dollar Bundle" presumably at the expense of the steel industry. And, when bargaining began, we were met with the same old kind of thing we had had for years. Innumerable demands (they called them "suggestions" at that point), which picked up just about every idea anyone could think of in a lifetime, to further restrict operations and add to employment costs were trotted onto the bargaining table. As the strike deadline approached, the only sure clue we got as to union attitude on economics was that we were being asked to continue the same rate of cost increase as had occurred under the 1956 Agreement, during which employment costs per hour in the industry had risen about 81 cents.

A Break with the Past Required

But the steel companies were and are convinced that the situation in 1959 made clear that a break with past trends in steel bargaining was required.

In furtherance of our objective, you will remember that our first proposal was to try to interest the Union in just keeping everything as it was for one more year.

All the evidence to date suggests that the employees, themselves, thought there was some sense to this approach. They knew, as well as we did, that they had top wages; they knew, as well as we did, that more dollars alone didn't mean more purchasing power. Strike sentiment was at a very low ebb.

The Union officers, however, felt differently. They refused to believe we were serious; they charged bad-faith bargaining; they made it apparent that whether or not there was sentiment for a strike, one would be forced on us, unless we offered them some new benefits.

So we took the next step. We expressed a willingness to consider a modest improvement in certain so-called fringe benefits the first year (pensions, insurance and SUB) and a modest wage increase in succeeding years—if—and here we committed a cardinal sin, apparently, according to Union doctrine—the Union would view bargaining as a two-way street—if the Union would agree with us to modify some existing contract language in a way which would remove several needless roadblocks to improved efficiency—and to take such action with due regard for the welfare of employees. Well, you know what happened! The charges began to fly: "No backward step;" "Return to the Dark Ages;" "Union Busting;" "Black Snake Whip!" . . .

Speaking only from a personal viewpoint, I must say that if I hadn't seen it and heard it, I wouldn't have believed it. From the vitriolic nature of the propaganda the Union unleashed at this point, I began to suspect that the Union felt that it had to have a strike this year—and for reasons I didn't understand.

The Union officers knew, of course, that they couldn't oppose progress as such; that they couldn't be generally opposed to improvement in efficiency. As a matter of fact, they were inclined to preen themselves on the fact that they encouraged technological change, and didn't stand in the way of appropriate adjustments in force or work assignments to accommodate for such change.

But when management wanted to amend the labor agreement so that reasonable and sensible adjustment in crews and in work assignment could be made in the absence of technological change, the Union cried: "Union Busting," and embarked on the greatest "fear" campaign I have seen in years.

In one breath the Union implies that if management had contractual freedom to make efficient use of the work force, 100,000 employees would be thrown out in the street. In the next breath, it charges that the Union doesn't stand in the way of improved efficiency and that the industry has no problem.

Obviously, neither of these charges is, or could be, entirely true. There is, of course, room to make better use of man-power in the steel industry—and to do so without the necessity for costly capital improvements. And recognizing that the need for improving the rate of productivity gain in business is very great indeed, it is unthinkable that unnecessary roadblocks be left in the way yet this is what the steelworkers have thus far chosen to do. I would like at this point to venture the thought that if the Steelworkers Union were to win its fight to enforce continuance of obsolete and unjustifiable work practices, all of us, including the steelworkers will eventually be the losers.

One cannot help wondering just why we had to have this strike. It wasn't necessary to give steel workers top wages; they already have them. It wasn't necessary to produce a fair agreement in other respects. It may have been necessary because of intra-union or extra-union political considerations which I wouldn't understand.

One of the more haunting thoughts—one suggested by various union statements from time to time—is that the Union continued to doubt the sincerity and good faith with which the companies put forth their position—and would do so until it was put to the test.

Stresses Sincerity

Strikes are cruel things—and it seems callous to try to draw anything good out of one. Yet, somehow it might be that only by experience could the Union learn that we meant what we said and were prepared to back our position by enduring whatever strike was necessary in order to emphasize our sincerity.

Possibly the Union thought it could remember hearing sounds of zeal before; it might also have remembered that often, and many times as the result of government pressure, the achievement of ends for which the companies had pressed in bargaining had been submerged in the achievement of the end of a strike.

We had 116 days of strike up to the time of injunction. This was twice as long as the longest previous industry strike in 1952. Even so, one hears statements occasionally which imply that the Union still thinks we were not sincere.

I am referring to the kinds of statements which have been made about industry reliance on the Taft-Hartley injunction. A week or so ago I picked up "The New York Times" and, right under a picture of a Steelworker Wage Policy member wearing a black armband reciting that he was one of "Ike's Slaves," I read the following:

"A 1,500-word resolution adopted by the Policy Committee put all the blame for the long impasse on the steel companies. It asserted that the industry had never intended to bargain in good faith because it could count on the 'heavy hand of government intervention' in the form of a Taft-Hartley injunction to force the strikers back to work."

This was a moderately temperate, albeit erroneous, statement. You will recall that others, like Emil Mazey, went much further.

If this means that despite the industry's continued resistance to what it believes to be unsound demands throughout one-third of a year of strike, the union still does not believe in the sincerity, and determination with which the steel industry has backed its bargaining program, then much of the lesson to be learned from our continued resistance to the strike will have been lost.

Let me try to make something clear. We did not seek — or rely upon—a Taft-Hartley injunction. We did not seek a strike; but one was forced upon us. And succeeding days of suffering strike losses could only make sense if they could serve to give emphasis to the union of our sincerity. The emphasis could be lost if, by reason of external influences, the strike were suspended before a negotiated settlement on a sound basis had been accomplished.

We did not call the strike; we did not force a strike; we did not want a strike; but we had to ride it out.

We wanted collective bargaining—not a fact-finding board, not government intervention, not arbitration. We did not and do not view Taft-Hartley as a tool of bargaining—and the United States Supreme Court now agrees with us. We thought it wrong to cast our problems to third parties for solution. We believed that if the parties were going to learn how to manage a problem of these dimensions, which can come about through the existing framework of collective bargaining, then we had better be finding out whether and how we can do it ourselves in the course of collective bargaining, for otherwise we will have to give up all hope that the right for such bargaining can be freely exercised.

I have been disappointed in the way the Union has sought to impugn the motives of steel company management. If one is so inclined, however, it is equally or perhaps more logical to do so in the opposite direction.

For example, would it be at all unreasonable to suggest that the only reason the union was holding out was because it had the calm confidence that at some point an injunction resulting from the President's order might take it off the hook while all the time pretending mightily that it was highly infuriated by the whole thing?

The plain fact is that there is nothing one-sided about the Taft-Hartley Law.

Denies There Is Slave Labor

Another plain fact is that all this talk about slave labor is complete rubbish. The law does require that the companies resume operations; it does require that the strike be suspended. The individual, however, is still free to quit his employment. This talk about force, compulsion, and slave labor, seems to me to come with ill grace from an organization which insists that no man can quit the union unless he quits his job; from an organization which often uses its own means of force on the picket line to keep management, and others, either in or out of a plant.

I want to come back for just a moment to this Policy Committee resolution of the Steelworkers which asserted that the industry had never intended to bargain in good faith because it could count on the "heavy hand of government intervention" in the form of a Taft-Hartley injunction to force the strikers back to work.

In this statement lies an implication of just how great the union believes its raw power to be. It seems to be a confession that the broad impact of the union's industry-wide strike could be expected to create a national emergency of such proportions as would cause the President to step in. It seems replete with confidence that the union could bring the industry to its knees and force out of it whatever it chose to force.

This bald fact of union power is, I believe, something which is more deserving of public and Congressional concern than any immediate dispute between the steel industry and the United Steelworkers.

Up to this point we have observed that the dispute between the Steelworkers and the steel companies has served to focus attention upon the origins and the dangers of inflation, upon the problems of foreign competition, and upon the tremendous power of nationwide unions. We have also observed that possibly the willingness of the industry to endure 116 days of strike—or more—may have served the purpose of convincing the Steelworkers of what we could not apparently convince them prior to the strike—namely, that we are dedicated to the proposition of achieving a non-inflationary settlement within the area of what hopefully will be the capacity of the industry to digest. If this is the case, then there may be real hope for settlement by negotiation before the injunction period ends.

There are other lessons which are to be learned from the crises through which we have been in the steel negotiations this year, but we don't have time for them all. In any event, the time is at hand when the union and the companies both have the responsibility to demonstrate the utmost in whatever knowledge and understanding they may have acquired. We have a short time in which to do it. If we fail, the problem will go to Congress. What it may do is anybody's guess. It may think in terms of any one of a number of proposals which all add up in the end to the prospect of dictated settlements in not only this but other disputes — and therefore to the end of many freedoms which we hold dear to us here in America. Or it may address itself to the whole structure of collective bargaining, including a re-analysis of the right to strike and whether or not the power of unions is too great. I will make no forecast at this time.

I have heard it said that unions believe that they may fare better before the Congress than the companies will. I would caution against any such judgment — not because employers have a greater likelihood of having their voices heeded in Congress than the unions do, because the opposite may very well be true. Rather, I mention this caution because no union should judge that the interests of the employees can long be advanced if the interests of their employers are harmed. There is an inevitable interrelationship.

I have the hope that this realization is shared by the Steelworkers. I have the hope that concern for what may happen to people if another strike crisis is forced upon us — or concern for what may happen from the crisis of having to lay our dispute before Congress — may be sobering enough to provide the climate within which a sensible settlement may be reached before either of such crises is upon us.

*An address by Mr. Larry before the 4th Annual Southeastern Conference on Current Trends in Collective Bargaining, University of Tennessee, Knoxville, Tenn., Dec. 3, 1959.

The Economic Outlook

By Dexter M. Keezer,* Vice-President, McGraw-Hill Publishing Co. New York City

Economist forecasts rising business curve right through 1960 and into 1961; hopes businessmen will stick to their long-range investment plans instead of hit-and-run ones; doubts price inflation in the years ahead; sees research and development boosting our prosperity; and, despite larger capital spending set for 1960, expects less pressure on the financial markets as much of business spending will be internally financed.

Almost all the omens point to 1960 as a fine and improving year for business in the United States. And so, too, do most of the economists, who are brave, or reckless, enough to attempt to gauge the economic outlook. This latter fact worries some people. They say that when economists are agreed, beware. That's when they are not saying, when economists are disagreed, beware. The basic fact is, of course, that when economists are agreed we are getting in close company with the revealed truth.

Dexter M. Keezer

Sees Rising Business Right Into 1961

Where this year the total volume of business in the United States will be about $480 billion (knocked down about $4 billion by the steel strike) the total volume of business (the Gross National Product) promises to be somewhere in the neighborhood of $515 billion next year. We will be seeing headlines about our half-trillion dollar economy shortly after New Year's. And the outlook is that the business curve will be rising right through the year 1960 and into 1961.

One strong base for confidence that business will be expanding right through next year is found in the results of our recent McGraw-Hill fall check-up on business' plans for new plant and equipment next year. The survey, which was taken after the steel strike had been long in progress, found that business planned a 10% increase in its investment in new producing facilities in 1960, and already had plans to continue a high level of investment in 1961. That is the stuff of which sustained prosperity is made. "As goes capital investment so goes prosperity," is a watchword in our office and it has never let us down.

One aspect of the business planning of investment in new plant and equipment next year (1960), disclosed by our survey, has an important bearing on the prospects for tighter or less tight money. It is that 94% of the investment planned for 1960 will be financed by funds generated by business internally — largely depreciation reserves and retained earnings. This means that in financing their investment program business corporations will be exerting less pressure on the financial markets than the magnitude of their program would suggest.

I don't share the widespread fear that business next year will be disrupted by deeply damaging strikes—in steel and possibly on the railroads. The central question, as I see it, is whether the wage disagreements in these industries will be settled by the parties to them or by government decree. I would hate to see the government do it, but the case for letting the parties fight it out indefinitely has been pretty well washed away by letting one of them acquire the status of a private monopoly. It still remains true, I believe, that unregulated private monopoly is contrary to the genius and welfare of a free people."

Doubts Inflation in Years Ahead

With the degree of abundance of most everything that has been created in the United States, it would take almost a positive genius to float much price inflation over the years ahead. We are a gifted people and we may be able to make it; but I doubt it.

I expect not only 1960 but all of the sixties to be a period of high and relatively sustained prosperity, a proposition which my associates and I have argued—we think convincingly—in a new book *New Forces in American Business*, which offers "An Analysis of the Economic Outlook of the '60s."

One of the forces which we think will be very powerful in propelling a high level of prosperity is the continuing boom in industrial research and development. This year American industry is spending over $9 billion (that's billion) for research and development. It is spawning a veritable flood of new products, processes and equipment which will be coming along in time to give a tremendous boost to prosperity in the sixties.

In the worry department about the economic outlook, there is occasion to worry a bit about the fact that so many business opinion formers seem to have come to accept regular periodic and rather regular ups and downs of business as about as certain as the ebb and flow of the tides, and to try to make their plans ride up and down with them. In this process there are forces which tend to validate the ups and downs. Right now, for example, one of the great indoor economic sports is trying to pin-point the next business downturn, and make plans accordingly.

I am sure that we are not done with ups and down of business. Too many millions of people in the United States are privileged to make too many business mistakes to have it otherwise. But by making long-range investment plans, instead of hit-and-run plans, businessmen have the capacity to do a great deal to mitigate if not eliminate costly business ups and downs. So I hope they will not be too deferential to these very busy business turning point spotters. If enough attention is paid to them things might turn out that way. And that would tend to make a sure thing out of what should at least be a good sporting proposition.

*From a talk by Dr. Keezer before the 13th mid-year meeting of the National Association of Mutual Savings Banks, New York City, Dec. 8, 1959.

RAILROAD SECURITIES

Illinois Central

Illinois Central has been hurt this year by a number of developments. The steel strike hurt traffic and the drop in coal traffic were major factors. At the end of the first ten months, the carrier's loadings were up only 1.7% from the like 1958 period as compared with a 3.2% gain shown by the industry.

Coal traffic recently has been expanding and two new mines have been recently reopened and this should help traffic in coming months. In addition, there is a large amount of the huge corn crop in storage which has yet to move to market which should be reflected in revenues as soon as the government moves this commodity.

Gains also are forecast for miscellaneous freight. It is believed there is a substantial amount of deferred shipments of steel, automobiles and metallurgical coal because of the long steel strike. The management also is endeavoring to attract new plants and industries to the territory. This is to compensate for traffic which has been lost to competing barge and truck lines. The railroad also has established incentive volume rates, faster service freight schedules and expanding piggy-back service to meet competition.

The Illinois Central is believed to be in excellent physical condition. Consequently, operating costs should be held under good control. Maintenance expenses were increased only about $3 million in the first ten months of 1959. The equipment bad order ratio was 4.5% on October 1 as compared with 8.5% for the railroad industry on that date.

Dieselization also should help to reduce operating expenses in coming months. This was reflected in the first ten months when gross revenues rose 3.2% over 1958 and transportation expenses were only 0.8% higher.

The road also is reducing its loss from passenger business. Last year, out-of-pocket loss on passenger service was reduced by $611,000 to $4,900,000. Higher fares and continuing reductions in passenger train-mileage should produce further improvement this year and next.

Illinois Central has further means to increase its financial condition. Negotiations are reported on the sale of approximately 25% of the road's air rights property in Chicago. The property, which has an indicated value of between $50,000,000 and $100,000,000, contains seven blocks of waterfront area where port facilities could be located and could be an important development in downtown Chicago.

Cash and cash equivalents on September 30 amounted to $59,700,000 and current liabilities were $40,600,000. Net working capital was $55,300,000 against $47,100,000 a year earlier. Cash generated from depreciation exceeds sinking fund requirements and maturing debt.

First California Official Changes

SAN FRANCISCO, Calif. — The election of a new Chairman of the Board, a new President and a new Senior Vice-President has been announced by First California Company, Incorporated, 300 Montgomery Street.

Adolph M. Bleiler John F. Egan

Adolph M. Bleiler, formerly President of the statewide investment securities firm, has been elected Chairman of the Board and Chief Executive Officer. John F. Egan, formerly Senior Vice-President, has been elected President. F. Stuart Roussel, who heads the firm's southern division in Los Angeles, has been elected Senior Vice-President. Wilford W. Nelson, Vice-President and Controller, was elected to the Board of Directors.

Mr. Bleiler has spent many years in the securities business. He joined the old San Francisco investment house of Bond & Goodwin & Tucker in 1924 and remained with them to 1930. He next joined the San Francisco firm of Brush, Slocumb & Co. and was associated with them until September, 1942. At that time he joined First California Company as Manager of its Oakland division. He became President of First California on Jan. 1, 1958.

Mr. Egan has been in the investment business since 1929, except for a three-year tour with the U. S. Army Air Corps from 1942 to 1945. He has been a Vice-President of First California since 1946. Ten years later he was made Executive Vice-President and General Sales Manager. In 1957, he was appointed a director of the firm and in 1958 was named Senior Vice-President. He is a member of the Midwest Stock Exchange, the San Francisco Stock Exchange Club, the San Francisco Bond Club, the Merchants Exchange Club, the Family Club, the financial honorary society of Phi Beta Kappa, and is a member and Past President of the National Security Traders Association.

Mr. Roussel is a native of London, England and was educated on the continent. He went to work with the old Vacuum Oil Company in New York during the 1920s and from 1929 to 1932 was in the New York office of Blyth & Co., Inc. He was associated with the Los Angeles office of Blyth from 1932 to 1943, when he left to become Vice-President of Nelson Douglass & Co. of Los Angeles. He came to First California Company when the two firms merged in 1947.

First California has its headquarters in San Francisco and has 33 offices serving investors in California and Nevada. The firm is a member of the Pacific Coast Stock Exchange, the Midwest Stock Exchange, and is an associate member of the American Stock Exchange.

With Carter Harrison

(Special to The Financial Chronicle)

CHICAGO, Ill.—Sanford Ross has become connected with Carter H. Harrison & Co., 209 South La Salle Street, members of the Midwest Stock Exchange.

R. W. Newton Adds

(Special to The Financial Chronicle)

DENVER, Colo.—Ross Gregory, Jr., has been added to the staff of R. W. Newton & Co., Guaranty Bank Building. He was formerly an officer of Western States Management Co. of Englewood, Colo.

Two With Lowell, Murphy

(Special to The Financial Chronicle)

DENVER, Colo.—Theodore R. Hottel and John M. Trippe have become affiliated with Lowell, Murphy & Co., Inc., Denver Club Building. Mr. Hottel was formerly Longmont Manager for Allen Investment Company, with which Mr. Trippe was also associated.

Joins J. K. Mullen

(Special to The Financial Chronicle)

DENVER, Colo.—Edward M. Weiskopf has become connected with J. K. Mullen Investment Co., 621 Seventeenth Street. He was formerly with King Merritt & Co. and Carroll & Co.

With L. A. Huey

(Special to The Financial Chronicle)

DENVER, Colo.—George A. Pelton has been added to the staff of L. A. Huey Co., First National Bank Building.

Paynter Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo.—Robert M. Mitchell has been added to the staff of Paynter and Company, 114 East Kiowa Avenue.

LETTER TO THE EDITOR:

His Best Liked Security Leaves Out Boss' Daughter

Trenton, N. J., contributor's enthusiastic description of this top investment preference contains only one possible drawback, if a word of caution may be considered as such, viz.—though the recommended investment supply is adequate, nevertheless judicious selection should be employed.

Editor, Commercial and Financial Chronicle:

There are certainly many reasons why MARRIAGE LICENSE is one of the best investments that can be made, particularly for a young man. In the beginning, it is true, there is some outlay for shelter, furniture and other items of a plant expenditure nature. Then, too, often an expansion begins quite soon. While this expansion program is in effect (usually about 10-15 years) little in dividends or capital gains can be expected. But then! The profits then may equal many an outstanding security cited in these columns.

Let's look at the investment aspects 10 to 15 years after the ordinary purchase of MARRIAGE LICENSE. A strong, healthy wife, at a minimum, can have a take-home pay close to $1,500 annually to start. This is equal to $35,000 salted away in blue-chip stocks at the current return of about 4%. This is only the beginning. There will be raises equal to remarkable capital gains. A woman with education and ambition can fetch about $4,000 up at her start. This is tantamount to an investment nest egg of $100,000 at today's yields!

Suppose your investment means MARRIAGE LICENSE with a schoolteacher in New York, California or any of the better-paying states! Then you'll see you have the bluest of blue chips! Maximum gross pay could exceed $7,000 annually—better than $150,000 at 4%! If your investment leads to a professional aid like a doctor, dentist, lawyer, etc., etc. the yields could go far beyond the conservative returns previously listed. And you might get appreciation, too!

This is "Peoples Capitalism" in practice and like so many other sciences has been developed to a high degree in the Workers' Paradise. Data from beyond the Iron Curtain are not available but it is to be assumed that the dividends and appreciations are roughly in proportion to those cited here.

A word of caution: There is risk here as in any investment. But judicious selection in the beginning will give you a favorable yield over many years, often far better than many Big Board leaders. All this and consortium, too!

FRANK BRANIGAN

Trenton, N. J.

The Security I Like Best . . .

Continued from page 2

equipped and, to a large extent, they look to independent contractors such as Odeco to supply the men and equipment they need.

The continental shelf, offshore south of Louisiana and Texas, contains one of America's richest petroleum reserves. It is an area of almost bottomless marine sedimentation that was washed down the Mississippi River during the Miocene epoch. To a water depth of less than 120 feet, the shelf extends 30 miles into the Gulf, covering an area greater than the States of New Hampshire, Vermont and Massachusetts. Permeated with hydrocarbons and frequently intruded with salt domes, the shelf is near perfect for geological prospecting. Oil is relatively easy to find and reserves are rich. However, mineral development was delayed until the early 1950s by technological difficulties and the confusion that existed between the State and Federal Governments over ownership of the tidelands.

In 1953, a bureaucratic truce was declared, allowing the tidelands to be leased. By this time Odeco's own John Hayward had developed the submersible drilling barge, a technological solution to digging underwater oil wells. Odeco was formed in 1953 by the Murphy Corporation as a 52%-owned subsidiary to build Mr. Hayward's drilling barges and operate them in the Gulf.

The offshore stood out as the only remaining virgin field for petroleum prospecting in America. Rumors of one- to three-year payouts brought a "black gold" rush, with millions of dollars being poured into the construction of offshore drilling equipment and the operation of offshore drilling ventures. In this excitement, Odeco common stock soon traded up over 30.

By 1958, however, the oil industry found itself in economic difficulties. Profits were falling alarmingly from over-production and heavy inventories. An industry-wide re-evaluation took place. Many major oil companies discontinued their offshore exploration activities. Because of the apparent disinterest, the State of Louisiana stopped holding lease sales for a year. Drilling activity dropped 50%, expensive equipment fell into disuse, contract drilling rates were cut in half, and some small independent operators were forced out of business. Odeco common stock dropped back below 10.

The low point of the recession had been passed in early 1959, as evidenced by an outstanding State lease sale in February of that year. Two more lease sales of offshore properties were held in mid-1959. Almost $150 million was paid for leases on 125,000 acres. These leases require rentals to be paid amounting to one-half the original cost of the lease, each year, until production is established—a strong incentive to drill. Also, during the bleak months considerable drilling equipment had been sent to foreign waters and some marginal equipment was beached. Technological advances made possible a reduction of drilling costs in the neighborhood of 60% to 70%. So far in 1959, 12% more oil wells have been drilled, with 40% less equipment. All available drilling equipment is working again, and there has been a recovery in lease rates.

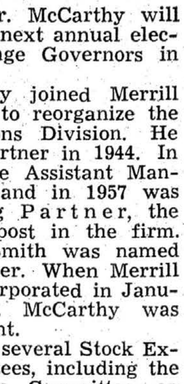
Paradoxically, Odeco benefited from the recession. Because of long-term contracts on all of its equipment, the company was able to ride out the worst of the period with only a 12% reduction in its gross revenues. From the outset, Odeco has been investing a substantial portion of the funds provided by its contract drilling program in the acquisition and development of mineral properties in the Gulf. The program was designed to "convert their steel assets into minerals." With its sustained earning power during a period when most of its competition was struggling to stay in business, Odeco was able to obtain valuable mineral holdings.

The company recently entered a partnership with the Burmah Oil Company, a large British major, and the Murphy Corporation, its parent organization. Under the terms of this agreement, Odeco is virtually guaranteed utilization of its equipment for the foreseeable future, with considerable exposure for its exploration department. Odeco's exploration program has so far earned the company an interest in nine productive areas, with 27 commercial oil and gas wells. Only two of these areas with nine gas wells have been marketed. These should generate an income in excess of $1,500,000 a year. At its present stage of development, the company's unsold producing properties are capable of generating at least another $1,500,000 a year, thus a cash flow of $3.68 per share in fiscal 1961 is projected. It would be impractical to try to evaluate Odeco's offshore mineral properties until additional drilling further delineates the reserve pictures. However, a quick thumb-rule valuation gives them a minimum worth of around $14,000,000. Odeco's drilling equipment is certainly worth over six times the net income they produce. The company's per share liquidating value is therefore around $22.52.

At its current level of approximately 13, the stock appears to me to be quite undervalued.

McCarthy Named Gov. of N.Y.S.E.

The Board of Governors of the New York Stock Exchange has elected Michael W. McCarthy, President of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as a Governor of the Exchange effective Jan. 1.



Michael W. McCarthy

Mr. McCarthy will fill the vacancy caused by the resignation, as of Dec. 31, of Earle W. English a director and stockholder of Merrill Lynch. Mr. McCarthy will serve until the next annual election of Exchange Governors in May 1960.

Mr. McCarthy joined Merrill Lynch in 1940 to reorganize the firm's Operations Division. He was made a partner in 1944. In 1948 he became Assistant Managing Partner and in 1957 was made Managing Partner, the Number Two post in the firm. Winthrop H. Smith was named Directing Partner. When Merrill Lynch was incorporated in January 1959, Mr. McCarthy was elected President.

He served on several Stock Exchange committees, including the Special Review Committee on Rules and Procedures of the New York Stock Exchange (the so-called Vilas Committee) in 1954-5 and the Special Committee on Member Firm Costs and Revenues in 1957-8. In addition, he was a Governor of the American Stock Exchange from 1950 to 1956 and has been a Governor of the Association of Stock Exchange Firms since 1955. He is a Director of Safeway Stores.

Mr. McCarthy is a Knight of Malta, a member of the President's Committee of Notre Dame and of Cardinal Spellman's Committee of the Laity.

What a Businessman Sees Ahead for Agriculture

Continued from page 15

deed that supports apply to less than half of their markets. In the other areas, where prices are free to find their own level, farmers use their own judgment as to what to produce and how much, and they are not doing badly. But in the great surplus crops of wheat, cotton, corn and tobacco, agriculture has arrived at a stalemate.

There is no panacea. Any real solution will be difficult and will be politically very unpopular. Certainly I do not pretend to have the answers to this terrible predicament. But, may I suggest a few directions in which I hope gradually constructive action may be taken?

First, there can be no argument about the fact that farmers are entitled to an opportunity to make an honest living, if farmers in turn recognize the economic facts of life and bring their efforts into synchronization with the needs of the domestic economy and the rest of the world.

It is equally self-evident that some new method of agricultural aid must be devised which will not be so costly to farmers, to consumers, and to taxpayers.

Then, whatever changes in programs or directions are made, special consideration and assistance must continue to be given to the small farmer on his own land. These are fewer than many people think. According to the United States Department of Agriculture, there are only 2½ million small farms and they produce only 10% of all farm products. The other 90% comes from larger commercial farms. But under our present programs, which apply to all farms, large commercial farmers get the most benefits while the small operators still need the most help.

In this situation, the Department of Agriculture is attempting to provide ways to serve the needs of the 2.6 million small farmers, who live on the land and need supplemental incomes. More than half the states are also going forward with Rural Development Programs, and Illinois is one of the states that have pioneered in such efforts. Such programs must be continued.

But now, let us come back to the central problem — surpluses. Three crops—wheat, corn and cotton—are responsible for 85% of the billions of dollars we spend each year on price supports. There is no way we can soon get from under this burden, no magical way to make these surpluses disappear.

Putting Surpluses to Work

Yet, in today's world, a surplus is not necessarily an evil. A useful surplus of the *right* material for protective purposes, or for feeding hungry people, could be a boon. As a nation, we cannot afford the luxury of unused and useless surpluses while engaged in a life and death struggle with Communism.

Today, we are an island of plenty in a world of want, privation and starvation, where, as President Eisenhower has recently pointed out, almost two billion people are without sufficient food and shelter.

Add to this the terrifying explosion in population. Every year, the world gains a number of people equal to half the population of the United States—over 80 million. We now have 2.8 billion humans. In 15 years, in 1975, we shall jump to a population of over four billion. And the greatest percentage of population increase will come in the underprivileged nations of the world—those with the *least* resources and food.

This continuing explosion in world population and its concentration in the underdeveloped nations is creating a new and grave threat to the security of the whole Free World. Our Communist enemies know, as we do, that more than half of the world's population lives in these countries, that they are still neutral between East and West. And the Communists see in these underprivileged peoples a way to overthrow freedom, a way to gain the world for Communism.

Our enemies also realize what we often do not: if the uncommitted, underprivileged peoples turn to Communism, the Free World will sooner or later be lost. If the Free World is to remain free, we *must* win to the cause of freedom a majority of these undecided peoples who constitute half of the world's population.

Taking all these things into consideration, is it not the time for American farmers to re-think our situation in terms of world problems, as well as in terms of American acres?

Some day, and I hope soon, it will become politically popular to reshape farm policies to fit the needs of our people and to tie in with the wants of the rest of the world. I have not the slightest doubt that the imbalances between farm income and other income, as well as the problems of overproduction and surplus disposal, can be satisfactorily resolved if we study their solutions objectively and do not yield to pressure.

A Specific Suggestion

I believe we can find ways to use our surplus agricultural production to build greater economic stability in this changing world. We can thus help materially to create a new sense of values as to law, order and political freedom.

As that happens, farm subsidies can take on a new role as an important replacement for some of the dollars now spent for international stability.

It is clear, however, that any such moves must be carefully planned, and they can be justified and continued only as long as they are a source of strength and worth the costs in the world struggle for the preservation of free institutions.

I propose that the Federal Government set up a Commission to study the political and economic aspects of a program for helping to feed the "have-not" nations over the next three years.

This Commission would have the responsibility to recommend a concrete program, with due allowance for payment from recipient countries. A combination of the Department of Agriculture and the International Cooperation Administration would probably be adequate to embrace both domestic and foreign factors. If it were desirable later, other financial agencies of our own government could be considered for Commission membership. Such a Commission would submit its report to the President, who would then determine whether special legislation would be required.

Has not the time come for all of us, individually and collectively, to let go of a few of our pet notions, to re-sharpen our imaginations and to look out upon the broader horizons of the perilous and revolutionary world in which we live?

***An address by Mr. Bullis before the Chicago Farmers' Club at the International Dairy and Livestock Exposition, Chicago, Ill., Nov. 30, 1959.**

Willard Wadsworth

Willard Wadsworth, member of the New York Stock Exchange passed away Dec. 14th.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

The issuance of stock dividends to supplement cash dividend payouts covers one of the salient characteristics of bank stocks. The current outburst by bankers to capitalize unallocated reserves serves the objective of banks to finance expansion by conserving cash. Naturally the maintenance of distributions to stockholders also is accomplished. Stockholders enjoy the advantage of being given the choice to hold the additional shares received or to sell them in case their individual needs demand cash.

In effect, stock dividends strengthen the earning power base of banks. With the demand for loanable funds strong at high interest rates, the retention of cash is a timely attraction for those banks which are in a position to profit from the opportunities presented. Since the reinvestment of earnings helps to meet the accelerated demand for loanable funds, leverage still remains high because deposits (borrowed funds) grow on the increased, though uniquely low percentage, common stock base.

Peculiar to bank accounting where separate surplus and undivided profits accounts are maintained preference is shown toward keeping the surplus account more permanent and stable. Traditionally, bankers have adopted an accounting procedure of slow surplus accumulation. Thus increases in retained earnings are reflected in the undivided profits account.

When issuing stock dividends the custom generally followed by bankers is to charge undivided profits with the total par value of the shares issued and to credit the capital stock account with a similar amount. This procedure is in marked contrast to that employed by industrial corporations. Industrial concerns give recognition to the fair value of the shares issued in the surplus account.

Increased Cash Dividend Payouts—1959

	1958	1959	Indic. 1960
Bank of America N. T. & S. A.	$1.80	$1.90	----
Bank of California N. A.	1.32½	1.40	1.60
Central National Bank, Cleveland	1.80	1.85	2.00
Chemical Bank New York Trust Co.	2.32½	2.40	----
Detroit Bank & Trust Co.	1.85	2.00	----
*Fidelity-Philadelphia Trust Company	4.25	4.60	4.40+
First National Bank of Oregon	2.15	2.20	----
Indiana National Bank	2.60	2.80	----
Manuf. National Bank, Detroit	1.80	1.90	2.00
Manufacturers Trust Co., N. Y.	2.00	2.15	2.40
Provident Tradesmens B & T Co.	2.40	2.75	2.60+

*2 for 1 stock split pending.

While pouring over the annual reports soon to be issued by banks it will be interesting to learn if some of the banks not accustomed to paying out frequent stock dividends will join the Irving Trust Co. In 1957 this New York bank began to treat stock dividends in the same manner typifying industrial companies. Several banks during 1959 found it desirable to transfer amounts from the undivided profits account to their surplus accounts in order to meet larger individual loans, a demand from bank customers which is increasing in frequency.

To illustrate the different accounting technique for stock dividends, when Irving Trust declared a stock dividend of 2% last month it was stated that stockholders will be asked to approve an increase in the authorized capital stock, from 5,202,000 to 5,306,000 shares of $10 par value each, in January to permit payment of the stock dividend. It was further stated that to reflect payment of the stock dividend, $1,040,400 will be transferred to capital stock and $2,913,120 to surplus from undivided profits. Thus a fair value of $38 a share would be recorded in contrast to a representation at the par value of $10 only, the practice followed by other banks.

Since the capital funds of a bank include undivided profits, surplus and capital stock, the peculiarity of a relatively fixed surplus account probably is more a concern to accountants than to shareholders.

Although many banks have hesitated in raising their regular rates, they have readily turned to stock dividend declarations. With higher earnings to be reported for 1959 and a further healthy increase indicated for 1960, the lack of numerous cash dividend increases payable in 1959 may not have been wholly anticipated by shareholders. Nonetheless among the numerous banks in the nation one finds a variety of dividend payout policies. Some bankers have increased cash payout, while others have paid stock dividends together with increased adjusted per share cash dividend payouts. Where the desire or need to retain cash is present, stock dividend distributions have been accompanied with the same per share cash dividend payout although the total cash distributed to stockholders has increased.

Due to the many banks which have declared stock dividends attention is directed to several leading banks which to date have not recently paid or declared stock dividends. Instead they have increased the per share cash payout during 1959 over amounts paid in 1958.

Several bank holding companies also increased their per share cash payout during 1959, including Baystate Corp., BancOhio Corp., Northwest Bancorporation, First Bank Stock Corp., and Wisconsin Bankshares Corp. As bank earnings continue to strengthen during the months ahead, stock dividend payouts will no doubt be followed by increased per share cash payouts.

Complete Credit Foncier Sale

Henry S. Morgan of Morgan Stanley & Co. (left) and Andre Meyer of Lazard Freres & Co. (center) hand check for proceeds of sale of $50,000,000 bonds of Credit Foncier de France to Jean Cottier, financial counsellor of the French Embassy. The bonds, which are guaranteed by the French Government, were marketed by an underwriting group of 78 leading investment houses headed by the Morgan Stanley and Lazard Freres firms. The transaction marked the first financing in this country by Credit Foncier, 108-year old French corporation whose principal function is the financing of low and medium cost housing. The closing took place in the 23 Wall Street office of Morgan Guaranty Trust Company of New York.

Robert M. Rose Opens

JAMAICA, N. Y.—Robert M. Rose is conducting a securities business from offices at 178-10 Wexford Terrace.

Westheimer Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Angelo L. Tucci has become connected with Westheimer and Company, 134 South La Salle Street. He was formerly with Bache & Co.

L. Martin Richmond

L. Martin Richmond passed away Dec. 12 at the age of 78. Mr. Richmond, who had been in Wall St. for many years, was a partner in Moore & Schley. He was a former governor of the New York Stock Exchange.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert W. Tiernan has become associated with B. C. Christopher & Co., Security Building. He was formerly with A. G. Edwards & Sons and Newhard, Cook & Co.

Now Corporation

NEW ORLEANS, La.—Abroms & Company, Inc., Richards Building, has been formed to continue the investment business of Abroms & Co. Officers are William M. Abroms, President, Ronald J. Levy, Vice-President, and George Peter Gagnet, Secretary-Treasurer. Mr. Levy was formerly with Kohlmeyer & Co. Mr. Gagnet was with Blaise D'Antoni & Co.

No Excuse for Them

"No matter how antiquated or unreasonable these (working) rules are, nothing can be changed without costly strikes unless the industry moves away to a friendly economic climate.

* * *

"An air hose had to be changed. This meant a simple quarter turn of a bayonet lock, no more complicated than momma changing the hose on a vacuum cleaner. But to make this change requires a call to the maintenance department and a wait of three hours to get a job done that anyone could do in 30 seconds.

"In another case vital precision components furnished our company were worthless. Contacting the supplier we found he had had to lay off a competent mechanic and place an inexperienced man on a precision job because of work rules."—Rudolph F. Bannow, President of Bridgeport Machines, Inc.

And what can be said in favor of such restrictions?

Hill, Darlington Sells Garden Land Common Stock

On Dec. 17 Hill, Darlington & Co. offered and sold 150,000 shares of the common stock of Garden Land Co., Ltd. at $6 per share.

The principal business of the company is the improvement and sale of its landholdings which are located in and around Los Angeles. These holdings are primarily suitable for conversion into single family residential lots, although relatively small portions of such holdings may be suitable for multiple dwelling or commercial purposes. The company believes that the bulk of its properties are best suited for conversion into home sites which will be relatively expensive by comparison with the majority of the home sites offered for sale in the Los Angeles area. The company has no present plans for housing-tract development of any of its holdings. To a lesser degree the company also engages in the business of building houses on its improved lots for sale with such lots. The company intends, to devote its principal effort to the improvement and sale of its present land holdings.

Peter Morgan Co. Offers Dyna-Therm

On Dec. 18 Peter Morgan & Co. offered 200,000 shares of capital stock of Dyna-Therm Chemical Corp. at $3 per share. The issue was quickly sold.

Dyna-Therm Chemical Corp., a Nevada corporation organized in 1942, manufactures and sells flame-retarding and heat-resisting coatings, including a mastic-type coating for military and industrial use sold under the trade name "Flamemastic." Through Plas-Kem Corp., treated as a subsidiary acquired as at May 31, 1959, it manufactures and sells plastisols, paint, plastic coatings and various special plastic materials. Through its subsidiary, Flamemaster Chemicals, Inc. organized in 1954, it markets a group of consumer products including aerosol packaged spray paints, glue and a lubricant and a barbecue lighter fluid, some of which products are manufactured by the company. The company's manufacturing operations consist primarily of compounding chemicals purchased from others, utilizing formulae resulting in large part from the company's own research and development.

Now With Blair Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Patrick J. Murphy has become associated with Blair & Co., Incorporated, 105 South La Salle Street. He was formerly with Reynolds & Co.

Joins Glore, Forgan

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Stacy H. Hill has become associated with Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Hill was formerly with the Northern Trust Company.

With Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Vincent E. Crawford, Jr. has become connected with Eastman Dillon, Union Securities & Co., Union Commerce Building.

Joins Commonwealth Secs.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — C. Gilman Johnston has become affiliated with Commonwealth Securities Corporation, Hanna Building.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Adjustments in government holdings by investors is still a leading force in the action of the market for Treasury issues with some minor evidence now being shown that the direction of these tax switches is in favor of the shorter-term obligations. Volume in these swaps has not been heavy and there are no indications that it will be enlarged to any great extent as the year comes to an end.

The downward drift in quotations of the intermediate and long-term government obligations represents in some measure the questions which will have to be answered in 1960. Foremost among these is the level of interest rates which will prevail for the new money and refunding operations, the size of the deficit of the government, the change, if any, which will be made in the long-term interest rate ceiling, as well as the international position of the dollar and its influence on our gold holding.

Market on Defensive

A combination of late tax selling, limited buying interest, along with the uncertainty which the new year is bringing with it, has created a defensive tone in government securities. The market for Treasury obligations, aside from the near-term issues, is very narrow and this means that the year-end selling pressure is continuing to push prices of many of these securities down to new all-time low levels. It is evident that the appeal of government obligations to most investors is almost nonexistent in face of the better yields which are available in non-Federal securities.

Competition from corporate bonds and tax-protected issues has taken the play away from the Central Government bonds because the Treasury cannot float obligations with a coupon rate high enough to bring buyers into the government securities. Therefore, it seems to be the opinion of most money market specialists that the Treasury will, as soon as feasible, bring up the idea again of changing or eliminating entirely the set interest rate of 4¼% on obligations having a maturity of more than five years. There will no doubt be considerable opposition to such a development as there was in the past.

However, it is becoming more evident with the passage of time that the short and intermediate term areas cannot be crowded much more without having complications in the government's raising of new money and the meeting of maturities as they come due. This is a problem which will have to be thrashed out in Congress next year and, in the interim, it is creating a somewhat cautious attitude among investors, dealers and traders in government obligations.

Tight Money to Continue

Federal Reserve policy will be watched very intently after the first of the year to see what alterations, if any at all, will be made in it. If there is no recurrence of the steel strike — and most of the predictions that are currently being made assume there will be no further stoppage in this vital industry—it is evident that some pretty good business is expected in 1960. This would seem to indicate no important change in monetary policy as long as the economy is strong and moving on to new high levels.

Also, the international position of the dollar has become an important part of the monetary policy of the powers that be since foreign balances in the United States have reached such proportions in comparison with our total gold holdings that sizable withdrawal of these deposits would have an adverse effect upon our gold holdings and the dollar's standing among the rest of the currencies in the world. One of the ways in which these foreign balances have been kept here is because of the high yields which have been obtainable in short-term liquid Treasury issues. This would seem to forecast no letdown in the tight money program which has been favorable to the position of the dollar.

Another 5% Issue Possible

Then there is also to be considered the new money raising and refundings which the Treasury will have to undertake right after the start of the coming year. The first new money operation will most likely be taken care of through a short-term issue, quite likely a tax anticipation issue due in June. Then will come the refunding of the 12-month Treasury bills, and this will have to bring a rate that will appeal to those that have the money to lend. The 5% rate could be back with us in this one as well as in the February operations.

New Members for Reynolds 20-Yr. Club

The 20-year club of Reynolds & Co., stockbrokers and investment bankers, inducted its 54th member as the organization held its 5th annual dinner.

Admitted to membership was Edward L. Wenz, 2 Broadway, New York office, who received an illuminated scroll and a perpetual clock from Thomas F. Staley, Reynolds' Directing Partner and honorary President of the club, "as a token of the firm's appreciation on completion of 20 years' service." W. J. B. Smith, partner in Reynolds' Lancaster, Pa. office, was Toastmaster.

As is its yearly custom, the club also honored several Reynolds' employees, not yet members of the club, for their "outstanding service to the firm."

The five so honored were: Wyatt A. Armfield, partner in the Winston-Salem, N. C. office; Robert Eichler, manager of the Ridgewood, N. J. office; John Hoffman of the main office in New York; John O'Connor of the Philadelphia office and Jack Frankel of the firm's Chicago branch.

Reynolds & Co. operates 39 offices coast-to-coast.

With DeHaven, Townsend

PHILADELPHIA, Pa. — DeHaven & Townsend, Crouter & Bodine, Land Title Building, members of the New York Stock Exchange and other leading exchanges, announce that Roger B. Decker has become associated with them as a registered representative.

Named Director

Henry A. Keller, President of Air Control Products, Inc., Miami, Fla., has announced the election of William H. McElnea, Jr. as a director of the company. Mr. McElnea is a partner in the New York investment banking firm of Van Alstyne, Noel & Co., members of the New York Stock Exchange.

Reilly Named for ASE Bd. Chairman

Joseph F. Reilly, a former page-boy on the trading floor of the old New York Curb Market, and an American Stock Exchange member for 24 years, has been nominated for the post of ASE Board Chairman according to an announcement by Exchange President Edward T. McCormick following receipt of the Nominating Committee's slate for officers to be filled at the annual election on Monday, Feb. 8, 1960. Now serving his second term as Vice-Chairman of the Board, and functioning as Chairman of the Committee on Floor transactions, Mr. Reilly will succeed James R. Dyer, who has served four consecutive terms as Board Chairman.

Joseph F. Reilly

Mr. Reilly, who also served as a telephone clerk on the New York Curb Exchange, obtained his regular membership in 1936 and was elected to the board in 1951, 1954 and 1958, for three-year terms in each case. He was elected Vice-Chairman in 1958 and 1959.

The Nominating Committee, headed by Robert D. Thorson of Paine, Webber, Jackson & Curtis, also named five regular members to three-year board terms, four nonregular members to three-year terms and two trustees of the gratuity fund for three-year terms.

Nominated as regular member Governors for three-year terms were Walter E. Kimm, Jr., Kimm & Co.; A. Philip Megna, F. I. du-Pont & Co.; William N. Moxley, Shearson, Hammill & Co.; Robert S. Frank; and John D. Rissetto. Mr. Frank and Mr. Rissetto were nominated for the first time. Kimm, Megna and Moxley have served as board members in the past.

Nominated as nonregular members for three-year terms were August Huber, Spencer Trask & Co.; Henry Parish, II, C. M. Loeb, Rhoades & Co.; Louis Reich, Reich & Co.; and John D. Warren, G. H. Walker & Co. Mr. Huber and Mr. Warren are first time nominees. Mr. Parish and Mr. Reich have served in the past.

Serving with Mr. Thorson on the Nominating Committee were Lewis Arnold; Joseph L. Kaufman; Norman M. Leff; Robert F. McAteer, R. J. Buck & Co.; John D. McGeary, Auchincloss, Parker & Redpath; and David Turk, Diamond, Turk & Co.

Ketcham Forms Investment Council

Formation of an Economic Advisory Council to keep investors abreast of business developments and trends has been announced by Stanley R. Ketcham & Co., Inc., 76 Beaver Street, New York City.

Stephen Amann, partner in the insurance agency of Hall & Henshaw, and John L. Alden, industrial consultant and former President of the Simplex Equipment Corp., are the first members named to the newly formed Council.

A life member of the American Society of Mechanical Engineers, Mr. Alden lives in Maplewood, N. J.

Adolph B. Lichtenstein

Adolph B. Lichtenstein passed away Dec. 13. Mr. Lichtenstein, senior partner of Hirshon, Roth & Co., had been a member of the New York Stock Exchange since 1921.

STATE OF TRADE AND INDUSTRY

Continued from page 5

closer to the real picture, the "Iron Age" says.

The magazine points out that actual tons of steel listed in inventory can be misleading. On the basis of record production rates, steel in pipelines and in-process inventories can reach millions of tons. It does not necessarily represent stockpiled steel or steel in storage.

Looking ahead to the end of the 80-day Taft-Hartley injunction, the "Iron Age" says steel mills are not likely to go through a big cleanout operation before the next strike deadline of Jan. 26.

Referring to this week's maneuvers by both the steel industry and steelworkers union, the magazine calls the action window-dressing in preparation for the "last offer" election.

The "Iron Age" predicts that both sides will go down to the wire and that a voluntary settlement is improbable.

The steel companies want an election, the magazine says. They claim the steelworkers never had their say on the union's actions in calling a strike. The outlay of TV, radio and newspaper advertisements before the election can only be called colossal.

The magazine also hints of rougher tactics to come from steelworkers.

Present negotiators and those in charge of the steel industry campaign haven't seen anything yet, the magazine comments. They are not used to what is coming. It had been years since the union has uncorked such brass-knuckle, last-ditch accusations, counter-attacks and political pressure.

How Steel Impasse May End

Steel users are redoubling efforts to get steel because of fear of another work stoppage, "Steel," the metalworking weekly, reported.

Supplies are pretty much on a hand to mouth basis despite record breaking ingot production and better shipments than anyone expected.

Since flat rolled products are in tightest supply, most of the pressure is coming from automakers, appliance manufacturers, can companies, shipping container fabricators, and makers of office furniture and equipment.

Even though industry shipments will exceed consumption by about 2 million tons this month, it's clear that users won't be able to increase inventories significantly. Instead of having traditional 30 days stocks, automakers are running on 15 to 21 day supplies. If the strike were resumed, General Motors would probably have to start closing its assembly plants within three weeks.

Barring resumption of the strike, cold rolled sheet producers expect to clean up all back orders by the end of February. They've allocated their tonnage for the first half and told each customer what his allocation is.

Producers continued their record steelmaking last week. Output was 2,732,000 ingot tons, equaling the record setting pace of the week before. Operations were at 96.5% of capacity. Previous all-time weekly output was 2,657,000 tons in the week ended Apr. 19, 1959.

"Steel's" price composite on steelmaking scrap fell $1.50 to $41.33 a gross ton. Factors influencing the price drop are the approaching holidays and continued uncertainty over the steel labor agreement. A year ago, the index was at $39.17.

December's ingot output is almost certain to be nearly 12 million tons, even though operations may dip somewhat this week and next because of the holidays. If output nears 12 million tons, more steel will have been produced this month than in any previous month in history. The record: 11,600,581 tons in May, 1959.

This year's production will exceed 1958's by about 8 million tons. Since the 11-month total was 81.4 million tons, 1959's output will be about 93.4 million.

Expectations grow that the government will intervene to prevent a serious work stoppage in steel when the Taft-Hartley injunction expires late in January. "Steel's" lists these possibilities of ending the steel impasse:

The President could take sides and publicly recommend settlement terms.

The President could recommend another 80 day injunction be ordered by the courts on the ground that the emergency still exists.

Voluntary arbitration could be accepted by both sides.

Compulsory arbitration is a solution, but it requires a new law.

Seizure is possible if Congress gives legislative approval.

If the *posse comitatus* concept ("power of the county") were broadened to a national level, the President would declare an emergency, view the steel mills as part of the public domain temporarily, and order all employees — labor and management—to their posts. Congress would then be called on to establish a board for "just compensation."

Steel Output Based on 93.1% of Jan. 1, 1959 Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *164.1% of steel capacity for the week beginning Dec. 21, equivalent to 2,636,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *169.7% of capacity and 2,726,000 tons a week ago. [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 Dec. 14 was equal to 96.3% of the utilization of the Jan. 1, 1959 annual capacity of 147,-633,670 net tons. Estimated percentage for this week's forecast is 93.1%.

A month ago the operating rate (based on 1947-49 weekly production) was *158.1% and production 2,540,000 tons. A year ago the actual weekly production was placed at 1,840,000 tons, or *114.5%.

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

Auto Plants Geared for Heavy January Output

A strong 40% of U. S. auto plants were placed on six-day assembly schedules in the week ended Dec. 19 as part of a drive to boost January production to an estimated 700,000 cars — the highest January level in history, "Ward's Automotive Reports" said.

The statistical service said Chevrolet division of General Motors planned Saturday work programs at all but one of its 12 assembly plants and that similar schedules were maintained at four B-O-P sites and at five Ford Motor Co. workshops.

"Ward's" added that increasing January production 63% over the December schedule of 440,000 cars would require heavy Saturday and two-shift work programs throughout the month.

In describing the week's production activity, "Ward's" said the industry scheduled an estimated 150,492 car completions, marking a 75% increase over last week (86,056) and the highest production total since the week ending Nov. 23, 1957, when 151,-846 cars were assembled.

"Ward's" said another production record was set during the week by Chevrolet which planned to build an estimated 47,000 Chevrolets and Corvairs, its highest weekly output since a previous peak of 45,866 was reached during the same week last year.

"Ward's" said that car building would decline about 30 to 40% in the week starting Dec. 21 when plants shut down for the Christmas holiday. Most auto makers are expected to call a halt to assembly operations at noon on Thursday (Dec. 24) and not resume until the following Monday.

The week's car-truck production figure of 170,474 units brought the combined total up to Dec. 19 to 6,463,142 units — an increase of 32% over the same period last year when 4,909,697 cars and trucks had been built. The cumulative automobile production total (5,375,971 units) represents an increase of 32% over 4,069,241 cars built through the same week in 1958.

Electric Output 4.6% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 19, was estimated at 14,150,000,000 kwh., according to the Edison Electric Institute. Output was 17,000,000 kwh. below that of the previous week's total of 14,167,000,000 kwh. but showed a gain of 616,000,000 kwh., or 4.6% above that of the comparable 1958 week.

Carloadings Increased 8.9% Over 1958 Week

Loading of revenue freight for the week ended Dec. 12, 1959 totaled 641,972 cars, the Association of American Railroads announced. This was an increase of 52,619 cars or 8.9% above the corresponding week in 1958, and an increase of 38,832 cars or 6.4% above the corresponding week in 1957.

Loading in the week of Dec. 12 were 7,667 cars or 1.2% below the preceding week.

Intercity Truck Tonnage 7.2% Above 1958 Week

Intercity truck tonnage in the week ended Dec. 12, was 7.2% ahead of that of the corresponding week of 1958, the American Trucking Associations, Inc. announced. Truck tonnage was less than 1% below that of the previous week of this year—off 0.6%.

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 2.7% Above 1958 Week

Lumber shipments of 452 mills reporting to the National Lumber Trade Barometer were 10.0% below production for the week ended Dec. 12, 1959. In the same week new orders of these mills were 28.4% above production. Unfilled orders of reporting mills amounted to 38% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 46 days' production.

For the year-to-date, shipments of reporting identical mills were 1.4% below production; new orders were 0.9% below production.

Compared with the previous week ended Dec. 5, 1959 production of reporting mills was 3.0% above; shipments were 1.0% above; new orders were 22.4% above. Compared with the corresponding week in 1958, production of reporting mills was 5.9% above; shipments were 2.7% above; and new orders were 20.4% above.

Business Failures Rise

Commercial and industrial failures climbed to 285 in the week ended Dec. 17 from 248 in the preceding week, reported Dun & Bradstreet, Inc. This increase, which ended a three-week downtrend, lifted casualties above the 251 in the similar week last year and the 276 in 1957. Fourteen percent more concerns failed than in prewar 1939 when the toll was 249.

Failures involving liabilities of $5,000 or more rose to 247 from 218 a week earlier, and exceeded moderately the 231 of this size in 1958. Small casualties, those with liabilities under $5,000 increased to 38 from 30 in the previous week and 20 last year. Fifteen of the failing businesses had liabilities in excess of $100,000, less than half the 34 in the preceding week.

In all industry and trade groups, tolls ran higher, with the most noticeable increases in commercial service, up to 28 from 14, retailing up to 130 from 120, and in wholesaling, up to 33 from 26. Meanwhile, manufacturing casualties edged to 53 from 50 and construction to 41 from 38. The toll among building contractors held even with last year's level, but all other lines suffered heavier casualties than a year ago.

Six of the nine major geographic regions reported rising failures. Casualties in the Middle Atlantic States climbed to 86 from 70 and in the Pacific States to 78 from 63, while the East North Central toll edged to 45 from 43. The only declines occurred in New England and West South Central States; there was no change in the Mountain States. Trends from last year were mixed; five regions had more failures than in the comparable week of 1958 and four reported slight dips. The most appreciable rise from year-ago tolls took place in the Pacific Region.

Wholesale Food Price Index at Lowest Level Since April 1950

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., fell sharply this week to lowest level in nearly 10 years. The dip was primarily due to sharp declines in livestock and butter prices, which are heavily weighted in the index. On Dec. 15 it stood at $5.79, down 1.5% from the prior week's $5.88, and 9.0% below the $6.36 of the similar period a year ago. The current level was the lowest since April 18, 1950 when the index was $5.73.

Commodities quoted higher in wholesale cost this week were wheat, rye, barley, milk and eggs. Lower in price were flour, oats, hams, bellies, lard, butter, sugar, coffee, cocoa, potatoes, raisins, steers and hogs.

The Index represents the sum total of the price per pound of 31 raw foodstuffs 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.

Another Rise in Christmas Shopping Noted

There was another increase in Christmas shopping in the week ended Dec. 16, and retail trade was up slightly from the similar strong week a year ago. Year-to-year gains were cut somewhat by warm and rainy weather in some areas. Best-sellers were women's holiday apparel, toys, draperies, small electric housewares, lighting fixtures and linens. Limited dealer stocks again curtailed sales of new passenger cars, and volume was below a year ago, according to scattered reports.

The total dollar volume of retail trade in the week was unchanged to 4% 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 +3 to +7; South Atlantic and East South Central +1 to +5; New England and East North Central 0 to +4; Middle Atlantic and Pacific Coast —1 to +3; West South Central —2 to +2; West North Central —3 to +1.

The most noticeable increases over last year in women's apparel occurred in sportswear, dresses, and fashion accessories; interest in coats and suits remained close to last year. Volume in men's wear advanced from a week earlier, but it showed little change from last year. Declines in topcoats, suits and sportswear offset gains in furnishings and sweaters. Increased buying of girls' dresses, sweaters and skirts and boys' furnishings and sportswear helped hold overall sales of children's apparel well over last year.

Retailers reported appreciable year-to-year increases in glassware, china, gifts, and small electrical housewares, while, except for gains in television sets, interest in major appliances lagged. Furniture sales remained close to a year ago, with interest centering on juvenile merchandise, case goods, bedroom sets and occasional tables and chairs.

There was a moderate rise in food sales from the prior week, with principal gains in holiday food specialties, especially baked goods, nuts, candy and canned goods. In addition, increases occurred in frozen foods, dairy products and fresh produce.

Textile mills reported a marked rise this week in trading in synthetic fabrics, but volume in wide industrial cloths lagged. Although bookings in print cloths moved up appreciably, over-all activity in cotton gray goods dipped from a week earlier. Transactions in woolens, worsteds and carpet wool edged up in Philadelphia and Boston. Incoming orders at New England dyeing and finishing plants were close to the prior week.

There was a sharp rise in last-minute fill-in orders for women's apparel this week, as retailers attempted to replenish depleted stocks for Christmas selling. However, wholesale stocks in many lines were limited and many orders could not be filled. Buyers were primarily interested in sportswear, dresses and fashion accessories. A moderate rise in orders for men's topcoats occurred in Eastern markets, while volume in suits, furnishings, and sportswear showed little change from a week earlier. Volume in children's merchandise was sustained at a high level.

Bookings in curtains and draperies were maintained at the high level of the prior week and volume was appreciably higher than a year ago. The call for floor coverings and linens declined from the prior week, but slight year-to-year gains occurred. Furniture volume at wholesale was running well over a year ago, especially Summer outdoor lawn tables and chairs and dinette sets. Another rise occurred during the week in buying of gifts, glassware and dinnerware. Interest in small electric housewares moved up, but sales of major appliances lagged.

Food wholesalers reported increases from the prior week in volume in frozen foods, canned goods, dried fruit, candy, shelled nuts and rice, while the call for fresh meat, sugar and flour slipped somewhat. Interest in eggs, poultry, butter, cheese and fresh produce equaled that of the preceding week.

Nationwide Department Store Sales Up 2% for Dec. 12 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Dec. 12 increased 2% above the like period last year. In the preceding week, for Dec. 5, an increase of 2% was also reported. For the four weeks ended Dec. 12 a 3% increase was registered and for Jan. 1 to Dec. 12 a 7% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Dec. 12 increased 1% over the like period last year. In the preceding week ended Dec. 5 a 4% increase was shown. For the four weeks ended Dec. 12 a 4% increase was reported over the 1958 period. Jan. 1 to Dec. 12 showed a 7% increase.

Funds for Small Businesses

Henry C. Brunie (seated), President of Empire Trust Company, New York, points to government license, received Dec. 9, which permits newly-formed Empire Small Business Company, Inc. to advance funds to moderate-sized companies under the Small Business Investment Act of 1958.

Looking on are John L. Loeb (center), partner in Carl M. Loeb, Rhoades & Co. and Arthur E. Long, Director of the New York regional office, Small Business Administration.

Empire Trust Company and Carl M. Loeb, Rhoades & Co. are joint sponsors of Empire Small Business Investment Company, which has capital funds of $2,500,000.

J. A. Hogle Offers Palomar Debs., Stk.

On Dec. 21 J. A. Hogle & Co. of Salt Lake City offered $750,000 of 15-year 7% subordinated sinking fund debentures, due 1974, with common stock warrants attached, and 80,000 common shares of Palomar Mortgage Co. Prior to this offering there was no market for the company's stock or debentures.

The company was incorporated in California on Dec. 4, 1950, under the name of Palomar Mortgage and Finance Co. On March 22, 1954, its present name was adopted. The principal office is located at 4026 30th Street, San Diego, Calif., with branch offices established at San Bernardino, Calif., Phoenix, Ariz., and Las Vegas, Nev.

The net proceeds to the company from the sale of the common stock and the debentures will be used primarily for the purpose of making real estate loans to both home builders and to individual borrowers. The company does not generally intend that such loans be held by it as permanent investments, but expects to sell and transfer them to investors who will in turn compensate the company for the servicing of such loans. Prior to such sale or transfer, the company expects to receive certain loan fees and interest.

Bar Chris Receives Stock Sale Proceeds

Bar Chris Construction Corp. announced on Dec. 23 that it was presented with a check for $1,470,000 by Peter Morgan and Co. from the sale of its 280,000 shares of common stock.

The offering, which was made Dec. 10 on a "best efforts" basis, was quickly oversubscribed and sold.

The company's principal activity is the design and construction of bowling alleys.

A subsidiary, B & C Bowling Supplies, Inc., is a supplier of bowling equipment in New York City, Nassau and Suffolk Counties.

With Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Carl L. Pfeifer, Jr. has become associated with Thomson & McKinnon, 735 North Water Street. He was formerly with Walston & Co., Inc. and Thill Securities Corporation.

Joins A. G. Becker

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Thomas J. McCausland, Jr. has become connected with A. G. Becker & Co. Incorporated 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Southwood to Admit

H. V. Southwood & Co., 15 Broad St., New York City, members of the New York Stock Exchange, on January 1 will admit Charlotte E. Doubrava to limited partnership.

News About Banks-Bankers

Continued from page 16

with the bank for more than 30 years.

The trustees of the bank also announced the election of J. Ronald Morgan, Cashier and Assistant Secretary, to the post of Vice-President and Cashier, and Russell M. Hoverman, Comptroller to Vice-President and Comptroller. Mr. Morgan joined the bank more than 30 years ago. Mr. Hoverman has been with the bank 21 years.

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David B. McVean, President of the **Bay Ridge Savings Bank, Brooklyn, New York,** announced that the Board of Trustees, at its annual meeting in December, elected Colonel Sigurd J. Arnesen to Second Vice-President and Nils S. Dahl to Secretary. Both are members of the Board of Board of Trustees.

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Mr. David B. McVean, President of the **Bay Ridge Savings Bank, Brooklyn, N. Y.** died on Dec. 19. He was 56 years old. Mr. McVean started his banking career in Canada in 1919. He joined the **Bay Ridge Savings Bank** as Assistant Vice-President in 1943. He was promoted to Executive Vice-President in March 1947, and was appointed its President three months later.

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The **Kings Highway Savings Bank, Brooklyn, New York,** announced the election of Howard R. Wright, a Trustee, as President, effective Jan. 1. Mr. Wright succeeds Daniel T. Rowe, who retires from the post after serving 19 years.

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The Board of Directors of **The Meadow Brook National Bank of Nassau County, West Hempstead, N. Y.** has promoted 10 junior officers and appointed 12 members of the staff to officerships.

Promoted to Assistant Vice-President are: Elie Behar, Long Beach Office; William Brindley, Jr., West Hempstead Office; Frank Herzog, Lynbrook Office; Francis Sawyer, Jr., branch administration department, Norman Tengstrom, Hicksville Office and Albert Rigoulot, comptroller's department.

Other promotions to Assistant Vice-President include: Harold Dodwell, William Howe and Howard Punger, all in consumer credit department, and Mary Knoll, mortgage department.

Joining the official family of the bank as junior officers are: Andrew Boylhart, William LoSasso and Frank Patterson in operations; Robert Corrie, Manhasset Office; Howard Freeman, Lynbrook Office; Edward Lubbers, Jr., Manhasset Office; William Pfeiffer, Jr., Freeport and Norman Silliman, East Meadow Office.

Other junior officer appointments include: Lawrence Stehl, West Hempstead Office; Warren Eichele, commercial credit department; and Elmer Becker and Raymond Haner, comptroller's department.

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Two officers were promoted by directors of **The County Trust Co., White Plains, N. Y.,** on Dec. 9, at a meeting held Wednesday. Directors also recommended the distribution of a 5% stock dividend, William L. Butcher, President, announced.

Advanced from the rank of Assistant Treasurer to Assistant Vice-President were Martin Miller and Joseph C. Bonney.

It is expected that the stock dividend of one new share for every 20 now outstanding will be distributed early in February, if approved by the State Superintendent of Banks and by County Trust stockholders at their annual meeting on Jan. 20.

Mr. Butcher said that similar stock dividends have been approved and distributed every year since 1952. It is planned for the stock dividend to be in addition to the bank's usual cash dividends which have been paid every year since 1904.

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The Directors of the **Worcester County National Bank, Worcester, Mass.,** voted several promotions among bank staff and officers.

John D. Hunt and Donald E. Woodward, formerly Assistant Cashiers, are now Assistant Vice-Presidents. Walter H. Fowler, Jr. and John J. Quinn were named as Assistant Cashiers. William F. Bruso and Clement T. Desautels were voted the title of Assistant Trust Officer.

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Joseph H. Wolfe has been appointed a Vice-President and Trust Officer of **The Merchants National Bank of Boston, Mass.,** effective Jan. 1, according to an announcement made by Richard P. Chapman, President of the bank.

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The plans of the **Connecticut Bank and Trust Co., Hartford, Conn.,** to merge with **The Groton Bank and Trust Co., Groton, Conn.,** was announced. The arrangement must be approved by shareholders of both banks. Terms for the merger provide for the exchange of 5/6 of a share of **Connecticut Bank and Trust** for each share of **Groton Bank and Trust.** The merger will add about $500,000 to capital funds and over $6,000,000 to the total resources of **Connecticut Bank and Trust.**

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By the sale of new stock the **First National Bank of Jersey City, New Jersey,** increased its common capital stock from $4,725,000 to $5,500,000. Effective Dec. 9. Number of shares outstanding 220,000 shares par value $25.

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The elections of Thomas J. Carlon, Thomas J. Stanton and George E. Stock as Vice-Presidents of **The First National Bank of Jersey City, N. J.,** effective Jan. 1, was announced Dec. 22 by Kingsbury S. Nickerson, President. The three were formerly Assistant Vice-Presidents.

Kenneth F. X. Albers, Assistant Cashier, was named an Assistant Vice-President, and Robert F. McCausland and John M. Stanton were elevated to Assistant Cashiers.

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John F. Potter was named Vice-President of **Commercial Trust Co., of Jersey City, New Jersey.**

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The Board of Directors of the **Trust Company of Morris County, Morristown, N. J.,** at its meeting Dec. 10, elected Donald E. Kyle a Vice-President, according to an announcement by George Munsick, President. The Board also elected three Assistant Vice-Presidents, Robert W. Burkhardt, Charles P. Jefferds and Wilbert J. Snipes.

Mr. Kyle joined the bank in 1927 and was elected Assistant Vice-President in 1954.

Mr. Burkhardt became associated with the bank in 1951 and was appointed Assistant Secretary and Assistant Treasurer in 1954.

Mr. Jefferds has been with the Trust Company since 1955 and was appointed Assistant Secretary in 1958.

Mr. Snipes became associated with the Trust Company in 1952 and was named Assistant Secretary in 1958.

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The election of John G. Hewitt as Executive Vice-President of **The First National Bank of Jersey City, New Jersey** was announced Dec. 16 by Kingsbury S. Nickerson, President.

Other promotions included: Herbert S. Croft was named Vice-President and Senior Trust Officer; August H. Lages was promoted to Vice-President and Trust Officer; Robert D. Abel was appointed Vice-President of planning and co-ordination; Lewis J. Augustine was appointed Assistant Vice-President.

Mr. Hewitt started with First National in 1949. In 1954 he was appointed Vice-President.

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The **Fidelity-Philadelphia Trust Co., Philadelphia, Pa.,** announced the appointment of Walter L. Craig, Jr., as Vice-President. Mr. Craig, formerly Assistant Vice-President, succeeds William A. Sullivan, who plans to retire in January.

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The **Philadelphia National Bank, Philadelphia, Pa.,** announced the election of Frank R. Dyer as Vice-President.

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Thomas L. Ralph was elected a Senior Vice-President of **Fidelity-Philadelphia Trust Co., Philadelphia, Pa.** Frederick C. Elkins and Wesley H. Quigley were elected Vice-Presidents.

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Action to provide for the payment of a 2% stock dividend was recommended to the shareholders of **Mellon National Bank and Trust Co., Pittsburgh, Pa.,** by the bank's Board of Directors. The Directors recommended that such action be taken at the shareholders' annual meeting on Jan. 26.

To make the stock dividend possible, the shareholders must authorize an increase in the bank's capital from $63,958,600 to $65,237,775 and an increase in the number of shares outstanding from 2,558,344 to 2,609,511. The par value of the shares would remain at $25.

If the increase is authorized and subsequently approved by the Comptroller of the Currency, it is the intention of the Board of Directors to declare the stock dividend at its meeting in February.

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The office of the Comptroller of the Currency announced on Dec. 14, the consolidation of the **Union National Bank of Pittsburgh, Pa.,** with common stock of $2,850,000 with and into **The Farmers National Bank of Beaver Falls, Pa.,** with common stock of $600,000. Effective as of Dec. 4. The consolidation was effected under the charter and title of the "Union National Bank of Pittsburgh" with capital stock of $3,279,000 divided into 327,900 shares of common stock of the par value of $10 each.

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Provident Tradesmens Bank and Trust Co., Philadelphia, Pa., has announced seven promotions and nine members of the staff appointed to official positions. Elected Vice-Presidents were the following: T. Irving Howe, Edward D. McCarron, Charles J. Weber, Jr. and Erwin Weber.

Mr. Howe has been with the bank since 1932. He was made Assistant Real Estate Officer in 1940, Real Estate Officer in 1942 and appointed Assistant Vice-President in 1953.

Mr. McCarron joined the bank in 1927.

Mr. Charles Weber, Jr. came with the bank in 1941 as an Auditor. He was appointed Assistant Treasurer in 1950, and Assistant Vice-President in 1953.

Mr. Erwin Weber was employed by the bank in 1955, as Assistant Vice-President in the Foreign Department.

John Shaw, former Assistant Treasurer, Allen G. Powell, former Trust Officer and Harold Simonsen were appointed Assistant Vice-Presidents.

Gordon B. Callaghan former Assistant Trust Officer is now Trust Officer and Robert M. Drayton is Assistant Real Estate Officer.

The following were appointed Assistant Treasurers: Finlay Anderson, Mercer E. Simmongton, Frank R. Murdock, Gordon Bretschneider, Evelyn Borden and Benjamin T. Unkle, Jr.

J. Alfred Stamm was appointed Assistant Trust Officer.

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Mr. Ralph B. Hudson has been appointed Assistant Vice-President of **Mellon National Bank and Trust Co., Pittsburgh, Pa.,** according to an announcement by Frank R. Denton, Vice-Chairman of the bank.

Mr. Hudson, manager of the New Kensington Office of Mellon National Bank and Trust Co. since 1957, started his banking career with the **Logan National Bank in New Kensington, Pa.,** in 1926. From 1926 until 1948 he worked in all phases of banking and during that time was appointed Assistant Cashier. In August, 1948, when the Logan National Bank became the New Kensington Office of Mellon National Bank, Mr. Hudson was appointed Assistant Manager.

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William H. Dougherty Jr. has been elected comptroller of **Western Pennsylvania National Bank, Pittsburgh, Pa.,** M. A. Cancelliere, President, announced Dec. 11.

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The Board of Directors of **The National City Bank of Cleveland, Ohio** on Dec. 15 elected by advancement from within its present official staff a new Chairman, a new President and a new First Vice-President, and also took action recommending a 10% stock dividend to be acted upon by shareholders at the Annual Meeting next Jan. 20.

In the top executive moves, Francis H. Beam, President of National City for the past three years, was elected Chairman of the Board and Chief Executive Officer, succeeding Sidney B. Congdon, John S. Fangboner, previously First Vice-President, was named President, and Robert B. Blyth, formerly Senior Vice-President, was advanced to First Vice-President. All of the changes are effective Jan. 1.

Mr. Congdon will continue as a member of the Board of Directors, of which he has been appointed Honorary Chairman, as Chairman of the Bank's Trust Committee and as a member of the Executive Committee. He assumed the Presidency of the Bank in July, 1933, and served in that office until his election as Chairman three years ago.

Mr. Beam joined National City as Vice-President in 1934, and has been a member of the Board of Directors since 1950. In 1951 he became Senior Vice-President, continuing in that position until his election as President of the Bank, in January, 1957.

Mr. Fangboner was named Vice-President of the Bank in 1943. In January, 1952, he became Executive Vice-President and held that position until he was advanced to First Vice-President three years ago. He was elected to the Board of Directors in 1957.

Mr. Blyth, the new First Vice-President, began his association with National City in 1933. He was named Assistant Cashier in 1937, Assistant Vice-President in 1942, Vice-President in 1943, and in January of this year was named Senior Vice-President and elected to the Board of Directors.

The stock dividend now proposed will be the third stock dividend declared by National City in a five-year period.

Under the proposal the Bank's present capital, consisting off 1,210,000 shares of common stock of $16 par value, would be increased through issuance of 121,000 additional shares as a stock dividend in the ratio of one share to each ten shares held. Total shares then outstanding would be 1,331,000. The new shares would be issued on Feb. 17, to shareholders of record on Jan. 25.

Upon payment of the stock dividend Capital will be $21,296,000 and Surplus $38,704,000 and total capital and surplus will continue unchanged at $60,000,000. In addition the Bank has Undivided Profits of some $6,000,000.

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Directors of **Continental Illinois National Bank and Trust Co. of Chicago, Ill.,** on Dec. 11 increased the bank's surplus account from $125,000,000 to $150,000,000 and promoted three Vice-Presidents to the post of Senior Vice-President.

The increase in the surplus account represents a transfer of $25,000,000 from undivided profits.

The three new senior Vice-Presidents are Tilden Cummings, Donald M. Graham and Boyd J. Simmons.

Mr. Cummings has been with the bank since 1932 and a Vice-President since 1947. He is now supervising a group in the metropolitan division of the commercial banking department.

Mr. Simmons, a member of the bank since 1931, became a Vice-president in 1947 and is administrator of the metropolitan division of the commercial banking department.

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Rufus R. Jeffris, Vice-President of the **Harris Trust and Savings Bank, Chicago, Ill.** will retire at the end of the year.

Mr. Jeffris joined the Harris Bank in 1923. He was elected Assistant Cashier in 1944, Assistant Vice-President in 1945, and Vice-President in 1948.

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Following recent action by the Board of Directors, Lawrence F. Stern, Chairman announced 12 changes in the official organization made by the **American National Bank and Trust Co. of Chicago, Ill.** Included in the list were appointments of two Vice-Presidents plus four new officers.

William S. Dillon and John N. Stern, Trust Department, were promoted from Assistant Vice-Presidents to Vice-Presidents. Further Trust Department appointments included: Walter C. Rundin, Jr., promoted from Assistant Trust Officer to Assistant Vice-President; and William A. Ansley and Howard Wittenberg appointed Assistant Trust Officers.

Charles L. Garry, Jack P. Katz, and George E. Jacobsmeyer, Banking Department, were advanced from Assistant Cashiers to Assistant Vice-Presidents, as were Milan Fiben. Investment Division, and John H. Baldauf, International Banking Department.

Harold L. Taylor, Personal Loans was made an Assistant Cashier, and Robert J. Huffman was named Manager, Credit Department.

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The Manufacturers National Bank of Detroit, Mich., on Dec. 11, announced the election of Roland A. Mewhort, as Executive Vice-President, S. Francis Mahoney, Vice-President and Ralph D. Backman, Comptroller.

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The Cudahy State Bank, Cudahy, Wis., has changed its title to **Cudahy Marine Bank.**

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Eliot G. Fitch, President of the **Marine National Exchange Bank, Milwaukee, Wis.,** announced the election of S. Lloyd Nemeyer to the bank's Board of Directors.

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The Board of Directors of the **United States National Bank of Omaha, Neb.,** announced the election of Ellsworth Moser, from President and Director to Chairman of the Board of Directors. Mr. Edward W. Lyman, from Executive Vice-President and Director to President and Director;

Mr. Dean Vogel from Senior Vice-President and Director to Executive Vice-President and Director. Ellsworth Moser as Chairman of the Board continues to be the Chief Executive Officer of the bank. Mr. Moser entered the banking field in Chicago, Ill. He returned to Omaha in 1928 as Secretary of the **United States Trust Company, Omaha, Neb.,** which was later absorbed by the United States National Bank of Omaha. He was elected Executive Vice-President and a Director in 1937, and became President of the bank in 1949. Mr. Lyman came to the bank in 1940. He was elected Assistant Cashier in 1942, Assistant Vice-President in 1945, Vice-President in 1948, in 1952 was made a Director of the bank, and in 1956 became Executive Vice-President. Dean Vogel joined the **Atlantic National Bank in Atlantic, Iowa,** and in 1934 organized and headed the Atlantic Finance Company. For seven years he served the **Live Stock National Bank of Omaha** as Vice-President. Mr. Vogel is a Director of the **Montgomery County National Bank of Red Oak, Iowa.**

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The Board of Directors of **St. Louis Union Trust Company, St. Louis, Mo.,** Dec. 10 declared the regular quarterly dividend of 75 cents per share of the company's common stock and a year-end extra dividend of $1 per share.

Both dividends are payable on Dec. 29, to stockholders of record on Dec. 17. This will bring total dividends for 1959 to $4 per share as compared with $3.50 a year ago.

The board also passed a resolution to recommend to stockholders a two-for-one split of the company's common stock.

The proposal, which will be submitted to stockholders at the annual stockholders' meeting on Jan. 14, would increase the number of shares of the company's common stock from 250,000 to 500,000 and decrease their par value from $20 to $10 per share.

If the proposal is approved at the annual meeting, each stockholder will receive two shares of the new $10 par value stock for each share of the present $20 par value stock he holds.

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The office of the Comptroller of the Currency announced on Dec. 4, that a charter was issued for **the Fulton National Bank, Fulton, Callaway County, Mo.** The President is Roy Landrum and the Cashier, Jay J. Adams. The bank has a capital of $200,000 and a surplus of $200,000.

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By a stock dividend the **First National Bank of Brandenton, Fla.,** increased its common capital stock from $300,000 to $600,000. Effective Dec. 7. Number of shares outstanding 120,000 shares, par value $5.

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The First National Bank of Dothan, Ala., by the sale of new stock increased its common capital stock from $750,000 to $850,000. Effective Dec. 8. Number of shares outstanding 34,000 par value $25.

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By a stock dividend the **American National Bank of Amarillo, Tex.,** increased its common capital stock from $750,000 to $1,000,000. Effective Dec. 8. Number of shares outstanding 100,000 shares par value $10.

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Eugene C. Zorn, Jr. was elected Vice-President and Economist of the **Republic National Bank of Dallas, Texas.**

Mr. Zorn will assume his duties in the bank on March 15, 1960.

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Mr. James P. Simmons, President of the **Guarantee Bank, Phoenix, Ariz.,** announced on Dec. 14, the election of Bernard G. Le Beau as Vice-Preident. Mr. Le Beau, a former Vice-President of the **First National Bank of Arizona,** advanced from teller to Vice-President in 1952.

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Directors of **Valley National Bank, Phoenix, Ariz.,** Dec. 16, voted to recommend payment of a 25% stock dividend to its 8,000 shareholders.

In effect, VNB stockholders will receive one new share of stock for every four now owned by them.

This action is subject to approval of shareowners at their annual meeting to be held on Jan. 19, and to the further approval of the Comptroller of the Currency.

The contemplated stock dividend would result in the issue of an additional 419,965 shares — bringing the total outstanding to 2,099,825 shares. The common capital account would be increased by $2,099,825 by transfer of that amount from undivided profits.

As a result of these actions, Valley Bank's capital and surplus would be increased to over $33,000,000 in addition to an undivided profits account of over $6,000,000. Total capital would be slightly under $40,000,000.

Another action of the directors recommended that the per share dividend of $1 per annum (payable 25 cents quarterly) be retained, which would mean a 25% effective increase in the cash dividend for the year 1960.

* * *

The following changes in the official staff of **The Bank of California, N. A.** were announced Dec. 8 by Edwin E. Adams, President.

Leland H. Johnson, Assistant Manager, Portland, Ore. office, was elected Vice-President. He has been with The Bank of California since 1938 and was appointed Assistant Manager in 1952.

James E. Wynne, Assistant Trust Officer was advanced to Trust Officer. He began his banking career in 1940 with the Colonial Trust Co., Pittsburgh, Pa.

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Frank L. King, Chairman of the Board, has announced the election of W. T. Harrison, R. K. Jacobson, W. Peter Ramberg and John G. Tropea to Vice-President of **California Bank, Los Angeles, Calif.**

Mr. Harrison joined the bank in 1952.

Mr. R. K. Jacobson entered the employ of California Bank in 1946.

Mr. Ramberg presently serves with California Bank's city division and was with the **Chase National Bank in New York** prior to joining California Bank in 1957.

Mr. Tropea became associated with the bank in 1948.

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S. Clark Beise, President of the **Bank of America, San Francisco, Calif.,** announced on Dec. 16, the election of Owen R. Cheatham, to the Board of Directors.

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Alvin J. Vogel has become associated with **California Bank, Los Angeles, Calif.,** as a Vice-President, it was announced by Frank L. King, Chairman of the Board. In his new association Mr. Vogel will be engaged in research and development in the field of customer service.

Mr. Vogel formerly Vice-President of the **Central National Bank of Chicago, Illinois** was an officer of the **Lakeshore National Bank of Chicago, Illinois.**

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The California Bank, Los Angeles, California, will place in operation early in 1960, Southern California's first mobile bank. The initial location used will be the construction site of the bank's new El Segundo office at Sepulveda Boulevard and Maple Avenue.

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On Dec. 8, Mr. Richard G. Ivey, a director of the **Bank of Montreal, Montreal, Canada,** was elected a Vice-President. At the same time, David G. McConnell was appointed a Director. The appointment follows closely the retirement of Louis L. Lang, a Vice-President, and Director; and L. J. Belnap, B. C. Gardner, and Robert J. Dunning, Directors. Mr. Ivey has been a Director of the bank since 1941.

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The election of N. J. McKinnon as Chairman as well as President of the **Canadian Bank of Commerce, Toronto, Canada,** was announced on Dec. 10. James Stewart has retired as Chairman, but will continue as a Director. Mr. Stewart has been Chairman since 1956. Mr. McKinnon has been President since 1956.

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Walter F. Dillingham, Chairman of the Board of Directors of **Bank of Hawaii, Honolulu, Hawaii,** announced Dec. 17 that the bank had voted a 7% stock dividend payable to stockholders of record at the close of business Dec. 17. This amounts to one share in dividend for each 14 2/7 shares now held. Fractional shares will not be issued but stockholders will receive cash for fractional shares.

The 7% stock dividend, amounting to a total of 24,295 shares, will increase the number of Bank of Hawaii shares outstanding to 371,364 and will increase capital by $485,900 (24,295 shares at $20 par value). This would bring the bank's capital and surplus account to over $15,000,000.

Shearson, Hammill Offers Insur. Fund

Shearson, Hammill & Co. is continuing until Jan. 21 an offering begun on Dec. 17 of 500,000 shares of Capital Life Insurance Shares and Growth Stock Fund, a class of stock issued by Capital Shares, Inc. Capital Shares is a diversified management investment company, and this Fund will specialize in life insurance investments.

The decision to invest a large portion of the Fund's assets in the life insurance industry is based upon management's belief in the fundamental soundness of the life insurance business. During the past 17 years, the life insurance industry showed a growth in insurance in force from $130.3 billion in 1942 to $521.9 billion in 1958. The percentage of these totals accounted for by stock life insurance companies (which are the only companies through which the Fund will be able to invest in the life insurance industry) increased from 28% in 1942 to 37% in 1958. During this same 17-year period, assets of the life insurance industry as a whole increased from $34.9 billion in 1942 to $107.6 billion in 1958, and the stock companies' share of these totals increased from 20% in 1942 to 26% in 1958.

With Hess, Grant

PHILADELPHIA, Pa. — Hess, Grant & Remington, Inc., 123 So. Broad Street, members of the New York Stock Exchange and other leading exchanges, announce that William V. Davidson is now associated with them as a registered representative.

Form Revere Management

PHILADELPHIA, Pa. — Revere Management Co., Inc. is being formed with offices at 123 South Broad Street. Officers are William M. Hess, President; Herman I. Weiner, Secretary; and William P. Scott, Treasurer. All are associated with Hess, Grant & Remington.

Form Profit Inv. Co.

BROOKLYN, N. Y.—David Price is engaging in a securities business from offices at 9506 Avenue L under the firm name of Profit Investing Co.

LETTER TO THE EDITOR:

Dr. Gutmann Presents Case For $70 Mint Gold Price

Correspondent criticizes recent views on gold by Dr. Roy L. Reierson, and also by Prof. O. Glenn Saxon and Dr. Marcus Nadler. Dr. Gutmann contends our gold reserves are not sufficient to cover the total potential demand which he posits; insists that the purchasing power value of gold should fix the mint value of gold; and, thus, advocates devaluing gold from $35 to $70 an ounce.

Editor, Commercial and Financial Chronicle:

Within the last two weeks, three very noteworthy articles appeared in the "Chronicle," all dealing with the subject of the money-supply in its relation to the common denominator gold. All three eminent authors were offering opposing solutions to the problem.

Discusses Reierson's and Saxon's Articles

In his article "Facing the Discipline of the Balance of Payments," Dr. Roy L. Reierson proposes to "eliminate or reduce the 25% gold reserve requirements." Within an inflated balloon, events are related to the thickness of the walls, measures which tend to render the walls still thinner are the opposite of a limitation of risk. The basic currency mechanism would remain unchanged, for every billion of gold withdrawn, the money supply would contract, which means strong deflationary repercussions—unless the withdrawals are replaced by new inflationary measures—additional assets created from the wrong side of the ledger — debt secured by debt.

The article "Business Outlook for 1960" by Professor O. Glenn Saxon "Chronicle" Nov. 26, advocates a return "to the full-fledged convertible Gold Standard as it existed before 1933 and claims that we have ample gold to do so now."

Our gold stock is $19½ billion, out of which $18 billion are already governed by the condition which the author requests, namely full (100%) convertibility.

How can the author's proposal to make the dollar fully convertible, to all holders, under these circumstances constitute a cure? It would only add another source of withdrawal, which would aggravate an already uncomfortable situation.

Every item of wealth which can be sold within one year can be listed as a potential demand for gold, but only a very small percentage will actually be converted into gold. The total sum of the demand potential is at present $850 billion. The bottom experience rate of withdrawal was 2½% or $21 billion.

With a gold stock of $19½ billion and $12.7 billion required for legal coverage, we would arrive at a gold deficit of $14 billion, and this on the basis of the minimum domestic demand rate, disregarding any foreign claims.

Treats Mint and Purchasing Power Values Synonymously

In his report on the "Price of Gold," Hanover Bank *Letter*, "Chronicle" Dec. 3rd, Dr. Marcus Nadler proposes "to keep the rate unchanged at $35-1959 dollars." The rate was originally fixed at $35-1934 dollars. As the value of the monetary unit in 1934 was par (100 cents) and is in 1959 fifty cents, the units are not equal. Thirty-five 1959 current or variable dollars, cannot be reconverted into thirty-five 1934 or constant dollars at par, because thirty-five 1959 dollars are only equal to seventeen and one-half 1934 dollars, which actually devalues gold to seventeen and one-half 1934 dollars, while the official price is thirty-five 1934 dollars.

Expressed in another way $35 in 1934 would have to be $70 in 1959, not in order to be more, but just to be even.

The price of gold can continue to remain at $35, but since $70 are today the equivalent of thirty-five 1934 dollars, we had better remove the mismatch and pull for equilibrium, in order not to use a fictional yardstick instead of a factual one.

Seventy dollars in 1959 does not represent a "higher price for gold." It is only equal to $35 in 1934, which is the official definition of the price of gold.

We see that a gold price up to $70 cannot be inflationary. In that respect the future has already taken place in the past. All inflation, exactly two times, is an established fact.

Further inflation after an adjustment (the devaluation took place in the past and will only have to be recognized) will not show up again, unless it is willed so, inflation is man-made.

Palliative devices cannot be recommended, more drastic measures will be required to effect a cure.

Stabilizing at 50% in a flexible economy, does not give evidence what happens to the other 50% which are irrevocably lost. Inflation is a road of no return.

One can make bad money out of good money, but the opposite was never achieved without a change of the value of the monetary unit.[1]

Further details are contained in seven of my articles which appeared in the "Chronicle" over the years, the basic article being "A Plea for Monetary Restoration," Sept. 2, 1954.

Monetary principles are relentlessly logical. Walker remarked once "Money is as Money does."

DR. ERNEST R. GUTMANN
50 Broad Street,
New York 4, N. Y.

* * *

1 With a total of $750 billion of public debt and contingent obligations, and a private debt of $500 billion, all assets of the nation are liquefied, such an over-abundance of fluidity will have to be worked off.

Warren Trustee

PHILADELPHIA, Pa. — Rush Hospital of Philadelphia has announced the election of Lawrence S. Warren to the Hospital's Board of Trustees.

Mr. Warren, who has been active in the investment securities business for the past 32 years, is associated with the investment firm of Reynolds & Co. in their Philadelphia office.

Hornblower & Weeks Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Rodney E. Spangler, II, has been added to the staff of Hornblower & Weeks, 134 So. La Salle Street.

Seaverns With Reynolds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Louis C. Seaverns has become associated with Reynolds & Co., 39 South La Salle St. Mr. Seaverns, who has been in the investment business on La Salle Street for many years, has recently been with Alm, Kane, Rogers & Co.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Abbott-Warner Co., Inc.
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.70 per share. **Proceeds**—To prepare estimates and to submit bids, as 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.

★ Accurate Electronics, Inc.
Dec. 16 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1.50 per share. **Proceeds**—For research and development, advertising and for working capital. **Office**—13215 Leadwell Street, N. Hollywood, Calif. **Underwriters** — Amos Treat & Co., Inc., New York and Arthur B. Hogan, Inc., Los Angeles, Calif.

● Admiral Plastics Corp. (1/18)
Dec. 4 filed 160,000 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—446 12th Street, Brooklyn, N. Y. **Underwriters**—Filor, Bullard & Smyth and Hardy & Co., both of New York City, who are entitled to purchase for $500 five-year options to acquire for 75 cents per share the 10,000 shares not accounted for above.

★ Aetna Finance Co.
Dec. 22 filed $5,000,000 convertible subordinated debentures, due Feb. 1, 1975, and 200,000 shares of common stock, of which 75,000 shares of the common are to be offered for the account of a selling stockholder and the rest of the offering is to be made on behalf of the issuing company. **Prices**—For the debentures, at 100% of principal amount, with the interest rate to be supplied by amendment: for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office**—Clayton, Mo. **Underwriters**—Scherck, Richter Co., and Dempsey-Tegeler & Co., both of St. Louis, Mo.

Aircraft Dynamics International Corp. (1/15)
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.

Allied Producers Corp.
Dec. 3 filed 1,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital to be used in the purchase of oil and gas properties and related forms of investment. **Office**—115 Louisiana Street, Little Rock, Ark. **Underwriter**—The offering is to be made by John L. Hedde, President of the issuing company and owner of 10,000 of its 80,000 presently outstanding shares. Mr. Hedde will work on a "best efforts" basis, and will receive a selling commission of 12 cents per share on Arkansas sales and 15 cents per share on out-of-state sales.

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 Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commimsmsion of $1.20 per share.

American Gypsum Co.
Dec. 4 filed 518,050 shares of common stock and $1,200,000 of 7% first mortgage notes, to be offered in units consisting of $100 principal amount of notes and 40 shares of stock. **Price**—$300 per unit. **Proceeds**—For general corporate purposes, including construction equipment, and working capital. **Office**—323 Third Street, S. W., Albuquerque, N. Mex. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque.

American Hospital Supply Corp. (1/13)
Dec. 11 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital, construction, and $200,000 for the purchase of stock in Hoffman Pinther Bosworth, S.A. **Office**—2020 Ridge Ave., Evanston, Ill. **Underwriters**—Eastman Dillon, Union Securities & Co., and Smith, Barney & Co., both of New York City.

★ American Industries Life Insurance Co.
Dec. 18 filed 316,667 shares of class A common and 50,000 shares of class B common, of which 50,000 shares of the class A and all (50,000) of the class B have been subscribed to by Foundation Life Insurance Co., and 16,667 shares of the class A are reserved for issuance upon the exercise of an option granted an agency director. **Price**—$4.50 per share (for the 250,000 shares to be publicly offered). **Proceeds**—For capital and surplus of the 13-month-old company. **Office**—Title & Trust Bldg., Phoenix, Arizona. **Underwriter**—None.

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 Land Co.
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Expected in January.

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.

Anelex Corp.
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. **Offering**—Expected in January.

Anodyne, Inc., Bayside, L. I., N. Y.
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. **Offering**—Expected in January.

Anthony Powercraft
Sept. 8 (letter of notification) 241,200 shares of 5% cumulative convertible preferred stock to be offered for subscription by common stockholders at the rate of two preferred shares for each three shares of common stock held. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, new tools, construction and for working capital. **Office**—5871 E. Firestone Boulevard, South Gate, Calif. **Underwriter**—None.

Apache Properties, Inc.
Nov. 20 filed 500,000 shares of common stock (par $1) to be offered in exchange for undivided interests in gas and oil leaseholds located in certain counties in Oklahoma. **Price**—$10 per share. **Office**—523 Marquette Ave. Minneapolis, Minn. **Underwriter**—None.

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.

★ Automatic Retailers of America, Inc.
See Davidson Automatic Merchandising Co., Inc., below.

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.

Bargain Centers, Inc.
Dec. 2 (letter of notification) 120,000 shares of common stock (par $10 cents). **Price**—$2.50 per share. **Proceeds**—To remodel store and offices in warehouse, opening a new store and for working capital. **Office**—31-37 Favette Street, Martinsville, Va. **Underwriters**—Frank P. Hunt & Co., Inc., Rochester, N. Y., and First City Securities, Inc., New York, N. Y.

● Benson Manufacturing Co., Kansas City, Mo. (1/11)
Nov. 25 filed $2,000,000 of 6% 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.

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.

Boothe Leasing Corp.
Dec. 2 filed 40,296 shares of common stock to be offered to holders of the outstanding common on the basis of one new share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the acquisition of additional equipment which the company intends to lease to various businesses. **Office**—315 Montgomery Street, San Francisco, Calif. **Underwriters**—Wertheim & Co., New York City, and J. Barth & Co., San Francisco. **Offering**—Expected in January.

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.

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.

★ Buzzards Bay Gas Co.
Dec. 18 (letter of notification) 12,000 shares of 6% prior preferred stock. **Price**—At par ($25 per share). **Proceeds**—For a bank loan. **Office**—25 Iyanough Rd., Hyannis, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

● 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. In connection with this rights offering, four company officials offered for sale on Dec. 23 any or all of their rights to subscribe to 7,488 shares. **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.

★ Can-Fer Mines Ltd.
Dec. 22 filed 300,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of mining claims. **Office**—Toronto, Canada. **Underwriters**—Pearson, Murphy & Co., Inc., and Emanuel, Deetjen & Co., both of New York City, on a "best efforts" basis.

● Cardinal Petroleum Co. (1/6)
Nov. 30 filed 200,000 shares of common capital stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes including debt reduction, drilling and working capital. **Office**—420 No. 4th St., Bismarck, North Dakota. **Underwriter**—J. M. Dain & Co., Inc., Minneapolis, Minn.

Cascade Pools Corp.
Nov. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—River & Wood Sts., Butler, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

★ Central Electric & Gas Co.
Dec. 11 filed $3,000,000 of convertible subordinated debentures, due Jan. 15, 1975. **Price**—To be supplied by amendment. **Proceeds**—For construction expenses of the

issuer and its subsidiaries. **Office**—144 So. 12th Street, Lincoln, Nebr. **Underwriters** — Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York City.

★ Chesapeake & Potomac Telephone Co. of Maryland
Dec. 18 filed $25,000,000 of 36-year debentures, due Jan. 1, 1996. **Proceeds**—To repay advances, obtained for construction and other purposes, from A. T. & T. the issuer's parent, which will amount to more than $25,000,000 when such proceeds are received. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co.; Halsey, Stuart & Co. Inc., and Morgan Stanley & Co.

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.

● C. I. T. Financial Corp. (1/7)
Dec. 10 filed $75,000,000 of debentures due Jan. 15, 1980. **Price**—To be supplied by amendment. **Proceeds**—For working capital for the issuer and its subsidiaries. **Office**—650 Madison Ave., New York City. **Underwriters**—Dillon, Read & Co., Inc.; Kuhn, Loeb & Co., and Lehman Brothers, all of New York.

● Citizens Casualty Co. of New York (1/5)
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.

Coastal Chemical Corp.
Dec. 7 filed 111,729 shares of class A common and 70,000 shares of class C common, of which 50,000 class C shares are to be offered for the account of Miss. Chemical Corp., selling stockholder, with the remainder of the offering to be sold for the account of the issuing company. **Price**—For the class A stock: $30 per share; for the class C stock: $25 per share. **Proceeds**—For working capital, construction, and repayment of loans. **Office**—Yazoo City, Miss. **Underwriter**—The offering is to be made through Coastal employees with Miss. Chemical underwriting on a "best efforts" basis, receiving a selling commission of 33 cents a share.

★ Coastal States Gas Producing Co.
Dec. 22 filed 100,000 shares of common stock, to be offered to employees under the issuer's Employees' Stock Option Plan. **Office**—Corpus Christi, Texas.

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 Drug Co.
Nov. 30 filed 90,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter** — Marron, Edens, Sloss & Co. **Offering**—Expected in January.

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.

Commercial Credit Co.
Dec. 11 filed $50,000,000 of notes due Jan. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—300 St. Paul Place, Baltimore, Md. **Underwriters**—The First Boston Corp. and Kidder, Peabody & Co., both of New York City. **Offering**—Expected in January.

Commercial Metals Co.
Nov. 25 filed 100,000 shares of outstanding common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—512 South Akard St., Dallas, Tex. **Underwriter**—Eppler, Guerin & Turner, Inc. **Offering**—Expected in the first couple of weeks in January.

● 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. **Note** — This company was formerly known as Consolidated Cuban Petroleum Corp., which was a Delaware corporation with Havana offices. Its charter was amended last June, changing the corporate name and sanctioning its entry into real estate operations. The SEC announced a "stop order" on Dec. 10, challenging the registration statement, and the corporation told this newspaper they planned to re-register. An SEC hearing is scheduled for Jan. 25. **Office**—Miami Beach, Fla. **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. **Note**—Nick P. Christos is President of the issuing company and a director of the underwriting corporation.

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.

Cooperative Grange League Federation Exchange, Inc.
Dec.4 filed $250,000 of 4% subordinated debentures, 10,000 shares of 4% cumulative preferred stock, and 200,000 shares of common stock. The common shares may be offered only to present or prospective members of the Cooperative. **Prices**—For the debentures, 100% of principal amount; for the preferred, $100 per share; for the common, $5 per share. **Proceeds**—For general corporate purposes, including future redemptions of outstanding securities and property additions and improvements. **Office**—Terrace Hill, Ithaca, N. Y. **Underwriter**—None.

● Cooper Tire & Rubber Co. (12/29)
Dec. 1 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — Lima & Western Avenues, Findlay, Ohio. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, Mass., and Prescott, Shepard & Co., Inc., Cleveland, O.

● 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 shortly.

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.

★ Corrosion Control Co., Inc.
Dec. 11 (letter of notification) 60,000 shares of capital stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 33 W. 42nd Street, New York, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y. **Offering**—Expected in January.

Crest Investment Trust, Inc.
Nov. 30 filed 1,172 shares of type A and 7,400 shares of type B common stock, together with $42,500 of 6% debenture notes. **Price**—$110 per share of stock; the notes will be offered in units of $500. **Proceeds**—For expansion. **Office**—41 W. Preston St., Baltimore, Md.

Crown Aluminum Industries Corp.
Nov. 30 filed $1,500,000 of 17-year, 7½% debentures, due Jan. 15, 1977, and 180,000 shares of common stock, to be offered in units of $100 of debentures and 12 shares of stock. **Price**—$160 per unit; and $6.50 per share for an additional 100,000 shares included in the registration statement and not covered above. **Proceeds**—For general corporate purposes, including 1,200,000 for installing and equipping a hot rolling mill. **Office**—202 Reynolds Arcade Bldg., Rochester, N. Y. **Underwriter**—Adams & Peck, New York City. **Offering**—Expected in January.

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.

Daryl Industries, Inc.
Dec. 15 filed 225,000 shares of common stock, of which 130,000 shares are to be offered for the account of the issuing company and 95,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$5 per share. **Proceeds**—

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NEW ISSUE CALENDAR

December 29 (Tuesday)
Cooper Tire & Rubber Co. .... Common
(Paine, Webber, Jackson & Curtis and Prescott, Shepard & Co., Inc.) 100,000 shares
Florida Tile Industries, Inc. .... Common
(Johnson, Lane, Space Corp.) 89,285 shares
Mohawk Business Machines Corp. .... Common
(Myron A. Lomasney & Co.) 30,000 shares
Mohawk Business Machines Corp. .... Debentures
(Myron A. Lomasney & Co.) $600,000

January 4 (Monday)
General Public Utilities Corp. .... Common
(Offering to stockholders—No underwriting) 1,115,000 shares
Micronaire Electro Medical Products Corp. ... Com.
(General Investing Corp.) 200,000 shares
Micronaire Electro Medical Products Corp. ... Wts.
(General Investing Corp.) 50,000 warrants
Old Empire, Inc. .... Common
(Laird, Bissell & Meeds) $300,000
Robin Craft, Inc. .... Common
(General Investing Corp.) $150,000

January 5 (Tuesday)
Citizens Casualty Co. of New York .... Common
(Lee Higginson Corp.) 250,000 shares

January 6 (Wednesday)
Cardinal Petroleum Co. .... Common
(J. M. Dain & Co., Inc.) $800,000
(B. M.) Harrison Electrosonics, Inc. .... Common
(G. Everett Parks & Co., Inc.) $399,000
Pioneer Finance Co. .... Preferred
(White, Weld & Co., Inc. and Watling, Lerchen & Co.) $1,625,000
TelePrompter Corp. .... Common
(Bear, Stearns & Co.) 125,000 shares

January 7 (Thursday)
C. I. T. Financial Corp. .... Debentures
(Dillon, Read & Co., Inc.; Kuhn, Loeb & Co. and Lehman Brothers) $75,000,000
Washington Water Power Co. .... Bonds
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Dean Witter & Co.) $10,000,000
Washington Water Power Co. .... Debentures
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Dean Witter & Co.) $5,000,000

January 11 (Monday)
Benson Manufacturing Co. .... Common
(S. D. Fuller & Co.) 130,000 shares
Benson Manufacturing Co. .... Debentures
(S. D. Fuller & Co.) $2,000,000

January (12 (Tuesday)
National Homes Corp. .... Common
(White, Weld & Co.) 60,100 shares
Jessop Steel Co. .... Debentures
(Hornblower & Weeks) $3,000,000
Northern Illinois Gas Co. .... Preferred
(First Boston Corp. and Glore, Forgan & Co.) $15,000,000

January 13 (Wednesday)
American Hospital Supply Corp. .... Common
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) 200,000 shares

January 15 (Friday)
Aircraft Dynamics International Corp. ... Common
(Aviation Investors of America, Inc.) $300,000
Florida West Coast Corp. .... Common
(Midtown Securities Corp.) $300,000

January 18 (Monday)
Admiral Plastics Corp. .... Common
(Filor, Bullard & Smyth and Hardy & Co.) 160,000 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)
Southeastern Factors Corp. .... Debentures
(Interstate Securities Corp.; McCarley & Co. and Citizens Trust Co.) $500,000

January 26 (Tuesday)
Davidson Automatic Merchandising Co., Inc. ... Com.
(White, Weld & Co. and Cruttenden, Podesta & Co.) 120,000 shares
Montreal Metropolitan Corp. .... Debentures
(First Boston Corp.) $30,000,000

January 28 (Thursday)
Minitran Corp. .... Common
(Pleasant Securities Co.) $300,000

February 24 (Wednesday)
Duquesne Light Co. .... Debentures
(Bids 11 a.m. EST) $20,000,000

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For general corporate purposes. **Office**—7240 N. E. 4th Street, Miami, Fla. **Underwriter** — Clayton Securities Corp., Boston, Mass.

★ Data Control Systems, Inc.
Dec. 18 filed 122,500 shares of common stock, of which 75,000 are to be publicly offered, 10,000 are to be offered pursuant to the issuer's Employees' Stock Option Plan and 37,500, now outstanding, may be offered from time to time by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness. **Office**—39 Rose St., Danbury, Conn. **Underwriter**—C. E. Unterberg, Towbin Co., New York City.

Davega Stores Corp.
Nov. 25 filed 88,000 shares of common stock to be offered to present stockholders at the rate of one new share for each three shares held. **Price** — $7 per share. **Proceeds** — For expansion and other corporate purposes. **Office**—215 4th Ave., New York City, **Underwriter**—None.

● Davidson Automatic Merchandising Co., Inc. (1/26)
Dec. 15 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To pay bank loan, with the balance to general funds for expansion and acquisitions. **Office** — Los Angeles, Calif. **Underwriters** — White, Weld & Co., New York City, and Cruttenden, Podesta & Co., of Chicago. **Note**: The company has changed its name to "Automatic Retailers of America, Inc.," and will be so listed hereafter.

Dayton Aviation Radio & Equipment Corp.
Sept. 28 filed 201,050 shares of common stock, of which 190,871 shares are being offered to holders of outstanding stock of record Nov. 20 on the basis of one new share for each four shares then held. Rights expire Dec. 23. **Price**—$1.50 per share. **Proceeds**—To finance government contracts, reduce accounts payable, and increase working capital. **Office**—South Dixie Highway, Troy, Ohio.

Delaware Securities Corp.
Nov. 13 filed 700,000 shares of common stock (par one cent). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—50 Broadway, New York. **Underwriter**—None.

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.

Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office**—1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

★ Dentists' Supply Co. of N. Y.
Dec. 22 filed 200,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—York, Pa. **Underwriter**—Reynolds & Co., Inc., New York City.

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.

★ Dolphin Paint & Varnish Co.
Dec. 16 (letter of notification) 50,000 shares of class B common stock, (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—922 Locust Street, Toledo, Ohio. **Underwriter**—None.

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. **Offering**—Expected shortly.

Ekco Products Co.
Dec. 4 filed 21,609 shares of second cumulative preferred stock, 6% series, and 54,064 shares of common stock, to be offered in exchange for the common stock of Washington Steel Products, Inc., on the basis of one-half share of common and one-fifth of a share of preferred for each common share of Washington Steel. **Office**—1949 North Cicero Avenue, Chicago, Ill.

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.

Fastline, Inc.
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. **Offering**—Expected any day.

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.

Florida Tile Industries, Inc. (12/29)
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.

★ Florida West Coast Corp. (1/15)
Dec. 21 (letter of notification) 300,000 shares of common stock (par 1 cent). **Price**—$1 per share. **Proceeds**—For land acquisition. **Office**—30 E. 60th Street, New York City. **Underwriter** — Midtown Securities Corp., same address.

● 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. **Offering**—Imminent.

★ Gallahue Naples Corp.
Dec. 17 filed 110,000 shares of class A stock, of which 75,000 shares are to be offered for the account of D. R. Gallahue, the issuer's President, and 35,000 shares are to be offered for the company itself. 55,000 of Gallahue's shares will be delivered in escrow, to be thus held until Dec. 31, 1961, for purchase of holders of transferable warrants to be issued by the company to buyers of the other 55,000 shares at the offering price. **Price**—To be supplied by amendment. **Proceeds** — To reduce indebtedness. **Office**—542 North Meridian Street, Indianapolis, Ind. **Underwriter**—Raffensperger, Hughes & Co., Inc., Indianapolis.

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.

Gence & Associates, Inc.
Nov. 13 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay an outstanding obligation and for working capital. **Office**—1500 E. Colorado St., Glendale, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

General Aluminum Fabricators, Inc.
Dec. 15 filed 75,000 shares of common stock, each share bearing a warrant entitling the purchaser to buy one share of common at $4 until Jan. 30, 1961. **Price**—$4 per share. To reduce indebtedness, with the balance for working capital. **Office**—275 East 10th Avenue, Hialeah, Fla. **Underwriter**—Charles Plohn & Co., of New York City, on a "best efforts" basis. **Offering**—Expected in January.

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 and Washington, D. C. **Offering**—Expected in two weeks (subject to Securities and Exchange Commission clearance).

General Electronic Laboratories, Inc.
Nov. 20 (letter of notification) an undetermined number of shares of class A common stock (par 33⅓ cents) amounting to approximately $300,000 to be offered to officers, directors and employees of the company. **Proceeds**—For general corporate purposes, including machinery, equipment and working capital. **Office**—195 Massachusetts Avenue, Cambridge, Mass. **Underwriter** — Kidder, Peabody & Co., Inc., Boston, Mass. on a "best efforts" basis.

● 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. The statement has been withdrawn, and the filing of a new one is said by the underwriter to be imminent.

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, but dealers may sell unsubscribed shares and solicit subscriptions.

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.

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.

Greer Hydraulics, Inc.
Nov. 27 filed 250,000 additional shares of common stock ($.50 par) to be offered for subscription by holders of the outstanding common. **Price** — To be supplied by amendment. **Office**—Jamaica, L. I., N. Y. **Proceeds**—To relocate company in Los Angeles, with the balance to be used for general corporate purposes, including the reduction of indebtedness. **Underwriter** — Burnham & Co., New York City. **Offering**—Expected in January.

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.

Harmar Co., Inc.
Nov. 18 (letter of notification) $50,000 of 6% 10-year convertible subordinated debentures series A to be offered in denominations of $500 each. Debentures are convertible into class B common stock at the rate of five shares for each $500 debenture. **Price**—At par. **Proceeds**—For working capital. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

★ Guardian Tilden Corp.
Dec. 17 filed 100,000 shares of cumulative preferred stock (par $10), $1,060,000 of 15-year 8% subordinated capital notes, and $1,250,000 of 12-year 7% subordinated capital notes. **Prices** — At par and principal amounts. **Proceeds** — For general corporate purposes. **Office** — 45-14 Queens Boulevard, Long Island City, N. Y. **Note**: The securities are to be offered first to holders of securities in Guardian Loan Co., Inc. and Tilden Commercial Alliance, Inc., subsidiaries of the issuing company. **Underwriter**—None.

● (B. M.) Harrison Electrosonics, Inc. (1/6)
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.

Hebrew National Kosher Foods, Inc.
Dec. 11 filed 350,000 shares of common stock, of which 175,000 shares are to be offered for the account of the issuing company and 175,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 178 South Elliott Place, Brooklyn, N. Y. **Underwriters** — Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., both of New York City, on a "best efforts" basis.

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.

Home Oil Co., Ltd.
Dec. 16 filed $20,000,000 of convertible subordinated debentures, due Jan. 15, 1975, and convertible into common stock of Trans-Canada Pipe Lines Ltd. (about 20%-owned by Home Oil) beginning Aug. 1, 1960. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including reduction of indebtedness. **Underwriters**—Lehman Brothers, New York City, will manage the American group and Wood, Gundy & Co. Ltd., of Toronto, the Canadian one.

● **Honeycomb Products, Inc.**
Nov. 10 (letter of notification) amended Dec. 16, 90,000 shares of capital stock (no par). **Price** — $3 per share. **Proceeds** — To pay for the cost of plant machinery and working capital. **Office** — 8 Orchard Dr., Mt. Vernon, Ohio. **Underwriter**—Hardy & Hardy, New York, N. Y. **Offering**—Expected in about two weeks.

Horne's Enterprises, Inc.
Dec. 16 filed 235,000 shares of common stock to be publicly offered and 45,000 shares reserved for issuance to employees. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including expansion. **Office**—Bayard, Fla. **Underwriters**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla., and Johnson, Lane Space Corp., Savannah, Ga.

★ **Howe Plastics & Chemical Companies, Inc.**
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

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 share, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver Colo.

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.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

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.

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.

Island Industries, Inc.
Nov. 23 (letter of notification) $200,000 of 10-year 10% registered debentures. **Price**—$100 per debentures. **Proceeds**—For general corporate purposes. **Office** — 30 E. Sunrise Highway, Lindenhurst, N. Y. **Underwriter** — Heft, Kahn & Infante, Inc., Hempstead, L. I., N. Y.

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.

Jessop Steel Co. (1/12)
Dec. 4 filed $3,000,000 of convertible subordinated debentures, due Jan. 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Washington, Pa. **Underwriter**—Hornblower & Weeks, New York City.

● **Kansas City Power & Light Co. (1/6)**
Nov. 30 filed $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).

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 at Room 2033, Two Rector Street, New York 6, N. Y.

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.

Lafayette Radio Electronics Corp.
Dec. 4 filed 225,000 shares of common stock ($1 par). **Price**—$5 per share. **Proceeds**—For general corporate purposes including inventory, leasehold improvements, and working capital. **Office** — 165-08 Liberty Avenue, Jamaica, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York City. **Offering**—Expected in January.

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 $25,000 indebtedness to the Sanford Trust Co., 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.

Lancer Industries, Inc.
Nov. 27 filed 200,000 shares of $.70 convertible preferred stock (par $10). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—22 Jericho Turnpike, Mineola, L. I., N. Y. **Underwriter**—Charles Plohn & Co., New York City. **Offering**—Expected in January.

Lawn Electronics Co., Inc.
Nov. 25 (letter of notification) 133,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office** — Woodward Road, Englishtown, N. J. **Underwriter**—Prudential Securities Corp., Staten Island, N. Y.

Laymen Life Insurance Co.
Nov. 30 filed 175,000 shares of common stock, of which 35,000 shares are to be offered by the company and 140,000 shares are to be offered by the Laymen of the Church of God, with which the company is merging. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1047 Broadway, Anderson, Indiana. **Underwriter**—To be supplied by amendment.

★ **Lewiston, Greene & Monmouth Telephone Co.**
Dec. 17 (letter of notification) 6,500 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To replace and enlarge the company's telephone exchange at Greene, Maine. **Office**—Greene, Maine. **Underwriter**—None.

Life Insurance Co. of Florida
Sept. 28 filed 203,476 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds**—For expansion. **Office**—2546 S. W. 8th St., Miami, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami.

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.

Lockhart Corp.
Dec. 14 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—359 South Main Street, Salt Lake City, Utah. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

Louisiana Gas Service Co. (1/19)
Dec. 4 filed $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.

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. **Business** — Protective coatings. **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.

★ **Marine Fiber-Glass & Plastics, Inc.**
Nov. 30 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For new plant expenditures, research and development and for working capital. **Office** — 2901 Blakely Street, Seattle 2, Wash. **Underwriter** — Best Securities, Inc., New York, N. Y.

★ **Marko Mining & Milling Co., Inc.**
Dec. 15 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—116 S. 4th Street, Las Vegas, Nev. **Underwriter**—None.

Mayfair Markets
Oct. 1 filed 301,177 shares of common stock (par $1), being 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.

★ **McCormick & Co., Inc.**
Dec. 16 (letter of notification) 769 shares of common stock and 769 shares of non-voting common stock to be offered to employees of the company. **Price**—At-the-market (as established from time to time, not to exceed $32.50 per share). **Proceeds**—For working capital. **Office**—414 Light St., Baltimore 2, Md. **Underwriter**—None.

● **Micronaire Electro Medical Products Corp. (1/4)**
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.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general 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.

Midwestern Financial Corp.
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.

★ **Mifflin, McCambridge Co.**
Dec. 15 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For construction, new equipment, sales promotions and working capital. **Office**—6400 Rhode Island Avenue, Riverdale, Md. **Underwriter**—Harrison & Co., Philadelphia, Pa.

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● Minitran Corp. (1/28)
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. **Business**—Makes transformers. **Underwriter**—Pleasant Securities Co., 392 Broad Street, Newark, N. J.

Minnesota Valley Natural Gas Co.
Nov. 27 filed 15,800 shares of common stock ($10 par), and 865 additional shares. **Prices**—For the 15,800 shares, $18; for the 865 shares, which will be sold to directors and employees of the issuing company, $17 per share. **Proceeds**—For construction. **Office**—1750 Hennepin Ave., Minneapolis, Minn. **Underwriters** — Woodard-Elwood & Co., and J. M. Dain & Co., Inc., both of Minneapolis, and Harold E. Wood & Co., of St. Paul, Minn.

Modern Pioneers' Life Insurance Co.
Dec. 4 (letter of notification) 47,687 shares of common stock (par $1) to be offered to policyholders of Modern Pioneers' Insurance Co. and the company for cash or transfer of dividends. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—811 N. Third Street, Phoenix, Ariz. **Underwriter**—Associated General Agents of North America, Inc.

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. **Offering**—Expected middle of January.

● Mohawk Business Machines Corp. (12/29)
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%.

★ Montreal Metropolitan Corp. (1/26)
Dec. 23 filed $30,000,000 of sinking fund debentures, due Feb. 1, 1985, to be redeemable at the option of the issuer on or after Feb. 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred for construction. **Office**—Quebec, Canada. **Underwriters**—First Boston Corp. and associates.

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 to expansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

● 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 January.

★ Murphy Financing Co.
Dec. 21 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and debt reduction. **Office** — 174 E. 6th St., St. Paul, Minn. **Underwriter** — Piper, Jaffray & Hopwood, Minneapolis, Minn.

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.

Napex, Inc.
Dec. 3 (letter of notification) 275,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For general corporate purposes. **Office**—233 S. Fifth Street, Grand Junction, Colo. **Underwriter**—None.

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 $5,318,300 of convertible subordinated debentures, due Oct. 1, 1984, being offered to common stockholders on the basis of $100 of debentures for each 50 shares held. Rights expire Jan. 5. **Price** — At par. **Proceeds**—For general corporate purposes, including the investment in the issuing company's membership discount department store operations. **Office**—14th Avenue & 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 class A 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. On Oct. 29 the issue was accepted for filing with the Michigan Corporation and Securities Commission.

● National Homes Corp. (1/12)
Nov. 25 filed warrants for the purchase of 60,100 shares of class B common stock (par $.50). **Price**—To be supplied by amendment. **Office**—Earl Avenue & Wallace St., Lafayette, Ind. **Underwriter**—White, Weld & Co., New York City.

★ Nichols, Inc.
Nov. 27 (letter of notification) 9,348 shares of common stock (no par). **Price**—$27 per share. **Proceeds**—For working capital. **Office**—Exeter, N. H. **Underwriter**—None.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

Northern Illinois Gas Co. (1/12)
Dec. 8 filed 150,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To retire loans and add to working capital. **Office**—50 Fox Street, Aurora, Ill. **Underwriters**—First Boston Corp. & Glore, Forgan & Co., both of New York City.

Nu-Era Corp.
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. **Price**—$3.75 per share. **Proceeds**—To reduce indebtedness and increase inventories of gears and mufflers. **Office** — 342 South St., Rochester, Michigan. **Underwriter**—Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered.

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 Dec. 23 to Jan. 23.

● Old Empire, Inc. (1/4)
Nov. 30 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office** — 865 Prospect Ave., Newark, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

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.

Pacific Fasteners Corp.
Nov. 27 filed 150,000 shares of capital stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For new equipment and machinery and working capital. **Office**—640 E. 61st Street, Los Angeles, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles.

Pacific Gold, Inc.
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

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.

★ Pancoastal Petroleum Co.
Dec. 18 filed 300,000 shares of common capital stock and voting certificates therefor, which shares are to be offered for sale on the American Stock Exchange from time to time. **Price**—At market. **Proceeds**—For drilling, construction, and debt reduction. **Office**—Caracas, Venezuela. **Underwriter**—None.

★ Pan-Alaska Fisheries, Inc.
Dec. 14 (letter of notification) 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—To purchase or charter additional ships and equipment; to pay balance of mortgage and for working capital. **Office**—Dexter Horton Building, Seattle 4, Wash. **Underwriters**—Ross Securities, Inc., New York, N. Y. and First Pacific Equities Corp., Portland, Ore.

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.

★ Pepsi-Cola Co.
Dec. 27 filed 175,600 shares of capital stock, which may be offered from time to time under options granted to executives and key employees. The filing includes 27,000 shares purchasable under option granted to the late Alfred N. Steele, which option may be exercised by his executors at $21.49375 per share. **Office**—New York City.

Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

★ Phillips Developments, Inc.
Dec. 21 filed 400,000 shares of common stock **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office**—1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

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.

● Pioneer Finance Co. (1/6)
Dec. 7 filed 65,000 shares of convertible preferred stock (par $25), to be offered to holders of the outstanding common on the basis of one preferred share for each 15 common shares held on Jan. 6; rights are scheduled to expire Jan. 20. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1400 First National Bank Bldg., Detroit, Mich. **Underwriters**—White, Weld & Co., Inc., New York City, and Watling, Lerchen & Co., Detroit, Mich.

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.

● Red Fish Boat Co.
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. **Offering**—Expected shortly.

Renewal Guaranty Corp.
Oct. 28 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **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.

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, formerly known as Chauncey, Walden, Harris & Freed at the same address, states that it is no longer underwriting this issue.

Save-Mor Drugs, Inc.
Nov. 15 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—22 M St., N. E., Washington, D. C. **Underwriter**—E. A. Burka, Inc., Washington, D. C.

Seacrest Industries Corp.
Dec. 4 (letter of notification) 165,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—354 Franklin Avenue, Franklin Square, L. I., N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

Security Mortgages, Inc.
Nov. 30 filed $250,000 of 11-year sinking fund debentures and 62,500 shares of class A common stock (par 15 cents), to be offered in units of 1 debenture and 25 common shares. **Price**—$100 per unit. **Proceeds**—To invest in equities and/or mortgages. **Office** — Denver 2, Colo. **Underwriter**—None.

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.

Simplicity Manufacturing Co.
Nov. 30 filed 397,192 shares of class A common stock, of which 100,000 shares are to be offered by the issuing company and 297,192 shares are to be offered by the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—336 South Spring St., Port Washington, Wisconsin. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

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.

South Bay Industries, Inc.
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis. **Offering**—Expected in February.

• **Southeastern Factors Corp. (1/19)**
Dec. 9 filed $500,000 of 6% subordinated capital debentures, due Jan. 1, 1975, with warrants to purchase 100,000 shares of common stock. These debentures are to be offered on the basis of $1,000 principal amount of debentures, each such debenture bearing warrants for the purchase of 200 shares of common stock at $4.25 per share. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — Charlotte, N. C. **Underwriters**—Interstate Securities Corp., Charlotte, McCarley & Co., Asheville, N. C., and Citizens Trust Co., Greenwood, S. C.

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., 121 So. Main Street, Greenville, So. Car., on a "best efforts" basis, with a commission of 50 cents per share.

Southland Oil Ventures, Inc.
Nov. 27 filed $2,000,000 of participations in its 1960 Oil and Gas Exploration Program. **Price**—$5,000 per unit, with a minimum participation of $10,000. **Proceeds**—For exploration. **Office** — 2802 Lexington, Houston, Texas. **Underwriter**—The participations will be offered by officers of the company and by certain investment firms.

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.

Sta-Brite Fluorescent Manufacturing Co.
Nov. 27 filed 140,000 shares of common stock (par $.10). **Price**—$5 per share. **Proceeds**—For plant improvements, opening new muffler and brake shops, advertising, new product engineering and promotion, and working capital. **Office**—3550 N. W. 49th St., Miami, Fla. **Underwriter**—Charles Plohn & Co., New York City. **Offering**—Expected in January.

★ **Standard Oil Co. (Ind.)**
Dec. 17 filed options to purchase 470,000 shares of common stock pursuant to the company's Second Incentive Stock Plan for Key Executives. **Office**—919 So. Michigan Avenue, Chicago, Ill.

Star Market Co.
Dec. 8 filed 200,000 shares of common stock, of which 50,000 are to be offered for the account of the issuing company, 125,000 are to be offered for the account of S. P. Mugar, President, and 25,000 are to be offered by Mugar to certain officers and employees of the company and its subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including construction. **Office**—297 Walnut Street, Newton, Mass. **Underwriter** — Hemphill, Noyes & Co., New York City.

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. **Offering**—Expected any day.

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.

Stephenson Finance Co., Inc.
Nov. 27 (letter of notification) 22,095 shares of common stock (par $2.50). **Price**—$8.75 per share. **Proceeds**—For working capital. **Office** — 215 South Dargan St., Florence, S. C. **Underwriter**—R. S. Dickson & Co., Inc., Charlotte, N. C.

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.

★ **System Finance Co.**
Dec. 15 (letter of notification) $250,000 of 6% subordinated notes due Jan. 1, 1966. **Price**—At face amount. **Proceeds**—For working capital. **Office**— 610 S. Sixth St., Champaign, Ill. **Underwriter** — Hurd, Clegg & Co., Champaign, Ill.

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.

TelePrompter Corp. (1/6)
Nov. 27 filed 125,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—$690,000 to supply the cash portion of proposed acquisitions; $150,000 to reimburse Teleprompter's treasury for the purchase of Antennavision of Silver City, Inc., a New Mexico corporation; $100,000 to prepay in full a bank note due Dec. 31, 1960. **Office**—311 W. 43rd Street, New York City. **Underwriter**—Bear, Stearns & Co., New York City.

★ **Tenney Engineering, Inc.**
Dec. 18 filed $500,000 of 6½% convertible subordinated debentures, due January, 1970, and 25,000 shares of common stock. **Prices**—For the debentures: at 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds** — For reduction of indebtedness, moving issuer's coil business from Michigan to North Carolina, and working capital. **Office**—1090 Springfield Road, Union, N. J. **Underwriter**—Milton D. Blauner & Co., Inc.

Texas National Petroleum Co.
Nov. 27 filed $6,500,000 of 6½% sinking fund subordinated debentures, due Jan. 1, 1975, and warrants for the purchase of 650,000 shares of common stock ($1 par). These securities are to be offered in units of one $500 debenture and a warrant for the purchase of 50 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To discharge bank indebtedness; to pay Utah Southern Oil Co. $19,200,000 for various properties; and for general corporate purposes. **Office**—902 South Coast Bldg., Houston, Texas. **Underwriters** — Dean Witter & Co., San Francisco, Calif., and Cruttenden, Podesta & Co., Chicago, Ill. **Offering**—Expected in January.

★ **33 Industrials Fund, Inc.**
Dec. 21 filed 500,000 shares of common stock. **Office**—9363 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Investamerica Management Corp. of Calif., which also acts as the issuer's investment adviser.

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. (1/4)**
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.

Transit Freeze Corp.
Dec. 3 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expenses incidental to the development of a frozen food trucking business. **Office**—152 W. 42nd Street, New York City. **Underwriter** — Jerome Robbins & Co., 82 Wall Street, on a "best efforts" basis. **Offering**—Expected in January.

Trans-World Financial Co.
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. **Offering**—Expected shortly.

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.

(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 states that they are no longer underwriting this issue.

Turner Timber Corp.
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 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

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.

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.

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Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Vickers-Crow Mines, Inc.
Nov. 23 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office** — 321½ Grant Ave., Eveleth, Minn. **Underwriter**—Sakier & Co., Inc., 50 Broad St., New York, N. Y.

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.

Washington Water Power Co. (1/7)
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., all of New York.

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 Management Co.
Nov. 30 filed 450,000 shares of class A common stock (non-voting), of which 58,000 shares are newly-issued stock to be acquired by the underwriters from the issuing company, and the remaining 392,000 shares are outstanding shares to be acquired from the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness from $1,650,000 to $600,000, with the balance to be used for working capital. **Office**—1630 Locust St., Philadelphia, Pa. **Underwriters**—Bache & Co. (handling the books) and Kidder, Peabody & Co., both of New York City. **Offering**—Expected in January.

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 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.

White-Rodgers Co.
Dec. 3 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $20 per share. **Proceeds** — To purchase equipment and for working capital. **Office**—1209 Cass Avenue, St. Louis, Mo. **Underwriter**—Scherck, Richter Co., St. Louis, Mo.

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.

Prospective Offerings

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.

Britton Electronics Corp.
It has been reported that this Queens Village, L. I., company is expected to offer an issue of common stock in January, pursuant to an SEC registration. **Proceeds**—For plant and equipment, including the expansion of a semi-conductor line for silicon products. **Underwriter**—First Philadelphia Corp., 40 Exchange Place, New York City.

Brooklyn Union Gas Co.
Dec. 7 it was reported that the company plans to issue about $20,000,000 of securities in the second quarter of 1960. The precise form of the offering is expected to be announced in the first quarter. The company's current thinking is that it will take the form of straight preferred stock. About $120,000,000 is expected to be spent for construction in the 1959-1964 period, of which some $80,000,000 will be sought from outside financing, with the $40,000,000 remainder expected to be internally generated. **Proceeds**—The offering now "in the works" is expected to liquidate bank loans of about $13,000,000 the company will have outstanding as of the end of this year, in addition to about $2,250,000 of bank loans undertaken in order to call in the preferred stock of Brooklyn Borough Gas Co., acquired by consolidation last June. This company had about 100,000 meters in the Coney Island (N. Y.) area. **Office**—176 Remsen Street, Brooklyn 1, N. Y.

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 Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produces spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

● **Duquesne Light Co. (2/24)**
Dec. 2 it was announced by Philip A. Fleger, President and Board Chairman, that the utility's sole financing in 1960 is expected to consist of $20,000,000 of non-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).

Engelhard Industries, Inc.
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement in the next two weeks concerning a forthcoming issue of common stock.

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.

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.

Hi-Press Air Conditioning Corp. of America
Dec. 8 it was reported that this corporation expects to register 200,000 shares of common stock in the next few weeks. **Price** — $3 per share. **Proceeds** — For working capital and equipment. **Office**—405 Lexington Ave., New York City. **Underwriter** — Plymouth Securities Corp., New York City, who will work on a gross commission of 12%.

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.

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.
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.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

Tampa Electric Co.
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

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

If the underwriting fraternity found time heavy on its hands this week, the final few business days of the year probably will prove something of a nightmare. For, if business in new corporate issues was light in the period just ending, it is just about nonexistent in the week ahead.

Just as well, however, since it appears that the hallroom boys—portfolio men for major institutional investors have slammed the shutters tight. It looks as though it would take something really interesting to turn these busy individuals from their appointed task of closing their books for the year.

And the minor prospect looming all by its lonesome for next week is not of that calibre. First of all it is an equity and a small one involving only 89,285 shares of common stock of Florida Tile Industries Inc.

What the rank and file is interested mostly in at the moment is the probable action of the bond market, including recently marketed issues, once the pressure of switching and selling for tax purposes is lifted toward the end of the year.

Certainly sustained firmness in money rates, together with such year-end adjustment operations have taken their toll, particularly in the Treasury list during the last fortnight or so.

The hope is, of course, that with pressure lifting at the turn of the year, the market will display a firmer note. Right now potential buyers are ignoring opportunities but this could change suddenly once the new year's books are opened.

Syndicates Hold On

Banking groups which brought out new bonds in recent weeks only to find the market sticky are not disposed to run too early from their positions. On the contrary it is the belief in some such circles that it probably will prove profitable to hang in for the balance of the year.

At any rate there is no rush to terminate syndicate agreements in top quality issues like Consolidated Edison Co. of New York's $75 million of 30-year mortgage bonds carrying a 5¼% coupon and priced at 101.519.

Feeling among the more sanguine is that these offerings would be moving more freely but for the fact that buying power is tied up against the year-end. Once freed, it is hoped such demand will make itself felt.

Light Calendar Ahead

Potential investors, it appears, probably will have to look at available material in the weeks ahead since there is no apparent rush for the capital market as yet on the part of corporations.

January looms as a relatively light month unless there is a sudden outpouring of registrations which is not in sight at the moment. But possibly some potential borrowers are holding out to see how the market shapes up.

Meantime Southern California Edison Co. has signified it will be in the market for $30 million of first and refunding bonds around Jan. 26, and will call for bids in due course.

Filor, Bullard, Smyth To Admit Partners

Howard H. Horne will acquire a membership in the New York Stock Exchange and on Dec. 30th will become a general partner in Filor, Bullard & Smyth, 26 Broadway, New York City, members of the Exchange. On the same date, Robert E. Iliff and Dorothy Puglies will become limited partners in the firm.

To Form Finkle, Seskis & Wohlstetter

As of Jan. 1st, Finkle, Seskis & Wohlstetter, members of the New York Stock Exchange, will be formed with offices at 70 Wall Street, New York City. Partners will be David Finkle, John Y. Seskis, Charles Wohlstetter, S. Marcus Finkle and Sidney D. Cohn. Mr. Seskis and Mr. Wohlstetter are partners in Seskis & Wohlstetter, which will be dissolved. David and Marcus Finkle are partners in David Finkle & Co., which will also be dissolved.

To Be General Partner

On Jan. 1st, Melvin T. Kafka will become a general partner in Newborg & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. He will continue as a limited partner also.

Now With Reynolds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ira O. Fash is now connected with Reynolds & Co., 39 South La Salle Street.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Dec. 26	§93.1	*96.3	89.7	68.2
Equivalent to—					
Steel ingots and castings (net tons)	Dec. 26	§2,636,000	*2,726,000	2,540,000	1,840,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 11	7,123,375	7,026,525	6,875,825	7,096,654
Crude runs to stills—daily average (bbls.)	Dec. 11	¶7,975,000	7,983,000	7,892,000	7,788,000
Gasoline output (bbls.)	Dec. 11	28,254,000	28,772,000	27,839,000	28,240,000
Kerosene output (bbls.)	Dec. 11	2,362,000	2,600,000	2,215,000	2,698,000
Distillate fuel oil output (bbls.)	Dec. 11	13,643,000	13,168,000	12,302,000	13,651,000
Residual fuel oil output (bbls.)	Dec. 11	6,945,000	6,713,000	5,992,000	7,011,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Dec. 11	181,250,000	181,406,000	176,400,000	174,706,000
Kerosene (bbls.) at	Dec. 11	29,013,000	30,351,000	32,699,000	29,647,000
Distillate fuel oil (bbls.) at	Dec. 11	160,487,000	164,093,000	178,913,000	148,087,000
Residual fuel oil (bbls.) at	Dec. 11	53,882,000	53,898,000	57,990,000	62,816,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 12	641,972	649,639	638,408	589,353
Revenue freight received from connections (no. of cars)	Dec. 12	568,646	524,583	527,782	531,809
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 17	$313,800,000	$293,700,000	$372,100,000	$291,813,000
Private construction	Dec. 17	178,800,000	154,800,000	232,300,000	109,497,000
Public construction	Dec. 17	135,000,000	138,900,000	139,800,000	182,316,000
State and municipal	Dec. 17	84,300,000	98,700,000	85,600,000	125,759,000
Federal	Dec. 17	50,700,000	40,200,000	54,200,000	56,557,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 12	9,125,000	*9,060,000	8,860,000	9,433,000
Pennsylvania anthracite (tons)	Dec. 12	422,000	446,000	438,000	423,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Dec. 12	298	249	167	293
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 19	14,150,000	14,167,000	13,812,000	13,534,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 17	285	248	287	251
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 15	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Dec. 15	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Dec. 15	$47.17	$42.50	$46.17	$39.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 16	34.575c	33.375c	34.800c	28.600c
Export refinery at	Dec. 16	30.875c	31.250c	31.300c	26.875c
Lead (New York) at	Dec. 16	12.500c	13.000c	13.000c	13.000c
Lead (St. Louis) at	Dec. 16	12.300c	12.800c	12.800c	12.800c
‡Zinc (delivered) at	Dec. 16	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Dec. 16	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig. 99.5%) at	Dec. 16	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Dec. 16	98.875c	100.000c	101.250c	99.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 22	79.69	81.19	82.98	85.71
Average corporate	Dec. 22	83.66	83.79	84.17	90.48
Aaa	Dec. 22	87.59	87.59	87.99	94.86
Aa	Dec. 22	85.33	85.46	86.11	93.52
A	Dec. 22	83.40	83.66	83.91	89.92
Baa	Dec. 22	78.66	79.01	79.13	84.17
Railroad Group	Dec. 22	81.29	81.66	82.15	88.54
Public Utilities Group	Dec. 22	83.79	83.91	84.17	90.34
Industrials Group	Dec. 22	85.98	85.85	86.24	92.64
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 22	4.63	4.45	4.23	3.86
Average corporate	Dec. 22	4.89	4.88	4.85	4.38
Aaa	Dec. 22	4.59	4.59	4.56	4.08
Aa	Dec. 22	4.76	4.75	4.70	4.17
A	Dec. 22	4.91	4.89	4.87	4.42
Baa	Dec. 22	5.30	5.27	5.26	4.85
Railroad Group	Dec. 22	5.08	5.05	5.01	4.52
Public Utilities Group	Dec. 22	4.88	4.87	4.85	4.39
Industrials Group	Dec. 22	4.71	4.72	4.69	4.23
MOODY'S COMMODITY INDEX	Dec. 22	373.5	374.4	380.1	393.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 12	299,494	338,553	304,154	275.370
Production (tons)	Dec. 12	329,400	295,929	331,839	309,537
Percentage of activity	Dec. 12	96	86	95	94
Unfilled orders (tons) at end of period	Dec. 12	450,586	476,497	495,639	403,401
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Dec. 18	111.70	111.67	109.69	110.73
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 27	2,189,810	2,695,570	2,844,120	2,628,030
Short sales	Nov. 27	371,080	419,240	590,870	494,280
Other sales	Nov. 27	1,752,590	2,250,120	2,281,910	2,130,730
Total sales	Nov. 27	2,123,670	2,669,360	2,872,780	2,625,010
Other transactions initiated off the floor—					
Total purchases	Nov. 27	349,080	379,500	758,640	572,060
Short sales	Nov. 27	36,400	34,100	230,320	45,400
Other sales	Nov. 27	264,130	403,840	637,600	539,970
Total sales	Nov. 27	300,530	437,940	867,920	585,370
Other transactions initiated on the floor—					
Total purchases	Nov. 27	710,645	1,005,310	1,019,959	785,110
Short sales	Nov. 27	93,850	240,063	227,940	134,410
Other sales	Nov. 27	653,530	1,073,473	1,028,415	806,721
Total sales	Nov. 27	747,380	1,313,536	1,256,355	941,131
Total round-lot transactions for account of members—					
Total purchases	Nov. 27	3,249,535	4,080,380	4,622,719	3,985,200
Short sales	Nov. 27	501,330	693,403	1,049,130	674,090
Other sales	Nov. 27	2,670,250	3,727,433	3,947,925	3,477,421
Total sales	Nov. 27	3,171,580	4,420,836	4,997,055	4,151,511
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	Nov. 27	1,519,852	1,959,235	2,136,045	1,517,823
Dollar value	Nov. 27	$82,178,327	$101,064,443	$108,158,299	$72,439,196
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Nov. 27	1,368,678	1,644,026	1,678,594	1,526,476
Customers' short sales	Nov. 27	12,207	10,675	15,983	11,152
Customers' other sales	Nov. 27	1,356,471	1,633,355	1,662,611	1,515,324
Dollar value	Nov. 27	$69,545,531	$81,686,253	$81,333,812	$71,988,519
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 27	347,160	425,630	386,720	508,010
Short sales	Nov. 27	------	------	------	------
Other sales	Nov. 27	347,160	425,630	386,720	508,010
Round-lot purchases by dealers— Number of shares	Nov. 27	511,630	738,900	847,540	464,340
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	Nov. 27	640,450	833,500	1,265,980	873,990
Other sales	Nov. 27	13,761,300	17,098,380	18,365,530	17,090,470
Total sales	Nov. 27	14,401,750	17,931,880	19,631,510	17,964,460
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Dec. 15	118.9	119.0	118.9	119.1
Farm products	Dec. 15	85.6	*85.7	85.0	90.7
Processed foods	Dec. 15	105.0	*105.5	104.9	108.8
Meats	Dec. 15	88 0	89.4	90.2	102.0
All commodities other than farm and foods	Dec. 15	128.5	*128.5	128.6	127.1

*Revised figure. §Includes 926,000 barrels of foreign crude runs. ¶Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of September:			
Total domestic production (barrels of 42 gallons each)	231,733,000	236,272,000	236,961,000
Domestic crude oil output (barrels)	205,700,000	209,733,000	212,972,000
Natural gasoline output (barrels)	26,012,000	26,524,000	23,955,000
Benzol output (barrels)	21,000	15,000	34,000
Crude oil imports (barrels)	29,486,000	29,943,000	29,927,000
Refined product imports (barrels)	21,661,000	16,150,000	19,467,000
Indicated consumption domestic and export (barrels)	282,695,000	269,074,000	264,220,000
Increase all stocks (barrels)	185,000	13,291,000	22,135,000
AMERICAN RAILWAY CAR INSTITUTE—Month of November:			
Orders for new freight cars	2,624	2,722	6,295
New freight cars delivered	2,191	2,147	1,842
Backlog of cars on order and undelivered (end of month)	36,555	36,199	27,962
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of November (000's omitted)	$217,167,000	------	$183,092,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Nov. 30:			
Imports	$354,889,000	$304,460,000	$250,822,000
Exports	283,282,000	290,159,000	347,699,000
Domestic shipments	29,269,000	25,023,000	15,861,000
Domestic warehouse credits	89,321,000	55,748,000	249,314,000
Dollar exchange	45,601,000	35,750,000	94,250,000
Based on goods stored and shipped between foreign countries	226,457,000	233,932,000	250,882,000
Total	1,028,819,000	945,072,000	1,208,828,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of October (in millions):			
Total new construction	4,830	5,098	4,735
Private construction	3,409	3,570	3,135
Residential buildings (nonfarm)	2,002	2,101	1,788
New dwelling units	1,563	1,621	1,362
Additions and alterations	371	410	370
Nonhousekeeping	68	70	56
Nonresidential buildings	766	773	743
Industrial	167	166	167
Commercial	348	352	322
Office buildings and warehouses	168	171	168
Stores, restaurants, and garages	180	181	154
Other nonresidential buildings	251	255	254
Religious	84	86	81
Educational	45	44	54
Hospital and institutional	48	48	49
Social and recreational	50	52	44
Miscellaneous	24	25	26
Farm construction	155	183	123
Public utilities	463	493	464
Railroad	27	31	22
Telephone and telegraph	73	88	77
Other public utilities	363	374	365
All other private	23	20	17
Public construction	1,412	1,528	1,600
Residential buildings	62	67	83
Nonresidential buildings	361	380	429
Industrial	26	27	36
Educational	217	222	259
Hospital and institutional	34	36	37
Administrative and service	45	51	55
Other nonresidential buildings	39	44	42
Military facilities	126	129	164
Highways	568	625	636
Sewer and water systems	127	138	124
Sewer	79	86	76
Water	48	52	48
Public service enterprises	54	63	45
Conservation and development	106	106	102
All other public	17	20	17
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of November	13,015	14,526	12,117
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of Nov. (000's omitted)	$383,000	$833,200	$314,100
COAL EXPORTS (BUREAU OF MINES)—Month of October:			
U. S. exports of Pennsylvania anthracite (net tons)	179,911	216,711	252.489
To North and Central America (net tons)	169,806	201.641	174.070
To Europe (net tons)	9,492	15,047	72,800
To Asia (net tons)	613	------	5,594
To South America (net tons)	------	23	25
Undesignated	------	------	------
COAL OUTPUT (BUREAU OF MINES)—Month of November:			
Bituminous coal and lignite (net tons)	35,330,000	35,060,000	34,802,000
Pennsylvania anthracite (net tons)	1,764,000	1,709,000	1,559,000
COPPER INSTITUTE—For month of November:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	28,035	*30,792	113,144
Refined (tons of 2,000 pounds)	37,299	44,218	128,048
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	83,626	68,648	131,188
Refined copper stocks at end of period (tons of 2,000 pounds)	74,642	78,308	93,596
COTTON GINNING (DEPT. OF COMMERCE):			
To Dec. 31 (running bales)	13,402,874	------	10,214,959
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of November:			
Weekly earnings—			
All manufacturing	$88.98	$89.06	$86.5[illegible]
Durable goods	95.91	*96.52	94.30
Nondurable goods	79.59	*79.79	77.22
Hours—			
All manufacturing	39.9	40.3	39.9
Durable goods	40.3	*40.9	40.3
Nondurable goods	39.4	*39.5	39.4
Hourly earnings—			
All manufacturing	$2.23	$2.21	$2.17
Durable goods	2.38	2.36	2.34
Nondurable goods	2.02	2.02	1.96
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1947-49 = 100—Month of Nov.:			
Seasonally adjusted	148	147	141
Unadjusted	150	152	144
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of November: (1947-49 = 100)	62.2	62.2	65.9
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD—Month of November	£34,773,000	£34,508,000	£7,116,000
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of November:			
Net sales	------	------	------
Net purchases	$71,596,000	$14,081,000	$43,653,500

Poorer New Order Position Seen By Purchasing Agents

In describing the difficulties wrought by the steel strike and resumption of steel production, the N. A. P. A. Business Survey Committee's latest survey shows this is the "first time since April, 1958, that more of our members tell of a poorer new order position than those who report improvement." Nevertheless, the survey reveals an optimistic tone in business conditions in the coming months—if we avoid further major strikes.

Despite the remarkable recovery made by the steel mills in getting their equipment back into operation, the ill effects of the strike are currently being felt by almost all steel-using industries, according to the National Association of Purchasing Agents' latest Business Survey Committee monthly report.

Further, the threat of another possible steel strike in January is viewed as creating enormous pressures to build up inventories to protect against the possibility of a new interruption. Unfortunately, most buyers believe that the 80-day period of production under the Taft-Hartley injunction will not allow for much inventory accumulation. Therefore, they expect the scramble for steel to continue until the contracts between the union and the producers are actually signed.

The agents find that both our production and new order figures point up the "braking" effect steel has had on our economy. Again, this month, there is an increase in the number of our members who say production for their company is down. Similarly, there is a decrease in the number who report higher production. Statistically, 27% state production is better, 48% the same, and 25% a reduction.

Poorer New Order Position Reported

In telling of new orders, 28% report an increase, 42% no change, and 30% say their new orders are down. This is the first time since April, 1958, that more of our members tell of a poorer new order position than those who report improvement.

Commodity prices are generally steady. Some specific items have inched higher, while others have drifted lower. Over-all, the trend movement is just slightly up. Copper now looms as the next serious shortage item.

Employees who were laid off as a result of the steel strike are being called back to work. Our members believe that November will be the turning point in employment and, barring another interruption of steel production, that employment will improve in the months ahead.

There was some feeling that the effects of the steel strike would be reflected in lowered retail sales this Christmas time. So, for November, we asked Purchasing Executives to comment on this, based on their own company's sales forecasts and from the general business climate in their locality. In a five category rating, 17% predict sales at record heights, 58% say sales will be substantial, 23% report fairly good, and only 2% not so good. Not one Purchasing Executive thinks sales will be poor.

Over-all, there is an optimistic tone about business conditions in coming months—if we can avoid any further major crippling strikes.

Commodity Prices

Prices are remarkably steady in view of the many conflicting forces to which they are being subjected.

There are instances of increases, as in the case of copper, where supply has been interrupted by strikes. In other situations, such as some items of electrical equipment, keen competition has resulted in lower prices. Over-all, the movement has been just slightly upward.

Statistically, 36% of our members say they are having to pay a little more for the items they buy, 59% report no change, and 5% say their prices are lower.

Inventories

The stockpile has been used up, say many, and a desire for some increase in inventories persists in most areas. Steel, of course, is on everyone's mind; but, most buyers feel sure that the 80-day period of steel production will not allow much inventory build-up. There is plenty of support for the feeling that our economy will quickly grind to a halt if the strike resumes after the cooling-off period.

This month, 20% report their inventories as higher than in October, 37% say they are lower, and 43% report no change.

Employment

It is general knowledge that many employees have started back to work in steel-producing companies, manufacturing plants, railroads, shipping and other industries that were affected by the steel strike. Our survey this month indicates that November will be the turning point in the unemployment problem that developed with the steel strike. The percentage of those reporting greater employmnt in November is down slightly from last month, to 14%. On the other hand, those reporting employment as worse dropped to 21%, from 24% in October. The large majority, 65%, say their situation has not changed from last month. Fortunately, the seasonal demand for extra help in the retail trade and the transportation industry will temporarily help to return employment to a satisfactory level.

Specific Commodity Changes

The continuing strike by the Mine Mill Union, bargaining for the bulk of the copper industry workers, is fast creating a critical situation in this commodity. The steel strike has so overshadowed the copper problem that many have not been aware of the serious shortage of copper that is developing. While prices generally are steady, there are more of our members reporting increases than decreases. This is also reflected in a recent Washington announcement that the cost of living is at an all-time peak.

On the **up** side are: Brass, copper, steel (gray market), steel scrap, zinc, corrugated cartons, natural rubber, tungsten and die castings.

On the **down** side are: Electrical equipment and mercury.

In **short** supply: Copper, most steel items, coal tar chemicals, phthalate esters, maleic anhydride and benzene.

Buying Policy

As has often been mentioned, the trend, or rate of change in trend of buying policy is not as abrupt or as rapid as in our other criteria. For instance, the lengthening of forward commitments on capital expenditures is hardly discernible from month to month, and only by plotting and studying the longer-range picture is it apparent that buyers have been gradually increasing the length of time of their commitments for capital items.

	Per Cent Reporting				
	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
November					
Production Materials	9	25	34	22	10
MRO Supplies	19	48	20	8	5
Capital Expenditures	13	5	12	15	55
October					
Production Materials	8	26	31	27	8
MRO Supplies	24	44	16	12	4
Capital Expenditures	11	6	10	24	49

W. S. Hughes Pres. Of L.A. Bond Club

LOS ANGELES, Calif. — William S. Hughes, of Wagenseller & Durst, Inc., was elected President of The Bond Club of Los Angeles at the annual meeting which preceded the Club's traditional Christmas party. Mr. Hughes is President of Wagenseller & Durst, Inc., is a former Vice - President of the Investment Bankers Association of America, and is a member-elect of the Board of Governors of the National Association of Securities Dealers.


William S. Hughes

Also elected were Robert G. Frank, of Hugh W. Long & Company, Inc., as Secretary and Director; Richard W. Millar, of William R. Staats & Company, as Treasurer; Stevens Manning, of Paine, Webber, Jackson & Curtis, and Donald W. Moulton, of R. H. Moulton & Company, as Directors.

Outgoing President Mark Davids, of Lester, Ryons and Company, addressed the members at the annual meeting of the Bond Club, an organization whose members are engaged in the banking and investment securities business. He announced that because of the phenomenal growth of the local financial community, interest in the Bond Club has so increased that membership is now closed for the first time in the Club's history, and new membership applications are being accepted on a waiting list basis only.

Now Proprietor

Charles M. Kearns is continuing the investment business of Kearns & Williams, 11 Broadway, New York City, as sole proprietor.

Now Proprietor

WASHINGTON, D. C.—Arthur B. Rohrbaugh is now sale proprietor of Rohrbaugh and Company, Union Trust Building.

W. D. Shriver Opens

(Special to The Financial Chronicle)

PARIS, Ky.—William D. Shriver is conducting a securities business from offices at 1120 pleasant St.

D. V. Stabell Opens

ST. PETERSBURG, Fla.—Donald V. Stabell is engaging in a securities business from offices at 5851 Forty-first Avenue, North.

Two With Simeon Miller

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Norbert J. Gehlsen and Ronald J. John have been added to the staff of Simeon Miller & Co., 3424 East Lake St.

Bank of Montreal Receives Certificate

The Hundred Year Association of New York has presented a certificate of membership in the organization to Gordon Adams, senior agent of the Bank in New York. Although the bank has had representation in New York from 1818, it opened its own agency in 1859 at 23 William Street with two employees. At present the New York Agency is located in its own building at 2 Wall Street and has over 200 employees.

Hugh Long & Co. Elects Larrabee

ELIZABETH, N. J. — Donald C. Larrabee has been elected a regional Vice-President of Hugh W. Long & Company, Inc., Westminster at Parker. He represents the company in the metropolitan New York area.

Mr. Larrabee joined the Long Company in 1956. Prior to that he had 10 years experience in the retail securities business.

To Be Sprayregen, Haft

The firm name of Sprayregen & Co., 26 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will be changed to Sprayregen, Haft & Co.

Butler, Herrick Partner

Anthony D. Marshall on Jan. 1 will become a Limited Partner in Butler, Herrick & Marshall, 30 Broad Street, New York City, members of the New York Stock Exchange.

David Greene to Admit

David J. Greene & Co., 72 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Sylvester P. Larkin to limited partnership.

Kerbs to Admit

On Jan. 1, Paul C. Mindnich will become a General Partner and Mary B. du Pont, a limited Partner in Kerbs & Co., 39 Broadway, New York City, members of the New York Stock Exchange.

Joins Williston, Beane

(Special to The Financial Chronicle)

CHICAGO, Ill.—Paul M. Schoessling has become associated with J. R. Williston & Beane, 208 South La Salle Street. Mr. Schoessling who has been in the investment business for many years was formerly with Bear, Stearns & Co. and Reynolds & Co.

H. John Thayer With Dempsey-Tegeler Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — H. John Thayer has become associated with Dempsey-Tegeler & Co., 114 South Ninth Street. Mr. Thayer was formerly a partner in Slayton & Thayer of Alton, Ill.

Chase Manhattan Promotes Officials

The promotion of Charles A. Agemian from Vice-President and Comptroller to the new position of Controller General of The Chase Manhattan Bank has been announced by George Champion, President.

Mr. Agemian, who began has banking career in 1927 as a messenger at Bank of the Manhattan Co., was appointed an Assistant Treasurer in 1944, Assistant Vice-President in 1947, Comp roller in 1951, and Vice-President and Comptroller in 1952. Following the merger of Bank of Manhattan with the Chase National Bank in 1955, he became Vice-President and Deputy Comptroller of the new bank, and was advanced to Vice-President and Comptroller in 1956.

The promotions of nine former Vice-Presidents to Senior Vice-Presidents (new official titles) also were announced. Those elevated were J. Stewart Baker Jr., John D. Revene, George A. Roeder Jr. and John L. Taylor in the metropolitan department; John B. M. Place, Roger M. Keefe and Leonor F. Loree II in the United States department; and Alfred W. Barth and Alfred E. Schumacher in the international department.

W. C. Roney & Co. To Admit Partners

DETROIT, Mich.—On Jan. 1 Wm. C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchange, will admit to partnership John E. Farley; Michael L. Harris of Kalamazoo; Louis E. Goecker and Raymond J. Kelly, Jr. both of Flint; Max L. Cortright and LaVerne A. Weickgenant of Battle Creek; and John E. Veneklasen of Grand Rapids.

M. Sancrant Has Formed Own Firm

DETROIT, Mich. — Murel J. Sancrant is now engaging in his own investment business, underwriting and distributing municipal bonds, from offices in the Penobscot Building, under the firm name of Murel J. Sancrant & Co. Mr. Sancrant was formerly Vice-President of H. V. Sattley & Co., Inc.

Branch, Cabell Branch

WAYNESBORO, Va. — Branch, Cabell & Co. has opened a branch office at 119 Wayne Ave., under the direction of William V. von Seldeneck.

New Tegtmeyer Office

LANDER, Wyo.—Wm. H. Tegtmeyer & Co. has opened a branch office at 100 South Third Street under the management of Clyde L. Scott.

With Hornblower, Weeks

(Special to The Financial Chronicle)

ROCKFORD, Ill.—James F. Gaulrapp is now connected with Hornblower & Weeks, Rockford Trust Building.

Bache Adds to Staff

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—C. Howard Babcock has become affiliated with Bache & Co., Minneapolis Grain Exchange Building.

Now With Geo. Eustis

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Lawrence G. Gessing is now with Geo. Eustis & Co., Tri-State Building, members of the Cincinnati Stock Exchange. He was formerly with A. Lepper & Co., Presscott & Co., and H. B. Cohle & Co.

What Is Needed to Correct Our Adverse Balance of Payments Position

Does our gold outflow trend mean we must either choose (1) devaluation with attendant loss of financial leadership, or (2) drastic deflation accompanied by depression? Neither horn of this dilemma need be seized, according to the Morgan Guaranty Trust Company which proposes, instead, we maintain a favorable investment climate here in the U. S. A. so that interest rates are competitive with foreign countries and we strengthen the competitive price position of our goods and services. In short, the Bank recommends, ". . . no . . . chronically unbalanced budgets that swell the money supply, or . . . interest rate ceilings that shut the Treasury out of the bond market, or . . . wage increases that exceed productivity gains and raise unit labor costs."

In discussing our dollar, at home and abroad, the December issue of the "Morgan Guaranty Survey", a monthly publication of the Morgan Guaranty Trust Company of New York, declares the evidence does not support the view that there has been a general loss of confidence in our dollar.

The Bank points out, "Americans are becoming rather uncomfortably aware of an economic problem which is no novelty to most countries of the postwar world but which until recently occasioned little concern here. It was not until last year that the balance of international payments forced itself upon public attention by suddenly taking a decidedly unfavorable turn and causing the largest loss of gold ever experienced by the United States in a comparable period. The loss of gold has been checked, but the payments deficit has continued to grow.

"Individual interpretations cover a wide range. Some observers regard the deficit as a healthy sign, reflecting the recovery of foreign countries from the devastation and disruption of war and leading to a more even distribution of the world's monetary reserves. At the other extreme, it is proclaimed that the world is losing confidence in the dollar, and that a grim choice must be made between (1) a dollar crisis, with devaluation and permanent loss of financial leadership, and (2) drastic deflation, with depression and mass unemployment.

Between the Extremes

"As is usually the case, the truth is somewhere between the extreme views. The optimists are right when they point out that a deficit in the United States' balance of payments is only another name for an increase in the gold and dollar reserves of other countries. Economic recovery abroad has enabled foreign countries to compete more successfully both in their own markets and in ours, to close the 'dollar gap' that plagued them during the early postwar years, and to build up their reserves of gold and dollars. These are solid achievements, and they have long been among the main goals of international economic policies which this country has helped shape and carry out. But they are not without disturbing implications for the U. S.

"The alarmists who call the dollar's condition precarious are exaggerating the case grossly, but it would be a blind optimist indeed who did not see — in the United States' gradual loss of position as an exporter, for instance—the threats implicit in an indefinite continuation of the deficit at its present magnitude. The United States is pricing itself out of some markets. Certainly this is true as regards some major farm products, which even now find their way abroad only with financial aid from the Federal Treasury. Our merchandise exports as a whole have declined by some 20% in the last two years, although the comparison is distorted by the swelling of exports in 1957 because of the Suez emergency. This year's export total probably will be about \$15½ billion, a far from impressive figure in comparison with the average of \$14 billion for the five-year period 1952-1956. Imports of merchandise are likely to be about \$3½ billion above the 1952-56 average, as against the increase of \$1½ billion for exports. Our surplus from merchandise trade will be small, probably in the neghiborhood of half a billion dollars, and the exchange of services and military items may well tip the over-all trade scales on the import side.

Competition Abroad Is Stronger

"Inflationary increases in domestic costs and prices have been an important reason for the tapering off and possible disappearance of our export surplus. But there are other important ones. Foreign industry has recovered strongly from the devastation and disruption of World War II. Plants have been modernized and productive capacities greatly increased. The resulting gain in the competitive strength of industry abroad is certainly a major factor, and so far probably the principal one, in the growing pressure on our trade balance.

"The evidence does not support the view that there has been a general loss of confidence in the dollar. Foreign holdings of dollar assets have continued to increase. This was true even last year, when foreigners, with a payments surplus of \$3.3 billion in dealings with the United States, elected to take \$1 billion of it in dollar assets and the other \$2.3 billion in gold. The experience this year has been even more reassuring, so far as evidence of continuing faith in the dollar is concerned. The surplus earned by foreigners is expected to total about \$4 billion, of which only about \$1 billion will be taken in gold.

"These changes in relative preference for gold and dollar assets are probably due for the most part to fluctuating interest rates rather than to varying confidence in the dollar. During most of 1958 the United States was passing through a business recession, with interest rates low and the attractiveness of dollar assets correspondingly weak. This year, short-term rates have risen to the highest level in about three decades and have become relatively more attractive than gold to foreign owners of dollar assets.

"Contrary to an apparently widespread belief, neither the payments deficit nor the outflow of gold is a new development. The balance of payments has been in deficit in nine of the last ten years (including 1959), and in seven of these years there has been a net loss of gold. What is new is the size of the deficit, as well as a growing concern abroad that the United States may pursue policies tending to increase and perpetuate it. The decline in merchandise exports and the continuing increase in imports raise the question whether domestic costs and prices are rising to levels inconsistent with a strong competitive position in international trade, particularly now that other major trading nations have taken strong measures to stabilize their own currencies. The net outflow of \$2½ billion a year or thereabouts in government funds, exclusive of military grants, suggests that our foreign-aid program may need to be readjusted to changed conditions at home and abroad. And the rate of investment of private United States capital in foreign countries, despite the sharp reduction that has occurred this year, still exerts pressure on the balance of payments.

What Is Needed

"Some corrective steps already have been taken, and others are contemplated. The government is trying, with some success, to induce foreign nations to end the discrimination against United States goods that began in the early postwar years of dollar shortage. Future loan commitments of the Development Loan Fund will require the expenditure of the money in the United States, and it has been suggested that the same principle might be applied to other forms of foreign aid. The Administration is reported to be planning reductions next year in both foreign assistance and overseas military expenditures, and it appears that our allies will be asked to carry a larger share of the financial burden of defense and development programs.

"Such measures may help somewhat but will not by themselves fully solve the balance-of-payments problem. The amounts involved are too small, and curbs on the outflow of funds will be to a large extent self-defeating for balance-of-payments purposes, because most such funds return in expenditures for dollar goods in any case. Higher barriers against imports to the United States would tend to aggravate rather than solve the problem, for they would certainly provoke retaliation abroad, and their main effect would be to cancel out years of hard-won progress toward greater freedom of international trade.

"There are two prime requisites for the betterment of our balance-of-payments position. First is the maintenance of a favorable climate for investment in the United States. This means that interest rates here must be permitted to move in competition with those in foreign financial centers and that holders of dollar assets must feel confident that their funds are invested in a currency the soundness and stability of which are above suspicion. To relax these requirements, especially that of maintaining confidence, would be both a betrayal of trust and an invitation to disaster. For ever since World War II the dollar has been regarded as the 'hard' currency **par excellence**, and in this reliance foreigners have entrusted to the United States billions of dollars of funds for safekeeping. For both moral and practical reasons, their confidence must be maintained.

"Equally essential is the need to strengthen the competitive position of United States goods in domestic and foreign markets. Compared with this and the preceding point, all other proposed or conceivable means of redressing the balance of payments are of secondary importance. The situation points straight to the need for stability in domestic costs and prices. This need leaves no room for chronically unbalanced budgets that swell the money supply, or for interest-rate ceilings that shut the Treasury out of the bond market, or for wage increases that exceed productivity gains and raise unit labor costs.

"The large balance-of-payments deficits of 1958 and 1959 mark the end of the postwar era of easy, almost automatic, dollar supremacy. The dollar that has maintained this supremacy is one that has lost 38% of its purchasing power in 14 years, and 19% in ten years. A currency so depreciated could hold its position only because the leading foreign currencies were under even greater pressure. But this is no longer the case. Our competitors have attained a position of strength, a position that enables them to make an effective stand against currency depreciation, and they are rightly seizing the opportunity. In this new and more rugged environment, we can no longer enjoy the luxurious paradox of a soft dollar at home and a hard dollar abroad."

Now Leicht-Sparer

BROOKLYN, N. Y.—Leicht-Sparer Associates, Inc., 3624 Church Avenue is continuing the investment business of Modern Investors. Officers are Louis Leicht, President, and Gerson M. Sparer, Secretary.

Two With E. I. Hagen

PORTLAND, Oreg. — Thomas S. Duthie and John E. Follen have been added to the staff of E. I. Hagen & Co., American Bank Building.

Sidney Bassuk Opens

BROOKLYN, N. Y.—Sidney Bassuk is conducting a securities business from offices at 79 Tompkins Avenue.

A. A. Hibbard Opens

CHICAGO, Ill.—Albert A. Hibbard is engaging in a securities business from offices at 5814 North Christiana Avenue.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—In the 1956 Presidential election one of the biggest, if not the biggest, surprise was the fact that Louisiana "went" Republican for the first time since the Civil War. It was a good thing for Louisiana.

The Bayou State is no longer being taken for granted by the Democrats, and the Republicans are stepping up their courtship. Senator John F. Kennedy of Massachusetts, and Senator Stuart Symington, both Democrats and both Presidential hopefuls, have already made speeches in the state. Vice-President Richard M. Nixon, Republican Presidential hopeful, plans to make an address in the state early in the New Year.

Other Presidential hopefuls apparently have their eyes on Louisiana, along with other Southern states that have rolled up Republican majorities in the 1952 or 1956 elections. The other states include Virginia, Florida, Tennessee and Texas.

Because 1960 will be one of the most inportant national election years in a generation, that is why marked national political interest will be focused on the Louisiana governorship runoff race during the next couple of weeks.

Long Retired

The race is between deLesseps S. Morrison of New Orleans, and former wartime governor, James H. Davis. There are several national angles involved. That is why the Nation's Capital is watching the campaign with a great deal of interest. The primary election is January 8.

In the December 5 first primary 842,000 Louisianians voted in the governorship race, and declared in no uncertain terms that they did not want any more of Governor Earl K. Long, who hurt the state no end when he broke in and out of mental hospitals, and said and did many things that brought a blush of shame to the faces of most Louisianians.

Two unknown candidates for Lieutenant-Governor beat Earl Long in his bid to stay in office. Earl, brother of the late stormy Senator Huey P. Long, and uncle of incumbent Senator Russell B. Long, was barred by the state constitution from running for governorship again, although he threatened to seek "relection" for governor, despite the constitution, until just before the deadline for candidates to qualify. Long's self-appointed candidate for Governor, James A. Noe, himself a onetime Governor, ran fourth in the first primary.

The Religious Issue

Why are politicians from Seattle to Miami watching the Louisiana governorship race? Mayor Morrison is a member of the Catholic faith, and he represents the big City of New Orleans.

From a percentage standpoint, there are more Catholics in Louisiana than any Southern state. Louisiana has not elected a Catholic for governor in nearly 100 years, but it has on numerous occasions elected a Catholic lieutenant governor. Several incumbent members of the Louisiana congressional delagation are Catholics.

For the first time within memory of Louisianians the question of Catholicism has been injected into the governorship. Opponents of Mr. Morrison flatly accuse him of injecting the question in an effort to rally the big Catholic vote of South Louisiana. He does not touch on the Catholic question in protestant North Louisiana, where he ran a poor third or fourth, in some places, in the first primary.

Mr. Morrison, with an outstanding record as Mayor of the City of New Orleans since he got out of the army after World War II, flatly denies that he has appealed specifically to South Louisiana Catholics, and to the Negro vote.

There are more Negroes who vote in Louisiana, perhaps, than in any Southern state. There is substantial evidence that Chep Morrison got the overwhelming majority of the Negro vote in the first primary.

Impact on Kennedy

The Governor of Louisiana has tremendous influence over the delegates to the Democratic convention. Mr. Morrison has paid a warm tribute to Senator Kennedy. The question is being asked in Washington and elsewhere: If Morrison is elected will Louisiana's delegates back Senator Kennedy's Presidential nomination? The answer obviously is: Not necessarily. Louisiana's delegates might go to one of the other candidates, like Senator Majority Leader Lyndon B. Johnson or Senator Stuart Symington or former Governor Adlai Stevenson or someone else.

Senator Kennedy is the only Catholic Presidential hopeful in either major party. The politicians have been afraid to back a Catholic for the Presidency since Alfred E. Smith was defeated in the race against Herbert Hoover in 1928.

Louisiana Can't "Lose"

While Mayor Morrison is way out front in the first primary vote, this does not necessarily mean he is going to be next governor when Early Long vacates the mansion at Baton Rouge next May.

Former Governor Davis has tremendous vote appeal. Mr. Davis has made a sizable fortune down through the years out of royalties from his songs like "You are My Sunshine," and "Heartaches by the Scores" or something like that. Writing songs like these has been somewhat of a hobby for Mr. Davis. Furthermore, he has a very fine voice and a good band that unquestionably helps him out on the stump.

But Mr. Davis is a businessman from Shreveport. That is why people in New Orleans a few days ago were boasting: Regardless of who wins, they are declaring, Louisiana will have a governor who will not bring a blush of shame to the cheeks of her citizens when they travel outside the state.

Louisianians were standing in the brilliantly holiday decorated huge lobby of the Roosevelt hotel, and the old St. Charles hotel down in New Orleans just before Christmas, speculating on the outcome.

The outcome appears to be in doubt. The race might wind up close. Former Governor Noe and State Auditor William J. Dodd, two of the eliminated first primary candidates, have thrown their backing behind Mr. Morrison. State Senator William Rainach, the third candidate in the race, and an all-out exponent of continued segregation in the public school system, is backing Mr. Davis.

Off-Shore Revenues

Official Washington is indirectly interested in the outcome. A tremendous amount of oil and natural gas reserves, worth many hundreds of millions of dollars, have been discovered offshore from Louisiana. The United States Treasury will reap huge sums of taxes from these reserves as production goes on down through the years.

Many Louisiana civic and business leaders express the strong conviction that with the right kind of political leadership Louisiana will continue its above national average growth during the next decade.

Both Mayor Morrison and former Governor Davis would steer the ship of state on a prettly even keel during the first four years of the 1960s.

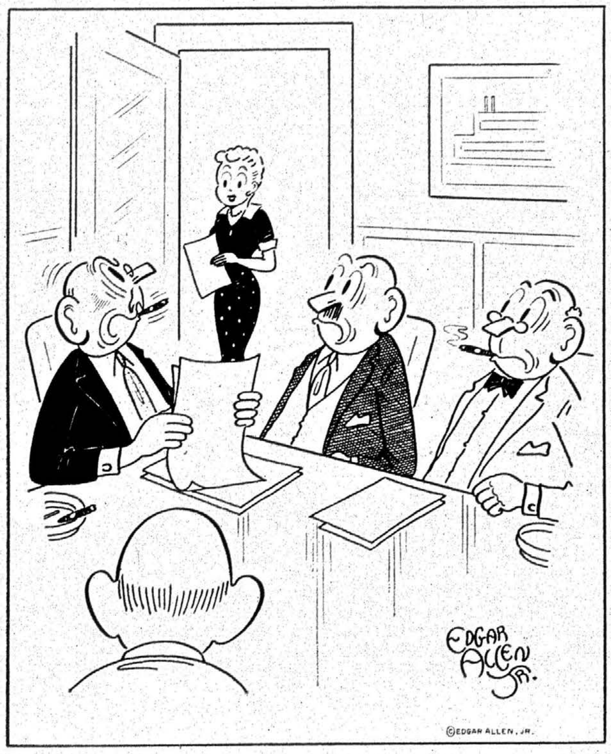
Regardless of which candidate wins the primary runoff January 8, he will face a Republican opponent in the April general election. The Republicans, of course, do not expect to win the governorship.

But Louisiana Republicans, who have done a fair job of building a two party system in a few of the Parishes (counties), feel that they must run a slate of state officers.

They believe that Louisiana might somehow "go" Republican in the next Presidential election, particularly if the Democrats nominate candidates too liberal for Louisianians to swallow.

What is going to happen to Governor Earl Long after his term expires? No one knows. Not even Governor Long. He has made his living out of politics, primarily, for many years. He might run next summer for the United States House of Representatives. He was top man in the Eighth District, his home district, in the lieutenant governorship race. The incumbent, Congressman Harold B. McSween, is anti-Earl Long.

[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.]



"Pardon me—do you want me to include those two bottles of rye in your bottom desk drawer on our list of liquid assets, Mr. Broadbottom?"

Lefferdink Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Peter Lederer has been added to the staff of Lefferdink & Co., 150 Sansome Street.

With Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

LA GRANGE, Ga.—Henry C. Dunson has become connected with Thomson & McKinnon, 111 Greenville Street.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—J. W. Nyquist has become affiliated with Merrill Lynch, Pierce, Fenner & Smith Incorporated, First National Bank Building.

Businessman's BOOKSHELF

Algeria in Turmoil: A History of the Rebellion — Michael K. Clark — Frederick A. Praeger Publishers, 15 West 47th Street, New York 36, N. Y. (cloth), $6.

Building Permits—Data on new dwelling units authorized by local building permits September and October, 1959 — Bureau of the Census, Washington 25, D. C. (paper), 25c.

Computers and How They Work—James D. Fahnestock—Ziff-Davis Book Division, 1 Park Avenue, New York 16, N. Y., $4.95.

Consumer Expectations, Plans and Purchases: A Progress Report—F. Thomas Juster — National Bureau of Economic Research, 261 Madison Avenue, New York 16, N. Y. (paper), $2.50.

Elimination of Double Taxation—2nd Report by the Fiscal Committee—O. E. E. C. Publications Office, 1346 Connecticut Avenue, N. W., Washington 6, D.C. (paper), $1.

Essays in Federal Taxation—Herbert Stein and Joseph A. Pechman—Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. (paper), $1 (quantity prices on request).

Health Insurance Data 1959—Source Book—Health Insurance Institute, 488 Madison Avenue, New York 22, N. Y. (paper).

India 1959 — A Reference Annual —Research and Reference Division, Ministry of Information and Broadcasting of the Government of India, Delhi 8, India (paper).

Ordinary and Necessary Expenses—William K. Carson and Herbert Weiner—The Ronald Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $8.50.

Radiation Disability: Will It Be Adequately Compensated?—Earl F. Chelt—University of California, Institute of Industrial Relations, 201 California Hall, Berkeley 4, Calif., (paper).

Silent Revolution—B. Rambhai—Jiwan Prakashan, Publishers, Chawri Bazar, Delhi, India (cloth), $1.

Steel Industry Wage Structure—Dr. Jack Stieber—Harvard University Press, Boston, Mass.

The Best Policy: The Story of Standard Accident Insurance Company—George W. Stark—Powers & Company, Inc., 550 West Lafayette Boulevard, Detroit 26, Mich. (cloth), $3.75.

U. S. Private Investment and Economic Aid in Underdeveloped Countries—Wil Marcus—Public Affairs Institute, 312 Pennsylvania Avenue, S. E., Washington 3, D. C. (paper), 50c.