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Editorial AS WE SEE IT

A number of influential figures have of late attached great importance to a wider and more thorough knowledge of the meaning of "productivity" and its relation to such things as prices and wages. The President has of late been quite emphatic about it, and so have some other highly placed political figures. Needless to say, we feel a great deal of sympathy for this viewpoint. We, in our humble way, have often bemoaned the fact that so much unwarranted use was being made of productivity figures—such as we have—and we are accordingly quite glad to add our endorsement to the words of the President and the others who are now insistent that the general public gain a better knowledge and understanding of these matters.

Careful scrutiny of much that is being said on the subject at the present time must, however, lead to the conclusion that education on this subject should begin with the educators, or so it seems to us, begin, that is, with the individuals and officials in places of responsibility and influence with the rank and file of the people. Candor compels us to include the President himself and some of his advisers among those who need to come to grips with this question of "productivity" and its relation to wage demands and prices that manufacturers ask for their wares. Of course, official utterances are usually couched in rather general, not to say vague, terms, so that it is not always easy to know precisely what is in the mind of the official making them, but certainly it is difficult to reconcile some of the things that are being said in Washington—and have been for a good while past—with any rational view of the role and requirements of "productivity."

What is this thing they call "productivity," anyhow? Well, the term has been so much employed of late that probably many if not most school-boys could give a flip answer which would accord with the superficialities of the case. It is simply, so we are told, total output divided by hours worked by all men and women who are paid wages to help produce the prod- (Continued on page 27)

Funds Step Up Buying As The Market Rises to New High

By A. Wilfred May

Analysis of investment companies' portfolio operations during December quarter's rising stock market discloses stepped-up buying of common stocks, with the balanced funds reversing their defensive policies of the September quarter. Favored industries included autos, banks, chemicals, electronics, glass, nickel, and paper. Selling predominated in agricultural equipment, airlines, steels, and in most aluminum issues. Most popular issues were International Nickel, Du Pont, Ford, GM, GE, and Royal Dutch. Most widely liquidated issues were American Airlines, General Telephone, and Youngstown Sheet. Popularity of foreign issues tempered by profit-taking.

In the final quarter of 1959 the stock averages registered a net gain of 8%; and bonds sagged further (Governments by 2.6% and others by about 1%). In this atmosphere wherein the stock market was rising to a new high reached on Dec. 31, followed by its all-time peak right after the turn of the year, the funds generally stepped up their holdings of equities. Evidencing the switch from their defensiveness during the September quarter (when the market averages showed a net decline), the balanced funds, with their greater freedom of action, returned to the buying side. Whereas in the third quarter they had sold 38% more than they bought, they followed this with a sharp reversal to a purchasing excess of 83%. Of the balanced funds under our review, net buyers of common stocks rose from 8 to 18, while net sellers fell from 18 to 10 (stand-offs totaled 3 against 5 managements during the preceding quarter.)

The stock funds, by and large, showed a more restrained attitude, with their net purchases of common stocks declining by 27%. This decline in acquisitions was swelled by net liquidation by several large funds (in some of which calls for redemption of their own shares may have been a factor).

In any event, of all the investment companies

[Tables appearing on pages 21 and 26 show Fund's comparative investment postions; total common stock and other securities transactions; and individual common stock transactions by industry groups.]

under review, the net buyers of common stocks gained from 41 to 52, while net sellers declined from 29 to 25. The cautious stand-off contingent declined from 15 to 9.

Stock Buyers

Substantial net buyers of equities included the 4 Axe funds, Investors Mutual, Putnam Fund, the 3 Value Line funds, Wellington Fund, Chemical Fund, Dreyfus, Eaton & Howard Stock Fund, Fundamental, Investment Co. of America, MIT, MIT Growth, National Investors, Selected American, United Accumulative, United Income, United Science, Niagara Share, and Lehman Corporation.

Net Sellers

Among the net sellers of commons were Boston Fund, Commonwealth Investment, Eaton & Howard Balanced, Affiliated, Fidelity, Incorporated Investors, State Street, General American Investors, Lazard, and U. S. & Foreign. The latter closed-end company, along with American Business Shares and Group Securities Fully Administered Fund, completely abstained from equities buying.

Oppenheimer Fund, one of the very few funds partly engaged in some short-selling activities, reduced its short position by 30% during the quarter. General Portland Cement was so added to the bearish sector of the portfolio.

Re-Appraisal of the Oils

A lessening of the gloom previously attending the much-harassed oils was to be noted in the year-end quarter. Said Messrs. Hettinger and Mansfield of the Lazard Fund: "Our conviction in the inherent soundness and growth characteristics of the oil industry . . . has (Continued on page 20)

PICTURES IN THIS ISSUE—Candid photos taken at the Annual Midwinter Dinner of the Security Traders Association of Chicago, Inc., appear in today's Pictorial Section.

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.

D. B. GILL
Manager, Institutional Department
Nesbitt, Thomson & Company Ltd.
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Superior Propane Limited

Because of recent trends in United States, European and Canadian markets, a specialist in Canadian securities must be particularly discriminating when selecting an investment he likes for American readers.

David B. Gill

While one can feel confident that the Canadian economy will continue to grow, in the long run, at a faster rate than those of the United States and the leading Western European countries, it is idle to deny that short-term prospects are not encouraging investment in Canadian securities now.

Fortunately, there are always special situations for those who look and an excellent example is Superior Propane Limited, the largest propane distributor in Eastern Canada, whose common share earnings can be expected to double in the next five years.

The propane industry in Canada should continue to grow at about twice the rate of the industry in the U. S. and close to three times the rate of the Canadian economy as a whole. This is a result of a colder climate, lower population density and the fact that per capita consumption is less than one-third present U. S. consumption, because of a later start. These factors, coupled with a better supply situation, have resulted in Canadian propane companies being able to offer better growth prospects than their American counterparts, which themselves compare very favorably with other U. S. industries.

Since incorporation in 1951, Superior Propane's sales have increased ten fold to an annual rate of about 25,000,000 gallons and its total assets eight times to approximately $9,000,000. It now serves over 50,000 customers, with 209 branches and dealer outlets throughout Ontario and Quebec, the richest and most populous market areas in Canada.

The company has roughly 50% of the present market; the remainder being shared by some 400 to 500 competitors, most of which are one man operations. In this respect, Superior, because of its size, has obtained favorable supply contracts and low unit overhead costs, thus permitting the purchase of other propane businesses which were not profitable as small operations.

It is believed that only about 60% of the highly stable residential market has been tapped so far. In addition, present appliance customers can be expected to increase their annual consumption from the present average of 125 gallons a year to 175 gallons. House heating customers are expected also to increase considerably as, in most rural areas, propane can compete price-wise with a fuel oil-hydro electric combination.

In the industrial, commercial and agricultural markets, Superior Propane, owing to the lack of major competitors, provides the best research and development services for potential new users available in Eastern Canada. It has now over 5,000 bulk customers including "Alcan," C. P. R., Canadian General Electric and Bell Telephone. However, only 35% of its business stems from non-residential sources at present, compared to about 50% for comparable U. S. companies.

The company's strong management team, a majority of whom have been with it since 1951, has been successful in guiding rapid expansion on a sound financial basis. For example, while the company maintains a particularly large sales and service organization for its size, its 61 salesmen are remunerated on appliance sales only to emphasize customer build up.

Capitalization, as at Sept. 30, 1959 (unaudited) was 45% debt, 16% preferred and 39% equity, at book values, and 25%, 9% and 66% respectively at market values. Three hundred and eighty-four thousand common shares are outstanding, plus warrants to purchase an additional 45,000.

The accompanying table, with projections based on the above assessments, speaks for itself.

In summary, Superior Propane common, now at $16 and paying 50 cents, is one of few market tested securities in a defensive industry with a possibility of doubling earnings in five years, which is priced at less than 20 times current earnings—a situation reflected by the fact that some 30% of the stock is held by European, U. S. and Canadian investment institutions. It is listed on the Toronto Stock Exchange.

KEY STATISTICS AND PROJECTIONS

	1956	1957	1958	1959 ESTIMATE	1964 PROJECTION
Total Rev. (millions)	$4.9	$5.0	$6.3	$7.2	$14.5 - $16.00
Return on Sales	4.1%	4.7%	5.3%	5.3%	5.8%
Return on Net Assets	10.8%	11.7%	12.8%	--	--
Cash Flow per share	$1.33	$1.42	$2.13	$2.65	$4.00- $4.50
Earnings per share	$0.40	$0.48	$0.74	$0.88	$1.75- $2.00

(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.)

HENRY J. LOW
Manager, Institutional Research Dept.
Gude, Winmill & Co., New York City
Members, New York Stock Exchange

The Magnavox Company

At a time when the majority of leading electronics equities are selling anywhere from 20 to 50 times earnings and above, the shares of The Magnavox Co., one of the largest producers of electronic equipment and high quality stereophonic high fidelity radio and television instruments, are available at only twelve times estimated 1960 earnings of $3 per share. During the past decade, Magnavox made tremendous strides under the dynamic leadership of Mr. Frank Freimann, its highly regarded and talented President, who has been instrumental in tripling the company's business. Two weeks ago he announced Magnavox's entry into the world export market through purchase of majority interest in Collaro, Ltd., British manufacturer of record changers, tape recorders, sound reproducing equipment and allied electronic products. Great Universal Stores, Great Britain's largest retail and mail order chain with almost 3,000 stores throughout the United Kingdom, Canada and Africa, will retain a minority interest in Collaro, Ltd. and distribute all of Magnavox's products throughout the entire British Commonwealth nations. This development will give Magnavox an immediate large market abroad which otherwise would take many years to create.

Henry J. Low

At home Magnavox is engaged in the design, engineering and manufacture of a varied line of military and industrial electronic equipment including high quality stereophonic high fidelity radio phonograph and television instruments. The company is the leader in the production of record playing stereophonic equipment and was the first producer to introduce stereophonic high fidelity disc playing radio phonographs in April, 1958. This new development, which has revolutionized the entire recording industry, represents a unique method providing space separated sound with musical effects almost comparable to an original live orchestra performance. At the time of introduction of the first stereophonic instruments by Magnavox, the industry was plagued by excessive inventories due to the recession and it took the company's chief competitors six months before similar and competing models could be placed on the market. Magnavox, offering the widest choice of both two-cabinet and self-contained stereophonic radio phonographs, has maintained its large lead in the console field, accounting for about one-third of the quality consoles sold by the industry. The company's console stereophonic instruments are priced anywhere from $150 to the de luxe remote controlled "Concert Grand" series which retail for $1,250.

Introduction of the "Stereo Theatre" 24-inch television stereophonic high fidelity radio phonograph combination, which retails for $595, last spring met with excellent consumer acceptance and further added to the already very successful distribution of high quality models. During 1959 the company sold approximately one-third of all 24-inch television sets in the industry, representing 40% of all Magnavox television sales in that period. In June, 1959, a broader line of stereophonic two and three way television combinations in the price range from $400 to $650 was offered to the public, and a large share of this so far untapped and very promising market should be gained by the company. Magnavox is also manufacturing a complete line of 17-inch portable television sets, distribution of which is primarily aimed at the "second set" market. With many console television sets becoming older and obsolete this has placed the company in a more advantageous position to greatly increase its growing share of the replacement market.

Production of stereophonic radio

Continued on page 29

This Week's Forum Participants and Their Selections

Superior Propane Ltd.—David B. Gill, Manager of Institutional Dept., Nesbitt, Thomson & Co., Ltd., Toronto, Canada. (Page 2)

Magnavox Company — Henry J. Low, Manager of Institutional Research Dept., Gude, Winwill & Co., New York City. (Page 2)

A Credit Structure That Will Not Collapse

*By John W. Remington,*President, American Bankers Association, and President, Lincoln Rochester Trust Company, Rochester, N. Y.*

Bankers are cautioned to continue restraint in consumer credit, real estate credit and term loans. Mr. Remington similarly warns private and public non-banking lenders against credit excesses and declares they cannot plead that inability to "create" money places them in a special position. The bankers' spokesman outlines basic principles and criteria to follow in the difficult task of rationing limited credit, and comments on what is in store for banking in the sixties. Above all, banks and other lenders are urged to counterpoise the legitimate needs of credit with the avoidance or minimization of risks so that our credit structure will not collapse under stress.

Bankers can be justly proud of the contribution which the banking business is making to our economy. In recent years, commercial banks have performed in excellent fashion in meeting the credit needs of individuals, governments, agriculture, industry, and commerce. It is especially gratifying that we, on the basis of all available evidence, can feel confident that we are serving adequately and well the needs of small business, the owners of which are customers of many banks — large, small and medium —throughout our country.

John W. Remington

Banks have not only met a variety of credit needs, but have manifested an ability and willingness to provide new facilities and to render new and enlarged services of all types to their customers and in this process have built a healthy banking system.

Shortsighted and unsound credit practices of some banks and other financial institutions in the twenties resulted in a deterioration in the quality of bank and other credit and clearly contributed to "boom" in the late twenties and to "bust" in the early thirties. Since then, however, banks generally have avoided credit excesses and have been following well considered and conservative lending and investment practices.

We have reason to be proud of this restraint when it is coupled with a willingness to take certain calculated risks. Our record has been a good one, but it is important that we should not be satisfied with our achievements but should strive constantly for the full exercise of our capabilities.

It is important for us to do this now — as we go into the sixties, which have been characterized by some as "soaring" or "surging." On the contrary, a few have cautioned that these years may become the "sad sixties," and one competent observer has recently warned us not to make the next decade the "soft smug sixties."

It is my opinion that we can expect great achievements from our economy in the next decade. Banking not only can, but has an obligation to, contribute at least a substantial share to the growth of credit and other financial services which will be needed.

Nonbank Lenders' Credit Extension

While commercial banking has experienced substantial growth in the past two decades, it is all too apparent that other lending institutions, both public and private, have grown much more rapidly. In part, this faster growth has been caused by the willingness of some of these lenders to accommodate types and kinds of credit which, in the last analysis, probably should not have been extended by commercial banks.

Nonbank lenders—both government and private — should not seek and should not be permitted to liberalize and enlarge credit to the point where it may jeojardize the results which come from sound and progressive banking policies. Some nonbank institutions should be held responsible for a too free and easy use of credit and should not be permitted to excuse their action by claiming that their inability to "create" money puts them in a special position. All institutional lenders are under heavy pressure to utilize their resources in loans and investments, but this simply makes it more important for every one of them to contribute to a sound credit structure.

The operations of government lending and guaranteeing agencies over the past three decades have had some far reaching effects on the policies of private financial institutions. We can cite developments in mortgage credit and agricultural credit, to name two important examples. Some of the effects of government credit agencies have been constructive. Some have not been good for our economy, such as those government credit agencies which have gone counter to Federal Reserve policy, and those agencies which have sought to shelter favored groups of borrowers from prevailing money and credit conditions.

It is obvious that, in the future, as in the past, commercial banking will be operating as a tremendously important part of our entire financial and economic growth. It behooves banks and all other types of institutions to contribute to the sustainable growth we must produce, through the adoption of enlightened policies.

What's in Store for Banking

Now let us concentrate on what may be in store for banking in the

Continued on page 28

CONTENTS

Articles and News

Regular Features

*See article on cover page.

†Note cover page article "Funds Step Up Buying as the Market Rises to New High"

‡Column not available this week.

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Celanese—Increasing the Accent on Chemicals

By Dr. Ira U. Cobleigh, *Enterprise Economist*

A panoramic review of a company showing significant improvement in product mix, plastic and chemical output, and ability to show a sustained rise in earning power.

Thirty-five years ago Celanese was a little known name and the enterprise had only one plant, 900 employes and total sales (year 1925) of only $1.6 million. Celanese was the very first producer of man-made fabrics and it made just one variety of these—acetate filament yarn. From that meager beginning, Celanese Corporation of America has grown into a great company grossing over a quarter billion dollars annually. In volume of business it is the second largest producer of man-made fibers, and ranks as the largest producer in the world of acetate yarn.

Broadening the Synthetic Horizon

All of which will give you some background as to the business of Celanese, and the information that, historically, synthetic fibers have been in the main stream of the company's activity. But this over-specialization created a considerable fluctuation in earning power. This was especially noticeable after World War II when 80% of sales were in acetate fibers and most of these fibers wound up in women's wear, subject to the whim and caprice of fashion.

Much improvement in the durability and quality of earning power has been achieved in the past four years and for two reasons. First, fiber sales in 1959 accounted for less than 65% of total gross and, second, broader production and sale of newer synthetics, useful in many other lines in addition to women's apparel, were achieved. For example, there is "Fortisan," preferred for curtains and draperies; a colored yarn "Celaperm," desirable for clothing and for bathing suits; and "Arnel" a triacetate fabric somewhat competitive with "Dacron" and selling for around half its price. "Arnel," introduced in 1954, has made great sales strides due to its quick-drying and wrinkle-resistant qualities. And there's a newcomer called "Teron," which should be on the market in a couple of months. "Teron" is not only serviceable in apparel but is thought to have a bright future in home furnishings. It will be turned out in a brand new polyester plant, with an ultimate capacity of 40 million pounds annually.

Plastic Expansion

Over 30 years ago Celanese Corp. sensed the need for broader diversification. In 1928 it was engaged in research with the Celluloid Corporation looking for a plastic as useful as Celluloid, but less flammable. (You many remember the ancient joke about the Celluloid collar — "it looks nice, you don't have to launder it, but it's dangerous for a man who gets hot under the collar!") Joking aside, the inter-company research was most effective and led to a merger of Celanese Corp. and Celluloid Corp. in 1941, and the creation of what is now the Plastics Division.

Celanese now runs four plastic plants (three in New Jersey and one in Texas), with total per annum capacity of 40 million pounds of polyethylene and cellulose plastics. Celanese plastics have a broad list of end products—photographic film; emulsions for paints, coatings and adhesives; polyester resins for automotive bodies; and assorted polyethylenes and acetates for lamp shades, optical frames, bottles, industrial and electronic housings, appliances and appliance parts. The company recently purchased Royal Manufacturing Company, a large producer of plastic bottles and containers. This acquisition will fit nicely into the company's present operations and the manufacturing facilities of Royal will, in due course, be appropriately enlarged.

The Chemical Phase

In order to assure itself a sufficient supply of the basic elements needed for its synthetic and plastic production, Celanese entered the third major phase of its corporate activity in 1946 by opening a chemical division. There are two plants in Texas specializing in petrochemicals, a plant in West Virginia; and in Canada, Canadian Chemical Co. (82% owned) and Columbia Cellulose Co. Ltd. (88% owned). This latter is importantly a timber company as it owns about 1½ million acres of timber in British Columbia and a 400 ton daily capacity sulphite pulp mill.

Trends in Earnings

We have dwelt long enough on the gradual progression of Celanese from essentially a textile company to a quite diversified chemical enterprise, stressing research to the tune of about $6 million a year, and broadening and stabilizing the markets for its products. It's the result of this change in the corporate direction, that we're interested in. And the results are both attractive and improving. In the 10-year period 1949-59 a total capital investment of roughly $23 a share has now begun to show up at the cash register. From a postwar low in sales of $147.6 million in 1954, the total has risen impressively each year. Net sales were $192.3 million for 1957; $223.7 million for 1958 and around $260 million for 1959. For this year a further increase in the order of $25 million is expected.

Net earnings have not, up to now, risen at quite the same rate but should show a sharp year to year improvement in 1959. Against reported per share net of $1.64 in 1958, about $2.40 a share indicated for 1959. This is a sizeable upswing and does much to suggest that the present $1 dividend may be increased. These figures take no account of the earnings generated and retained by the Canadian subsidiaries, nor of unconsolidated earnings of the Mexican and South American subsidiaries.

There was a 25% stock dividend in Celanese common last year which brings the outstanding total now to 7,334,000 shares having a book value (as of the 1958 year-end) of $18. Ahead of the common lies about $112 million in long-term debt and $103 million in preferred. Of this, $100 million is in a 4½% issue, convertible into the common at $44. This conversion is good through May 1, 1961 and to be invoked requires a quite sizeable advance of celanese common, from its present quotation of 27½, within the next 15 months. The market doesn't think this conversion feature is going to be worth much as Celanese 4½% preferred now sells at 81½, yielding 5½%.

But something more constructive should be said about Celanese common. At 27½ it is selling at less than 12 times indicated earnings. This is an extraordinarily low ratio for a company so heavily engaged in plastics and chemicals. Even in the soggier markets of late January, a 16 times ratio would have seemed reasonable. Moreover, earnings here are definitely on the rise with a per share figure of $2.75 to $2.90 a distinct possibility for 1960. And a rise in that order would suggest an increase in dividend, first because it would be justified and second because a higher dividend might, perchance, animate the common to levels where substantial conversions of the preferred might take place. The common sold as high as 41⅛ last year when it didn't look as dynamic as it does today.

So by ordinary methods of analysis you can quite easily reach the conclusion that Celanese common if not undervalued is, at least, not over-priced. And if you wish to season this appraisal with a little romance, consider Celanese's recently acquired plant in Tennessee for development, and ultimate production, of exotic fuels for rockets. Consider also the potential of the new synthetic lubricants, "Cellutherms" for jets and other supersonic aircraft.

Celanese is an interesting stock. The company has come a long way and its forward motion is persistent.

With Saunders, Stiver

CLEVELAND, Ohio—Norman C. Strachan has become affiliated with Saunders, Stiver & Co., Terminal Tower Building, members of the Midwest Stock Exchange.

With Commonwealth Secs.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Arthur D. Evans has become connected with Commonwealth Securities Corporation, 30 East Town Street.

The State of TRADE and INDUSTRY

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

Business activity is moving ahead as the new year begins, the Commerce Department's Office of Business Economics stated in the summary presented in the January issue of the *Survey of Current Business*. The agreement reached in the steel industry assures that the current high steel output will be extended to benefit the supply position of major consuming industries. This will permit expanded output of durable goods.

Purchasing power is flowing at a record rate, the OBE noted. Personal income rose in November and December above the pre-strike volume. The December flow of $391 billion, at a seasonally adjusted annual rate, compares with $384 billion last June. A large part of the recent rise reflected gains in manufacturing wages and salaries, but increases were also apparent elsewhere.

With increased employment in durable goods manufacturing, the total number of employees on nonfarm payrolls rose to a seasonally adjusted figure of 52½ million in mid-December. This was virtually equal to the pre-strike record. Recalling of workers continued throughout December and early January, OBE noted.

Holiday Purchasing Brisk

The OBE analysis reported that Christmas season buying by consumers reflected a new record sales of holiday goods. While sales at department stores were not especially buoyant during much of the fall season, the gain of 4% over the usual seasonal rise from November to December brought the total for the fourth quarter even with the previous high rate achieved in the summer period.

At other stores which cater in large part to holiday trade, sales also exceeded the normal seasonal advance in the final month of the year.

OBE reported that, of the major groups of consumer purchases, only automobiles experienced a lag. This situation was in large part the result of the limited range of choice occasioned by the arresting of usual production and the inventory build-up which normally occurs during the early part of the new-model year. It was noted the fall off in automobile sales was principally responsible for the year-end lag in the total of retail sales. Excluding auto dealers, sales held at the high November volume — well above the best previous showing in 1959.

Manufacturing Activity Recovers

With operations by automobile manufacturers again approaching full schedule, total manufacturing activity moved in December to the earlier high. New orders late in the year reflected the strong state of demand for factory output and with final sales approximating production rates, there has been slight opportunity to replenish inventories drawn down during the protracted strike period.

Auto assemblies are fast approaching the scheduled high average rate projected for the first quarter. Current production schedules are aimed not only at meeting customer demand but also at building up an adequate supply of car stocks in dealers' hands.

Steel mill operations had been generally maintained at the top rate achieved in December. While shipments of finished steel are now moving to consumer markets in large volume, working stocks of many sizes and shapes required for finished output are still somewhat unbalanced as compared with the desired supply. Steel ingot capacity increased nearly 1 million tons last year—bringing the total at year-end to 148.6 million tons. Current production, close to the previous peak in volume terms, represents better than 95% of this newly rated capacity.

Elsewhere in manufacturing, output has continued with little change in the prevailing high rates, so that, overall, production in December again approached the earlier top registered last spring.

Construction Down from 1959 High

Construction activity in late 1959 represented one of the few major instances of lagging demand, with activity down from last spring's high. Seasonally adjusted private housing starts in the final three months of the year were at an annual rate of 1¼ million, compared with the earlier record of 1.4 million.

Savings Rate Lowered

In reviewing 1959 developments the Commerce Department singled out the consumer as an especially dynamic influence buoying business activity. Incomes have been expanding but consumers have not only been spending their increased purchasing power rather freely, but have supplemented it by a record use of borrowed funds.

Net accumulation of capital assets by individuals, both physical and financial, were also expanded substantially last year, so that, on balance, they added to their accumulated net equity—that is, their assets less their debt obligations — at about the same absolute rate as in the preceding three years.

What this means, OBE stated,

Continued on page 42

Do We Need a Change in Federal Reserve Policy?

By Dr. Gordon W. McKinley,* Executive Director of Economic and Investment Research, Prudential Life Insurance Company of America, Newark, N. J.

Critique of Federal Reserves' merits and deficiencies holds Fed has no alternative course than to pursue price stability during cost-push inflation, even if employment and growth progress are adversely affected, so long as proper non-monetary correctives are not employed. Monetary policy changes, however, are recommended. They call for severe quantitative restrictive policy during a boom's early stage, even though prices are not rising and unemployment is above normal; credit ease during a boom's later stages—when prices may still be rising; and qualitative controls over consumer instalment loans or at least a fixed maximum term for consumer loans at no more than 24 months.

Any government agency which has responsibility for the formulation of monetary and credit policy will inevitably be subjected to a steady stream of advice, criticism, and censure. The Federal Reserve is no exception to this rule. It is criticized because it is ineffective, or because it is too effective; because it acts too soon, or not soon enough; because the impact of its controls is not sufficiently selective or is too selective; because it is adamant in the pursuit of its goals, or because it is willing to compromise. The fire of complaint flickers on year after year, smouldering quietly in the pages of learned economic journals, striking sparks in the columns of the daily newspapers, or flaring into blazing argument in the halls of Congress.

Gordon W. McKinley

Much of this criticism can be dismissed as ill-informed, demagogic, or self-seeking. But it would be a serious mistake, particularly for those of us in the financial world, to evaluate all opposition to Federal Reserve policies in these terms. We have a responsibility not only to support what is sound in current monetary and credit policy but to take the lead in attempts to improve our financial machinery and constantly to question the validity of our economic goals and the means of achieving them.

Is the Basic Orientation of Federal Reserve Policy Unsound?

The most significant criticism which has been leveled against Federal Reserve policy in recent years is that the two goals of monetary policy—high employment and stable prices—are incompatible, and that in attempting to achieve price stability the Federal Reserve has taken actions which have led to unemployment and a retardation of our economic growth. Since it is impossible to have both high employment and stable prices, so the argument goes, the Federal Reserve should cease its attempts to curb inflation and should concentrate on policies designed to achieve high employment and rapid growth.

Those who advance this argument point out that a good deal of the inflation of the postwar period has not been due to too much money chasing too few goods. It has not been a demand type of inflation, but a supply type of inflation. The upward push on prices has stemmed from the drive of strong labor unions to secure wage increases in excess of improvements in productivity and the determination of strong business corporations to protect profit margins by passing these cost increases along to consumers in the form of higher prices.

Under these circumstances, the proponents argue, an attempt by the Federal Reserve to curb inflation through a reduction in the money supply will, when coupled with the upward push on prices from the cost side, inevitably result in a reduction of the unit volume of sales, a subsequent decline in production, and a resulting increase in unemployment and retardation of economic growth. This is the great dilemma which the Federal Reserve faces—that an attempt to halt inflation through tight money will cause unemployment, and an attempt to maintain high employment through easy money will cause inflation.

I believe that the Federal Reserve does, in fact, face such a dilemma. In the modern American economy, there is a strong upward push on prices from the cost side, and there are strong labor unions and business corporations which raise wages and prices even under circumstances of declining demand. The Federal Reserve thus is from time to time faced with a situation in which an attempt to halt this upward spiral of prices may lead to lagging production and rising unemployment. But I think that those who would conclude that a solution for this dilemma can be found through an abandonment of the goal of price stability are hopelessly naive and do the country a disservice when they urge that policy on the Federal Reserve.

Let us consider the probable results of an acceptance by the Federal Reserve of the proposition that high employment and rapid growth can consistently be maintained only if the money supply is increased sufficiently to conform to the wage and price increases which are demanded by labor and business. Suppose that the Federal Reserve observes that prices are rising by 2% a year and sets about providing an increase in the money supply sufficient to accommodate total output at these rising prices. It is, of course, possible that the business situation might be basically weak at that particular time so that even with easy money a business down turn might occur. But assume that the general business situation is good, and that the easy money policy of the Federal Reserve is successful in providing sufficient money to take off total output at rising prices.

What, then, is likely to occur? Businessmen, observing that their costs are rising and that there seems no lack of demand for their products, will push for still higher prices, and will take a tolerant attitude toward labor's demands. It is always easy to be charitable at the expense of the consumer. Labor, observing the rising cost of living and the tolerant attitude of business, will raise its wage demands still higher. Whereas prices had been rising at an annual rate of 2%, they will soon be going up at a rate of 4%.

The Federal Reserve will now have to reconsider its policy. If it attempts to hold inflation to the 2% rate, it will find itself in a dilemma in which a monetary policy sufficiently tight to restrict inflation to 2% will cause a decline in output and employment; yet a sufficiently easy money policy to maintain high output and employment will endorse and encourage a 4% rate of inflation. Being determined to avoid the criticism that its policies are retarding economic growth, the Federal Reserve may step up the rate of increase of the money supply, in which case the whole process is likely to be repeated, this time at a 6, 7, or 8% rate, and so on.

There is good reason to expect that the leapfrogging process will be cumulative, because it will not take long for the public to realize that there is now no limit to the price rise. Speculative activity will increase, attention being diverted from ways to increase production to ways to beat the price rise. All except the weak or foolish will see to it that their wage and price demands take full account of the expected decline in the value of money.

The important point to note in this process is that there is no reason to believe that there is any degree of easy money or any rate of inflation which will enable the Federal Reserve to escape from exactly the same dilemma which it faces today under a policy aimed at stable prices. Putting it another way, it is naive to assume that labor and business units will, under a policy of inflation, suddenly develop a moderation in their wage and price demands which they are unwilling to exhibit under a policy of stable prices.

Answers Criticism of the Fed

What, then, can we conclude with respect to the principal criticism leveled in recent years against Federal Reserve policy? I think our conclusions should be these:

(1) As long as strong labor unions secure wage increases in excess of productivity and strong corporations are able to pass these costs along in the form of inflated prices, it will be difficult consistently to maintain a high level of employment.

(2) This same difficulty will exist no matter what the price policy of the Federal Reserve. It will be as difficult, and probably more difficult, to maintain high employment with easy money and inflation, as with stable prices.

(3) The critics of the Federal Reserve are mistaken in believing that an inflationary monetary policy would produce higher employment or more rapid economic growth.

(4) The threat to employment and growth is not monetary policy, but wage and price policy and the degree of labor and business monopoly which makes current wage and price policy possible.

If these conclusions are correct, it would be a mistake for the Federal Reserve to abandon its attempts to achieve stable prices. In the first place, nothing would be gained by accepting inflation. Inflation would, in fact, intensify the monopolistic practices which lead to unemployment and slow growth. In the second place, even though Federal Reserve policies have not been entirely successful in achieving price stability, they have been successful in calling attention to the underlying causes of inflation and unemployment. The Federal Reserve is still used as the whipping boy, but there is growing awareness even among the strongest critics of monetary policy that some of the most important causes of unemployment and inflation lie outside the sphere of monetary policy and cannot be corrected by monetary policy, regardless of whether such policy be restrictive or inflationary. This suggests that the attention of Congress might well be shifted away from attacks on the Federal Reserve for a supposed failure to ensure rapid growth and toward the basic deficiencies in both the private and government sectors of the economy which constitute the real barriers to such growth.

Suggested Changes in Federal Reserve Policy and Consumer Credit Terms

Although the basic orientation of Federal Reserve policy today is sound, this certainly does not mean that Federal Reserve policy cannot be improved. I would like to suggest two changes in monetary policy and credit controls which I believe would lessen future undesirable fluctuations in both prices and employment.

The seeds of inflation and recession are usually sown quite early in a busines cycle, long before there is any outward sign of trouble. Consider, for example, the course of the business cycle beginning in 1955 and ending in 1958. The all-out boom which developed in 1955 arose from three upward driving forces — heavy consumer purchases based on a large extension of consumer credit, heavy housing expenditures based on an unprecedented expansion in mortgage credit, and heavy capital goods expenditures based on large corporate borrowing. Consumer purchases of durable goods rose

Continued on page 28

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The tax-exempt bond market has been measurably stronger each day during the past week. There have been no very important issues or exceptionally large issues to be absorbed. The impact on the market of the large Federal refinancing was fairly well discounted by the time of the announcement and up until Tuesday (2/2/60) most of the Treasury issues, long and short, were substantially improved. The price enhancement for tax-exempts during the past week is perhaps best exemplified in the fact that the average yield on the issues comprising the *Chronicle's* index stood at 3.5807% on Feb. 3, compared with 3.615% on Jan. 27.

Aggressive Bidding

The smaller number and volume of new issues resulted in very aggressive bidding. These issues, priced ahead of the market during the past few weeks, have led the way for secondary market improvement, even including the numerous discount offerings which offer less current return to the tax exempt income buyer. The simple factors involved in the municipal bond market improvement continue to be, small volume, a period of stock market easiness, a renewed trend to better balanced portfolios, continuing and even mounting tax problems, a hope for less or fewer inflationary forces, and the generous tax-exempt returns that prevail.

The light new issue calendar, assuming a continuance of present proportions, has encouraged dealers and traders, well aware of the nice balance in technical market factors, to bid in disregard of possible long-term considerations. These calculated risks have paid off handsomely to the dealers that have, perhaps luckily, been involved in a few of this year's successful underwritings; but few have been unsuccessful. At present it seems set forth convincingly that a new issue market possessing considerable inertia is established.

Trading Active

Trading, an important phase of all markets including the tax-exempt, has become more active in the absence of underwriting volume. This has been profitable during January. This activity has supplanted the tax loss trading that accelerated business in a different way during late 1959. The secondary market has attracted investor attention to the extent that large blocks of bonds ($25,000-$100,000) are difficult to locate and usually fetch premium prices. This situation obtains for most of the quality shadings, from excellent to poor.

As new issues have recently come to market, yields are from 10 to 30 basis points (0.10%-0.30%) less than the yields available from closely associated secondary offerings. As the market has proceeded constantly to a higher level each week, it has been quite clearly evident that many investors feel that the present area of tax-exempt bond yields in sufficiently generous to be pursued to an even higher price level without seriously discouraging investment appetites.

Early Issues Cleaned Out

On Jan. 27 Houston, Texas awarded $9,800,000 Limited Tax serial bonds to the Kidder, Peabody-Chase Manhattan Bank-Bankers Trust Company and First National Bank of Chicago group. Despite what seemed to be full pricing the group disposed of the issue within a week. The $6,000,000 Waco, Texas, G. O. issue which was awarded the same day was also sold out early this week by the Harris Trust Company-First National City Bank-First National Bank of Chicago and Morgan Guaranty Bank group.

The $23,121,000 State of Maryland issue awarded on Jan. 12 was also sold out this week even though at the time of sale the pricing seemed ahead of the market. The $7,000,000 Minneapolis-St. Paul, Minnesota Metropolitan Airport Commission issue which was sold to the Halsey, Stuart & Company-Morgan Guaranty group over a week ago was sold out yesterday with a single $3,000,000 sale. In the course of the week the small balance of an $8,800,000 Richmond, Virginia account was also closed out.

On Tuesday (Feb. 2) four highly competitive bids were made for $12,467,000 Milwaukee County, Wisconsin serial bonds. The greater part of the offering was won by the Halsey Stuart & Company-Morgan Guaranty Trust Company account, and offered at yields representing a new high level for the municipal bond market. It is reported that about 40% of the bonds are sold out of account. In summing up sales performances during the past week it is apparent that an excellent job has been accomplished. Yesterday (2/3/60) at least a dozen recent new issue accounts reported sales of one-quarter million each or more.

Revenue Issues in Demand

In addition to the gratifying business in new issues, the activity in toll road and other revenue type issues has been stimulating renewed interest in these formerly popular issues. Through the past few years, with few exceptions, these bonds have done well if not better than the general market. In many cases, while long-term serial bonds have fluctuated as many as 20 points, this dollar quoted category has done relatively better. Their large coupons (tax-exempt) and their improving intrinsic quality have buttressed most of these issues marketwise and added to their general investment prestige.

Issues which have gained particularly during the past week include: Illinois Turnpike 3¾% 1995 up about two points; New Orleans Expressway 4% 1994 up about one and one half points; New York Power Authority 4¾% 2006 up one point; Chicago Regional Port District 4% 1995 up about five points, as well as others.

Looking Ahead

During the coming week only three important issues are to be presented for bids. Today (Feb. 4) New York City will ask for bids on $22,000,000 (1961-1965) general obligation bonds. There will be at least two large bank groups bidding for this issue. There should be considerable demand for these short maturities at the present market level. On next Tuesday (Feb. 9) $102,830,000 of Public Housing Administration bonds will be offered for competitive bidding. It seems likely that only one bid will be forthcoming for the larger issues, composed of both dealer and banking groups, so-called. There are splinter groups which will function on some of the smaller issues. These long-term serial bonds should again please investors with their relatively high yield. On the same day the Washington Suburban Sanitary District of Maryland will consider bids for $10,000,000 general obligation serial bonds, due 1961-1990. This issue, which represents a three county area abutting Washington, D. C., usually attracts general market interest. Yields are usually better than average. This relatively modest underwriting program should not seriously deter the enthusiastic bidding of dealers, nor surfeit the appetite of investors.

The Port of New York Authority has set Feb. 16 as the date for its public offering of $30,000,000 serial revenue bonds. The State of Michigan will open bids for $18,000,000 Grand Rapids Expressway Bonds on March 1, 1960. This issue will be secured by certain gasoline and weight taxes. No important additions have been made to the negotiated type issue calendar. The largest formally noted one is $45,000,000 Elizabeth River Tunnel Commission, Virginia bonds to be offered under the management of Blyth & Company-Alex. Brown & Sons-Merrill, Lynch, Pierce, Fenner & Smith, Inc. and B. J. Van Ingen & Company, Inc. sometime late in February.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.00%	3.85%
Connecticut (State)	3¾%	1980-1982	3.65%	3.50%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.65%	3.50%
New York (State)	3%	1978-1979	3.70%	3.55%
Pennsylvania (State)	3⅜%	1974-1975	3.30%	3.15%
Vermont (State)	3⅛%	1978-1979	3.30%	3.20%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.30%
Los Angeles, Calif.	3¾%	1978-1980	4.00%	3.80%
Baltimore, Md.	3¼%	1980	3.75%	3.55%
Cincinnati, Ohio	3½%	1980	3.65%	3.50%
New Orleans, La.	3¼%	1979	4.00%	3.80%
Chicago, Ill.	3¼%	1977	4.00%	3.80%
New York City, N. Y.	3%	1980	4.15%	4.05%

February 3, 1960 — Index = 3.5807%

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.

February 4 (Thursday)			
Greenville School District, Mich.	1,865,000	1961-1986	8:00 p.m.
Jefferson Parish, Consol. Drainage District No. 1, La.	1,000,000	1961-1980	2:00 p.m.
Jefferson Parish, Fourth Jefferson Drainage District, La.	2,000,000	1961-1980	2:00 p.m.
Miami-Trace Local Sch. Dist., Ohio	1,652,500	1961-1981	1:00 p.m.
New York, N. Y.	22,000,000	1961-1965	11:00 a.m.
Oberlin, Ohio	1,100,000	1964-1984	11:00 a.m.
Plainwell Community School Dist., Michigan	1,010,000	1960-1985	8:00 p.m.
Port Angeles, Wash.	1,700,000	1962-1984	2:00 p.m.
Rubidoux Community Services District, Calif.	1,240,000	1964-1985	7:00 p.m.
February 5 (Friday)			
Berkeley County, County Board of Education, W. Va.	1,600,000	1961-1980	7:30 p.m.
February 8 (Monday)			
Cassia and Twin Falls Counties, Joint Class A Sch. Dist. No. 151, Idaho	1,000,000	1960-1979	8:00 p.m.
Fairborn City School Dist., Ohio	1,500,000	1961-1984	Noon
Maricopa County, Scottsdale Sch. District No. 48, Ariz.	1,800,000	1960-1969	11:00 a.m.
Maricopa County, Scottsdale High School District No. 212, Ariz.	1,660,000	1961-1972	11:00 a.m.
Maumee City School District, Ohio	1,575,000	1961-1983	Noon
Stockton, Calif.	4,563,000	1962-1981	8:00 p.m.
February 9 (Tuesday)			
Florence, Ky.	1,760,000	1963-1999	8:00 p.m.
Haverstraw, Stony Point, Tuxedo, Woodbury and Highland Central School District No. 1, N. Y.	3,435,000	1961-1990	1:00 p.m.
High Point, N. C.	2,000,000	1961-1978	11:00 a.m.
Otsego School District, Mich.	1,750,000	1960-1985	8:00 p.m.
Public Housing Administration (local Authority bonds)	102,830,000	1960-2000	Noon
San Diego County Water Authority, California	7,000,000	1961-1993	7:30 p.m.
Stillwater Independent Sch. Dist. No. 834, Minn.	1,000,000	1963-1986	1:00 p.m.
Washington Suburban Sanitary District, Maryland	10,000,000	1961-1990	1:00 p.m.
February 10 (Wednesday)			
Alexandria, Va.	4,137,000	1961-1980	Noon
Canton, Lisbon, Pierrepont, Oswegatchie, Potsdam & DeKalb Central School District No. 1, N. Y.	1,496,000	1960-1988	3:30 p.m.
Indianapolis Sanitary Dist., Ind.	1,470,000	1962-1991	10:00 a.m.
Islip Union Free School District No. 4, N. Y.	1,055,000	1960-1989	2:00 p.m.
Osseo Independent School District No. 279, Minn.	1,555,000	1965-1990	8:00 p.m.
Shreveport, La.	4,700,000	1961-1980	10:00 a.m.
South Haven School Dist., Mich.	2,330,000	1961-1989	8:00 p.m.
February 11 (Monday)			
Concordia Parish Sch. Dist. No. 10 Louisiana	1,155,000	1963-1990	10:00 a.m.
Oakland, Calif.	3,000,000	1961-1985	Noon
February 15 (Monday)			
Dallas, Texas	10,000,000	1961-1980	1:45 p.m.
February 16 (Tuesday)			
Albuquerque, N. Mex.	6,028,000	1961-1980	10:00 a.m.
Dallas, Texas	8,000,000	1960-1980	1:45 p.m.
La Plata County School District No. 9R, Colo.	1,420,000	1962-1980	5:00 p.m.
Lexington, Ky.	2,000,000	1962-1989	11:00 a.m.
Orlando Utilities Commission, Fla.	8,000,000	1961-1969	11:00 a.m.
Northfield-Macedonia Local Sch. District, Ohio	1,200,000	1961-1980	Noon
Port of New York Authority, N. Y.	30,000,000	1961-1980	11:30 a.m.
Salt Lake County, Water Conservancy District, Utah	2,000,000	1962-2005	3:00 p.m.
San Antonio Independent School District, Texas	2,000,000	1962-1975	11:00 a.m.
Wilson, N. C.	1,250,000	1961-1985	11:00 a.m.

A Bankers' Responsibility

By George Champion, President, The Chase Manhattan Bank New York City*

After reminding bankers of their responsibility as bankers, particularly in helping to win the fight against inflation, Mr. Champion assails the government and government agencies for inconsistently aiding and abetting competitive sources of credit. The New York bankers note the prefixal word "commercial" before banking in discussing loan consideration priorities in calling attention to right and wrong term credit, and in warning that failure to meet business needs would result in the government itself taking up the slack. Pointing out that commercial banks bear the brunt of the fight against inflation, he finds some critics falsely picture the Fed as being oversolicitous toward banks and urges bankers to take the lead in public education. There's no panacea in government controls he adds in stressing the need for sound money and sound fiscal policy.

A theme that is a favorite of mine is a theme which never grows old, because it reflects life itself, and life is ever changing. I refer to the responsibilities which all of us hold as bankers — responsibilities not only as managers of a great reservoir of credit, so vital to our society, but also as leaders of our communities as well. For the plain fact is that the task of the banker cuts across the full life of the community, and any banker worthy of the name cannot help but be thrust into the broa est arena of responsibility.

George Champion

Now if bankers are indeed to stand in this position, their first obligation clearly is to see that their own house is in order—that the organization of which they are a part functions effectively in the interests of depositors, shareholders and the general public. Banks and bankers have long stood at the center of things, but the trends and pressures of the postwar years have acted to enhance the critical nature of the decisions they must make. I want first, therefore, to review again some of the policies which I believe ought to guide bankers, not only in the daily conduct of their business but in our forward planning as well.

I am not going to spend any time on those maxims which we all learned early and which will always endure—maxims which relate to the credit-worthiness of our loans, to our ability to meet cash needs of depositors, and the like. Rather, I want to concentrate on some of the principles that I believe might now govern the use of the large but still limited volume of loanable funds we have at our disposable. This in many respects lies at the very heart of our responsibility as bankers, and it provides the acid test of our position as leaders in the economic community.

Over the past few years, of course, this problem has taken on added dimensions. With loan/deposit ratios averaging 54% (and ranging to higher than 70% in some of the big city banks), money is tighter than at any time since the '20s. As a matter of fact, it can be argued that in some respects banks today are in a tighter position than in that earlier period. We can't forget that in those days call loans bulked large in the nation's loan portfolio, and those were regarded (rightly or wrongly) as being highly liquid assets. Moreover, we must remember that a much larger proportion of our resources today is tied up in required reserves, which sets a lower limit on our ability to lend.

None of us will disagree with the proposition that money is tight—and will stay tight over the foreseeable future. How do we meet this situation? Is it possible to do it with makeshift policies that will merely get us over the hump? Or is it a problem we must learn to live with on a more or less permanent basis? I don't think it is a short-run matter, and I believe that most bankers would agree with me. The *abnormal* period in our history was the '30s and the '40s, and it has taken until recently to make us realize that while we shall certainly see alternate periods of tightness and ease—as is natural with the ebb and flow of the business cycle—we need always to look ahead to the position we shall find ourselves in when funds available for lending are limited.

Reminder on the Prefix "Commercial"

Once we put ourselves in this frame of mind, I believe there are certain conclusions that emerge rather clear cut. First, banks are not going to be able to meet all the credit demands that press in upon them. It has become necessary for us to set priorities in making loaons. Moreover, in establishing these priorities we cannot forget that a bank bears a responsibility to the entire community of which it is a part. No group of borrowers—whether they be business, consumers, or homeowners—can be neglected.

But having said this, I think we must recognize too that one group in particular does bear a special relationship to banks, and that is business—whether it be small or large. The very word commercial, as applied to banks, comes down to us through a long history—a history featured by the key role which our institutions have always played in meeting the credit needs of commerce and industry. New areas of lending which have sprung up since the '20s do involve some very useful services, and to the extent that we can, we certainly should continue to provide them. But in my judgment we should not do so at the cost of failing to meet the basic needs of commerce and industry. If something finally has to "give" it should first be in lines that contribute least to the strength, well-being and progress of our communities and the nation.

You all have heard the saying, "Idle dollars mean idle hands." That phrase symbolizes the high priority business carries as a borrower. And we know that if banks fail to meet the needs of business, government itself will move in to take care of them. But none of this means that banks can grant business an unlimited license, particularly under conditions that exist today. The time has come, in my opinion, when we need to sit back and take a fresh look at how we are handling our responsibilities.

Right and Wrong Term Credit

During the days we all were scrambling for loans we had a tendency to broaden our concept for serving business. New tools were developed, many of them tailored to fit the needs of specific industries. We all recognize, of course, that many of these tools emerged in answer to the changing needs of business itself, and this was particularly the case with the most important of them all: the term loan. There was a time, and not so long ago, when the main job of the banker was to provide credit necessary to meet seasonal needs — needs which stemmed chiefly from the dominant role of agriculture in the American economy. Today the position of the farmer is no longer dominant; and the seasonal financing which might still grow out of agriculture has been largely taken over by the government. Industry and commerce are now supreme, and the need is for funds chiefly to help meet requirements that arise from increased sales, new products, expansion and modernization. The term loan, with its fixed period of amortization, is a logical answer to this need, providing a degree of financial flexibility which has made an essential contribution to the progressive nature of our modern society.

But there is a fine line to be drawn between what is right and wrong in the use of the term loan for the extension of credit, and banks often are tempted to step over the line. We need to make certain that the company's budget shows a cash flow which is more than sufficient to extinguish the loan as it matures. We not only impair the bank's liquidity, but also place our customer in a questionable position creditwise if we extend the maturity beyond a reasonable period, or provide for a balloon note at the end which quite obviously can't be paid. What is required with term lending today is a proper balance, not only with individual loans but with the loan portfolio as a whole—a balance which varies with the particular circumstances of each bank. Five years ago, with our banks more liquid, we didn't have to be so concerned with the maturity of the loan portfolio.

Warehousing and Other Loans

Moreover, there were certain other tools developed in the period of easy money whose use now needs to be watched more closely. I have in mind, for example, credits employed in mortgage warehousing for lenders who are not part of a bank's immediate community, or the wholesale purchase of consumer paper and accounts receivable. Then, of course, there are loans to finance speculative security purchases, which are often hard to detect. A case could be made in many instances for cutting back rather drastically on these various loans—particularly because they often add to inflationary pressures. Again it is up to the individual bank to weigh its own position and decide the extent to which it really can afford to grant such credits under present conditions.

Inconsistent Governmental Lending Activities

But while we as bankers are getting our own house in order, I can't help but point out that those who manage things in Washington had best do likewise. I was hardly amused recently when there landed on my desk an invitation to attend a two-day symposium in Washington concerned with (you'll never guess what!) "How to Borrow Money from Government." Here we are, under the tightest of restraints, wrestling with the problem of how to make both ends meet, when such a notice comes along. Needless to say, I pointed out to those who are sincerely fighting the battle of inflation in Washington the inconsistencies in such a proceeding. The trouble is that such an incident not only reflects a lack of coordination; it also betrays a lingering attitude on the part of some that is difficult to root out—an attitude which would inject Government into all elements of economic life, regardless of the need. If we really believe, as I do, that the Fed is right in its policy, we shouldn't hesitate as bankers to explain to other sections of government errors or inconsistencies which may show up.

I might add that it is no less incongruous to read about the activities of another group in Government: The Federal Home Loan Bank Board. Here let me cite from an article which appeared in November in the *New York Herald Tribune*. According to that article the Home Loan Bank Board had become concerned over the volume of advances to its savings and loan members. And well it might. From March 1958 to November last year, those advances had climbed from $700 million to almost $2 billion—an increase of $1.3 billion. That total is more than twice the average borrowing in recent months by commercial banks from the Federal Reserve. Moreover, it represents about 4% of savings and loan share capital; whereas commercial bank borrowing from the Federal Reserve—which for any individual bank must be a temporary matter—has run to no more than ½% of deposits. I should perhaps mention, too, that while the advances were being made to the Savings and Loans, those institutions have been enjoying the biggest growth year they ever experienced, notwithstanding the issuance of the Treasury 5's. In 1959 their share accounts increased by almost $6 billion—more than twice the increase in time deposits of *all* commercial banks. Unhappily, the *Herald Tribune* article indicated the Home Loan Board did not intend that the advances necessarily be reduced; it was only serving notice that the feed trough was filling too rapidly and the Board wanted the spigot tightened a bit.

As a matter of fact, you may find it interesting (although rather disheartening) to read in the Home Loan Board's annual report for 1958 that one of the principal functions of the Federal Home Loan Banks is to provide funds to the Savings and Loans when any extraordinary demand for home building arises which cannot be met by the normal inflow of savings. Not a word is said about how this may or may not fit into the overall economic situation. Indeed, it would appear to give the Savings and Loans a blank check. However, the report does go on to state that under existing policies of the Board, maximum advances for this purpose might

Continued on page 30

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Automotive Outlook—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Bank Stocks — 111th quarterly comparison of leading banks and trust companies of the United States — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Treasury Refunding.**

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

Business and Money — 1960 Review and Outlook—Harris Trust and Savings Bank, 111 West Monroe Street, Chicago 90, Ill.

Canadian Government and Municipal Financial Statistics—Booklet — Wood, Gundy & Co., Inc., 40 Wall Street, New York 5, N. Y.

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

Candidates for Dividend Increases —List in current issue of "Pocket Guide" — Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also in the same issue are lists of selected securities in various categories.

Chilean Copper—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are reports on **Bendix Aviation** and **General Precision Equipment Corp.**

Domestic Zinc Industry—Bulletin —Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Packaging Corp. of America.**

Electric Utilities—Memorandum—Ralph E. Samuels & Co., 2 Broadway, New York 4, N. Y.

Estimated Capital Expenditures in the Intermountain Region—1960—Discussion — First Security Bank of Utah, 79 South Main Street, Salt Lake City 10, Utah.

Foreign Chemical Manufacturers in U. S. — In February issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. In the same issue are reviews of **Addressograph Multigraph Corp., Portland Electric Power Co., Pacific National Bank of San Francisco, Sanders Associates, Inc., Swift & Co., Wilson & Co., Oscar Mayer, John Morrell, Hygrade Food Products, George A. Hormel, Cudahy, Sears, Roebuck & Co., Standard Oil of California, Polaroid Corp., F. Riter Shumway Associates,** and **Fruehauf Trailer Co.** Also available are memoranda on **Knox Glass Inc.** and **Pitney Bowes Inc.**

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Tidewater Oil Co.—Study—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 4, N. Y. Also available is an elaborate illustrated analytical brochure on **United States Plywood Corp.**

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Aftermath in Steel

By Roger M. Blough,* *Chairman of the Board, United States Steel Corp., New York, N. Y.*

Background and terms of the steel settlement are provided by steel head to dispel illusions held as to whether they are or are not inflationary-inducing. Moreover, Mr. Blough emphatically declares that the recent announcement of not contemplating any increase in the general level of steel prices for the present was based on competitive and other factors, and that no commitment was asked or given to hold a price rise in abeyance until after the election. The canning industry's search for a cheaper substitute for steel is used to illustrate the realities steel had to consider in negotiating a new contract. Final settlement is judged less inflationary than those heretofore consummated after World War II. New advance in tin plate is hailed for its competitive advantages to the can maker.

There are rumors that one or two in the canning industry, have been casting a speculative eye in the direction of what those in our industry sometimes call a "substitute for steel"—that they are wondering what a can made of aluminum, instead of steel, would look like and how it would perform—and even what it would cost.

Roger M. Blough

Then, too, I have been told that glass and paper are edging their competitive way further into the container world—and by a strange coincidence it appears that when one material edges in, another seems quite often to edge out.

And just to complete the picture, there is a hint that some of the can makers have fathered in a few base boxes of tin plate from off-shore in recent months.

* * *

Hence, it will hardly surprise anyone that the topic of my paper is "Aftermath in Steel." For that aftermath has been interesting and in some respects a trifle confusing.

Since the steel settlement was reached, just two weeks ago, it has become a well-handled football which has been passed around the respective Washington backfields with such mystifying speed and skill that I am not quite sure which team has the ball and which goal line they are heading for.

From the statements which have been made by partisans on both sides, I gather that the settlement either was or was not—or perhaps might be—inflationary; and that the credit—or the blame—for the settlement should go either to certain Administration officials or to others, even including the father of a presidential candidate—a name which had not been mentioned so far as I know until after the agreement was initialed. So that phase is about as clear as it will ever get, but it still leaves many unanswered questions.

Lacking the power of omniscience, I shall not attempt to answer all the questions that may arise, but since I was slightly involved in the settlement there are a few simple facts that I would like to mention. Let me start at the beginning.

And in the beginning, of course, there is—as there always must be—the fact of competition.

Starts First With Substitute Competition

Some, in the canning industry, as I intimated before, are using cans made of tin plate imported from abroad, some are trying aluminum. Some are thinking of other substitutes for steel.

From a company point of view —and from an employee point of view—I can say that this poses a challenge which we not only have no alternative but to accept, but a challenge that we are happy to accept.

Realistically every one of us in United States Steel knows we must make it competitively possible for canners to continue to use our tin plate and that is certainly our purpose, and we realize that they have competitive problems, too. When we help them solve their competitive problems, we then and only then also find a solution to our own.

And may I add with emphasis on the employee point of view that this is the only way that we can maintain the present good jobs in the steel industry and develop new ones.

So in view of the competition, not only in your field, but in many other major steel products as well, it was evident to us at the outset of these negotiations, that we must try to prevent an increase in employment costs that would exert an inflationary effect upon our production costs or cause a rise in our prices.

In saying this, let me repeat a basic economic fact that I have repeated many times before: that rising prices are merely the measure of inflation not the cause of it; that rising prices cause inflation like wet streets cause rain.

Bargaining Fundamentals

The causes of the kinds of inflation we are talking about here are rooted deeply in the rising production costs which in turn force prices upward. And the most important single element in rising production costs is, of course, the seemingly endless rise in the cost of employment; for employment costs—direct and indirect, represent more than three-quarters of all costs in American industry.

So our basic objective was to obtain what would in these terms, be a non-inflationary agreement. And that objective, if attained, would help everyone—employees, customers, stockholders, pensioners and every one else in the general public—just as inflation hurts every one.

But the union naturally had its own objective; and that objective, it said, was to gain an ever richer agreement than it had won three years ago when the last steel negotiations took place. And since that agreement proved to be one of the most inflationary in steel's history, it was obvious that the two objectives were incompatible and irreconcilable.

As the bargaining progressed several things became evident.

It became clear, for example, that the union would not settle for an employment cost increase that could conceivably be absorbed out of savings that might be expected on the basis of the historical long-range gains in normal productivity. It was also painfully clear that output per man-hour in the steel industry had been rising at a much slower rate than employment costs per man-hour have risen in the last 20 years, despite the huge capital expenditures that the steel companies have made in new, more efficient plants and machinery.

Beyond that it was apparent that in some way it was necessary to find better ways to improve our productive efficiency and to eliminate in the interests of everyone connected with our respective businesses, the roadblocks to constant improvement of our competitive position.

Two Basic Issues

These then were the two basic issues in the negotiations; a non-inflationary agreement and cooperation at the plant level toward a more rapid improvement of productive efficiency in steel. They are not inconsistent issues; they are part and parcel of each other. And it was in expectation of greater efficiency that the companies made, on Nov. 15, the last of the seven offers which they put to the union during the course of the negotiations. It called for employment cost increase of about 2.7% a year, plus a cost-of-living protection different from that finally adopted.

The union's refusal of that offer created a serious deadlock. The union not only refused to bargain lower but after negotiating settlements in other industries, withdrew its previous offer and raised its demands very substantially.

So it was at this point—and under these circumstances, that Administration officials in Washington sought to bring the parties together and eventually recommend a settlement which both parties ultimately accepted.

A great many contradictory statements have been made concerning that settlement — and especially about the economic provisions in it—so perhaps it would be helpful to you now if I would try to clear up some of the confusion that surrounds it. And nothing has been more confusing perhaps than the conflicting estimates of what the new package will cost.

One way of figuring the cost of the settlement is to talk in the terms frequently used by many union negotiators—to allow eight cents for insurance, about 2½ cents or three cents for new pension benefits, another seven cents for each of two wage increases and finally 1.8 cents for increments in the wage scale — but nothing for escalation or creep in insurance cost and nothing for the pyramiding effect of wage increases on so-called "fringe costs," or for cost of living.

If you do your reckoning this way—any many of the new settlements have been announced on this basis—you might say that the steel industry agreement involves a total package of 26 or 27 cents per man-hour, plus—at maximum —two three cent cost-of-living adjustments. And viewed in this light, the increases granted look pretty favorable in comparison with earlier settlements that have been made.

Now you can look at it this way if you want to do so, but should you?

Understating Costs

We who are involved in the management of our business have our noses constantly rubbed into that little thing called cost. We also have a good idea of what pushes costs up and how difficult it is to keep them within bounds. Why then should we understate our employment cost increases?

It is not only the face amount of a seven cent wage increase that touches off inflationary forces. It is the total employment cost involved in that item and for the steel industry, a seven cent wage increase, with two-tenths of a cent more for each of 30 higher job classifications, plus the effect of this increase on vacation costs, holiday and Sunday premiums, insurance, pensions, social security payments, and incentives adds up in the end to 11 cents of increased employment costs — not seven cents.

Do we help our inflation problem then by deluding ourselves into talking about seven cent when the real cost push on inflation is 11 cents? For the steel industry the difference between seven cents and 11 cents is many millions of dollars in direct employment costs alone; and those millions must come from somewhere.

Do we even present a true picture of what the wage increase means to the employees in our industry? The answer is obvious. That additional four cents in cost goes automatically to the employee either in the form of more cash in his pay envelope or in the form of increased protection in new pension and other benefits.

And that is why the steel companies have constantly presented the effects of their various offers in terms of the real total cost of those offers. That is where the 39 to 41 cents an hour that you read about comes into the picture in connection with the steel settlement. The total cost is, I believe, the only meaningful way in which to measure the size and effect of our settlement, or for that matter any settlement.

Turning then to the settlement itself, we had better see what it actually is and how it compares with the companies' last offer, with a previous contract under which the industry operated during the past three years, and with other settlements that had been made with the steel union in recent months.

Compares Settlement Terms

As to the period covered by the new contract the benefit provisions concerning insurance, pensions and supplemental unemployment benefits are for a full 36 months, while the wage provisions cover 30 months.

The new agreement will increase the total hourly employment costs of the companies by an average of from 3½ to 3¾% a year, including cost of living, reduced by any insurance cost creep. Since this cost increase will vary considerably from company to company, it is not easy to be more precise.

In comparison with say 3¾%, the seventh offer of the companies made during the negotiations would have added, as I have said, about 2.7% a year to hourly employment costs without allowance for possible cost-of-living adjustments. Since output per man-hour in our industry has risen by an annual average of only about 2% over the past 20 years—and since this 2% is about the same as the rate of increase in the nation's productivity—it is

Continued on page 30

Methodology in Long-Range Business Forecasting

By Elmer C. Bratt,* *Chairman, Department of Economics and Sociology, Lehigh University, Bethlehem, Pa.*

Areas in which long-run business forecasting are of major significance are shown to be: manufacturing companies with a national market, contractors, public utilities, community and regional planning, and demographic developments. Prof. Bratt stresses the need for long-term forecasts in facing critical questions before these reach a critical stage and criticizes methodology employed in making them.

Of all pleasantries on forecasting, the ultimate is reserved for those relating to the long range. The logic appears to follow the obvious line that if we do not know what is going to happen a few months hence, it is ridiculous to try to tell what is going to happen years into the future. To highlight the whimsicality it is almost traditional to say that long-term forecasts may be safely made since the target date will come after our retirement or at a time so far distant that everyone will have forgotten all about the forecast.


Dr. Elmer C. Bratt

The pleasantry may be good fun, but it is dead wrong. In the first place, we do not wait until the target date to see if the forecast is right. And in the second place, it is just as crucial in the current outlook as a short-term forecast.

Let us say that you make a long-term forecast to 1970 or 1975. The critically important period of this forecast is up to about 1965. Allowing for current depressed or prosperous conditions in the next few years, should they occur, we must judge whether or not the forecast is coming close to the mark. Long before 1970, the outlook must be re-examined and the long-term expectation reprojected. Early warning signals are needed to assist in anticipating and solving problems and to minimize the cost of mistaken policy judgments.

For many businesses the long-term outlook is as critical now as the current expansionary or contractionary development. Expenditure on durable investment is logically founded on the long-term outlook, but it is an extremely important factor in the short run, as indicated by the close relation between plant and equipment anticipations and short-term economic change.

Some analysts, especially those who emphasize theory, are disturbed by the idea of forecasts which relate to different time periods into the future. We think the idea is justified by our knowledge of behavior. Long-term movements are guided by functional relationships, but sometimes it is difficult to defend that assumption regarding short-term movements. Little doubt with respect to the functional nature of long-term relationships should be found in the minds of those skeptical of our position, for they are concerned with models depicting unified single functions. Questions rather might be raised on short-term forecasts which are not so developed. If our skepticism regarding the validity of short-term functional relationships is given any credence whatsoever, the freeing of long-term relationships from the complications of transient shortages and excesses in demand might be recognized as a strong point. This may be illustrated by the comparative regularity of long-term movements. For instance, in the past, growth of the steel industry and of total product has been fairly similar, but the steel industry shows far greater short-period variation.

Most Primitive Relationship

The most primitive of functional relationships involves the use of time only as an independent variable—the secular trend forecast. Aside from deficiencies which may arise from abnormality of activity included in the period to which the trend is fitted, especially differences between the beginning and ending of the period, and the type of equation employed, the fundamental assumption implicitly involved is naive. That is, the factors determining the growth being studied, whatever they are, are assumed to continue to follow the same average weight patterns in relation to the equation fitted. As Barnett has expressed it, a past unspecified but complex set of relationships are implicitly assumed to be exactly duplicated in the future. Frequently, this simply is not the case as demonstrated by close fits which immediately begin to show substantial departure from the data as the projection period rolls into history.

That result is most likely if total activity undergoes rapid change. For instance, many secular trends fitted to prewar data give a poor postwar forecast. There are, however, other reasons for unsatisfactory results. If in the near future we should get a rapid shift from the use of steel to other raw materials or an extremely rapid speedup should occur in the use of atomic power, recent secular trends of steel and coal production would produce unsatisfactory projections.

The use of secular-trend projections to provide long-range business forecasts by no means represents an outdated practice. In our experience, we have noted that many businesses rely on projections made in this way, although frequently no mathematical trend fitting may be involved. Even in sophisticated work, secular trends are sometimes used in making projections because no better method is available.

Famous Law of Growth

In the heyday of secular trend forecasting, search for an equation depicting a universal law seems to have been irresistible. The famous "law of growth" incorporating a symmetrical logistic or a Gompertz curve comes to mind. Although we cannot deny that the employment of these curves did, on occasion, serve a useful purpose, that has not been the most common experience. Laws of growth expressed as a function of time are generally beyond the limits of our understanding.

We should be remiss in discussing secular-trend forecasting if no mention were made of the problem of developing a series taken at the point in the production process most reflective of growth. For instance, pig iron production for a long time failed properly to reflect growth of the steel industry because it was supplemented by increasing amounts of scrap. Petrochemicals represent a most difficult case because several are substitute raw materials for the same final product. BTU, often employed as a unit to measure energy requirements, is a measure of work and not of physical output; the amount of work a fuel performs depends on the function to which it is put and the equipment in which it is used. The problem of developing the proper series is important even if projection of secular trends is foresworn. In nearly all methods of forecasting a general impression of the rate of past growth is an influential factor, although often only indirectly.

Growth of any industry or process does not occur in isolation as secular trends appear to imply. In actual practice the most important responsible factor in most cases is some representation of the aggregate economy, such as the use of disposable income to represent an important determinant of the growth of many consumer goods or of retail trade. An illustration is Daley's long-run forecast of per capita consumption of fruits and vegetables based on income elasticity and expected income. In other cases, such as the relation of steel production to total industrial output, the dependence of electrical power production on gross national product or of the need for various productive facilities in relation to gross national product, the analysis may be considered too gross because relationships actually are traceable to many separate, individual industries. In final analysis, the growth of each individual industry is dependent upon the growth of every other, with the limitation that growth of the total of all industries is limited by the total resources which will become available. Total resource ability may be best represented by the potential for some overall aggregate, but it fails to indicate the distributed growth among competing industries. The past growth of an individual industry relative to the total economy may not be representative of future potential because the relationship to competing and supporting industries may well change. The derivation of the shifting weights to apply to various other industries to derive the growth level for the individual industry concerned is a highly involved problem.

Input-Output Tables

Interindustry relationships are most effectively portrayed in input-output tables. Supply and market conditions between industries can be traced by use of these tables. Assuming the distributed supply requirements for making a unit of product in any industry will remain constant, the input-output table could be employed to show the impact a growth forecast in any industry would imply with relation to other industries. The potentialities can be illustrated by a simplified procedure. Assume growth forecasts have been made independently for each industry and for gross national product. If the forecasted product in each industry is converted to dollar terms, plausibly reasonable adjustments could be made so that the addition of the product totals would equal an amount consistent with the forecast total for gross national product. The adjusted product forecasts might then be distributed by flow coefficients to show the purchases each industry might make from all other industries. A set of circular, successive approximations could then be made to bring the sum of the derived purchase requirements from each industry into line with successively revised industry forecasts. At first, revisions would be clearly indicated for some of the flow coefficients because of conditions implied by the industry forecasts, and some of the industry forecasts might clearly appear out of line with those made for other industries. After such initial readjustments were effected, it is difficult to anticipate how satisfactorily remaining discrepancies might be brought into line, but at least industry interrelationships would be thrown into the open insofar as it were possible to use sufficiently detailed industry classifications in the input-output table.

Such ideas are purely hypothetical for neither the requisite input-output table nor comprehensive and comparable industry forecasts are available. Speculation on the improvement attainable in long-term forecasting by elaborate inter-industry relations is not fruitful on the basis of any experience of which we are aware. War experience, defense models, and investigations such as represented in the Paley Report, however, do indicate that a study of detailed interrelations may substantially improve our forecasting ability.

As a practical matter, interrelations, when patently important, are traced by much cruder procedures. The two principal types are end-use analysis or sales to outlet industries and the tracing of demand to ultimate customers. In both of these types relations are traced only to the industry being forecast and not between one outlet and another. Nevertheless, it may be that, at the relatively concrete level on which the analysis is made, the most important interrelations between outlets is sensed without too much difficulty.

End-Use Analysis

The purpose of end-use analysis or of projecting separately sales to specific customers is to visualize various uses made of a product as the forces responsible for growth. For this purpose, use factors, coefficients indicating the amount of sale of the dependent industry for each unit of product of the independent use industries, are employed in end-use analysis. Even if the responsibility for growth has been appropriately determined, a shifting of the use factors would reduce accuracy if they were assumed constant. Shifts might occur because of change in design or because of substitution of competitive products. This is not unlike the perplexity created by shifting flow coefficients in the use of the input-output table. The projection of use factors has not progressed far. This is partly because their current measurement is generally unsatisfactory.

In end-use analysis a similar difficulty is involved in estimating new uses. Only crude procedures, such as projection of proportionate past miscellaneous uses or their ratio to total Gross National Product, are available. These difficult obscurities might be partially cleared up by employment of an input-output table in that all comprehensive relationships would appear explicitly, but here also a catch-all class will necessarily appear.

The technique of tracing to customers or customer groups also is widely employed. It would seem, for instance, that much is gained in dividing automobile sales into the following customer groups: new households, other first car owners, multi-car owners, business owners and replacement. The behavior of each of these groups can be "explained" and assumptions derived to employ in making projections. The greatest difficulty is faced in projecting replacement because of shifting technological and style factors. Such shifts occur not only with fluctuating income and innovation over the cycle. After the war, for instance, prospects for the domestic washing machine industry shifted from approximate stability to rapid growth because of the development of automatic washers.

When sales are traced to one broad customer group, as in the case of domestic washing machines, the concept employed is market saturation. Aside from the vagaries which arise from replacement, definition of the single customer group presents difficulties. In the case of sales of a consumer good, the census concept of dwelling units is seldom a completely satisfactory universe. Furthermore, as time goes on, it is likely to become increasingly difficult to force all customers into one customer group. For instance, the sales potential for radios at first may have been approximately represented by households, but later there appeared use in automobiles, in separate rooms in a dwelling and in connection with outdoor functions. The problem is intensified because new customer uses may not be clearly distinct at first.

Actually, a single classification of outlets is inferior to several pertinent ones. Barnett's study of *Energy Uses and Supplies* illustrates the point. Each supply source is classified by consuming sector, and, in turn, each consuming sector is classified by function: heat, motion, power, etc. The several variables are studied in relation to each other. On a simpler level, regional requirements are frequently employed as a separate breakdown, as in the study of sales of the electric utility industry. An increasing use of two or more classifications is apparent. Developments of this sort make clear the greater versatility found in making single industry projections than in relying completely on a master input-output table to study relationships. If the input-output table were available for checking purposes it might, however, provide a better understanding of obscure relationships. The more obvious relationships might be more effectively studied directly by comparing relevant classifications in making the initial forecast.

Multiple Correlation

The use of a multiple correlation equation to explain demand is sometimes preferred by econometrists. Such an arrangement develops final answers by a mechanical process which may be kept relatively simple. There are, however, many problems. The range of independent variables required usually is not entirely clear, even after allowance for the fact that minor influences must be ignored. The procedure becomes much more complicated and the reliability is reduced if any of the relations are accepted to be curvilinear. Constant coefficients, employed in a single equation, may be unrealistic, although such a criticism is much more applicable to short-term demand relationships. Instead of a single demand equation, several complementary equations may be employed. Such a procedure may be considered intermediate between a flexible analysis of relevant classifications, discussed above, and an econometric demand equation. The most effective type of analysis in the intermediate range is as yet undetermined.

In all of these methods except secular trends, the projection of independent variables is implied. Independent variables, however, cannot always be projected any more readily than the dependent variables. This difficulty is particularly relevant to the use of a single econometric equation of demand. Methods providing for greater flexibility can give fuller recognition of unsatisfactory projections of some of the explanatory variables.

Whatever the problem of projecting independent variables may be, recognition of interrelationship is essential in a satisfactory growth forecast. If we accept the principle that the growth which will occur in any sector or industry is dependent on growth in the total economy, the problem becomes one of tracing relationship of growth in explanatory variables to growth in the total economy. In fact, even if forecasts of the independent variables appear to be more reliable than direct projection of the dependent variable, the credibility of the conclusion may be questioned unless a method of tracing relationship to overall growth is established.

The use of an input-output table may be considered to represent such a method, but not necessarily a unique one. Possibly equational relationships can be developed between the explanatory variables to be employed and overall economic activity.

However the relationship is developed, the critical position of growth of the total economy is highlighted. Without some understanding of overall growth, long-range business forecasts cannot be satisfactorily formulated. The same point can be made at the level of planning. Plans for individual companies and industries cannot be satisfactorily established without some understanding of the growth of total industry. If we look on planning as a relatively continuous process, general movement rather than precise forecasts is important because successive adjustments can be made as time passes. Great precision in forecasting growth of total industry is not of major importance in this case; a forecast showing the general order of movement will suffice.

Growth of Total Industry

The general order of movement of total industry is not too difficult to establish if we can accept the proposition that the growth of total industry is dependent on the changes occurring in resource availability. Otherwise, the growth of total industry must be traced to demand, just as in the case of individual industries. Modern growth theory has shown that models indicating propensity relationships clearly indicate the possibility of growth unrelated to resource availability. In building these models, theorists have properly emphasized inadequacy of automatic demand adjustments implied in classical theory. Furthermore, it has often been shown that, in following experience rather than theory, growth in primitive economies is unrelated to resource availability. We believe, however, that modern capitalism is competitive enough and/or demand is guaranteed fully enough in the long run that reasonably effective use of resources can be assumed. This means that the growth of total industry can be forecast in accordance with labor force and productivity potentialities. This proposition is essential to place long-range business forecasting on a firm foundation.

Growth forecasting depends not only on the amount of change projected but also on the level from which the projection starts. Only in cases where short-period variation is unimportant does the starting level present no difficulties. If the projection is from a temporarily depressed level, the growth indicated will be artificially large, and if from a temporarily elevated level artificially small. Yet, projection from the present level without reference to the current demand condition is a widely employed practice. A solution to the problem is less obvious in many modern forecasting procedures than it was when secular trend forecasting was generally employed. Fitted secular trends may not locate the growth level correctly but at least they ordinarily depict it as falling below recent highs and above recent lows. An effective multiple-correlation equation would describe the growth level even better because growth levels must be considered dependent on explanatory variables. However faulty the actual equational relationship may be, projection based on a fitted period will not make growth depend on present levels. On the other hand, a demand equation sometimes starts with present levels. End-use analysis also ordinarily starts with present levels. Unfortunately, no entirely satisfactory solution for these difficulties has been discovered. If present levels are not at issue future long-run changes to be expected may be sufficient, but perspective is improved with the realization that the present may not be a characteristic long-run level.

Areas Promising for Long-Run Forecasts

Perhaps we should note the areas which are of major significance in long-range business forecasting. Recent developments are most notable in the manufacturing field. Companies with national markets now predominate and they have become conscious of the importance of broad movements in the economy. Those producing industrial equipment rather than consumer goods have come particularly to recognize the significance of overall changes. In long-range forecasting the first step is to project industry totals and then to estimate the degree of company penetration in the total market.

Contractors have done much less in long-range forecasting. This may be largely due to the small, local nature of the business. In most cases national markets have not been successfully developed. The close conformance of construction needs to local development has made national aggregates less appropriate as guides than in manufacturing companies covering the national market. Resistance of construction to declines in short recessions may have given some contractors confidence in the current level and movement of construction, which confidence might be considered as implicit long-range forecasting. The tendency of *Fortune's* survey of builders' plans to be swayed by current levels is evidence.

The public utility represents an area where long-range forecasting may be rated as particularly promising. This is because of relatively stable and rapidly growing markets. Also, public regulation of rates make interest rate payments of particular importance, leading to careful study of investment expenditure. Major electric utility companies have given a great deal of attention to long-range forecasting for some time. This is less true of water, gas and railroad companies. I think the recent decisions of major railway companies on passenger service would have appeared much less like a crisis if more attention had been given to long-range planning.

Companies whose markets are confined to limited areas are dependent upon development of the local community. Community planning has been rather backward and seldom has generated effective long-range forecasts. Partly because of this, retailers have done less on forecasting than manufacturers. This is also to some extent due to the stabler retail market, so that the long-range future is more frequently taken for granted. Manufacturers have given substantial attention to regional forecasting, but to a considerable extent this represents a distribution of national forecasts.

Demographic Developments

Many industries are particularly dependent upon demographic developments. Hence demographic data often are employed as explanatory variables in industry forecasting. The forecasting problem is substantially similar to that in industry forecasting. Demographic forecasts made by the Bureau of the Census are generally considered authoritative. The Bureau disclaims the making of forecasts and denominates its results projections. The distinction between forecasting and projection is made because the several illustrative assumptions based on past rates of change are not defended. Effective forecasting depends upon setting up plausible assumptions and the use of imaginative techniques to show what these assumptions imply regarding the future. By emphasizing the development of a projection rather than a forecast, the Census may have given too little attention to the plausibility of assumptions employed. For instance, in the most recent population projections, assumptions regarding fertility levels depend on past levels or changes in past levels, such as 10% above 1955-57 or a decline in fertility from the 1955-57 level to the 1949-51 level by 1965-70. Since no defense is given of these assumptions question may be raised as to whether they are the most plausible that could have been made under the circumstances.

The problem may be further illustrated by the forecast of households. The most recent projections were published at the end of 1958. The assumptions involve essentially extrapolation of past rates of change or some percent of these rates of change. Without Census examination, question may be raised as to the plausibility of such assumptions. For instance, the projection of female primary individual households does not appear entirely convincing. Assumptions were based on the proportion of females not inmates nor married, spouse present, who were primary individuals in the past according to the following rules:

A—The average annual change from 1950 to 1956-58 would continue to 1965, half of the change from 1965 to 1975 and a quarter from 1975 to 1980.

B—half of the annual change from 1950 to 1956-58 to continue to 1965, a quarter to 1975 and the proportion would level off thereafter.

C—a quarter of the annual change from 1950 to 1956-58 to continue to 1965, and the proportion would level off thereafter.

D—the 1956-58 proportion to continue until 1980.

We question whether any of these assumptions makes adequate allowance for female family members who may wish to set up their own households. Also, we question whether there may not be a rising tendency for such a shift, which does not appear to be implied by the reduced rate of change assumed in later years. We have some reasons for raising these questions, but inadequate information to answer them satisfactorily. We believe that the Census could, if they wished to do so, provide reasonably adequate information for answering them. A series on the number of total persons 18 years and over other than household heads, wives, or inmates implied by each of the assumptions in each of the projection years now is provided. This is a start in the right direction but more information is needed. Particularly, we need the above series shown separately by females, the extent to which the increase in female primary individuals represent older women living on funds provided under Social Security or other old-age benefit plans, the proportion of total unrelated individuals who fall in the lodger category, and any change which may have been occurring in the size of primary individual households. Questions such as these are not answered by providing several convenient projections of past rates of change.

We offer this illustration not only because of the importance of demographic data in business forecasting, but also because business forecasts are too commonly made by projecting past rates of change without effort to defend the rates of change employed. Thus, similar forecasts could be drawn from business practice which likewise would indicate that plausibility of assumptions could be improved by examination of the reasonableness of related assumptions which are implied.

The purpose of this paper is to contrast present forecasting methodology with promising possibilities. It is not our intention to berate present achievements for we are certain that a great deal is now being accomplished and that marked improvements have been achieved even in this decade. Neither is it our intention to anticipate the ultimate form which may finally be reached in long-range business forecasting. We believe the greatest need right now is to see the most promising next steps.

Conclusion

In summary, we pointed out the need for long-term forecasts to use in facing critical questions before these reach a crisis stage. The earliest method employed involved fitting secular trends, and these are still used in lieu of careful analysis or of the availability of better methods. The input-output table might provide an important procedure for coordinating interrelationships, but remains undeveloped. This need is now covered by end-use analysis or the tracing of demand to ultimate customers. In these connections, the development of several coordinate classifications has been helpful. A single multiple correlation equation to explain demand lacks the flexibility ordinarily required; a series of equations approach the same function as the use of outlet classifications. Growth of the total economy is implicit in all long-range business forecasting. Care must be employed in setting the level from which a long-range forecast starts and in obtaining an appropriate series to represent the industry to be forecast. Long-range forecasting is most developed in manufacturing and in electric utilities. Recent developments have been rapid in the former. Demographic forecasts, frequently called projections, represent the practice of setting rate-of-change assumptions which are not carefully checked against other expected developments.

*An address by Dr. Bratt before the American Statistical Association, New York Area Chapter Memorial Meeting on Forecasting, New York City.

Robert Stonehill Joins Firm's Dept.

Robert Stonehill has joined the Underwriting Department of the newly-formed investment banking firm of Federman, Stonehill & Co., 70 Pine Street, New York City, members of the New York Stock Exchange and associate members of the American Stock Exchange, H. L. Federman, senior partner, has announced.

Mr. Stonehill is a son of Harold Stonehill, a floor specialist, who has been a member of the New York Stock Exchange for 31 years.

Mr. Robert Stonehill was previously associated with Ira Haupt & Co., engaged in municipal bond trading and underwriting and also over-the-counter; and with D. H. Blair & Co. in its corporate underwritng department.

With La Hue Inv.

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Edmund V. Haubrick and Frederick E. Meyer are now connected with La Hue Investment Company, Inc., Pioneer Endicott Arcade.

The 1960 Economic and Investment Outlook

By Leicester W. Fisher, *Vice-President, VanStrum & Towne, Inc., Institutional Shares, Ltd., and Institutional Income Fund, Inc. New York City*

Today's investment considerations are scrutinized by mutual fund officer who concludes capital gains opportunities exist in carefully selected issues of firms making dynamic progress. Appraisal of favorable and disturbing aspects of the economy suggest to Mr. Fisher that 1960 as a whole should be an excellent business year. He believes a downward readjustment in equity prices is likely following the probable establishment of new highs during the year's first half; the long-term trend is undoubtedly upward; it is advisable for some switching—not all—from stocks into medium term bonds; and conservative investors can find sound buying opportunities in taxable and non-taxable bonds as well as in stocks of consumers goods companies and public utilities. The writer lists five reasons for the narrowing amplitude of market fluctuations of common stocks in the past 30 years.

The first year of the much heralded "Golden Sixties" promises to get under way auspiciously. Indeed it is probable that by mid-year a number of new all-time records for business and industrial activity will have been established. Such closely followed barometers as Gross National Product, Personal Income, Disposable Personal Income and Steel Production should reach new peaks during the first or second quarter. The FRB Index of Industrial Production may well attain a new high by mid-year. Reflecting further growth in the economy, employment may be expected to rise, unemployment to decline and consumer spending to reach seasonally adjusted record levels.

Leicester W. Fisher

Wages and/or fringe benefits will continue to go up as will the cost of living. In reflection of the increasingly burdensome labor cost, expenditures for more efficient plants and equipment will rise. But notwithstanding the high wage factor, aggregate corporation profits should come close to establishing a high for any first six-months period. Inventory building, on balance, will characterize the first six months of the year. Consumer credit will reach new records largely because of an anticipated high rate of automobile sales. The demand for funds to help finance all this activity will be great with the result that money rates will continue firm — and might get firmer—at least through the first six months of the year. The foregoing optimistic appraisal of the economy assumes that no major work stoppages will occur.

But while the present economic climate is generally favorable, there are certain influences at work which will tend to retard further expansion over the next year or two. Among these are high money rates, an unsatisfactory export-import balance, declining farm income, curtailed residential construction, the possibility of excessive inventory building and a possible excess of consumer credit extension. For the next six months or more, however, the forces pointing toward expansion should outweigh the retarding influences. Taken as a whole 1960 should be an excellent business year.

With average stock prices in near-record high territory and bonds at substantially the lowest levels in a quarter century, some switching from stocks to bonds by income conscious investors is inevitable. But for appreciation-minded individuals, carefully selected common stocks will remain the investment of choice. Many individual issues should reach record prices in 1960 while leading stock averages may well enter new high territory. If interest rates increase bond prices will drift lower and favorable buying opportunities will be available for the conservatively minded investor. Despite the possibility of a further downward turning point from the stock market's recent level, capital gain opportunities will continue to be available through careful selection of companies that are making dynamic progress.

Record GNP Ahead

Many forecasts have been made recently as to the likelihood of a Gross National Product in excess of $500 billion being attained during the first half of 1960. The record GNP reported thus far was established in the June quarter of 1959 at $484.5 billion on an annual basis. This represented an extraordinary increase of $14.3 billion within one quarter—a circumstance brought about to a large extent because of broad forward buying in anticipation of the nationwide steel strike which materialized on July 15. The GNP declined to $478.6 billion in the strike-bound third quarter but a sharp increase is certain to be revealed when the figures for the final quarter of 1959 become available late in January. If the $500 billion mark in the first three months of 1960 is not exceeded there is little doubt that it will be surpassed in the June quarter — once again, barring major strikes.

A Gross National Product of $500 billion would mean Personal Income of around $400 billion and Disposable Personal Income of some $350 billion compared with the record reported to date of $381.1 billion and $335.3 billion, respectively, established in the second quarter of 1959. However, these latter figures will probably have been exceeded when the fourth quarter totals are made known.

If 1960 turns out to be a relatively strike-free year, steel production will probably reach a new high in excess of 1955's 117,036,000 ingot tons. Our steel analyst conservatively estimates output of finished steel at 85 million tons which, using a conversion rate of 70%, would mean an ingot production of 121.5 million tons. Other informed estimates range as high as 130 million tons or more. Total 1959 production amounted to about 85 million tons of ingots.

For the past 20 years demand for electric power has been increasing at an annual average rate of 7.6% a year. This rate of increase was approximately maintained in 1959 and 1960 electric power output should exceed the trend. The major electric utility companies will enjoy increased revenues and earnings in 1960 as compared with 1959.

The coming year will probably establish a new all-time high for the construction industry. The Department of Commerce places new construction expenditures in 1960 at $55.3 billion, an increase of $1.3 billion over the 1959 total of about $54 billion. Privately financed housing starts, however, are likely to decline to around 1,200,000 units from about 1,325,000 in 1959.

Domestic passenger car output in 1960 could approximate some 6,700,000 cars compared with about 5,500,000 in 1959, a gain of around 22%. Passenger car production in 1958 was approximately 4,300,000 units.

The chemical industry enjoyed a record sales volume in excess of $24 billion in 1959 and, based on the outlook for the first half, total sales volume for 1960 should be 4-6% greater. A similar increase is anticipated for petroleum products.

Industrial output, as measured by the enlarged RFB index—1947-1949 average = 100 — reached a peak of 166 last June and amounted to 165, seasonally adjusted, in December, up substantially from November's 156. One or more new highs in this index during the first half are virtually certain.

Business Executives Generally Optimistic

Based on the average of estimates of a cross section of business executives, capital expenditures in 1960 should be 8-10% greater than the projected total of approximately $32.5 billion for 1959. Such an increase would compare with a gain of around 7% in capital spending in 1959 as compared with 1958.

Corporation executives are generally optimistic regarding the outlook for their respective businesses in the coming year. On the basis of opinions expressed by leading officials in a variety of industries, both sales and earnings for the first half of 1960 should be at least 5% greater than in the corresponding period of 1959.

Available information as to incoming orders and production plans, together with sales projections, point to the strong likelihood that corporation reports for the first half of 1960 will make cheerful reading for stockholders. The principal question in the minds of business analysts centers on the point at which the trend of business will begin to turn downward. A cautious appraisal might place the turning point early in the second half of 1960 while a more optimistic finding might set the transition at some time late in 1961 or beyond. In our judgment there are too many imponderables involved to attempt any pinpointing of the change from a rising to a falling trend. Allowing for the possibility that business may begin to turn modestly downward at some point in the second half of 1960, present indications are that aggregate sales, profits and dividends will be comfortably greater in 1960 than in 1959.

Treasury and Federal Reserve Board officials are quite unanimous in their feeling that inflationary factors in the economy continue to outweigh deflationary influences. As a consequence, they are strongly convinced that the money supply should be carefully regulated to the end that brakes be applied to an excessive snowballing demand for banking accommodation. Historically tight money and high rates sooner or later have slowed up business expansion. We would expect that in this connection history will be repeated. However, tight money and high interest rates of themselves bespeak a high level of business activity and no one can accurately determine when significant changes in supply-demand relationships will occur.

Meanwhile, the cost of living continues to creep upward. The Consumer Price Index reached a high in Mid-November at 125.6% of the 1947-49 average of prices, but eased off to 125.5% in December. This index advanced in six of the last eight months to December although each increase was of small proportions. Based on this latest figure the 1947-49 dollar is worth 79.6c. Further normal increases in the cost of living are indicated over the next few months.

Some Disturbing Factors

The continuing sharp rise in Consumer Credit merits close scrutiny. Latest available figures reveal that Instalment Debt is approaching a record $39 billion while Total Consumer Credit has passed the $50 billion mark, amounting to about 15% of Disposable Personal Income. As long as the economy is well maintained this ratio is not dangerous; indeed it could rise to a considerably higher figure without placing an undue strain on the finances of the people. But any sharp downturn in employment could render these debt obligations decidedly burdensome with possible adverse effects on the economy as a whole.

The nation's farm population seems destined to experience another disappointng year in 1960. The Government's farm surpluses are well in excess of $9.2 billion and the total is likely to increase further. Largely in reflection of these enormous surpluses and mounting numbers of livestock, farm prices between mid-October and mid-November declined to the lowest level in 19 years in relation to the prices which farmers pay for goods and services. The "parity ratio" declined two points in one month to 77, the lowest figure since August 1940. The Department of Agriculture warns that farmers may expect their profit squeeze to become even tigher during 1960.

Another cause for concern is the nation's unfavorable export-import balance. The balance of payments deficit for 1959 will be $3,650,000,000 or more as against $3.3 billion for 1958. In the opinion of the Department of Commerce, rising exports of cotton, jet aircraft and machinery will increase the flow of dollars into the United States in 1960 and reduce the nation's international payments deficit to under $3 billion.

The outflow of gold from this country poses no early threat to the backing of our money but a continuation of the outflow to the extent that has prevailed over the past two years would create a serious problem which might be solved in one of four ways: (1) the elimination or sharp reduction of foreign aid, (2) an increase in income taxes, (3) a significant reduction in governmental expenditures at home to effect a soundly balanced budget and (4) increasing the price of gold. We do not anticipate any of these moves in 1960.

Some Election Year Aspects

Presidential election years are usually not periods of sharply rising business. Uncertainties as to which candidate and party will be victorious and what new policies will be advocated often cause businessmen to defer as much of their forward planning as possible. It is partly because of this that the trend of business is likely to be more uncertain in the second half than in the first six months when Election Day is more remote.

With an eye on the forthcoming national election, there are various legislative steps that the existing Congress might take which would influence the economy. Foremost among them is the possible lifting of the 4¼% ceiling on long-term U. S. Government bonds. Such a move would permit the Treasury to be competitive with private borrowers in selling long term bonds to institutions and individuals—a situation much to be desired.

The President's Budget recommendations, with particular emphasis on military expenditures and foreign aid, will receive close attention from Congress. But whether the President's desire to achieve a budget surplus in fiscal 1961 will be realized is uncertain.

Relative Merits of Stocks and Bonds

Most common stock averages are in new high territory. Many individual stocks are selling at extraordinarily high levels in relation to current as well as anticipated earnings over the next two or three years. At the same time other issues do not appear to be overvalued in relation to earnings based on historical appraisals.

On the other hand, in reflection of existing relatively high interest rates, bond prices on average are at substantially the most attractive levels for some 25 years. Only in a few years this country have the yields from bonds exceeded those from stocks. This circumstance usually occurs when stock market levels are approaching a peak and public participation is high—such as in 1929 and 1937, for example.

Based on past experience, therefore, an investor would be well advised to switch a portion of his holdings from stocks into bonds. The risks of capital loss—on a medium term basis—would appear to be less in bonds than in stocks. But to switch an entire portfolio of well selected equities into fixed income securities would be an injudicious move. While the average of common stock prices may well fall quite appreciably below present levels at some unpredictable time, the long-term trend is undoubtedly upward.

It is of interest that the amplitude of market fluctuation of common stocks has been narrowing over the past 30 years or so. There are various reasons for this: (1) The spread between peaks and valleys of economic booms and depressions have also been narrowing, (2) common stocks have been widely bought as protection against the declining purchasing power of the dollar, (3) Pension funds, mutual funds and insurance companies are large and continuing buyers of common stocks, (4) the long-range pospects for further dynamic growth of the economy encourages the buying of common stocks, (5) reluctance to pay capital gains taxes when "paper profits" are large discourages the sale of common stock.

A downward readjustment in common stock prices is entirely possible in 1960 following the probable establishment of new highs during the first half of the year. A conservatively minded investor will have sound buying opportunities in taxable and non-taxable bonds in 1960, as well as in the stocks of consumer goods companies and electric public utilities. Whether or not there will be a turning point in the market in 1960 capital gain opportunities will continue to be available through careful selection of companies that are making dynamic progress.

With Lakewood Secs.

(Special to THE FINANCIAL CHRONICLE)

LAKEWOOD, Ohio — Gilbert G. Dubray is now with Lakewood Securities Corporation, 14714 Detroit Avenue. He was formerly with Livingston Williams & Co., Inc. and Saunders, Stiver & Co. in Cleveland.

Now With Walston

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Arthur B. Clement is now affiliated with Walston & Co., Inc., 901 Southwest Washington Street. He was formerly with Foster & Marshall.

Supply and Demand for Long-Term Funds—1960

By Girard L. Spencer, *Salomon Bros. & Hutzler, New York City*

Deficiency in capital funds amounting to $1.1 billion, or about 4% of estimated demand for $27.7 billion long-term funds, is projected by Mr. Spencer. He concludes the interest rate level will continue high for the period ahead, and may even moderately increase, and high grade corporate bonds and tax-exempts will be attractive to investors because of their yields.

This treatise dealing with the supply of and the demand for long-term investment funds for 1960 is similar in format to those of previous years. As in past studies, increases in savings accounts in commercial banks have not been counted in the supply of long-term investment funds, because such deposits are only partially invested in the types of obligations that make up the demand categories listed. As an offset, commercial bank purchases of mortgages and tax-exempt securities have been deducted from the estimates of demand from these sources.

Girard L. Spencer

Treasury financing is again excluded, since it is considered outside the scope of this memorandum. Nevertheless, Treasury debt operations could have a major impact during the year on the level of interest rates, as well as the present yield structure for Government securities. Although currently its debt-management program is limited by law and by market conditions to maturities of five years or less, Congress may act to eliminate or modify the 4¼% interest rate ceiling for bonds. The Administration has already requested its reconsideration. Should the Treasury be relieved of this restriction, it will certainly offer advance refundings to holders of some of its outstanding issues, and possibly sell limited amounts of long-term bonds for cash as well.

Shifts in our international relations, Federal legislation, and possible new labor stoppages also may make necessary reconsideration of these estimates at a later date. Although some current forecasts predict a slowdown in the second half of the year, the upward movement in the economy is expected to continue at least during the first six months. Some increase in the price level is likely to occur. No letup in the demand for bank credit in an already tight money market is anticipated, nor is there any sign of any early relaxation of Federal Reserve restrictive monetary policy.

The estimates submitted herewith indicate a deficiency of $1.1 billion or approximately 4% of the anticipated demand for long-term funds to finance real estate mortgages, tax-exempts, and corporate requirements of $27.7 billion.

For the period ahead, the outlook is for a continuation of a comparatively high level of interest rates, with a possibility of some further moderate increase.

Nevertheless, yields currently obtainable on high-grade-fixed-income corporate securities and tax-exempt obligations are sufficiently attractive to warrant the commitment of available long-term funds in these types of investment issues.

The invaluable aid of a small group of specialists in compiling these estimates is again gratefully acknowledged.

Estimates of the accumulation of long-term funds in 1960 by a selected group of savers, and estimates of the demand for capital from private borrowers, states, municipalities, and public revenue projects.

SUPPLY OF LONG-TERM FUNDS

	Billion
Life Insurance Companies	$4.9
Mutual Savings Banks	1.3
Savings and Loan Associations	6.6
Corporate Pension Funds (not funded with insurance companies)	3.7
State and Municipal Retirement and Pension Funds	1.9
Fire and Casualty Insurance Companies	1.3
Other Long-term Funds	6.9
Available for investment in real estate mortgages, tax-exempt, and corporate securities by individuals, personal trusts, non-corporate pension and retirement funds, foreign accounts, nonprofit organizations, and other long-term investors not included in the above categories.	
NET SUPPLY OF LONG-TERM FUNDS	**$26.6**

DEMAND FOR LONG-TERM FUNDS

	Billion
Real Estate Mortgage Financing	$14.9
Based on estimated starts of 1,150,000 housing units, and a gross demand for mortgage funds of $27.8 billion. From this gross figure estimated amortizations and repayments of $10.8 billion, Government Agency purchases of $0.8 billion, and commercial bank acquisitions of $1.3 billion have been deducted.	
State, Municipal & Public Revenue Auth. Financing	3.9
Based on estimated gross borrowings (excluding refundings) of $7.6 billion, from which estimated maturities and sinking fund purchases of $3.1 billion and $0.6 billion of commercial bank acquisitions have been deducted.	
Corporate Financing (including foreign and International Bank borrowings in the United States)	8.9
Based on estimated gross flotations of $8.6 billion of domestic bonds, $0.5 billion of foreign and International Bank issues, and $2.8 billion of preferred and common shares, from which estimated maturities, sinking fund and other redemptions of $3.0 billion have been deducted.	
DEMAND FOR LONG-TERM FUNDS	**$27.7**

INDICATED DEFICIENCY OF LONG-TERM FUNDS IN 1960 ($1.1 Billion)

Britain Believes in Boom

By Paul Einzig

The reasons British believe in their country's boom, and ignore internal and external sources of concern, are set forth by Dr. Einzig who agrees they are correct about the economy's soundness and prospects for a further stock price advance. Whether the April Budget will permit tax reduction or not is said to depend on whether there will be a surplus to give away and the direction of the price level.

LONDON, Eng.—The way the London Stock Exchange has shrugged off the effects of the shock caused by the increase of the Bank rate to 5% is indeed remarkable. After only two days of falling prices there was a recovery that raised the quotations of most industrial equities to the vicinity of their pre-Bank rate figures. Evidently the British investing public, having ignored all the words of warning uttered from time to time in highly-placed official quarters, refuses to be impressed even by official action aiming at checking the rise. This in spite of the fact that Wall Street has been far from cheerful; that some grave industrial disputes are pending; and that the news from France is disquieting. Britain is simply in the mood for believing in continued boom, and that is all there is to it.

Needless to say, investors and speculators are fundamentally right. The basic economic situation is sound and it justifies a further rise in industrial equities. Unless much more drastic steps are taken to check the boom it will continue. The increase in the output by some 6% within 12 months is nothing if not impressive, and there is more to come. In many industries there is still unused capacity that could be used without any further capital expenditure. And in spite of this a very large number of firms are planning to resume investment in plant extension and in new plant on a fairly extensive scale.

Labor As a Source of Concern

Wage demands are of course the main source of worry. But it seems that in view of the general atmosphere most of them will lead to wage increases rather than on strikes. Even though in the long run the resumption of wage inflation foreshadows more disinflationary measures, the immediate effect will be that sufficient purchasing power will be released to consumers to enable them to buy up the increased output. This will encourage industry to continue to increase the output without having to worry about the possibility of unsold stocks.

The main argument put forward by those in favor of higher wages is that, since production has increased by 6% while wage rates have only increased by 2½%, the workers are entitled to a steep increases. This argument disregards the fact that during 1958 production declined while wages continued to increase, and that during a number of previous years the increase in the output lagged considerably behind the increase of wages.

Excessive wage demands receive support in some unexpected quarters. Recently a leading Conservative newspaper came out emphatically in favor of an immediate and substantial wage increase for railroad employees on the ground that their wages have not risen as much as those paid in other industries. But it is a highly dangerous principle to concede that, because workers in the booming automobile industry have a scarcity value and are in a position to receive substantial wage increases, workers in the nationalized railroads, which make a large loss year after year, are entitled to corresponding increases.

There is hardly any resistance to the demand for shorter hours, even if the whole of the cut demanded is not conceded immediately. The employers of the engineering industry are prepared to agree to a reduction of the working week from 44 to 42 hours, but the employees insist on a reduction to 40 hours. Should that be granted it would earmark with one stroke more than the full benefit of increased output for the organized workers, even if they receive no increase in wages.

Another major source for worry is the French crisis over Algeria. There is an uneasy feeling that almost anything might happen across the Channel at almost any moment. The hitherto promising prospects on the continent are now clouded over, and the news from Paris and Algiers is awaited with much anxiety. Indeed never since the Suez crisis have Londoners been following the radio news bulletins so closely as they have been during the last few days. This influence alone should be sufficient to give rise to doubts about the boom.

And yet the boom has resumed its course after the passing setback caused by the Bank rate increase. Indeed small investors show much resentment over warnings received from banking quarters a few days before the change in the Bank rate, and many of them accuse bankers of trying to induce them to sell out, so as to enable large corporations to buy equities at lower prices. The fact that such absurd views find public expression at all shows the extent to which the boom is trusted.

The April Budget

In spite of the increase in the Bank rate—or possibly because of it—many people expect the April Budget statement to announce further tax reductions. This depends on whether there will be any increase in the cost of living index between now and Budget day. The fact that the increase in the output, combined with low raw material prices failed to cause a fall in prices in 1959 gives rise to fears that the resumption of wage increases on a large scale this year would lead to a resumption of price increases. If so the Chancellor of the Exchequer might not feel justified in releasing purchasing power by reducing taxation. Nor is the state of revenue this year sufficiently satisfactory to warrant an assumption that Mr. Amory would have a surplus to give away. However, much might happen between now and the end of the financial year.

Gallagher With Bache & Co.

James E. Gallagher has joined Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange. He will be in charge of the Institutional Portfolio Department, Harold L. Bache, managing partner of the investment firm, announced.

Urban Mooney Jr. Joins Baxter & Co.

Urban D. Mooney, Jr. has become associated with Baxter & Company in the New York office at 70 Pine Street as Manager of Sales. Mr. Mooney, who has been in the investment business for many years was formerly Manager of the bond department for Fahnestock & Co.

Monetary Policy—A 1914 Model in the Space Age?

By Clay J. Anderson,* *Economic Advisor, Federal Reserve Bank of Philadelphia*

The speaker confines his discussion to whether structural changes in the economy have rendered monetary policy obsolete. The ones examined are: (1) frequency of Treasury borrowing and refunding; (2) short term government's impact on over-all liquidity; (3) size of Federal debt itself; (4) growth of financial intermediaries and the Gurley-Shaw thesis that banks and nonbank financial institutions are basically similar; and (5) industrial-labor oligopolistic ability to raise prices and wages. The author explains why he is not convinced that these structural changes have, on balance, weakened monetary policy as a tool of cyclical stabilization. He points out that monetary policy, in helping to prevent an inflationary boom, contributes toward a higher average rate of economic growth.

Just as improved roads and highways outdated the Model-T Ford, some believe that far-reaching structural changes in our economy have rendered obsolete traditional central bank instruments of credit control. The huge growth and wide distribution of the Federal debt, the growth of financial intermediaries, increasing power of labor unions and pressure for higher wages, and industrial concentration and "administered" prices are among the significant structual changes which make our 1959 economy quite different from that of 1914. Our central banking system, on the other hand, is essentially the same as when it began operations in 1914. There have been amendments and new powers, such as authority to change reserve requirements and to fix margin requirements on stock market credit, and growing knowledge and skill in using monetary tools, but the basic principles and instruments of control have not been altered substantially. It has been alleged, therefore, that developments in central banking have not kept pace with those in the economy which the central bank is to serve. Is it true that economic change has rendered our central bank outmoded and obsolete — that in effect we have a 1914 model central bank trying to implement monetary policy in a space-age economy?

Clay J. Anderson

I want to make it clear that my remarks are not directed toward whether monetary policy is effective or as effective as we should like it. The argument that monetary policy has been rendered more or less obsolete *implies* that structural changes have reduced its effectiveness. Hence, my analysis is directed primarily toward the impact of structural changes on the effectiveness of monetary policy. I shall deal briefly with three structural changes which have received considerable attention: growth of the Federal debt, growth of financial intermediaries, and the increasing strength of labor unions over wages and large corporations over prices, which many believe have led to a cost-push type of inflation.

I

Growth of the Federal Debt

In 1914 the Federal debt was less than one billion dollars. Today it exceeds $285 billion. In 1914 virtually all of the outstanding debt was held by commercial banks; today the marketable debt is widely distributed. The marketable debt is held mainly by institutions such as commercial banks, mutual savings banks, insurance companies, other corporations, state and local governments, and miscellaneous institutions such as savings and loan associations, brokers and dealers, and corporate pension funds.

Some believe that the tremendous growth in the Federal debt, principally during World War II, has impaired the effectiveness of the traditional instruments of monetary policy. The two principal arguments in support of this view are: (a) the frequency of Treasury borrowing and refunding hampers the Federal Reserve in taking restrictive action, and (b) the large volume of short-term debt outstanding insulates lenders and other holders against the impact of credit restraint. A view less widely discussed is that a flexible monetary policy imposes burdens that are excessive in comparison with its achievements.

There is no doubt that Treasury financing does at times interfere with the timing of Federal Reserve actions, particularly during periods of credit restraint. Restrictive action just prior to the date the Treasury is to announce the terms on a new borrowing or refunding operation would disturb the Government securities market and make it extremely difficult for the Treasury to establish appropriate terms on its new issues. Restrictive action immediately after the terms have been announced and subscriptions received "pull the rug" from under purchasers and underwriters. Such actions, if repeated, would diminish the willingness of dealers and banks to act as underwriters and make it more difficult for the Treasury to market its securities.

There is a tendency, therefore, for a Treasury financing operation to immobilize further restrictive action for a period of at least two or three weeks. Frequent trips to the market by the Treasury seriously reduce the time available to the Federal Reserve for initiating restrictive actions. It does not necessarily follow, however, that the effectiveness of Federal Reserve action to restrict credit expansion is seriously impaired. The pace of business and financial developments during a period of expansion is usually not so brisk that a change in the degree of restraint is needed every week or so. Treasury financing may frequently alter the timing somewhat, but it does not necessarily diminish substantially the over-all intensity of restrictive action in a period of credit expansion and rising business activity.

Answers Liquidity Argument

Another type of argument that the large Federal debt has impaired the effectiveness of monetary policy is based on liquidity. The more common contention is that relatively large holdings of short-term Government securities insulate lenders and large corporations from restrictive monetary action. It is true that short-term Government securities are a preferred instrument for satisfying liquidity needs. But it does not necessarily follow that in the absence of a large volume of short-term Governments over-all liquidity would be less. In a modern credit economy, banks, financial institutions, and others are confronted with the problem of keeping their resources fully utilized despite seasonal and cyclical swings in financing needs and credit demands. Temporary excess funds are invested in liquid earning assets which can be drawn on in periods of strong credit demands. When the volume of Government securities outstanding was small, interbank balances, short-term paper, and call loans were common methods of adjusting reserve and cash positions. If short-term Government securities were not available, liquidity preference would undoubtedly establish a pattern of market rates that would afford a strong incentive for an increase in the volume of private short-term credit instruments. If neither Government nor private short-term credit instruments were available a large part of temporary surpluses would be held in cash—the most liquid of all assets.

From the standpoint of monetary policy, it is not the kinds of assets held for liquidity purposes that is important but whether the central bank can control the terms on which such assets are converted into reserves and cash. For the economy as a whole, Government securities and other liquid assets cannot be converted into additional reserves except at the initiative of the Federal Reserve. Unless purchased by the Federal Reserve, the liquidation of Governments by banks and other lenders transfers funds from the purchaser of the securities, via the lenders, to the borrowers. There is no increase in the total volume of spendable funds. Velocity may be increased, however, by funds being transferred from less to more active spenders. Liquid asset holdings are like slack in the brake pedal; you have to push the credit brake further before it really begins to take hold.

A somewhat different point is that the Federal debt has become so large that a flexible monetary policy imposes burdens more than commensurate with its achievements. Holders of the marketable debt are subjected to the risk of relatively wide swings in the prices of Government securities; and credit restraint, by raising interest rates, increases the cost of servicing the debt. Furthermore, it is said that the volume of Government borrowing is not influenced by a flexible monetary policy, and the private demand for credit is not very sensitive to flexible interest rates. Consequently, as the public debt grows relative to the private debt, the burdens imposed become larger relative to the benefits derived from a flexible monetary policy. For these reasons, some conclude that traditional credit controls should be modified.

Dismisses Federal Debt Argument

I see no real merit in this contention that the large Federal debt has rendered flexible montary policy an inappropriate instrument of economic stabilization. To the extent that fluctuating interest rates and unstable bond prices are a burden, they are a burden of not only a flexible monetary policy but of any kind of effective credit regulation. As long as interest rates are free to move, restricting the supply and availability of credit relative to demand will result in rising interest rates, and vice versa. Stable interest rates exist in a free market only when the supply of credit is adjusted to changes in demand. The claim that credit restraint by raising interest rates puts an undue burden on the taxpayer is especially shortsighted. Rising rates increase the interest burden of the debt only to the extent of new borrowing and the refinancing of maturing issues, and the cost effects of rising rates tend to

Continued on page 32

What Khrushchev Thinks

By Roger Babson

Some invidious comparisons are drawn by Mr. Babson between Russia and the U. S. A. covering such subjects as our spending direction and survival prospects of our democracy. The Babson Park commentator lists six means employed in different countries to eliminate private property, indicates what we should do to insure our way of life and, for example, points out what Khrushchev thinks of top professors whom he pays $40,000 per year.

I thought that a previous column of mine had covered all the facts gathered on my trip to Moscow, but here are a few more things worthy of thought.

My recent discussion on "Khrushchev and Christianity" has caused readers to ask me just what Mr. K thinks is America's "God." I must reply: "The Automobile." Although the first automobile was built only during my lifetime, yet America today has more money invested in autos than in all the churches, hospitals, schoolhouses, and homes of mercy built since Columbus discovered America in 1492.

It has been said that 90% of the women of America spend more on lipstick than they contribute to their church. Furthermore, I am told by cosmetics experts that lipsticks are but one of the offshoots of the automobile. Even John D. Rockefeller, Sr. told me personally that automobiles built the magnificent Rockefeller fortune; that when he was at his prime, he considered selling only kerosene.

America's Missionaries

When I was a boy, my mother was much interested in foreign missions. I even helped pack barrels of old clothes for the missionaries, who were then our real ambassadors. Now the ladies of most churches get together once a month to talk foreign mission—and collect perhaps $300 for the cause; yet the value of their automobiles and furs represent $500,000! The whole setup seems cockeyed to Mr. K.

Our real missionaries today are the heads of the U. S. Embassies all over the world (let me say that all were very helpful to me during my recent trip to Berlin, Warsaw, and Moscow.) But most of them were selected for their very important positions because they contributed large sums of money to the political party which won the last national election—whether or not they can speak the language of the country to which they are assigned. Mr. K feels this is most inefficient.

How Khrushchev Selects Teachers

When Mr. K wants teachers, he pays what is necessary to get the very best. I have been told that top professors get about $40,000 per year in terms of our dollars—and prestige. They are the leading men in every large Russian city. They live in the best suburbs, have the best tables at restaurants and private boxes at the opera. Their children are looked up to as are those of our richest families. Yet some of our universities pay more for a football coach than for the head of the Physics Department.

While in Moscow getting facts on education, I was asked what is meant by our term "eggheads." When I tried to explain that this is what our scientists and other men of learning are called, I was not believed. I was then asked if it is true that any American manufacturer will get a better reception at Congressional hearings than University Presidents; and if we allow an average of 30 students to a classroom while Mr. K insists that 17 must be the maximum.

Can Democracy Compete?

I believe democracy is the ultimate form of government. History shows that no dictatorship has very long existed. But I am far from certain whether our present form of democracy can survive. There will inevitably be more rapid basic changes due to the constant levelling down of those who now have property and the building up of those who have not. The masses are on the move and will continue to be. However, the desires of our people must change from glorification of wealth and so-called "success" to love for unselfish service and trained efficiency.

Mr. K's apparent objective is to eliminate private property, but he is not alone. Six means to this end are now being employed in six different countries: (1) By confiscation in Russia; (2) by nationalization in England; (3) by taxation in East Germany; (4) by public executions in China; (5) by unwarranted price and wage legislation in Cuba; and (6) by labor-union demands and inflation as in the U. S.

Meanwhile, let us expend more time and more money developing our children's character, health, education, and other fundamentals which cannot be wiped out by another World War.

William St. Sales Names Two V.-Ps.

Andrew G. C. Sage, II, and Thomas J. Sexton have been elected Vice-Presidents of William Street Sales, Inc., 1 William Street, New York

Andrew G. C. Sage II

Thomas J. Sexton

City, Edward P. Furr, President, announced. William Street Sales is the national distributor for The One William Street Fund and Scudder Fund of Canada, open-end investment companies.

Mr. Sage, a partner of Lehman Brothers, investment bankers, has been a director of the Sales Company since its inception. He has been associated with Lehman Brothers for the past 12 years.

Mr. Sexton has been director of public relations for the Sales Company and will continue to supervise its public relations, advertising and sales promotion programs.

Thomas W. Meeder

Thomas W. Meeder, a limited partner in John A. Kemper & Company, Lima, Ohio, passed away Jan. 9th.

Wm. Kelly With R. Edelstein Co.

William Kelly has become associated with Robert Edelstein Co., Inc., 15 William Street, New York City, as manager of the trading department. Mr. Kelly was formerly with E. F. Hutton & Co.

Financing Trends in American Business

By Harry C. Culshaw,* *Executive Vice-President, James Talcott, Inc.*

Mr. Culshaw provides a review and a projection of the trends in financing American business and expects an increase in the prime rate. He notes that banks' ratio of loans to deposits is at an all-time high and that receivables financed by factors and commercial finance companies jumped from $1.6 billion in 1941 to $14 billion in 1959. And he points out that the latter complements—not competes—with the former, and that both can look forward to meeting the borrowing needs of business at a still larger scale.

Basically it is my belief that the present trends in financing American business are not new, but certainly they have been brought into sharp focus in the past fifteen years. It seems to me that to properly evaluate present trends one must review and understand the evolution in financing of American business.

Harry C. Culshaw

First Financing Cycle

As I attempt to review this evolution there appear to be three distinct cycles since the turn of the present century. The first cycle was from 1900 to 1930. In the early 1900s there were comparatively few giants in industry. The banks were relatively small and financing was done largely on a personal basis. The banker knew personally most of his borrowing customers, their families and their background. Very little reliance was given to financial statements. If the banker felt the borrower's worth did not justify the loan he was seeking, he would be required to give a mortgage on his home, his farm, his plant, or to have someone of substance endorse or guarantee the loan. Without too much change in the basic concept, these practices continued until 1920. During this period the Federal Reserve came into being, banks and business became larger and the relationship less personal. World War I took place and following it the very precipitous depression of 1920-21.

Two significant things happened. One, Mr. Alexander Wall gave birth to the idea of statement and ratio analyses which was quickly accepted by the banks, particularly the larger banks. Two, many businesses turned to the security markets for additional capital rather than borrowing from banks or others. The tempo picked up rapidly and by 1926 almost everyone was stock market conscious even to the extent of speculating in stocks of companies which they knew only by name and did not even know the nature of the business. Then came the day of reckoning in October, 1929 with the financial crash that hit every four out of five Americans. The full impact caught up with our banking system in 1930 and 1931 causing many to close their doors forever.

Second Financing Cycle

We come next to the second cycle in our financing of American business—that period from 1930 to 1945. The early 30's saw business failures by the thousands. The Reconstruction Finance Corporation came into being presumably to assist small businesses, but actually small business was the exception rather than the rule with R.F.C. The Smaller War Plants Administration, theoretically designed for small business, in reality harbored larger businesses. Because of the stock market debacle in the 20's, the Securities Exchange Commission was given life. Those businesses that were able to withstand the economic setbacks grew larger either of themselves or by absorbing weaker competitors. During this period the cheapest commodity that business used was money. The prime rate went as low as 1¾%. Big business could get more than it wanted, but small business either was fearful of borrowing or the financial statement did not warrant the amount of unsecured credit necessary. By 1936 the most disastrous effects of the depression were over and business generally had started to improve when a renewed slump occurred in 1937. Recovering from this, business was going ahead at the close of the 30's. Then came Dec. 7, 1941 following which industry was called upon to produce goods in quantities never before dreamed of, when volume was inordinately out of proportion to working capital. The Government passed the Assignment of Claims Act of 1940 which for the first time in the history of the country made possible the valid assignment of a government obligation to a bank or financial institution which would be acknowledged and paid directly to the assignee by the Federal Government or one of its agencies. Regulation V was adopted which provided that the Government would assume between 50 and 100% of losses sustained by a financing institution on loans made to concerns engaged in war production.

Present Financing Cycle

With the termination of World War II in 1945 we enter the third and present cycle in financing American business. The financing of industry in World War II brought into bold relief certain facts that we did not recognize or refused to recognize previously. In the first place it was accepted that a growing concern attempting to add new plant or facilities could not do its financing on a 30, 60 or 90 day basis or that in fact such a concern could not be completely out of bank-debt once a year. Hence the term loan idea came into full focus and a great many banks are willing to make term loans for as long as five years. The insurance companies recognized a fertile field and have actively solicited term loans running as long as 15 to 20 years. The second and perhaps more important recognition is that small businesses, fast growing businesses or undercapitalized businesses cannot generally produce financial statements that will justify the amount of borrowed funds they require. Hence they must borrow on a secured basis using either their accounts receivable, their inventory, their machinery or possibly their plant, or a combination of several or all, for security.

Prior to World War II a concern borrowing on its accounts receivable, or its inventory or its machinery, would have been looked upon with askance and believed to be virtually on the brink of bankruptcy. Regulation V has largely changed that concept. Although factors have operated in this country for over a century and commercial finance companies since about 1905, their volume in receivable financing was relatively small. In 1941 for example the receivables financed by factors and commercial finance companies amounted to $1,600,000,000 whereas in 1959 the total is estimated at $14 billion. In other words the factor and commercial finance industry is now serving a most important niche in our economic life. Generally speaking they do not compete with commercial banks but rather complement them. It is the function of the commercial finance company to help small business, rapidly expanding business or undercapitalized business that cannot get their requirements from normal commercial bank channels. In assisting them to plough profits back into their business and strengthening their financial statement, the time comes when they graduate from the commercial finance company and get their accommodations from commercial banks.

So much for the evolution and trends of financing American business over the past 60 years. What about the future? It is my personal belief that we are going to witness a continuity of the trend of the past 15 years. If you have observed the Dec. 31, 1959 statements of the commercial banks, you will have seen that their ratio of loans to deposit liabilities are at an all-time high. Yet this is in spite of the fact that a great many pipe lines are empty due to the steel strike. As inventories start to be replenished, the demand for loans is going to become greater. Every indication points to a very strong economy. At the same time the Government has about $70 billion of refinancing to do between now and June 30. Hard money seems almost inevitable and the likelihood of an increase in the prime rate seems almost certain.

There is every indication therefore that the demand for bank loans will certainly continue and very likely at an accelerated pace. The smaller and undercapitalized companies will of necessity have to borrow on a secured basis and will inevitably go to the commercial finance company. Working together I feel confident that the banks and commercial finance companies can and will meet the borrowing needs of business.

*An address by Mr. Culshaw before the Kiwanis Club, Syracuse, N. Y., Jan. 19, 1960.

Edward M. Bradley Staff to Join Laird, Bissell & Meeds

NEW HAVEN, Conn.—Edward M. Bradley & Co., Inc., 92 year old investment firm of New Haven, Conn., is ending its independent existence and some of its staff will join Laird, Bissell & Meeds of New York and Wilmington, Del., members of the New York Stock Exchange and other leading exchanges.

E. Holbrook Bradley

E. Holbrook Bradley, President of the retiring firm, and a director of C. Cowles & Co., Brockton-Taunton Gas Co., Concord Electric of New Hampshire and Springfield Gas Light Co., will become manager of the New Haven office of Laird, Bissell & Meeds at 44 Whitney Avenue.

Mr. Bradley started in the investment business with H. C. Warren & Co., Inc., predecessors to Edward M. Bradley & Co., in 1921. He became President in 1950, on the death of his father, the late Edward M. Bradley. Associated with Mr. Bradley in Laird, Bissell & Meeds' New Haven office will be Donald E. Nichols and Robert F. Tettelbach former officers of the Bradley Company.

The Bradley Company was founded in 1868 by Alexander McAlister. It was known as McAlister & Warren from 1878 to 1885. Edward M. Bradley became a partner in 1886, and the firm was then named H. C. Warren & Co. In 1921 Mr. Warren retired, and in 1927 the name was changed to the present one and the firm moved to its present building at 215 Church Street, recently purchased by the First New Haven National Bank.

In addition to the New Haven Office, Laird, Bissell & Meeds has offices in Derby, Hartford, Middletown and Waterbury, in Connecticut. Through its wire systems there is direct contact to all the leading financial cities in the United States.

Seeburg Branch in N. Y.

N. Marshall Seeburg and Sons, Inc. has opened a branch office at 30 Rockefeller Plaza, New York City, under the management of Theodore N. Trett.

World Bank Plans Bond Offering

Eugene R. Black, President of the International Bank for Reconstruction and Development, announced that the Bank proposes to offer during the week beginning Feb. 8, a new issue of $100,000,000 principal amount of 5% 25-year bonds of 1960 due Feb. 15, 1985, through an underwriting group of dealers and commercial banks under the joint management of Morgan Stanley & Co. and The First Boston Corp.

The bonds wil be non-callable for the first 10 years and will have a sinking fund commencing Aug. 15, 1970, calculated to retire 50% of the issue prior to maturity. As in recent issues, the Bank, in addition to offering bonds for regular delivery, will extend to certain institutional purchasers the privilege of making delayed payment, giving them the selection of specified quarterly delivery dates through Feb. 15, 1962.

It is expected that the managers of the underwriting group, in the interest of broadening the market, will again reserve a portion of the bonds for subscription by underwriters and dealers to sell to institutions which have not previously bought World Bank securities.

The World Bank has not offered an issue in the United States since November, 1958.

J. A. Galard With Gregory & Sons

Gregory & Sons, 72 Wall Street, New York City, members of the New York Stock Exchange, announced that John A. Galard is now associated with the firm in the Municipal Bond Department. Mr. Galard was formerly in the Municipal Bond Department of the Bankers Trust Company.

J. Barth Co. To Admit Partner

SAN FRANCISCO, Calif. — J. Barth & Co., 404 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges, on Feb. 11th, will admit George I. McKelvey Jr. to partnership.

Joins Gerald Young

SPRINGFIELD, Mass. — Sidney Weiner has joined the staff of Gerald M. Young & Co., 1421 Main Street.

THE MARKET . . . AND YOU

BY WALLACE STREETE

After several false starts the industrial average, which had been pounded down more than 60 points from its all-time high, was able to stage a vigorous rally this week; in fact put on the best one-day showing since late in 1957 when a cut in the discount rate was hailed wildly.

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Whether it signaled the end of the pressure, however, was something else again since both the latter stages of the decline and the rebound itself were on subnormal volume which neither gave the appearance of a selling climax nor a return to action by unfettered bulls.

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The action of the average was also exaggerated — both ways — by all the attention pinpointed on the blue chips that can sway the average by wide margins while much of the general stock market follows a contrary course or dawdles.

Rails Lag

The rails, for one major group, were slow to join the rally and their participation finally was lukewarm. They still have a strike threat hanging over them. This is a partial explanation, but hopes that they would come back to leadership after long neglect weren't heightened by the performance.

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Even the recent rail mergers, and merger studies have done little to spark good action in the lines involved, notably the studies being made about a merger with Atlantic Coast Line and Seaboard Air Line.

* * *

Coast Line already has important interests in other rails, notably Louisville & Nashville of which it owns a third of the stock. This contributes $1.67 a share to Coast Line's profit before taxes. Without this income, the true earnings of Coast Line itself on its own shares minus the value of L. & N. runs less than 8½-times when a 10-times ratio is about the norm for a rail stock.

* * *

Unlike other carriers, Coast Line didn't suffer as much from last year's steel strike; in fact was able to boost net respectably. It is expected to do even better this year in raising its profit. It has a land company with important holdings in Florida, on which Humble Oil is drilling for oil —all items that would stir speculative enthusiasm in anything other than a rail equity. It is, moreover, one of the few roads that never had to go through bankruptcy. But all of this is ignored.

Tight Money Hinders Utilities

Utilities were no more volatile that the rails, moving narrowly and still restrained by the tight money market. Brokerage letters and suggestions of issues of value were replete with specific utilities but did little to promote any widespread attention.

* * *

Kansas Power & Light, which suffered from the vicissitudes of the agricultural nature of its service area has been the more mundane item in the lineup, even though there has been a sharp change in the area in recent years to an industrialized economy.

* * *

Here the market range for 1959-60 has only been a minor five points. Where the average price-earnings ratio for utilities is around 17½, Kansas Power is selling only at a little more than 13-times earnings. With earnings expected to reach a full dollar over its indicated dividend and more progress in sight this year, it is also a candidate for a boost in the conservative payment. This would enhance its above-average return of around 4½%. And again, the prospects don't show in the market action.

Electronics Rally

The wonder stocks of last year—the electronics—have been suffering along with the general list, if not actually helping depress it by their persistent easiness. And they, too, rebounded on the rally. But one firm that has had little of the attention devoted to other electronics and is rightly a member of the group is Bendix Aviation. Its electronic work now produces more than 40% of total sales, including work as a prime contractor on two missile projects, as well as participating in several others. Its activity quickened last year in line with the general economy, but it was still holding around 13-times the 1959 fiscal year earnings and at an even lower ratio on projected earnings for this year when ratios far above that were common in electronics items. It larded its cash payments with a 5% stock dividend to start off this year, but still shows a return of around 3½% on the cash disbursements. By any of the yardsticks used, it would appear to be an undervalued item in the electronic lineup.

* * *

As happens in upsetting markets, there was much discussion of the value of American Telephone and the possibilities of the future for dividend action, since the current payout is less than two-thirds of the probable 1959 profit. The stock has reflected it, resisting the 1960 selling, and holding at around a 4% yield, which is less than it did when it maintained its static payment policy.

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To the detractors, the fact that it stuck to a single dividend policy for a third of a century means that Telephone will be in no rush to change the new rate. But the heavy expansion costs in the last decade obscured the fact that the company had been able to triple its profits, and that it is now in position to finance future expansion without the heavy dilution of the stock that was a feature of the decade. There are some market analysts around already on record that a dividend change might take place within a year even though the current rate was only instituted last July.

Bargain Hunting

Oils had few friends, which is not a new story. Yet here and there some bargain hunters were favorably inclined, particularly where the "growth" stock of the post-War II era is now available at half its 1957 peak. That is Amerada which is the noted oil finder in the petroleum group, having doubled the industry rate in its crude production increase between 1952 and 1959 when the stock was busy dropping well below its historic high.

* * *

Koppers Co. is also something of a bargain item, selling at a third below its 1956 high and below book value as well. The company had troubles in the last three years but seems to have turned a corner. For one, its engineering-construction work was severely depressed last year. Now it has a contract with Jones & Laughlin Steel for the largest oxygen steel-making furnace of that type yet announced. Its wood-treating activity was hurt by the trim in railroad maintenance work since the recession but seems headed toward a rebound. It is also expanding into new areas in its chemical activities. At recent levels the issue was available at nearly $18 under its book value of $58, but still holding well above its 1959-60 low.

[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.]

Edward D. Jones Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Warren F. Langford has been added to the staff of Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

NSTA NOTES

BOSTON SECURITIES TRADERS ASSOCIATION

The Thirty-sixth Annual Dinner of the Boston Securities Traders Association will be held at the Sheraton Plaza Hotel, Friday, Feb. 12, at 7:30 p.m. There will be a cocktail party for guests and officers in the Copley Club from 5:30 to 7:00 p.m.

Edward H. Welch

WHO'S FOR SEATTLE AND PORTLAND

Edward H. Welch, Sincere and Company, head of the transportation committee of the National Security Traders Association, is requesting that members planning to attend the 1960 Convention in Sun Valley and then go on to Seattle and Portland, Ore., please drop him a note so that plans may be made to accommodate them.

NASHVILLE SECURITY TRADERS ASSOCIATION

The Annual Spring Party of the Nashville Security Traders Association will be held on May 19 and 20.

DALLAS SECURITY DEALERS ELECT OFFICERS

The Dallas Security Dealers Association, at its recent annual meeting, elected the following officers and directors to serve for the ensuing year:

Harold DeShong (Dallas Rupe & Son, Inc.), President; Allen Oliver (Sanders & Company), Vice-President; James C. McCormick (Eppler, Guerin & Turner, Inc.), Secretary; Herbert M. Jones (Dallas Union Securities Co. Inc.), Treasurer.

Directors are: Edgar Franklin (Dittmar & Company, Inc.), Stewart Storie (First Southwest Company), and Ries Bambenek (Dallas Union Securities Co., Inc.).

Left to Right: Ed Franklin; Jim McCormick; Paul Fagan; Ries Bambenek; Harold DeShong; Stewart Storie; Allen Oliver; Herb Jones.

ALABAMA SECURITY DEALERS ASSOCIATION

The Alabama Security Dealers Association has selected the following officers for 1960:

President: Tunstall B. Perry, III, Berney Perry & Company, Inc., Birmingham.

First Vice-President: J. C. Andress, First National Bank of Mobile.

Second Vice-President: John Vincentelli, Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Treasurer: Sam Malone, First National Bank of Birmingham.

Secretary: Thomas K. Yardley, Hendrix & Mayes, Inc., Birmingham.

Executive Committee: S. Brooks Holleman, Hugo Marx & Co., Birmingham; Frank B. Frazer, Shropshire, Frazer & Co., Mobile; Arthur Stansel, Courts & Co., Birmingham; Harold B. Mayes, Hendrix & Mayes, Inc., Birmingham; Nolan Darby, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Birmingham; Arthur B. Durkee, Sterne, Agee & Leach, Birmingham; John B. Cox, Jr., Birmingham Trust National Bank; William L. Gauntt, Thornton, Mohr & Farish, Inc., Montgomery.

Allen & Co. Sells Freight Ways Stk.

Pursuant to an offering circular dated Feb. 1, Allen & Co. offered to quick oversubscription 100,000 shares of the common stock (par 20 cents) of Eastern Freight Ways, Inc., Carlstadt, N. J., based carrier.

The stock was priced at $4 per share, and sold at a premium shortly after being marketed.

Proceeds of the offering went to selling stockholders.

Joins Harkness, Hill

BOSTON, Mass. — Lawrence E. Close is now connected with Harkness & Hill, Incorporated, 70 State Street.

Hayden, Stone Adds

BOSTON, Mass.—Philip H. Montgomery has been added to the staff of Hayden, Stone & Co., 10 Post Office Square.

Joins John G. Sessler

BOSTON, Mass.—Daniel M. Kisloff has joined the staff of John G. Sessler Company, 10 Post Office Square.

LETTER TO THE EDITOR:

Our Silver Stockpile Termed A Real National Asset

American Smelting Company official takes issue with H. M. Bratter's "Chronicle" article alleging silver subsidization. Maintains rising world silver demand without sizable increase in production will make price rise inevitable. Asserts Treasury free silver stock must decline. Mr. Strauss urges Treasury raise price from industrial consumers, giving incentive to increase needed world production.

Editor, Commercial and Financial Chronicle:

The December 10th issue of the Commercial and Financial Chronicle contained an article by Herbert M. Bratter reviewing the silver situation. Mr. Bratter pointed out that were it not for Treasury sales of silver to industry during the copper strikes, world silver prices would rise because industry would have to import silver from abroad. Mr. Bratter's article states "mining interests have been subsidized for years, but they never relax their efforts to go after more."

Simon D. Strauss

This statement gives the impression of a silver mining industry which has grown fat at the expense of the taxpayers.

The Record

The record will show, however, that since the 1930s, when the silver program of the government was started, domestic production of silver has declined from an average of 60,000,000 ounces a year to 35,000,000 ounces a year. This decline indicates quite clearly that the program has not represented a windfall to the mining industry.

Furthermore, the government, in acquiring silver from domestic miners, in effect realizes a seigniorage profit on every ounce acquired. At present this seigniorage profit amounts to the difference between the acquisition price of 90½¢ an ounce and the value of $1.29 an ounce, which represents the monetary value of silver as represented by the silver certificates.

The annual report by Handy & Harman on the silver market, issued Monday, Jan. 18, reports that world silver production in 1959 was 196,000,000 ounces and world consumption was 296,000,000 ounces.

Ever since the end of World War II consumption of silver has been steadily outrunning the new supply. The deficiency has been met by drawing on stocks of silver accumulated prior to World War II.

In view of this rising world demand for silver and the prospect of no important increase in production, an eventual increase in the price of silver appears inevitable.

Forward Look Needed

For this reason analysts of the silver market, including Mr. Bratter, might do well to stop looking backward at conditions in the silver market as they were and, instead, look forward to what can be done in the future to bridge the gap between production and consumption.

The Treasury is presently selling metal at 91 cents an ounce from its free silver stock. As of Jan. 12, this had been reduced to 174,000,000 ounces, instead of the 194,000,000 ounces in October reported in Mr. Bratter's article. Now that substantially all the lend-lease silver has been returned, the Treasury can make additions to its free silver stock only to the extent that it buys silver from domestic mines. I have appended to this letter a tabulation comparing United States mine production of silver with U. S. Treasury purchases and U. S. Treasury sales during the last four fiscal years. From this it is apparent that during these four years **net** receipts of silver by the U. S. Treasury from domestic mines were 40,000,000 ounces. Under the law as now constituted only 30% of this could be added to the free stocks, or 12,000,000 ounces spread over a four-year period.

The conclusion can be drawn that from now on there is only one direction in which the Treasury free silver stock can go and that is down.

An appropriate question is whether it is a wise policy for the Treasury to continue to sell at 91 cents an ounce until the last ounce has been sold. At that time consumers may face a very sharp rise in the price.

Treasury's Discretionary Sales Policy

The Treasury's sales policy is discretionary within the authority of the Secretary. He is not compelled to sell; if he does sell, 91 cents is merely the lowest price at which he can sell.

Instead of selling at the lowest permissible price, the Treasury could ask a higher price from industrial consumers and might give some incentive to an increase in world production of silver. Unless there is such an increase, the day will come when there will be a shortage that will be much more inconvenient for the consumers of silver than a modest increase in price.

Inflationary trends have increased the price of all other raw materials. In effect the consumers of silver today are the beneficiaries of a government ceiling on the market price of what Mr. Bratter recognizes is today a major industrial raw material. Two-thirds of all current industrial use is in fields outside the decorative arts.

U. S. Government stocks of silver have been the subject of much criticism. During World War II, these stocks proved their enormous utility when about 1,500,000,000 ounces were put to useful purposes in the war effort. Currently the total holdings in the Treasury in all forms are slightly in excess of 2,000,000,000 ounces—which does not seem excessive in the light of World War II experience. If stockpiles of other strategic and critical materials have validity, then the silver stockpile is a real asset to the nation.

SIMON D. STRAUSS
Vice-President,
American Smelting & Refining Co.
New York City

Sales of Domestic Mine Silver to Industry

Year End. June 30	U. S. Mine Output*	U. S. Treas. Purchases	Balance Absorbed By Industry	U. S. Treas. Sales	Apparent Total Supply U. S. Mine Silver To Industry
	(Thousands of Ounces)				
1956	33,101	15,451	17,650	10,301	27,951
1957	38,157	6,554	31,603	7,477	39,080
1958	36,279	26,173	10,106	36	10,142
1959	35,691	20,369	15,332	11,249	26,581
Totals	143,228	68,547	74,691	29,063	103,754

*For calendar year ending previous Dec. 31.

Merrill Lynch Invest. Forums

Merrill Lynch, Pierce, Fenner & Smith, Inc., members of the New York Stock Exchange and other leading exchanges, will hold a series of free investment forums for the public in New York and suburban areas, starting next Monday.

Officials of the brokerage firm will present in the 90-minute evening meetings a thorough discussion of basic trends in the national economy and will make specific suggestions to meet various investment situations and objectives during the months ahead.

Although conducting the sessions at no cost to the public, Merrill Lynch officials stressed the need for free tickets to be obtained by phoning the firm's local offices.

In Manhattan, a session will be held at the Park Lane Hotel, Park Avenue and 48th Street, on Thursday evening, Feb. 11, starting at 8:15 p.m. That meeting will be conducted by Joseph P. Henican, Jr., Vice-President in charge of the 575 Madison Avenue office.

In Brooklyn, a session will be held in the Walt Whitman Auditorium of Brooklyn College at Bedford Avenue and Avenue H on Tuesday evening, Feb. 9, starting at 7:30 p.m. The session will be conducted by Gregory Canavan, Manager of the 2231 Church Ave. office, Brooklyn.

In Paramus, N. J., sessions will be held on Monday, Feb. 8, and again on Thursday, Feb. 11, both starting at 8 p.m., at the Garden State Plaza Auditorium, Garden State Plaza. The meetings will be conducted by Harry Litterest, Manager of the firm's office at the Garden State Plaza.

On Long Island, a session will be held in the Garden City Hotel, Garden City, on Thursday, Feb. 11, starting at 8 p.m. This meeting will be conducted by Jack Buckner, Vice-President in charge of the firm's office at 189 Montague Street, Brooklyn.

Rouse, Brewer Co. To Admit Partners

WASHINGTON, D. C.—On Feb. 4th, Rouse, Brewer, Becker & Bryant, Washington Building, members of the New York and Philadelphia-Baltimore Stock Exchanges, will admit Melvin O. Wright and G. Leslie Sampson to partnership.

William R. Staats To Admit Meyer

SAN JOSE, Calif.—On Feb. 4th Donald J. Meyer will become a partner in William R. Staats & Co., First National Bank Building. Mr. Meyer is the firm's resident manager in San Jose.

Nicolaisen Opens

(Special to THE FINANCIAL CHRONICLE)

ALAMO, Calif. — Wagner E. Nicolaisen has opened offices at 1468 Sunnybrook Road to engage in a securities business. He was formerly with Grant, Fontaine & Company.

In Memoriam

EDGAR HILDING WISTRAND

1898 — 1960

Edgar H. Wistrand, who discontinued his active editorial duties last June after nearly 40 years' association with "The CHRONICLE," passed away on Sunday, January 31 following a long illness. Survivors include his wife, Esther Wistrand, three brothers and one sister.

Edgar H. Wistrand

Mr. Wistrand was for many years prior to his fatal illness the editor of "The CHRONICLE'S" Corporation News Department. An indefatigable worker, he was a source of inspiration to those whose activities he so ably directed. Equally important were the numerous virtues with which he was endowed. Chief among these was that of integrity, which was evident at all times in his personal relationships with his associates. And his charitable nature was reflected in the varied social and philanthropic organizations with which he was connected.

A meticulous writer himself, Mr. Wistrand always took great pains to stress this quality in the work of the members of his department. And, like most busy executives, he always managed to find the time to heed the call for assistance from any member of our editorial staff.

Mr. Wistrand will be long remembered by his editorial associates for his many fine attributes as an individual, and for his outstanding ability to analyze lucidly the most intricate developments in the sphere of corporate finance. His editorial competence fully exemplified the high ideals and standards that have been the traditional hallmarks of this publication.

We join with his numerous friends in expressing our sincere regret on the death of such a friendly, kind and unselfish gentleman.

Mr. Wistrand was a credit to his Swedish forbears, his American heritage and to all of us who were privileged to be his associates and fellow workers.

We, his "CHRONICLE" comrades, join in a farewell requiem as he crosses the eternal "bar" of the spiritual realm to everlasting Peace, Salvation and Redemption.

. . . A. W.

Heineman, Reader With Federman, Stonehill & Co.

Stanley L. Heineman has become associated with the newly formed investment banking firm of Federman, Stonehill & Co., 70 Pine Street, New York City. Mr. Heineman, a CPA, will act as a Security and Financial Research Analyst for the firm, members of the New York Stock Exchange and associate member of the American Stock Exchange.

Harrison C. Reader is also now associated with the firm in the Business Development Department.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

THE FIRST NATIONAL CITY BANK OF NEW YORK

First in world-wide banking though third in size among United States banks, First National City Bank carries out its efficient banking business through 85 domestic branches and 83 offices in 28 countries. During 1959 six local and nine overseas offices were opened.

The bank's progressive management is committed to the principle of performing complete banking services, both wholesale and retail. Its preeminent banking reputation rests on a diversified, though closely coordinated, organizational base. Emphasis is on individuals both within its network as well as with its customers. Bank personnel benefit from extensive training programs and the broadening experiences achieved from frequent shifts of officer responsibilities.

Customer relationships are organized under three major divisions; National, which includes the Special Industries Group (petroleum, transportation-communication, and public utility industries); Metropolitan, which services all New York City accounts; and the Overseas Division. Foreign expansion, a step the bank pioneered, is being given strong emphasis. New offices already scheduled for 1960 openings include one each in Ecuador and Jamaica and two in Argentina. Recently a "Common Market Counseling Service" was established at its Paris office to meet the intense interest in this growing European market.

Statistics presented include the wholly-owned affiliate, First National City Trust Co., which services the bank's trust business. Earnings from fiduciary services have ranked high with investment earnings in recent years as secondary sources. Although the acquisition of The County Trust Co. of White Plains has been blocked

STATEMENT OF CONDITION
(In millions $)

ASSETS—	12/31/59		12/31/58		12/31/57
Cash	$2,009.0	24.2%	$1,813.3	22.4%	25.0%
U. S. Governments	1,108.3	13.4	1,588.0	19.6	15.8
Other securities	568.5	6.8	656.9	8.1	6.7
Loans	4,420.0	53.3	3,839.1	47.5	49.6
Other assets	191.7	2.3	190.8	2.4	2.9
Total assets	$8,297.5	100.0%	$8,088.1	100.0%	$7,802.6
LIABILITIES—					
Capital funds	$765.1	9.2%	$747.8	9.2%	9.4%
Deposits	7,234.9	87.2	7,127.8	88.1	87.4
Savings deposits	(610)	(8.6)	(578)	(8.1)	
Reserves	100.0	1.2	108.4	1.4	1.5
Other liabilities	197.5	2.4	104.1	1.3	1.7
Total liabilities	$8,297.5	100.0%	$8,088.1	100.0%	$7,802.6

SELECTED PER SHARE STATISTICS

Year	Net Oper. Earnings	Divid.	Book Value	% Earned on Book Value	Approx. Bid Price Range
1959	$5.55	$3.00	$62.51	9.0%	92—73
1958	4.92	2.94	61.09	8.1	74—56
1957	4.92	2.84	60.11	8.3	68—59
1949	3.40	1.76	52.26	6.6	44—37

by legal and regulatory obstacles, the two banks are continuing to pursue an affiliation via the holding company route.

Typical of other New York City banks, First National finds itself in a deposit "strait-jacket" with artificial barriers limiting its source of needed deposits largely to New York City. As the financial center of the world, city banks face an existing world demand for loanable funds, thus the present deposit growth limitation is particularly severe. By reducing United States Government holdings some 30% during 1959, management at First National was able to serve its primary function, the readiness to meet the short term requirements of its customers. The bank was one of the very few among New York City banks able to register some slight gain in assets and deposits last year. The main problem remains one of meeting the greater loan demand in the face of slow growth in deposits.

Aided by possession of the largest lending capacity to a single customer, all of the 100 largest U. S. industrial companies are among the bank's customers. Correspondent bank deposits, although the second largest in amount among New York's banks, account for a relatively small percentage to total deposits, an estimated 17%. Of total deposits, time deposits (including savings deposits) are roughly estimated at approximately 20%, with 8.6% of total deposits representing savings deposits.

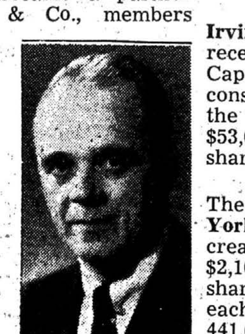
During 1959 the bank's total reported loans increased 15% and at the end of 1959 were 62% of deposits; presently they approximate 65%. About two-thirds of loans outstanding represent term loans averaging three and one-half years. The bank's small loan business, by far the largest in New York, continues strong. Such loans approximated $334 million in 1959. By year-end the loan rate exceeded 5% rate. Early in January, First National took the lead in raising the interest rate for broker and dealer loans from 5% to 5½%.

From the investor's viewpoint the outlook for First National's increased earning power rests on such constructive factors as its strategic position in the fast growing overseas market, excellent control of expenses which is aided by automation controls, improved physical facilities, and proficient management. Benefits ultimately are expected to accrue from permissive relaxation of vault cash and lower Reserve requirements as well as from an orderly liberalization from legislative restrictions by New York, either this year or later.

Combined per share net operating earnings for 1960 were $5.55, adjusted for the recent 2% stock dividend declared, compared with $4.92 for 1958, a 12.7% gain. The stock appreciated 21% during 1959 and, with a healthy gain in 1960 earnings conservatively estimated at $6.00 a share, further appreciation appears probable. The stock presently priced at 87 is judged reasonable. Unallocated reserves exceed $11 a share. Dividend increases can be expected with increased earnings performance for this leading, high quality bank issue. Common shares outstanding total 12,240,000.

Wm. D. Kerr Wertheim Partner

CHICAGO, Ill.—William D. Kerr on Feb. 1st became a partner in Wertheim & Co., members of the New York Stock Exchange. Mr. Kerr will make his headquarters at Wertheim's office in New York City, at 120 Broadway.


William D. Kerr

Mr. Kerr was formerly a partner in Bacon, Whipple & Co., which he joined in 1927, and of which he had been a partner since 1930. He was President of the Investment Bankers Association of America in 1959.

Talcott Plans Europe Offices

James Talcott, Inc., one of the nation's leading commercial finance and factoring organizations, has reported record volume and earnings in 1959 and simultaneously announced plans to finance receivables in both England and Italy through affiliated offices in London and Rome in the near future.

Herbert R. Silverman, President, said that Talcott's success in co-sponsoring a commercial finance company in Puerto Rico in 1958 had provided valuable experience for extending the company's operations to Europe.

Talcott is the first American company in its field to make a full range of industrial and commercial financing available in European countries, Mr. Silverman said. Other overseas locations for affiliated offices are currently under study, he noted.

With John Nuveen

BOSTON, Mass.—Edward P. Clark is now with John Nuveen & Company, 140 Federal Street.

NEWS ABOUT BANKS AND BANKERS

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

George A. Murphy, formerly President of the **Irving Trust Company, New York** was named a Chairman. William E. Peterson, a Senior Vice-President, was elected President. Mr. Murphy will also be chief executive officer. He succeeds Richard H. West, who is retiring. Mr. West will continue as a Director and as Chairman of the Executive Committee. Mr. Peterson will be chief administrative officer. Mr. Murphy joined **Irving Trust** in 1931. He had been in charge of the personal trust division and then the loan administration division before being elected President in 1957. Mr. Petersen has been with the Bank since 1928. He was elected a Vice-President in 1947 and became head of the branch office division in 1956. Mr. Petersen was elected a Senior Vice-President in 1957 and a Director last July.

* * *

Approval given to the **Chase Manhattan Bank, New York,** to increase its capital stock from $164,587,500 consisting of 13,167,000 shares of the par value of $12.50 each, to $167,879,250 consisting of 13,430,340 shares of the same par value.

* * *

Chemical Bank New York Trust Company, New York has appointed Emilio G. Collado to its Advisory Board on International Business, it was announced by Chairman Harold H. Helm.

* * *

Irving Trust Company, New York, received approval to increase its Capital Stock from $52,020,000 consisting of 5,202,000 shares of the par value of $10 each, to $53,060,400 consisting of 5,306,400 shares of the same par value.

* * *

The **Royal State Bank of New York** received approval to increase its Capital Stock from $2,100,000 consisting of 420,000 shares of the par value of $5.00 each, to $2,205,000 consisting of 441,000 shares of the same par value.

* * *

Walter Freund has been elected Senior Vice-President, Chief Loan Officer and a Director of **The Gotham Bank, New York** it was announced on Feb. 1 by David Berg, Chairman.

Mr. Freund has been associated with the **Chemical Bank New York Trust Company** and its predecessors since 1936 and has for some time been serving as Senior Loan Officer for this Bank.

He entered the banking world in 1927 with the **Chatham Phoenix National Bank,** which later became **Manufacturers Trust Company.** He remained with this Bank until 1932. Subsequently, he joined the **Continental Bank & Trust,** which later became the **Chemical Bank New York Trust Company.**

Clarence Rainess, has also been elected a Director of the Gotham Bank, New York.

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John O. Johnsen was promoted to the position of official appraiser for **Dry Dock Savings Bank, New York,** it was announced by Mr. William A. Lyon, President. He succeeds the late George M. Halk.

* * *

Edward S. Backnick, Jr. was elected Vice-President and Mortgage Officer of **The Lincoln Savings Bank of Brooklyn, New York** effective Feb. 1, according to an announcement made by Michael J. Burke, President.

Mr. Backnick has resigned from the **Chase Manhattan Bank** where since 1937 he has held important official positions in its real Estate and Mortgage Loan Department.

* * *

The Franklin National Bank of Long Island is offering to holders of its capital stock rights to subscribe for 185,000 new shares of the capital stock at the subscription price of $25 per share on the basis of one new share for each sixteen shares of stock held of record on Jan. 29. Transferable warrants evidencing rights to subscribe for the additional shares will expire on Feb. 19.

Blair & Co. Incorporated and Carl M. Loeb, Rhoades & Co. are managers of a group that will underwrite the offering.

Net proceeds from the sale of the additional shares of stock will be added to the Bank's capital funds.

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The State Bank of Long Beach, Long Beach, N. Y. announced the election of Charles E. Stahl, Jr., as President, and M. L. Bishop, Vice-President.

* * *

The County Trust Company, White Plains, New York, received approval to increase its Capital stock from $7,702,980 consisting of 1,540,596 shares of the par value of $5.00 each to $8,088,130 consisting of 1,617,626 shares of the same par value.

* * *

Approval given to **State Bank of Albany, Albany, New York** to increase its Capital Stock from $6,633,700 consisting of 663,370 shares of the par value of $10.00 each to $6,965,380 consisting of 696,538 shares of the same par value.

* * *

Approval given to **First Trust and Deposit Company, Syracuse, New York,** to increase its Capital Stock from $2,695,380 consisting of $388,010 of Cumulative Convertible Preferred Stock, divided into 77,602 shares of the par value of $5 each, and $2,307,370 of Common Stock, divided into 922,948 shares of the par value of $2.50 each, to $2,741,527.50 consisting of $388,010 of Cumulative Convertible Preferred Stock, divided into 77,602 shares of the par value of $5 each, and $2,353,517.50 of Common Stock divided into 941,407 shares of the par value of $2.50 each.

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John J. Sweeney, Senior Vice-President of **Manufacturers and Traders Trust Company, Buffalo, New York,** died on Jan. 27 at the age of 63.

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By a stock dividend, the **Merchants National Bank of Newburyport, Massachusetts,** increased its common capital stock from $120,000 to $240,000. Effective Jan. 19 (Number of shares outstanding 12,000 par value $20).

* * *

Franklin Trust Company, Paterson, New Jersey, announced the election of John C. Biggins as President and Chief Executive officer. He succeeds Harold R. Clark, who was elected Chairman. Herman W. Becker former Chairman, becomes a member of the newly created executive committee. Mr. Biggins and Aloysius J. O'Brien, Vice-President and Secretary, were elected to the Board.

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James D. Holman, a Director and executive committee member of the **First National Bank of Toms**

River, N. J. was elected a Director. William G. Klemt and William J. Hunt were named to Vice-Presidents.

* * *

The First National Bank of South River, New Jersey, by a stock dividend increased its common capital stock from $800,000 to $900,000. Effective Jan. 19. (Numbers of shares outstanding 36,000 par value $25).

* * *

The Industrial Trust Company of Philadelphia, Pennsylvania, has announced the election of Elmer S. Carll as Chairman and Chief Executive Officer. Samuel Weinrott, Senior Vice-President and Chairman of the Executive committee, succeeds him as President. Caspar Drueding, who had been Chairman, becomes honorary Chairman. The Bank also announced the election of William A. Schnader, as Chairman of the Executive committee and Vice-Chairman. James R. Trimble was elected Senior Vice-President, Samuel McClurken, Vice-President, and Secretary and Charles H. Everly a Vice-President.

* * *

The First National Bank of Bellefonte, Pennsylvania with common stock of $200,000 merged with and into **Bellefonte Trust Company, Bellefonte, Pennsylvania** under the title of **First Bellefonte Bank and Trust Company.** Effective at the close of business Dec. 31.

* * *

The First National Bank of Danville, Virginia, by a stock dividend increased its common capital stock from $600,000 to $700,000. Effective Jan. 19. (Number of shares outstanding 70,000 par value $10).

* * *

By a stock dividend, **The First National Bank of Bassett, Virginia** increased its common capital stock from $200,000 to $600,000. Effective Jan. 21. (Number of shares outstanding 60,000 par value $10).

* * *

The Parkersburg National Bank, Parkersburg, West Virginia increased its common capital stock from $250,000 to $500,000. Effective Jan. 21. (Number of shares outstanding 25,000 par value $20.)

* * *

The appointment of Dwight W. Hostetter as a Trust Officer in **Society National Bank's Trust Department, Cleveland, Ohio** was made known on Feb. 2 by Mervin B. France, President of **Society National Bank of Cleveland.**

Mr. Hostetter comes to Cleveland from the **First National Bank of Miami, Florida,** where he was Vice-President and Trust Officer.

* * *

The election of W. G. Kirkwood, K. P. Lincoln, Jr. and W. H. Quayle as Vice-Presidents of **Central National Bank of Cleveland, Ohio** was announced by Loring L. Gelbach, Chairman and President.

Four new Directors were also elected to the Board. Loring L. Gelbach, announced the new members as: Gregory S. DeVine, Vice-President, John P. Dragin, Executive Vice-President-Finance and Administration, Robert D. McCreery, Vice-President, and Alfred E. Wolf, Senior Vice-President-Finance and Accounting.

* * *

By a stock dividend, the **First National Bank, Valparaiso, Indiana,** increased its common capital stock from $110,000 to $220,000. Effective Jan. 21. (Number of shares outstanding 2,200, par value $100.)

* * *

By a stock dividend, **The Manufacturers National Bank of Chicago, Illinois,** increased its common capital stock from $500,000 to $1,000,000. Effective Jan. 18. (Number of shares outstanding 50,000, par value $20.)

* * *

By a stock dividend, the **Commercial National Bank of Peoria, Illinois** increased its common capital stock from $2,500,000 to $3,000,000. Effective Jan. 18. (Number of shares outstanding 150,000, par value $20.)

* * *

Elmhurst National Bank, Elmhurst, Illinois, by a stock dividend increased its common capital stock from $600,000 to $800,000. Effective Jan. 19. (Number of shares outstanding 32,000, par value $25.)

* * *

By a stock dividend, **The First National Bank of Ottawa, Illinois,** increased its common capital stock from $600,000 to $750,000. Effective Jan. 20. (Number of shares outstanding 37,500, par value $20.)

* * *

By a stock dividend, **The City National Bank of Council Bluffs, Iowa,** increased its common capital stock from $300,000 to $500,000. Effective Jan. 21. (Number of shares outstanding 50,000, par value $10.)

* * *

By a stock dividend, the **Clinton National Bank, Clinton, Iowa,** increased its common capital stock from $200,000 to $400,000. Effective Jan. 18. (Number of shares outstanding 4,000, par value $100.)

* * *

National Bank of Commerce of Lincoln, Nebraska, by a stock dividend, increased its common capital stock from $1,500,000 to $1,650,000, and by the sale of new stock from $1,650,000 to $1,800,000. Effective Jan. 19. (Number of shares outstanding 90,000, par value $20.)

* * *

First National Bank of Fremont, Nebraska, by a stock dividend, increased its common capital stock from $200,000 to $300,000. Effective Jan. 21. (Number of shares outstanding 12,000, par value $25.)

* * *

The **First National Bank in St. Louis, Missouri,** by a stock dividend increased its common capital stock from $15,400,000 to $16,940,000. Effective Jan. 18. (Number of shares outstanding 4,000, par value $100.)

* * *

By a stock dividend, the **Columbia National Bank of Kansas City, Missouri,** increased its common capital stock from $750,000 to $1,000,000. Effective Jan. 19. (Number of shares outstanding 10,000, par value $100.)

A consolidation of the **Empire Trust Company, St Joseph, Mo.,** and the **Tootle National Bank,** as the **Tootle-Enright National Bank,** was announced and became effective as of February 1.

* * *

By a stock dividend, **The First-Hardin National Bank of Elizabethtown, Kentucky,** increased its common capital stock from $300,000 to $500,000. Effective Jan. 22. (Number of shares outstanding 20,000 par value $25.)

* * *

The New Farmers National Bank of Glasgow, Kentucky, increased its common capital stock by a stock dividend, from $100,000 to $200,000. Effective Jan. 20. (Number of shares outstanding 2,000 par value $100.)

* * *

By a stock dividend, **The First National Bank of Morganton, North Carolina,** increased its common capital stock from $150,000 to $300,000. Effective Jan. 21. (Number of shares outstanding 12,000 par value $25.)

* * *

The Commercial National Bank of Spartanburg, South Carolina, increased its common capital stock from $600,000 to $750,000, by a stock dividend. Effective Jan. 21. (Number of shares outstanding 75,000, par value $10.)

* * *

The stockholders of the **First National Bank in Palm Beach, Florida,** ratified the 25% stock dividend previously approved by Comptroller of the Currency. This $300,000 stock dividend increases capital stock of the bank to $1,500,000, making total capital funds of $5,367,000.

* * *

Mercantile National Bank of Miami Beach, Florida, named four new directors: James Gerity, Jr., Nathan S. Gumenick, Alvin Cassell, and S. L. Seltzer.

Two former board members retired, Joseph Bettendorf and Shepard Broad.

* * *

The First National Bank of Mobile, Alabama, by a stock dividend, increased its common capital stock from $1,500,000 to $1,875,000. Effective Jan. 21. (Number of shares outstanding 75,000, par value $25.)

* * *

By a stock dividend, the **First National Bank of Fort Worth, Texas,** increased its common capital stock from $8,000,000 to $8,400,000. Effective Jan. 21. (Number of shares outstanding 840,000, par value $10.)

* * *

The First National Bank of San Angelo, Texas, increased its common capital stock by a stock dividend, from $250,000 to $500,000. Effective Jan. 21. (Number of shares outstanding 100,000, par value $5.)

* * *

The National Bank of Commerce of Houston, Texas, by a stock dividend, increased its common capital stock from $11,000,000 to $11,550,000. Effective Jan. 18. (Number of shares outstanding 577,500, par value $20.)

* * *

Election of Roger A. Harris, as an Assistant Vice-President of the **Republic National Bank of Dallas, Texas,** was announced.

For nine years prior to his election at Republic National Bank, Mr. Harris had served as a Vice-President of the **Peoples National Bank of Tyler.**

* * *

By a stock dividend, the **First National Bank in Fort Collins, Colorado,** increased its common capital stock from $250,000 to $375,000. Effective Jan. 20. (Number of shares outstanding 3,750, par value $100.)

* * *

California Bank, Los Angeles, California, will open its new Monrovia office for business March 4, in the Monrovia Shopping Center, at 320 West Huntington Drive. The Monrovia office will be the 70th office for California Bank, Frank L. King, Chairman of the Board announced.

Robert F. Miller, manager, will head the staff at the new office and will be assisted in its administration by B. G. Davis.

* * *

The proposed merger of the **Wells Fargo Bank, San Francisco, California,** and the **American Trust Co., San Francisco, California,** has been approved by the stockholders. The consolidation will become final when approved by the state and Federal supervisory banking authorities.

Under the merger plan one share of the new bank stock will be exchanged for each share of Wells Fargo and of American Trust stock outstanding.

Harris C. Kirk, Chairman of American Trust, will be Chairman and Chief Executive officer of the merged bank. I. W. Hellman, President of Wells Fargo, will be Vice-Chairman of the Board. Ransom M. Cook, President of American Trust, will be President of the new institution.

* * *

Security Bank of Oregon at Portland, Ore. is merging the **Bank of Portland** into **Security Bank.**

The **Bank of Portland,** had resources of $4,900,000 and deposits of about $4,000,000. Capital was $600,000, surplus $150,000 and undivided profits $179,000.

Date of the merger awaits final approval of regulatory authorities.

More than two-thirds of the 12,000 outstanding shares of the **Bank of Portland** had been deposited for sale or exchange. Under terms of the merger, **Bank of Portland** stockholders will be paid $100 per share, or may exchange one share of stock for three shares of **Security Bank** stock.

The merger will give the **Security Bank of Oregon** total deposits of approximately $12,000,000 and total resources in excess of $13,500,000. Capital funds (including surplus and undivided profits) is in excess of $1,800,000.

J. K. Norton Opens

J. K. Norton & Company has been formed with offices at 569 West 192nd Street, New York City, to engage in a securities business. Partners are Nathan Needelman and Miriam Needelman.

Form Northeastern Planning Corporation

Northeastern Planning Corporation is engaging in a securities business from offices at 2133 Third Ave., New York City.

Rudd to be Partner In Sutro Bros. Co.

WASHINGTON, D. C.—Sutro Bros. & Co., members of the New York Stock Exchange, announce the admission of Irving G. Rudd of Washington, D.C. as a General Partner.

Irving G. Rudd

Simultaneously, Sutro Bros. announce that they will continue the business formerly conducted by the New York Stock Exchange firm of Rudd & Co. in Washington, at 734 Fifteenth Street, Northwest.

R. & F. Wittstock With A. E. Osler

TORONTO, Canada—Roy C. Wittstock and Frederick W. Wittstock have been elected Vice-Presidents of A. E. Osler Company Limited, 11 Jordan Street, members of the Toronto Stock Exchange. Both were formerly partners in Watt & Watt.

Powell, Kistler & Co., NYSE Firm

FAYETTEVILLE, N. C.—Powell, Kistler & Co., members of the New York Stock Exchange, will be formed with offices at 110 Old Street, effective Feb. 15th. Partners will be Robert J. Powell, Charles E. Kistler, member of the Exchange, and Robert J. Powell, Jr. Mr. Kistler has been active as an individual stock broker in Fayetteville. The Messrs. Powell are officers of Powell and Co., Inc.

Harris & Co. To Admit Two

DETROIT, Mich.—Harris & Co., Book Building, members of the New York Stock Exchange, on Feb. 11th, will admit Lloyd R. Marenentte and Robert E. Steinberg to general partnership. Mr. Marenentte will cease to be a limited partner.

Funds Step Up Buying As Market Rises to New High

Continued from page 1

caused us to disregard current market pessimism, and add moderately to our holdings."

"We don't believe all the troubles of the industry will evaporate with the new year," opined D. Moreau Barringer, of the Delaware Fund, "or that oils will soon again dominate speculative activity of the market. But we do think that emotional pendulums frequently swing too far, and that when they do, worthwhile values may be found." (Implementing this observation, his Delaware Fund established a new position of 15,000 shares in Phillips Petroleum and bought 1,000 shares of Texaco.)

Other buyers of the petroleums included Group Securities Common Stock Fund, Aberdeen, T. Rowe Price; and, heavily, Investors Mutual (buying 8 issues and selling none).

On the other hand, sellers of the oils included Tri-Continental, which eliminated its holdings of Phillips. A voice from the oil country, Texas Fund, sold 7 oil issues.

THE BULLISH CONTINGENT

Great optimism was voiced by Group Securities. Said Herbert R. Anderson:

"During the decline we expressed the view that 'despite short-term corrections, the stock market is in an uncompleted uptrend.' The general stock market averages have now recovered virtually all of the ground lost during the third quarter, and we expect this favorable price action to continue. It is our conclusion, then, that the general economy *and* stock market averages should reach new highs during the coming year."

The impact of politics in this election year is the topic of the following from Edward P. Rubin, President of Selected American Shares:

"Elections will not be a dominating factor in the stock market. Neither leading party is radical, nor against free enterprise. Both parties recognize the need for accelerated growth, lower tax rates when feasible, workable management-labor procedures. While the stock market might take a favorable view of a Republican 'conservative,' it would not neglect Democratic 'inflationary implications.' After all, stocks have risen under each of the last three Presidents."

"Corporate profits in 1960 will make new highs, rising about 15% on average," Mr. Rubin continued. "Corporate dividends will rise. . . . The Dow-Jones Industrial Stock Average will make a new all-time high. Stock prices should rise in reflection of much better earnings, and the rise should be broad enough to include less glamorous issues for awhile."

Among others making bullish predictions is the President of National Securities & Research, Henry J. Simonson: "Considering earnings and dividend trends, as we estimate them for 1960, we anticipate that common stock prices should show improvement, allowing for the usual deviations from the major upward trend." His predictions added up to an estimated 1960 range for the D.-J. Industrial Average of 755-625.

A voice in the present electronics "wilderness" is Ralph E. Samuel, President of Energy Fund: "Comments were a dime-a-dozen around 'the street' to the effect that 'glamor stocks were through,' that old-fashioned values were going to count once more, that realism had succeeded imagination in appraising electronic shares. We had all read sentiments of this sort from morning till night. But we do want to say that in our view the electronic stocks that are featured by top-management are far from 'through' and indeed should prove far more rewarding in the future than in the past.

"We don't believe many of these electronic stocks have discounted their brilliant future! It is our judgment that the electronic age is just beginning, and that earnings growth of many of the enterprises in that field will be startling."

SOBER VIEWS

In the van of the cautious contingent was, as previously, Milan D. Popovic, President of Blue Ridge Mutual Fund:

"At the turn of the decade we cannot wholeheartedly join those who promise us Soaring '60s. We believe it more likely that they shall be Sobering '60s. It is true that ours is a strong economy, but this strength cannot be taken for granted and expected to bring us an uninterrupted growth at a fanciful rate more or less automatically. Our ability to expand will be somewhat tempered by the problems that were built into our economy in the postwar years and by the rise in competitive frictions on a worldwide basis. This is a rapidly changing economy now, due to technological improvements which may be either constructive or unsettling in their effects upon different industries."

Charles Werly, Manager of Putnam Growth Stock Fund, which reduced its common stock holdings from 93.7% to 88.7% during the year, asserted: "This is the year we should probably exercise restraint."

And these words of caution from Harry H. Hagey, Jr., President of Stein Roe & Farnham Balanced Fund:

"Perhaps influenced unduly by the immediate outlook, the stock market seems high. Common stocks appear to be very fully priced, both in relation to current earnings and to those in prospect. In addition, dividend yields afforded by equities compare very unfavorably with the generous returns now available from investments in fixed income securities

"Looking beyond the next few months there is reason to question how long the upward trend of the economy will be sustained when the momentum of the current thrust in output abates. The extremely rapid rate at which inventories will be built in the first half should diminish as the year progresses, thus providing a restraining influence upon activity Since credit will be less readily available and more costly, consumer spending for durable goods will probably be less vigorous The general credit stringency should continue to depress housing and to inhibit the rise in business investment. The impact of these levelling influences upon corporate earning power could be quite pronounced. If the advance in activity is brought to a halt, profits would probably decline despite a persistent rise in the price level."

Desirability of stock-to-bond switching is cited thus by Lawrence A. Sykes, President of Massachusetts Life Fund:

"The stock market, as measured by the Dow-Jones Industrial Averages is at an all-time high and sells at over 19 times estimated 1959 earnings, which compares with 12-15 times during most of the previous boom period 1955-1957. In addition, yields on many blue chip stocks are slightly below 3% and considerably less than the better than 5% yield obtainable on high-grade corporate and treasury bonds.

"We look forward to 1960 with confidence recognizing, however, that the general market is historically high. Under such circumstances, therefore, it is likely that we may direct our attention in 1960 more to the short- and medium-term bond market where yields are higher than they have been in the past 25 years, and to a few carefully selected common stocks which appear either undervalued or possess steady growth characteristics."

A new adherent to the bears is deVegh Mutual Fund, which has been reducing its stock holding since the first of the year. "With the end of the steel strike," said Imre deVegh, President, "the fruition of the boom seemed near and it appeared also that the preceding rise had reasonably fully discounted the highly favorable earnings prospects for 1960."

POPULAR ISSUES

Split-elect "Nickel," which had been runner-up to General Motors in the third quarter "popularity contest," captured first place during the fourth quarter. It was acquired by 12 fund management groups, without a single seller. Sharing the runner-up spot this time were still un-split du Pont, with 11 buyers and nary a seller, and high-flying Ford once more with 14 buyers and 3 sellers. Following these leaders were General Motors, General Electric, and Royal Dutch.

ISSUES IN DISFAVOR

Leading the unpopular issues was American Airlines (replacing American Telephone's three-quarters-long occupancy of this notch). Next most widely sold during the quarter were General Telephone & Electronics and Youngstown Sheet & Tube.

FOREIGN ISSUES DRAW MIXED REACTION

The enthusiasm for foreign issues, which had been generated during the preceding quarters, went into considerable decline at the year-end. Sold were leading South African gold mining issues, with the exception of still-liked Free State Geduld; British Petroleum and Burmah Oil, Ford of England, Bowaters, De Beers, Steel of Wales, and Rhone-Poulenc (such sales being for the most part made by a single fund).

Liked in the foreign sector were Philips' Lamp, Royal Dutch,

Continued on page 23

Changes in Common Stock Holdings of 67 Investment Management Groups

(October-December, 1959)

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits, stock dividends, spin-offs or mergers. Number of shares bought or sold prior to a stock split is expressed giving effect to the split.)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Agricultural Equipment		
3	*5,000*	*Deere*	*82,074*	*6*
1	*9,500*	*International Harvester*	*38,100*	*4(1)*
		Aircraft and Aircraft Equipment		
3	1,325	Bendix Aviation	None	None
2(2)	11,200	Cessna Aircraft	None	None
2	5,900	General Dynamics	2,000	1(1)
2	5,300	Lockheed	5,000	1
2	2,500	Marquardt	1,300	1
4(1)	9,875	Martin	42,575	4(2)
3	22,372	United Aircraft	47,000	3(1)
1(1)	*2,000*	*Curtiss-Wright*	*14,100*	*2(1)*
None	*None*	*Grumman*	*12,300*	*2(1)*
3	*11,500*	*North American Aviation*	*58,000*	*5(2)*
		Airlines		
2	2,575	Eastern Air Lines	52,000	2(1)
1(1)	2,000	Pan American World Airways	2,500	1(1)
1(1)	*2,000*	*American Airlines*	*176,400*	*8(3)*
None	*None*	*Northwest Airlines*	*108,600*	*4(3)*
1	*400*	*United Air Lines*	*24,433*	*4(2)*
		Automotive		
1(1)	1,500	American Motors	30,000	1(1)
2(1)	20,000	Chrysler	12,500	2
14(2)	149,000	Ford	17,500	3(1)
10(1)	68,600	General Motors	25,000	1
4	42,035	Mack Trucks	None	None
2(1)	7,120	White Motor	None	None
		Automotive Equipment		
2(1)	14,200	Champion Spark Plug	20,000	1(1)
1	1,600	Eaton Mfg.	5,000	1
2(2)	19,000	Electric Autolite	None	None
2(1)	3,200	Electric Storage Battery	None	None
2	4,318	Smith (A. O.)	None	None
3(1)	9,200	Thompson Ramo Wooldridge	6,000	2(1)
3(2)	25,000	Timken Roller Bearing	None	None
		Banks		
5(2)	29,500	Bankers Trust	None	None
5(1)	20,500	Chase Manhattan	1,000	1(1)
5(2)	22,500	Chemical Bank New York Trust	None	None
5(2)	18,500	First Nat'l City Bank of N. Y.	500	1(1)
2(1)	6,000	Hanover Bank	None	None
2(2)	17,200	Manufacturers Trust	None	None
3(1)	15,450	Marine Midland Corp.	None	None
4(2)	12,100	Morgan Guaranty Trust	None	None
4	25,249	National Bank of Detroit	None	None
2	12,750	Security-First Nat'l Bk. of L. A.	2,500	1
None	*None*	*Firstamerica*	*16,500*	*2(1)*
		Beverages		
3(1)	14,800	National Distillers & Chemical	None	None
4(1)	32,600	Pepsi-Cola	None	None
1	*2,000*	*Coca-Cola*	*11,700*	*2(2)*
		Building, Construction and Equipment		
1	10,000	American Cement	20,000	1(1)
1	1,000	American Standard	10,000	1
3(1)	24,000	Crane	None	None
2	20,600	General Portland Cement	16,000	1(1)
1	4,000	Georgia Pacific	11,466	1
1	36,400	Ideal Cement	750	1
3	14,000	Johns-Manville	8,000	2(1)
2(1)	13,500	Lehigh Portland Cement	None	None
3(1)	2,500	Minneapolis-Honeywell	None	None
2(1)	5,300	Missouri Portland Cement	None	None
3	4,159	National Gypsum	17,000	1(1)
2	7,300	National Homes "B"	None	None
5	11,300	National Lead	10,102	1(1)
4(1)	8,100	Otis Elevator	None	None
2	7,400	Penn-Dixie Cement	None	None
1	640	Robertson (H. H.)	1,600	1
3(1)	12,900	Trane	20,000	1(1)
4(3)	28,000	U. S. Plywood	13,200	2(2)
4(1)	7,400	Yale & Towne	3,900	1(1)
1(1)	*10,000*	*Carrier*	*18,000*	*2(1)*
None	*None*	*Celotex*	*7,600*	*2*
1(1)	*5,000*	*Lone Star Cement*	*22,500*	*2(2)*
None	*None*	*U. S. Gypsum*	*14,000*	*2(1)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Chemicals and Fertilizer		
1	500	Air Products	4,650	1
4(1)	8,300	Air Reduction	None	None
6(4)	52,100	Allied Chemical	5,400	2
3	18,900	American Cyanamid	1,500	1(1)
4(1)	30,700	American Potash & Chemical	2,500	1
3(2)	2,400	Atlas Powder	None	None
7(2)	67,437	Dow Chemical	2,850	4
11(1)	27,400	duPont	None	None
4(1)	35,200	Eastman Kodak	2,000	1
3(2)	32,760	Farbenfabriken Bayer (DM 50 or equivalent)	None	None
3	8,400	Food Machinery & Chemical	31,800	1(1)
3(2)	27,500	Freeport Sulphur	33,100	3(1)
3	16,900	Hercules Powder	None	None
3	32,000	Hooker Chemical	78,500	2(1)
1(1)	2,000	Internat'l Minerals & Chemicals	2,800	1
6	10,643	Monsanto Chemical	5,860	1
4	29,000	Olin Mathieson	1,000	1(1)
4	31,570	Rayonier	1,200	2
2	2,207	Rohm & Haas	887	1
6(4)	115,400	Stauffer Chemical	78,783	4
2	5,340	Thiokol Chemical	7,500	1(1)
5	18,800	Union Carbide	5,000	2
4	1,535	United Carbon	None	None
1(1)	6,000	U. S. Borax & Chemical	5,000	1(1)
2(2)	8,100	Wyandotte Chemicals	None	None
None	*None*	*Columbian Carbon*	*7,800*	*2*
1	*320*	*Diamond Alkali*	*26,912*	*2(1)*
None	*None*	*Pennsalt Chemicals*	*10,800*	*4(1)*
1	*3,200*	*Spencer Chemical*	*11,300*	*2*
		Coal and Coke		
2(2)	18,500	Consolidation Coal	15,000	2
		Containers		
2(1)	21,000	American Can	30,000	1
4(1)	45,900	Continental Can	3,100	2
		Drug Products		
1	200	American Home Products	1,000	1
2(1)	13,500	Carter Products	300	1
8(2)	42,000	Merck	42,500	5(1)
4(2)	32,200	Parke, Davis	29,800	2
4(1)	32,300	Rexall Drug & Chemical	None	None
3(1)	20,600	Schering	4,000	1
3(2)	13,000	Searle (G. D.)	None	None
2(1)	4,500	Sterling Drug	None	None
3(1)	55,000	Upjohn	None	None
1	*500*	*Bristol-Myers*	*15,000*	*2*
1	*2,000*	*Lilly (Eli) "B"*	*10,700*	*2*
1	*1,000*	*Mead Johnson*	*6,500*	*2*
None	*None*	*Pfizer (Chas.)*	*13,400*	*4(2)*
None	*None*	*Smith, Kline & French*	*51,000*	*3(1)*
1	*7,000*	*Warner-Lambert*	*1,500*	*2*
		Electrical Equipment and Electronics		
4(4)	8,800	Ampex	2,500	1
2(1)	3,200	Cutler-Hammer	None	None
3(2)	11,300	Emerson Electric Mfg.	None	None
9(1)	36,700	General Electric	None	None
1(1)	16,000	General Precision Equipment	21,300	1(1)
2(2)	15,700	Ling Altec Electronics	None	None
2(1)	5,300	Litton Industries	None	None
4	45,300	McGraw-Edison	None	None
2(1)	15,000	Philco	92,356	3(1)
4(1)	37,400	Philips' Lamp Works (fl. 50)	None	None
4	10,100	Radio Corp.	28,800	4(1)
2(2)	30,000	Siemens & Halske (ADR)	None	None
4(1)	34,500	Sperry Rand	None	None
1	3,420	Sprague Electric	4,000	1(1)
2(1)	91,000	Square D	None	None

Continued on page 22

Continued from page 21

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
5	38,500	Westinghouse Electric	12,900	5(2)
None	*None*	*Consolidated Electrodynamics*	*12,700*	*2(2)*
1(1)	*2,000*	*International Tel. & Tel.*	*7,000*	*2*
3(2)	*1,800*	*Texas Instruments*	*6,900*	*5*
		Finance Companies, etc.		
2	7,975	Beneficial Finance	None	None
4	10,500	C. I. T. Financial	None	None
1	2,000	Commercial Credit	1,500	1(1)
2(1)	7,100	Heller (Walter E.)	300	1(1)
2	18,450	Household Finance	None	None
2	13,200	Talcott (James)	None	None
1	*500*	*Associates Investment*	*6,800*	*2(2)*
		Food Products		
2(1)	15,300	Beech Nut-Life Savers	41,900	2(1)
4(2)	11,000	Corn Products	None	None
3(1)	41,300	General Foods	8,000	2(2)
3	15,400	Kellogg	None	None
2(1)	7,000	National Biscuit	6,200	1
2(1)	1,400	Swift	1,000	1
3	48,200	Wilson	None	None
1	*2,000*	*Armour*	*21,500*	*2*
None	*None*	*Gerber Products*	*24,000*	*3(3)*
None	*None*	*Standard Brands*	*19,600*	*2(1)*
None	*None*	*United Fruit*	*40,400*	*2(2)*
		Glass		
1	4,000	American-St. Gobain	17,000	1(1)
3(1)	8,700	Corning Glass Works	4,300	2(1)
6(1)	16,200	Libbey-Owens-Ford	25,200	4(2)
2	3,000	Owens-Corning Fiberglas	5,000	1
5(2)	16,700	Owens-Illinois Glass	1,800	1
5	67,320	Pittsburgh Plate Glass	40,700	2(1)
1	2,000	St. Gobain (France)	1,000	1
		Insurance — Fire & Casualty		
2	700	Continental Insurance	None	None
1	1,350	Hartford Fire	200	1(1)
1	6,900	Maryland Casualty	14,800	1(1)
4	10,500	Travelers	5,000	1
5	54,700	U. S. Fidelity & Guaranty	3,600	1
		Insurance — Life, etc.		
4	10,334	Aetna Life	21,036	2(1)
4	64,600	Transamerica	None	None
		Machinery, Machine Tools and Industrial Equipment		
4(3)	24,900	Babcock & Wilcox	None	None
2	1,100	Caterpillar Tractor	7,200	2
2	14,000	Chicago Pneumatic Tool	39,200	1(1)
1	3,400	Cooper-Bessemer	3,500	1(1)
1	1,500	Ex-Cell-O	3,500	1(1)
2	23,900	Ingersoll-Rand	None	None
1	500	Sunstrand Machine Tool	25,000	1(1)
2(1)	2,100	United Shoe Machinery	None	None
2(2)	20,000	Warner & Swasey	None	None
3	7,400	Worthington	1,700	2
None	*None*	*Bucyrus-Erie*	*13,000*	*2(2)*
2	*5,000*	*Joy Mfg.*	*33,500*	*3(2)*
		Metals and Mining—Aluminum		
5(2)	43,000	Aluminium Ltd.	49,800	3(1)
2(2)	31,800	Pechiney Cie. (France)	None	None
2(1)	*3,000*	*Aluminum Co. of America*	*5,300*	*4(1)*
2	*8,750*	*Reynolds Metals*	*20,900*	*5(1)*
1	*1,500*	*U. S. Foil "B"*	*11,270*	*3(2)*
		Metals and Mining — Copper		
6(1)	17,500	Anaconda	None	None
3(2)	28,500	Cerro de Pasco	5,900	1(1)
4	5,800	Kennecott Copper	24,400	4(3)
2(1)	15,220	Noranda	None	None
3	18,500	Phelps Dodge	42,200	2(2)
2(1)	9,000	Revere Copper & Brass	30,500	1
None	*None*	*Magma Copper*	*4,500*	*2(2)*
		Metals and Mining — Gold		
1	10,000	Dome Mines	3,000	1
3(2)	10,000	Giant Yellowknife Gold Mines	None	None
2(1)	10,500	Homestake Mining	None	None
		Metals and Mining—Nickel		
2(1)	52,400	Falconbridge Nickel	16,700	1
12(2)	44,900	International Nickel	None	None

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Metals and Mining — Other		
1	10,000	American Metal Climax	9,800	1
2(1)	25,500	American Smelting & Refining	None	None
2(1)	2,092	Beryllium Corp.	None	None
2(1)	3,800	Hanna Mining	None	None
1(1)	500	Vanadium	21,400	1(1)
1(1)	1,000	Ventures Ltd.	2,900	1(1)
None	*None*	*Algom Uranium*	*33,200*	*2(1)*
None	*None*	*Consolidated Denison Mines*	*3,500*	*2(2)*
		Natural Gas		
3	14,500	Arkansas Louisiana Gas	3,500	2(1)
2	8,000	El Paso Natural Gas	None	None
1	10,200	Hugoton Production	10,200	1(1)
2(1)	49,300	Mississippi River Fuel	8,500	1(1)
3	16,200	Northern Natural Gas	11,400	1
1	900	Pioneer Natural Gas	200	1
4	137,075	Tennessee Gas Transmission	610	1
3	8,860	Texas Gas Transmission	None	None
5(1)	24,700	United Gas	14,900	2(1)
3	*3,330*	*American Natural Gas*	*53,310*	*4(3)*
1	*8,000*	*Colorado Interstate Gas*	*9,200*	*2(2)*
2	*7,300*	*Panhandle Eastern Pipe Line*	*10,400*	*3(1)*
None	*None*	*Southern Natural Gas*	*4,305*	*2(2)*
		Office Equipment		
7(1)	9,500	IBM	3,400	3
2(1)	24,257	National Cash Register	3,000	1(1)
		Oil		
1(1)	800	Barber Oil	1,300	1
7(2)	25,100	Continental Oil	300	1
6	33,812	Gulf Oil	89,479	4(1)
5	13,800	Louisiana Land & Exploration	None	None
2	516	Monterey Oil	10,600	1
6(1)	39,300	Phillips Petroleum	54,200	1(1)
9(1)	53,400	Royal Dutch Petroleum	10,000	1(1)
1	1,000	Shamrock Oil & Gas	6,000	1(1)
4(1)	25,760	Shell Oil	41,000	2(1)
4	16,730	Signal Oil & Gas	77,696	2
3	33,500	Sinclair Oil	7,500	2(1)
4	13,100	Socony Mobil Oil	61,800	4(3)
6(1)	69,800	Standard Oil (Ind.)	3,200	2(1)
7	12,732	Standard Oil (N. J.)	37,020	4(1)
1(1)	4,300	Standard Oil (Ohio)	6,000	1(1)
3	30,600	Sunray Mid-Continent Oil	77,000	3(1)
13(1)	18,864	Texaco	12,000	6(2)
2(1)	43,900	Texas Gulf Producing	None	None
2	3,280	Texas Natural Gasoline	None	None
4(1)	*12,300*	*Amerada Petroleum*	*55,700*	*6(3)*
1	*3,000*	*Atlantic Refining*	*15,800*	*2*
None	*None*	*British Petroleum*	*293,900*	*2(2)*
None	*None*	*Cities Service*	*8,700*	*2*
1	*4,500*	*Honolulu Oil*	*10,300*	*2(2)*
None	*None*	*Kewanee Oil*	*10,200*	*2(1)*
1	*600*	*Ohio Oil*	*16,000*	*2(1)*
1	*4,000*	*Pure Oil*	*6,400*	*2(1)*
1	*5,100*	*Skelly Oil*	*42,600*	*2(2)*
1(1)	*1,000*	*Superior Oil (California)*	*3,460*	*3(2)*
None	*None*	*Union Oil & Gas of La.*	*29,750*	*3(2)*
		Paper and Paper Products		
3	20,500	Champion Paper & Fibre	8,500	1(1)
2	27,000	Container Corp. of America	102,000	2(1)
3(1)	14,500	Crown Zellerbach	29,600	2
3(1)	20,900	Fibreboard Paper Products	4,100	1(1)
6(1)	10,105	International Paper	480	1
1	5,000	Kimberly-Clark	7,000	1
2	6,000	Mead	None	None
1(1)	9,900	Oxford Paper	4,100	1
5(2)	28,160	St. Regis Paper	5,270	2(1)
2(1)	25,200	Scott Paper	15,000	1(1)
4	17,500	Union Bag-Camp Paper	None	None
2(1)	21,100	Warren (S. D.)	None	None
		Public Utilities — Electric and Gas		
11(3)	353,496	American Electric Power	None	None
1	1,135	Arizona Public Service	1,500	1
2	26,000	Atlantic City Electric	None	None
1	19,900	Baltimore Gas & Electric	4,000	1(1)
6(1)	100,800	Central & South West	2,000	2
1	686	Commonwealth Edison	140	1
2(1)	10,300	Consumers Power	5,800	2
2(1)	10,400	Empire District Electric	10,000	1(1)
1(1)	20,000	Florida Power	3,000	1
1	2,000	Florida Power & Light	3,000	1
5	36,700	General Public Utilities	18,800	1
3	5,300	Houston Lighting & Power	4,500	1(1)
2(1)	8,000	Idaho Power	None	None
1	5,000	Louisville Gas & Electric	16,800	1
2	12,000	Montana Power	None	None
8(2)	90,440	New York State Electric & Gas	None	None

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ANNUAL MIDWINTER DINNER

At The Ambassador West
January 25, 1960

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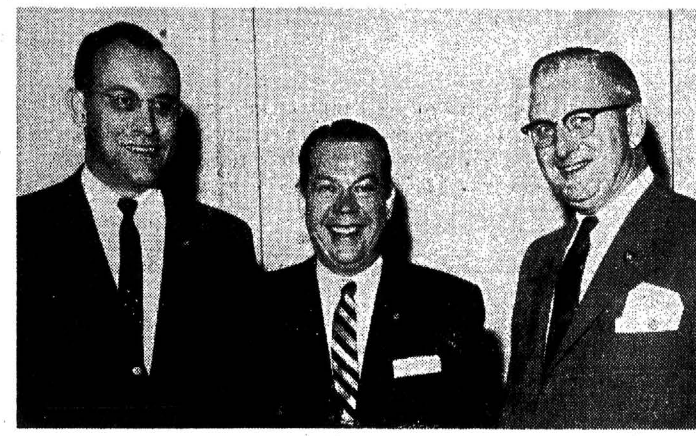

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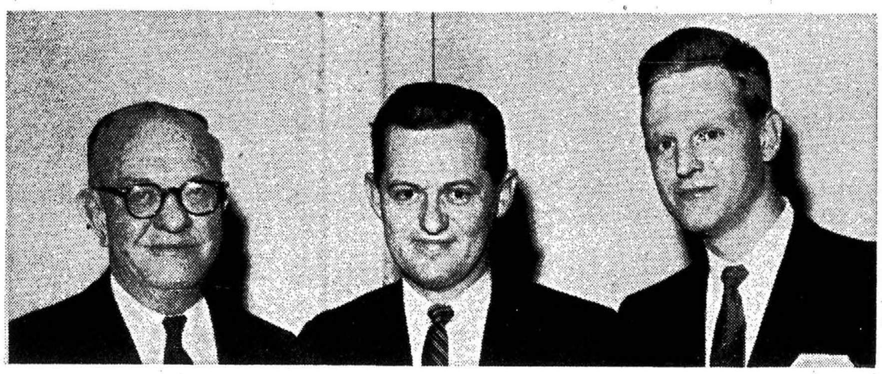

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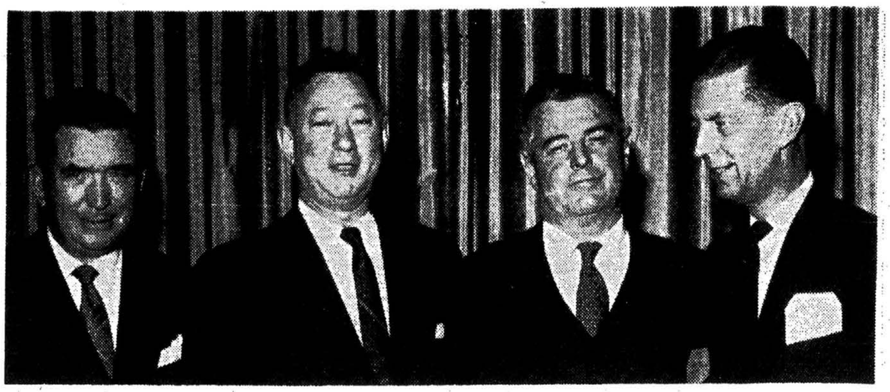

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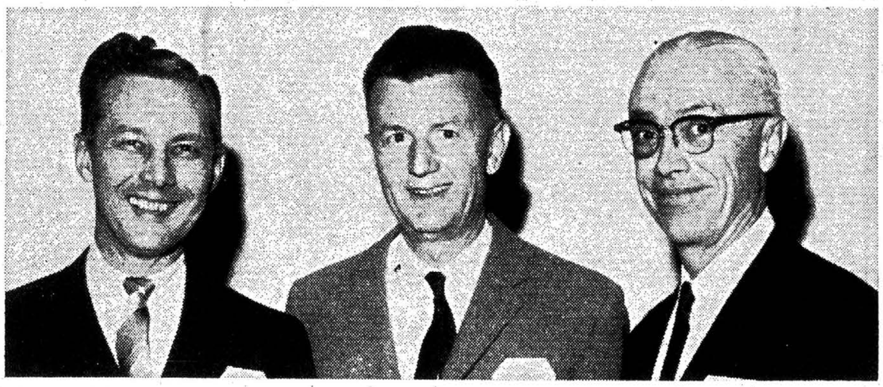

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Security Traders Association of Chicago Annual Mid-Winter Dinner Jan. 25, 1960

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
3(1)	12,500	Northern Indiana Public Service	500	1
1	1,800	Ohio Edison	500	1
3	6,100	Peoples Gas Light & Coke	4,300	1
2(1)	12,000	Potomac Electric Power	None	None
3	15,200	Public Service of Colorado	None	None
2(2)	123,200	Public Service Electric & Gas	3,837	2
3	8,000	Puget Sound Power & Light	None	None
3	17,900	South Carolina Electric & Gas	None	None
4(2)	35,000	Southern California Edison	10,000	1
4	34,000	Southern Co.	200	1
3(1)	8,900	Southwestern Public Service	1,000	1
1	500	Tampa Electric	400	1
4	18,400	Texas Utilities	14,500	4(1)
2	7,100	Union Electric (Mo.)	None	None
1(1)	5,800	United Utilities	7,600	1(1)
3	2,100	Virginia Electric & Power	25,000	1(1)
2	6,000	West Penn Electric	4,000	1
None	*None*	*American & Foreign Power*	*143,600*	*3(3)*
1(1)	*4,200*	*Carolina Power & Light*	*17,300*	*2(1)*
None	*None*	*Consolidated Edison (N. Y.)*	*6,000*	*2(1)*
None	*None*	*Duquesne Light*	*3,000*	*2*
None	*None*	*Gulf States Utilities*	*2,500*	*2*
1	*14,000*	*Kansas City Power & Light*	*9,300*	*3*
1	*13,600*	*Middle South Utilities*	*51,300*	*3(1)*
1	*1,000*	*New England Electric System*	*34,900*	*2(1)*
1	*2,000*	*Niagara Mohawk Power*	*46,249*	*4(2)*
None	*None*	*Pacific Lighting*	*6,700*	*2(2)*
None	*None*	*Public Service of Indiana*	*8,300*	*2*
1(1)	*300*	*Rochester Gas & Electric*	*11,000*	*2(1)*
		Public Utilities — Telephone & Telegraph		
3(2)	24,500	Western Union	15,900	2(1)
2	*15,218*	*American Tel. & Tel.*	*7,500*	*3*
1	*2,170*	*General Telephone & Electronics*	*16,400*	*6(3)*
		Radio, Television and Movies		
1(1)	40,000	American Broadcast.-Paramount	5,000	1
7(1)	37,524	Columbia Broadcasting	31,556	5(1)
1(1)	1,000	Magnavox	214	1
1	3,000	Twentieth Century-Fox	9,000	1(1)
2	17,800	United Artists	None	None
1(1)	*3,100*	*Motorola*	*13,400*	*3(1)*
		Railroads		
4	21,100	Atchison, Topeka & Santa Fe	54,000	2(2)
2	37,100	Denver & Rio Grande Western	32,600	2
3(1)	23,500	Great Northern	12,000	1(1)
3(1)	5,000	Illinois Central	6,500	2(2)
3	2,500	N. Y., Chicago & St. Louis	None	None
6	21,715	Norfolk & Western	None	None
2	20,000	Seaboard Air Line	29,000	2
3	27,900	Southern Pacific	10,200	2
4(1)	17,800	Southern Railway	14,000	2
2	29,000	Union Pacific	5,800	2(1)
1	*10,000*	*Chesapeake & Ohio*	*8,500*	*3(2)*
1(1)	*5,000*	*Louisville & Nashville*	*19,500*	*3(2)*
None	*None*	*Texas & Pacific*	*2,400*	*2(2)*
		Railroad Equipment		
2(1)	25,000	American Brake Shoe	None	None
2	2,500	General Amer. Transportation	None	None
2	3,700	New York Air Brake	None	None
		Retail Trade		
1	28,400	ACF-Wrigley Stores	29,000	1(1)
2	11,500	Allied Stores	4,000	1(1)
2(1)	5,300	American Stores	None	None
2(1)	10,800	Associated Dry Goods	4,400	2(1)
3(1)	12,500	Federated Department Stores	7,500	2(1)
3(1)	25,100	Gimbel Bros.	14,500	1(1)
3	5,500	Grant (W. T.)	None	None
1	1,000	May Department Stores	2,400	1
1	1,700	Mays (J. W.)	300	1
3	11,900	Montgomery Ward	None	None
3(1)	12,400	Murphy (G. C.)	None	None
3(1)	7,000	Penney (J. C.)	9,100	3(1)
2(1)	13,300	Safeway Stores	None	None
7(1)	61,565	Sears, Roebuck	None	None
2(1)	28,750	Stop & Shop	None	None
2(2)	12,410	Thrifty Drug Stores	None	None
2(1)	20,200	Woolworth (F. W.)	2,000	1
None	*None*	*Food Fair Stores*	*11,500*	*2(1)*
None	*None*	*Spiegel*	*2,700*	*2*

Continued on page 24

Funds Step Up Buying As Market Rises to New High

Continued from page 20

Siemens & Halske, Farben Bayer, Farbwerke Hoechst, Imperial Chemical Industries, Montecatini, Pechiney, Unilever N. V., Beecham, and Hoogovens.

Two foreign issues, Philips' and Unilever N.V., constituted the two largest holdings in the Investment Company of America portfolio.

POLICY TOWARD INDUSTRY GROUPS

The following analysis of portfolio changes, drawn from our tabulation on page 21 of transactions in nearly 425 stock issues, is based on the number of managements buying or selling, rather than on the number of shares involved.

During the December quarter fund managements particularly favored automotive, bank, chemical, electronic, glass, nickel, and paper stocks. Also fairly well bought, although more moderately, were building, copper, insurance, rail, rail equipment, and tobacco stocks; and, to a still lesser extent, retail and rubber stocks.

In pronounced disfavor were agricultural equipment, airline, and steel stocks, and to some extent, aluminums.

Mixed, or neutral, attitude prevailed toward the aircrafts, drugs, natural gas, oil, textile-rayon, and utilities.

THE FAVORED GROUPS

Autos Rolling on

As shown above, both Ford and General Motors ranked high on the overall list of the most widely bought stocks. With 14 fund groups buying it, Ford would have qualified for the very top spot, had it not been for three selling managements. Largest buyers of Ford were Fundamental (30,000 shares), Wellington Fund (26,200), and Fidelity (20,000). It will be remembered that there was a second public offering of two million shares of this issue on Dec. 10. Madison was among the sellers (4,500 shares).

Largest buyers of General Motors were Investors Mutual (23,200) and Fundamental (18,000). The sole seller was Wellington (25,000) with its switch to Ford. "Glamorous" American Motors was eliminated by Dreyfus (30,000), more than offsetting a new position established by New England Fund (1,500).

Banks Strongly Bought

Reflecting the rise in interest rates, bank stocks were even more actively bought; with nary a seller. Leading the parade were Bankers Trust (in which One William and Dreyfus established new positions); Chase Manhattan, also bought by these two funds and others; Chemical New York Trust (by the same buyers), and First National City Bank of N. Y.

Building Shares Moderately Bought

As in the preceding quarter, National Lead attracted favorable attention, moving from the second to the first popularity spot in this group. Its largest buyer was Broad Street (5,000); on the other hand, Lehman sold its entire holding (10,102 shares). Also liked were Otis, U. S. Plywood, and Yale & Towne. As before, U. S. Gypsum was sold.

Chemicals Well Regarded

Best bought in this group was Du Pont, of which Wellington was the largest purchaser, with a whopping 6,000 shares, followed by Chemical Fund with 3,800 shares. Well-acting Dow found its largest buyers in Tri and its "sister" National Investors, for a combined new position of 58,000 shares. Monsanto had its largest buyer in Selected American (7,508), and its only seller in Fundamental (5,860). Largest buyers of Allied Chemical included the Tri-Group (24,400) and the United Funds Group (25,000 newly). Other initial buyers included Energy Fund as well as Guardian. Stauffer Chemical, which merged with Victor, was subjected to divergent attitudes. Wellington and Lehman established large new positions (with 81,000 and 25,500 shares, respectively). On the other hand, Chemical Fund sold 65,444 shares.

Coppers in Mild Demand

As in the preceding quarter, Anaconda led the demand for the coppers, being bought by six managements, without a dissenting seller. The former included National Securities Stock Series (5,000 newly), United Accumulative (4,000), and the Axe Group (3,500). Noranda Mines, which is both a copper and a gold stock, was also bought by the Axe Group (1,000 newly) and by Affiliated (14,220). On the other hand, opinion was divided on Kennecott and Phelps Dodge.

Electrical Equipment and Electronics Moderately Bought

Leading in popularity by far was General Electric, with Wellington (19,500), Dreyfus (7,700 newly) and Investors Mutual the largest buyers, there being not a single seller. Neither was there a seller of Philips' Lamp Works, which found the largest buyer of its 50-guilder shares in Dreyfus (newly with 30,150). Initial positions were also established in Siemens & Halske by Wellington (25,000 ADRs) and Stein Roe Balanced Fund (5,000 ADRs). Purchases were made by four managements in both McGraw-Edison and Sperry Rand; with no sales. Consistent with the pervading split opinions by the experts, Westinghouse was bought and sold by five managements on each

Continued on page 24

Wilbur Davis Opens

(Special to THE FINANCIAL CHRONICLE)

MILLSTADT, Ill.—Wilbur A. Davis is conducting a securities business here. Mail address is Route No. 1, Box 112.

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Rubber and Tires		
2	5,000	Armstrong Rubber	None	None
7	12,998	Firestone Tire & Rubber	7,050	3
4	4,100	General Tire & Rubber	2,000	1(1)
2(1)	30,000	Goodrich (B. F.)	5,600	2(1)
3	14,880	Goodyear Tire & Rubber	5,000	1(1)
4	45,000	U. S. Rubber	17,200	2(1)
		Steel and Iron		
1	2,000	Alan Wood Steel	2,500	1(1)
2(2)	6,100	Copperweld Steel	2,500	1
1(1)	38,000	Crucible Steel	4,000	1
2	900	Granite City Steel	2,500	1
2	6,300	Inland Steel	44,800	3(1)
1	*2,000*	*Allegheny Ludlum Steel*	*14,300*	*2(2)*
2	*4,100*	*Armco Steel*	*27,000*	*5(1)*
3	*10,800*	*Bethlehem Steel*	*51,000*	*4*
3	*4,300*	*Jones & Laughlin Steel*	*72,600*	*7(2)*
3	*6,500*	*Republic Steel*	*44,800*	*5*
6	*28,500*	*U. S. Steel*	*70,000*	*7(1)*
2(1)	*3,500*	*Youngstown Sheet & Tube*	*40,300*	*7(3)*
		Textile and Rayon		
4	4,500	American Viscose	71,900	4(2)
3(1)	30,800	Burlington Industries	43,000	2(2)
1	31,000	Celanese	375	1
None	*None*	*Beaunit Mills*	*8,900*	*2(1)*
None	*None*	*United Merchants & Mfrs.*	*11,600*	*2(2)*
		Tobacco		
5	31,200	American Tobacco	2,000	1(1)
2	19,000	Liggett & Myers	None	None
3(1)	21,000	Lorillard (P.)	20,500	3(2)
5(1)	27,500	Philip Morris	None	None
4	24,000	Reynolds Tobacco	9,500	3(1)
		Miscellaneous		
1	5,000	American Commerc'l Barge Line	800	1(1)
3	26,700	American Export Lines	None	None
1	10,000	American Machine & Foundry	500	1
1	12,400	American Optical	13,100	1
2	37,500	Avon Products	1,800	1
1(1)	1,000	Bell & Howell	1,000	1(1)
1(1)	11,789	Chromalloy	1,000	1
1(1)	6,000	Diners' Club	21,000	1(1)
1	2,500	Eastern Industries	175	1
2	2,006	Fansteel Metallurgical	None	None
1	4,900	Ferro	8,600	1(1)
2(2)	16,100	Foxboro	None	None
1(1)	1,000	General Cable	13,000	1
1	13,000	Genesco	42,000	1
6(2)	65,900	Gillette	None	None
1	9,700	Grolier Society	6,500	1(1)
5(2)	20,500	Halliburton Oil Well Cementing	9,000	2
1	45	Harris-Intertype	1,100	1(1)
3(1)	35,000	Hertz	8,000	1
4(3)	75,250	Holt (Henry)	None	None
3(3)	4,800	Indiana General	None	None
1	10,020	Interprovincial Pipe Line	2,750	1(1)
2	1,550	Lees (James)	9,475	1
2(2)	36,700	Leesona	2,100	1
2	31,500	McKesson & Robbins	10,000	1(1)
1	17,500	Merritt-Chapman & Scott	25,000	1(1)
3(1)	5,000	Minnesota Mining & Mfg.	7,500	2
3(2)	6,200	Newmont Mining	500	1
3(1)	24,600	Newport News Shipbuilding	64,000	1
5(1)	14,900	Outboard Marine	2,200	1(1)
1	3,600	Pittsburgh Metallurgical	6,500	1
4(2)	13,100	Polaroid	17,000	3
2	20,800	Procter & Gamble	None	None
2	19,500	Ryder System	None	None
2(1)	3,030	Signode Steel Strapping	12,000	1
3	4,000	Simmons	None	None
2(1)	5,500	Stone & Webster	None	None
1(1)	6,100	Time	3,300	1(1)
4(1)	33,000	Unilever N. V. (ADR)	None	None
2(1)	6,500	U. S. Freight	None	None
1	5,000	U. S. Shoe	9,300	1
None	*None*	*American Photocopy Equipment*	*10,900*	*2*
None	*None*	*Brunswick-Balke-Collender*	*12,000*	*2*
None	*None*	*Tennessee Corp.*	*9,000*	*2*

Funds Step Up Buying As Market Rises to New High

Continued from page 23

side, and RCA by four managements each. "Glamorous" Texas Instruments was bought by three managements, two of them newly; and sold by five, including Madison (3.800), Energy (1,000), and United Science (1,000). ITT was newly bought by Axe Science, but reduced by Affiliated and Delaware.

Glass Issues Favored

Fairly widespread demand developed for Owens-Illinois and Pittsburgh Plate, the latter's buyers including the Tri-Group (33,300) and the United Funds Group (24,380). However, this issue was eliminated by One William (40,000). Opinion was even more divided about Libbey-Owens-Ford, of which Broad Street, Chemical Fund and T. Rowe Price were the larger buyers, and M.I.T. and Wellington the larger sellers.

Nickels Shine

International Nickel, the quarter's most widely-bought single issue, found its largest buyers in Investors Mutual (8,700), One William (5,500), Madison (5,000 newly) and Lazard (5,000). The other nickel issue, Falconbridge, also attracted Lazard which established a new position of 52,000 shares. On the other hand, Madison reduced its holding by 16,700 shares.

Insurance Stocks Mildly Favored

Aetna Life, which during the quarter was split 2-for-1 followed by a 33⅓% stock dividend, was bought by four funds, including State Street (4,467), Fundamental (3,000) and Lazard (2,167); but was sold by Incorporated Investors (18,466) and American European (all 2,570). Transamerica, whose largest stake is in life insurance, was bought by four managements, including Wellington (55,500) and American European (5,700), and sold by none.

Many-faceted Travelers was picked up by Lazard (4,000) and others; its only seller being Incorporated Investors (5,000). U. S. Fidelity & Guaranty proved a strong favorite, its largest buyers including United Accumulative (27,000) and the Eaton & Howard Group (13,600); the sole seller being Investors Mutual (3,600).

Papers Liked

International Paper received near-unanimity of buyers, only one seller appearing against six buyers, among the latter being Fundamental (4,275) and Investors Mutual (4,000). The sole sale was by Bullock, which, however, reduced its holding by only 480 shares net. Also liked were St. Regis, bought by five funds against two sellers, and Union Bag-Camp, bought by four, namely Wellington, One William, Fundamental, and Equity Fund, and sold by none. Container Corp., heavily sold by Wellington (all 90,000) and Diversified (12,000), matched this with purchases by One William (20,000), and Investors Mutual (7,000).

Rails, Rail Equipments Moderately Bought

Best buying in the carrier group this time centered on Norfolk & Western, whose six buyers included Investors Mutual (11,765) and Axe 'B' (5,250). There were no sellers. Fair interest was shown, with scattered buying, in Atchison, Southern Railway, and Nickel Plate. Rail equipments received buying, without any sales, of three issues; the largest transaction being a new position established by Lazard in American Brake Shoe (20,000).

Retail Stocks Attract Scattered Interest

Best bought retail issue was Sears Roebuck, with seven buyers and no seller. Purchasers included Wellington (22,000), Madison (15,000 newly), United Accumulative (14,000), MIT (5,065), Texas Fund, Investment Trust of Boston, and Institutional Investors, in that order of volume.

Rubbers Bought

Best bought issue was Firestone, whose buyers included MIT and Lazard, with Dividend Shares the largest seller (5,500). Also liked was General Tire & Rubber, bought by United Accumulative, Investment Co. of America, Axe Science and Aberdeen. The sellers were Atomic Development and Dominick. Atomic also sold 2,900 shares of General's subsidiary, Aerojet-General.

Tobaccos Well Liked

Best bought tobaccos were American and Philip Morris. Of American the largest buyer was Dreyfus (28,200), the only seller being Wisconsin Fund (all 2,000). Of Philip Morris, Dreyfus was likewise the largest buyer (10,000 newly), followed by National Securities Stock, without any seller. United Funds Group was the largest buyer of Lorillard (18,000), offset, however, by two complete eliminations of this stock by Loomis-Sayles (10,000) and Shareholders' Trust of Boston (also 10,000). Finally, Dreyfus also bought 18,000 shares of Liggett & Myers and 5,000 shares of Reynolds.

* * *

GROUPS IN DISFAVOR

Agricultural Equipments Liquidated

Liquidation continued in both Deere and International Harvester, apparently reflecting public expectations of a cyclical downturn. Deere was sold by MIT (39,900), Broad Street (24,000), Madison (4,407), Commonwealth Investment (6,000) Selected American (4,067) and the Adams Express Group (3,700). The largest of the few purchases of Deere was made by Axe "A" (3,000). Sellers of International Harvester included MIT (16,500), Affiliated (11,500), Loomis-Sayles (all 10,-

000); the sole buyer being National Securities Stock (9,500).

Airlines Dip Again

American Airlines, as mentioned above, was the most heavily sold of all issues; the sellers including Fidelity (all 60,000), the Bullock Group (71,700), State Street (all 18,500), Eaton & Howard Stock, Scudder, Exp-Adams-AIC, and Dreyfus. The sole buyer was Guardian (2,000 newly). Others subjected to heavy selling were Northwest and United. Of the former, sellers included Fidelity (all 70,000), Dreyfus (all 17,000), State Street (all 12,000), and Bullock (9,600).

Aluminums Largely Sold

Selling exceeded buying in Alcoa, Reynolds and its "parent" U. S. Foil. Largest seller of Reynolds was Lazard (7,500), although Chemical was buying 8,-250 shares. Two new buyers came into Pechiney, namely Incorporated Investors (30,000) and Energy Fund (1,800). Opinion was quite divided on Aluminium Ltd., of which de Vegh and American European each made initial purchases of 10,000 shares; with the United Funds group adding 19,000 shares. On the other hand, State Street eliminated its 20,000 shares, and Madison sold 19,800 shares.

Steels Mostly Sold

During the height of the strike period, selling moderately exceeded buying in the steel sector. Sellers outnumbered buyers in Armco, of which Investment Co. of America sold 10,000 shares, Delaware (7,000) and Lazard (5,-000). The principal buyer was Investors Mutual (4,000). Largest sellers of Bethlehem included State Street (24,000) and Fidelity (20,000), while buying of this issue came in from the Bullock Group, and again Investors Mutual (8,200 and 2,100, respectively). Heavy selling hit Jones & Laughlin, coming chiefly from Incorporated Investors (28,700), Investment Co. of America (all 20,000), Delaware (8,000), State Street (all 5,000), and Lazard (5,000). Republic was also sold by Incorporated Investors (21,800) and by Fidelity (14,000); some buying here coming from Commonwealth Investment (3,500), Dominick (2,-000), and Institutional Foundation (1,000).

United States Steel was subjected to sharply divided opinion, seven sellers barely outnumbering six buyers. Largest seller was Fidelity (21,700), and biggest buyer Investors Mutual (16,500). Youngstown was sold by seven and bought by two; here the largest sale being made by Selected American (13,600), with the largest purchase coming from One William (3,000).

GROUPS MEETING MIXED REACTION

Aircrafts Divergent

Scattered buying, unaccompanied by selling, came into Bendix and Cessna. Opinion was divided on Martin and United. Largest buyer of Martin was New England Fund (3,500 newly). Largest sellers were Madison (all 21,100) and Atomic (13,475). Of United Aircraft, National Securities Stock bought 17,500, while the United Funds Group sold 39,000. Opinion turned against North American, of which Atomic sold 24,200 and Putnam eliminated its 15,000 shares.

Drugs in Conflicting Reception

Buyers outnumbered sellers in Merck, with Wellington and Incorporated Investors the largest buyers (16,000 and 15,000) and Affiliated the largest seller (21,-200). Upjohn was bought by Wellington (29,000 newly), United Funds (24,500) and General Public Service (1,500). The latter management also took a new position in Parke, Davis, along with National Investors and Axe Science.

Natural Gas in Cross-Currents

Best bought stock in this group was Tennessee Gas Transmission, especially due to acquisition of a block of 103,500 shares by Investors Mutual, while Investment Co. of America added 30,000. Largest selling came into American Natural Gas, of which Tri sold all its 17,300 shares, and Lehman all of its 16,500 shares. The Bullock Group sold 18,300.

Oils' Sentiment Improves

As pointed out above, pessimism over the oils lifted somewhat since the previous quarter. Most popular issue in this group, with 13 buyers outnumbering six sellers, was Texaco. Good interest was also evinced in Royal Dutch, buyers including the United Funds Group, Investors Mutual, Lazard, and Niagara Share; with Madison the only seller (all 10,-000 shares). MIT and Investors Mutual were among the managements showing lively interest in Continental. Gulf Oil had its largest buyer in Investors Mutual (21,027) and its largest seller in Fundamental (48,168). Buying in Louisiana Land came chiefly from Investment Co. of America, Investors Mutual; with no sellers. Amerada was again sold on balance, led by liquidation by Fundamental (37,000), with the buying scattered. "Jersey's" seven buyers included Investors Mutual (2,412) and Group Securities Common Stock Fund (4,000). Its sellers embraced Fundamental (15,000 net), Wellington (10,000), Putnam (10,000), and Madison (150). Merger-disappointed Superior was sold by Fundamental (all 3,100), Delaware (all 300), and Energy (50). The sole buyer was Investment Co. of America. Low-priced British Petroleum was closed out by State Street and Eaton & Howard Stock Fund.

Utilities' Reception Divided

In the utilities sector, reputedly slowed by higher interest rates, American Electric Power attracted 11 buyers with nary a seller — coincident with a new public offering. Largest purchases included an enormous block by Wellington (179,300). Other buyers of this issue were Fundamental (70,000) MIT (27,216), Investors Mutual (26,580) and National Investors (25,000). Substantial interest was also drawn to Central & South West, likewise accompanied by a stock offering. Of this issue the MIT Group bought 65,000 shares and the Tri-Group 24,000. First-time buyers of New York State E. & G. were Madison and Eaton & Howard Balanced Fund (20,000 each).

Utility issues sold included American and Foreign Power, riddled with the Cuba crisis, completely eliminated by Tri, Investment Co. of America, and National Securities Income. Largest seller of Niagara Mohawk was United Income Fund (all 20,400 shares).

Textiles Mixed

Perhaps with a sensing of the dividend cut which occurred after the end of the quarter, Beaunit Mills was eliminated by Dreyfus (5,000) and reduced by Commonwealth Investment. Burlington, currently involved in merger with James Lees, was bought by Dreyfus (10,000), and acquired through bond conversions by Broad Street (15,800). On the other hand, Wellington liquidated its entire 40,000 shares. Fidelity and Dreyfus sold American Viscose, to the extent of 46,400 and 20,000 (all), respectively. The United Funds Group added 31,000 shares of Celanese.

ATTITUDE TOWARD MISCELLANEOUS ISSUES

A new position in **National Distillers** was established by American European (6,000). Purchases of **Pepsi-Cola** included a 19,000-share block by Investment Co. of America.

In **Continental Can**, MIT established a new position (12,000), and Fundamental added 27,000 shares.

In the consumer credit sector, 14,450 shares of **Household Finance** were acquired by Investors Mutual.

Wilson & Co., although strike-affected, found only buyers: United Accumulative (20,800), Dividend Shares (15,400) and Fidelity (12,000).

Non-dividend paying **United Fruit** was closed out by Investors Mutual (40,000) and Sovereign (400).

Babcock & Wilcox found first-time buyers in Fidelity (11,500), Broad Street (10,900) and Dividend Shares (2,000).

IBM, as usual, was well-bought, seven managements purchasing against three selling. Largest buyer was United Accumulative (4,500), and the most important seller Niagara Share (3,100).

CBS was picked up by MIT in an additional 28,900-share bundle, and newly by Dreyfus (6,180); State Street and Selected American were the two largest sellers.

Gillette was quite a favorite, with seven managements buying and no sellers. The buyers included the MIT Group (40,000) and Dreyfus (10,000 shares newly).

Jones V.-P. of Van Strum, Towne

The election of Richard N. Jones as a Vice-President of Van Strum & Towne, Inc., investment counsellors, 85 Broad Street, New York, has been announced by Samuel R. Campbell, President of the firm.

Mr. Jones also is President and a Director of Economic Analysts, Inc., investment counsel of New York, and was formerly Executive Vice-President and a Director of Fiduciary Counsel, Inc. He is a founding Governor of the Municipal Forum of New York and a former President of the New York Society of Security Analysts.

D. Samuel Pres. Of Energy Fund

The Board of Directors of Energy Fund Incorporated has announced the election of Donald C. Samuel as President.


Donald Samuel

He succeeds Ralph E. Samuel, who was named Chairman of the Board. Before his election as President Donald Samuel, who is a director of the Fund, was Assistant Treasurer. He is also a partner of the brokerage firm of Ralph E. Samuel & Co., members of the New York Stock Exchange.

Energy Fund is an open-end investment company designed to diversify investment in the energy industries.

Anderson V.-P. of Distributors Group

The board of directors of Distributors Group, Inc., 63 Wall St., New York City, have announced the election of Robert D. Anderson, of New York City to Vice-President. He will continue as director of the firm's Sales Development Department.


Robert D. Anderson

Before joining Distributors Group in 1955, Mr. Anderson was an investment representative with Kidder, Peabody & Co., members of the New York Stock Exchange.

Fin. Advertisers Elect Officers

The New York Financial Advertisers Association has elected Robertson Page as President for 1960. Mr. Page, public relations officer of The First National City Bank of New York, succeeds Kenneth C. Browne of The New York "Times'" advertising staff.

Other new officers elected were George Heyne of the South Brooklyn Savings Bank, First Vice-President; Charles O. Graf of the New York "Daily News," Second Vice-President; Robert J. Stiehl of the American Bankers Association, Treasurer, and Sally Dominick, Secretary.

New directors, elected to serve a term of three years, are Alfred G. Genung of the Ninth Federal Savings and Loan Association; Edgar R. Shumway of the First National Bank of Passaic County; and Mrs. Eleanor C. Waters, The Seamans Bank for Savings.

Whipple to Join Koerner, Gordon

James T. Whipple on Feb. 4th will become a partner in Koerner, Gordon & Co., 5 Broadway, New York City, members of the New York Stock Exchange.

New Sutro Branch

Sutro Bros. & Co. has opened a branch office at 86 Mott Street, New York City, under the management of Augusta Shui Fook Fung.

Two With Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — John Gregory and Baron Shafton have been added to the staff of Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Gregory was formerly with Paine, Webber, Jackson & Curtis.

Balance Between Cash and Investments of 86 Investment Companies End of Quarterly Periods September and December, 1959

Security Transactions by the 86 Investment Companies During October-December, 1959

	Net Cash & Governments† Thousands of Dollars —End of— Sept.	Dec.	Net Cash & Governments† Percent of Net Assets —End of— Sept.	Dec.	Investment Bonds and Preferred Stocks* Percent of Net Assets —End of— Sept.	Dec.	Com. Stocks and Lower Grade Bonds & Pfds. Percent of Net Assets —End of— Sept.	Dec.	(In Thousands of Dollars) Portfolio Securities Other than Governments Total Purchases††	Total Sales**	Of this: Portfolio Common Stocks Total Purchases††	Total Sales**
Open-End Balanced Funds:												
American Business Shares	3,178	3,119	12.2	12.0	31.9	28.2	55.9	59.8	127	1,349	None	357
Axe-Houghton Fund A	6,445	4,974	13.6	10.3	34.0	31.2	52.4	58.5	4,086	3,363	4,018	1,137
Axe-Houghton Fund B	779	2,362	0.7	1.7	25.4	23.7	73.9	74.6	9,898	3,225	7,315	2,374
Axe-Houghton Stock Fund	534	291	6.8	3.7	28.2	21.1	65.0	75.2	836	981	836	79
Axe Science & Electronics	4,073	1,639	34.2	13.1	22.5	14.6	43.3	72.3	3,422	916	3,422	837
Boston Fund	7,005	10,332	3.4	4.7	¶33.2	¶35.2	‡63.4	‡60.1	11,844	14,522	586	9,131
Broad Street Investing	6,176	4,020	4.0	2.4	9.5	10.2	86.5	87.4	11,739	7,292	8,581	6,157
Commonwealth Investment	10,013	12,388	6.8	8.1	24.9	22.7	68.3	69.2	2,454	4,772	2,057	3,737
Diversified Investment Fund	2,791	1,442	2.9	1.5	25.7	25.6	71.4	72.9	1,967	1,520	1,967	1,509
Dodge & Cox Fund	273	290	4.0	4.1	24.6	21.9	71.4	74.0	634	580	365	180
Eaton & Howard Balanced Fund	28,702	29,112	14.6	14.4	20.4	19.3	65.0	66.3	7,097	9,480	959	1,893
General Investors Trust	1,917	2,192	21.0	21.9	21.5	22.1	57.5	56.0	984	493	671	425
Group Securities—Fully Admin. Fund	732	926	6.8	8.6	16.9	21.6	76.3	69.8	523	677	None	637
Institutional Foundation Fund	1,503	1,171	6.2	4.4	10.6	16.1	83.2	79.5	3,927	1,919	2,061	1,134
Investors Mutual	33,092	11,059	2.3	0.7	¶33.7	¶33.4	‡64.0	‡65.8	76,918	56,786	27,666	14,248
Johnston Mutual Fund	725	869	7.0	7.6	15.2	14.3	77.8	78.1	1,129	963	924	967
Knickerbocker Fund	316	219	2.3	1.5	5.4	4.3	92.3	94.2	1,584	1,337	1,584	1,337
Loomis-Sayles Mutual Fund	18,741	17,693	25.3	23.6	17.5	16.8	57.2	59.6	4,544	4,381	3,649	2,673
Massachusetts Life Fund	3,360	3,565	6.2	6.2	27.6	27.3	66.2	66.5	1,926	872	1,086	721
Mutual Investment Fund	1,211	1,375	4.5	4.8	12.6	12.3	82.8	82.9	2,835	1,928	2,324	1,084
National Securities—Income	1,108	964	1.5	1.3	13.2	10.9	85.3	87.8	2,220	1,418	927	1,256
Nation-Wide Securities	1,830	1,781	5.6	5.3	36.5	35.1	57.9	59.6	2,063	1,809	410	530
New England Fund	2,600	3,446	17.3	22.7	22.5	22.0	60.2	55.3	291	1,232	291	931
Putnam (George) Fund	11,445	10,595	5.9	5.2	25.1	23.0	69.0	71.8	9,037	8,176	4,324	2,219
Scudder, Stevens & Clark Fund	9,058	6,705	11.5	8.4	25.6	26.3	62.9	65.3	1,449	2,105	2	360
Shareholders' Trust of Boston	6,682	8,369	19.0	21.6	22.8	22.1	58.2	56.3	3,890	1,399	878	862
Stein Roe & Farnham Balanced Fund	8,313	9,381	20.8	21.9	21.0	20.0	58.2	58.1	1,612	1,736	1,150	1,181
Value Line Fund	904	----	10.3	---	3.2	§3.7	86.5	§95.0	1,551	738	1,551	437
Value Line Income Fund	2,953	2,714	3.4	3.1	7.5	5.9	89.1	91.0	4,587	4,168	3,569	2,850
Wellington Fund	161,685	136,772	16.9	13.4	25.0	24.0	58.1	62.6	58,638	12,815	52,571	12,562
Whitehall Fund	490	402	4.2	3.3	42.9	44.7	52.9	52.0	673	481	148	310
Sub-Total Open-End Bal. Funds	338,634	290,167	9.7	8.4	22.4	21.3	67.8	70.2	234,485	153,433	135,892	74,115
Open-End Stock Funds:												
Aberdeen Fund	325	638	2.2	3.9	None	None	97.8	96.1	583	585	583	585
Affiliated Fund	65,047	70,640	11.6	11.9	0.4	0.4	88.0	87.7	8,894	10,924	8,894	10,924
Blue Ridge Mutual Fund	3,657	3,762	11.25	11.0	0.6	0.6	88.15	88.4	2,669	2,270	1,434	1,115
Bullock Fund	10,290	10,475	19.6	18.9	0.2	0.2	80.2	80.9	2,776	2,094	2,776	2,028
Chemical Fund	3,777	3,498	1.6	1.3	1.6	1.1	96.8	97.6	11,446	8,964	8,279	4,716
Delaware Fund	3,276	5,428	4.0	6.0	4.5	3.9	91.5	90.1	12,239	10,902	11,316	9,603
de Vegh Mutual Fund	109	19	0.5	0.1	3.2	3.7	96.3	96.2	2,726	2,561	2,726	2,561
Dividend Shares	39,520	35,604	14.8	12.9	None	None	85.2	87.1	6,099	5,039	6,099	5,039
Dreyfus Fund	13,113	8,216	17.5	8.6	None	None	82.5	91.4	27,303	6,980	27,303	6,980
Eaton & Howard Stock Fund	23,861	22,282	15.7	13.7	None	None	84.3	86.3	6,856	6,058	5,896	2,608
Energy Fund	79	67	1.0	0.7	None	None	99.0	99.3	1,449	627	1,449	627
Fidelity Fund	9,897	28,062	2.6	7.0	2.0	2.0	95.4	91.0	12,195	25,495	9,586	23,552
Fundamental Investors	9,290	9,338	1.6	1.6	0.1	0.1	98.3	98.3	20,067	14,686	‡‡19,952	14,686
General Capital Corp.	70	149	0.4	0.7	None	None	99.6	99.3	84	63	84	63
Group Securities — Com. Stock Fund	1,285	816	2.0	1.2	None	None	98.0	98.8	3,843	1,371	3,843	1,371
Guardian Mutual Fund	1,769	1,636	22.3	19.5	2.1	1.5	75.6	79.0	1,021	884	1,021	817
Incorporated Investors	10,792	18,719	3.4	5.6	1.0	1.1	95.6	93.3	5,991	13,025	5,991	13,025
Institutional Investors Mutual Fund§§	2,918	3,155	6.5	6.7	None	None	93.5	93.3	752	727	752	727
Investment Co. of America	18,021	16,443	12.1	10.1	1.3	1.3	86.6	88.6	14,518	10,516	14,395	10,097
Investment Trust of Boston	----	----	---	---	§6.8	§5.2	§92.9	§94.7	2,428	925	2,428	175
Lazard Fund	13,482	16,084	9.6	10.8	None	None	90.4	89.2	N.A.	N.A.	N.A.	N.A.
Massachusetts Investors Trust	23,290	4,238	1.5	0.3	None	None	98.5	99.7	13,875	10,892	13,875	10,892
Massachusetts Investors Growth Stock	20,693	15,404	7.1	4.7	None	None	92.9	95.3	19,860	156	19,860	156
Missiles-Jets & Automation	960	867	22.3	16.9	a18.9	a19.2	58.8	63.9	338	139	323	111
National Investors	4,132	2,500	3.6	1.9	0.5	0.5	95.9	97.6	11,004	2,027	11,004	2,027
National Securities — Stock	2,661	2,080	1.4	1.1	None	None	98.6	98.9	5,261	2,721	5,261	2,721
One William Street	16,723	17,604	6.0	6.0	0.9	0.8	93.1	93.2	14,508	20,260	14,508	20,250
Pine Street Fund	1,438	1,803	8.2	9.7	5.3	4.1	86.4	86.2	200	317	200	163
Price (T. Rowe) Growth Stock	4,395	4,753	18.4	16.7	2.2	0.7	79.4	82.6	3,336	1,426	3,336	1,084
Scudder, Stevens & Clark—Com. Stk.	1,161	1,004	3.8	2.9	None	None	96.2	97.1	1,457	9	1,457	9
Selected American Shares	4,913	3,622	5.1	3.5	1.5	1.7	93.4	94.8	10,040	6,588	9,735	6,588
Sovereign Investors	191	206	5.6	5.6	3.0	3.0	91.4	91.4	91	16	88	11
State Street Investment	11,613	16,130	5.8	7.9	1.2	1.6	93.0	90.5	6,809	13,983	‡‡5,729	‡‡13,730
Stein Roe & Farnham Stock Fund	531	628	5.2	5.4	1.2	1.8	93.6	92.8	810	392	810	392
Texas Fund	913	1,165	2.5	3.0	0.4	0.4	97.1	96.6	1,155	1,592	954	1,577
United Accumulative Fund	15,143	13,608	5.0	4.0	7.9	6.5	87.1	89.5	28,915	8,360	28,824	7,181
United Continental Fund	1,681	2,095	4.0	4.7	1.1	1.1	94.9	94.2	1,280	1,278	1,259	1,278
United Income Fund	13,845	11,428	6.0	4.8	3.4	2.9	90.6	92.3	8,201	6,637	4,109	1,637
United Science Fund	9,068	4,279	8.8	3.5	1.2	1.2	90.0	95.3	11,589	4,216	11,589	1,216
Value Line Special Situations	279	97	3.2	0.9	None	None	96.8	99.1	1,920	1,597	1,920	1,458
Wall Street Investing	892	932	9.8	9.6	2.2	4.1	88.0	86.2	225	97	32	97
Wisconsin Fund	393	584	2.6	3.6	3.1	2.3	94.3	94.1	445	580	445	475
Sub-Total Open-End Stock Funds	365,493	360,058	6.6	6.4	2.1	1.7	91.4	91.9	285,258	207,979	270,125	184,352
Total Open-End Funds	704,127	650,225	8.0	7.3	10.6	10.0	81.4	82.7	519,743	361,412	406,017	258,467
Closed-End Companies:												
Adams Express	5,051	2,828	5.2	2.9	0.7	0.7	94.1	96.4	1,251	1,447	1,251	1,447
American European Securities	3,614	2,613	19.3	13.2	None	None	80.7	86.8	2,239	1,038	2,239	1,038
American International	2,082	1,820	5.1	4.4	1.1	1.1	93.8	94.5	767	968	767	968
Carriers & General	1,144	1,327	5.9	6.8	5.4	2.4	88.6	90.8	626	1,387	626	772
Dominick Fund	2,798	2,661	7.7	6.9	2.9	3.4	89.4	89.7	1,964	1,588	1,693	1,588
General American Investors	6,810	4,411	10.6	7.3	1.6	1.4	87.8	91.3	868	2,231	868	2,100
General Public Service	5,425	4,248	11.9	9.0	0.5	0.1	87.6	90.9	1,178	1,158	1,178	‡‡951
Lehman Corp.	17,689	3,589	6.0	1.2	0.4	0.1	93.6	98.7	9,621	7,697	9,621	7,697
Madison Fund	10,681	10,653	8.0	7.4	1.9	1.6	90.1	91.0	15,953	18,331	11,295	12,132
Niagara Share	2,491	5,569	4.1	8.7	2.3	3.1	93.6	88.3	3,026	754	2,435	754
Overseas Securities	----	----	---	---	§8.8	§10.4	§68.6	§77.3	895	1,045	895	1,045
Tri-Continental	9,777	2,544	2.4	0.6	9.5	10.3	88.1	89.1	9,897	5,860	6,666	5,554
U. S. & Foreign Securities	11,633	10,991	10.0	9.3	None	None	90.0	90.7	None	1,705	None	1,705
Total Closed-End Companies	79,195	53,254	7.4	6.0	2.7	2.7	88.1	90.4	48,285	45,209	39,534	38,751
Grand Total	783,322	703,479	8.0	7.1	9.5	9.0	82.5	83.9	568 028	406,621	445,551	297,218

†Including corporate short-term notes where so included by reporting investment company; also other assets. *Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB for preferreds (or approximate equivalents). ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In percent of gross assets or total securities. ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 80 savings banks, etc. in New York State. a All convertible (or with warrants.)

— SUMMARY —

CHANGES IN CASH POSITION OF 86 INVESTMENT COMPANIES DECEMBER 31, 1959 vs. SEPTEMBER 30, 1959

	Plus	Minus	Approx. Unchanged	Total
OPEN-END COMPANIES: Balanced Funds	10	16	5	31
Stock Funds	12	23	7	42
CLOSED-END COMPANIES	2	10	1	13
Totals	24	49	13	86

AVERAGE ALLOCATION BY 86 COMPANIES OF ASSETS TO CASH AND EQUIVALENT, DEFENSIVE SECURITIES, AND RISK SECURITIES

	Sept. 30, 1959	Dec. 31, 1959
Net cash, etc. and Governments	8.0%	7.1%
Defensive securities (investment bonds and preferreds)	9.5	9.0
Risk securities (common stocks plus lower grade bonds and preferreds)	82.5	83.9
Totals	100.0%	100.0%

AS WE SEE IT *Continued from page 1*

uct. Nothing either mysterious or difficult about it. The Department of Commerce regularly prepares and publishes figures showing Gross National Product (another statistic to conjure with). It furthermore removes (presumably) the effect of changes in prices. Thus we have the total output of the country in what are known in the jargon of the trade as "constant dollars." Another office of the Federal Government, the Department of Labor, makes and prepares estimates of the total number of "man hours" devoted to that production. All we need to do is to divide one by the other, and, if we want index numbers, convert the result to a percentage of the "base year." Just as simple as that!

But wait a minute! First of all we are thus instructed to use two estimates which must be compiled by human beings who must "guestimate" a very substantial part of the final figures. This is hardly the place to dissect such current statistical composites — which obviously can not hope to be more than roughly approximate. And since the methods of computing "productivity" require that we compound errors that inevitably creep into such estimates, it is easy to see that productivity figures so compiled must be taken with a very large grain of salt.

But, of course, this is not the only reason for skepticism. One may easily guess—and he would be quite right—that there is a great difference among the various branches of industry and trade in the amount turned out by one man working one hour. From year to year the relative proportions of the various industries in the total of the output of the nation vary. Over a considerable period of time the variation is immense. A vast change in such a productivity index may be due wholly to different product mixes in the two periods that are being compared. In any event the figures as thus computed come down to averages of highly heterogeneous materials, which as any statistician knows, renders the result without very clear or distinct meaning.

Conceded that this overall figure of productivity is less commonly in use than figures relating to particular segments of industry and trade. But for the most part—we had almost said never—are many of the same difficulties or ones quite similar found absent even from the less ambitious statistics on the subject. In the first place attempts to measure output in any very meaningful way for such a purpose is fraught with great difficulties even in these segmentary figures. This is particularly true when comparisons are made over time, even comparatively short periods of time. Of course, over longer periods of time the task is often all but beyond human reach. How many model T's would be the equivalent of a Ford motor car of today? Or for that matter how many of the heavy and highly styled cars of just a year or two ago must be regarded as the equivalent of a hundred of any of the compact cars of today. Yet some sort of answer, direct or indirect, must be found for such questions if "productivity" in the industry is to be compared this year with even 1959.

But even if a reasonably accurate and intelligible figure could be computed to show the productivity of any industry or of industry taken all together, other problems of a major sort would remain. It is all but certain that in most industries the output of one man working one hour is much larger today than it was, say, in 1900 or in 1910 or, for that matter in 1940. This much may be taken as a fact of ordinary observation quite independent of any elaborate statistical computations. But why? Obviously it is for the most part a result of improved equipment, and techniques of production most of which have required the investment of large sums of money. It would be absurd to suppose that a farmer, for example, could produce no more wheat per hour of labor than in the days when the planting and reaping and the cultivation was all done by hand or by the use of horse drawn equipment. But everybody knows that it requires many times the capital to operate a farm today, and no one supposes that the hired man provides any of that capital!

There are, of course, many other factors which have much to do with the productivity of any industry, and, in particular, with the changes that occur over a period of years. But enough has been said to make it plain as a pike staff that one must not suppose that gains from improvements in productivity must all be paid out or should be paid out in wages to workmen who probably had very little to do with the improvement. If space allowed, it could be shown that under a system of free competition the benefits of such improvement would go automatically where they should go—in part to him who is responsible for them and in part to that forgotten man, the consumer. We find little hint of an understanding of these facts in current official discussions.

Gunn, Carey & Roulston Formed

CLEVELAND, Ohio — The firm name of Cunningham, Gunn & Carey, Inc., Union Commerce Building, members of the Mid-

Walter J. Carey   Clemens E. Gunn

west Stock Exchange, has been changed to Gunn, Carey & Roulston, Inc. Principals of the firm are Clemens E. Gunn, Walter J. Carey, and Thomas H. Roulston, II.

Mr. Gunn served as President of the Cleveland Stock Exchange in 1949, the last year of its existence and was instrumental in the formation of the Midwest Stock Exchange, on whose board he served one term as Governor and two terms as Vice-Chairman of the Board of Governors. He recently completed two years of service on the Executive Committee of the Northern Ohio group of the I. B. A. and is presently a Governor and Secretary of the Bond Club of Cleveland.

Mr. Roulston was formerly with Paine, Webber, Jackson & Curtis as a registered representative. He joined Cunningham, Gunn & Carey, Inc. in April of 1959 and was elected Vice-President and Director on Jan. 4, 1960. He is a member of the Bond Club of Cleveland.

Loewi & Co., Inc. Appoints V.-Ps.

MILWAUKEE, Wis. — J. Victor Loewi, President of Loewi & Co. Incorporated, 225 East Mason St., members of the New York Stock Exchange, has announced that the Board of Directors have elected William C. Elwell, Willard F. Murphy and Robert C. Sullivan, Vice-President as of Jan. 31, 1960. Mr. Elwell has been with the Loewi organization since 1947. Mr. Murphy, manager of the Chippewa Falls and Eau Claire Offices, has been associated with the company since 1956. Mr. Sullivan, in the Loewi Corporate Finance Department, has been with Loewi & Co. since 1953.

Coast Inv. Women Elect Officers

SAN FRANCISCO, Calif. — Miss Marcia E. Wolfe, a member of the investment counsel firm of Dodge & Cox, was elected President of the Financial Women's Club of San Francisco at the annual meeting. She succeeds Mrs. Alice T. Williams, of Dean Witter & Co., investment bankers.

Miss Ann Healy of Wells Fargo Bank was elected Vice-President; Miss Mary Ann Shea of Halsey, Stuart & Co. Secretary, and Mrs. Genevieve Fennell of Hill, Richards & Co. Treasurer.

Mrs. Sue Barron of Kaiser & Co. was chosen Chairman of the Arrangements Committee; Mrs. Charlotte De Hooge of F. S. Smithers & Co. Chairman of the Membership Committee, and Miss Lillian Eklund of Wm. R. Staats & Co. Chairman of Public Relations.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The refunding issues, namely the one-year 4⅞% certificate and the four-year nine-month 4⅞% note, are being fitted smoothly into the near-term and intermediate-term sectors of the money market. The interest rate of 4⅞% for both refunding obligations has taken quite a bit of the appeal away as far as the so-called "small investor" is concerned. In other cases also there are indications that holders of the 3¾'s and the 1½'s had been doing their own refunding through purchases of already outstanding securities.

The improved tone which has been in the money and bond markets was a favorable force as far as the recent refunding operations of the Treasury was concerned. However, the answer as to whether or not there will be a continuation of this trend in the market for fixed income bearing issues will depend upon the course of business, the action of the equity market, and the inflation psychology.

Latest Refunding Offer

The Treasury offer to refund the nearly $11.6 billion of 3¾'s and 1½'s coming due on February 15 and April 1 with a one-year issue and a four-year nine-months note both with a 4⅞% rate was just a shade (lower) under the cost which the money market had been looking for. It appears to be quite evident that a 5% coupon would have been used on both of these refunding obligations if the money market had not improved as it did in the past two weeks. The influx of funds into the near-term sector of the market pushed down the yield on the most liquid government securities so that the Treasury was able to offer a 4⅞% certificate at $100 and a 4⅞% note due on Nov. 15, 1964 at $99.75 to the holders of the Treasury 3¾'s and the 1½% notes coming due on April 1, 1960.

The shorter of the two refunding obligations was tailored to meet the needs of the Federal Reserve Banks (even though they might take some of the 4⅞'s due in 1964 for maturity lengthening purposes) who were among the largest owners of the maturing issues. As for the 4⅞'s due Nov. 15, 1964, this note should have attraction for those owners of the maturing obligations who do not need a short-term security such as the 4⅞% certificate. In addition there are not a few investors who were not holders of the 3¾'s and 1½'s which are being refunded that were attracted to the four-year and nine-month 4⅞% note. It is reported that institutions with available funds have been buyers of the 4⅞'s due Nov. 15, 1964 since this note gives them a satisfactory yield, and the four-years and nine-months maturity meets the desire which most of them have for a five-year non-refundable obligation. In addition, this is a direct government obligation which means that it represents the best credit available. To be sure it will be paid off at the maturity date either in cash or with another obligation in a refunding operation, but who can tell by that time in 1964 but what interest rates may not be higher than they are now. The so-called "small investor" has been a buyer of the refunding 4⅞'s with the emphasis on the November 15 maturity, but the purchases in this instance were not nearly as heavy as they were in the "magic 5's." On the other hand, these commitments did play a part of some significance in the recently completed refunding operation.

The Treasury according to indications will not be in the market for new money again until April unless there is an unexpectedly large attrition in the Treasury refunding. If this should happen there will most likely be a new cash offering in February.

No Interest Expected in Key Interest Rates

The improved tone which has been in evidence in both the government money market and the government bond market as well as the market for all fixed income bearing obligations apparently can be attributed in some measure to the feeling that the prime bank rate and the discount rate will not be increased for the time being. There has been more than a passing amount of opinion around that higher interest rates would not appreciably increase the supply of money and credit. It is the policies of the Federal Reserve Board which will determine whether or not there will be any change in the availability of credit. In addition the action of the equity market which has been on the defensive has not been an unfavorable development as far as the bond market is concerned. The lessening of the inflation psychology has also been a factor in the improved demand for bonds.

Customers' Brokers Special Forum

The Association of Customers' Brokers will hold a special situations forum on Feb. 9 at 4 p.m. at the new headquarters of the New York Society of Security Analysts, 15 William Street, New York City.

Speakers at the forum, which is open to members only, will be John J. Dunphy, Cyrus J. Lawrence & Sons; R. Thomas Sour, W. E. Hutton & Co.; and John C. Maxwell, Jr., Tucker Anthony & R. L. Day.

Do We Need a Change in Federal Reserve Policy?

Continued from page 5

by 20% in less than a year, housing expenditures jumped by 50% from the beginning of 1954 to the middle of 1955, and busines capital goods spending soared by almost 25% from the beginning to the end of 1955. There was thus a tremendous bunching of both consumer and business durable goods spending within a relatively short period of time.

Such cyclical bursts in durable goods spending are undesirable for two reasons. First, since durable goods buyers normally withdraw from the market for quite some time after making a purchase, the sale at a given time of a high proportion of all potential durable goods buyers will result inevitably in a subsequent sharp drop in sales, output and employment in these industries. The more than 7-million car year in 1955 affords a good deal of the explanation for the mediocre automobile sales of the following three years. The 1,350,000 new housing units sold in 1955 were enough to explain (quite apart from the effect of later tight money) most of the subsequent slump in residential expenditures.

A second reason why such bursts of spending are undesirable is that they lead businessmen into over-optimistic capital expansion plans. This over-optimism is based partly on an unjustified projection into the future of the unusually high sales of a given year. It also arises, however, from the failure to realize that, while capital expansion is under way, consumer incomes and consumer spending are being expanded through the increased employment associated with the capital goods boom. That is, the rate of sales expansion which leads to the capital expenditures can be continued only on the assumption that capital expenditures themselves continue to rise.

Following the cyclical burst of consumer and capital goods spending in 1955, there was of course bound to be a day of reckoning. Early in 1956, despite the fact that the economy was still booming, capital expenditures were still rising, and employment was still improving, consumers suddenly lost interest in durable goods. The significant fact is that they did not regain their interest in durable goods until three years later during the growing boom of 1959. Housing expenditures also fell sharply early in 1956, partly because of the increasing tightness of mortgage money but also importantly because of the unusually high sales of the preceding year.

It was at this juncture that the new plant and equipment which had been building during the previous year began to come into operation. By the end of 1956, businessmen suddenly realized how large was the capacity that they had been led to construct on the basis of the burst of sales in 1955. The subsequent leveling off and decline in capital spending, coupled with continued consumer disinterest in durable goods, thus prepared the way for the recession of 1958.

What can monetary policy learn from this sequence of events in the typical business cycle of the postwar period? I think the first point to be learned is that the most effective action to stabilize both prices and employment is that which is taken early in the boom, at which time the seeds of both inflation and subsequent recession are sown. This means that, even though prices are not rising and unemployment is somewhat above normal early in the boom, the appropriate Federal Reserve policy at that time is one of severe restriction. Such a policy would intentionally slow the rapidity of the business advance in order to avoid both the bunching of consumer purchases and the miscalculation of business expenditures which are likely to occur at such a time.

Need for Qualitative Consumer Control

In addition to tight quantitative control through open market operations, it may be necessary in the future to give to the Federal Reserve power to set minimum down-payments and maximum maturities for consumer instalment loans. As an alternative, I recommend a Federal statute stipulating an absolute and unchanging maximum term of 24 months for consumer credit. With a maximum two-year loan, a bunching of consumer purchases in any one year would normally mean that the economy need ride out only the following year of low consumer purchases. The cycle of consumer purchases is related partly to the life cycle of the durable goods themselves. But it is also heavily influenced by the consumer debt position of potential buyers. I believe that a maximum two-year term for consumer credit would not reduce the total of consumer credit extended over a period of years, but would greatly reduce the instability of this type of credit and thus contribute to more stable prices and more constant growth of the economy.

Finally, it is a corollary of my argument thus far that the Federal Reserve should ease credit as the later stages of the boom are reached, even though prices might be rising at that time. When it does so, it will release to the market place the potential demand which it has held tightly in check during the developing stage of the boom. At this stage—and at this stage only — I believe that increased credit will not feed inflation but will serve to sustain sales, output, and employment.

Summary Conclusion

To sum up my remarks:

First, most current attacks on Federal Reserve policy are directed at the wrong agency, and propose the wrong remedy. It is not monetary policy which has inhibited our growth rate, but wage and price policy. The deficiencies in our wage and price policy cannot be remedied by any monetary policy, restrictive or inflationary. It is thus senseless to attack the Federal Reserve for these deficiencies, and equally senseless to imagine that they can be remedied by sacrificing the goal of stable prices.

Second, apart from these deficiences which require changes outside the sphere of monetary policy, Federal Reserve policy can be improved if greater emphasis is placed on a deliberate slowing of the developing stage of the boom through a very restrictive credit policy. In the later stages of the boom, long before the appearance of an outright decline in business activity, credit should be eased to bring into the market the potential demand held in check by the earlier tight money policy. In other words, primary emphasis in monetary policy should be placed on smoothing and steadying output, a tight money policy being employed early in the boom even though prices are not rising, and an easy money policy being employed later in the boom even though prices may be rising. I believe that such a policy would prove effective in achieving price stability as well as orderly progress in output.

As part of a program to reduce cyclical bursts and subsequent recessions in spending and output, I recommend a Federal statute placing a fixed maximum term of 24 months for consumer credit.

I think these proposed changes are worth study. The initial reaction of bankers, interested in the promotion of consumer credit, may be to reject them. I hope that after greater consideration, many will agree with me that a 24-month maturity will not reduce the total amount of credit extended over a period of years, but will moderate the great surges and cutbacks which have characterized this type of credit during the postwar period. A steady, consistent growth in consumer credit is good for the economy. If we are able to smooth out this growth, we will have made a significant contribution not only to the efficiency of the consumer credit industry, but to the ability of the entire economy to maintain rapid growth without inflation.

*An address by Dr. McKinley before the Credit Policy Commission of the American Bankers Association, Chicago, Ill., Jan. 22, 1960.

Ira Haupt & Co. Offers Levitt Capital Stock

Ira Haupt & Co. and associates are offering today (Feb. 4) 600,000 shares of Levitt and Sons, Incorporated capital stock at a price of $10 per share. None of the proceeds from the sale of the stock will accrue to the company as the shares are already issued and outstanding and are being sold for the account of William J. Levitt, President and Director of the company.

Levitt and Sons, Incorporated is a New York corporation organized in 1938 as the successor to various corporations and partnerships having their beginnings in 1929. It is also qualified to do business in New Jersey and Pennsylvania, and it is engaged, directly and through subsidiaries, in the business of acquiring and improving sizable tracts of land and constructing on that land residential communities. The company believes it is the largest builder of such communities in the nation. The company also engages or may engage in the management, operation and development of, and investment in, all types of real estate. Beginning in 1929 and prior to World War II, the company and its predecessors built middle and upper-priced homes in the New York City metropolitan area, on a rate of about 150 houses annually.

During the last war, the company commenced construction of homes on a much larger scale building 2,350 family homes in Norfolk, Va., during 1942 and 1943. Following the end of the war, the company continued construction on Long Island, N. Y., and from 1946 to 1951, over 20,000 homes, the bulk of which were in the area known as Levittown, N. Y., were constructed. The company then built a new community in Bucks County, Pa., known as Levittown, Pa., in which 17,311 homes were completed from 1952 to 1958. The company is now building a third Levittown, this one in Burlington County, New Jersey, a planned community of some 16,000 homes. In addition, it expects to be building soon in northern New Jersey and in Maryland.

B. C. Morton NYC

B. C. Morton New York City Corporation has been formed with offices at 10 East 40th Street, New York City, to engage in the securities business.

A Credit Structure That Will Not Collapse

Continued from page 3

60's. We have been experiencing —with some slight lapses—one of the longest sustained periods of prosperity in our history. We must recognize, however, that our so-called, built-in stabilizers have not eliminated the business cycle and that it is difficult to chart the future accurately. We would be foolhardy indeed to assume that the boom we have been enjoying is permanent. We may all agree that 10 years from now our economy will be vastly expanded, but history cautions that we may have some ups and downs in the meantime.

We have government loan insurance and guaranties, deposit insurance, and a tremendous rediscount potential at our central bank—to be used in case of an emergency. But, these are designed to be our ultimate defenses in an emergency or crisis. They should not permit us to develop a false sense of security. Our goal —and our best defense—should be a credit structure that will not collapse under stress.

Experience has shown that during periods of expansion in economic activity, risks grow in certain areas of credit. We must be certain that the unjustifiable risks and the speculative excesses of the 20's do not reappear in new guises.

Areas of Credit Warning

I should like to comment on some specific areas of credit—with a few words of warning.

In commercial banking, consumer instalment credit, real estate credit, and term loans have become much more prevalent than formerly. We can expect them to be prominent in bank lending in the future, and they will require careful watching.

As for consumer credit, no one would now deny its economic usefulness when it is used to permit consumers to meet their legitimate needs and when it is used with discretion. Fortunately, we have been able to accommodate demands for sound consumer credit even in tight money periods, and we should be able to continue to do so.

We can make a real contribution in this area by avoiding excesses and bearing in mind the financial welfare of our customers. If we do this, we will render a service to consumers and also keep our own lending business on safe ground.

At the present time, check-credit plans and other types of revolving credit have become popular in many localities. Bankers should study carefully the need and potential of this kind of credit. Then, if it seems wise to adopt a program, applications should be screened thoroughly, loans should be reviewed regularly, and there should be reasonable restraint used in advertising and in other forms of promotion.

We should always bear in mind that to the extent we—and other lenders—provide legitimate consumer credit and avoid excesses, we will demonstrate that we can operate wisely and efficiently without consumer instalment credit controls.

With reference to real estate credit, lending terms have been vastly altered in recent decades, in part at least because of the policies and influence of government agencies. In this area of credit, we need to reappraise lending policies. It is true some lenders go to extremes in lowering down-payments, extending maturities, and raising loan-value ratios. But it may be true that many commercial banks are erring in the opposite direction—too cautious and too conservative. Banks in general, through careful, realistic mortgage lending, can contribute significantly to the growth of their communities. Furthermore, the potential in the next decade for repair and modernization loans is tremendous. Interim mortgage financing and construction loans also serve a useful purpose, but can involve some dangers which should be avoided. A boom tends to make most people overly optimistic, if not incautious. As we look ahead, there can be a real danger of our overbuilding homes, apartment buildings, and offices in some areas.

Real estate credit, of course, and term loans have stretched out the terms of bank lending and need to be watched carefully for that reason. Term loans, for example, have not really been tested in a depression. If we should have serious economic reverses, it may be that such types of credit will call for flexible administration by bankers. It is possible that some stretching out of repayments and some interest charge adjustments may be necessary.

Such flexibility is not entirely new. We may profit from the experience in flexibility gained by bankers in managing their instalment loans in areas hit by unemployment resulting from prolonged strikes or adverse local economic conditions.

Broader, Positive Approach

Now, let us take a broader, more positive approach.

To be realistic, we must recognize that competition, market forces, and the profit motive will provide the main forces which will determine the lending and investment practices of banks. However, bankers will be passively pushed along by impersonal market forces, for on the supply side of credit, their judgment of what is legitimate bank lending and what is not is in fact one of the major factors in determining the market. Of course, banking laws, regulations, and supervisory policies set the limits within which banks must operate, but they leave room for enlightened policies. At any given time, there are alternative loan and investment opportunities; and it is in choosing among these alternatives that bankers can contribute to a sound banking system and economic growth.

There is, however, one very important element beyond the control of individual bankers. They cannot determine the total level of bank credit available to the economy, which in boom periods is influenced so directly by monetary policy. Nevertheless, given an aggregate amount of bank credit, it is the function of bankers to allocate it among those who seek it. In fulfilling this function, bankers are clearly responsible for the soundness of credit — a responsibility which must be shouldered by nonbank lenders also — both government and private in their areas of operations.

Unlike some of the easy money years in the past two decades, we are now experiencing a period in which available credit is not being allowed to grow as fast as many would like. There is every likelihood that monetary policy for the foreseeable future will be designed to provide us with such increases in the money supply as are necessary for real economic growth without fostering speculative excesses.

Commercial bankers to meet credit needs have a real incentive to seek increase in their savings deposit business. While success in attracting savings into commercial banks may not add to total deposits in all thrift institutions, it will give commercial bankers control of the disposition of more funds. In any event, it is clear that bankers for some time to come will need to assume the difficult task of rationing available credit.

Criteria in Rationing Credit

There are some basic principles and criteria we can follow in doing this.

First, we can appraise our loan and investment policies to determine whether or not we are providing credit in ways most likely to contribute to economic growth. This is essential.

Second, in order to avoid loans which could lead to losses, there will be a need for careful appraisal of credit risks and customer relations. All lending involves some degree of risk, but risks can be minimized through careful calculation of the many personal and financial factors that affect the credit-worthiness of potential borrowers.

Appraisal of risks and customer relations will require close attention to the inventory and receivables positions of borrowers, their past relations with the bank, their deposit balances, repayment schedules; and when money is really tight, there may have to be some scaling down of loan requests.

Third, bankers are going to have to avoid laxness in credit policies. Certainly, they must refrain from a competitive "rat race" in easing credit terms. But it will do little good for commercial bankers to adhere to sound policies alone. All other lenders have an equal obligation.

Fourth, bankers and all other lenders should consistently bear in mind the need to preserve the financial health of the borrowing customer. This will protect the lender and be a real contribution to economic growth.

Inevitably, bankers and our monetary managers will be constantly put on the defensive and forced to explain why any one should be denied credit. One way for a lazy banker to respond is to say, "Well, the Federal Reserve thinks the expansion of credit should be curbed, and there is nothing we can do about it." This sort of passing the buck should be avoided by all bankers, because it does not give the bank customer or man in the street any insight into the reasons behind credit control in general. In the long run, we shall be better off if in espousing conservative practices we can get our customers to understand and to appreciate the basic good sense in such a policy.

A little earlier, I referred to some of the risks to which banks might be exposed in a boom period. The avoidance or minimization of these risks should, of course, be a primary objective for all of us. That is only one side of the coin, however, and the negative side. On the positive side, what we most need is to maintain a constant appraisal of our lending and investment policies in order to judge whether or not we are contributing as fully as we are able to sound national growth and stability.

The avoidance of credit excesses and the promotion of maximum growth can be accomplished only through conscious and continuous policy decisions aimed at these objectives. The public and many bankers need a greater knowledge and understanding of why and how we can accomplish our goal.

Aware of this need for public understanding, the American Bankers Association, through its newly created Committee for Economic Growth Without Inflation, has launched a continuing educational program to promote such understanding. One of the first products of this committee is a booklet, "A Banker Discusses Inflation, Credit Control, and Interest Rates." It merits greater distribution among bank directors, officers, employees, and customers. The distribution has already been substantial and is increasing rapidly. All of us should make a special effort to disseminate this illuminating booklet as widely as possible.

In conclusion, I should like to dissociate myself from all gloomy and pessimistic views on the outlook facing us. Although I have used words of caution in this talk, banking — in its lending, investing, and even in most of its advertising—is developing in the manner which will maintain our fine, sound banking system. The main concern which we should all possess is that we not only avoid complacency, but positively and actively bend every effort to the achievement of growth in our economy.

*An address by Mr. Remington before the 12th National Credit Conference sponsored by the ABA Credit Policy Commission, Chicago, Ill., Jan. 21, 1960.

Amos Treat Sells Telechrome Debs., Stock

Amos Treat & Co. and Wm. Stix Wasserman and Co., Inc., as co-Managers of the offering group, announced that their offering on Feb. 2 of $750,000 of 6% convertible subordinated debentures, due Dec. 1, 1969 and 95,200 shares of class A stock, of Telechrome Manufacturing Corp. has been oversubscribed and the books closed. The debentures were offered at 100%, plus accrued interest, while the class A stock was priced at $10.50 per share.

Net proceeds from the sale of the debentures and class A stock will be used by the company for various corporate purposes, including the retirement of short-term notes payable to banks; the payment of the balance of the purchase price for 50% of the issued and outstanding capital stock of The Hammarlund Manufacturing Co., Inc.; and for additional working capital.

Telechrome Manufacturing Corp., with its executive offices and principal engineering and manufacturing facilities located in Amityville, Long Island, N. Y., is engaged in the manufacture and sale of monochrome and color television broadcasting and test equipment, telemetering equipment for guilded missiles and for industrial telemetering systems, components for radio telegraph transmission and automation control equipment.

For the three months ended Sept. 30, 1959, the company and its subsidiaries had consolidated net sales of $485,468. Upon completion of the current financing, outstanding capitalization of the company will consist of $816,898 of sundry debt; 317,367 shares of class A stock and 72,420 shares of class B stock.

Toronto Traders 28th Ann. Dinner

TORONTO, Canada—The Toronto Bond Traders' Association will hold its 28th Annual Dinner at the King Edward Hotel on April 8.

L. M. Wightman, Isard, Robertson and Co. Limited, is Chairman of the dinner.

Mil Inv. Associates

RED BANK, N. J. — Mil Investment Associates has been formed with offices at 79 West Front St. to engage in a securities business. Officers are Lionel H. R. Schusterman, President; Margaret E. Slocum, Vice-President; and Molly Lerner, Secretary and Treasurer. Mr. Schusterman and Miss Slocum were formerly with First Eastern Investment Corp.

The Security I Like Best . . .

Continued from page 2

phonograph and television instruments is highly integrated and includes manufacture of cabinets and components, such as loud speakers, condensers, transformers, chassis and tuners. Since plants are decentralized and located in areas where production costs are relatively low, profit margins compare favorably with those of the radio-television industry. The company's products are sold directly to its dealers and not through distributors. This policy has built a strong dealer organization numbering about 2,000 franchised dealers, or 2% of the industry's total, and representing some of the country's largest department, music, appliance and furniture stores. Thus distribution costs have been maintained at a very low level. Magnavox is the only producer in the industry whose products are not sold at a discount permitting full dealer and manufacturer mark-ups and placing a high value on the concern's franchises.

The company's government and industrial electronic business comprises airborne communication systems, airborne fire control radar equipment, anti-submarine warfare equipment, components for missiles and satellites, business data processing equipment and other highly specialized instruments. Magnavox, a leader in the anti-submarine warfare field and underwater detection research, has built numerous types of sonobuoys and detection equipment for many years. Among its newer developments is a system which correlates intelligence information from various sources and permits rapid detection of submerged submarines. The company has also developed an advanced airborne communication system which appears destined to replace many presently used airborne communication instruments in manned aircraft and guided missiles. Government order backlog is in excess of $60,000,000 which includes $10,000,000 airborne and ground communications equipment for West Germany and orders of about $20,000,000 for the Navy.

The company owns and operates six plants in the United States, located at Fort Wayne, Ind.; Urbana, Ill.; Greeneville and Jefferson City, Tenn.; Paducah, Ky.; and Torrance, Calif. Modern research and product development laboratories are maintained at Fort Wayne and Urbana, where facilities have recently been doubled. Three smaller laboratories in the Los Angeles area will be consolidated in May, 1960 into a new large research and development center at Torrance, Calif. Research and development expenditures for the 1960 calendar year are anticipated in excess of the $11,250,000 or 12.4% of fiscal 1959 total sales.

Magnavox has developed jointly with Eastman Kodak a complex data processing system known as "Minicard." This electronic system handles unitized microfilm records, stores digital information and provides for almost instantaneous selection of any item from a large file containing millions of records. One filing case of this system can store as much information and as many documents as it would normally take 1,200 filing cabinets. In 1958 the first complete "Minicard" system was delivered to the Air Force and has been in operation ever since. Two additional systems are presently being built and the management feels that this equipment is primarily suitable for military applications.

Another important time and cost saving system is "Magnacard," a proprietary system, which was developed in cooperation with the Defense Department and is being considered for use in worldwide communications networks. Magnacard, a high speed electronic system, processes magnetic cards with a capacity of 1,000 numeric characters or 600 combined alphabetic and numeric characters. In addition to the tremendous advantage of the high speed with which cards can be sorted, collated, filed and selected, the system's great storage capacity and compactness become even more impressive when it is realized that an ordinary punch card data processing system requires 140 times the space for storing the same information as is required on Magnacard.

Magnavox has also developed a smaller, lower cost and modified data processing system known as "Media" which could be of assistance to commercial organizations such as banks and insurance companies, which maintain large and easily accessible files. In time, substantial demand from large industrial companies is anticipated for this type of equipment.

Magnavox has designed, engineered and developed a new electronic organ to retail in the $700 to $1,500 price range, which is expected to be placed on the market as soon as volume production can be assured. The company's farsighted management visualizes a large potential in this rapidly growing home entertainment field. Because of its strong manufacturing and distribution facilities this new item is considered a natural addition to the expanding product lines.

During the past eight years sales have increased almost threefold from $36,838,000 for the fiscal year ended June 30, 1952 to $90,624,000 for fiscal 1959. Beginning with 1960 the company's fiscal operations were changed to a calendar year basis. Total 1959 estimated sales are approximately $107,000,000 with about two-thirds accounted for by consumer products and the remainder by government and industrial electronic items. Earnings rose about three times from $1,343,000 or 57 cents per share for the fiscal year ended June 30, 1952 to a high of $3,759,000 or $1.60 per share for fiscal 1957 based on the present number of common shares outstanding. For the fiscal year ended June 30, 1959 net income was reported at $3,361,000 or $1.43 per share on an adjusted basis giving effect to the 2-for-1 split of the common stock which was approved on October 28, 1959. Earnings for the 1959 calendar year are estimated at about $4,500,000 or $1.90 per share. 1960 income per share is projected at $3.00 per share on estimated sales of around $150,000,000.

Dividend payments, which have been made continuously since 1944, are presently at an annual rate of $1.00 per share. During the past five years a 5% stock divdend was also distributed. Magnavox Company is in sound financial and working capital position with current assets of $40,749,000 on June 30, 1959, including cash of $4,368,000, compared with $23,103,000 current liabilities. Capitalization consists of 2,350,220 shares of common stock preceded by $7,500,000 long-term debt. The company's excellent management owns 287,628 shares or about 12% of the total common stock outstanding.

In view of the extremely favorable outlook for continued high demand for the company's consumer products both here and abroad, sizable earnings increases are expected in the coming years. As a result of an aggressive research and product development program, creative engineering, low-cost production and distribution and consistently wide profit margins, the company should be able to maintain its growth at a more rapid rate than that of the entire industry. Aided by an outstanding reputation for its excellent workmanship and performance and further strengthened through complete integration of production and merchandising facilities, Magnavox appears on the threshold of a period of great expansion and a brilliant future.

Minsky Partner In Hardy & Co.

Hardy & Co., 30 Broad Street, New York City, members of the New York and American Stock Exchanges, have announced that Sam Minsky has been admitted to general partnership in their firm.

Sam Minsky

Mr. Minsky began his career in Wall Street in 1923 with Vilas & Hickey. He joined Hardy & Co. in 1926 remaining with the firm until 1935 when he became associated with Doyle, Hayes & Co. On the dissolution of the latter firm he joined L. F. Rothschild & Co. where he remained until 1937 when he engaged in private tax work. He rejoined Hardy & Co. in 1943 as Manager.

New Summer Course at Columbia

A new six-week executive development program will be inaugurated in the Summer of 1960 by the Graduate School of Business of Columbia University, it has been announced by Hoke S. Simpson, Director of Executive Programs for the Business School and Director of the new program.

Called the Management Program for International Operations (Latin America), the first session will be held June 19-July 29, and will be directed specifically toward operations in Latin America. This program has been designed for executives who are concerned with the management of operations in Latin America, and the participants will include managers currently stationed in Latin America, as well as executives who operate from home offices in the U. S.

The Management Program for International Operations will be held on the Morningside Heights campus of Columbia University, using facilities of the Graduate School of Business and the American Press Institute. Enrollment for the 1960 program will be limited to 25.

This is the most recent of the Graduate School's Executive Programs. These include the six-week Executive Program in Business Administration which is held twice each Summer, and three one-week courses offered annually—the Consumer Credit Management Program, the Transportation Management Program, and the Commercial Bank Management Program.

Nielsen Incorporates

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif.—W. G. Nielsen & Co., Incorporated, 362 East Olive Avenue, has been formed to continue the investment business of W. G. Nielsen & Co. Officers are Walter Gram Nielsen, formerly proprietor, President; Laurence T. Montgomery, Vice-President; Philip E. Zeiss, Second Vice-President; and M. B. Nielsen, Secretary-Treasurer.

Form Regency Planning

BETHPAGE, N. Y. — Regency Estate Planning Co., Inc. has been formed with offices at 352 Broadway to engage in a securities business. Officers are Frank A. Spina, President; Buddy Mazzara, Vice-President; and W. E. Mazzara, Secretary-Treasurer.

Aftermath in Steel

Continued from page 9

obvious that the last offer made before the final settlement may in itself have gone somewhat beyond the shadowy boundaries of what might be called a non-inflationary proposal.

Certainly it would be difficult to argue under these circumstances that the actual settlement which is about one-third higher than the companies' last offer—is not an inflationary one. On the other hand, no one can deny, I think, that it is less inflationary than the agreements averaging 8% annually which the steel industry has experienced since 1940.

And it seems clear that the rippling effect of the new settlement —that is its effect on other wage settlements in other industries—will be less inflationary than the earlier agreements.

Over the period of the 1956 contract, the industry employment cost increased substantially more than the 8% per year, or 81 cents —a rate of increase more than four times the rate of increase in output per man-hour. And compared with this, the present settlement of 3¾% is less than two times the rate of increase in output per man-hour; and the inflationary effect is less than half as great.

But what about the other major agreements that the steel workers union has reached with other companies and other industries during the weeks prior to the settlement in steel? Wouldn't the steel industry have been better off if they had accepted those same terms of settlement?

Well, the answer to that is unqualifiedly NO. And in saying that I want to make one thing very clear. The cost of what may appear to be the same benefits, as I have said, varies widely from company to company and perhaps more widely from industry to industry. I have no way of knowing what the agreements which the steelworkers made with Kaiser, and with companies in the aluminum, copper and can-making industries actually cost the companies affected. But I think I do know what the same benefits applied to our own industry would cost had they become effective in it.

Less Inflationary

And the annual increase in the hourly cost of those benefits, if applied to the steel industry, would have ranged from 4½ to 5%—or from 10 to 15 cents an hour more over the period of the agreement. So in comparison with these costs our 3¾% looks considerably less inflationary.

But you have doubtless read, as I have, that the steel companies could have settled on much more favorable terms had they done so earlier before the injunction or before the strike, or at some other mysterious point along the road, and to that I can only say that I doubt it.

Most people who talk that way are using the unrealistic 26 cent type of arithmetic that I mentioned earlier.

Now I am sure many have also read critical statements having political overtones to the effect that government officials in recommending the terms of the steel settlement had been given some sort of commitment that the steel companies would not raise their prices until after the election. I would like to make it clear that no such commitment was asked and none was given.

Each company in the steel industry as in every industry, is free to make its own price determination. And under the Antitrust laws this must be so. For any government official involved in a labor negotiation to seek a price arrangement with the steel companies would have been completely out of character and I believe improper. And I want to make it abundantly clear that the pricing policy followed by United States Steel is based upon the competitive and other factors affecting prices and that United States Steel has no commitment connected with this settlement or otherwise regarding its price action.

No Political Conditioning

As is known, of course, United States Steel announced—on the day that the settlement was reached—that for the present it did not contemplate any increase in the general level of its steel prices. That action was consistent, I believe, with the competitive conditions of which I have reviewed. For that is what this whole wage controversy was all about from the start—our attempt to prevent an inflationary rise in production costs that would tend to force a price increase, which in turn would place us at a greater competitive disadvantage in relation to the producers of certain foreign made products and substitute products here at home.

While we were not wholly successful in winning a non-inflationary settlement, I believe that compared with earlier years we did make progress. At the same time, many realize, as I do, that if a wage increase is not earned and an inflationary cost increase results and is not met through a price advance—even at the expense of a possible loss of markets to our competition at home and abroad—then it can only be met in one of two other ways, and then only temporarily; through a diminution of profit or a curtailment of certain postponable projects such as research, for example.

And any way you look at it, it all comes out to the same thing in the end:

To whatever extent profits are diminished, so is the ability of a steel company to acquire new and more efficient tools of production. And to whatever extent the purchase of these more efficient facilities is delayed, so the competitive position of the steel companies is impaired and job opportunities in the steel industry are likewise lessened. For less profit means fewer tools—or poorer tools—of production.

In the same way, of course, any curtailment of expenditures for research can be fatal to the competitive position of any enterprise in this dynamic world in which we live. For example, I have already mentioned the stiff competition which the steel industry faces in the container industry—but there are at least two ways of meeting this kind of competition.

One is by holding down costs of production, as we have fought so hard to do. And the other is by devising in our research laboratories new and better steels and ways of making steel—a never-ending search now receiving much more of our time, our attention and our resources than ever before.

In this connection, it may be of interest to know that at our Research Center in Monroeville, Pa., more than 600 man-hours per day are devoted to the development of better tin plate and to the problems of the canner and the can maker.

Reports Break-Through in Tin Plate

I am sure it will be of interest to know, for example, that we are now working on a new tin plate which — if it proves to be as promising as now appears — will be lighter, thinner, and stronger than any tin plate you have ever used. And I need not point out the economic advantages of such a product, nor the competitive advantages of such a product to us.

So it all boils down to this: Inflated costs—however they are met—are a menace to the competitive position of not only every company in the steel industry, but of all those who earn their living in it. Which brings us down to what is, perhaps, the all-important question: How inflationary will this contract prove to be in terms of competition?

And the answer to that depends in large part, of course, upon the steelworkers themselves, and upon their union officials at both national and local levels.

As I have said, we tried to resolve the "local working conditions" issue in the hope of removing contractual barriers to improved ways of handling our work. So far the issue is unresolved although machinery has been provided in the settlement whereby the matter can be resolved if there is a will to do so on both sides.

To this end, each of the parties is committed as a matter of policy to encourage prompt settlement of local working conditions problems at the local level by mutual agreement. This is, after all, the best place—and there are about 50,000 of such places in the industry at the foreman level — to reach understanding regarding better ways to get on with our constantly changing and all-important job of production.

The settlement also provides for a joint committee under an impartial Chairman to make recommendations by Nov. 30, 1960 for such action as the parties may mutually agree upon.

But effective ways of production are not confined—and never can be confined — to contract language. It is a matter of attitudes and of people . . . of their hopes, their fears, their aspirations, and their achievements, just as the success or failure of any human endeavor always is in the end. And in the end, the effort to find better means of achieving effective production will depend upon the spirit, and the degree of cooperation, with which the task is approached, rather than upon printed words on a printed page.

I believe that our long travail has served another important purpose in this connection—that the steelworkers, and their union leaders, recognize now more than ever the dangers which inefficiency holds for their own competitive position and their ultimate job security.

Now that the shouting and the tumult have ceased, I have not the slightest doubt in the world that, if approached in a spirit of good will and understanding, and of mutual respect on both sides, it may be possible to provide a greater measure of true, long-range, job security than the steelworkers as a group have ever known, while minimizing at the same time any hardships that individual steelworkers might experience as a result of improved work practices.

If both sides — and here I include the union leaders as well —can view this common problem in terms of what its solution will mean to human beings, we can hardly fail, I think, to get on rapidly and more cooperatively with production in the steel industry. And if that be true, the inflationary effects of the steel settlement, I believe, can be much less than they otherwise would be.

Now I have spoken my piece, and in doing so I have tried neither to minimize nor exaggerate any of the facts concerning the final settlement. That some settlement had to be reached was a matter of first importance. That it could have been better from our point of view—and from the nation's also—is clear, but that it marks some major steps in attaining needed objectives in our industry I do not have the slightest doubt.

Conclusion

So in conclusion, let me leave these simple observations:

Never before has the steel industry been so solid in its determination to resist being a middleman passing out brass rings on the merry-go-round of inflation; and by comparison with recent years, never before has it made so much progress.

Never before has our industry pushed forward in negotiations so vigorously this issue of improving its competitive position, nor clung to it so effectively. And never before has it made such progress in protecting its competitive position by getting better understanding of our common problems among all ranks, members of management and of union alike.

And out of it all we have learned, I think, a member of things:

That any solution to inflation must involve a much more modest approach to the big annual rounds of wage increases that our country has been incurring—a lesson hard to come by, but important in the future fortunes of our industrial economy.

That stating only partially the full effect of employment cost increases is illusory and self-defeating if we are to understand and contain the cost-push type of inflation.

That foreign competition can be met only if we as a nation become more competitive in world markets and in our own domestic markets.

And that there is no lasting beneficial wage increase unless it is earned; and no job security unless there is useful production of a product which can be profitably sold at a competitive price.

But out of it all, too, we have discovered that we have not yet learned one thing:

How any industry — ours included — can, under present-day circumstances, and with or without the intercession of government, reach a non-inflationary wage agreement.

And that is the lesson it is high time we as a nation take to heart.

*An address by Mr. Blough before the National Canners Association Convention, Miami Beach, Fla., Jan. 18, 1960.

A Bankers' Responsibility

Continued from page 7

rise only to 20% of the share accounts. Think of it—a potential advance to 20% of the share accounts! That would add up to more than $10 billion, all of which would have to be raised in competition with the Treasury's normal financing.

Both Policeman and Judge

You might ask, what puts the brake on all this? Well, the cost of the money, for one thing. And who applies the brake by raising the cost? Here is an interesting answer. The brake is applied by the Directors of each of the 12 Home Loan Banks, a majority of whom are none other than active officials of member Savings and Loans themselves. As the *Herald Tribune* put it, "They are not about to make things hard for themselves." To be sure, they did gradually raise the rates in 1959, but not soon enough or high enough to block the big advance in commitments.

Clearly there is something wrong when the Federal Reserve quite properly fights inflation by severely restricting commercial banks, while the Federal Government aids and abets a prime competitor. Nor is this the only instance; we all could name others. The truth is that the fight against inflation falls chiefly and almost exclusively on commercial banks and it shouldn't—either as a matter of equity or in the interest of getting the job done.

Refers to Mutuals' Competition

Aside from obviously undercutting inflation control, the heavy borrowing by the Savings and Loans from the Home Loan Banks has served to widen further the competitive gap that separates those institutions from commercial banks. I am not going into any detail here on these competitive problems we have with the Mutuals; there isn't much if anything to add to Gayle Freeman's masterly treatment of the subject. Let me only say that I agree with the need to achieve a larger measure of tax equality if we are indeed to gain our fair share of growth. But more than tax equality is needed—we also must be *willing* to compete for money by paying adequate rates. The plain fact is that banks cannot do the job that looms ahead unless they attract savings. The normal growth from demand deposits will not be large enough. To get the money we need, we shall have to pay for it; and to pay for it, we shall have to charge our customers enough to cover the costs. That is the simple arithmetic of the matter.

When I say we must pay to attract savings, I don't mean that we need to match the Savings and Loans on rates, or even the Savings Banks. Don't forget that the plain, old-fashioned commercial bank starts with a lot of advantages—usually a better location, the convenience of many services, and the goodwill of long-time satisfied customers. We saw in 1957-58 that commercial banks could attract savings, even though they carried rates below those of the Mutuals. But when the gap with the Savings and Loans, or with Treasury securities for that matter, rises to as much as 1% or 2%, it simply is too much.

I know that many of us would shy away from taking the plunge into higher rates that might be associated with any change in Regulation "Q." Obviously, the position here again differs as between banks—what may be suitable for one won't fit the conditions of another. But we shall run counter to some of the most important principles we support if we fail to be competitive for the very life-giving substance our institutions need if they are indeed to grow.

As a matter of fact, how can bankers take the lead in the fight for fiscal soundness—for a balanced budget and all the measures that are needed in the battle against inflation—if they are not willing to make use of the tools they control? I don't know how many bankers read the monetary debates that took place in Congress this past session: the debate first over the new reserve requirements bill, and later over the ceiling on Treasury interest rates. If bankers do read them I think they will find them illuminating. The debates reveal an appalling lack of understanding of the whole process of inflation, and of the place of monetary policy and interest rates in combatting it. Throughout the debate there ran a strong undertone of criticism of the banks as being the chief beneficiary of high interest rates. And, of course, the Federal Reserve was pictured as being overly solicitous toward the banks. This line of criticism, incidentally, has now been seized upon and is being publicized by some of the labor unions.

It would be a bad mistake, in my judgment, if we sat by and let misunderstandings like these spread and gain credence. On the contrary, it is our urgent responsibility as leaders in the community to step to the forefront in the fight against inflation. The President himself has recognized this and has specifically asked the bankers of the nation to help inform the public about the true nature of the inflationary process and the means that are necessary to combat it. High interest rates, including fair rates to encourage savings, are among these.

Sound Money and Sound Fiscal Policy

It is extremely significant, it seems to me, that so many of the problems that continue to confront our country do touch upon the soundness of its money. I am reminded of a visit I hade some time ago with a Far-Eastern banker of fine character and outstanding ability who had just come to the United States by way of Switzerland and Germany. He summed up his impressions in a single, vivid phrase: "Good money," he said, "healthy people." He went on to explain that in Germany and Switzerland he had found sound money and sound fiscal policy. People were diligent and hard working, unfettered by controls and confident that if they laid something away it would not evaporate through inflation. In the Far-Eastern area from which he came, however, people suffered from bad money. Inflation bred controls, and people were under constant temptation to evade them. The result was widespread smuggling, black markets and public immorality generally, as well as economic dislocation.

"Good money—healthy people." There is great truth in that simple phrase. We have seen it borne out again recently in France, since that country put its financial house in order. Anyone visiting France today can't help but be impressed by the change in it—the pride, self-respect, and high morale that is now evident.

As a matter of fact we have only to look into our own past experience to see the insidious impact which government controls can have on the character and actions of a people. Who can forget the wide breakdown of public morality at the time of prohibition, or the growth of black markets under rationing? I am afraid the fact is that even a free people are not immune to temptation under widespread government control—whether it be financial or otherwise. We see a somewhat similar thing happening today, with the controls imposed by a high, confiscatory income tax. Large numbers of our people are devoting a good share of time to devising tax umbrellas, and there are even some who don't bother with an umbrella but move to straight evasion. Just as in time of prohibition and rationing, large sums of cash accumulate in the hands of lawbreakers, and in their hands cash means power.

We bankers must take the lead in helping to make many of these problems, the cause of these temptations, understood by the American people. Inflation, the dangers from a high income tax, the camaging ceiling on Treasury interest rates — all of these and others we must help make understood at the community level. We must discuss them ourselves, focus attention of other organizations on them, and rally support for organizations that actively concentrate on them. And we have still a further responsibility: that is to see that all of our associates also become good citizens after five.

Some may recall the saying: "Knowing is not enough; we must apply. Willing is not enough; we must do." Never was that saying more relevant to the American scene than today. Bankers—and businessmen generally—must "apply and do" in the field of public policy. In a word, they must take a direct part in the political processes which make up American Democracy. Gradually a greater number of our friends and associates are coming to realize this, and it is gratifying that more banks and more businesses are beginning to do something about it. Our own bank has started a program this past year to encourage civic responsibility. Some may know about it. It is in charge of an officer who concentrates full time on it. We are trying to inform our entire staff about some of the urgent problems of the day and their intimate stake in them. Beyond that, we hope to acquaint all in the bank with the nature of the political process in America and urge that they participate in it — in the party of their own choice, starting at the Community or precinct level. Good politics at the local level means good government above.

And good government at all levels, backed by an informed people, is needed in our country more than ever. For the fact is our nation still is at war, a war which is no less real because the battles are fought on the economic front. In such a conflict our strength lies not only in adequate weapons for defense—and certainly we can't ignore those — but equally in a sound economy; an economy among other things that rests on sound money, supported by a balanced budget, balance in foreign payments, and holding the line on wages and prices or against excess by any pressure groups. Don't forget that we are not only dealing with Russia. Back of the Russians lie the Chinese, with their great resources, low wages, and no respect at all for human life in their use of the worker.

This is the kind of conflict in which the banker has an extraordinary role to play. It falls to him to be at once a financial advisor, a counselor, and an economic consultant to the community of which he is a part, even while managing his own vital business. Such a role calls for a man of high moral purpose, unquestioned in his integrity, with his own life and of his institution open at any time to the closest scrutiny. That is quite a challenge. But it makes up the responsibility of a baker.

*An address by Mr. Champion before the National Credit Conference of the American Bankers Association, Chicago, Ill., Jan. 21, 1960.

Merrill Lynch Adds

(Special to The Financial Chronicle)

ZANESVILLE, Ohio — Alfred P. Adornetto has joined the staff of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 44 North Fourth Street.

Field & Chase Join June S. Jones & Co.

(Special to The Financial Chronicle)

PORTLAND, Ore.—Fay W. Field, Harold A. Chase and Chester L. F. Paulson have become associated with June S. Jones & Co., U. S. Bank Building. Mr. Fay was formerly an officer of Field & Co., Inc. Mr. Chase was with Dean Witter & Co.

Merrill Lynch Adds

(Special to The Financial Chronicle)

PORTLAND, Ore.—James C. McFarland has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Executive Building.

With Selected Securities

(Special to The Financial Chronicle)

EAU CLAIRE, Wis. — John L. Kroger has become connected with Selected Securities Company, 1712 Main Street.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

There Is RESEARCH, research, and there Is Propaganda

The securities salesman who desires to present facts and carefully researched recommendations to his clients must first of all learn to differentiate between reliable sources and those which are suspect. In these days it is fashionable to talk favorably about the benefits of research. There is medical research, space research, industrial research, and scientific research of all kinds. Even in Wall Street we have an increasing amount of it. Some of this research is valuable in determining investment values and the future outlook for common stocks.

About twenty-five years ago a few forward looking investment firms decided that before they could invest their own funds intelligently, as well as that of their customers, they had better find out what was behind their investments. Some of these investment organizations have created a valuable and helpful research department. They are staffed by men who are not only skilled investment analysts, but they also know how to draw upon helpful contacts and utilize specialized assistance in making their calculations and drawing up their conclusions. This is good research.

There Is Also Research

As with most well planned and sensible activities, there are also a goodly number of those who notice what the professionals are doing, and since they see an opportunity to capitalize on the work done by others they imitate. Many of these organizations (called research departments) are staffed by some young fellow just out of a college, and possibly another one or two self styled statisticians who have had some experience watching the tape, reading the financial news, and writng informational circulars on various stock issues over the years. The best that can be hoped for from such research is a few good guesses along with a lot of bad ones. Most of their conclusions are not based upon field studies that are evaluated by specialists. They read the reported statements, they watch industry production and trends; possibly they follow the broader aspects of the larger moves in the economy as a whole, but by and large this is research by ear and feel and not by KNOWING.

It is a weakness of human nature that most of us think the other fellow is an authority, especially if he puts it in writing and sends it through the mail and there is a small caption in the upper corner marked (Research Department). Nothing could be farther from the truth. If some of the salesmen who read this type of material and then hopefully pass it on to their clients could only see how much of this information is compiled they would change their thinking a bit. It is always advisable to consider research material only after giving careful attention to its source. Don't be careless and accept everything stated as accurately reported. You sometimes can do some checking on your own that may be very helpful. The investment salesman who develops a questioning and skeptical attitude can also do some researching on his own that at least will be free of bias and what is sometimes purposeful distortion.

Propaganda

And now this brings us up to the type of information that is released regarding individual securities that is specifically designed to create a favorable impression on the ultimate target—the investor (or the speculator). If you have been in this business even a few years you will recognize quite a few specialized releases that were presented to you as statistical information that fall into the following category. To illustrate, I remember reading a three-page report on a certain unlisted stock that was selling around 16 about a year ago. At the time this memoranda was released it was stated that this company had a brililant future, there were oil wells, refineries, exploration cash flow, potash, and possibly rate increases pending in their natural gas situation which indicated that the stock at the levels then prevailng was very attractive. Within a week this stock was selling at eighteen. Then something happened. It started to decline. It kept on declining. It has declined almost without a rally until today it is ten and seven eighths bid. The firm that wrote this analysis is still making a trading market in the stock—the oil exploration is still going on, the rate increase is still pending, the refinery is still refining, and the potash is still potting, but where is their memo today? If this stock was a terrifc bargain at sixteen what about it now? This sort of thing I call propaganda—it is not research. And that, my friends in the investment business, is the sort of thing to keep your eye on if you want to do right by your customers. A stock can be made to look very good when somebody has some of it to sell—and sometimes they tell a convincing story.

More Propaganda

I can't leave this piece without mentioning another phase of so-called research in the investment business that definitely should be looked upon with honest doubt by the securities salesman who is interested in developing an investment type clientele. I refer to the statements of many security analysts who make predictions about the near-term action of the stock market. Not less than six weeks ago, when the Dow Industrial averages were 62 points higher than the day this column is being written, you could pick up the financial press or many nationally distributed market letters and you would find a steady outpouring of attractive investment and speculative suggestions. No matter how high the stock, or that the averages were stratospheric, or that some electronic stock was selling at fifty or sixty times reported earnings, the buy advices were there. (And also the rationalizations and the excuses for buying them). Where are these statisticians, researchers and analysts today? Where are their recommendations? It's a different story now. With great unanimity we hear such as this; a new base must be made, the decline is technical, caution is the watchword, would lighten holdings of common stocks on a rally, new car sales are not so impressive, possibly we'll have a lower rate of business in the latter half of 1960; and some smart pundit the other day actually made the statement that it takes more volume to put a market up than it does to put it down. This my friends is not research either—at least not in my book.

To finish this piece, the local paper in my town ran this headline on the financial page the other day *"Black January" Is Over*—"Stocks took another plunge into lower ground to put the wraps on one of the worst Januarys in stock market history." Maybe I am not a research analyst, nor a financial headline writer, nor a market prognosticator, but what I want to know is this, "What is so terrible about stocks getting cheaper? They may someday produce sufficent yields to make them attractive to my customers and the lower they go the more they yield?" Or is it only a conscientious security salesman who is supposed to be interested in such mundane ideas today?

NASD District 5 Elects Frederic

MEMPHIS, Tenn.—Frank D. Frederic, Assistant Vice-President and resident manager of the Memphis office of Equitable Securities Corporation, Nashville, has been elected to serve a one-year term as a member of District Committee No. 5 of the National Association of Securities Dealers. Mr. Frederic will assume his new post in March. The district includes the states of Alabama, Arkansas, Louisiana, Missippi and a part of Tennessee.

Frank D. Frederic

Mr. Frederic entered the securities business in 1927, and after serving with the U. S. Marine Corps in 1943 and 1944 first as Captain and then as Major, became associated with Equitable Securities Corp.

He served as President of the Memphis Securities Dealers Association in 1954, after having been Secretary and Treasurer in previous years.

Detroit Stock Exchange Elects

DETROIT, Mich.—The Detroit Stock Exchange has elected the following new officers for 1960:

President: Charles E. Exley, Chas. A. Parcells & Co.

Vice-President: John K. Roney, Wm. C. Roney & Co.

Treasurer: Walter A. Bayer, F. J. Winckler Co.

Governors elected for three year terms were William P. Brown, Baker, Simonds & Co.; Roy F. Delaney, Hudson White & Co., and Mr. Bayer.

Two With Jones, Holman

(Special to The Financial Chronicle)

PORTLAND, Me.—Lester W. Hammond, Jr. and Norman E. Libb have been added to the staff of Jones, Holman & Co., 57 Exchange Street.

Blyth Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass.—J. Douglas Burke has joined the staff of Blyth & Co., Inc., 75 Federal Street.

With Burgess & Leith

(Special to The Financial Chronicle)

BOSTON, Mass.—John R. Stenberg is now affiliated with Burgess & Leith, 53 State Street, members of the New York and Boston Stock Exchanges.

With Metropolitan St. Louis

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—James W. Heilman is now with Metropolitan St. Louis Company, 315 North Seventh Street, members of the Midwest Stock Exchange.

Monetary Policy—A 1914 Model in the Space Age?

Continued from page 14

be offset by declining rates during periods of easy money. Rising interest rates reflect a reduced supply of credit relative to demand — evidence of some anti-inflationary effect. The burden imposed by somewhat higher interest rates is likely to be small indeed compared with the burden avoided by action to check rising prices which would affect about 90% of the Federal budget.

A balanced analysis requires that we also consider ways in which the large Federal debt may have strengthened monetary policy. Growth of the Federal debt was accompanied by a wider distribution in the ownership of and a broader market for Government securities. The development of a broader more efficient market for Government and other securities made open market operations a more effective instrument of monetary policy. It enables the Federal Reserve to conduct open market operations on a larger scale, and the effects of such operations permeate more widely through the economy. The policy of commercial banks of using Government securities as an outlet for residual funds has tended to narrow the range of cyclical fluctuations in bank deposits. In periods of recession, banks use reserves supplied by the central bank to enlarge their holdings of Government securities. They liquidate some of these securities to obtain funds for loans when reserves are tight and credit demand is strong. These compensatory shifts in loans and holdings of Government securities have resulted in much greater stability in bank earning assets and the money supply. The widespread practice of other financial institutions and large business corporations of employing temporary excess funds in Government securities has tended to make these institutions more sensitive to monetary actions. As a result, central bank actions have a wider impact than if liquid assets were more narrowly held.

II

Financial Intermediaries

Another structural change which allegedly has rendered traditional monetary controls somewhat obsolete and less effective is the growth of financial intermediaries. This view has received more attention in recent economic literature than the growth and size of the Federal debt.

If I interpret their positions correctly, the principal points advanced by proponents of this view may be summarized as follows:

(1) Nonbank financial intermediaries have grown more rapidly than commercial banks, so that central bank control of commercial bank credit represents a shrinking proportion of financial assets.

(2) Commercial banks are fundamentally the same as nonbank financial intermediaries. Both are "loanable funds brokers" and "both create credit."

(3) Nonbank financial intermediaries, through their influence on velocity, may alter the effective money supply and total spending. For example, in periods of strong credit demand, these institutions liquidate Governments, thus activating idle balances which are put at the disposal of borrowers.

Growth and Its Implications

The data used by J. G. Gurley and E. S. Shaw, two of the principal exponents of the view that the growth of financial intermediaries has rendered monetary policy less effective, do not support the position that such growth has resulted in the central bank controlling a diminishing proportion of the nation's total financial assets. These data show that commercial banks accounted for approximately the same percentage of total financial assets in 1949 as in 1900—14% compared with 13.9%; however, commercial bank assets as a percentage of the total assets of nonbank financial intermediaries has declined sharply—from nearly 120% in 1900 to 57% in 1949. If Government financial intermediaries are excluded, the decline is less marked but still substantial.

These data do have significant implications for monetary policy. It is true that commercial bank assets have grown less rapidly than the assets of nonbank financial intermediaries. A more significant fact, however, is that commercial banks still have practically the same percentage of the total financial assets of the economy as in 1900. It is not true, therefore, that the instruments of monetary policy which impinge directly on commercial banks represent control of a diminishing proportion of the country's total financial assets.

To contend that the growth of nonbank financial intermediaries has impaired the effectiveness of monetary policy implies that these intermediaries are less sensitive to central bank actions than the forms of lending and financing which they superseded. Gurley and Shaw state that the financial assets of nonbank intermediaries have grown much more rapidly than total financial assets, primarily because of the decline in self-financing and direct financing. The real question, therefore, is whether the modern nonbank financial intermediary is less influenced by monetary policy than the self-financing of the farmer and the businessman, the direct investment of savings in corporate securities, and the direct lending of individuals. This is hardly a tenable position. The modern financial intermediary with its close ties to the money and capital markets is surely more sensitive to central bank actions and changes in market rates than the farmer or businessman employing his own savings or the personal money lender dealing with his neighbors.

Differences Between Commercial Banks and Intermediaries

Another significant part of the Gurley-Shaw thesis is that commercial banks and nonbank financial intermediaries are basically the same. For example, "Neither banks nor other intermediaries create loanable funds. That is the prerogative of spending units with surpluses on income and product account. Both banks and other intermediaries have the capacity to create special forms of financial assets that surplus units may accumulate as the reward for restraint on current or capital spending." They state further that both commercial banks and other financial intermediaries are loanable funds brokers and that both create credit. They conclude that monetary control which limits the supply of only one financial asset—money — is of diminishing efficiency as a means of regulating the flow of loanable funds and spending on goods and services.

It is true **ex post** that for all spending units, total surpluses are equal to total deficits and that financial assets accumulated by surplus units equal liabilities accumulated by deficit units. In the same way, realized saving and realized investment are always equal.

For purposes of monetary policy, however, there are significant differences between commercial banks and nonbank financial intermediaries. Commercial banks can increase the total supply of funds available for expenditure; nonbank financial intermediaries cannot. Commercial banks, in creating a deposit, put funds at the disposal of a borrower which did not exist before. Under a fractional reserve system, commercial banks can create a multiple of earning assets and deposits for each dollar of reserve. Their ability to create credit and enlarge the money supply depends on (a) excess reserves and (b) willingness of someone to borrow or sell securities. Nonbank financial intermediaries, on the other hand, cannot increase the total supply of funds available for expenditure. They can only transfer existing funds from savers to borrowers. Commercial banks, through their influence on the available supply of spendable funds, can expand or shrink the income - expenditure flow. Nonbank intermediaries can do so, if at all, only by influencing the velocity of circulation of the existing money supply. It is the unique ability of commercial banks to expand or contract the supply of spendable funds that is relevant for stabilization policies designed to influence the flow of expenditures in such a way as to help smooth out cyclical fluctuations in business activity and employment.

Disputes Asset Expansion Claims

A variant of the Gurley-Shaw thesis is that nonbank financial intermediaries can create a multiple expansion of financial assets and thus influence total spending. Assume, for example, that a nonbank intermediary receives a dollar net increase in its deposits or shares, that it retains a cash balance or reserve of five cents and lends the remaining 95 cents. The initial increase in intermediary assets is $1—cash five cents, and loans 95 cents. Any further expansion depends on the willingness to save of those receiving the income generated by the borrower's expenditures. If income recipients spend all of the additional income, there is no further expansion in the assets and liabilities of nonbank intermediaries; if recipients save all of the additional income and return it to nonbank intermediaries, the successive waves of expansion in intermediary assets would total $20.

Nonbank financial intermediaries do not have the power to produce a multiple expansion in financial assets and liabilities in the same sense as commercial banks. A multiple expansion of intermediary assets arises only if and to the extent that successive income recipients *save* a portion of the income and place such savings with financial intermediaries. The total expansion in financial assets and liabilities would be essentially the same if savings were directly loaned and invested instead of being transferred through intermediaries. It is the saving and investment process, not any unique function of nonbank intermediaries, that results in a multiple expansion of financial assets and liabilities over a period of time.

Admitting that nonbank financial intermediaries cannot increase the total supply of spendable funds, some claim these institutions contribute to an expansion in total spending by increasing velocity of the existing money supply. Intermediaries may activate idle balances by offering savers more attractive interest and dividend rates and by liquidating government securities in periods of strong credit demands. Thus intermediaries may contribute to a rise in total expenditures by increasing the velocity instead of the quantity of money.

In considering the impact of nonbank financial intermediaries on velocity, the cyclical and secular effects should be distinguished. The activities of nonbank intermediaries, such as offering savers higher rates and liquidating government securities, are only one of many forces tending to increase velocity in periods of cyclical expansion. In periods of business expansion and credit restraint, the scarcity of money and the increase in the opportunity cost of holding idle balances are strong inducements to reduce cash balances to a minimum. Nonbank intermediaries apparently play a relatively minor role in cyclical variations in velocity. Important secular effects of the growth of nonbank intermediaries have undoubtedly been to encourage saving and to facilitate the transfer of savings from saver to borrower. The latter tends to result in a secular rise in velocity.

III

Cost-Push Inflation

The view that recent inflations have been caused mainly by the upward pressure of wage costs instead of by an excess of money demand has gained many adherents among economists and others in recent years. Structural changes have played an important role in this shift from demand-pull to cost-push.

The growth of labor unions and collective bargaining have given union officials considerable power in the determination of money wage rates. Industrial concentrations, especially in the heavy goods industries, and in some cases localized markets, have given the individual firm considerable control over the price of its product. Simply stated, the cost-push theory of inflation is that labor unions have the strength to extract increases in money wage rates that exceed the rise in labor productivity so that there is recurring if not continual upward pressure on prices. Oligopolistic conditions enable the individual firm to raise its prices—to cover higher costs or to enhance its profits. The monetary authorities are thus confronted with choosing between supplying whatever additional money is necessary to support the higher cost-price structure, or declining output and employment. The latter is incompatible with the objective of full employment. Hence the conclusion is reached that monetary policy, although appropriate for demand-pull, is not an effective instrument for dealing with cost-push inflation.

The first point I want to emphasize is that this is not a new—although it may be a more refined—theory of inflation. Professor Irving Fisher noted in 1911 in his *Purchasing Power of Money* that, "One of the supposed causes of high prices today, much under discussion at the present time, is that of industrial and labor combinations." In 1918, the Federal Advisory Council of the Federal Reserve System stated that one of the causes of inflation was the "vicious circle of increasing wages and prices." A prominent economist, writing about the early post-World War I period, stated that popular explanations of the 1918-1920 rise in prices were the high costs of transportation and diminished output of labor.

Statistics frequently have been used to demonstrate that during the past decade the increase in consumer prices has been accompanied by an increase in wage costs per unit. The fact that two statistical indices move in the same direction at the same time is no indication whatever as to which may be cause and which effect or whether both move as the result of a common cause. I have no intention of getting into the labyrinth of trying to prove or disprove statistically the cost-push theory of inflation. Statistics, however, also cast doubt on the validity of the cost-push thesis as the principal explanation of recent increases in the price level.

The 1955-1957 rise in prices is usually cited as more clearly a case of cost-push than either of the other postwar periods of price increases. Pent-up demands and accumulated purchasing power had been largely, if not completely, dissipated well before 1955. From the end of 1954 to the end of 1957, the wholesale price index rose somewhat more than 8%. Ten of the 92 commodity subgroups accounted for approximately three-fourths of the total change in the wholesale price index. Six of the subgroups—iron and steel, electrical machinery, motor vehicles, petroleum and oil products, general - purpose machinery and equipment, and metal - working machinery and equipment—accounted for nearly three-fifths of the total increase.

Finds Cost-Push Theory Weak

Superficially, the behavior of prices in the 1955-1957 period lends substantial support to the cost-push thesis. The industries accounting for most of the increase in wholesale prices were strongly unionized and oligopolistic. A look at some other data, however, is not so reassuring. The increase in average hourly earnings in the industries accounting for most of the price increase was no greater than in other industries; in fact, the increase in durables manufacturing industries was slightly less than in nondurables. Even more significant, available data indicate rather wide variations in changes in unit labor costs relative to prices among industries.

There was a strong demand for output in most of the industries accounting for a substantial part of the increase in wholesale prices. Most of the inventory accumulation of the period was in the heavy durable goods industries. Business capital expenditures rose sharply and reached an all-time record in 1957. Unfilled orders soared in primary metals, electrical machinery, non-electrical machinery and, to a lesser extent, in fabricated metal products. Output in key industries was pressing against capacity. Demand certainly exerted upward pressure on the cost-price structure, and if it did not initiate at least permitted price increases to compensate for increases in costs. Once an upward cost-price spiral is under way, expectations of further increases stimulate anticipatory borrowing and spending, thus swelling demand further.

The cost-push thesis is weak in other respects. It has been estimated that two-thirds of nonfarm workers are not members of a union. Why do employers in nonunion industries adjust their wage rates to those in the union industries? It is often said they must do so or lose their employees. But this implies a strong demand for labor and the products of nonunion industries, particularly in view of the relative immobility of labor. How does one use the cost-push theory to explain the divergent movements in prices of commodities and services; the wider swings in the prices of raw materials than in the prices of finished goods; or the much larger rise in the prices of some finished goods than in others?

Cost-push is an important factor in inflation, but as a general theory of inflation it is inadequate. Simple brand names such as "demand pull," "cost push" and "mark-up" inflation oversimplify and tend to confuse rather than clarify the problem of inflation. In inflation, rising costs and prices interact on each other, so that once initiated the upward spiral tends to be cumulative. Strong demand, regardless of whether it is the initiating cause, is an essential condition for continuation of the upward spiral. Unless demand is sufficient to support higher prices, price increases would result in either a decrease in output or lower prices for some other products. The influence of labor unions over wage rates and the influence of the individual firm over product price under conditions of oligopoly are important reasons for wage and price rigidity during periods of recession. The fact that the price level tends to remain stable instead of decline during recession means that price increases must be prevented in the prosperity phase of the cycle if stair-step inflation is to be avoided.

IV

Concluding Remarks

Structural changes in the past half-century have indeed altered the economic environment in which monetary policy operates. The impact on monetary policy quite properly has been the subject of some searching inquiries. These inquiries have broadened our knowledge of monetary policy and the economy and have roused many of us from complacency as to the effectiveness of traditional central bank controls but, of course, have left important questions unanswered.

I am not convinced that structural changes have, on balance, weakened monetary policy as a tool of cyclical stabilization. Growth of the Federal debt has greatly increased the impact of Treasury debt management policies, and frequent refundings have hampered the timing of Federal Reserve actions; however, it has also contributed to a wider market for Government and other securities, broadened the impact of monetary actions, and made open market operations a more effective instrument of monetary policy.

Nonbank financial intermediaries have grown primarily at the expense of self and direct forms of financing. The modern intermediary is undoubtedly more sensitive to monetary actions than the forms of financing it superseded. The growth of nonbank intermediaries has provided the public with an increasing volume of "near money" assets but these assets must be converted into money before they can be spent. Such conversion is at the initiative and on the terms established by the central bank. The secular effect of the growth of the intermediaries on the velocity of money appears to be greater than the cyclical. Intermediaries apparently make no unique or unusual contribution to cyclical changes in velocity.

I am not yet convinced that the increased bargaining power of labor and the power of many individual firms to "administer" prices have ushered in an era in which creeping or some other form of inflation is inevitable.

My skepticism of the cost-push theory may arise in part from having lived through other eras in which the persistence of certain economic conditions inspired "new" theories. Relative price stability for an extended period in the twenties inspired the thesis that monetary policy had brought us to a new era of price and business stability. The business cycle, many thought, was a thing of the past. Persistent unemployment and stagnation in the thirties inspired another new theory—that of a mature economy and chronic stagnation. Has the persistence of inflationary pressures in the postwar period inspired another new theory—cost-push inflation—which the course of economic events may soon dispel?

The implications of the cost-push thesis for monetary policy are frequently exaggerated. The structural changes on which cost-push is based have not rendered monetary policy impotent or inappropriate. Regardless of whether it is the initiating force, a strong total money demand is the fuel on which an upward wage-price spiral feeds. It may well be that monetary policy cannot always be applied with sufficient skill to prevent a rising spiral without retarding temporarily the rate of expansion in output. But the long-run average rate of economic growth will be higher and the average rate of unemployment lower if monetary restraint is used to prevent or check an upward spiral than if the spiral is permitted to continue and gain momentum because sooner or later it would end in recession and unemployment.

Even though monetary policy has not been rendered an obsolete instrument for cyclical stabilization, it does not follow that it cannot be improved. It may well be that more effective tools will be developed and that refinements will be made in applying existing tools. Even though the basic tools are essentially the same, the art of central banking as practiced today is a marked improvement over that of four decades ago. Those economists who because of significant structural changes have subjected monetary policy to searching analysis and criticism are to be commended. Inquiring minds are the mainspring of intellectual progress; complacent minds bring intellectual stagnation. One of our tasks as professional economists is to strive for progress in theory in order that monetary and other economic policies can be more effective in practice.

*An address by Mr. Anderson before the Conference of Pennsylvania Economists, Pittsburgh, Pa. The views expressed are the author's and not necessarily those of the Bank.

C. P. Mehne Opens

VALHALLA, N. Y. — Carl P. Mehne is conducting a securities business from offices at 17 Waverly Place.

Royal Small Business

Royal Small Business Funds, Inc. has been formed with offices at 12 East 41st Street, New York City, to engage in a securities business.

Harris, Upham Office

BETHESDA, Md.—Harris, Upham & Co. has opened a branch office at 4828 Cordell Avenue with Edwin F. Bastable and Alton C. McAllister as co-managers.

Vernon Cooley Opens

SALT LAKE CITY, Utah — Vernon A. Cooley is conducting a securities business from offices at 2249 Berkeley Street under the firm name of Vernon A. Cooley Associates.

Securities Investment

DONALSON, Ga.—Securities Investment is now conducting its business from offices at 205 Carr Street. The firm was formerly active in Columbus, Ga.

Dempsey-Tegeler Branch

AUSTIN, Minn. — Dempsey-Tegeler & Co. has opened a branch office at 209 West Mill Street under the direction of Gerald R. Wilson.

State Bond & Mtg. Branch

SHELDON, Iowa—State Bond & Mortgage Company has opened a branch office at 614 Fifth Street under the direction of Harold P. McAlpine.

Taylor Inv. Branch

POWELL, Wyo. — Taylor Investment Co. of Wyoming, Inc. has opened a branch office at 122 North Bent, under the management of Clarence C. Blackman.

White Opens New Branch

IOWA CITY, Iowa — White & Company has opened a branch office at 22½ South Dubuque Ave., under the direction of Clark Mighell.

Benkert Names Two Vice Pres.

Leonard E. Strong and Stanley E. Lawfer have been elected Vice-Presidents of the investment firm of A. W. Benkert & Co., Inc., 52 Wall Street, New York.

Mr. Strong has been associated with A. W. Benkert since 1956, and prior thereto he was sales manager of several manufacturing organizations.

Mr. Lawfer has been associated with the firm for 23 years, specializing in the Allentown, Pa. area.

Ross Securities Sells Pan-Alaska Fisheries

Pursuant to an offering circular dated Jan. 13, Ross Securities, Inc. began selling the majority of a 60,000 share offering of the common stock (50 cents par) of Pan-Alaska Fisheries, Inc. on Jan. 18 at $5 per share. The underwriting was shared with First Pacific Equities Corp. The Ross organization, which is located at 99 Wall St., New York City, completed its portion of the offering on Jan. 20. All of the shares have been sold.

The company intends to use part of the proceeds of the present issue to purchase and/or charter additional floating equipment consisting of one or more freezer ships, and to outfit same. The design of these vessels and the canning facilities when completed will represent the latest thinking, and the result of eight years of experience by William A. Ritter in the industry. These ships so equipped would be able to travel throughout the North Pacific-Arctic waters with fleets of catcher boats, and should substantially increase the catching season and the productive facilities of the company. The vessels would carry their own storage facilities for frozen King Crab, thereby eliminating freight costs from Ouzinkie, Kodiak Island, Alaska, to Seattle, Washington, on the portion of the future packs processed on board the vessel.

Howard Coleman Offers North Amer. Investment Com.

Pursuant to an offering circular dated Jan. 29, Howard, Coleman Co., of 111 Broadway, New York City, offered on Feb. 1, 100,000 shares of the no par common stock of North American Investment & Development Corp. at $3 per share.

The corporation, located in Cincinnati, Ohio, is engaged in financing consumer purchases of cars, trucks, planes, and boats, and in real estate financing.

The proceeds are to be used for debt reduction and working capital.

Joins Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Paul E. Nau has become connected with Foster & Marshall, Southwest Sixth Avenue at Oak Street.

E. I. Hagen Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Clifford D. Mesford is now associated with E. I. Hagen & Co., Inc., American Bank Building.

With Zilka, Smither

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Duane G. Gilchrist is now with Zilka, Smither & Co., Inc., 813 Southwest Alder Street, members of the Pacific Coast Stock Exchange.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Hartford Electric Light Company

Hartford Electric Light serves electricity in five separate areas in the state of Connecticut, and operations are conducted in three divisions. The company supplies 29 towns in its North-Central Division including Hartford, West Hartford, East Hartford, Manchester, Middletown and Torrington; three towns in its New London Division including New London; and the towns of Stamford and Darien in its Stamford Division. It also supplies electric service in five other towns in which it and another utility have franchise rights. The total area served is approximately 1,000 square miles and the population is estimated at 675,000. Gas is supplied to New London, Stamford and Torrington and to a few customers in Darien and Waterford.

As of Jan. 1, 1958, Hartford Electric Light merged with Connecticut Power and this is expected to result eventually in important operating economies. In 1957, Connecticut Power had revenues of about $25 million compared with $24 million for Hartford Electric so that the two companies were about equal in size. About 92% of revenues of the merged company are derived from electricity and 8% from gas. Industrial sales account for only 22% of electric revenues; residential sales contribute 38% and commercial 29%.

While the City of Hartford is an insurance center, the area served has a wide variety of industries including aircraft, electric equipment, machinery and machine parts, and brass and copper products. The 1957-1958 recession did not much retard the economic growth taking place in the service areas. This growth is manifest in the number and quality of new homes, schools, and churches, and also the recreational facilities being built in every suburban community. It is also reflected in the building of new and larger suburban shopping centers and in the restoration and modernization of downtown areas. This expansion, which is not confined to any one industry or any single type of industry, has been brought about by the migration of industry into these areas, the formation of new industrial and commercial enterprises, and plant expansion and modernization.

The City of Hartford is now redeveloping its river front area of some seven acres—the country's first Federally-sponsored commercial redevelopment project. Two corporations plan to relocate in this area—the Travelers Insurance Company's Television Center, and a 16-story office building of the Connecticut Bank and Trust Co. In addition, the Phoenix Mutual Life Insurance Company has been considering the construction of a new home office in the Plaza.

The company generates about 95% of its electric power requirements. Including the 100,000 kw. unit completed in Middletown in November, 1958, generating facilities have a combined capacity of 499,820 kw. compared with the 1958 peak load of 419,900 kw.

Hartford Electric's share earnings record has been somewhat irregular, due to the merger with Connecticut Power and changes in accounting policy. Share earnings in 1950 were $2.96, but dropped to $2.81 in 1952, followed by a sharp gain to $3.29 in 1953, $3.54 in 1954 and $4.17 in 1955. 1956 earnings were slightly lower.

The year 1958 marked the first year of operation following the merger of Connecticut Power Co. and Hartford Electric Light. The merger involved additional expenses in 1958 approximating $600,000, or about 18 cents a share after taxes. Share earnings in 1958 were $4.49 as compared with $4.29 in 1957, including Federal income tax savings due to accelerated amortization. Excluding these savings, earnings were $3.92 in 1958 compared with $3.69 in 1957.

Earnings for 1959 have just been reported at $3.65 on 1,645,958 shares of common stock, excluding the reduction in Federal income taxes resulting from accelerated amortization, which would have amounted to 73 cents a share (in 1958 they were approximately 57 cents a share). With the approval of the state commission, the company changed its accounting procedure Jan. 1, 1959, when it began normalizing the tax savings resulting from five-year amortization. However, it continues to use "flow-through" with respect to liberalized depreciation; the amount of the latter in 1959 is not yet available, but probably approximated 50 cents a share, since in 1958 it was 45 cents a share.

Dividends remained at $2.75 during 1950-55 but were gradually raised to the $3 rate now paid. In 1958 78% of dividends were "tax free" and it is estimated that a substantial part of 1960-63 dividends will also be nontaxable as ordinary income.

The stock has been quoted recently on the American Stock Exchange at 63, to yield 4.8%. The price-earnings ratio is about 17.3 but would approximate 20, it is estimated, if tax savings due to liberalized depreciation should be excluded from earnings.

Robert Edelstein Sells U. S. Magnet

Pursuant to an offering circular dated Jan. 15, Robert Edelstein Co., Inc., of 15 William St., New York City, offered and sold 150,000 shares of U. S. Magnet & Alloy Corp. common stock at $2 per share. The company is located at 266 Glenwood Ave., Bloomfield, N. J.

It is the intention of management to use the proceeds of the offering in the following order of priority:

(1) $87,800 for the purchase of mixing, melting, molding, baking and protective equipment to be used in the manufacture of alnico magnets and cast alloys.

(2) $45,000 for the purchase of raw materials to be used in the manufacture of alnico magnets and cast alloys.

(3) $107,200 for addition to the company's working capital and utilization for general corporate purposes.

With Black & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Paul A. V. Weller has become affiliated with Black & Company, American Bank Building.

With Di Roma, Alexik

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Joseph P. Barkett is now with Di Roma, Alexik & Co., 1387 Main Street.

Edling-Williams Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Grace B. Baier and Robert B. Phillips have been added to the staff of Edling-Williams & Associates, 614 East Grant Street.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

• Aaronson Bros. Stores Corp. (2/15)
Dec. 29 filed 40,000 shares of 70 cent cumulative preferred stock (par $2.50). **Price** — To be supplied by amendment. **Proceeds**—To pay for opening, equipping and stocking three new stores in El Paso, San Luis, Ariz., and San Diego, Calif. The balance of the proceeds will be added to the company's general funds and used primarily to open, equip and stock additional stores that may be opened in the future. **Office**—526 East Overland Avenue, El Paso, Texas. **Underwriters**—Eppler, Guerin & Turner, Inc., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Accurate Electronics, Inc. (2/11)
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.

★ Acme Wholesale Corp.
Jan. 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase merchandise for payment of notes and accounts payable, and for advertising and other expenses. **Office**—410 Studekum Bldg., Nashville, Tenn. **Underwriter** — Crescent Securities Co., Inc., Bowling Green, Ky.

• Aetna Finance Co. (2/8-12)
Dec. 22 filed $5,000,000 convertible subordinated debentures, due Feb. 1, 1975, and 200,000 shares of common stock (par $1), 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% plus accrued interest from Feb. 1, 1960; 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.

Agricultural Research Development, Inc.
Jan. 25 filed 200,000 shares of common stock. **Price**—$5 per share. **Proceeds** — To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa.

Aircraft Dynamics International Corp. (2/15)
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, A. J. Zappa & Co., Inc., New York. **Offering**—Expected any day.

• Allied Bowling Centers, Inc. (2/15-19)
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas.

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.

★ Alpha Zeta Alumni Association
Jan. 21 (letter of notification) $75,000 of 3% debenture bonds to be offered mainly by personal solicitation by members of the association. **Price**—At face amount. **Proceeds**—To build a new fraternity house. **Office**—144 E. Thirteenth Ave., Columbus, Ohio. **Underwriter**—None.

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 commission of $1.20 per share.

• American Gypsum Co. (2/10)
Dec. 4 filed 480,000 shares of common stock and $1,200,000 of 7% first mortgage notes, due Dec. 1, 1969, to be offered in units consisting of $100 principal amount of notes and 40 shares of stock. The common stock will be separately transferable only on and after July 1, 1960 unless an earlier date is fixed by the Board of Directors of the company. **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 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 February.

American-Marietta Co.
Jan. 25 filed 1,882,718 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of additional businesses and for general corporate purposes. **Office**—101 E. Ontario Street, Chicago, Ill. **Underwriter**—None.

★ American Molded Fiberglass Co.
Jan. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—85 Fifth Ave., Paterson, N. J. **Underwriter**—First City Securities, Inc., New York, N. Y.

★ American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

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.

• Anadite, Inc. (2/19)
Jan. 18 filed 50,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To buy plant and property, repay bank indebtedness, and add to working capital. **Office**—10630 Sessler Street, South Gate, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

★ Ansonia Wire & Cable Co.
Jan. 28 (letter of notification) 74,800 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To repay a current debt and for working capital. **Office**—111 Martin Street, Ashton, R. I. **Underwriter**—Lapham & Co., New York, N. Y.

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.

Arcoa, Inc.
Dec. 28 filed $6,000,000 of U-Haul Fleet Owner Contracts and $3,000,000 of Kar-Go Fleet Owner Contracts. The contracts provide for the operation of fleets of automobile-type rental trailers in the U-Haul Trailer Rental System or the Kar-Go Trailer Rental System. **Office**—4707 S. E. Hawthorne Boulevard, Portland, Ore. SEC clearance is expected about March 1.

★ Associated Acceptance Corp.
Jan. 21 (letter of notification) $150,000 of 7⅛% convertible debentures payable Feb. 1, 1970 to be offered in denominations of $1,000 each. The securities are being exchanged for the same amount of 7% debentures having a maturity date of Feb. 1, 1968. **Price**—At face amount. **Office**—1512 Walnut St., Philadelphia 2, Pa. **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.

• Baltimore Paint & Chemical Corp. (2/24)
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each $1,000 of debentures; (b) 90,000 shares of 6½% cumulative convertible first preferred stock; and (c) $750,000 of 6¼% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 12-year warrants granted said insurance company to purchase 15,000 shares of the issuer's common at a price to be specified. **Prices**—For the debentures, at par; for the preferred, $20 per share. **Proceeds**—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. **Office**—2325 Annapolis Avenue, Baltimore, Md. **Underwriter**—P. W. Brooks & Co., New York City.

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark N. J. **Offering**—Postponed due to change in structure of issuer.

Bastian-Morley Co., Inc.
Jan. 18 filed $650,000 of convertible first mortgage sinking fund bonds. **Price**—At 100% of principal amount. **Proceeds**—To buy about 50.6% (67,808 shares) of its outstanding common from the family of one of its founders, the late James P. Morley. This will cost $542,466. The remainder of the proceeds will be applied to the retirement of the issuer's junior convertible 5% debentures. **Office**—200 Truesdell Avenue, LaPorte, Ind. **Underwriter** — City Securities Corp., Indianapolis 4, Ind. **Trustee & Registrar**—American Fletcher National Bank & Trust Co.

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.

• Bowman Co.
Jan. 27 filed 290,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Cleveland, O. **Underwriter**—Wertheim & Co., New York City. **Offering**—Expected in February.

Britton Electronics Corp.
Jan. 19 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—213-20 99th Ave., Queens Village 99, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y.

Brooklyn Union Gas Co. (2/24)
Jan. 25 filed 150,000 shares of cumulative preferred stock, series A (par $100). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans outstanding at Jan. 1, 1960. **Office**—176 Remsen Street, Brooklyn, N. Y. **Underwriters**—Blyth & Co., Inc. and Eastman Dillon, Union Securities & Co., New York, N. Y.

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.

★ Burke Concrete Accessories, Inc.
Dec. 31 (letter of notification) 2,000 shares of class B common stock (par $10) to be offered to certain key employees of the company pursuant to the Employee Stock Purchase Plan. **Price**—At book value. **Proceeds**—For working capital. **Office**—Avery & McAllister, counsel for the company, 220 Bush St., San Francisco, Calif. **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 Water & Telephone Co. (2/9)
Jan. 8 filed 210,000 shares of common stock, of which 200,000 shares are to be offered to the public and 10,000 shares are to be offered to employees of the issuer. **Price**—To be supplied by amendment. **Proceeds**—To be applied to 1960 construction expenditures, which are estimated at $13,387,000. **Office**—300 Montgomery Street, San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., Russ Building, San Francisco 4, and New York City.

★ **Calvert Gas & Oils, Ltd.**
Jan. 29 filed 350,000 shares of its outstanding common stock. **Office**—79 East Don Roadway, Toronto, Canada. **Underwriter**—The shares will be sold from time to time by Morris Mizel, President of the issuer.

★ **Campbell Soup Co. (2/16)**
Jan. 28 filed 1,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To go to selling stockholders. **Office**—375 Memorial Ave., Camden 1, N. J. **Underwriter**—The First Boston Corp., New York, N. Y.

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. **Offering**—Expected in February.

● **Capital Airlines, Inc. (2/19)**
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held. **Proceeds**—To broaden equity base. **Office**—Washington National Airport, Washington 1, D. C. **Underwriters** — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

Captains Club, Inc.
Jan. 22 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of $52,860 of 6% notes and the balance for operating funds and working capital. **Office**—381 Fifth Avenue, New York City. **Underwriters**—G. Everett Parks & Co., Inc., and Sulco Securities, Inc., both of 52 Broadway, New York City.

Cardinal Petroleum Co.
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. **Offering**—Indefinite.

Carolina Natural Gas Corp. (2/15-19)
Dec. 30 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For debt reduction, construction, and working capital. **Office**—256 First Avenue N. W., Hickory, N. C. **Underwriters**—Cruttenden, Podesta & Co., Chicago, and Odess-Martin, Inc., Birmingham, Ala.

★ **Carry-All Trailers, Inc.**
Jan. 27 (letter of notification) 75,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For inventory and equipment, promotional campaigns, and working capital. **Office**—3140 Island Road, Philadelphia 42, Pa. **Underwriter**—None.

● **Cars Rental System, Inc. (2/5)**
Jan. 14 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—938 Sunrise Lane, Fort Lauderdale, Fla. **Underwriter**—Jerry Thomas & Co., Inc., Palm Beach, Fla.

Cascade Pools Corp. (2/15)
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.

Century Properties
Jan. 25 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. **Office**—1738 S. La Cienga Boulevard, Los Angeles, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus.

Charlotte Motor Speedway, Inc.
Jan. 21 filed 304,000 shares of common stock, to be offered to common stockholders of record Jan. 1 at the rate of two new shares for each three shares then held. **Price**—$2 per share, initially; after 15 days from the offering date, the underwriter will offer unsubscribed shares to purchasing stockholders for an additional 10 days, after which such shares may be publicly offered. **Proceeds**—For construction of a speedway and its accessories. The issuer expects to stage its first stock car race in May. **Office**—108 Liberty Life Building, Charlotte, N. C. **Underwriter**—Morrison & Co., Charlotte.

Citizens Casualty Co. of New York
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. **Offering**—Postponed.

Clinton Engines Corp.
Jan. 11 filed 350,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To reduce indebtedness. **Office**—250 Park Ave., New York City. **Underwriters** — Bear, Stearns & Co., New York City, and H. M. Byllesby & Co., Inc., Chicago. **Offering**—Expected in late February.

Colanco, Inc.
Jan. 19 (letter of notification) 300,000 shares of preferred (no par), seven cents per share dividend paying after March 1, 1962, non-cumulative, non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase land and for development and working capital. **Office**—3395 S. Bannock Street, Englewood, Colo. **Underwriter**—Diversified Securities, Inc., Englewood, Colo.

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. (2/29-3/4)**
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, Sloss & Co., Inc. **Offering**—Expected in February.

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.

Computer Usage Co., Inc.
Dec. 29 (letter of notification) 47,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriters** — Marron, Sloss & Co., Inc. (handling the books), and Roosevelt & Gourd, New York, N. Y.; L. B. Schwinn & Co., Cleveland, Ohio; Donaldson, Luskin & Jenrette, Inc., New York, N. Y. and First Albany Corp., Albany, N. Y. **Offering**—Expected next week.

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

Continued on page 36

NEW ISSUE CALENDAR

February 5 (Friday)
Cars Rental System, Inc. ....Common
(Jerry Thomas & Co., Inc.) $300,000

February 8 (Monday)
Aetna Finance Co. ....Common
(Scherck, Richter Co. and Dempsey-Tegeler & Co.) 200,000 shs.
Aetna Finance Co. ....Common
(Scherck, Richter Co. and Dempsey-Tegeler & Co.) 200,000 shares
Consolidated Natural Gas Co. ....Debentures
(Bids to be invited) $25,000,000
Florida West Coast Corp. ....Common
(Midtown Securities Corp.) $300,000
Tayco Developments, Inc. ....Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $154,962.50
Taylor Devices, Inc. ....Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $537,788.75

February 9 (Tuesday)
California Water & Telephone Co. ....Common
(Blyth & Co., Inc.) 210,000 shares
Montreal Metropolitan Corp. ....Debentures
(First Boston Corp.) $30,000,000
Texas Electric Service Co. ....Debentures
(Bids to be invited) $12,000,000

February 10 (Wednesday)
American Gypsum Co. ....Notes
(Jack M. Bass & Co. and Quinn & Co.) $1,200,000
American Gypsum Co. ....Common
(Jack M. Bass & Co. and Quinn & Co.) 480,000 shares
Control Electronics Co., Inc. ....Common
(Milton D. Blauner & Co., Inc.; David Finkle & Co. and Gartman, Rose & Feuer) $165,000
Pathe News, Inc. ....Common
(Hilton Securities, Inc.) $1,300,000
Row, Peterson & Co. ....Common
(Kidder, Peabody & Co., Inc.) 164,689 shares
Soroban Engineering, Inc. ....Common
(R. S. Dickson & Co., Inc.) 100,000 shares
Sta-Brite Fluorescent Mfg. Co. ....Common
(Charles Plohn & Co.) $700,000

February 11 (Thursday)
Accurate Electronics, Inc. ....Common
(Amos Treat & Co., Inc. and Arthur B. Hogan, Inc.) $225,000
National Equipment Rental, Ltd. ....Debentures
(Burnham & Co.) $2,000,000
National Equipment Rental, Ltd. ....Common
(Burnham & Co.) 207,500 shares

February 15 (Monday)
Aircraft Dynamics International Corp. ....Common
(Aviation Investors of America, Inc.) $300,000
Aaronson Bros. Stores Corp. ....Preferred
(Eppler, Guerin & Turner, Inc. and Harold S. Stewart & Co.) 40,000 shares
Allied Bowling Centers, Inc. ....Common
(Rauscher, Pierce & Co., Inc.) 300,000 shares
Allied Bowling Centers, Inc. ....Debentures
(Rauscher, Pierce & Co., Inc.) $750,000
Carolina Natural Gas Corp. ....Common
(Cruttenden, Podesta & Co. and Odess-Martin, Inc.) 120,000 shs.
Cascade Pools Corp. ....Common
(R. A. Holman & Co., Inc.) $100,000
General Aluminum Fabricators, Inc. ....Common
(Charles Plohn & Co.) $300,000
Nord Photocopy & Business Equipment Co. ....Com.
(Myron A. Lomasney & Co.) 36,400 shares
Puget Park Corp. ....Common
(Hill, Darlington & Co.) $816,725
South Bay Industries, Inc. ....Common
(Amos Treat & Co., Inc.) $1,050,000
Universal Transistor Products Corp. ....Common
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000

February 16 (Tuesday)
Campbell Soup Co. ....Capital
(The First Boston Corp.) 1,000,000 shares
Dayton Rubber Co. ....Debentures
(Lehman Brothers) $7,500,000
Hi-Press Air Conditioning Corp. of America ....Com.
(Plymouth Securities Corp.) $600,000
Pacific Telephone & Telegraph Co. ....Common
(No underwriting) $143,509,000
Pacific Telephone & Telegraph Co. ....Debentures
(Bids to be invited) $72,000,000
Tennessee Gas Transmission Co. ....Common
(Stone & Webster Securities Corp. and White, Weld & Co.) 1,500,000 shares
U. S. Polymeric Chemicals, Inc. ....Common
(Dominick & Dominick) 71,090 shares

February 17 (Wednesday)
Howe Plastics & Chemical Companies, Inc. ....Com.
(Hilton Securities, Inc.) $100,000
Lewis Business Forms, Inc. ....Common
(C. E. Unterberg, Towbin Co.) 110,000 shares

February 18 (Thursday)
Duke Power Co. ....Bonds
(Bids to be invited) $50,000,000

February 19 (Friday)
Anadite, Inc. ....Capital
(Dean Witter & Co.) 50,000 shares
Capital Airlines, Inc. ....Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares

February 23 (Tuesday)
Culligan, Inc. ....Common
(Cruttenden, Podesta & Co.) 152,241 shares
Glass Magic, Inc. ....Common
(R. A. Holman & Co., Inc.) 68,000 shares
Glass Magic, Inc. ....Debentures
(R. A. Holman & Co., Inc.) $51,000
MPO Videotronics, Inc. ....Common
(Francis I. du Pont & Co.) 150,000 shares

February 24 (Wednesday)
Baltimore Paint & Chemical Corp. ....Preferred
(P. W. Brooks & Co.) $1,800,000
Baltimore Paint & Chemical Corp. ....Bonds
(P. W. Brooks & Co.) $750,000
Baltimore Paint & Chemical Corp. ....Debentures
(P. W. Brooks & Co.) $750,000
Brooklyn Union Gas Co. ....Preferred
(Blyth & Co., Inc. and Eastman Dillon, Union Securities & Co.) $15,000,000
Duquesne Light Co. ....Debentures
(Bids 11 a.m. EST) $20,000,000
Phillips Developments, Inc. ....Common
(Allen & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.) 400,000 shares
Public Service Co. of Oklahoma ....Bonds
(Bids to be invited) $14,000,000
Texize Chemicals, Inc. ....Common
(Kidder, Peabody & Co.) 174,576 shares

February 26 (Friday)
Dayton Power & Light Co. ....Bonds
(Bids to be invited) $25,000,000

February 29 (Monday)
Commerce Drug Co. ....Common
(Marron, Sloss & Co., Inc.) $585,000

March 1 (Tuesday)
Dworman Corp. ....Common
(Charles Plohn & Co.) $3,000,000

March 14 (Monday)
Secode Corp. ....Debentures
(No underwriting) $1,500,000

March 15 (Tuesday)
Central Illinois Light Co. ....Bonds
(Bids to be invited) $14,000,000

March 17 (Thursday)
Mississippi Power Co. ....Bonds
(Bids to be invited) $4,000,000

April 7 (Thursday)
Alabama Power Co. ....Bonds
(Bids to be invited) $19,500,000

June 2 (Thursday)
Southern Electric Generating Co. ....Bonds
(Bids to be invited) $40,000,000

July 1 (Friday)
Tennessee Valley Authority ....Bonds
(Bids to be invited) $50,000,000

July 7 (Thursday)
Gulf Power Co. ....Preferred
(Bids to be invited) $50,000,000
Gulf Power Co. ....Bonds
(Bids to be invited) $5,000,000

November 3 (Thursday)
Georgia Power Co. ....Bonds
(Bids to be invited) $12,000,000

Continued from page 35

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 was 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 a director of the issuing company and President of the underwriting corporation.

Consolidated Natural Gas Co. (2/8)
Jan. 14 filed $25,000,000 of debentures, due Feb. 1, 1985. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received at the office of the issuer, Room 3000, 30 Rockefeller Plaza, New York 20, New York, up to 11:30 a.m., New York Time, on Feb. 8.

Consolidated Water Co.
Dec. 30 (letter of notification) 24,900 shares of class A common stock (par $10). **Price**—$12 per share. **Proceeds** — To pay in part bank loans. **Office** — 327 S. La Salle Street, Chicago, Ill. **Underwriters**—Milwaukee Co., Milwaukee, Wis. and Indianapolis Bond & Share Corp., Indianapolis, Ind.

Consultants Bureau Enterprises, Inc.
Dec. 29 filed 147,000 shares of class A common stock, of which 104,000 are to be offered for public sale for the account of the issuing company and 43,000 shares, representing outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—$100,000 to be allocated to translating and publishing additional new books; $25,000 to acquire and equip additional needed space for the company's operations; and the balance to acquire additional machinery and equipment for cold-type composition. **Office** — 227-239 West 17th Street, N. Y. **Undewriter**—William David & Co., Inc., N. Y. **Offering**—Expected in February.

Control Electronics Co., Inc. (2/10)
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feuer, all of New York.

● **Culligan, Inc. (2/23-26)**
Jan. 22 filed 152,241 shares of common stock, of which 71,500 shares are to be offered for the account of the issuing company; 64,000 shares are to be offered for the account of the present holders thereof, and the remaining 16,741 shares are reserved for issuance upon conversion of an equivalent number of class B common shares. **Price**—To be supplied by amendment. **Proceeds**—To erect and equip the company's plant in Northbrook; for investment or advances to its subsidiary, CWC Finance Corp. to permit expansion of its Culligan dealer financing activities, and the balance for general corporate purposes. **Office**—1657 S. Shermer Road, Northbrook, Ill. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill.

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.

● **Dayton Power & Light Co. (2/26)**
Jan. 26 filed $25,000,000 of 30-year first mortgage bonds. **Proceeds**—Will be used to repay $18,000,000 of temporary bank loans and to defray part of the cost of the company's 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Lehman Brothers, Blyth & Co., Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly).

● **Dayton Rubber Co. (2/16)**
Jan. 21 filed $7,500,000 of convertible subordinated debentures. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including debt reduction and working capital. **Office**—Dayton, Ohio. **Underwriter**—Lehman Brothers, New York City.

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.

● **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. **Offering**—Postponed.

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 any day.

Duke Power Co. (2/18)
Jan. 6 filed $50,000,000 of first and refunding mortgage bonds, series due 1990. **Proceeds** — For construction. **Office**—Charlotte, N. C. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

Duquesne Light Co. (2/24)
Jan. 21 filed $20,000,000 of sinking fund debentures. **Proceeds**—For construction. **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).

Dworman Corp. (3/1-4)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

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.

★ **Electronic Production & Development, Inc.**
Jan. 20 (letter of notification) 150,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For new equipment; to increase inventory and for working capital. **Office**—205 S. Beverly Dr., Beverly Hills, Calif. **Underwriter**—None.

★ **Electronic Research Associates, Inc.**
Jan. 29 filed 216,254.5 shares of class A capital stock to be offered in exchange for an equal number of shares of class B capital stock on a share for share basis. **Office**—67 Factory Place, Cedar Grove, N. J.

★ **Elco Corp.**
Jan. 29 filed 88,135 shares of common stock reserved for issuance upon the exercise of outstanding warrants. **Office**—M Street and Erie Ave., Phila., Pa.

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.

Estates, Inc.
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

★ **Fashion Flair Stores, Inc.**
Jan. 25 (letter of notification) 100,000 shares of common stock (par $2). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1441 Broadway, New York, N. Y. **Underwriter**—None.

Federated Purchaser, Inc.
Jan. 11 filed 170,000 shares of class A stock. **Price**—$4 per share. **Proceeds**—To eliminate bank indebtedness of about $100,000, and to acquire and equip two new branches, one on the east coast and one on the west coast. The balance will be used for inventory, working capital, and general corporate purposes. **Office**—Mountainside, N. J. **Underwriter**—Milton D. Blauner & Co., Inc., New York City. **Offering**—Expected in late Feb.

Federated Reserve Life Insurance Co.
Jan. 19 filed 300,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For capital and surplus of the company, which has not as yet done any life insurance business but expects to sell all forms of it. **Office**—West Memphis, Ark. **Underwriter**—The offering is to be made through three promoters and officers who will receive a selling commission of $2 per share.

● **Finger Lakes Racing Association, Inc.**
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co., Inc., New York and Philadelphia. **Offering**—Expected in February.

● **Florida West Coast Corp. (2/8-11)**
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.

★ **Forest Hills Country Club Ltd.**
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City. **Offering**—Expected in late February.

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. (2/15)
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.

General Devices, Inc.
Jan. 6 filed 60,883 shares of common stock, to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For land, construction thereon, new equipment, debt reduction, and working capital. **Office**—Ridge Road, Monmouth Junction, N. J. **Underwriter**—Drexel & Co., Philadelphia, Pa.

● **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, involving a name change to "Insular Finance Corp."

General Foam Corp.
Jan. 7 filed 175,000 shares of common stock. **Price**—$4 per share. **Proceeds**—To enable issuer to enter synthetic foam manufacturing business. **Office**—540 W. 134th Street, New York City. **Underwriters**—Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., on a "best efforts" basis. **Offering**—Expected in February.

Glass Magic, Inc. (2/23)
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

★ **Glass-Tite Industries, Inc.**
Feb. 2 filed $500,000 of 6½% convertible subordinated debentures and 25,000 shares of common stock. **Prices**—For the debentures, 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion and reconditioning of plant. **Office**—Providence, R. I. **Underwriter**—Stanley Heller & Co., New York City.

Glastron Boat Co.
Jan. 11 filed $600,000 of 6% sinking fund debentures, due Jan. 15, 1966, and 60,000 shares of common stock, to be offered in units consisting of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—For additional plant facilities, including land and production equipment, and debt reduction. **Office**—920 Justin Lane, Austin, Texas. **Underwriters**—Hardy & Co., New York City, and Underwood, Neuhaus & Co., Houston, Texas.

★ **Goddard, Inc.**
Jan. 29 filed 153,000 shares of common stock. **Price**—$3.25 per share. **Proceeds**—For use by subsidiaries for reduction of indebtedness and general corporate purposes. **Office**—1309 North Dixie Highway, West Palm Beach, Fla. **Underwriters** — Robert L. Ferman & Co., Miami, Fla. and Godfrey, Hamilton, Magnus & Co., Inc., New York City.

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.

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.

Great Southwest Corp.
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1), to be offered in units of $20 principal amount of debenture and one share of common. **Price**—$28 per unit. **Proceeds**—For debt reduction and the building of a recreation park. **Office**—3417 Gillespie Street, Dallas 19, Texas. **Underwriter**—Glore, Forgan & Co., New York City. **Offering**—Expected in mid-Feb.

Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment **Office** — 1825 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C. The statement became effective July 24.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

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.

★ **Hancock Development Corp.**
Jan. 26 (letter of notification)) $70,000 of 3% second mortgage bonds, due 1982. **Price**—At face value. **Proceeds**—For working capital. **Office**—Ellsworth, Maine. **Underwriter**—None.

Harundale Mall Associates
Jan. 7 filed $1,190,000 of partnership interests in Associates. **Price**—$10,000 per unit. **Proceeds**—To acquire one-half interest in Harundale Mall, a regional shopping center in Anne Arundel County, Maryland. **Office**—14 West Saratoga Street, Baltimore, Md. **Underwriter**—None.

Hermetite Corp.
Jan. 8 filed 136,000 shares of common stock, of which 125,000 are to be publicly offered and 11,000 have been already acquired at $1 per share by the President of M. L. Lee & Co. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—702 Beacon Street, Boston, Mass. **Underwriters**—M. L. Lee & Co., Inc.; Milton D. Blauner & Co., Inc.; and Kesselman & Co., Inc., all of New York City, on an "all or nothing" basis. **Offering**—Expected in March.

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.

★ **Highland Chrome, Inc.**
Jan. 21 (letter of notification) 20,500 shares of founders' stock and 95,000 shares of preferred stock. **Price**—At par (20 cents per share). **Proceeds** — For mining expenses. **Office**—1207 Hoge Bldg., Seattle 4, Wash. **Underwriter**—None.

★ **Highway Trailer Industries, Inc.**
Jan. 29 filed $3,000,000 convertible subordinated debentures, due August, 1975. **Price**—$100 per $100 debenture. **Proceeds**—For expansion purposes and the discharge of debts. **Office**—250 Park Ave., New York City. **Underwriters**—Allen & Co., and Van Alstyne, Noel & Co., both of New York City.

● **Hi-Press Air Conditioning Corp. of America (2/16)**
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City.

Howe Plastics & Chemical Companies, Inc. (2/17)
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.

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.

★ **Imperial Investment Corp. Ltd.**
Jan. 29 filed $15,000,000 (U. S.) 20-year collateral trust bonds, due 1980. **Proceeds**—To retire short-term borrowings. **Office**—Vancouver, B. C., Canada. **Underwriters**—Eastman Dillon, Union Securities & Co., and Nesbitt, Thomson & Co., Inc., both of New York City. **Offering**—Expected not later than March 2.

Industron Corp.
Jan. 14 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 55 Needham Street, Newton Highlands, Mass. **Underwriter**—Schirmer, Atherton & Co., Boston, Mass.

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. **Offering**—Expected in February.

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, 1958, filed $5,000,000 of notes (series B, $500,000, 2-year, 3% per unit; series C, $1,000,000 4-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.

★ **Intra State Telephone Co.**
Jan. 29 filed 4,175 shares of common stock of which 3,675 shares are to be offered for subscription at $100 per share by common stockholders at the rate of one new share for each four shares held on Feb. 20. The balance of the shares are for the employee stock option plan. **Proceeds** — For general corporate purposes and payment of bank loans. **Office**—100 North Cherry St., Galesburg, Ill. **Underwriter**—None.

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.

Kavanagh-Smith & Co.
Dec. 30 filed 145,000 shares of common stock, of which 115,000 shares are to be offered for the account of the issuing company and 30,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Prices**—For 20,000 shares, to be initially offered to company personnel, $4.50 per share; for the balance, $5 per share. **Proceeds**—For the retirement of $166,850 of bank indebtedness, acquisition and development of land, construction of houses for sale, and general corporate purposes. Office—114 North Greene Street, Greensboro, N. C. **Underwriter**—United Securities Co., Greensboro.

★ **Kimberly Gold Mines, Inc.**
Jan. 25 (letter of notification) 100,000 shares of common stock (par 20 cents) and 250,000 shares of common stock (par 20 cents). **Price**—Of 100,000 shares, 50 cents per share; of 250,000 shares, $1 per share. **Proceeds**—For mining expenses. **Office**—4010 N. 10th St., Tacoma 6, Wash. **Underwriter**—None.

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 late February.

● **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 February.

Landsverk Electrometer Co.
Dec. 28 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To cover the cost of new quarters and for the development of new projects and for working capital. **Office**—641 Sonora Avenue, Glendale, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

Larson Boat Works, Inc.
Jan. 8 filed $300,000 of 5-year notes wth common stock purchase warrants attached, said warrants granting holder the right to buy 40 shares of the common for each $1,000 principal amount of notes held at $10 per common share. **Price**—The notes are to be offered at face value in denominations of $500. **Proceeds** — For working capital. **Address**—c/o Paul G. Larson, Riverview Drive, Little Falls, Minn. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland, Ohio.

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. The registration statement will be altered and the number of shares reduced.

Laymen Life Insurance Co.
Nov. 30 filed 175,000 shares of common stock (par $1), of which 35,000 shares are to be offered by company and 140,000 shares are to be offered by 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.

★ **Lefcourt Realty Corp.**
Jan. 29 filed $2,000,000 of six year 6% subordinated debentures, due Jan. 15, 1966, with warrants to purchase 300,000 shares of common stock at $5 per share. **Price**—At-the-market, on or after July 30, 1960. **Proceeds**—For payment of a $750,000 bank loan and general corporate purposes. **Office**—375 Park Ave., New York City. **Underwriter**—None.

● **Lewis Business Forms, Inc. (2/17)**
Jan. 15 filed 110,000 shares of common stock, of which 100,000 shares are to be offered for the account of the issuing company and 10,000 shares, representing outstanding stock, are to be offered for the account of M. G. Lewis, President. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans, redeem 190 shares of the outstanding preferred, and continue the company's modernization and expansion program. **Office**—2432 Swan Street, Jacksonville, Fla. **Underwriter**—C. E. Unterberg, Towbin Co., New York City.

★ **Lewis Swimming Pool Construction Co., Inc.**
Jan. 15 (letter of notification) 60,000 shares of class A common stock (par 50 cents). **Price** — $5 per share. **Proceeds**—To acquire property and for working capital. **Office**—115 Mary Street, Falls Church, Va. **Underwriter**—Securities Registration & Transfer Corp., Washington, D. C.

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. **Offering**—Expected any day.

★ **Lost Lode Mines, Inc.**
Jan. 21 (letter of notification) 48,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For mining expenses. **Office**—Virginia City, Mont. **Underwriter**—None.

★ **Love Corp.**
Jan. 25 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—New Tyler Highway, Henderson, Texas. **Underwriter**—Wm. B. Robinson & Co., Corsicana, Texas.

★ **Loveless Properties, Inc.**
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Salt Lake City, Utah.

★ **Macco Corp.**
Jan. 28 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness incurred in real estate operations, to acquire and develop land, and for general corporate purposes. **Office**—14409 So. Paramount Blvd., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles.

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., is no longer underwriting the issue.

★ **Mass. Investors Trust**
Jan. 27 (by amendment) 10,000,000 additional shares of beneficial interest. **Office**—Boston, Mass.

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.

Megadyne Electronics, Inc.
Jan. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriter**—Glenn Arthur Co., Inc., New York, N. Y.

● **Micronaire Electro Medical Products Corp.**
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of

Continued on page 38

Continued from page 37

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. **Offering**—Expected in a few weeks.

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.

★ **Midwest Drilling Co., Inc.**
Jan. 20 (letter of notification) 20,000 shares of common stock (par $1). **Price**—$15 per share. **Proceeds**—For expenses for drilling and exploring for oil and gas. **Office**—6116 Johnson Dr., Mission, Kan. **Underwriter**—None.

Minalaska, Inc.
Dec. 21 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Office**—Ophir, Alaska. **Underwriter**—B. D. McCormack Securities Corp., New York, N. Y.

Missile Components Corp.
Jan. 18 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2300 Shames Drive, Westbury, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y.

Mitchell (Hubert) Industries, Inc.
Jan. 18 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To pay all non-current accounts, taxes, mortgage and for working capital. **Office**—Hartselle, Ala. **Underwriter**—Berry, Douglas & Fitzhugh, Inc., Nashville, Tenn.

Mobilife Corp.
Jan. 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For debt reduction and working capital. **Office**—Sarasota, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

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.

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. (2/9)**
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.

★ **(John) Morrell & Co.**
Jan. 29 filed 15,625 shares of capital stock to be offered in exchange for outstanding class A and class B stock of Foxbilt, Inc., Des Moines, Iowa, on the basis of 1¼ shares of Morrell stock for each four shares of class A common, or for each four shares of class B common. **Office**—208 South LaSalle St., Chicago, Ill.

Morse Electro Products Corp.
Dec. 28 filed 120,000 shares of common stock. **Price**—$7 per share. **Proceeds**—Together with other funds, will be used for the opening of three additional retail stores, and for additional working capital. **Office**—122 West 26th Street, New York. **Underwriters**—Standard Securities Corp. and Irving Weis & Co., both of New York, on an all-or-nothing basis.

Mortgage Guaranty Insurance Corp.
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc., which filed 10,000 shares of its own common stock (par $5). **Price**—$115 per unit of four shares of Mortgage common and one share of Guaranty common. **Proceeds**—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

MPO Videotronics, Inc. (2/23)
Jan. 18 filed 150,000 shares of class A stock ($1 par) of which 100,000 share are to be offered for account of issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—15 East 53rd Street, New York City. **Underwriter**—Francis I. du Pont & Co., New York City.

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.

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 Finance Co.
Dec. 21 filed 100,000 shares of common stock (par $10). **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.

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 Equipment Rental, Ltd. (2/11)
Dec. 30 filed $2,000,000 of 6% subordinated sinking fund debentures, due Feb. 1, 1970, with common stock purchase warrants attached, and 207,500 shares of common stock, of which 127,500 shares of the common are to be offered for the account of selling stockholders, 80,000 shares of the common are to be reserved for issuance upon the exercise of the warrants, and the remaining 100,000 common shares are to be offered in units with the debentures, each unit to consist of 10 common shares and $200 principal amount of debentures. **Price**—$250 per unit. **Proceeds**—For working capital, to be used for expansion. **Office**—Floral Park, L. I., N. Y. **Underwriter**—Burnham & Co., New York City.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

● **Nord Photocopy & Business Equipment Co. (2/15-19)**
Jan. 27 filed 36,400 shares of common stock, of which 3,500 shares are to be offered for the account of the issuing company and 32,900 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be related to the market. **Proceeds**—To buy outstanding capital shares of Television Utilities Corp., with the balance for general corporate purposes. **Office**—New York City. **Underwriter**—Myron A. Lomasney & Co., New York City. **Note** — Last Sept. 25 the same underwriter offered to quick oversubscription 100,000 shares of Nord common at $5 per share.

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.

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. **Offering**—Expected in February.

● **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 Jan. 23 to Feb. 25.

Onyx Chemical Corp.
Jan. 15 filed 140,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To acquire Onyx Oil & Chemical Co. **Office**—190 Warren Street, Jersey City, N. J. **Underwriter**—McDonnell & Co., Inc., New York City. **Offering**—Expected in February.

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.

Owens Metal Co.
Jan. 15 (letter of notification) 33,250 shares of common stock (par $2). **Price**—$9 per share. **Proceeds**—To reduce short term bank loans and accounts payable and for working capital. **Office**—1524 Crystal Avenue, Kansas City, Mo. **Underwriter**—Stern Bros. & Co., Kansas City, Mo.

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 Telephone & Telegraph Co. (2/16)
Jan. 22 filed $72,000,000 of 33-year debentures, due Feb. 1, 1993, and 10,045,630 shares of common stock, said debentures to be offered at competitive bidding and said common shares to be offered at par ($14 2/7 per share), without underwriting. The common stock will be offered to holders of the outstanding common and preferred on the basis of one such share for each 10 common shares held and seven such common shares for each 10 preferred shares held. **Proceeds**—To reimburse the issuer's treasury for expenditures made for property additions and improvements. Probable bidders: Halsey, Stuart & Co. Inc., and Morgan Stanley & Co. **Office**—140 New Montgomery Street, San Francisco 5, Calif.

Pathe News, Inc. (2/10)
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.

Peterson Electronic Die Co., Inc.
Jan. 19 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—382 Springfield Ave., Summit, N. J. **Underwriter**—G. K. Shields & Co., New York, N. Y.

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. (2/24)
Dec. 21 filed 400,000 shares of common stock (par $1). **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.

★ **Phoenix Gems, Inc.**
Jan. 25 (letter of notification) 100,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To pay off an outstanding debt and for working capital. **Office**—1711 E. Elwood, Phoenix, Ariz. **Underwriter**—None.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

Precision Transformer Corp., Chicago
Dec. 29 filed $700,000 of 6½% subordinated convertible debentures, due 1970, with attached warrants to purchase 28,000 common shares; and warrants for the purchase of 125,000 common shares, which may be issued to company-connected people; and 150,000 common shares. **Prices**—For the debentures, par; for the common, the price will be supplied by amendment. **Proceeds** — For debt reduction, plant construction, and equipment. **Underwriter**—John R. Boland & Co., Inc., New York City, who will work on a "best efforts" basis and receive a commission of $120 per $1,000 debentures sold.

Preferred Insurance Co.
Dec. 30 filed 59,364 shares of outstanding common stock, to be exchanged by certain of the issuer's shareholders subject to an agreement with Preferred Automobile Underwriters Co. **Office**—126 Ottawa Avenue, N. W., Grand Rapids, Mich.

★ **Professional Life & Casualty Co.**
Jan. 29 filed 180,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For the company's insurance business and expenses, and working capital for the procurement of business. **Office**—720 N. Michigan Ave., Chicago, Ill. **Underwriter**—Professional Casualty Agency Co., Chicago, Ill.

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.

Public Service Co. of Oklahoma (2/24)
Jan. 25 filed $14,000,000 of first mortgage bonds, series H, due Feb. 1, 1990. **Proceeds**—For construction. **Office** Public Service Bldg., 600 S. Main, Tulsa 2, Okla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co. and Shields & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Equi-

table Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); and Glore, Forgan & Co.

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.

Puget Park Corp. (2/15)
Jan. 6 filed 125,650 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To buy land and reduce indebtedness. **Office**—Seattle, Wash. **Underwriter**—Hill, Darlington & Co., of Seattle and New York City.

★ Realty Equities Corp.
Feb. 2 filed 150,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For general corporate purposes. **Office**—New York City. **Underwriter**—Sutro Bros. & Co., also of New York City.

★ Reserve Insurance Co.
Feb. 1 filed 70,000 shares of capital stock, of which 30,676 shares are to be offered for public sale for the account of the issuer and the balance for the account of present holders. **Price**—To be supplied by amendment. **Proceeds**—To be used for financing additional business; for qualifying to transact business in other states, and the general fund. **Office**—180 West Adams St., Chicago, Ill. **Underwriter**—Walter C. Gorey Co., San Francisco, Calif.

● Row, Peterson & Co. (2/10)
Jan. 6 filed 164,689 shares of common stock, of which 157,346 shares are to be offered for the account of nine selling stockholders and 7,343 shares for the account of the issuer. **Price**—To be supplied by amendment. (Giving effect to the completion of the proposed offering, net operating profit in the fiscal year ending April 30, 1959 was about $1.48 per share.) **Office**—Evanston, Ill. **Underwriter**—Kidder, Peabody & Co., Inc.

★ (Compagnie de) St. Gobain (France)
Feb. 1 Morgan Guaranty Trust Co. filed American Depositary Receipts for 60,000 of the issuer's bearer shares.

★ Sanborn Co.
Jan. 27 (letter of notification) 11,076 shares of common stock (par $1) to be offered to employees of the company. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—175 Wyman Street, Waltham, Mass. **Underwriter**—None.

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.

Secode Corp. (3/14)
Dec. 28 filed $1,500,000 of 6% convertible subordinated debentures due July 1, 1965. The company proposes to offer $300,000 of the debentures in exchange for its 6% convertible notes due July 30, 1962; $587,000 in exchange for its demand notes totaling $587,000; and the balance, or $613,000, to the public for cash. **Office**—555 Minnesota Street, San Francisco, Calif. **Underwriter**—No underwriting is involved; but the debentures offered for the cash sale will be sold on a best efforts basis through dealers who will receive a 5% commission.

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.

★ Solon Industries, Inc.
Jan. 26 (letter of notification) 50,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—c/o A. M. Hubman, 4061 Conover Road, University Heights, Ohio. **Underwriter**—Gaither & Co., Inc., Cleveland, Ohio.

★ Sonar Radio Corp.
Jan. 22 filed 195,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To move to new plant facilities; to acquire additional working capital; to expand production facilities and for operations; for research and development; for test equipment and for advertising and sales promotion. **Office**—3050 W. 21st Street, Brooklyn, N. Y. **Underwriter** — George, O'Neill & Co., Inc., New York, N. Y.

Soroban Engineering, Inc. (2/10)
Dec. 29 filed 100,000 shares of its common stock. **Price**—To be supplied by amendment. **Proceeds** — For acquisition of land and erecting an additional plant, for tooling and additional equipment, for fixtures and general furnishings for the new plant, and for reduction of bank indebtedness. **Office**—7725 New Haven Avenue, Melbourne, Fla. **Underwriter** — R. S. Dickson & Co., Inc., Charlotte, N. C.

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. (2/5)
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 Public Service Co.
Jan. 14 filed 104,961 shares of common stock, being offered to common stockholders of record Feb. 3 on the basis for one new share for each 10 shares then held; rights expire Feb. 23. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including investments in the issuer's subsidiaries. **Office**—70 Pine St., New York City. **Underwriter**—Bioren & Co., Philadelphia, Pa.

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.

★ Southwest Forest Industries, Inc.
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construtcion of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City.

● Sta-Brite Fluorescent Manufacturing Co. (2/10)
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.

● Stantex Corp.
Dec. 28 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For new quarters, expansion and working capital. **Office**—40 N. 2nd Street, Philadelphia, Pa. **Underwriters**—First City Securities, Inc., New York, N. Y. and Frank P. Hunt & Co., Inc., Rochester, N. Y. **Offering**—Expected next week.

★ Sterling Aluminum Products, Inc.
Jan. 29 filed 49,991 shares of common stock which will be offered in exchange for the stock of Rich Mfg. Corp., on the basis of 42/100 shares of Sterling for each share of Rich; such offer is contingent upon its acceptance by holders of at least 95% of Rich common. **Office**—2600 North Third Street, St. Charles, Mo.

★ Su Mark, Inc.
Jan. 25 (letter of notification) 96,250 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay bank indebtedness, acquire new equipment and tools, and for working capital. **Office**—Stone Street, Walpole, Mass. **Underwriters**—Street & Co. and A. J. Frederick & Co., Inc., New York, N. Y.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

★ Supronics Corp.
Jan. 29 filed 120,000 shares of common stock. **Price**—$6 per share. **Proceeds**—$50,000 to reduce short-term bank loans, and the balance to be used for general corporate purposes, including expanding the business. **Office**—224 Washington Street, Perth Amboy, N. J. **Underwriters**—Standard Securities Corp., Herzig, Farber & McKenna, and Irving Weiss & Co., all of New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa.

★ Surety Life Insurance Co.
Jan. 29 filed 10,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion of the business. **Office**—1935 So. Main Street, Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

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.

Tampa Electric Co. (2/3)
Jan. 7 filed 240,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For 1960 construction expenditures, estimated at about $25,000,000. **Office**—111 North Dale Mabry Highway, Tampa, Fla. **Underwriter**—Stone & Webster Securities Corp., New York City.

Tayco Developments, Inc. (2/8)
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share. **Proceeds**—For working capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

Taylor Devices, Inc. (2/8)
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

★ Teletray Electronic Systems, Inc.
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City.

Tennessee Gas Transmission Co. (2/16)
Jan. 19 filed 1,500,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To retire short-term notes, with the balance to general funds. **Office**—Houston, Texas. **Underwriters**—Stone & Webster Securities Corp. and White, Weld & Co., both of New York City.

Texas Electric Service Co. (2/9)
Jan. 6 filed $12,000,000 of sinking fund debentures, due 1985. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co.; Blyth & Co., Inc. and Lehman Brothers.

★ Texize Chemicals, Inc.
Jan. 27 filed 20,000 shares of common stock, to be offered to employees pursuant to the issuer's Stock Purchase Plan for employees.

● Texize Chemicals, Inc. (2/24)
Jan. 22 filed 174,576 shares of common stock, of which 88,000 shares are to be offered for the account of the present holders thereof and the remaining 86,576 shares are to be offered for subscription by stockholders at the rate of one additional share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Greenville, S. C. **Underwriter**—Kidder, Peabody & Co., New York, N. Y.

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 February.

(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.

★ Transworld Equipment Corp.
Jan. 25 (letter of notification) 139,832 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—119 W. 26th Street, New York 1, N. Y. **Underwriter**—First City Securities, Inc., New York, N. Y.

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.

● 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. **Offering**—Expected in February.

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.

U. S. Polymeric Chemicals, Inc. (2/16)
Jan. 14 filed 71,090 shares of outstanding common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Stamford, Conn. **Underwriter**—Dominick & Dominick, New York City.

Universal Transistor Products Corp. (2/15)
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

Continued on page 40

Continued from page 39

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.

★ **Walnut Grove Products Co., Inc.,**
Jan. 29 filed 300,000 shares of class A common stock, and $3,000,000 of 15-year 6½% sinking fund debentures, with warrants to purchase 50 class A common shares with each $1,000 debenture. **Price**—To be supplied by amendment. **Proceeds**—To repay bank borrowings of $4,500,000 and replenish working capital. **Office** — Atlantic, Iowa. **Underwriters**—First Trust Co., Lincoln, Neb., and Cruttenden, Podesta & Co., Chicago.

★ **Wells Industries Corp.**
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City.

● **West Florida Natural Gas Co.**
Dec. 21 an amendment was filed to a prior registration statement, said amendment covering an exchange offer to holders of the issuer's outstanding 6% 20-year debenture bonds. The holders may exchange said bonds for units of $416,000 of 7½% subordinated debentures, due Jan. 1, 1960, 41,660 shares of 7½% cumulative preferred stock, and 41,660 shares of class A common stock. Each $100 principal amount of debenture bonds may be exchanged for one unit, such unit to consist of $50 principal amount of subordinated debentures, 5 shares of cumulative preferred, and 5 shares of class A common. The statement became effective Jan. 29. The offering began Feb. 1 and ends Feb. 23. **Office**—Maple & Third Streets, Panama City, Fla. **Underwriters**—White, Weld & Co. Inc., New York City, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (jointly).

★ **Whitmoyer Laboratories, Inc.**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

★ **Willer Color Television System, Inc.**
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Investment Brokers of N. J., Inc., 844 Broad Street, Newark, N. J.

★ **Woman's Life Founding Corp.**
Jan. 22 (letter of notification) 60,000 shares of class B common stock (par $1). **Price**—$5 per share. **Proceeds**—For expenses for organizing an insurance company. **Office**—8002 Wisconsin Avenue, Bethesda, Md. **Underwriter**—None.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

Young Manufacturing Co.
Dec. 16 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase inventories, expand manufacturing facilities and for working capital. **Office**—1601 W. Lincolnway, Cheyenne, Wyo. **Underwriter** — Atlas Securities Co., Cheyenne, Wyo.

Prospective Offerings

Alabama Power Co. (4/7)
Dec. 9 it was announced that this company plans registration with the Securities and Exchange Commission of $19,500,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—Expected to be received on April 7. **Registration**—Scheduled for March 4.

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.

★ **Barnes Engineering Co.**
Feb. 3 it was reported that there might be a possible filing of an undetermined amount of common stock, not to exceed 50,000 shares. **Proceeds**—For the account of a selling stockholder and possibly some for the account of the company. **Underwriter** — Hayden, Stone & Co., New York City.

★ **Bobbie Brooks, Inc.**
Feb. 2 mailed a proxy statement to stockholders stating that the company is considering a new public offering of 100,000 shares of capital stock. The company's first public offering, on Feb. 5, 1959, was handled by Bache & Co. **Office**—3830 Kelley Avenue, Cleveland 14, Ohio.

★ **California Electric Power Co.**
Feb. 3 it was reported that there might be some new financing in the second quarter of this year, probably in the form of bonds. **Proceeds**—For construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co.

★ **Central Illinois Electric & Gas Co.**
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

★ **Central Illinois Light Co. (3/15)**
Jan. 19 announced plans to file with the Illinois Commerce Commission for issuance of $14,000,000 of first mortgage bonds, to be sold at competitive bidding. **Proceeds**—For 1960 construction, expected to total about $17,000,000. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities (jointly). **Bids**—Scheduled to be received March 15 at 11:00 a.m. (EST) at the offices of Commonwealth Services, Inc., 300 Park Avenue, New York City.

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.

★ **Electrada Corp.**
Feb. 3 it was reported that this company is planning financing sometime in the Spring. **Office** — Beverly Hills, Calif. **Underwriter**—Bache & Co. of New York City and Beverly Hills, Calif.

Englehard 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. Although no confirmation has been forthcoming, it is understood that auditors visited the company in late December. Registration is still believed likely in the near future.

★ **Genesco, Inc.**
Feb. 3 it was reported that 400,000 shares of common stock will be filed sometime in the near future. **Underwriter**—Blyth & Co. of New York City, which announced last July 17 the completion of a secondary of the issuer's common at $35.375 per share.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

★ **Hamilton Management Corp.**
Feb. 3 it was reported that an undetermined amount of non-voting common stock may possibly be registered the week of Feb. 23. **Office**—Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York City.

Harvey Aluminum Co., Torrance, Calif.
It was reported late last year that this firm—the old Harvey Machine Co. — is planning its initial public financing for the Spring. **Underwriters**—Kuhn, Loeb & Co. (managing) and Tucker, Anthony & R. L. Day, both of New York City.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

Kenrich Petrochemicals, Inc.
Jan. 20 it was reported that February registration is expected of $175,000 of convertible debentures and 55,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—For the expansion of manufacturing facilities. **Office** — Maspeth, Queens, L. I., N. Y. **Underwriter** — First Philadelphia Corp., 40 Exchange Place, New York City.

★ **Mac Panel Co.**
Feb. 3 it was reported that 200,000 shares of common stock are expected to be filed the week of Feb. 8. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Mississippi Power Co. (3/17)
Dec. 9 it was announced that the company plans registration of $4,000,000 of first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Information Meeting**—March 14, 1960. **Bids**—Expected to be received on March 17. **Registration**—Scheduled for Feb. 11.

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.

Puget Sound Power & Light Co.
Jan. 15 the Federal Power Commission announced they had authorized the Seattle, Wash., utility to issue up to $25,000,000 in unsecured promissory notes outstanding at any one time, to be issued in varying amounts beginning Feb. 1, all such notes to mature July 31, 1961. The interest will be equal to the prime rate for New York City commercial bank loans at the time of the borrowings. **Proceeds**—To discharge all notes outstanding under a previous credit agreement, to reimburse the issuer's treasury for construction expenditures, and to provide temporary financing for future construction.

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. **Note**—On Dec. 31 Mr. McMeekin told this newspaper he does not know whether the bonds will be placed privately. He expects them to be sold this summer; the precise timing will be subject to market conditions.

Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Tennessee Valley Authority (7/1)
Jan. 20 announced that, pursuant to August, 1959, authorization from Congres to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for July 1, 1960. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co.

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.

Transval Electronics Corp.
R. F. Downer, an official, announced on Jan. 8 that Norman C. Roberts Co., San Diego 1, Calif., and the Los Angeles office of Sutro & Co. (home office: San Francisco) "may be contacted regarding any and all inquiries with respect to the issuance and sale of Transval stock."

★ **Utah Power & Light Co.**
Feb. 3 it was reported that toward the end of this year there is expected to be some financing by this company of about $25 million of bonds and common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

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)	Feb. 6	§94.3	*95.4	95.3	80.8
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 6	§2,687,000	*2,717,000	2,715,000	2,288,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 22	7,190,150	7,146,410	7,108,875	7,193,535
Crude runs to stills—daily average (bbls.)	Jan. 22	§8,227,000	8,302,000	8,266,000	8,311,000
Gasoline output (bbls.)	Jan. 22	28,753,000	29,084,000	29,398,000	28,101,000
Kerosene output (bbls.)	Jan. 22	2,943,000	2,724,000	2,756,000	2,465,000
Distillate fuel oil output (bbls.)	Jan. 22	13,644,000	*13,667,000	13,206,000	15,009,000
Residual fuel oil output (bbls.)	Jan. 22	6,596,000	7,127,000	6,951,000	7,779,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Jan. 22	199,905,000	196,514,000	184,045,000	192,883,000
Kerosene (bbls.) at	Jan. 22	25,866,000	26,583,000	27,080,000	21,388,000
Distillate fuel oil (bbls.) at	Jan. 22	132,638,000	138,533,000	151,441,000	100,402,000
Residual fuel oil (bbls.) at	Jan. 22	50,089,000	51,263,000	50,451,000	59,924,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 23	587,339	605,757	468,752	555,750
Revenue freight received from connections (no. of cars)	Jan. 23	552,636	554,377	501,764	522,841
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 28	$245,200,000	$372,900,000	$191,000,000	$418,223,000
Private construction	Jan. 28	139,900,000	203,500,000	88,700,000	231,413,000
Public construction	Jan. 28	105,300,000	169,400,000	102,300,000	186,810,000
State and municipal	Jan. 28	81,900,000	100,800,000	89,400,000	125,952,000
Federal	Jan. 28	23,400,000	68,600,000	12,900,000	60,858,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 23	8,650,000	8,825,000	6,850,000	8,005,000
Pennsylvania anthracite (tons)	Jan. 23	364,000	440,000	331,000	442,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Jan. 23	113	120	246	105
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 30	14,313,000	14,523,000	13,565,000	13,151,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 28	281	302	226	322
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 26	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Jan. 26	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Jan. 26	$42.50	$41.83	$47.17	$42.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 27	33.775c	33.225c	34.150c	28.675c
Export refinery at	Jan. 27	32.950c	31.700c	31.525c	28.600c
Lead (New York) at	Jan. 27	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	Jan. 27	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	Jan. 27	13.500c	13.500c	13.000c	12.000c
Zinc (East St. Louis) at	Jan. 27	13.000c	13.000c	12.500c	11.500c
Aluminum (primary pig. 99.5%) at	Jan. 27	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Jan. 27	100.375c	100.375c	98.750c	99.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 2	82.62	81.13	79.81	85.61
Average corporate	Feb. 2	83.28	83.28	83.40	89.64
Aaa	Feb. 2	87.45	87.32	87.32	93.67
Aa	Feb. 2	85.33	85.20	85.20	92.20
A	Feb. 2	82.90	83.03	83.28	89.64
Baa	Feb. 2	78.09	77.97	78.43	83.53
Railroad Group	Feb. 2	81.17	81.05	81.05	88.13
Public Utilities Group	Feb. 2	83.15	83.15	83.66	89.37
Industrials Group	Feb. 2	85.72	85.59	85.85	91.62
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 2	4.29	4.47	4.62	3.87
Average corporate	Feb. 2	4.92	4.92	4.91	4.44
Aaa	Feb. 2	4.60	4.61	4.61	4.16
Aa	Feb. 2	4.76	4.77	4.77	4.26
A	Feb. 2	4.95	4.94	4.92	4.44
Baa	Feb. 2	5.35	5.36	5.32	4.90
Railroad Group	Feb. 2	5.09	5.10	5.10	4.55
Public Utilities Group	Feb. 2	4.93	4.93	4.89	4.46
Industrials Group	Feb. 2	4.73	4.74	4.91	4.30
MOODY'S COMMODITY INDEX	Feb. 2	378.0	380.1	375.8	382.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 23	331,705	314,647	296,038	289,474
Production (tons)	Jan. 23	322,114	324,592	323,362	292,534
Percentage of activity	Jan. 23	95	97	95	91
Unfilled orders (tons) at end of period	Jan. 23	459,259	447,667	469,641	378,182
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 29	111.63	111.62	111.70	111.41
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 8	2,807,240	2,070,460	2,781,990	3,033,910
Short sales	Jan. 8	442,530	220,810	408,750	485,450
Other sales	Jan. 8	2,804,110	1,802,270	2,236,990	2,695,430
Total sales	Jan. 8	3,246,640	2,023,080	2,645,740	3,180,880
Other transactions initiated off the floor—					
Total purchases	Jan. 8	416,220	331,530	446,310	549,150
Short sales	Jan. 8	51,450	14,810	25,600	43,000
Other sales	Jan. 8	471,560	297,540	405,800	538,910
Total sales	Jan. 8	523,010	312,350	431,440	581,910
Other transactions initiated on the floor—					
Total purchases	Jan. 8	852,659	717,825	881,108	893,850
Short sales	Jan. 8	133,660	86,660	103,490	137,740
Other sales	Jan. 8	872,065	619,383	792,482	1,029,020
Total sales	Jan. 8	1,005,725	706,043	895,972	1,166,760
Total round-lot transactions for account of members—					
Total purchases	Jan. 8	4,076,119	3,119,815	4,109,408	4,476,910
Short sales	Jan. 8	627,640	322,280	537,840	666,190
Other sales	Jan. 8	4,147,735	2,719,193	3,435,312	4,263,360
Total sales	Jan. 8	4,775,375	3,041,473	3,973,152	4,929,550
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	Jan. 8	2,569,740	1,535,093	1,916,269	2,456,705
Dollar value	Jan. 8	$131,297,370	$77,675,354	$97,462,821	$131,390,700
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 8	1,815,624	1,350,698	1,762,290	1,965,142
Customers' short sales	Jan. 8	5,967	4,306	6,629	8,707
Customers' other sales	Jan. 8	1,809,657	1,346,392	1,755,661	1,956,435
Dollar value	Jan. 8	$93,635,457	$63,931,822	$85,326,989	$101,409,733
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 8	396,400	322,730	476,610	494,960
Short sales	Jan. 8	------	------	------	------
Other sales	Jan. 8	396,400	322,730	476,610	494,960
Round-lot purchases by dealers—Number of shares	Jan. 8	1,083,970	510,590	640,860	936,740
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	Jan. 8	709,140	372,180	610,050	783,230
Other sales	Jan. 8	18,171,170	13,278,090	17,059,770	21,003,020
Total sales	Jan. 8	18,880,310	13,650,270	17,669,820	21,786,250
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Jan. 26	119.5	119.3	118.8	119.5
Farm products	Jan. 26	88.4	86.6	85.0	91.9
Processed foods	Jan. 26	105.8	106.1	100.8	109.0
Meats	Jan. 26	91.7	92.5	88.9	102.8
All commodities other than farm and foods	Jan. 26	128.6	128.7	128.5	127.4

*Revised figure. ¶Includes 929,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 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
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of December:			
Manufacturing number	231	195	185
Wholesale number	119	124	118
Retail number	478	520	515
Construction number	163	186	176
Commercial service number	89	105	88
Total number	1,080	1,130	1,082
Manufacturers' liabilities	$23,822,000	$17,266,000	$18,411,000
Wholesale liabilities	8,766,000	5,541,000	10,613,000
Retail liabilities	13,443,000	15,244,000	14,397,000
Construction liabilities	10,453,000	12,136,000	10,058,000
Commercial service liabilities	3,072,000	3,027,000	3,590,000
Total liabilities	$59,556,000	$53,214,000	$57,069,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of December	16,467	13,015	16,512
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of Dec. (000's omitted)	$2,385,300	$383,000	$2,139,000
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of January (000's omitted):			
Total U. S. construction	$1,265,000	$1,590,000	$1,641,101
Private construction	670,000	869,000	635,529
Public construction	595,000	721,000	955,572
State and municipal	419,000	490,000	654,957
Federal	176,000	231,000	300,615
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Dec. 31 (000's omitted)	$627,000	$784,000	$840,000
COTTON AND LINTERS—DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of December	799,935	725,482	720,243
In consuming establishments as of Jan. 2	1,572,679	1,263,565	1,545,454
In public storage as of Jan. 2	13,690,607	14,235,545	12,795,771
Linters—Consumed month of December	130,805	108,074	105,759
Stocks Jan. 2	348,330	557,933	858,468
Cotton spindles active as of Jan. 2	17,709,000	17,696,000	17,616,000
COTTON GINNING (DEPT. OF COMMERCE):			
To Jan. 16 (running bales)	14,355,570	------	11,339,760
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Jan. 2	20,111,000	20,317,000	20,681,000
Spinning spindles active on Jan. 2	17,709,000	17,696,000	17,616,000
Active spindle hours (000's omitted) Jan. 2	10,157,000	9,051,000	9,453,000
Active spindle hrs. for spindles in place Dec.	405.2	452.6	378.1
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of December:			
Sales (average monthly), unadjusted	249	*160	239
Sales (average daily), unadjusted	245	*170	235
Sales (average daily), seasonally adjusted	138	*133	133
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of December:			
All manufacturing (production workers)	12,387,000	*12,245,000	11,930,000
Durable goods	7,105,000	*6,896,000	6,740,000
Nondurable goods	5,282,000	*5,349,000	5,190,000
Employment indexes (1947-49 Avg. = 100)—			
All manufacturing	100.1	*99.0	96.5
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	173.1	*166.4	160.4
Estimated number of employees in manufacturing industries—			
All manufacturing	16,398,000	*16,246,000	15,749,000
Durable goods	9,499,000	*9,282,000	8,989,000
Nondurable goods	6,899,000	*6,964,000	6,760,000
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1947-49=100—Month of Dec.:			
Seasonally adjusted	165	*156	151
Unadjusted	162	*157	149
NEW YORK STOCK EXCHANGE—			
As of Dec. 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,427,000	$3,438,000	$3,427,000
Credit extended to customers	150,000	165,000	146,000
Cash on hand and in banks in U. S.	375,000	372,000	357,000
Total of customers free credit balances	997,000	974,000	1,159,000
Market value of listed shares	307,707,698	299,112,339	276,665,190
Market value of listed bonds	105,422,055	106,499,132	105,866,136
Member borrowings on U. S. Govt. issues	453,000	528,000	506,000
Member borrowings on other collateral	2,529,000	2,397,000	2,189,000
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of Sept.	3,421	3,494	3,820
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of December (in billions):			
Total personal income	$390.7	*$386.9	$366.9
Wage and salary receipts, total	264.2	*261.1	247.0
Commodity producing industries	109.9	*107.5	102.2
Manufacturing only	86.6	*84.2	80.6
Distributing industries	68.8	*68.6	64.7
Service industries	38.5	*38.3	35.6
Government	47.1	*46.7	44.4
Other labor income	10.3	10.3	9.4
Business and professional	35.1	*35.1	33.4
Farm	12.5	*11.4	14.2
Rental income of persons	12.0	12.0	11.9
Dividends	13.5	13.7	10.8
Personal interest income	23.8	23.5	21.0
Transfer payments	27.7	*28.0	26.3
Less employes' contribution for social insurance	8.5	8.4	7.1
Total nonagricultural income	374.2	*371.5	348.8
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of October:			
Net railway operating income	$67,091,965	$45,780,612	$114,836,477
Other income	23,031,569	23,937,883	22,643,782
Total income	90,123,534	69,718,495	137,480,259
Miscellaneous deductions from income	4,434,148	4,506,930	4,440,555
Income available for fixed charges	85,689,386	65,211,565	133,039,704
Income after fixed charges	54,365,632	34,016,954	101,102,290
Other deductions	4,327,992	4,669,919	4,251,369
Net income	50,037,640	29,347,035	96,850,921
Depreciation (way & structure & equipment)	51,638,207	51,466,906	50,145,493
Federal income taxes	20,857,641	14,552,931	48,193,882
Dividend appropriations:			
On common stock	18,539,438	19,797,051	21,085,435
On preferred stock	1,536,574	841,903	1,356,424
Ratio of income to fixed charges	2.74	2.09	4.17
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of November:			
Net sales	------	------	------
Net purchases	$113,103,000	$71,596,000	$43,633,500

*Revised figure.

STATE OF TRADE AND INDUSTRY

Continued from page 4

is that virtually all of the additional disposable income since 1956—$40 billion—has gone into consumer markets, and as a result there has been a reduction in the percent of consumer income that has been placed in savings in its various forms. In only two years of the past decade—1950 and 1955—was the rate of personal saving lower than in 1959. In both of those earlier periods, special influences were operating to push up spending relative to current income: the start of the Korean conflict in 1950, and the exceptionally high volume of new car purchases which was associated with the "new look" and rapid liberalization of instalment credit terms in 1955.

The *Survey of Current Business* is available from Field Offices of the Department of Commerce or from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at an annual subscription price of $4, including weekly supplements; single copy 30 cents.

Bank Clearings Up 2.3% Above 1959 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by us based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Jan. 30, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 2.3% above those of the corresponding week last year. Our preliminary totals stand at $25,278,193,141 against $24,701,910,649 for the same week in 1959. At this center there is a loss for the week ending Friday of 0.8%. Our comparative summary for the leading money centers during past week follows:

Week End. Jan. 30—	000 omitted 1960	1959	%
New York	$13,173,594	$13,277,801	— 0.8
Chicago	1,262,563	1,193,389	+ 5.8
Philadelphia	1,110,000	1,070,000	+ 3.7
Boston	759,927	699,705	+ 3.9

Complete details of the bank clearings throughout the nation appear on page 45 of our Monday, Feb. 1, edition.

Bitterness Between Steel Companies and Union Following Settlement, Persists at Top Levels

The steel industry's drive to lower production costs is pushing its capital spending plans to near-record levels, "The Iron Age" reports.

The national metalworking weekly observes that spending programs are approaching the record of $1.75 billion set in 1955. This second major spending spree comes at a time when steelmaking capacity is considered adequate.

A significant part of the trend is the extension of computer controls to a wide range of steelmaking operations.

This means that the principal target of the programs will be to counteract climbing labor costs, as well as improve quality. The recent settlement is estimated to add 3.5% a year to steelmaking labor costs compared with the annual rate of productivity gain of 2.5%.

The magazine comments that the improvement programs indicate that there was no "secret agreement" between the steel companies and the United Steelworkers that the union would give in quietly on controversial work practices in the historical 2-B contract clause.

"The Iron Age" says that bitterness between the companies and the union following the settlement persists at the top levels. Any major gains in eliminating wasteful work practices are still in the wishful thinking stage.

Biggest ground for hope of worker cooperation is found in the attitudes of the production workers and rank-and-file union members. Attitude of the workers at the mill level has never been better, the magazine says. This may lead the way to improving efficiency in individual plants and companies.

"The Iron Age" reports that the capital spending trend is reflected in current announcements of new computer controls going into steel mills.

At least nine major computer controls are going into mills. These include strip mills in the Pittsburgh and Detroit areas; plate mills in the Midwest and South; a sintering line in Ohio; an annealing line in Pittsburgh; and a utility system in an eastern mill.

On general market conditions, "The Iron Age" says that the market remains tight for most products and no real easing is in sight until well into the second quarter.

But the frantic quality has gone out of demand for pipe, stainless, some heavy steels on a regional basis, and warehouse steel except sheets. Sheets and other products used by the auto industry continue in strongest demand.

Although there are conflicting reports from industry sources, "The Iron Age" says it has not uncovered any evidence of extensive buildup of steel stocks among major users. It estimates that probably 10% of steel shipments is going into inventory buildup.

January Steel Output Breaks Monthly Record; Scrap Holds Steady

Steelmakers will have to return to hard selling to maintain near-capacity operations through the second quarter, "Steel" said.

The metalworking weekly reported that steel users are rapidly plugging the gaps in their inventories and the frantic pressure for deliveries is subsiding.

Take plates and structurals, for example. In strong demand when steelworkers started operations under the Taft-Hartley injunction, these heavy products are rapidly opening up. March order books are pretty well loaded, but April entries are spotty. Although cancellations are few, there is a tendency to push back orders.

While demand for steel is still high and is expected to continue firm, many users are guarding against overstocking. They figure that with capacity adequate to meet demands and with labor peace assured, overstocking would be expensive and possibly dangerous.

More than 66% of the respondents to "Steel's" quarterly survey of metal buyers report ferrous reserves sufficient to last 30 days or more. The improvement: More than triple the percentage in that category in the last inventory analysis (Nov. 2). But stocks are chiefly in the 10 to 60 day groups despite a surprisingly high inventory in the 60 day and over categories.

Steelmakers last week poured about 2,721,000 ingot tons, making January the first 12 million ton month in history. The previous record: December's 11.9 million tons. Last week's operations were at 95.5% of capacity.

"Steel's" composite on No. 1 heavy melting grade of scrap held last week at $42.33 a gross ton, after rising for two straight weeks.

General Motors Corp. has signed a hot metal contract with Aluminum Co. of America to supply the Fabricast plant of its Central Foundry Div., at Bedford, Ind., with molten aluminum, the metalworking weekly reported. The Fabricast plant makes aluminum brake drums for Buick, aluminum housings, and a dozen other parts.

GM's new contract calls for trucking the molten aluminum 100 miles from Alcoa's new $80 million smelter near Evansville, Ind. Aluminum industry sources say Alcoa will ship the metal in crucible tank trucks which can keep it hot up to 8 hours. Estimated hauling time is 4 hours.

Eventual capacity of the Evansville plant will be 150,000 tons, although only a single potline will go into operation this spring with a capacity of about 25,000 tons, most of it going to the GM plant.

Availability of aluminum this year will be the best in history, "Steel" said. The publication estimates that the industry is now operating at an annual rate of 1,957,595 tons and will be operating at a rate of at least 2.1 million tons by June. The year's output is expected to hit around 2.15 million tons compared with 1,953,019 tons, thus turning out a record number of tons for the third straight year.

Combined Car and Truck Production this Week Expected to Total 207.886 Units Comparing With 206.919 Last Week and 144.616 Units in 1959 Week

The U. S. auto industry will have produced an estimated 691,400 passenger cars in January, smashing all previous January records and achieving the highest monthly total since November of 1955, "Ward's Automotive Reports" said.

"Ward's" added that truck production also would reach an all-time January high of about 122,500 units, and would represent the finest monthly output since May of 1955 when 129,969 trucks were completed.

This month's passenger car production represents an increase of 27% over January a year ago (545,757) and is a full 92% of the record high of 749,061 units assembled in November of 1955.

The industry ended the first full week of January with 163,249 new car assemblies and since then has built up toward record proportions, "Ward's" said. Last week's output amounted to 175,060 cars and represented the highest volume to date for the industry since Dec. 9, 1955, when 178,049 cars were built. "Ward's" said this week's turnout is expected to exceed that of last week by at least 300 units.

The reporting agency explained that heavy overtime schedules and six-day work programs have been responsible for the high-output weeks this month. Most Ford and Chevrolet plants were planning Saturday operations this week together with the Rambler works at Kenosha, Wis. All Chrysler Corp. plants and Studebaker-Packard are continuing on five-day programs.

"Ward's" said that combined car and truck production this week was expected to total 207,886 units. This compares with 206,919 cars and trucks last week and 144,616 units during the same week last year.

This Week's Steel Output Based on 94.3% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *167.3% of steel capacity for the week beginning Feb. 1, 1960, equivalent to 2,687,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of 169.1% and 2,717,000 in the week beginning Jan. 25.

Actual output for the week beginning Jan. 25, was equal to 95.4% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast, based on that capacity, is 94.3%.

A month ago the operating rate (based on 1947-49 weekly production) was *169.0% and production 2,715,000 tons. A year ago the actual weekly production was placed at 2,288,000 tons, or 142.4%.

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

Electric Output 8.8% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 30, was estimated at 313,000,000 kwh., according to the Edison Electric Institute. Output was 210,000,000 kwh. below that of the previous week's total of 14,523,000,000 kwh. but showed a gain of 1,162,000,000 kwh., or 8.8% above that of the comparable 1959 week.

Carloadings Show 5.7% Gain Over 1959 Week

Loading of revenue freight for the week ended Jan. 23, 1960, totaled 587,339 cars, the Association of American Railroads announced recently. This was an increase of 31,589 cars or 5.7% above the corresponding week in 1959 and an increase of 36,251 cars or 6.6% above the corresponding week in 1958.

Loadings in the week of Jan. 23, were 18,418 cars or 3.0% below the preceding week.

Lumber Shipments 4.4% Below Production for Week Ended Jan. 23

Lumber shipments of 467 mills reporting to the National Lumber Trade Barometer were 4.4% below production during the week ended Jan. 23, 1960. In the same week new orders of these mills were 7.8% below 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 48 days' production.

For the year-to-date, shipments of reporting identical mills were 7.0% below production; new orders were 10.3% below production.

Compared with the previous week ended Jan. 16, 1960, production of reporting mills was 0.1% below; shipments were 2.4% above; new orders were 0.4% above. Compared with the corresponding week in 1959, production of reporting mills was 0.2% below; shipments were 0.9% below; and new orders were 15.1% below.

Business Failures Decline for Week Ended Jan. 28

Commercial and industrial failures fell to 281 in the week ended Jan. 28 from 302 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were considerably below the 322 occurring a year ago and the 326 in 1958. Also, the toll was down 28% from the prewar level of 385 in the comparable week of 1939.

Failures with liabilities of $5,000 or more declined moderately to 250 from 261 in the previous week and 264 last year. A decrease also occurred among small casualties, those involving liabilities under $5,000 which dipped to 31 from 41 a week earlier and 58 in the similar week of last year. Thirty-five of the failing businesses had liabilities in excess of $100,000—the same as in the preceding week.

Most of the week's downturn was concentrated in retail trade where casualties dropped to 132 from 152. Slight dips prevailed in wholesaling, down to 21 from 24, and in commercial services, down to 22 from 25. In contrast, the toll among manufacturers edged up to 55 from 51 and among construction contractors to 51 from 50. More manufacturers succumbed than a year ago, but tolls ran below 1959 levels in other lines.

Five regions reported fewer casualties than in the previous week. The most noticeable decline took place in the Middle Atlantic States, off to 94 from 122. The toll in the South Atlantic States held steady at 23, while increases lifted Pacific failures to 56 from 51, East North Central to 55 from 44, and New England to 17 from 13. Most regions had lower business mortality than last year—only one region suffered a heavier toll than in 1959 and one had the same toll.

Wholesale Commodity Price Index Dips Slightly

Reflecting lower prices on some grains, lard, hogs, and steers, the general commodity price level dipped slightly in the latest week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 273.65 (1930-32=100) on Feb. 1, compared with 274.10 a week earlier and 274.84 on the corresponding date a year ago.

While export buying in wheat picked up slightly during the week, domestic purchases slackened and prices were down somewhat. Orders for wheat from flour mills also declined. There was an appreciable dip in rye prices as trading lagged.

With offerings light and transactions steady, corn prices matched those of the prior week. Trading in oats was sluggish, but prices were unchanged from a week earlier. Salable supplies of soybeans were limited and domestic purchases slipped. Although export interest in soybeans picked up, prices were down fractionally.

Although purchases of flour were scattered, prices were slightly higher during the week. In the coming week Ceylon is expected to buy 18,000 tons of flour. Both the domestic and export buying of flour picked up during the week and supplies in some markets were limited; rice prices matched those of a week earlier.

While transactions in sugar were slow, prices edged fractionally higher. Trading in coffee slackened noticeably at the end of the week, but prices remained steady. There was a moderate decline in cocoa prices, due to the fact that Brazil and African cocoa producers failed to reach an agreement on price support policy. In contrast, volume was appreciably higher.

Hog prices fell moderately this week as trading dipped at the end of the week. Hog receipts in Chicago were below those of a week earlier. With salable receipts down appreciably, transactions in steers dipped and prices were moderately lower. Trading in lambs moved up slightly and prices fractionally exceeded those of the prior week. Following the trend in hog prices, prices on lard fell somewhat.

Reflecting mainly replacement buying, prices on the New York Cotton Exchange moved up slightly during the week. United States exports of cotton in the week ended last Tuesday came to about 247,000 bales, compared with 228,000 a week earlier and 54,000 in the comparable 1959 week. For the season through Jan. 23, exports totaled about 2,682,000 bales, compared with 1,401,000 in the similar period last season.

Wholesale Food Price Index Shows Noticeable Increase

There was a noticeable rise this week in the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc. This was the third consecutive increase. On Jan. 26 it stood at $5.90, up 1.7% from the week earlier $5.80, but 4.8% below the $6.20 of the corresponding date a year ago.

Higher in wholesale cost this week were flour, wheat, barley, bellies, lard, cocoa, eggs and steers. On the down side were rye, beef, sugar, milk, raisins and hogs.

The Dun & Bradstreet, Inc. Wholesale Food Price 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.

Consumer Buying Appreciably Over Year Ago

Good shopping weather stimulated consumer buying this week and over-all retail trade was up appreciably over the comparable year ago week, when snowy weather in many areas discouraged shopping. Aided by continued clearance sales promotions, best-sellers were women's Winter apparel, furniture, television sets, draperies, and linens. There was a slight rise in sales of new passenger cars, and volume was up moderately from last year, according to scattered reports.

The total dollar volume of retail trade in the week ended this Wednesday was 3% to 7% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: West North Central +6 to +10; New England and East North Central +5 to +9; Middle Atlantic +4 to +8; South Atlantic and Mountain +1 to +5; East South Central, West South Central, and Pacific Coast 0 to +4.

Women shoppers were primarily interested in cloth coats, dresses, and sportswear, and significant year-to-year gains occurred. In addition moderate increases were reported in women's suits and resort and cruisewear. There was a slight rise in the buying of women's spring merchandise in some areas. Volume in men's apparel moderately exceeded that of last year, with interest centered primarily on topcoats and suits; substantial gains also occurred in sports shirts and slacks, but purchases of furnishings and hats were sluggish.

Attracted by more reduced-price sales promotions, consumers stepped up their buying of upholstered chairs and bedroom sets boosting over-all furniture sales noticeably over last year. While the call for television sets and radios was up appreciably from a year ago, interest in automatic laundry equipment and refrigerators remained close to the similar 1959 week. Purchases of linens and draperies showed good year-to-year gains, but volume in floor coverings remained close to a year ago.

Food sales at retail picked up somewhat this week, with principal gains in canned goods, frozen foods, dairy products, and fresh meat.

Wholesale orders for most home furnishings remained at high levels this week and were up substantially over a year ago. Attendance was good at the Western Merchandise Mart in San Francisco, and moderate year-to-year gains occurred in metal outdoor furniture, upholstered chairs, dinette sets, case goods and floor coverings. Wholesalers in most markets reported appreciable year-to-year gains in juvenile furniture. Interest in appliances was up moderately throughout the country, with principal increases in lamps, washers, dryers and refrigerators.

Re-orders for both men's and women's Spring apparel moved up this week and were slightly higher than a year ago. Best-sellers in men's clothing were sportswear, beachwear, dress shirts and lightweight suits. Buyers of women's apparel were most interested in Spring dresses, sportswear and coats. Wholesalers in New York City reported marked gains in bookings in girls' Spring merchandise, especially dresses and coats. There were slight year-to-year gains in orders for boys' clothing, with interest centering primarily on sports shirts, slacks and sports jackets.

A marked rise occurred during the week in trading in synthetic fabrics, following several weeks of sluggish activity. Increased transactions in drills and broadcloths offset declines in print cloths holding over-all volume in cotton gray goods moderately over a week earlier. Mills in Philadelphia and Boston reported a slight pick-up in the buying of woolens and worsteds and interest in carpet wool was moderately higher. Incoming orders at dyeing and finishing plants in New England moved up appreciably, and further gains are expected in the coming weeks.

There was a sizable gain in orders for canned vegetables this week, but interest in canned fruit remained unchanged from a week earlier. While interest in fresh meat rose slightly, sales of eggs, butter, cheese and poultry were steady. Volume in rice at wholesale moved up again during the week, but declines occurred in flour, sugar, coffee and cocoa.

Last week there was a dip in stocks of heavy fuel oils below both the prior week and the similar 1959 period. Stocks of gasoline moved up from the preceding week and were substantially higher than a year ago. Although oil production rose fractionally from a week earlier, it was unchanged from last year.

Paperboard orders last week climbed nearly 15% over a year earlier and production was up 10%. There was a year-to-year gain of 3% in lumber orders.

Nationwide Department Store Sales Up 8% for Jan. 23 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Jan. 23, 1960, increased 8% above the like period last year. In the preceding week, for Jan. 16, an increase of 3% was reported. For the four weeks ended Jan. 23 a 7% increase was registered over the same period in 1958.

According to the Federal Reserve System department store sales in New York City for the week ended Jan. 23 increased 9% over the like period last year. In the preceding week ended Jan. 16, 1960, sales remained unchanged over like period last year. For the four weeks ending Jan. 23 a 6% increase was reported over the 1959 period and for the year 1959 a 4% increase was recorded.

Binder & Co. Sells Pac. Centers Com.

Binder & Co., Inc., of 541 South Spring Street, Los Angeles 13, offered 73,750 shares of no par common stock of Pacific Centers, Inc., of Carmel, Calif., on Jan. 22. The stock, which was priced at $4 per share, was all sold and the books have been closed. The proceeds are to be used for the construction of a shopping center in San Jose, Calif.

Kinnard Adds to Staff

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Donald J. Maus is now with John G. Kinnard and Company, 80 South Eighth Street.

Joins Bache Staff

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Robert E. Mullane, Jr. has been added to the staff of Bache & Co., Dixie Terminal Building.

With R. J. Steichen

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Robert A. Lebens is now affiliated with R. J. Steichen & Company, Baker Building.

Joins Stern Bros.

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Edward H. White III has become associated with Stern Brothers & Co., 1009 Baltimore Avenue, members of the Midwest Stock Exchange.

With Edw. D. Jones

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Warren F. Langford is now with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Joins Merrill Lynch

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—John J. Wind is now with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 511 Locust Street.

With Yates, Heitner

(Special to The Financial Chronicle)

SPRINGFIELD, Mo. — Charles A. Petterson, Jr. is now with Yates, Heitner & Woods, 427 St. Louis Street.

Now With Chiles-Schutz

(Special to The Financial Chronicle)

OMAHA, Neb.—Roy G. Chicoino is now with Chiles-Schutz Company, Farm Credit Building, members of the Midwest Stock Exchange.

J. C. Rahel Adds

(Special to The Financial Chronicle)

OMAHA, Neb. — Walter S. Andracki is now with J. Cliff Rahel and Company, First National Bank Building.

Joins Louis Rogers

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — Felix E. Hamrick is now affiliated with Louis G. Rogers & Company, South Church Street Building.

Two With Vaughan Co.

(Special to The Financial Chronicle)

WILMINGTON, N. C.—James E. Petitt and Elvie L. White, Jr. are now with Vaughan and Company, No. 1 Post Office Avenue.

Westheimer Adds

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Margaret Rinderer has been added to the staff of Westheimer and Company, 322 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

Joins H. C. Wainwright

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Robert E. Rouault has joined the staff of H. C. Wainwright & Co., Union Commerce Building.

With Merrill Lynch

(Special to The Financial Chronicle)

COLUMBUS, Ohio—Benjamin S. Stevenson is now with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 48 East Gay Street.

Joins Eversman Investment

NEW KNOXVILLE, Ohio—Jerome Weadock has joined the staff of Eversman Investment Co., Botkins Road.

Russell Forgan With W. C. Langley & Co.

W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announced that Russell Forgan, Jr., has become associated with the firm in the Buying Department.

Robt. Mauck Adds

(Special to The Financial Chronicle)

DENVER, Colo. — Clement E. Dodenhoeft has been added to the staff of Robert E. Mauck Investments, 2120 South Ash Street.

Officers Inv. Plan

WASHINGTON, D. C. — Officers Investment Plan, Inc., has been formed with offices in the Barr Building to engage in a securities business. Officers are Richard G. Garrett, President and Treasurer, and James L. Kuhnen, Vice-President and Secretary.

Two With First Maine

(Special to The Financial Chronicle)

PORTLAND, Me. — Edward S. Kidston and William W. Shaw have become affiliated with First Maine Corporation, 84 Exchange Street.

With Schirmer, Atherton

(Special to The Financial Chronicle)

PORTLAND, Me.—Carl M. Lake is now connected with Schirmer, Atherton & Co., 634 Congress Street.

DIVIDEND NOTICES

BRILLO MANUFACTURING COMPANY, INC.

Dividend No. 120

A Dividend No. 120 of Twenty-Five Cents ($.25) on the Common Stock has been declared, payable April 1, 1960 to stockholders of record March 15, 1960.

M. B. LOEB, President

Brooklyn, N. Y.

National Distillers and Chemical Corporation

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 30¢ per share on the outstanding Common Stock, payable on March 1, 1960, to stockholders of record on February 11, 1960. The transfer books will not close.

PAUL C. JAMESON

January 28, 1960. Treasurer

Harbison-Walker Refractories Company

Board of Directors has declared for quarter ending March 31, 1960 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable April 20, 1960 to shareholders of record April 6, 1960.

Also declared a DIVIDEND of $.45 per share on COMMON STOCK, payable March 1, 1960 to shareholders of record February 9, 1960.

G. F. Cronmiller, Jr.

Vice President and Secretary

Pittsburgh, January 28, 1960

FLINTKOTE

Manufacturer of the Broadest Line of Building Products in America

THE FLINTKOTE COMPANY

New York 20, N. Y.

quarterly dividends

have been declared as follows:

Common Stock*

45 cents per share

$4 Cumulative Preferred Stock

$1 per share

$4.50 Series A Convertible Second Preferred Stock

$1.12½ per share

These dividends are payable March 15, 1960 to stockholders of record at the close of business February 15, 1960.

JAMES E. McCAULEY

Treasurer

February 3, 1960.

*126th consecutive dividend

DIVIDEND NOTICES

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 166 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable March 1, 1960, to stockholders of record at the close of business on February 5, 1960.

GERARD J. EGER, Secretary

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 65 cents per share on the common stock ($10 par value) payable on March 1, 1960, to stockholders of record February 15, 1960, was declared by the Board of Directors on January 27, 1960.

B. C. REYNOLDS, *Secretary*

Esso

STANDARD OIL COMPANY

(INCORPORATED IN NEW JERSEY)

The Board of Directors has declared a

Cash Dividend on the capital stock of 55 cents per share on January 28, 1960. This dividend is payable on March 10, 1960, to stockholders of record at the close of business on February 8, 1960.

30 Rockefeller Plaza, New York 20, N.Y.

UNION CARBIDE

A cash dividend of Ninety cents (90¢) per share on the outstanding capital stock of this Corporation has been declared, payable March 1, 1960 to stockholders of record at the close of business Feb. 5, 1960.

JOHN F. SHANKLIN

Secretary and Treasurer

UNION CARBIDE CORPORATION

IBM

180TH CONSECUTIVE QUARTERLY DIVIDEND

The Board of Directors of International Business Machines Corporation has today declared a quarterly cash dividend of $.75 per share, payable March 10, 1960, to stockholders of record at the close of business on February 10, 1960.

C. V. BOULTON, Treasurer

590 Madison Avenue
New York 22, N. Y.
January 26, 1960

IBM®

INTERNATIONAL BUSINESS MACHINES CORP.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—On the first floor of the vast Department of Commerce building the population clock flashed every 11 seconds. The signal marked the birth of another baby in our country.

All over the country Americans are marrying younger. Bureau of Census figures now show that the average age for marriage of men is 22. Twenty years ago it was 24, and 60 years ago the median age for men was 26.

These trends are of great significance. Among other things it means that the buying power of young adult customers is increasing at a faster clip than any other age group. Therefore, the new householders and home owners in the U. S. are younger than before.

It takes little imagination to point out that there is going to be some new trends in business because a larger number of the householders are going to be younger men and women. Population experts are predicting an increase in 'teen age marriages during the 1960s.

The number of boys and girls reaching the age of 18 in 1960 will be nearly 3,000,000 as compared with 2,500,000 in 1959. By 1965 the experts are estimating the 18-year-old crop will reach in the neighborhood of 4,000,000 a year.

More Households

Thus there will be more wedding bells ringing than ever before and the total households in this country are going to climb to 57,000,000 in 1965, and 62,000,000 in 1970.

Five years from now the annual birth rate will climb to 5,000,000 as compared with 4,000,000 at the beginning of the new decade.

Of course, this population "explosion" is going to mean a great boom in things that make for a better standard of living. Obviously, the food situation in this country will have to be stepped up, and more clothing made. But there has to be an increase in many other things like housing units, schools, churches, automobiles, pots and pans, toasters, mixers vacuum cleaners, radios, television sets, electric irons and skillets, just to name a few.

About 43% of all women in this country that married in 1959 were 20 years old or younger. And the way the trend is going it will not be too long until—as numerous economists are predicting—that more than half of the marriages by the late 1960s will involve teenagers.

The nation is definitely flushed with good times. Should there be a depression or a long recession it would no doubt have a marked effect on young marriages.

Meanwhile, there is every indication there is going to be a boom in food, clothing, diapers, housewares, and housing during the coming decade.

Shortages, Too

President Eisenhower in his recent Economic Report to the nation that the population impact in this country has already been felt in numerous sectors of the economy, and will have further important bearing on national economic development in the decades immediately ahead.

Many of our future demands for goods and services, as well as our needs for specifc resources with which to supply them, will depend on the number of persons in the various age groups at the time, said the President.

The Chief Executive could have gone further and explained that population growth not only absorbs resources, it also accelerates their dissipation and intensifies many kinds of scarcity. For instance, there is already a shortage of fresh water in numerous cities, land is scarce, and water pollution and air pollution are increasing at an alarming rate.

The growing shortage of land will be increasingly felt. At present each year more than 1,100,000 acres of land are taken permanently out of crop, pasture and forest for use by urban and suburban development, along with the expansion of industry, airports, new highways, parking areas, and military establishments.

Urban Planning Essential

Federal Housing Administrator, Norman P. Mason only recently said with emphasis that overall planning of the nation's urban areas in place of a piecemeal pattern is most important for each locality. Because of the tremendous urban growth lying ahead, Mason vows that only overall planning can preserve the integrity of the communities, large and small.

The Urban Renewal Administration has issued procedures for putting the new authority into effect. Therefore, states applying for planning assistance for smaller towns and counties will be required to show that such planning will embrace the total urbanized area, including fringe areas and adjoining localities. Planners must embrace comprehensive land use studies to guide residential, commercial and industrial expansion together with projections for necessary streets, throughways, schools, sewer and water and recreational facilities.

In the next decade the government economists estimate that the urban population of the United States will increase by at least 30,000,000.

Outlays for Veterans

Incidentally, of the present population of nearly 180,000,000 in the United States, about 23,000,000 of them are veterans of one or more wars. These, in addition to dependents and survivors, total approximately 81,000,000.

Thus, it is easily understandable why the veterans' program in the United States is now the fourth largest financial function of our government. Involved are various kinds of programs for veterans such as compensation and pensions, medical and hospital care, and readjustment benefits. They have been increasing year after year.

The President's budget estimates for fiscal year 1961 for services and benefits expenditures total \$5,471,000,000, or 6.9% of the total budget.

The new veterans' pension law will add hundreds of thousands of new cases to the rolls at an estimated added cost of \$284,000,000 in 1961 and a cumulative cost of \$9,000,000,000 during the next 40 years. Because an increasing number of World War I veterans are reaching the age of 65, pensions are growing among the veterans of the first World War.

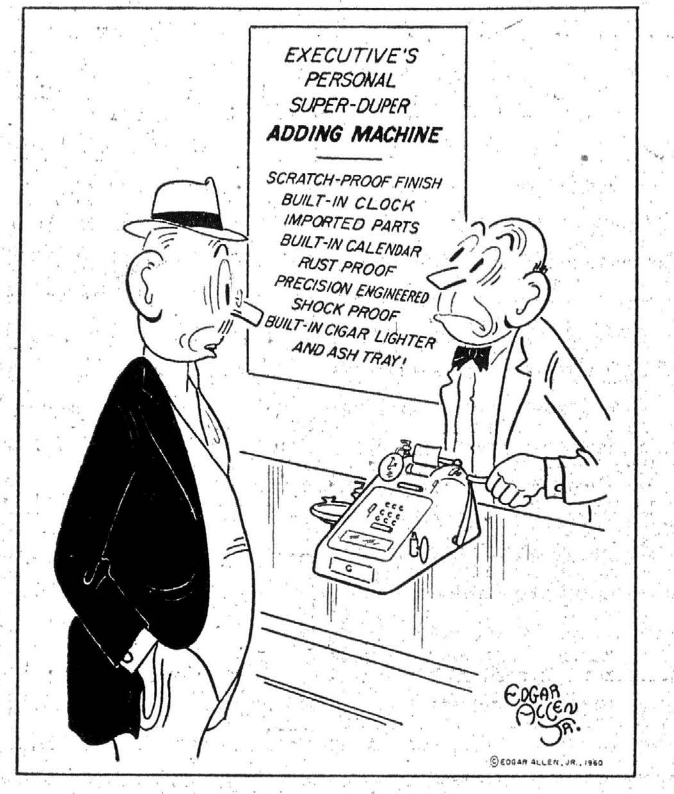
The records also show that a total of 1,900,000 veterans and families of deceased veterans will receive pensions in 1961. This is 26% greater than 1960.

A substantial portion of the nation's huge debt and the interest rates thereon are the result of the wars.

Tomorrow may be different, but at this time there is an era of peace. The cold war seems to be thawing, at least on the surface. There are bright new hopes for a more secure peace.

But there are millions and millions of people hungry in Asia, Africa and Latin America. Some estimates say two-thirds of the world's population are hungry.

[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.]



"But Does It Add?"

La Hue Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Norman W. Remole has become connected with La Hue Investment Company, Pioneer-Endicott Arcade.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Luther J. Jensen is now connected with B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange.

COMING EVENTS

IN INVESTMENT FIELD

Feb. 11, 1960 (Chicago, Ill.)
Bond Club of Chicago annual meeting and dinner at the University Club.

Feb. 12, 1960 (Boston, Mass.)
Boston Security Traders Association Winter Dinner at the Sheraton Plaza.

Feb. 19, 1960 (Houston, Tex.)
Stock and Bond Club of Houston annual outing at the Brae Burn Country Club.

Feb. 19, 1960 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia 36th annual Mid-Winter dinner at the Bellevue-Stratford.

March 6-9, 1960 (Toronto, Can.)
Prospectors and Developers Association 28th annual meeting and convention at the Royal York Hotel.

Mar. 25-26, 1960 (Chicago, Ill.)
Chicago Chapter American Statistics Association & Chicago Association of Commerce & Industry 7th annual Mid-West Conference at Congress Hotel.

April 8, 1960 (Toronto, Canada)
Toronto Bond Traders Association 28th annual dinner at the King Edward Hotel.

April 10-11-12, 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.

May 19-20, 1960 (Nashville, Tenn.)
Nashville Security Traders Association Spring Party.

June, 1960 (Detroit & Michigan)
Security Traders Association of Detroit and Michigan Summer outing at Western Golf & Country Club.

June 16, 1960 (Minneapolis, Minn.)
Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel.

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.

Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.