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Editorial AS WE SEE IT

The expected election year defense expenditure controversy is getting well under way in Washington. So bedeviled has this subject become with politics, and so contaminated with New Deal antagonism to anything that smacks of sound fiscal policy, that the basic questions that must be decided, or certainly ought to be decided, without evasion, equivocation or undue timidity are horribly obscured in the public mind. This is not a situation which promotes or perhaps even permits rational decisions in an area where rational decisions are imperative. This is an election year and such political tactics are all but inevitable, but it would appear that there are plenty of issues not quite so vital to our continued existence, to say nothing of our welfare, which might better be exploited for such purposes — if any important issue is to be so exploited.

Without in any way undertaking to set up any overriding judgment of our own about who or what is right and wise in this highly technical matter, we say without hesitation that there are a number of influential figures on Capitol Hill who should be thoroughly ashamed of the way they are proceeding to deal with the question of national defense. Is it too much to expect of a politician to pass up what appears to him to be political opportunities presented by closed hearings on matters which presumably should be held in strict confidence, by the inevitable number of dissident officers of the various armed services, and by the eternal mutterings of public figures who find sound fiscal policies per se annoying and dangerous—or at least to pass them up when the vital subject of defense is under consideration?

Shameful Procedure

The ardor with which various individuals, often retired officers of the armed forces, who differ with the Administration about this and that are sought out and brought to public hearings in Washington is remarkable —we had almost said disgraceful. Even worse is the evident disposition to encourage (Continued on page 25)

Influential Forces Shaping This Decade's Investment Policy

By Dr. Marcus Nadler,* *Professor of Finance, New York University, New York City and Consulting Economist to The Hanover Bank*

They are appraised in terms of investment policy considerations under inflationary and non-inflationary conditions. Dr. Nadler foresees: (1) relatively high interest rates prevailing; (2) international money market rates determining ours and precluding return to pegged government bond; par values and 1953-54 and 1957-58 monetary conditions; and (3) the cost and availability of long term money depending on whether inflationary pressures are curbed and fiscal discipline is practiced. The latter's success, Dr. Nadler says, means institutional investors will balance their portfolios between bonds and equities, and interest rates should not go any higher than those at the beginning of 1960. All in all, the start made for this decade is said to offer a hopeful outlook for an ebullient economy.

Many economists and security analysts have made glowing forecasts for the present decade. The years ahead were termed the golden or glorious '60s. The progress of the past 10 years was projected into the future, and figures were cited as to what the Gross National Product and even what the Dow-Jones averages would be at the end of 1969. Such forecasts are interesting only as signs of the human imagination and its desire to pierce the clouds that hide the future. Forecasting is hazardous. Who, at the end of 1929, in spite of the break in the equity market, would have predicted that the 30's would be a decade of great depression? Who could have foreseen the huge defense expenditures resulting from the Korean War? Who could predict the rapid come-back of Western Germany or that the dollar shortage within a short period of time would become a dollar surplus? Unforeseen events do happen, and they have a pronounced effect on business activity and on investment values.

Marcus Nadler

This, however, does not mean that an appraisal of the future is valueless. Such an anlysis is of considerable importance once one realizes its limitations. What one can and should do is to consider the forces that will operate in the economy, analyze their possible effects on business activity and on investment values, point to certain markers that will appear on the road and endeavor to interpret them as accurately as possible. Before these forces are considered, it is first necessary to review briefly the investment environment of the last decade.

Investment Climate of the 1950's

The last decade was marked by a strong upward trend of interest rates—short as well as long term —and by a corresponding decline in bond prices. The equity market witnessed a sharp increase, reaching levels that have not been seen since the late 1920's. Although both bond and equity prices during the decade fluctuated materially, the general trend was obvious and persistent. The decade was marked by strong inflationary pressures. Both wholesale and retail prices rose, and the purchasing power of the dollar measured by the consumer index decreased by 25%. This development was largely responsible for the divergent movement of bond and equity prices and contributed materially to the shift in the investment policies of pension and trust funds from bonds to equities and led as well to the growth of mutual funds. During the past decade, trust companies, after long discussion and deliberation, reached the conclusion that the protection of the purchasing power of a trust was of equal importance to the preservation of principal.

Whether or not the same trend in bond and equity prices will continue during the present decade will depend to a (Continued on page 26)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 32.

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

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BENJAMIN F. EDWARDS III
Partner, A. G. Edwards & Sons St. Louis, Mo.
Members: New York Stock Exchange, American Stock Exchange, Midwest Stock Exchange

Howard W. Sams & Co.

Howard W. Sams & Co., Inc., is an extraordinary company in a field all its own. Founded in 1946 by its Board Chairman and President, Howard W. Sams, the company has capitalized its success on one of the most pressing needs of the electronic age: communicating the complexities of equipment designed by highly skilled engineers to moderately trained technicians in terms they can understand. A part of both the electronics and service industries, the company's principal business is education.


B. F. Edwards

It has an important stake in electronics, yet is relatively insulated from the intense competition present in the field as it has no important competitor. In this respect it is of distinct appeal to the conservative investor seeking a growth purchase in a small firm (fiscal '59 sales volume $5.9 million) closely allied with the electronics industry. One should, however, not minimize its considerable appeal to the venturesome investor.

The most immediate and obvious market for the company's services at its outset was the radio-television maintenance and repair industry, later supplemented by other electronics equipment commonly found in the home, such as hi-fi, stereo, tape recorders, etc.

Electronics equipment is made from engineers' specifications. During the course of manufacture, modifications are made to facilitate both production and performance. Hence, the finished product is never the same as the equipment pictured on the drawing board. Howard W. Sams & Co. performs an autopsy on the final product and then explains its findings with diagrams, labeled photographs, and simplified literature in "Photofact," its major publication.

The "Photofact" envelopes, each containing folders on many pieces of equipment, are sold to over 1,800 electronic parts distributors all over the country. These distributors or jobbers sell, in turn and at a profit, to the technicians who service equipment in our homes or in their shops. Such a repairman without a file of "Photofacts" is as helpless as one without a screwdriver. There is a constant demand for back copies, and the company carries a large inventory of old "Photofacts," valued only nominally in the balance sheet but sold at regular prices. It is a rare day that goes by without the shipment of at least one of the first 10 "Photofacts," printed over 13 years ago. In the past year, over 150 electronics manufacturers in the United States, Europe, and Japan submitted over 2,200 models to Howard W. Sams & Co. for analysis.

As an outgrowth of its analysis of electronic equipment, the company also lists each component part in its "Counter Fact" catalogues. "Counter Facts" are a valuable time-saving tool for the electronic parts distributor in that they are a source of important inventory savings. Seven or eight manufacturers may make the same part, and, without "Counter Facts," jobbers would have to stock each manufacturer's item so that repairs could be made to any equipment. Using "Counter Facts," the distributor can select one manufacturer and stock only a few parts. Parts manufacturers are eager to cooperate in the compiling of "Counter Facts" as it would be difficult for them to sell parts if they were not listed in the catalogue.

"Counter Facts" have become essential to the business of the distributor just as the "Photofact" is a bible to repairman and technicians. Howard W. Sams & Co. has so much experience and such a dominant position in this field that the costs and problems of entry by another concern make important competition virtually impossible. In addition, the company publishes a number of trade magazines which are supported by advertising as well as by subscription. It is extremely profit conscious and does not tolerate an unprofitable item.

The United States Government has, with increasing frequency, paid the company to prepare service manuals on complicated military equipment. Leading electronic manufacturers also do the same with equipment for the industrial market. Although the company can take on relatively little of this type of work at the present time because of limited physical capacity, it is an area in which substantial growth can be foreseen.

The company does a huge volume of mailing to distributors and technicians for manufacturers on a fee basis as well as for itself. In many cases, it even prints and publishes the mailing material for the manufacturer.

The past growth of the company has been as remarkable as that of brightest "glamor" industries. Net sales have increased almost 14-fold from $431,953 in 1946 (calendar year) to $5,957,400 in the fiscal year, ending June 30, 1959. Net income has risen more than 20-fold from $18,551 in 1946 to $371,301 in fiscal '59. The company has been a profitable operation each year during this period.

Fiscal '60 should be easily a record year. In the first quarter, ending Sept. 30, 1959, net income was $0.58 per share (including approximately $0.12 tax loss carry-over from a recently acquired subsidiary — Bobbs-Merrill) as compared with $0.28 in the like '58 fiscal quarter. December, usually a dull month for the company, was, in 1959, the best month in its history. For fiscal '60, net income per share is expected to be between $2.25 and $3.00 per share, against $0.97 in fiscal '59, placing the price of the common stock at a low 15 times the minimum estimate. A tax loss carry-forward from Bobbs-Merrill, most of which will be used up this year, will aid fiscal '60 earnings by approximately 13%. Net sales are expected to more than double to over $12 million. Dividends are currently on a $0.60 annual rate.

Bobbs-Merrill, one of the oldest and finest publishers of textbooks, law books and children's books, was purchased in November 1958. It had not been a very profitable operation. Since purchasing it, Howard W. Sams & Co. has house-cleaned its management, greatly increased its products and services, and expects to show a substantial profit in fiscal '60, the company's first full year of ownership.

Noting its success with "Counter Facts," the company is considering new fields with this same cataloguing technique. Recently it has initiated "Frame-Fax," a listing of eye-glass frames. It is still too early to tell whether "Frame-Fax" will be profitable. Other fields being studied are hardware and automotive parts, both wide open to this type of service.

The company has been aware of an important need for correspondence schools to help train the many technicians necessary to service the rapidly growing number of electronics-items in the household. It is considering entering this field especially in regard to television servicemen. It is well equipped to do so with its own service manuals and experience gained from helping other schools plan such courses.

At the present time the company conducts its operations in three plants in Indianapolis, Indiana, one leased. It bought land northwest of Indianapolis and plans to start construction January 1962 of a large (approx. 300,000 sq. ft.) plant to house all divisions, doubling available space. It is anticipated that it will take a year to construct and a year to move in.

The first active market in Howard W. Sams & Co. common stock followed the public offering completed Dec. 2, 1959, of 88,000 shares at 25 (50,000 new and 38,000 by selling stockholders).

Although the present Over-the-Counter Market for the stock is quite thin, the shares appear undervalued in the light of the company's prospects of continued growth and are recommended as an exceptionally promising investment.

CARROL W. BAILEY
Kinsley & Adams, Worcester, Mass.
Members Boston Stock Exchange

Springfield (Mass.) Television Broadcasting Corp.

This company's stock represents an interesting speculation in that this company owns a successful television broadcasting operation serving the Springfield-Holyoke, Mass. area, and the Greenfield-northern Connecticut River Valley area. In addition, by its recent acquisition, it is a long-term speculation in the development of a station serving the Worcester, Mass. metropolitan area. There are not many opportunities for the public to own a part of a profitable television broadcasting company. Most profitable television stations are owned


Carrol W. Bailey

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

A Correct Monetary Policy: What It Can and Cannot Do

By William McChesney Martin, Jr.* *Chairman, Board of Governors of the Federal Reserve System, Washington, D. C.*

Possibility of no renewal or renewal of price inflationary-pace in 1960 is gleaned by Mr. Martin in declaring that the monetary goal of avoiding both inflation and deflation would be aided by at least a $4.2 billion budgetary surplus. Last year's interest rate rise is attributed to $60 billion increase in public and private debt to an historic high and to a 400% increase in investment securities purchased and not to Fed's success in avoiding a dangerous increase in the money supply. Mr. Martin is pleased that the credit and investment demand was met by faster velocity of the money supply, bank sale of Government securities and increased savings induced by the higher interest rates. He submits that the Fed cannot for long enforce an interest rate above or below that which equalizes savings and investments; lists the prerequisites for sound economic growth; warns that some price and employment fluctuations are probably unavoidable; and explains how cyclical unemployment problems arising from shifts in production-patterns and socially necessary programs should be met.

It seems to me that perhaps the most helpful contribution I can provide to the Joint Economic Committee's annual review of the President's economic report is to make some supplementary comments on financial and monetary developments over the last year.

W. McC. Martin, Jr.

Our financial environment changes constantly but some of the changes that took place last year were dramatic indeed.

During 1959, credit expanded by $60 billion in all — one-third more than the previous peacetime record. Mortgage debt, most of it for housing, increased by a record $19 billion. Consumer credit outstanding rose about $6.5 billion, equalling the previous record of 1955. New borrowing by State and local governments continued in near-record volume, and new borrowing by the Federal Government exceeded all peacetime records. At the end of the year public and private debt was at the highest level in history.

Enormous Credit Expansion

The American economy and the American people would be in a very different and a vastly worse position today if this enormous expansion of credit had been financed by the large-scale creation of additional funds by the banking system and a consequent rapid and inflationary increase in the money supply.

Fortunately, that danger was averted—in 1959 at least. To date, the task of supplying this huge demand for credit without severe inflationary consequences has been accomplished chiefly by the sound and democratic process of letting those who would borrow provide those who would save with an inducement to risk voluntarily the loan of their savings. The role of the banking system, which obviously is influenced greatly by Federal Reserve policy and operations, has been held to that of an intermediary between borrowers and savers.

Let me illustrate the working of this process by referring briefly to the events of 1959 as they are reflected in the Federal Reserve's flow-of-funds accounts, a body of quarterly published data developed in part as an outgrowth of investigations set in motion by one of the Joint Economic subcommittees into the need for improved statistical information.

The commercial banks, it is true, did expand their loans in 1959 by almost $12 billion—thereby equalling the previous record of 1955. The important thing for the economy, however, is that the banks raised the funds for this lending in large part by selling government securities they owned to the nonbank public.

Thus, the banks performed an intermediary service by obtaining funds from savers, to whom they transferred investment securities, and by passing the funds on to others who had a need to borrow. This flow of funds from savers to banks to borrowers did much to assure that the need for credit was met without a dangerous increase in the money supply. It did, however, bring about an increase in the turnover or rate of use of the existing money supply and, by so doing, produced much the same economic and financial effect as would have been produced by a modest increase in the money supply without the accompaniment of a faster rate of use.

400% Jump in Investments

The activity last year of the nonbank public—meaning for the most part consumers and business concerns—in supplying borrowers with funds through the process of investment was truly extraordinary, and it did not stop with the purchase of government securities sold by the banking system. The upswing in this activity shows up strikingly in the flow-of-funds data that I mentioned earlier. There, it appears that consumer and business investors increased the net amount of their purchases made directly in securities markets from about $4 billion in 1958 to almost $20 billion in 1959—a jump of 400% in a single year.

The efficient and economically

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Manageable Federal Debt Is Attainable Today

By Hon. Julian B. Baird,* *Under Secretary of the Treasury Washington, D. C.*

Treasury official sounds the tocsin against pressures for tax reduction and/or increase in expenditures that would whittle away what he believes is a conservatively estimated $4.2 billion fiscal 1961 budgetary surplus. He explains the significance of this to the financial markets and, also, assails the disadvantageous effect said to result from the 4¼% interest rate ceiling on Treasury bonds—viewed as paradoxically producing that which the defenders of the ceiling oppose. Mr. Baird pointedly avers the debt is manageable, given the proper tools, and can be spaced properly over the maturity spectrum. With reference to our economic growth rate, he computes the annual average in past decade at 3½% in terms of real GNP and he hails as highly significant the 5½% rate achieved in terms of our revised FRB index of physical production, and reviews what still must be done to rectify our poor performance in ending price inflation.

The 1960's have dawned on a note of strong optimism. I have no intention of adding another business forecast to the multitude that have already seen the light of day—one more forecast might be the marginal straw to break the camel's back; but I do endorse the general view that '60 promises to be a very prosperous year.

Julian B. Baird

We still live in a world of international tensions. We can hope that the somewhat better atmosphere of the past several months marks a genuine improvement in international relations, but we can ill afford to relax our defensive posture so long as the enemies of freedom fail to support their promises with concrete actions. The cold war, in one form or another, may be with us for a long time.

But it is not my intention to dwell at length on international political matters, except to emphasize that the maintenance of national security, as an adjunct to our efforts to achieve a genuine and lasting peace, is our first major task. Instead, I shall discuss some of the problems that confront us on the economic front. Actually, our objectives of attaining a lasting peace and of maintaining a healthy, growing domestic economy are inseparably related; we cannot continue to serve effectively as a leader in the free world unless our domestic economy is strong.

Our economic problems center around the necessity for maintaining a high and sustained rate of economic growth; fostering conditions that will provide maximum employment opportunities for those willing, able, and seeking to work; and maintaining reasonable stability in the price level.

A brief survey of the decade just ended should provide us with important clues as to the shape of the problems we may face in the 1960's. I submit that our record in the 1950's with respect to two of our important goals — growth and employment—was quite satisfactory; in fact, much more so than is generally appreciated. In assessing the record with respect to economic growth, we must realize that our goal is expansion at a sustainable pace. We do not believe in just any kind of growth, but growth in the production of goods and services that people need, want, and are able to buy; nor can we accept growth that is frequently interrupted by sharp cyclical movements. Instead, we seek economic progress relatively free from unsustainable upsurges and long recessionary periods. This is the only kind of growth that is acceptable in a society in which the basic economic decisions are made by millions of free individuals rather than by a government that professes to have the answers to all questions.

Real gross national product—eliminating the effect of price changes—increased at an annual rate of about 3½% during the 1950's—somewhat higher than our long term, historical average. This progress is even more striking when it is realized that during the 1950's we devoted a relatively large portion of our resources to national security and also experienced substantial growth in consumer expenditures for goods and services. Moreover, the labor force, reflecting the low birth rates of the 1930's, grew at only a modest rate during the past decade. This also impeded economic growth and, incidentally, is one of the reasons for the strong upward pressures on wage rates during the period.

Revised Data Show a Higher Growth Rate

The 3½% rate of growth in real gross national product, significant as it is, does not by any means tell the whole story of economic progress during the 1950's. From our point of view, industrial production provides a much more meaningful measure of growth, partly because it excludes the low productivity service industries which have grown so rapidly in recent years. In this respect, the significance of a recent major revision of the Federal Reserve index of industrial production has been generally overlooked. The revision indicates that industrial output increased at an average annual rate of about 5½% during the 1950's, a rate that, if continued, will double industrial production in 13½ years.

This evidence indicates clearly that we have nothing to be ashamed of with respect to the rate at which our economy has been growing. We can and should do better in the 1960's, but we must not allow our perspective to be blurred by the apparently very high rates of growth in certain foreign countries.

In judging the significance of the reportedly high rate of growth in Soviet Russia, for example, we must recognize that, at best, her statistics may be questionable. We must also recognize that her postwar growth rate is computed from a much smaller base than in this country and that she can reap the benefits of past technological progress in free enterprise countries. Furthermore—and perhaps of primary importance—we must not forget that her backwardness in agricultural output provides great scope for increases in percentage output as labor is released from the farms and moves to the factories.

The record of the 1950's was good on two other counts. Except for the impact of two short-lived recessions — in 1953-54 and in 1957-58—employment of the labor force was at a high and rising level. Moreover, our free enterprise economy snapped back strongly from recession in 1954 and again in 1958, without the artificial stimulant of massive government spending or emergency tax cuts.

Our Only Poor Performance

The performance of the American economy in the 1950's was good, therefore, with respect to growth, maintenance of employment opportunities, and minimizing recessionary tendencies. But our performance in the vital task of protecting the value of the dollar—of avoiding inflation—cannot be judged as adequate. When the decade began, the purchasing power of the consumer's dollar was about 59 cents, if figured on the basis of a 1939 dollar of 100 cents. As 1960 begins, the purchasing power of the consumer dollar is estimated to have fallen almost to 47 cents. This 12-cent cut in the dollar's value represents an increase of about 24% in the consumer price level over the decade. Nearly two-thirds of this increase in prices was associated with the Korean episode; a little over one-third has occurred since 1955.

The lessons of the 1950's seem to me to be very clear, and these lessons point to the primary challenge of the 1960's. Stated simply: Inflation is our primary economic danger as we turn the corner into the new decade. If we do not markedly strengthen our efforts to protect the value of the dollar, much that we have worked so hard for in our domestic economy, as well as internationally, may be lost to us. As President Eisen-

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OBSERVATIONS...

BY A. WILFRED MAY

FAR FROM THE MADDING CROWD

Does the stock split, as is claimed by its more serious proponents, really broaden the base of share ownership; and if so, among which category of speculator-investor? Some light on these questions, midst the tipping via "Split Candidate" nomination, accompanied by agitation to split the Dow Jones average, which is apparently surviving our current sloppy market atmosphere, is gleanable from data coming to hand on two more unsplit high-priced issues.

While the holders of Du Pont stock may not swell the consumer population demanding nylon and Chevrolets, its three-digit price has by no means injured the stockholder standards — quantitatively or qualitatively. Selling above the century-mark and up to the $250,-price tag, the du Pont stocks popularity is reflected in a 30% rise in "the family"—from 149,000 in 1954 to the current 218,000 total.

Significant also is the *kind* of holder of this high-priced equity. As revealed in a currently released comprehensive study of college and university endowment funds prepared by the Boston Fund (an open-end Balanced Mutual Fund), Du Pont is actually the third most widely held issue—surpassed only by Standard Oil N. J. and Eastman.

Also with the less investment-pure, but presumably still value-interested, mutual funds is our non-splitting exhibit popular. The current compilation by Vickers Associates, Inc. (of Huntington, N. Y.) shows Du Pont the sixth most widely held stock among 294 investment companies.

15,000-Dollar Baby

Even more strikingly showing the divergence in the attitude toward high-priced issues between the value-seeking investors and the split-players is the related issue in the rarified $15,000-per-share atmosphere, Christiana Securities. Through this "parental" holding company Du Pont can be acquired at a discount (at least immediately measurable on income, even if the break-up figure be somewhat academic).

Not only the endowment fund managers evince little concern over the *number* of stock certificates their money buys, confirmed by Christiana's eighth-place position in their holding. Neither has the individual shareholder insulated himself from the five-digit dollar multiple of the relatively few number of shares he can afford. Thus, while the price has sextupled to $17,000 per share over the past score of years, the number of individual stockholders has doubled—now spawning over 50 States, Canada, and several foreign countries.

Good news, indeed, that not the entire financial world has succumbed to *SPLITOMANIA!*

* * *

LOGIC AND THE ALCOHOLIC

As with alcoholism, the intense pleasure experienced in *playing-the-market* makes the addiction extraordinarily difficult to cure. Nevertheless, we will continue to embrace the slim hope that some few of the victims can be impressed by the simple facts logically demolishing at least "the market" mirage.

Accordingly we cite the following up-dated evidence of continuing intra-market divergence, based on a current report in *THE EXCHANGE Magazine*, official publication of the New York Stock Exchange.

In the full year 1959 the Dow-Jones Industrial Average advanced 16.4% and Standard & Poor's Composite Stock Index, which includes industrials, rails and utilities, rose 8.7%. Conforming thereto, 660 individual issues registered gains, but, concurrently, 413 other issues closed below their final 1958 quotations—195 of them by from 10 to 50% or more. In the fiscal month Dec. 15-Jan. 15, last, 520 issues rose, 520 fell, 41 ending unchanged.

Related to the high of 1950, whence to the end of 1959 the S&P 500-Stock Index has risen 190%; 16% of the individual issues registered declines. And over the longer-term since the 1946 highs, while the comprehensive S&P Average was registering a rise of 212%, no less than 28.6% of the issues declined.

And still the financial world persists in trying to translate the conjectured course of political and economic events into predictions concerning fluctuations of "the market"!

* * *

FROM "MR. VALUE"

"Value versus The Ticker," this column's topic on Jan. 21 last, was devoted to a most important new book, THE EVALUATION OF COMMON STOCKS, by Arnold Bernhard. We expressed our enthusiastic endorsement of Mr. Bernhard's basic investing principle of substituting logical value criteria, with stress on the current price, for the prevalent extraneous nonsense devoted to the guessing of short-term market fluctuations; and of the author's concept of equity investments as ownership rights selected for specific purposes, instead of pawns in a*

*Simon & Schuster, New York, 182 pp., $3.95.

guessing-game of rising and falling quotations.

We summarized the author's Value Line technique as being based on the ratings revealing the relationship applied to individual issues over the past 20 years; between earnings on the one hand, and market price on the other. It shows the price which would be justified by a similar capitalization of the earnings and dividends, estimated for the future at a rate that has been normal according to past experience.

We added the comment that this involves a logical flaw; that maintaining a past price-earnings ratio, and disregarding the anticipation factor that had influenced its determination, must often involve a "double-discounting" of a single eventuality. For example, if the market price of a stock through a high price-earnings ratio of 40 is anticipating discovery of a new oil field; and subsequently the price advances on the fulfillment of the expected event; then continued application of the formerly anticipating high ratio to the new and higher market price, after the event constitutes a double-discounting of the same favorable factor.

On this point, Mr. Bernhard sends us the following comment:

Dear Mr. May:

Thanks for your thoughtful review of my book. I think it is one of the best reviews that has been written on it.

In view of your interest in the subject, let me say that the "logical flaw" that you find in the Value Line approach is one that we try to take account of in our method. For example, we continuously update the normal relationship between prices, earnings and dividends by including the latest year of experience as soon as actual data become available. This up-dating of the correlation is itself a move in the direction of taking account of the changes in the character of the company or the "double discount" to which you allude.

The Value Line method incorporates a "lagged price" factor—the preceding year's average price—in conjunction with earnings and dividends as determinants of the normal value of a stock. The "lagged price" variable, although in truth a technical factor that might properly be excluded from any concept of pure value, makes allowance for recent price behavior which may signal changes in a company's character that are not apparent in the past earnings and dividend record. This "correction factor" represents another and probably more significant attack on the problem of gauging fundamental changes in the character of a company as they develop.

Now it is true that the "lag price" may be slow in catching up with the new development. But it is also true that the big errors in the market come from radical deviations from normal capitalization rates rather than from miscalculation of the future earnings and dividends. Therefore our rating system necessarily "goes slow" in changing the multipliers on earnings.

I do not represent that we have found the final or even the best answer to the question of what is the proper multiplier to put upon the earnings. But I do wish to call your attention to the fact that our method is not unaware of the problem and that it does, in a methodical way, make adjustment for the changes that are currently taking place in the company's character.

Let me thank you for your sympathetic endorsement of our effort.

Sincerely yours,
ARNOLD BERNHARD
New York City,
Feb. 8, 1960.

As Mr. Bernhard modestly admits, even his incorporation of the "correction factor" of the "lagged price" does not fully cure the flaw in translating the historical to a currently valid price-earnings ratio. But we submit that the basic approach of assuming present valuation from the historic mathematical record is irrelevant to practical investment conduct. The latter, as Mr. Bernhard agrees elsewhere in his volume, should entail the acquisition of a share of stock with the same attitude as buying an interest in a going business enterprise; with the investor's hard-boiled valuation decision based on what he will eventually get out of it in the way of dollar-and-cents income and/or capital. This excludes reliance on mathematical formulae automatically translating past performance, along with other varieties of mere score-keeping, as in a numbers game.

In any event, we reiterate that the over-all realistic approach of Mr. Bernhard's volume supplies a sorely needed contrast to the wealth of charlatanic beat-the-market literature engulfing a gullible public!

To Be Richter & Co.

Effective March 1 the firm name of Richter, Lederman & Co., 350 Madison Avenue, New York City, members of the New York Stock Exchange, will be changed to Richter & Co.

The State of TRADE and INDUSTRY

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

Economic activity continued strongly upward in January, according to the February "Monthly Review" of the Federal Reserve Bank of New York, as industry sought to satisfy the pent-up demand for steel, and to increase the output of business equipment and durable consumer goods. Yet there was a noticeable quieting of the tempo of increasing demand, compared with the preceding two months; and earlier fears of an imminent outbreak of fresh inflationary developments were not realized.

The rise in production was evidenced by the Federal Reserve's new, up-dated and expanded index of industrial production, which bounced back from 103 in November (1957=100) to 109 in December, just one point short of the mid-year high. The principal element in this advance was the output of durables, which jumped 11%, reflecting gains in iron and steel, automobiles, fabricated metal products and electrical machinery. The continuing high level of operations in many important fields suggests that production for January will move beyond the record level set last June.

The new Federal Reserve Board index provides a much refined tool for economic analysis, the article notes. Electric and gas utility output has been added to manufacturing and mining output for wider industry coverage; production levels have been adjusted on the basis of recent data; and for the first time groupings are being made available by "market" classification. With these new market groupings, important and sometimes critical economic developments, such as inventory movements, can probably be spotted somewhat earlier than was heretofore feasible, and analyzed in greater depth.

$6.2 Billion to Be Spent for Automation in 1960

U. S. Industry will spend an anticipated $6.2 billion for automatic controls and equipment in 1960, according to a recent forecast by "Automation," the magazine of automatic manufacturing operations.

Automatic controls for industrial use will account for an estimated $2.1 billion with $495 million earmarked for instruments, $138 million for electronic controls, $825 million for electric controls, $300 million for pneumatic controls, $250 million for hydraulic controls, and $40 million for computers.

Industrial buyers looking for automatic equipment will also see much activity with $840 million going for handling equipment, $575 million for machine tools, $1,010 million for special machinery, $990 million for process machinery, $500 million for data processing, and $210 million for packaging equipment.

Bank Clearings Up 6.5% Above 1959 Week

Bank Clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Feb. 6, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 6.5% above those of the corresponding week last year. Our preliminary totals stand at $27,029,898,259 against $25,390,071,157 for the same week in 1959. Our comparative summary for the leading money centers during past week follows:

Week End. Feb. 6—	000 omitted 1960	1959	%
New York	$14,673,603	$13,645,032	+ 7.5
Chicago	1,321,648	1,197,344	+10.4
Philadelphia	1,097,000	1,088,000	+ 0.8
Boston	775,250	737,202	+ 5.2

Complete details of the bank clearings throughout the nation appear on page 45 of our Monday, Feb. 8, edition.

Steelmakers Map Strategy to Regain Export Markets

First half metalworking profits are heading for a record, "Steel," the metalworking weekly, predicted on Feb. 8.

Giving impetus to the upward swing are: Inventory rebuilding, high level auto production, rising capital equipment outlays, increasing backlogs, and high level construction. They outweigh the minus factors: An expected decline in housing starts, weakening farm income, and tight money.

Two factors could put the squeeze on profits in the second half, believe many metalworkers. Wage costs are increasing. And so is resistance to price boosts on consumer as well as industrial products.

On the labor front, industry will be busy bargaining in 1960. Labor experts believe the pattern for this year will be about a 10 to 12 cent (per hour) package concession to workers—split approximately half between wages and fringes.

Steelmakers are mapping strategy to regain export markets lost during the strike, "Steel" reported. (Last year, the industry had an unfavorable trade balance for the first time in a half century—imports topped exports by more than 2.3 million tons).

A remote possibility is that of building steel plants abroad. Other steps being considered include: Urging the government to press for removal of foreign trade barriers, accelerating the research and development of new products; lowering production costs through increased efficiency, and seeking government aid in finding and development new markets.

Faster deliveries on steel products are being made "Steel" said. In the past week, there has been a continued easing in delivery promises for shapes, plates, bars, wire products, and commercial pipe, Even hot rolled sheets have loosened. Platemakers are calling their customers and offering additional tonnage for March.

Although new car sales haven't been up to expectations thus far, automakers plan only modest adjustments in steel consumption this month. They aren't canceling tonnages or asking suppliers to stretch out deliveries. Inventories are in good shape.

Last week, steelmaking operations were at 94.5% of capacity, a drop of a point. Output was about 2,693,000 ingot tons.

"Steel's" price composite on No. 1 heavy melting grade steel scrap declined last week for the first time since mid-December. It now stands at $42 a gross ton, down 33 cents.

The copper strikes are about over, "Steel" reported. Now that Kennecott's operations are back in production, observers believe Anaconda and Phelps Dodge will pen an early agreement. The government may then move to release some stockpile metal. Copper price changes are probable—a downward trend is possible later in the year.

Lower Steel Inventory Buildup Anticipated

The buildup of consumer inventories of steel may lag from 3 million to 5 million tons behind earlier predictions, "The Iron Age," reports.

The trend of steel users to keep their stocks at a workable minimum will have these effects on the steel market, the national metalworking weekly says:

A moderate dropoff in steel operating rates in the second quarter.

An early easing in demand and increased availability of many steel products.

The magazine says the policies

Continued on page 29

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The state and municipal bond market has continued its trend to substantially higher levels in all categories of tax-exempt bonds during the week past. *The Commercial and Financial Chronicle's* high grade 20 year bond Index was reduced in average yield from 3.58% to 3.50% which represents a market rise of more than one point since Feb. 3. During this same period the dollar-quoted municipal and state revenue issues in most cases have made dramatic gains. Quotations are up from one to three points generally.

The new issue market, which will be reported on in some detail herein, was variously better. Many of these issues were bid as much as two points higher than somewhat comparable secondary market offerings. Others represented less drastic gains. In contrast, the large New Housing Authority issues were offered at close to the current market for similar offerings and were hungrily sought by investors generally.

Market in Fine Shape

The "Blue List" total of state and municipal offerings was $204,180,302 as of Feb. 9. A week ago the total was $218,293,802. This consistent technical improvement, when considered with the week's price improvement, and the ample yields still available at current price levels, indicates an even healthier market tone than has been persisting through the early new year.

Other underlying market factors seem presently more favorable to the market even though technical price correction is imminent. There is a prevailing opinion, particularly in Wall Street, that inflationary forces are less virulent than they may have been for the past year or more. The easing stock market continues to favor tax-exempt bonds in cross-over purchases, stimulated also by a tendency to more orthodox portfolio balance. The solid success of the recent $11½ billion Treasury refinancing and the consequent easier short-term money market has added to the general bond market buoyancy.

Yields Still Generous

The extent of the tax-exempt market rise thus far this year was for the most part unpredicted at the turn of the year. There are many experts who foresay that money will continue tight and a comparatively high level of interest rates will persist through 1960. In this connection the present market level seems not inconsistent. The recent rise leaves ample tax-exempt yield for those who purchase long or short term. Fluctuations up and down from the current market level would constitute phases of a healthy and well balanced bond market.

Housing Bonds Going Well

This week's only important underwriting came to market Tuesday. The Public Housing Administration awarded $98,560,000 of a total of $102,830,000 local housing administration serial bonds to the Bank-Dealer Groups on their combined bid of a 3.822% consolidated interest cost. Eighteen separate issues were involved and maturities ranged from 1961-2000. The only issue won by one of the so-called splinter groups was $4,270,000 Marin County, California bonds awarded to the Bank of America group. The coupons were 3¾% and 3⅞% and reoffering yields and prices ran from 2.60% to 99½ depending on the individual serial issues. The pricing was realistic and well considered from all viewpoints, with the result that investor response was enthusiastic and the issues seemed well placed.

In view of the rising market, and its need for some technical correction, the handling of this issue by both underwriters and issuers comprised wise negotiation and proper timing. This can be done with appropriate cooperation and with broad understanding of continuing market problems.

Other Issues of Note

The week's second most important new issue also came to market on Tuesday, although with lesser auspices. The Washington Suburban Sanitary District of Maryland awarded $10,000,000 general obligation bonds to a group headed by the First National City Bank and including, among others, the Chemical Bank New York Trust Co., Bankers Trust Co., and The Northern Trust Company. The net interest cost bid was 3.778%. The issue was scaled to yield from 2.90% for 1961 to 4.00% for 1986-1988 installments. The issue is about half sold at this writing.

On Monday, Feb. 8, Stockton, California, sold a $4,563,000 general obligation issue to the American Trust Company, San Francisco-Commerce Trust Company, Kansas City-Harris Trust & Savings Bank and associates. The interest cost for this 1962-1981 serial issue was 3.54%. Yields ran from 2.90% to 3.60%. This high grade offering is reported well received with more than two-thirds of the issue out of account.

Two interesting new issues have been awarded as we go to press. Shreveport, Louisiana sold $4,700,000 (1961-1980) serial general obligation bonds to a group headed by Equitable Securities Corporation-Smith, Barney & Company-Shearson, Hammill & Company-Braun, Bosworth & Company and others. The interest cost bid was 3.62% and the scale of yields ran to 3.65% for 1979-1980 maturities. There is no report on sales as yet.

Alexandria, Virginia awarded $4,137,000 (1961-1980) serial public improvement bonds to a group led by Halsey, Stuart & Company-Northern Trust Company-The Philadelphia National Bank-Drexel & Company and associates. The interest cost to Alexandria was 3.57%. The offering scale ran to 3.65% for the 1979 maturity. Orders are still being taken.

Although $7,000,000 San Diego County, California, Water Authority (1961-1993) general obligation bonds were awarded Tuesday night, the offering was not made until yesterday morning by the winning group which was composed of Halsey, Stuart & Company-Phelps, Fenn & Company-Harris Trust & Savings Bank-Goldman, Sachs & Company-White Weld & Company and associates. The issue was scaled to yield 3.90% for 1989-1992 maturities. About 30% of the issue was sold upon initial reoffering.

Important Additions to the Calendar

The only large issue added to the calendar this week is $20,000,000 State of Alabama Education Authority Revenue bonds (1961-1980) scheduled for Feb. 25 offering. Issues of lesser volume include: $15,000,000 Newark, New Jersey bonds for sale March 1 and $5,000,000 Gainesville, Fla. (1963-1987) water and electric revenue bonds set for Feb. 24.

There is no news of additions to the negotiated offering list. It is unofficially reported that $19,425,000 Dade County, Florida Port Authority, 40-year revenue term bonds may be offered for public bidding early in March. Altogether, the new issue financing appears to be forming up in no greater volume than a year ago.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.90%	3.75%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.55%	3.40%
New York (State)	3%	1978-1979	3.55%	3.40%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
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	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.75%	3.55%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.90%	3.70%
Chicago, Ill.	3¼%	1977	3.90%	3.70%
New York City, N. Y.	3%	1980	4.05%	3.95%

February 10, 1960 — Index = 3.503846%

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 11 (Thursday)			
Concorcia 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.
Dallas, Texas	8,000,000	1960-1980	1:45 p.m.
Santa Cruz County, Aptos Sanitation District, Calif.	1,605,000	1961-1990	2:00 p.m.
February 16 (Tuesday)			
Albuquerque, N. Mex.	6,028,000	1961-1980	10:00 a.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.
Mayaguez, P. R.	2,030,000	1960-1974	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.
February 17 (Wednesday)			
St. Louis, Mo.	12,435,000	1962-1980	11:00 a.m.
February 18 (Thursday)			
Burlington Community Sch. Dist., Iowa	1,620,000	1961-1979	2:00 p.m.
Jefferson Parish, La.	1,000,000	1961-1980	2:00 p.m.
Mad River Township Local School District, Ohio	1,166,000	1961-1984	1:00 p.m.
Madison Heights and Troy, Lamphere Public S. D. No. 4, Mich.	2,925,000	1962-1989	7:30 p.m.
Upper Neches River Munic. Water Authority, Texas	1,800,000	1962-1995	2:30 p.m.
February 22 (Monday)			
Ashtabula-Edgewood Local School District, Ohio	2,850,000	1961-1980	8:00 p.m.
February 23 (Tuesday)			
Los Angeles County, Calif.	12,900,000	1962-1979	9:00 a.m.
Los Angeles County, Calif.	5,409,000	1971-1977	9:00 a.m.
Manatee County, Countywide Sch. District No. 1, Fla.	4,000,000	1961-1980	11:00 a.m.
Montclair, N. J.	2,100,000	1962-1984	7:30 p.m.
North Little Rock, Ark.	1,100,000	1963-1992	7:00 p.m.
San Diego County, Calif.	5,000,000	1961-1980	10:30 a.m.
February 24 (Wednesday)			
Brandywine Sch. D. No. 48, Mich.	1,200,000	1962-1987	8:00 p.m.
Gainesville, Fla.	5,000,000	1963-1987	Noon
Kansas City, Ohio	6,644,000	1961-1980	2:00 p.m.
Shelby County, Tenn.	8,000,000	1961-1985	11:00 a.m.
Tarrant County Water Control and Improvement District No. 1, Tex.	6,000,000	1964-1999	11:00 a.m.
February 25 (Thursday)			
Alabama Education Auth. Ala.	20,000,000	1961-1980	10:00 a.m.
Cuyahoga County, Ohio	10,460,000	1961-1980	11:00 a.m.
Fraser School District, Mich.	1,100,000	1962-1985	8:00 p.m.
McMinnville, Tenn.	1,270,000	1964-1990	5:00 p.m.
Oak Creek, Wis.	2,500,000	1961-1978	2:00 p.m.
February 29 (Monday)			
San Buenaventura, Calif.	1,750,000	1961-1985	5:00 p.m.
March 1 (Tuesday)			
Antelope Valley Joint Union High School District, Calif.	1,000,000	1964-1980	9:00 a.m.
Columbia Heights Independent School District No. 13, Minn.	1,800,000	1964-1990	7:30 p.m.
Englewood, N. J.	3,015,000	-------	-------
Michigan (State of)	18,000,000	-------	-------
Newark, N. J.	15,000,000	-------	Noon
March 2 (Wednesday)			
Lafourche Parish Consol. Sch. Dist. No. 1, Louisiana	2,000,000	1962-1985	11:00 a.m.
March 3 (Thursday)			
San Antonio, Texas	6,629,000	-------	-------
March 7 (Monday)			
Riverside City School Dist., Calif.	1,500,000	1961-1980	11:00 a.m.
White Bear Lake Independent Sch. District No. 624, Minn.	1,200,000	1963-1981	7:00 p.m.
March 9 (Wednesday)			
California (State of)	100,000,000	-------	-------
March 21 (Monday)			
Hutchinson, Independent Sch. Dist. No. 423, Minn.	2,395,000	1963-1990	3:00 p.m.
March 22 (Tuesday)			
Minneapolis, Minn.	6,322,000	1961-1975	10:00 a.m.
May 5 (Thursday)			
Central Contra Costa San. District, California	2,900,000	-------	11:00 a.m.

New Issues *February 10, 1960.*

$98,560,000

New Housing Authority Bonds

The Bonds of each issue will be secured by a first pledge of annual contributions unconditionally payable pursuant to an Annual Contributions Contract between the Public Housing Administration and the Local Public Agency issuing said Bonds in the opinions of bond counsel. Said annual contributions will be payable directly to the fiscal agent of said Local Public Agency in an amount which, together with other funds of the Local Public Agency which are actually available for such purpose, will be sufficient to pay the principal of and interest on the Bonds when due.

The United States Housing Act of 1937, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the Public Housing Administration pursuant to the aforesaid Annual Contributions Contracts.

Quotation from an opinion, dated May 15, 1953, of the Attorney General of the United States, to The President of the United States:

"IN SUMMARY, I AM OF THE VIEW THAT: * * * A CONTRACT TO PAY ANNUAL CONTRIBUTIONS ENTERED INTO BY THE PHA[1] IN CONFORMANCE WITH THE PROVISIONS OF THE ACT[2] IS VALID AND BINDING UPON THE UNITED STATES, AND THAT THE FAITH OF THE UNITED STATES HAS BEEN SOLEMNLY PLEDGED TO THE PAYMENT OF SUCH CONTRIBUTIONS IN THE SAME TERMS ITS FAITH HAS BEEN PLEDGED TO THE PAYMENT OF ITS INTEREST-BEARING OBLIGATIONS."

1 Public Housing Administration. 2 United States Housing Act of 1937, as amended.

Interest Exempt, in the opinion of counsel to the Underwriters, from Federal Income Taxes by the provisions of the United States Housing Act of 1937, as amended.

Legal Investments, in the opinion of counsel to the Underwriters, for Savings Banks and Trust Funds in New York and certain other States, except that the Bonds of the Puerto Rico Agency are not legal investments for trust funds in the State of New York, and that the Bonds of the Virgin Islands Agency are not legal investments for either savings banks or trust funds in the State of New York.

Bonds Issued by Local Public Agencies which are located in:

Scale A

$15,650,000	Washington, D. C.	3¾% due 1961-2000

Scale B

$ 1,300,000	Holyoke, Massachusetts	3⅞% due 1960-1999
7,530,000	Columbus, Ohio	3⅞% due 1961-2000
10,765,000	Philadelphia, Pa.	3⅞% due 1961-2000

Scale C

$ 1,050,000	Sarasota, Florida	3⅞% due 1961-2000
20,150,000	New York City, N. Y.	3⅞% due 1961-2000
1,570,000	Port Chester, New York	3⅞% due 1961-2000
1,075,000	Carbondale, Pa.	3⅞% due 1961-2000
5,845,000	San Antonio, Texas	3⅞% due 1960-1999

Scale D

$ 2,415,000	Decatur, Alabama	3⅞% due 1961-2000
3,980,000	Montgomery, Alabama	3⅞% due 1961-1998
1,350,000	Kinloch, Missouri	3⅞% due 1961-2000
8,205,000	Paterson, New Jersey	3⅞% due 1961-2000
12,665,000	Puerto Rico	3⅞% due 1961-2000
2,010,000	Morristown, Tennessee	3⅞% due 1961-2000
1,960,000	Virgin Islands	3⅞% due 1960-1997
1,040,000	Renton, Washington	3⅞% due 1961-2000

Maturities, Yields and Prices

Year Due	Scales A	B	C	D
1960	—	2.60%	2.60%	2.60%
1961	2.65%	2.65	2.65	2.65
1962	2.75	2.75	2.75	2.75
1963	2.80	2.80	2.80	2.80
1964	2.85	2.85	2.85	2.85
1965	2.90	2.90	2.90	2.90
1966	2.95	2.95	2.95	2.95
1967	3.00	3.00	3.00	3.00
1968	3.00	3.00	3.00	3.00
1969	3.05	3.05	3.05	3.05
1970	3.05%	3.05%	3.05%	3.05%
1971	3.10	3.10	3.10	3.10
1972	3.15	3.15	3.15	3.15
1973	3.20	3.20	3.20	3.20
1974	3.25	3.25	3.25	3.25
1975	3.30	3.30	3.30	3.30
1976	3.35	3.35	3.35	3.35
1977	3.40	3.40	3.40	3.40
1978	3.45	3.45	3.45	3.45
1979	3.45	3.45	3.50	3.50
1980	3.50%	3.50%	3.55%	3.55%
1981	3.50	3.55	3.60	3.60
1982	3.55	3.60	3.65	3.65
1983	3.55	3.60	3.65	3.70
1984	3.60	3.65	3.70	3.75
1985	3.60	3.65	3.70	3.75
1986	3.65	3.70	3.75	3.80
1987	3.65	3.70	3.75	3.80
1988	3.70	3.75	3.80	3.85
1989	3.70	3.75	3.80	3.85
1990	3.70%	3.75%	3.80%	3.85%
1991	100	3.80	3.85	100
1992	100	3.80	3.85	100
1993	100	3.80	3.85	100
1994	99½	100½	100	99½
1995	99½	100½	100	99½
1996	99½	100½	100	99½
1997	99½	100½	100	99½
1998	99½	100½	100	99½
1999	99½	100½	100	99½
2000	99½	100½	100	99½

(Accrued interest to be added)

The Bonds of each issue will be callable fifteen years from their date at a call price of 104 and accrued interest, and thereafter, at the times and call prices, as stated in the Offering Prospectus.

The Bonds are being offered, subject to award, when, as and if issued and received by us, and subject to approval of legality, with respect to each issue, by bond counsel to the underwriters. The offering is not made hereby, but only by means of the Offering Prospectus, copies of which may be obtained from such of the undersigned and other underwriters as are registered dealers in this State.

Blyth & Co., Inc. Phelps, Fenn & Co. Lehman Brothers The First Boston Corporation Goldman, Sachs & Co. Shields & Company Smith, Barney & Co. Harriman Ripley & Co. Incorporated R. W. Pressprich & Co.

The First National City Bank of New York

Drexel & Co. Eastman Dillon, Union Securities & Co. Equitable Securities Corporation Merrill Lynch, Pierce, Fenner & Smith Incorporated Stone & Webster Securities Corporation White, Weld & Co. Bear, Stearns & Co.

A. C. Allyn and Company Incorporated Baxter & Company Alex. Brown & Sons Coffin & Burr Incorporated Estabrook & Co. Gregory & Sons Ira Haupt & Co. Hemphill, Noyes & Co. Hornblower & Weeks

Lee Higginson Corporation F. S. Moseley & Co. Paine, Webber, Jackson & Curtis Wm. E. Pollock & Co., Inc. Reynolds & Co. L. F. Rothschild & Co. Schoellkopf, Hutton & Pomeroy, Inc. Dean Witter & Co.

Wood, Struthers & Co. American Securities Corporation Bacon, Stevenson & Co. A. G. Becker & Co. Incorporated Braun, Bosworth & Co. Incorporated Clark, Dodge & Co. R. S. Dickson & Company Incorporated

First of Michigan Corporation Fitzpatrick, Sullivan & Co. Hirsch & Co. Kean, Taylor & Co. J. C. Bradford & Co. F. W. Craigie & Co. Francis I. duPont & Co. Eldredge & Co. Incorporated

Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. Geo. B. Gibbons & Company Incorporated Hallgarten & Co. E. F. Hutton & Company W. E. Hutton & Co. McDonald & Company The Ohio Company

Rand & Co. Roosevelt & Cross Incorporated Shearson, Hammill & Co. Stroud & Company Incorporated Tucker, Anthony & R. L. Day Chas. E. Weigold & Co. Incorporated

Bankers Trust Company The Chase Manhattan Bank Chemical Bank New York Trust Company Morgan Guaranty Trust Company of New York Harris Trust and Savings Bank The First National Bank of Chicago C. J. Devine & Co. Kidder, Peabody & Co. Salomon Bros. & Hutzler

The Northern Trust Company The Philadelphia National Bank Carl M. Loeb, Rhoades & Co. The First National Bank of Oregon Ladenburg, Thalmann & Co. W. H. Morton & Co. Incorporated Weeden & Co. Incorporated

Mercantile Trust Company Dick & Merle-Smith B. J. Van Ingen & Co. Inc. Seattle-First National Bank Blair & Co. Incorporated Dominick & Dominick Hayden, Stone & Co. The Marine Trust Company of Western New York Bache & Co. Bacon, Whipple & Co.

Barr Brothers & Co. City National Bank & Trust Co. Kansas City, Mo. Fidelity Union Trust Company Newark Industrial National Bank Providence, R. I. Laidlaw & Co. Trust Company of Georgia Baker, Watts & Co. Federation Bank and Trust Company

First National Bank in Dallas A. M. Kidder & Co., Inc. Mercantile-Safe Deposit and Trust Company National Bank of Commerce of Seattle National Bank of Westchester White Plains, N. Y. The Peoples National Bank of Charlottesville, Va.

Third National Bank in Nashville Tilney and Company Tuller & Zucker G. H. Walker & Co. J. C. Wheat & Co.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

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.**

Bank Stocks—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Bank Stocks—Review with comparative data on 17 stocks—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are memoranda on **American Metal Climax, Consolidated Edison Co. of New York** and **Interstate Motor Freight System.**

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

Cigarette Industry — Review with particular reference to **Reynolds Tobacco, Philip Morris,** and **Lorillard**—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are comparative data on 60 leading **U. S. Banks & Trust Companies** and a report on **Giannini Controls.**

Comparative Values—Comparison of certain U. S. Canadian securities—Wills, Bickle & Co., Ltd., 44 King St., West, Toronto, Ont., Canada.

How Magic Is Five Per Cent? — Survey of liberal yield issues, with discussions of 8 cyclic and 8 largely non-cyclic companies—E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

Japanese Aluminum Industry with particular reference to **Nippon Light Metal Co., Showa Denko K. K., Sumitoma Chemical Co., Ltd.,** and **Nikkei Aluminium Co., Ltd.**—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. and 8, 2-Chome Otemachi, Chiyoda-Ku, Tokyo, Japan. Also available is a tabulation of quotations of leading Japanese Stocks on the Tokyo Securities Exchange.

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

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

Liquefied Petroleum Gas Industry —Memorandum—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

New York City Banks—Annual comparison of earnings — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **ACF Industries.**

Oils—Review—H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are analyses of **U. S. Rubber Co., New York, Chicago & St. Louis Railroad, Commercial Solvents.**

Outlook for 1960—With selected issues in various categories—Halle & Stieglitz, 52 Wall St., New York 5, N. Y.

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

Pension & Profit Sharing Plans—Discussion—Kalb, Voorhis & Co., Woodward Building, Washington 5, D. C.

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

Science & Securities — Quarterly magazine, current issue containing articles on **Cryogenics** (production and utilization of ultra-low temperatures); Thermo Electricity, electronics, drug and nucleonics industry—Harris Upham & Co., 120 Broadway, New York 5, N. Y.

Stocks That Resist the Decline—Review—Penington, Colket & Co., 70 Pine St., New York 5, N. Y.

Textiles—Review—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are an analysis of **Consolidated Mining & Smelting Co. of Canada** and a bulletin on **Representative Canadian Securities.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

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Air Reduction Co.—Memorandum —Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York 5, N. Y. Also available are memoranda on **Brown Shoe Co.** and **Columbus & Southern Ohio Electric.**

Alabama Gas Corporation — Report—Georgeson & Co., 52 Wall St., New York 5, N. Y.

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Bank of America — Illustrated Brochure—First California Co., Inc., 300 Montgomery St., San Francisco 20, Calif.

Bendix Aviation Corporation — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Joy Manufacturing Co.**

Bigelow Sanford — Memorandum —Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

Bigelow Sanford Carpet Co.—Review—Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also in the same circular are analyses of **Holophane Co., U. S. Shoe,** and **Telecomputing Corp.**

Bigelow Sanford Carpet—Memorandum — Pershing & Co., 120 Broadway, New York 5, N. Y.

Black & Decker Manufacturing—Memorandum — Carreau & Co., 115 Broadway, New York 6, N. Y. Also available are memoranda on **Ford, Hoffman Electronics, Aerojet-General, Western Airlines** and **Lockheed.**

Colgate Palmolive—Memorandum —Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y.

Columbian Carbon Company — **Report** — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Consolidated Gas Utilities Corp.—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Consumers Power Co.—Memorandum—R. W. Pressprich & Co., 48 Wall St., New York 5, N. Y.

Controls Co. of America—Memorandum — Gruntal & Co., 50 Broadway, New York 4, N. Y.

Cooper Bessemer — Analysis — Blair & Co., Inc., 20 Broad St., New York 5, N. Y.

Diamond Alkali — Analysis — Hirsch & Co., 25 Broad St., New York 4, N. Y. Also in the same circular are reviews of **Kansas Power & Light,** and **Pittsburgh Plate Glass.** Also available is a report on **Atlantic Coast Line Railroad.**

Diners Club—Discussion in current issue of "The Exchange" Magazine — Exchange Magazine, 11 Wall Street, New York 5, N. Y. — 20¢ per copy; $1.50 per year. Also in the same issue are lists of 25 common stocks with long unbroken dividend records, 50 most active stocks, listed common stock in Ford Foundation's portfolio; **Marquardt Corporation & Arthur G. McKee & Co.**

Eagle Picher — Memorandum — Bruns, Nordeman & Co., 52 Wall St., New York 5, N. Y.

Federated Corp. of Delaware — Memorandum—General Investing Corp., 55 Broadway, New York 6, N. Y.

Florida Steel Corp. — Memorandum—Kidder, Peabody & Co., 17 Wall St., New York 5, N. Y.

George A. Fuller Co.—Write-up —In February issue of "American Investor" — American Stock Exchange, 86 Trinity Place, New York 6, N. Y.—15¢ per copy, $1.00 per year. Also in the February issue are data on **Dilbert's Super Markets, Atlantic Coast Line Railroad,** and **Higbie Manufacturing Co.**

Gladding, McBean & Co.—Report —Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available is a review of **National Distillers & Chemical Corp.**

B. F. Goodrich Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Great Lakes Paper Company Ltd. —Review—James Richardson & Sons, Inc., 14 Wall St., New York 5, N. Y.

Gulf Life Insurance Company—Analysis—John C. Legg & Co., 22 Light St., Baltimore 3, Md.

H. J. Heinz—Memorandum—Van Alstyne, Noel & Co., 52 Wall St., New York 5, N. Y. Also available are memoranda on **Pittsburgh Plate Glass** and **Revlon.**

Houston Natural Gas Corporation —Analysis—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Illinois State Toll Highway Commission — Bulletin — The Illinois Co., Inc., 231 South La Salle St., Chicago 4, Ill. Also available is a bulletin on **Insurance Company of North America.**

Indiana Gear Works Inc.—Memorandum—Doyle, O'Conner & Co., 135 South La Salle St., Chicago 3, Ill.

International Telephone — Memorandum—William Norton & Co., 9 Maiden Lane, New York 38, N. Y.

Johns Manville—Review—Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

D. S. Kennedy & Co.—Analysis—Schirmer, Atherton & Co., 50 Congress St., Boston 3, Mass.

McDonnell Aircraft Corp.—Bulletin—Edward D. Jones & Co., 300 North Fourth St., St. Louis 2, Mo.

McNeil Machine & Engineering Company — Report — The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis.

Mississippi River Fuel Corp. — Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Monsanto Chemical Co.—Review in current "ABC Investment Letter"—Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y. Also in the same issue are reviews of **White Motor Co., Youngstown Steel Door Co., Dun & Bradstreet, Inc.,** and **Tex-Star Oil & Gas Corp.**

Motor Wheel Corporation — Discussion—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also in the same circular is a survey of **Kimberly Clark Corp.**

Motorola—Memorandum—Murch & Co., Hanna Building, Cleveland 15, Ohio.

National Lead — Survey — Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are surveys of **Transamerica Corp.** and **Crompton & Knowles Corp.**

North American Coal—Memorandum—Quail & Co., Inc., Davenport Bank Building, Davenport, Iowa.

Pepsi-Cola Co. — Analysis — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a review of **International Business Machines, Warner & Swasey** and **Loew's** and a report on **Cigarette Companies.**

Philadelphia & Reading Corp.—Analysis — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Raytheon Manufacturing Co.—Memorandum—Shields & Co., 44 Wall St., New York 5, N. Y.

R. J. Reynolds Tobacco Company —Analysis—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Howard W. Sams & Co.—Memorandum—A. G. Edwards & Sons, 409 North Eighth St., St. Louis 1, Mo.

Seaboard Life Insurance Company of America — Analysis — Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive, Beverly Hills, Calif.

Sisters of St. Joseph of Carondelet bonds — Bulletin — B. C. Ziegler and Co., Security Building, West Bend, Wis.

Standard Gilsonite Co. — Memorandum—Carothers & Co., Mercantile Bank Building Dallas 1, Texas.

Swift & Co. — Analysis — Bacon, Whipple & Co., 135 South La Salle St., Chicago 3, Ill.

Texas Eastern Transmission Corp. —Analysis—Blyth & Co., Inc., 14 Wall St., New York 5, N. Y.

Tex Star Oil & Gas—Memorandum—Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

Vornado, Inc.—Analysis—Joseph Walker & Sons, 120 Broadway, New York 5, N. Y. Also available is an analysis of the **Steel Industry.**

Yates American Machine—Memorandum—A. C. Allyn and Company, Incorporated, 122 South La Salle Street, Chicago 3, Ill.

Zenith Electric Supply Limited—Analysis—Doherty Roadhouse & Co., 335 Bay St., Toronto, Ont., Canada.

Zotox Pharmacal Co., Inc. — Analysis — Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y.

Texas Instruments, Inc. Research, Results, Rewards

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

A rapid review of the remarkable rise of this company to electronic eminence, accompanied by phenomenal earning power.

Investors in recent months have been winnowing the wheat from the chaff in the electronics business. Whereas, a year ago, almost any stock with an electronic sound to it would be avidly bought regardless of any practical appraisal of its future earning power, today's buyers are more sophisticated. They insist that research costs must be converted promptly into rising per share profits and not offered as an excuse for low or deferred earning power. They are no longer willing to pay 45 times earnings unless the annual growth rate in net is upwards of 15% a year.

Remarkable Growth Rate

Because buying decisions in the electronic list are now being made on the basis of more penetrating analysis and far greater selectivity, it is only natural that the investment qualities of Texas Instruments common are becoming more appreciated. Here is a really fabulous enterprise — one of the fastest growing companies in one of our fastest growing industries. T. I. sales rose from $7.9 million in 1950 to $92 million in 1958; and, in the same period, pre-tax net rose from $600,000 to $12,700,000. On a per share basis, net earnings rose from $1.05 in 1955 to about $3.65 in 1959. The most important thing to note here, however, is that the growth rate is not flattening out. It shows promise of continuing at upwards of 25% annually; and a per share net of around $5.25 has been predicted for this year. So if today people pay 46 times earnings for Texas Instruments common, they're getting their money's worth in growth.

While the remarkable forward motion in Texas Instruments occurred in the decade just past, the business enterprise is actually a fairly old one, originally incorporated in 1930 at Geophysical Service, Inc., to conduct seismic subsurface surveys to locate oil and gas bearing geological formations. In 1951, the corporate name was changed to Texas Instruments, inc. An important change was made in the direction of corporate activity when T. I. was licensed by Western Electric Co. to make transistors in 1952. Other milestones include the merger with Intercontinental Rubber Co. and the listing of T. I. common on NYSE in 1953; and the acquisition of Metals and Controls Corp. in 1959.

Operating Divisions

Texas Instruments operates its business through several divisions. The largest and most renowned of these is the Semiconductor-Components Division. T. I. is the largest manufacturer of semiconductors in the world. It turns out over 150 varieties of them. Transistors are semiconductors. Since 1954, T. I. has been turning out germanium transistors, quite low cost ones, used in hearing aids and transistor radios. The company also produces more sophisticated ultra high frequency germanium transistors useful in militronics and for data processing equipment.

Another transistor with a broadly expanding market is the one made of silicon. This costs a lot more than the germanium type, is a lot harder to produce, but because of its superior capacity to withstand high temperature it is most useful in supersonic aircraft and missiles. T. I. accounts for 50% of the sales volume in the silicon transistor industry. It also turns out a whole bunch of other semiconductor components and devices such as diodes, capacitors, rectifiers and resistors; and is constantly testing new materials for their manufacture. The latest is a galieum arsenide diode which can operate anywhere between 84 degrees below, and 628 degrees above, zero.

The big things about transistors are their compactness and versatility, their superiority to vacuum tubes, and lower cost in many uses. Automobile radios will shortly be all-transistor. The number of transistors in a single computer is staggering — 42,000 in Philco's new "S-2000." Out of indicated total sales of $195 million in 1959, around $82 million will be from transistor and semiconductor business. You hear considerable about foreign competition, particularly Japanese, in the transistor business. It is true that, by virtue of lower labor costs, Japanese radio transistors and sets are making sizable inroads in the U. S. But these are the simplest transistors and are not competitive with more advanced high frequency units. And as leading manufacturers, such as T. I., increase automation in their plants, this foreign labor differential will become far less important.

The Apparatus Department, accounting for about $32 million of 1959 total sales, turns out whole electronic and electromechanical systems, mainly for the military. These include submarine detection, target location, missile direction and reporting, radar, aircraft intercommunication and warning systems. The Apparatus Division works closely with the Semiconductor Division since missiles, such as Bomarc, Falcon and Titan, would never get off the ground or fly right if they didn't tote silicon transistors, diodes and resistors by the hundreds.

The Geosciences and Instrumentation Division carries on the original business of the company, namely, probing for petroleum by seismic reflection and refraction, and making the instruments to survey, report and record findings. While oil exploration around the world has been falling off for several years, submarine exploration is greatly on the increase and the same sort of electronic and seismic instrumentation useful for probing geological structures on land should prove effective in defining the depth and character of sea bottoms. The Geosciences Division produces a line of gravity meters, seismometers, seismic amplifiers and oscillographs and is constantly developing new instruments. A recent one was DISC, the first fully transistorized seismic system which magnetically records and stores data. The Geosciences Division produces about ⅛th of total company sales.

The Metals and Controls Division, accounting for a little over ¼ of total sales has three major lines: (1) fabrication and sale of clad metal products; (2) manufacture and sale of thermostatic and electric controls, and (3) production and sale of nuclear fuel elements and cores. Since this business was merged into T. I. last April, its operating results and profit margins have substantially improved. The division rounds out the T. I. organization with new products and provides high quality engineering and metallurgical talent. It, in turn, operates three sub-divisions: General Plate, Spencer Thermostat, and Metals and Controls Nuclear.

There is also a small Engineering Supply Co. division grossing around $3 million a year.

Breadth and Excellence of Research

All of the foregoing operating divisions are sparked and animated by one of the most successful research organizations in the electronic business. In size of annual outlays relative to sales, brilliance of staff, and consistent delivery of practical and profit-making ideas, T. I. stands just about at the head of the list in the electronics industry.

Research expenditures in 1959 were about 15% of gross—roughly $30 million. Of this, about 50% was financed by others. To put it another way, about $7.75 per share, in 1959, was set aside to form the scientific and technological base for greater future earnings. Central Research and Engineering Activity supervises and coordinates research staffs and programs in each operating division. The specialized long-range unit, Central Research Laboratory covers the whole field of scientific effort—materials, solid state physics, devices, systems, geology, ferro-magnetics and thermo electrics. Work is constantly directed toward new applications of electronic and metallurgical science, and techniques for improved instrumentation for geophysics, circuitry, data processing, computation, etc. The point is that T. I. gets a terrific amount of mileage out of its research, and has consistently converted rising research expenditure into correspondingly increased net profit.

Management is dynamic, and though the enterprise has grown big, it still retains the team spirit and corporate zeal often lost as corporations wax great and prestigious. Key personnel are given attractive incentives, and the company is unique in that, with over 14,000 employees, there is no union representation.

Finances are strong and T. I. has been able to expand its plant steadily by use of depreciation and retained earnings. Although Texas Instruments common sells at 168, it pays no dividend, the management preferring to plow rather than pay. Management documents its abiding faith by owning roughly 35% of Texas Instruments' outstanding 3,894,388 common shares. With all the talk about growth stocks, here's one that really qualifies—year after year!

Keve Partner in Van Alstyne, Noel

Walter A. Keve, a new member of the New York Stock Exchange, has been admitted to general partnership in the investment firm of Van Alstyne, Noel & Co., 52 Wall Street, New York City, it has been announced. He was formerly associated with Harris, Upham & Co. for many years.

Walter A. Keve

Mr. Keve will serve as the Van Alstyne, Noel partner on the floor of the Exchange, having acquired the membership of David Van Alstyne, Jr., who will continue as senior partner of the investment organization.

J. Preston Rice

J. Preston Rice, Partner in White, Weld & Co., passed away on January 27.

Balance of Payments and Other Disquieting Problems

By William H. Peterson,* *Associate Professor of Economics Graduate School of Business Administration, New York University Author, "The Great Farm Problem" (Henry Regnery, Chicago, 1959)*

Professor Peterson notes considerable tarnish on the widely anticipated "Golden, Soaring Sixties." Terms the new balance of payment difficulties the most significant economic problem in postwar America. Maintains worldwide competition is the root of this dilemma. Insists management and Congress must jointly put our economic house in order, through attacking monopoly, corruption, and restrictionism of labor; overhaul and reduce our taxes; eliminate inflation; and observe the letter and spirit of our competitive system.

Virtually all the prognostications are in. The Golden, Soaring Sixties are upon us, or so we are assured. And most of the indicators are reassuringly high, and pointing higher. The 1960 Gross National Product will surge beyond the half trillion mark. Steel expects its greatest production year ever. January automobile production may break all records. And so on. But already there is some tarnish on the gold in the Sixties. Farm income, for example, is heading toward a 19-year low. Home construction is showing signs of fatigue. Stock prices have sagged during the past few weeks. Interest rates have reached almost 30-year highs — heights never before reached in the memory of many bankers; and banks are increasingly reporting they are fully loaned up. With money so tight—and if Congress does not weaken—getting even tighter, an increasing number of private and even public projects are being shelved. And, perhaps most significant of all, the American economy is facing the startlingly new problem of balance of payments difficulties — a unique problem concerning management in postwar America.

Dr. W. H. Peterson

To be sure, that the U. S. Government and its citizens are spending, lending, and investing more abroad than foreign governments are spending, lending, and investing here is a phenomenon dating back to 1949. From 1949 to 1956 the United States has been running an average deficit in its balance payments of around $1.5 billion, but such a deficit was considered manageable and even desirable, attributed as it was to our substantial foreign aid. Besides, throughout most of the postwar period American exports were largely unchallenged in world markets; our visible trade of imports and exports was relatively strong. But recently, however, economic trends — long ignored — have caught up with us. These trends—which I shall group in the four categories of labor, taxes, inflation, and competition and discuss each separately—are of critical importance to management, apart from their adverse effect on the balance of payments.

In 1958 the deficit in our balance of payments rose dramatically to $3.4 billion and foreign nations turned their surplus dollar holdings to gold in the amount of $2.3 billion. In 1959 the U. S. gold outflow continued when something more than $1 billion of a payments deficit or about $4 billion was converted into gold. So, there has been a slowing down in the gold outflow. An important reason for the decrease in outflow is the magnet-effect of high interest rates in this country. Foreigners are more and more leaving their dollar earnings here to earn interest—at least for the time being.

Our Mortgaged Gold Stock

Still, even though our remaining gold stock of some $19.5 billion is the largest in the Free World, it is fully mortgaged and then some. Foreign gold claims—private and some government—total some $17 billion, and the legal requirements for gold coverage of the Federal Reserve's banknote and deposit liabilities run almost $12 billion more. These two gold claims — foreign and Federal Reserve—thus exceed our gold stock by some $10 billion. The situation instills anything but confidence. For suppose the foreign interests and governments were to exercise their claims on our gold, what then?

A run on the nation's gold could be calamitous. Our creeping inflation could accelerate into a gallop. And this possibility doubtlessly accounts for the bold idea of Dr. Roy L. Reierson, chief economist and Vice-President of the Bankers Trust Company of New York, to reduce or even eliminate if necessary the gold reserve requirement — thereby "freeing" more than enough gold to meet all international claims. What such an action would do to our inflation problem, however, Dr. Reierson did not say. Like Odysseus trying to steer the right course home to Ithaca, we must, it seems to me, avoid the Scylla of a foreign run on our gold on the one side and the Charybdis of cutting off our last tie with gold on the other. The question is: How?

Management's involvement in this balance of payments problem is plain. For one thing, management should, I believe, support the Administration's policies of tight money and substantial free trade. For perhaps the easiest answer to the payments deficit is protectionism — that is, tell the American public: No more Volkswagons, no more Scotch whiskey, no more Japanese cameras, and so on. Protectionism as a policy would be, in my opinion, shortsighted economically and, in view of our global strategy and the Soviet threat, dangerous politically. The U. S. seems to be moving anyway toward greater economic and political dependence on international trade, as may be gathered from a section of the President's annual economic report for 1960, as follows:

"To assist in attaining needed adjustment of the balance of payments consistent with our goal of promoting multilateral world trade, a strengthening of exports continues to be essential."

A further example of the Administration's thinking on foreign trade is to be seen in the new Japanese-American treaty signed last week providing for not only military, but trade and economic, cooperation. Which, bluntly, means more Japanese competition in American markets—not less.

The hard managerial implication in the entire balance of payments dilemma, then, is that management must do its share to help put our economic house in order. Help—constructive help—also must be forthcoming from Congress. But we are a bit like the old woman in the shoe who didn't know what to do—where do we begin? Let me sketch in four of the areas demanding action.

Areas of Action

First, labor.

Of all the pressures thrusting costs upward and squeezing profit margins the price of labor is paramount. All of us, I know, are in favor of gains in wages generally. But such gains in wages should be within the gains of productivity (technically, as determined by marginal productivity) in order to avoid the wage-price spiral. This has not been the case, however. Because of our lop-sided labor legislation wages have long exceeded productivity and the wage-price spiral has been a dominant feature of our post-war economy.

In the post-war era, the average American industrial wage rate (fringes included) has gone up about 8% per year. At the same time, industrial productivity has risen some 3½% per year and the cost of living index about 4.7% per year. These figures add up to a squeeze on industrial profits, which have fallen from an average of 5.7% on sales for the 1947-50 period to 3.5% on sales in the 1955-58 period. This squeeze means a sharp cutback in available funds for reinvested earnings. In other words, excessive wages are inadvertently suppressing national investment and hurting our growth rate and lead over the Soviets.

What is more, excessive wages are overpricing U. S. goods in world markets—and in domestic markets. In his TV address, U. S. Steel Chairman Roger Blough told how a ship brought a consignment of steel bars across the ocean and down the St. Lawrence Seaway to Cleveland. This foreign-made steel was sold to a customer in Cleveland for $118 per ton—which is $55 a ton below the price that an American steel mill, in Cleveland, must get for the same product. Mr. Blough pointed out that once the U. S. steel industry produced almost all the barbed wire used in the country, but today more than half is imported from abroad.

The problem of excessive wages is, unfortunately, not the whole of the excessively high-cost American labor story. Other problem areas can only be touched upon briefly. There is, for example, the problem of restrictive labor practices, which was really unresolved in the steel settlement and is yet to be dealt with in the upcoming railroad negotiations. But these two instances in no way exhaust the ramifications of labor restrictionism. Many unions have fought and continue to fight the installation of automation and other labor-saving equipment. Many unions limit the output per day of each union member or control the speed of assembly-line operations.

Still another area demanding solution is labor violence and compulsory unionism. I believe these two labor aspects—violence and complusion—are interrelated. This was the point of Professor Sylvester Petro of New York University in his two books, "The Labor Policy of a Free Society" and "Power Unlimited—the Corruption of Union Leadership." In these works, Professor Petro calls for local enforcement of laws protecting property and persons—now relatively unprotected in strikes and mass picketing, as is seen in the Albert Lea-Wilson Meat Packing case of a few weeks ago.

Management control over its own employees is enormously weakened through compulsory unionism and corrupt union leaders. When a worker is involuntarily unionized he tends to become a pawn in the union power struggle. The union shop necessarily dilutes company loyalty. The unionized employee knows membership in the union is a condition to his holding a job. His subservience to union dictates tends to follow.

All this labor trouble adversely reflects on America's industrial productivity and its ability to compete in international commerce.

Tax Problem

The tax problem is the second area demanding management's urgent attention and requiring Congressional overhaul so that we can surmount our balance of payments troubles.

Taxes is of course an enormous part of the cost of doing business Which brings up the story of the little boy who wanted $100, so he decided to pray to God for it, since everyone said He always granted one's wishes. The little boy prayed and prayed every night for two weeks. Still no $100 so he decided to write a letter to God. When the postal authorities received the letter they decided to forward it to the President.

After due course the President read the letter and chuckled. Then he told his secretary to send the boy a check for $5 since that would seem like a lot of money to a boy.

When the boy received the money, he was delighted and wrote God another letter thanking him for his prompt reply, and added: "I noticed you routed your letter through Washington. As usual, those —— deducted 95%."

Now 95% is not the usual take of Washington, but it is very close to it in the upper - income brackets. Perosnal income rates do rise to 91%; the corporate income tax is at 52%—and these rates are the highest or among the highest in the Free World. Such rates discourage incentive and investment. Such rates provide a tax take—Federal, state and local—of some $130 billion in the fiscal year of 1960, or about 30% of our Gross National Product, which is almost half again as large as the tax take during the New Deal before the Second World War. Such a huge tax take spells intervention in many sectors of our economy. Such government taxing and spending pyramids business costs which must in turn pyramid the prices charged in domestic and foreign markets. Little wonder, then, about our growing inability to meet world competition.

Too, literally millions of executive man-hours have to be channeled into ways and means of tax avoidance. On its corporate income tax return, for example, a dairy company deducted all the costs of an African safari taken by its principal officer and his wife. The company publicized the trip, exhibited films, displayed captured animals, and held an animal-naming contest. Is this trip deductible?

Yes, ruled the U. S. Tax Court, declaring that "the cost of a big game hunt in Africa does not sound like an ordinary and necessary expense of a dairy business in Erie, Pennsylvania, but the evidence in this case shows clearly that it was and was so intended." The company had maintained, successfully, that the trip was of great advertising value to the dairy. But what is ordinary and necessary? The Internal Revenue Service has recently announced that it is cracking down on some loose interpretations of what constitutes "ordinary and necessary" business expenses—especially for "entertainment" like lavish trips, fancy night club parties, and maintenance of posh hunting lodges.

Obsolete Depreciation Rules

Or, consider our obsolete depreciation laws. Practically every major power in the West has eased the problem of its manufacturers to invest in up-to-the-minute industrial equipment. Every power, that is, except the United States. There are fast write-offs in England. Germany relieves many of its corporations of taxes on profits which are plowed back in plant and equipment. Italy, France, Sweden, and Canada — to name some other countries—all recognize the vital need of industrial renovation and technical proficiency. And practically nowhere else in the Free World do we find investment decision-making further crippled by the high capital gains tax as levied by the Federal Government.

To be sure, the Revenue Code of 1954 did make some improvements on depreciation accounting —but the basic problem of permitting only original costs and not replacement costs as the basis for depreciation remains. As do so many other self-defeating features of our tax laws.

The Inflation Problem

The third problem area demanding management attention and exacerbating our balance of payments dilemma is inflation.

In the November 1959 issue of New York University's "Challenge" magazine I stated — with some immodesty and not a little tongue-in-cheek — Peterson's law of Inflation, as follows:

> "History shows that money will multiply in volume and divide in value over the long run. Or expressed differently, the purchasing power of currency will vary inversely with the magnitude of the public debt."

The heart of the "law" is its recognition of the tie between inflation and deficit finance. Since 1933 the Federal budget has been in balance only four times. As a result, the Federal debt has climbed from less than $23 billion in 1933 to more than $285 billion now. By far the greater part of this vast increase in debt has been accomplished by deficit finance — that is, from the view point of inflation, by monetization of the debt. Since 1933 the money supply has tripled in size, way beyond the increase in population and real production. The upshot is the phenomenon of steadily rising prices or, euphemistically, creeping inflation — consumer prices about 110% above 1939 and wholesale prices about 140% over 1939.

Inflationists of the Keynes-Slichter school insist there is really nothing to worry about in this upward march of prices — as long as the creep does not accelerate into a gallop, usually defined as an annual rise in prices soaring beyond the accepted 2 or 3%. In fact, advocates of managed inflation argue that some inflation can be constructive. Consumers' propensity to spend is supposedly heightened by the illusion of rising incomes. Producers' propensity to invest is enhanced by the appearance of rising profits. Debtors' burdens lighten as repayment proceeds under progressively cheaper money. All in all, a beautiful scheme is this managed "little" inflation.

This is so, save for a few annoying rubs: the destruction of much of the value in liquid claims in such forms as savings accounts, insurance policies, and bonds—for example. The upward push on interest rates as creditors discount the effect of inflation on future dollars. The ever-present possibility of a fast breakout of prices — creeping inflation inadvertently converted into galloping inflation. The even greater possibilities of exacerbating the boom-bust cycle — there already have been three serious postwar recessions—and of worsening the nation's balance of payments position—export volume can hardly be enhanced with the tremendous loading charge of inflation.

Too, inflation warps management decision-making. It creates a legitimate case for union pressure on wage rates. It distorts inventory calculation and serves to prevent adequate capital replacement or expansion. It exaggerates the investment picture and causes undue speculative hedging, general overinvestment, and countless misinvestments — all of which contribute to a depression-brewing situation.

The final area of management concern that impinges on our balance of payments difficulties is competition.

Presumably ours is a competitive system but Washington all too frequently appears to be of a different persuasion. In agriculture, for example, we see competition frustrated through price supports and acreage restriction with the tacit motive of "saving" the marginal and sub-marginal farmer.

Again, we see the ICC stopping rate-cutting between different transportation forms, the FCC refusing licenses to pay-TV, the CAB giving a hard time to the non-scheduled airlines, the Anti-Trust Division forbidding any number of competition-enhancing mergers, the Interior Department restricting imports of foreign oil and lead and zinc, and so on.

Competitive pricing is most confusing on the Washington merry-go-round. Not long ago I attended a lecture given by Lowell Mason, former member of the Federal Trade Commission. Mr. Mason said we are reaching a point when price advances are considered evidence of monopoly, when price uniformity is counted as proof of collusion, and price-cutting is viewed as either unfair competition or price discrimination. In other words, no matter how your pricing goes you are in danger of being found guilty.

Competition is at the very heart of our balance of payments dilemma. The competition is worldwide. America is facing severe competition from the Communist Bloc — economic competition as well as political competition. But the greatest source of economic competition — competition that cannot be skirted—is from the Free World.

Major nations of the Free World such as Japan, West Germany, Britain, and France have already taken steps to ease our balance of payments dilemma by reducing tariffs and quotas against dollar goods. Indications are that our allies will assume a greater share of the burden in upgrading the economies of the underdeveloped nations—an action which would also help us to conserve dollars. Such dollar liberalization is welcome.

But the competition between American management and other Free World managements remains. Clearly, protectionism and other economic isolationism is out. The Reierson plan to reduce or cut off entirely the 25% gold reserve requirement and thus release more gold to meet the deficit in our balance of payments is at best a palliative. This also seems to be the case with the Triffin Plan, which is based on the idea that the world gold supply is too inadequate and inelastic. The Triffin Plan would convert the present International Monetary Fund into a sort of world central bank holding the reserves of all member countries and authorized to "create" new reserves through its lending operations. Under the Triffin scheme, presumably, the United States could have access to new liquidity to tide us over our balance of payments dilemma.

Yet basically our problem of competition is unchanged. And management and Congress must each do their part to put our economic house in order. Labor monopoly, corruption, and restrictionism must be solved. Taxes must be overhauled and reduced. Inflation must be eliminated. And above all, the letter and spirit of our competitive system must be observed—both here and in our economic relations abroad.

*From a talk by Dr. Peterson before a conference sponsored by Management and Technical Services at the Yale Club, New York City, Jan. 27, 1960.

Lazard Freres to Admit Partners

Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, on March 1 will admit Eugene R. Black, Jr., and Felix G. Rohatyn to partnership.

In Investment Business

CHAMPAIGN, Ill.—The Illiana Insurance Agency, Inc. is engaging in a securities business from offices at 308 West Hill Street. Officers are John L. Eisner, President; Carl F. Newland, Executive Vice-President; and R. G. Gray, Secretary-Treasurer.

Sealy Newell Joins Van Strum, Towne

Sealy Newell is now associated with Van Strum & Towne, Inc., investment counsellors of 85 Broad St., New York, and in this affiliation has been elected a Vice-President of Institutional Shares, Ltd. and of Institutional Income Fund, mutual funds for which Van Strum & Towne is the investment advisor, it was announced by Samuel R. Campbell, President of the investment counselling firm.

Mr. Newell was formerly a Vice-President of The Hanover Bank, where he was a senior officer of the Trust Department. He was with the bank for 27 years, joining that institution directly following graduation from Yale University, and successively was named a branch manager, Vice-President and a senior officer of the Trust Department.

Forms Mutual Funds Inc.

ST. PETERSBURG, Fla.—Mutual Funds, Incorporated has been formed with offices at 209 First Street, North to engage in a securities business. Franklin J. Lacey is a principal of the firm.

Howard Coleman Opens

Howard Coleman has formed Howard Coleman Company with offices at 111 Broadway, New York City, to engage in a securities business.

With Edw. D. Jones

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Gene R. Deuser has become associated with Edward D. Jones & Co., 300 North Fourth St., members of the New York and Midwest Stock Exchanges. He was formerly with Security Mutual Bank & Trust Co. and Goldman, Sachs & Co.

Simmons, Rubin Wire to Keenan

Simmons, Rubin & Co., Inc., 56 Beaver Street, New York City, has announced the installation of a direct wire to John J. Keenan & Co. Incorporated, Los Angeles.

Jamieson Joins A. C. Allyn Co.

(Special to The Financial Chronicle)

MADISON, Wis.—John G. Jamieson has become associated with A. C. Allyn and Company, Incorporated, First National Bank Building. Mr. Jamieson was formerly an officer of Bell & Farrell, Inc.

U.S.A.'s Changed Attitude Toward European Free Trade

By Paul Einzig

Discerning a change in mind for the better in our attitude towards a union of the European sixes and sevens, Dr. Einzig attributes this to our lessened fears about the dollar's prospects and realization of the possible political and military defense consequences of an economic split in Western Europe. The British reporter believes that de Gaulle's success in the Algerian crisis may permit him to disregard French industrialist pressures against adopting a more conciliatory attitude towards Britain and a free trade union.

LONDON, England — There is a distinct impression in London that the official American attitude has changed, or is changing in favor of allowing the Western European countries to proceed with their regional Free Trade arrangements, and indeed of encouraging them to do so. This had been the original American attitude towards the European Common Market, but during the second half of 1959 there was a strong reaction in Washington against further development of regional Free Trade arrangements in Europe. It appeared at one time as though the development of the arrangement of the Outer Seven and its amalgamation with the Inner Six might encounter strong resistance from the United States. This change of attitude was attributed to balance of payments fears entertained in Washington.

At last month's Paris meeting the official American attitude changed once more, this time distinctly in favor of European Free Trade, with certain reservations. It remains to be seen whether this intervention will facilitate the rapprochement between the Common Market and the European Free Trade Association. What matters from the point of view of those who are in favor of a broad regional pact in Western Europe is that they now can proceed with the blessing and active support of the United States.

The improvement in the prospects of the dollar must have been largely responsible for this change of attitude. So long as it was widely believed that 1960 would witness a major dollar scare, or a series of dollar scares, it was natural for the Washington Administration to oppose anything that was liable to weaken the American balance of payments. Now that the general atmosphere has become much more favorable to the dollar that aspect of the problem no longer appears to be so overwhelmingly important. In any case in the meantime Britain and other Western European countries have further relaxed discrimination against dollar goods by removing or reducing quantitative restrictions. From an American point of view this is at least as important an any tariff concessions the United States could secure through a limited participation in Western European Free Trade arranagements.

Realization of Split's Harm

The main reason for the change in the American policy lies, however, in the realization of the possible political consequences of an economic split in Western Europe. From this point of view it is significant that the British attitude has stiffened considerably recently. Indeed the clash between London and Paris over Western European trade might in given circumstances jeopardize the very existence of NATO. The British official policy can be summed up in a brief sentence: "No trade, no troops." If, as a result of General de Gaulle's intransigence, British imports should be excluded from Germany and other countries of the Common Market, the British Government is determined to withdraw all British forces from Germany.

Everybody in London hopes that it would not come to that. But the Government feels that since the British Army of the Rhine represents a substantial burden on the balance of payments there is absolutely no justification for depriving Britain of the means of earning the amount which has to be spent on the upkeep of the troops in Western Germany. Moreover, since de Gaulle is essentially politically minded it is felt in London that this is the language which he is more likely to understand than any economic argument. Now that he has emerged victorious over the revolt in Algeria he is expected to be even more difficult to negotiate with than before — though in the words of someone who is in a position to know, "that would hardly be possible."

Hitherto British official quarters have been on the defensive in face of the accusation that Britain wanted to have it both ways by maintaining Commonwealth preference as well as securing Western European preference. There are indications that Britain will henceforth engage in counter-offensive in the battle of words. It is now argued in British official quarters that on the contrary it is France that would like to have it both ways by gaining access to the market of the British Commonwealth without paying the price for it, in the same way that Britain does, in the form of admitting Commonwealth products free of duty. For instance, France would like to receive equal treatment with Britain for her manufactured exports to Australia but would not be prepared to antagonize French farmers by admitting Austrian meat and wheat free of duty.

A Better French Attitude?

However, the outcome of the controversy does not depend on the relative soundness or unsoundness of arguments. Possibly a formula may be found which will satisfy de Gaulle's desire for close political union with Germany, Italy and the Benelux countries, while leaving fair scope for some degree of Free Trade area that would cover the whole of Western Europe. The original idea of European Free Trade area is dead, because of de Gaulle's fear that he and the other Governments of the Common Market would be outvoted by the larger number of other participating Governments. So long as the formula that is hoped to emerge from the negotiations safeguards him against that possibility, he might be willing to make concessions elsewhere. He is not really interested in economic questions, and as a result of the change in the political balance of power in France that has emerged from the Algerian crisis, he can afford to disregard pressure by French industrial interests against adopting a more conciliatory attitude towards Britain.

Franklin Ntl. Bank Rights Offering

The bank is offering to the holders of its outstanding capital stock the right to subscribe for 185,000 shares of its capital stock (par $5) at $25 per share, at the rate of one new share for each 16 shares held of record Jan. 29, 1960. Subscription warrants evidencing such rights will expire at 3:30 p.m. on Feb. 19, 1960. Blair & Co. Inc. heads a group of underwriters which has agreed to purchase the unsubscribed shares.

Westheimer Branch

LANCASTER, Ohio—Westheimer & Company has opened a branch office at 125 North Columbus Street under the management of Kenneth E. Carpenter.

Now With Goodbody

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Nicholas A. Suosso is now with Goodbody & Co., 125 High Street. He was formerly with Reynolds & Co.

Joins Hornblower, Weeks

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Dudley Hall has become connected with Hornblower & Weeks, 75 Federal Street.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The three major bills passed by the Senate so far at this session will probably never see the light of day. They will be either given a slow death in the House or if one of them gets by it will be vetoed by the White House.

First off the bat will be the so-called clean elections bill. This has a provision extending its applicability to the primaries. There is a serious question as to its constitutionality. It also carries a provision which prohibits anyone from giving more than $10,000 to a campaign. This is intended to hit at the heavy Republican contributors. There are several in Texas and elsewhere who give as much as $50,000 to a single campaign but not to a single candidate.

No open objection will be found to this provision but it won't endear itself to any Republicans. The opponents of extending the act to primaries feel right strongly on the subject, particularly the Southerners. Speaker of the House Sam Rayburn is very much opposed to it and that will be enough to bury it in the House.

The second bill not likely to see the light of day is the Federal aid to education bill. The Senate got out of hand on this one and passed a bill providing that the Federal Government give money to the states — $25 for every child of school age—not only for construction of additional class rooms but money for teachers' salaries also. It will cost nearly $1 billion a year for two years. The general belief is that once in operation it would be a continuing charge.

Blocked in the House Rules Committee is a companion bill. It was blocked in the Rules Committee for the better part of the last session. If it should succeed in passing the House it will probably receive a Presidential veto.

The third and last important bill is the so-called juvenile delinquency bill. It is against juvenile delinquency. Practically everybody is. That's all that can be said for the bill. It would create another agency in the Washington bureaucracy to assist similar agencies in states and municipalities to establish demonstration projects against juvenile delinquency. It would only cost $5,000,000 annually.

It is significant that Majority Leader Lyndon Johnson voted for all three bills. Last year he would not have done this. But now he is a Presidential candidate, to all intents and purposes, and feels that he has got to cultivate the liberal wing of his party. Last year his conservative leadership was a big help to the President and to the country but the liberals have been complaining about it. It is all very well, the liberals claim, to bask in the warm glow of praise from the conservative press, but when the elections come around the conservatives will all vote Republican. The only way for the Democrats to have any chance is to be liberal.

Johnson is not only trying to get a conservative label off of him but he is trying to remove the picture of a Southerner. At a meeting of Western Democratic leaders out in Albuquerque, N. M., recently, he and his minions worked unceasingly to have him accepted as a Westerner.

Regardless of how far he will get in this he will go to the convention with his main strength from the South. He also has plenty of Western support however. In fact he is believed to be the runner-up to Senator Joe Kennedy. The nominating race is looked upon as having come down to him and Kennedy.

Kennedy's money does not awe Johnson. He is wealthy in his own right but it is not his own wealth that is backing his campaign. The money is coming from Texas and there is apparently plenty of it.

Johnson is a good investment. Even though he misses the Presidency he will still be the majority leader of the Senate and that's a very powerful job.

S. F. Bond Club Elects Officers

SAN FRANCISCO, Calif.—James A. Sanford, Manager of the Municipal Trading Department of Blyth & Co., Inc., has been elected President of the Municipal Bond Club of San Francisco for the 1959-1960 term. He succeeds Andrew E. Steen of the American Trust Co.

James A. Sanford

At the same time, John O. Youngs, R. H. Moulton & Co., was elected Vice-President - Secy., and Belden S. Gardner, California Municipal Statistics, Inc., Treasurer. The Board of Directors are Thomas Borden, Weeden & Co., Andrew E. Steen, and Everett D. Williams, Stone & Youngberg.

Parsons Treasurer Of Eurofund

Robert W. Parsons, a Vice-President of Bankers Trust Co., has been elected Treasurer of Eurofund, Inc., according to an announcement by J. Russell Forgan, President of the investment company which specializes in European securities.

Robert W. Parsons

Mr. Parsons has been in investment banking since 1922 when he joined Bankers Trust Co. He is also a director of Seatrain Lines, Inc., a trustee of New York University Bellevue Medical Center, Wesleyan University, and several other educational and philanthropic organizations.

Securities Distr's Formed on Coast

LOS ANGELES, Calif.—Securities Distributors, Inc., has been formed with offices at 5657 Wilshire Boulevard to engage in a securities business. Officers are Robert I. Higgins, President; Thomas J. Padden, Vice-President and Secretary; and Charles W. Gillies, Treasurer. All have been associated with Hayden, Stone & Co.

D. R. Henderson Opens

POMONA, Calif.—Dean R. Henderson is engaging in a securities business from offices at 1489 Vejar Street.

The Chemical Industry in The Decade of the 60's

By Norman E. Alexander,* President, Sun Chemical Corp. New York City

Having doubled its size in the past ten years, the chemical industry will accelerate that rate in the oncoming ten years, according to one of the leaders of that industry who predicts a banner year for 1960 despite record-high achievements last year. Mr. Alexander sees the industry challenged by the problems of a troubled world and the trial of achievement confronting our free enterprise system. The writer enumerates some of the large areas which offer above-average potential and the factors that explain the industry's dynamic growth, and he urges establishment of plants abroad.

The seeds of change are scattered all about us and barring the catastrophic, they are almost certain to bear fruit. The population is expanding, living standards are rising, productive activity is growing, new methods, new materials and new markets are springing into being. The prospective increase in the U. S. manufacturing and mining output over the next decade is almost as large as the whole of that output just 12 years ago. In 1947 industrial production amounted to $105 billion. In 1959 despite the steel strike it will come to $160 billion and in 1960 a 9% increase to about $175 billion, comprising one-third of the nation's total output of goods and services. By 1970 industrial production probably will amount to more than $260 billion. This would imply a compound rate of growth of a little less than 4% over the coming decade, or quite an improvement over the 3% growth the economy has achieved in the last few decades. We have the human and material resources to expand faster in the next 10 years than ever before in our history and to provide more goods, services and recreational facilities to more people than our economy has ever known. This is the promise of the decade of the 60's.

Norman E. Alexander

Defines Chemical Industry

Firstly, what do we mean by the chemical industry in America? We are referring to that segment that produces industrial organic and chemicals, plastic materials and synthetic resins, pharmaceutical products, soaps, detergents and cosmetics, paints, printing inks, agricultural chemicals and many miscellaneous categories. These products that I have just mentioned comprise the Federal Trade Commission category: Chemical Industry and Allied Products.

Figures for the chemical industry in 1959 broke all previous records and were a climax to a decade of extraordinary growth and development.

Despite a prolonged steel strike, sales for the chemical and allied products industries in 1959 reached a record figure of about $25 billion as against $23¼ billion in 1958. 1960 gives indication of a banner year. It is estimated that chemical sales will achieve a record total of $27½ billion, or an increase of 10% over the previous year. With volume up that much, the profits of the chemical industry after taxes, at an 8¼% rate of profit on sales, should reach $2¼ billion in 1960, this as against $2 billion in 1959 at an 8% rate, 1960 profits of about 15%. Chemical production has been growing faster than the total industrial output since the beginning of the century. Then, chemicals accounted for only 2.5% of all industrial output. By 1929 this figure had risen to 4% and by 1947 to 7%. In 1959 this share had jumped to nearly 11% and if even a continued conservative growth is projected until 1970, chemical output will probably exceed $40 billion or 15% of the value of all industrial production.

Because the chemical industry has a considerably higher than average investment in plant and equipment and a more rapid rate of obsolescence in products and processes, it needs a higher-than-average margin of profit in sales to produce a satisfactory return on investment. It has been running at a rate approximately twice that of all manufacturing. The industry's basic problem continues to be overcapacity in numerous chemical products. This has resulted in a generally weak or stable price structure during the last several years. None of the companies I have talked with appear to be optimistic about price strength in any broad, general areas. The industry, generally speaking, has been successful in partially overcoming cost increases by instituting operating economies. In the absence of any price relief, maintenance of profit margins remains a never-ending task of management.

The average chemical plant requires between one to two years to construct, in addition to uncertain shakedown periods, and consequently companies must plan ahead and build today for tomorrow's demand. This is one reason for the rather chronic condition of overcapacity. Another reason has been the entry during the past decade of companies from other industries, such as petroleum and rubber, into the production of chemical products. This entry continues unabated.

Outlines Dynamic Growth Factors

What are the factors that explain the dynamic growth of the chemical industry?

(1) The industry spent almost three-quarters of a billion dollars in 1959 on research or about 3% of each sales dollar and over 50% of the bill will go for work on new products or new product application.

(2) Competition within the industry itself has precipitated a rate of technical advance which makes it necessary for a company to grow or perish. No one can afford to stand still.

(3) The chemical industry provides products for almost every other industry and thus many areas are available for fruitful research. Because we are dealing with synthetic materials, we can go on combining these building blocks to produce an infinite number of products.

(4) The industry as a whole has many large, strong companies with substantial resources, depth in management, and impressive skills which help lead the industry into full and profitable exploitation of its potentials.

(5) The industry has a substantial cash flow which provides capital to finance further expansion. Most of the funds for 1960 capital programs will come from internal sources.

(6) And lastly, but of major importance, breakthroughs in new miracle drugs, high energy fuels, packaging materials, synthetic fibers, reactive metals and adhesives keep the industry rocketing to new sales peaks.

During the past decade the growth of plastics and petrochemicals has been breathtaking. Only 10 years ago, for example, production of polyethylene came to barely 30 mililon pounds. This year output will top one billion pounds and forecasts are for an increase to two billion pounds in 1965, which is a compound growth of 14% per year. There is considerable overcapacity in most plastics and the price structure has been weak in many areas. However, the versatility of plastics is such that new markets continue to be developed and take up the slack.

Synthetic fibers, such as the polyamides (nylon), polyesters (dacron) and acrylics, will probably grow at a reduced rate in the future. Shipments last year were over 600 million pounds, double the 1955 level, and forecasts indicate a one billion market in the early 1960's. Competition in this field is increasing.

Agricultural chemicals will continue to grow rapidly in keeping with the requirement for more food production per acre. In fact, there has been a 30% increase in yield per acre in the U. S. since 1950, largely attributable to new fertilizers and mechanization of techniques. Synthetic detergents will grow at a slower rate now that they account for about 75% of the combined soap-detergent market. Liquid detergents and detergent bars still have a relatively large potential.

Printing inks and chemicals for the packaging field should experience an above-average growth. Packaging industry growth rate has been running at twice the Gross National Product, and is expected to continue at this rate for the next decade.

The above review is not intended to be all-inclusive, but simply enumerates some of the large areas which appear to have above-average potential. In addition, the outlook continues bright for pharmaceuticals, insecticides, cosmetics and virtually every other segment of the industry. It is on this basis, that a continuance of the 100% growth in the chemical and allied product industries during the 1960's is being projected.

In order to have the capacity to meet this future demand, the chemical industry spent approximately $1½ billion on new plants in 1959. A rise of 20% in capital outlay is anticipated in 1960.

Chemical Exports and Imports

What of the international picture in the chemical industry and its contribution to profits? Our chemical exports will total $1½ billion for the year 1960, a small improvement over last year's figure. Chemical imports in 1960 probably will remain in the $300 million range.

We are taking into account the probability of increasing competition from abroad, the accelerated swing towards self-sufficiency and regional markets, and the fact that exports will play a slightly smaller role in total U. S. industrial output.

In speaking of international trade, we must adjust our thinking to changing situations. During the past 15 years at Sun Chemical Corp. we have gone through organization changes that have been dictated largely by events abroad. During the early period, an overseas division operated as an export sales deportment. This was later followed by licensing and "know-how" agreements with foreign companies, sometimes on our own, but more often in partnership with local companies. We are now proceeding vigorously with the establishment of our own plants in foreign countries. We have operated our own plans in Canada and Mexico for many years and have recently opened units in France, England, Venezuela and Australia. We are currently negotiating for further expansion into several other Latin American countries.

Urges Investments Abroad

Our industries must think of the global market where the establishment of American plants abroad is one of the effective ways of providing the products and jobs for an exploding world population.

In conclusion, I would like to ask the question—What do these facts and figures mean to business in 1960 and in the decade of the 60's? In the chemical industry I have projected a picture of unprecedented growth in sales, profits and productivity. However, higher operating and transportation costs, lower prices in new lines, higher capital expenditures and increased research expenses will tend to narrow profit margins.

The returns are not automatic—in order to insure the promise of the future, top management skill will be required.

Some lines of action should be underscored.

(1) Make certain that the corporate "fat" trimmed during the '58 recession does not sneak back during the challenging years ahead. Take advantage of the economies that have been made. Profit improvement and cost reduction techniques should not be considered emergency measures but rather continuing programs just like plant safety and fire prevention.

(2) Reexamine research program—are you spending wisely?—the pace is fast but the rewards are high—and the risks of failure to keep up are even higher.

(3) Investigate the overseas market, and discover the way in which to participate in its growth.

(4) Develop and train a strong management team—the foundation of any successful business.

In conclusion, Mr. John S. Sinclair, the distinguished President of the Conference Board, recently wrote: "Growth has been so much a part of the American way of life that we accept it almost as a natural phenomenon — like the weather. Can a nation grow faster than it has in the past if a more rapid rate is required to maintain its position in the competitive array of nations?"

In recent years the rate of growth in many of the European countries, and more particularly in Russia, has been twice as great as ours.

The chemical industry which has doubled its size in the past 10 years and is going to accelerate that rate in the next decade, will meet this competition.

It is clear that one of the great challenges that we as a nation face now is our ability to maintain a competitive rate of growth, not only for the maintenance of strength in a troubled world, but also as a demonstration to all that our free enterprise system has the vitality and flexibility to achieve the economic growth which will continue to give us the highest standard of living of any country in the world.

*An address by Mr. Alexander before National Industrial Conference Board, New York City, Jan. 22, 1960.

True Investment Security in This Year's Stock Market

By Robert M. MacRae, *Vice-President and Director of Granby Consolidated Mining, Smelting & Power, Ltd., Vancouver and New York; Director of Canadian and Collieries Resources, Ltd., Vancouver*

Current analysis of the stock market cites many "sobering factors" in the outlook. Mr. MacRae criticizes complacent belief of those who assume: (1) a never ending market rise; (2) leading common stocks and general real estate constitute a hedge against inflation; and (3) issues selected for capital gains are preferable to incoming producing ones. The author recommends pursuit of capital gains during a business low; frowns on exceeding 15 to 20 times price-earnings rule; and offers pointers on making the next ten years financially good ones.

An able student of financial affairs has said "It is much easier to make serious mistakes in good times than in bad." Optimism courts carelessness while fear and concern develop conservatism. The momentum of this past decade is not easily slowed, and therefore, it is reasonable to expect active business volumes and high investor optimism well into this New Year. There are, however, factors continuing to develop which in themselves could bring a complete reversal during 1960 of this presently happy situation. Full continuation of the policy of keeping part of one's terms in short-term bonds (as a cash reserve) and limiting other holdings to well protected income-producing securities or obviously under-valued special situations seem more prudent as each month passes by.

Robert M. MacRae

One of the most serious problems facing business is the continuing increase in operating costs. While the high "gross sales" are given wide publicity it is often overlooked that the main purpose of "investment in business" is to make a profit on the business being handled. The high ratio of labor costs to gross, the increasing cost of "money" when borrowed and the high income tax rates on the profits finally made, are resulting in an ever-decreasing "profit margin" in all too many business enterprises. The loss of foreign markets and the actual competition of foreign products imported into this country only exaggerate this basic problem. It is hard to accept the "promises of the coming glorious Sixties" without reflecting on these sobering factors.

Warns of Danger and Disappointment Ahead

In 1950, at the beginning of the past decade, most common stocks were generally considered fairly risky investments and for this reason were priced to yield well over 5% on dividends then being paid. On the other hand, high grade bonds were available to yield only 3% because it seemed "advisable to play it safe" in the difficult period that was just ahead. This skepticism is hard to realize today for hindsight now shows how great were the opportunities in common stocks which the general public was blind to see. This same blindness may be with us today—only a blindness to see danger and disappointment.

As year after year failed to bring a return to depression conditions, and as company after company found its income sufficient to actually increase dividend payments, common stocks increased in market value and in investment prestige. It is difficult to understand the vast difference in the general public's acceptance today of an ever improving business future and their high concern ten years ago when these same shares were available at only a fraction of today's market prices.

In 1929 it was possible to buy the highest grade bonds to yield a secure 5% return. These bonds were so well protected by earnings than even in the depths of 1932 there was no question about the prompt payment of interest and repayment of principal if due. In very few cases, investments which measured up to sound analysis in 1929 proved to be worthless in the coming years. The vast fortunes that were lost were traceable to unsound investment procedures and not to factors beyond the normal ability of sound investment advice.

There is a frightening similarity between 1929 and 1959. Today, again, high grade bonds are available to yield 5%. During the past ten years the income available on these top grade issues has increased from 3% to the present 5% return. Stating this income another way—$10,000 that in 1950 would yield $300 annually will today yield $500. By the same token, common stocks that in 1950 through 1955 would yield better than 5% are today selling to yield only 3% despite the large and substantial dividend increases of the past decade. Though today few would consider buying questionable foreign bonds, over capitalized bank stocks or highly touted investment trust issues—these at many times admitted valuations—the purchase of completely new electronic and "space age" shares, at prices as rare as the areas in which they pretend to operate, is considered as "investing for capital gains and long-term growth." These issues are not "required" to pay dividends for "to grow" they must reinvest all their expected profits in new products and new schemes. A few such companies (few probably means not over five) will become true investments in the 1960-1970 era and justify by growth and dividends even today's optimistic predictions. But just as the nearly 50 automobile companies that held some measure of promise in 1920 have been reduced to no more than five today—so will be the probable future of many of the glamour stocks of 1959. This is no more than a review of history, but history, like the advice of our parents, is seldom followed.

A great deal of the business completed during recent years has been done by borrowing from the future. The U. S. Government has the largest indebtedness in its history and during the highly prosperous 1959 could not even balance its income and outgo. This so-called "National Debt of $290 Billion" is only a small part of the full indebtedness of America today. By almost every measure Americans owe more today than at at any time in the past. The only exception to this may be in the stock market where strict Federal restraint and a 90% margin requirement on listed securities has "contained" speculation to some extent. But in other business activities—particularly in real estate—speculation is running rampant. The fact that America is spending more than it is saving is reflected in the current high interest rates. These rates are but the "thermometer of the times." When the greed for quick and easy riches—capital gain income rather than interest eanings—is as widespread in "Main Street" as it is today, it can be said that the "buying is poorer than the selling."

Complacent Belief in Upward Market

An alarming feeling of complacency is being shown of late by "new buyers" of common stocks who believe that by just owning these shares a never ending increase in value is assured. It is completely impossible for any large section of a people to protect themselves against inflation by purchasing investments solely within the country. If inflation of the American dollar is to proceed unimpeded, ownership of any normal list of leading common shares and of general real estate will prove incompetent as an inflationary hedge. This is especially true if these "investments" are purchased at prices far above their true worth in terms of present dollars.

Though it is popular to think of 1959 as a year of ever and constantly increasing share prices, a reflection of actual results of various stock groups shows this not to be the case. Great publicity has been given to the spectacular gains of a relatively few issues but little is said of the many new issues and secondary distributions which are already selling for less than the original offering prices. A fairly complete computation made recently showed that nearly 75% of the "special offerings" made during 1959 have declined—not advanced—in price. This type of "liquidation" is largely from informed shareholders who must view with some misgivings the current state of the stock market. An average of some 625 stock issues compiled by a leading investment service shows an average gain of less than 7% and most of this occurred during the first half of 1959.

Cites Jet Aircraft Industry

Only a few years ago it was realized by the airline industry that a change from piston engined aircraft to so-called jet powered planes was mandatory. The commercial production of these new jet planes was largely limited to a few companies and with such an assured market for their product it seemed they surely faced a profitable future. Today the Boeing 707 and the Douglas DC-8 have largely changed the traveling habits of the entire world and within another year or so will have completely replaced the piston planes in commercial usage. Yet, instead of reaping large rewards for their shareholders ever mounting costs brought losses instead of profits. The "gross volume of sales" was there but the profit margin disappeared. Douglas has omitted entirely common dividends, and Boeing, only last month, admitted it faced a rather gloomy near-term future. By hindsight it is clear that volume of business is not enough to insure earnings and dividends. The decline in market value of Douglas from $90 to $38 and Boeing from $60 to $30 shows that earnings—in the final day of reckoning — do control stock market prices.

To a somewhat lesser extent 1959 has been disheartening to investors in oil company shares, airlines, grocery chains, railroads, public utilities and natural gas shares. A poor market action was also shown by most mining company issues though these are considered along with oil shares as the best means to "protect oneself against inflation." The discouraging market action of most common stocks normally identified with "inflationary protected issues" makes it difficult to accept the reasoning that the present level of the bond market — the lowest in 30 years — is due entirely to fears of inflation. More properly it seems this is but a reflection of the current overspending of the American nation —personal, business and government—above present income.

See Deflation, Not Inflation, in 1960's

This borrowing against the future may have to be repaid under conditions much less promising than is present today. This alone should make the opportunity to purchase safe and assured income at rates to 5% all the more alluring as compared to the rather meager "income rewards" afforded by common stocks. There appears much more reason to fear deflation in the 1960's than inflation despite all the contrary opinions so widely held today.

There is no basis to assume that another 1929-1932 lies just ahead but it seems equally unreasonable to assume that 10 years of satisfactory business in itself assures an almost endless continuation. Our current high prosperity will in itself plant the seeds for less prosperous times. The rebuilding America has done in the Western World is now returning to us in the form of intensifed competition on a scale we have never seen before. This is not necessarily unsound from the longer term standpoint but it will create new, and for a time, difficult problems. Our present continuing loss of gold to foreign accounts can not be reversed unless we change our spend-thrifty ways. To continue on our present path can only mean complete loss of business leadership in the world. Our worst enemies could wish us no greater defeat.

It is discouraging to see potential stock market profits go by and not partake of the opportunities they seem to offer but any real investment program must have certain rules of operation. These rules have come to us from the study of financial history. For seemingly long periods we can abuse them and prosper against their guidance but in the end sound investment principles do pay off. To pay more than 15 to 20 times reasonably near term earnings usually is not a profitable use of capital. There will always be exceptions to any rule of this type but to follow the exceptions rather than the rule is to "gamble" rather than to "speculate." Today we should try to reach a "price" at which each and every speculative common stock we hold should be sold. Upon reaching that price—unless some most unusual situation has occurred—the stock should be sold and a substantial part of the proceeds placed in income producing issues. This is the soundest way to build for true investment security. Sometime in the future a reversal of this program will be in order but this will probably take place under far less "optimistic conditions" in general business than we are experiencing today.

When to Pursue Capital Gains

It is often assumed that only in periods of high business volumes and profits do promising "capital gain investment" opportunities exist. Actually, the opposite is often true. In periods like today boldness and even greed are required to assume the risks necessary to "pay more than a stock is worth" in the hope of reselling it later to another buyer at an even higher ratio to true value. In less promising times stocks usually sell for much less than true value and can be bought then with a certain confidence that a price reflecting a fuller measure to worth will be obtained in the future.

After long periods of high markets such as we have been seeing these past two years many shares have been bought at prices almost certain to bring regrets. The longer this period of "high prices" lasts the longer may be the period of discouragement so bound to follow. There is a children's game called "musical chairs" in which the unlucky have no place to sit. The sweet music from many years of business prosperity will not continue forever and when the "music stops" let not our present well being and financial progress also end abruptly. The past 10 years have been financially good to most of us and if we are not too careless now the next 10 years can be equally successful.

Ebasco Services Appoint Dollard

Paul M. Dollard, management consultant of Ebasco Services Inc., has been appointed to the general management consulting staff, it has been announced by Harold H. Scaff, Vice-President in charge of the firm's management consulting division.

Prior to becoming associated with Ebasco, Mr. Dollard was President and general manager of Central Foundry Co. of New York, N. Y., manufacturers of cast iron and fibre pipe. Previously, he served as President, general manager and a director of Century Engineers, Inc. of Burbank, Calif. and was also President and general manager of Daystrom Furniture Division of Daystrom, Inc., of Olean, N. Y.

A.S.E. Board Elects Vice Chairman

Charles J. Bocklet, a stock specialist, was elected vice-chairman of the American Stock Exchange board of governors at the board's reorganization meeting, according to an announcement by Edward T. McCormick, Exchange president.

Mr. Bocklet, an exchange member since 1936, has been a governor since 1952. He also served as vice-chairman in 1956 and 1957. He began his Wall Street career in 1923 in the employ of White, Weld & Co.

James R. Dyer, retiring chairman, was named by the board to the unexpired term of Joseph F. Reilly who was elected board chairman.

Mr. McCormick also announced the appointment of chairmen to head the ASE's standing committees: Joseph F. Reilly, board chairman, executive committee; Adolph Woolner, Bache & Co., committee on securities; John J. Mann, committee on floor transactions; James R. Dyer, Dates & Dyer, committee on finance; Gerald A. Sexton, committee on admissions; Harry P. Henriques, Jr., Walston & Co., Inc., committee on arbitration; John D. Warren, G. H. Walker & Co., committee on public relations, and John Brick, Paine, Webber, Jackson & Curtis, committee on business conduct.

The exchange's three public governors were also reappointed. They include Mrs. Mary G. Roebling, chairman of the Trenton Trust Co.; George Rowland Collins, Dean of the New York University Graduate School of Business Administration and William Zeckendorf of Webb & Knapp.

Eisele & King Branch

Eisele & King, Libaire, Stout & Co., members of the New York Stock Exchange, announced the opening of a branch office at 26 West 47th St., New York. Samuel Beck and Julius Schreiber are managers of the new office, and Harry Rosen is assistant manager.

The Promises and Problems Of "The Golden Sixties"

By Carrol M. Shanks,* *President, The Prudential Insurance Company, Newark, New Jersey*

Warning we can no longer work things out in our own way, "in our own good time," insurance head audits the difficulties standing in the way of tomorrow's bright economic promise of $750 billion real GNP in 1970, or an average family income of $8,500 instead of today's $6,500. The business leader offers a five point prescriptive guide centered on increasing our productivity and economic growth and disagrees with those who argue that price stability must be sacrificed in order to achieve full employment and economic growth.

The years ahead have been widely heralded as "The Golden Sixties." Optimistic forecasts predict an era of economic prosperity and material abundance.


Carrol M. Shanks

The opportunity is ours to make this a decade of accomplishment. But as the opportunity is ours, so is the obligation to think through carefully the problems that lie ahead.

The 1960's give high promise of becoming years of unparalleled prosperity of rapid economic growth, and of extraordinary achievement in science and technology.

Bright Side of the Picture

By 1970, the nation's output can exceed the staggering sum of $750 billion, in dollars of **today's** purchasing power. A decade hence, it is quite possible that we will be turning out goods and services at a rate of $250 billion higher than our present output—an increase of 50% in just 10 years. This growth of $250 billion is conservative in the sense that it is well within our capabilities. Yet it spells an increase in the size of our economy equal to the total present output of the United Kingdom, France, Germany, and Italy combined.

A rise to $750 billion in national output will mean that real average family income will exceed $8,500 in 1970, compared with just under $6,500 today. An end to poverty will at last be in sight as an increasing proportion of our families share in this growing prosperity. Americans will be able to command a host of new products, many of which are on the drawing boards only, or in the minds of men today. Our standards of housing will rise materially, with home building reaching a yearly rate of 1,600,000 units by 1970. Along with these material accomplishments, the decade ahead holds promise of achievements in science, health and education which dwarf anything we have seen so far.

This then is the bright side of the picture—the potential of the dynamic decade ahead. It is now up to us to strive for its fulfillment, first by acknowledging frankly the difficulties which may stand in the way, and second by devising policies for successfully overcoming these barriers.

Basic Requisites Must Be Met

In setting our sights for the 1960's, let us consider first the basic economic requisites of a $750 billion national output by 1970.

(1) **High Utilization of the Labor Force.** In order to achieve maximum economic growth, it is clear that we must have an economy which fully utilizes its labor force. On the average over the coming decade, unemployment must be kept down to the 4.0%-4.5% level which represents a practical definition of full and efficient use of the labor force.

We must realize, however, that this requisite alone will deliver very little of the economic growth which is our goal. By the middle of 1960, we will already be utilizing the labor force at the practical maximum, so that growth thereafter from this factor will be negligible.

(2) **Growth in the Labor Force Itself.** A greater contribution to output will come from the growth in the labor force itself. By 1970, our working force will total 87 million persons, or 20% more than today. Although this is a sizable increase in the number of workers, it is clear that if we rely on this factor alone the goal of a $750 billion economy by 1970 will be nothing more than an idle dream. Even if hours of work remain at present levels, the growth in the labor force by itself would produce only a $600 billion economy 10 years from now. And since the average work week is likely to fall by two hours, or by 5%, the resulting national output in 1970 would be only $575 billion.

Under these circumstances, even though total national output would rise by about 1.5% per year, real average family income would decline, and real per capita income would decline even further. It is clear, therefore, that the promise of the golden 60's would indeed be an empty one if our plans for achieving it rested solely on the growth in the labor force and the maintenance of a high percentage of employment.

(3) **An increase in output per manhour.** The real growth capacity of our economy during the coming decade can be realized only if we are successful in stepping up the advance in productivity, that is, in unit output per manhour. If we are to achieve a 50% rise in total production, we must aim for a 40% increase in productivity. This is a goal well within our capabilities, yet it is a goal which will not be achieved without changes in government and private policies and practices. It certainly will not be achieved until the average American has thought through the process of economic growth and convinced himself that a rising standard of living is produced only **through** rising productivity.

Bearing in mind the central significance of rising productivity for the achievement of our economic goals, what are some of the problems we must solve to make the '60s golden?

Urgent Problems to Be Solved

The problems facing us are not unique, or unprecedented. We have experienced them before. There is, however, a new urgency in finding effective and acceptable ways of resolving them. We can no longer work things out in our own way, in our own good time. We are being challenged by a hostile and rapidly growing foreign power, eager to surpass us in economic strength and military might.

I suggest a program centered on rising productivity and economic growth. I believe it would go a long way toward making the 1960's among the most rewarding decades we have ever known.

(1) **Increase Capital Investment.** The first, and most basic, step in any program aimed at economic growth must be an expansion, and more particularly a modernization, of the nation's plant and equipment. Rising productivity depends upon many factors—our achievements in education, our standards of health and morality, our environment of free enterprise, and the extent to which we encourage innovation and risk taking. But most directly and immediately it depends on the quantity and quality of our capital equipment.

It is difficult for a nation which is the industrial leader of the world to believe that its capital plant is becoming outmoded, yet that point is being brought home to us both by more rapid growth rates in many foreign countries and by increasing effective foreign competition even in heavy goods lines.

To stimulate the installation of the most modern machinery and equipment, I recommend that we amend our tax laws to permit more rapid depreciation of new plant and equipment and to allow for rising equipment costs in computing depreciation allowances. Permanent accelerated depreciation, as well as an allowance for rising costs, would not reduce total Treasury revenues. On the contrary, a more rapid rate of economic growth would enlarge the base against which taxes are assessed and would thereby increase the Treasury's actual tax collections. In this instance, we might well follow the example of Great Britain, Canada, West Germany, Denmark, Belgium, France, Italy, Sweden, Argentina, Chile, and Japan, which have already adopted such depreciation provisions.

(2) **Increase the Incentive to Save.** The second step in stimulating a more rapid growth rate is to step up the volume of saving in the United States. There is no question that in the years since World War II our real capital, consisting of factories, machinery, roads, schools, homes, and other permanent improvements, could have been increased much more rapidly had the volume of savings permitted.

There are those who still cling to the theory that stepping up the volume of savings leads to reduced consumer spending, less employment, and slower growth. This remnant of economic thought, held over from the particular conditions existing in the great depression of the '30s, is apparently based on the notion that savings are normally hoarded as inactive piles of money. In the modern economy, however, savings do not mean a reduction in spending, but a **redirection** of spending. Savings make possible expenditures on plant and equipment, housing, and other real capital goods, and these capital expenditures, in turn, create additional employments and incomes. Even though a greater **proportion** of income is being saved and channeled into capital goods, the total **volume** of income and of consumer spending is actually increased because of the rise in employment, incomes, and productivity. The effect of more savings and larger capital expenditures is to increase employment, raise incomes, stimulate consumer spending, enhance productivity, and strengthen economic growth.

(3) **Intensify Public Opposition to Inflation.** A third step which would contribute to more rapid growth in the coming decade is to improve the effectiveness of our techniques for controlling inflation.

I disagree completely with the view that creeping inflation is the inevitable accompaniment of full employment and rapid growth. Exactly the opposite is true. In the long run, price inflation destroys economic growth because it distorts the incentives to work, to innovate, and to invest. By causing a wasteful use of our labor and capital, in fact of all our resources, it acts as a brake on economic growth.

Consider, for example, the effect of inflation on our savings habits. One would normally expect that as a country becomes wealthier its ability to save and to produce capital goods would improve. The result would be a progressive stepping up in the growth rate. But in the United States the proportion of disposable personal income saved has declined from 13% in the 1920s to only 9% today. Similarly, the proportion of our real gross national product devoted to plant and equipment and to housing has declined from 17-18% in the '20s to about 14% at present. What has produced this striking change in our national savings habit?

I think it has been due largely to a growing fear of inflation. Creeping inflation, and the expectation that it will continue, destroys the incentive to save. Consumers become more interested in speculation, more concerned with protecting their own purchasing power, more intent on current consumption, than with providing the savings indispensable for enlarging and improving our capital plant.

I believe we will be more effective in meeting the problem of inflation if its effect on our growth rate is more widely understood. Inflation is an evil partly because of the injustices which it produces between different groups in society. It is also an evil, however, because of its dtstructive effect on savings and the production of capital goods, which constitute the basic requisite for rapid growth. An examination of the postwar history of the principal countries of the world lends no support to the view that inflation hastens economic growth, and there is strong evidence that relative price stability has been an important element in explaining the outstanding records of such countries as West Germany.

A wider public understanding of the destructive effect of inflation on economic growth can lead in the decade ahead to greater moderation in the price and wage demands of business and labor. High prices which reduce output result in the end in lower profits. Feather-bedding, makework practices, and inflationary wage demands reduce productivity which is the ultimate source from which all increases in real wages must come.

(4) **Promote an Environment Conducive to Free Enterprise.** A fourth step toward more rapid economic growth is the promotion of an environment in which competition will flourish, in which no group in our society is permitted to wield unrestricted monopoly power. Now more than ever, as our nation becomes economically comfortable, we face the danger of becoming complacent on this score. We need to promote a system in which labor, capital and above all, prices respond freely to changing consumer preferences.

It is wrong to assume that price and wage policies play no part in how much we produce, in how many people are at work, or in how rapid is our rate of material progress. The exercise of monopoly power, whether by business or

Continued on page 27

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks found support this week when the industrial average had worked down to the low of last September when the selling inspired by the steel strike finally tapered off. The resistance area was around 613-616 and the lowest hourly posting was 614.58.

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While the rebound from that point was fairly impressive, the successful test of the low did little to clear away all the clouds hanging over the Street. For one thing, volume dropped off rather sharply immediately after the initial elation. And since the major ailment of the market so far this year has been the lack of buyers, the volume indications were being watched rather closely. Up to here the inroads made on the list have been on light volume and any indication of either expanded liquidation or widespread buying could point the future course of the market for the next several weeks.

Blue Chips and Space-Agers Lead

In its daily swings, the market leaders—both up and down — were still the solid blue chips of the list, such as du Pont, Owens Glass, Eastman Kodak and, for a new face in the group, American Tobacco. Steels were far from buoyant, even when the overall market was inclined to do better. Industry reports that the pipelines were being filled far more swiftly than had been expected put the high operating rate of the steel mills in jeopardy. And few seemed willing to take on commitments in steels if the operating rate is due to start downhill.

* * *

Space age issues in rocketry and electronics were able to keep pace with the blue chips generally. Nevertheless, some had contrary moods and, like Texas Instruments, even to counter in a strong market with sour price action. The senior electric issues took their cues directly from the quality items.

Motors Active

Motors were in much favor apart from mild seesawing in tune with the general market. American Motors and Studebaker issues were well up the activity roster but they made no overall progress. The disposition was to wait on how the profits will fare in the compact car struggle. If, as some circles hold, the small cars of the Big Three succeed at the expense of their more luxurious, and more profitable lines, the profit pictures won't be overly cheery. If they succeed at the expense of the independents, that too will call for a reappraisal.

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Rails, with a strike threat still hovering over them, did little spectacular although the section did fight the downhill pull more times than not. But it didn't stop their index from posting new 1960 lows in tune with the industrial average. But it was still holding grimly above the low of last November at which time it posted its 1959 low.

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Louisville & Nashville, a quality road, derives about an eighth of its revenues from traffic connected with the steel industry and as a result was more seriously hit by the strike than other carriers. And that made it something of a leading candidate for a good earnings improvement this year to several analysts. Also attractive, in all the talk of the better yields on bonds than on stocks, is L. & N.'s return that runs close to 7%.

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Illinois Central also had an earnings trim last year and is likely to bounce back well this year. The line has one of the fatter cash positions of any railroad. Its dividend payout has been conservative, amounting to only about a third of 1958 earnings and well under half of last year's results. So it is a dividend-improvement candidate on any good pickup in earnings. Of the little more than three million shares outstanding, some 23% are not available to the market since they are held by Union Pacific.

Shifting Interest in Steel

The interest in steels seemed to be shifting toward the smaller specialty producers where the profits reports can be more volatile although Republic Steel in the majors was still highly favored in spots. The reasons are that it is reasonably priced at around nine times estimated earnings for this year, which are expected to jump to $7.50 or better, which, again, leaves the $3 dividend rate well covered with room for possible improvement.

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Senior chemicals so far this year have been among the more volatile groups with wide swings either way in tune with the market rather conspicuous. The more promising of the other more neglected chemicals would seem to be Monsanto. It has a 50% interest in Chemstrand with its nylon and acrilan products and, as a matter of fact, a similar interest in other ventures to diversify its products. Some of these, like Chemstrand, took time to get going and to a degree prompted the lack of interest in the parent's stock.

Chemstrand now, however, is making rapid progress to help the parent company along. Monsanto's results last year included record sales and profits. Where times-earnings ratios normally are high in the chemical section, and lately have been even higher than normal, Monsanto is still available at a moderate 18-times which is modest by chemical yardsticks. Monsanto is not a fixture on any high-yield charts, retaining its earnings for internal purposes and larding its dividend with a 2% stock payment. Some are hoping that in time with rising earnings, the cash will be increased.

"Resisting" Issue

Among the issues that have been showing superior resistance to the market turndown, and hence are getting concentrated attention from the market analysts, is Universal Oil Products. The stock was a disappointment for a long time after it was first sold publicly, sagging below the offering price and showing little intention of doing better. This, in turn, brought in disappointed liquidation. But this important research and development organization seems to have come in for some institutional attention lately to be able to reverse its market pattern so convincingly. Projections for this year's earnings are encouraging, particularly on the promise of booming business generally.

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Aluminums have also had their followers, obviously, but they weren't immune to sinking markets at times. But rebounds were good. They are not for those looking for yields, the return on Reynolds Metals down to less than 1%. But the company has merit as a growth one and has other strong points, notably control over ore reserves that could last for 75 years at the current production rate. It has been notable in opening new markets, particularly that of selling molten aluminum to the auto makers. It is the only aluminum company that does.

Interesting Defensive Item

As a defensive item, El Paso Natural Gas was given a high rating in many of the market letters. The company's business is thriving; it is currently working on a large-scale expansion program. It has varied stockholdings in other gas companies and pipelines, has been getting its rates boosted, and seems headed toward a good year in 1960. One added advantage in El Paso is that a large portion of dividends is tax free and this condition should persist over the next few years. The exemption covered four-fifths of last year's distributions.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Pacific Lighting Corporation

Pacific Lighting, the largest retail gas distributing system in the United States, serves a population of 7,700,000 in southern California, including Los Angeles and other large cities. Revenues now approximate $307 million. The area served includes rich farm areas and oil producing districts. Revenues are about 65% residential and commercial, 28% industrial, 6% wholesale and 1% miscellaneous.

The company has enjoyed excellent growth so far as revenues are concerned—they have tripled in the past decade. However, this gain is due in part to higher rates—in the period 1953-58 the average rate paid by consumers increased 28% but average sales per meter increased less than 6%, being retarded by warm weather. Saturation in gas house-heating is around 99% so that Pacific Lighting does not enjoy the special growth factor enjoyed by companies like Northern Illinois Gas and Brooklyn Union Gas, which have been converting many customers from oil to gas heating.

The company has had very bad luck with weather conditions in the last two heating seasons and the present season does not seem too auspicious, although statistics on degree days are not yet available. Degree days declined steadily from 2,014 in 1955 to only 1,327 in 1958—the lowest since 1940 and 25% below a 20-year average.

In addition to the erratic weather in California and its effect on sales, the management of Pacific Lighting has to worry about maintaining rates at an adequate level and obtaining an adequate supply of gas to supply growing needs. California gas utilities, unlike those in New York and some other states, have not been granted the right to increase their rates automatically to offset the increases imposed by their suppliers (due to higher field prices). This has involved a series of applications for rate increases, which keep stockholders and investors in some doubt regarding regulatory lag and the true earning power. Moreover, the problem of regulatory lag is increased by the fact that one subsidiary, Pacific Lighting Gas Supply Company, first buys gas from suppliers and then resells it to the other two subsidiaries which act as retail distributors.

In theory, Pacific Lighting's subsidiaries were allowed good rates of return (well over 6%) in the rate increases received in 1957-58, but these were based on assumed average weather conditions. To what extent the failure to realize these returns was due to weather, and how much to regulatory lag, it is hard to estimate. Based on "end of period" net property, only 4.7% was earned in 1957, 5.4% in 1958 and 5.1% in the 12 months ended June 30, 1959 (as computed by Standard & Poor). Last fall the Gas Supply Company filed for an increase of $4,686,000 additional revenue based on a 7% rate of return; and the other two subsidiaries filed recently for increases. These increases will apply to gas to be received from the new Transwestern Pipe Line.

The company announced recently that it plans to spend nearly $87 million on new construction in 1960, the largest amount in its history (only about $52 million was spent last year). Some $36 million of the new budget will be for construction of two transmission lines in California to receive delivery of out-of-state gas. The new pipeline connecting with Transwestern Pipe Line is to be completed this summer, it is understood with intrastate supplies limited, out-of-state deliveries are expected to increase from 1.1 billion cf daily to 2 billion cf in the next few years.

Of the 1958 gas supply, El Paso contributed 76% and California producers 24%. Gas purchase costs averaged 25.9¢ per Mcf and the selling price 62.69¢ El Paso is now delivering nearly 1.1 billion cf to Pacific Lighting and this will be progressively increased to 1.6 billion during the next four years. Transwestern will initially supply only 0.3 billion cf daily.

Pacific Lighting's share earnings have shown considerable irregularity due to weather and other factors $1.98 was earned in 1948, but in the next year the company failed to cover the $1.50 dividend rate by 7¢. In 1950 earnings nearly doubled to $2.94, but again dropped precipitately in the following year to $1.68. In later years they have fluctuated between $2.00 and $2.84 (while earnings of $3.03 were reported by the company in 1958, this figure was based on average shares; on the outstanding number only $2.73 is earned.

Pacific Lighting's traditional $1.50 dividend rate was raised to $2 in 1954, to $2.20 in 1958, and is $2.40 currently. At the recent price of 48½ the stock yields nearly 5% and sells at 17.6 times estimated 1959 earnings of $2.75.

N. Y. Security Analysts Education Program

The New York Society of Security Analysts has opened its 1960 educational program for its members with a basic orientation course on sales and consumer finance companies.

Raymond W. Hammell, chairman of the Society's Education Committee, in an announcement to members, stated that the lectures are being given by 10 officers of The Bank of New York and Pacific Finance Corporation.

The lectures are the first jointly-presented course to be conducted under the Society's continuing industry-education program which was inaugurated in 1958.

EBSCO Branch

HUNTSVLLE, Ala.—EBSCO Investment Services, Inc. has opened a branch office at 2323 Brandon Street, Southwest under the direction of Henry C. Jones, Jr.

General Bond & Share

DENVER, Colo.—General Bond & Share Co. has been formed with offices at 933 South Euclid Way to engage in a securities business. Sam C. Pandolfo III is a principal of the firm.

Form Universal Secs.

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Ill.—Universal Securities Corporation is engaging in a securities business from offices at 1027 South Second Street. Officers are Robert R. Powell, President; Arthur R. Thomas, Vice-President; Oneita Powell, Secretary; and M. L. Thomas, Treasurer.

Economics in Basic Texts Versus Actual Practice

By Dr. Arthur O. Sharron, Associate Professor of Economics
Duquesne University, Pittsburgh, Pa.

On-the-spot study of 12 representative firms in different industries prompts economics professor's criticism of elementary economic textbooks. Dr. Sharron's analysis notes practices and ideas of consequences which he says are omitted from elementary texts, implicit biases said to exist in texts, and other shortcomings. Concerned about the pace of our real economic growth and lack of savings-flow for investments, Prof. Sharron relates this to the amount of economic unreality prevalent for which he holds economic texts partly to blame.

Several groups of economics professors are given opportunities to visit firms during part of their summer vacations. The author had such a privilege last summer under the guidance of Case Institute of Technology in Cleveland and the sponsorship of Republic Steel Corporation. This experience has made it easier to understand textbook economics, its shortcomings and their significance.

Prof. A. O. Sharron

Twelve firms were visited. No attempt was made to indoctrinate anyone with any particular point of view. Possible differences between textbook economics and industry practice were not even suggested.

Firms Visited and Random Observations

Fallacies contributing to the tragedy of our growing collectivism stem in part from weaknesses of omission, more than of commission, in elementary economic textbooks. Here, for example, are the names of each firm visited and important ideas obtained therefrom not often found expressed in such texts:

1. Republic Steel Corporation:

While major integrated steel producers are cited as illustrations of monopoly capital, used to characterize the capitalistic economy in America, labor monopoly can now be cited to illustrate the economy in America. This monopoly can obtain wage increases even when the demand for the output of labor is diminishing, and despite the resultant accelerated substitution of capital for labor even when capital is scarce.

2. Roadway Express:

Labor organizations can consist of an organized minority dominating an unorganized majority, largely because of apathy of the latter.

3. Firestone Rubber Company:

A shorter work-week resulting in higher labor costs will not make possible spreading of work. Either more machines will be used or less sales will follow increased prices. In fact, it will have the opposite effect of spreading the work when it makes possible "moon-lighting" or the holding of two different jobs.

4. Ferro Corporation:

Where only a few firms exist in an industry, potential firms are kept out often because of their failings as well as because of the exercise of market competitive advantages by the existing firms, who should not be blamed for the lack of new entrants and the benefits which would result from them. For example, in this industry producing enameling materials, new entrants in different countries after operating for some period, find that they lack technical "know-how" in research and development and choose to become part of the Ferro complex to avoid failure.

5. The Chesapeake & Ohio Ry.:

The early monopoly conditions of railways and the past need for the Interstate Commerce Commission and the regulatory commissions in the State governments to fix maximum rates should not justify present practice where minimum rather than maximum rates are being set and where the monopoly exercise is not in the railways but in the commissions themselves, attesting to their obsolescence.

6. The Cleveland Trust Co.:

The local bank plays a delicate and important role in contributing to the optimism and favorable business climate of the community without encouraging speculative greed and overly expansive and venturous investments.

7. Federal Reserve Bank of Cleveland:

Even though interest rates tend to equilibrate the supply and demand for loanable funds, the factors which contribute to the rate of investment are many. Consequently, a cheap money policy on the part of the fiscal authority may prove ineffectual in stimulating investment if the security and earnings of capital are disturbed by these other factors.

8. Cleveland Electric Illuminating Co.:

Here is another monopoly, which is dynamic and competitive, expanding sales and reducing costs so that the average kwh. cost has been decreasing rather than increasing, even below the cost of the community-owned generating plants.

9. Warner & Swasey Company:

While the typical machine tool company is characterized by prince-and-pauper business fluctuations, practice increasingly indicates considerable stabilization of sales through product diversification and even more stabilization of employment through flexibility of job assignments, made possible by mutually advantageous cooperation between labor and management.

10. Lincoln Electric Co.:

The worker is, in a way, a subcontractor, despite the fact that he does not have legal title to the facilities he uses. Here we have a practice which illustrates a type of contractor-subcontractor relationship between management and labor. There are jobs to be done rather than job-descriptions to haggle about. Workers inspect and reject their output on the honor system because they are convinced that in the final analysis they are working for themselves, with management providing facilities and supportive assistance. The results are quite remarkable, for workers here earn twice the rates of pay prevailing in other producers of competing products.

11. Watkins Furniture Stores:

Unionization or banning of Sunday sales would put this company out of business just as either union-imposed or government-imposed restrictions can and have put other firms out of business as well as having prevented new business ventures.

12. Northern Ohio Food Terminal:

A particular middleman, such as a broker or a less-than-carlot receiver, may be eliminated by marketing changes, but the function performed is taken over by someone else, as in the case of direct buying by chain stores. Similarly, many functions in food preparation have been taken over from the housewife by the food packaging industry. The implicit and latent animus towards the middleman, often inadvertent, can be dispelled by focusing greater attention on the essentiality of the function.

Implicit Biases

In addition to the omission in many elementary economic texts of the random list of ideas expressed above, there are often implicit biases associated with such omission, as follows:

(1) Government control or regulation of business somehow screens out the *laissez-faire* evils of business without a concomitant creation of new evils in government, and therefore, to be guarded against vigilantly.

(2) Business managers are opportunistic and mercenary, while political officials and bureaucrats are altruistic since the profit motive applies to business and not to government, without realizing that precisely for this reason private management would tend to be more responsible than public management.

(3) Economists are more humanitarian and social-minded than business managers because their theoretical focus is on the overall economy rather than on the individual firm. This difference in points of view often make the economist cavalier about the individual firms, while the business manager is sensitive to individual business failures even of closely competitive firms.

(4) Private investments for profit are not for the common or social good to the extent that are government investments. Authority without ownership responsibility can make for a cumulative process of waste, inefficiency and frustration, eroding away individual dignity and freedom and placing a minority in jeopardy as potential scapegoats.

(5) Management is not as responsive to the needs of workers for security, status and rising standard of living as are politicians in search of votes. However, management provides permanent and, therefore, real betterment out of expanded wealth, while politicians usually provide only temporary betterment at the expense of others or of future wealth and income.

(6) Irrational individual behavior can be corrected by group behavior. However, group behavior can be just as irrational, and with greatly compounded damaging effects, since group behavior is all too often the behavior of individuals in power positions, who are primarily interested in the expansion of their power rather than in the objective solutions of problems.

(7) The seeds of totalitarian government rest in management rather than in labor. However, totalitarian government is a mass movement pushing towards despotism in the name of democracy.

(8) Management and labor are natural enemies competing for shares of the national product. This overlooks the fact that the national product increases for both only with the cooperation of both.

(9) Economists and other specialists can provide magic prescriptions for the proper allocation of productive resources for the betterment of society. However, no matter how well-meaning these specialists, the very process of planning is restrictive and even destructive of initiative, the greatest of all sources of wealth and betterment of society.

(10) Social scientists are objective and free of value judgments. However, the failure to collate particular mental or theoretical models with actual situations can be a biased act, usually related to a subjective vision of what society should be, and of what role the social scientists can play in such society.

Marginal Analysis

Marginal analysis is a mental or theoretical construct often resulting in conclusions which the unwary assume to be the facts about the real world. For example, because firms do not maximize profits precisely according to the marginal analysis, it is suggested that business is more capricious than objectively competitive.

Naturally, few firms have cost data showing the actual costs for cumulative increments of batches of particular items produced. Similarly, they do not have revenue data for successive batches of particular items sold, giving effect in the incremental revenue of price cuts associated with greater numbers of units sold.

Consequently, the data do not exist to fit the mental construct of marginal analysis, which in the case of profit maximization refers to expanding production until the dollar profit is at its greatest possible aggregate, where unit production costs have turned upward above their lowest point. As a matter of fact, even if such data did exist, it is rare that production would be extended into the range of increasing costs because declining unit fixed costs often more than offset rising unit variable costs, and also because capacity is ample for achieving a market share which the firm considers to be consistent with the security of other competitors and their employees.

The variance between theory and practice as far as profit maximization is concerned should not suggest that the mental constructs are not useful intellectual tools. These tools enhance the initiative and self-reliance of the manager. The fact that qualifying and limiting factors exist for measuring and perhaps reaching the theoretical maximum profit is no basis for denying the existence of strong tendencies to produce as much as possible at the lowest possible cost—which most people will agree is in the public interest.

Many economic textbooks imply a monopolistic restriction of output at artificially maintained prices, a conclusion reached largely from theoretical models, failing to recognize that administered wages are often the contributing factor to the restriction of output at high product prices.

Another confusing impression given by texts along this line can be seen from the presentations on the theory of the marginal productivity of labor. The implication left with some students of elementary economics is that increased returns of labor are attributed to improvements in labor under the heading of labor productivity. One reason, perhaps, for giving capital a role of secondary importance is the frequent implication that the ability of labor to withdraw from the production process makes possible its increased earnings, without explaining that the productivity of capital is in fact of primary rather than secondary importance. This failure to attribute labor earnings precisely to capital productivity is partly responsible, perhaps, for the many featherbedding rigidities and restrictions imposed by labor with the effect of curtailing the full capacity of capital to provide even higher earnings for labor.

Aggregate Analysis

Perhaps the most serious confusion of theory and practice lies in the relationship between savings and investment as determining the level of income and employment. While few economists will dispute the theoretical relationships that may exist among these aggregates, an increasing number of economists are aware of fallacious policies originating from the hypothetical formulations unsubstantiated by fact.

Many basic economic texts point out that if the flow of funds is less than the flow of goods, the result will be an accumulation of inventories generally and a reduction in employment and income. These texts usually do not elaborate further and hence give the impression of the existence of quantified relationships, wherein doing a specific thing can assure the synchronization of the flow of goods and the flow of money. Internal lack of synchronization in particular areas and cost-price relations are overlooked.

Some texts even suggest that since excessive *individual* savings reflect greed, that in the aggregate savings have to be watched. With such a focus, it is small wonder that a prejudice against savings exists as it does. Government efforts to tax savers and make transfer payments to so-called spenders are encouraged. A low propensity to consume is considered injurious to the public welfare and a high propensity to consume is considered desirable. More than this, we have the implication that macroeconomics is better than microeconomics.

The fallacy of this reasoning can be seen from a more precise statement of the basic principle of Keynes: that the so-called excess of intended savings over intended investment will result in a decline in income, and also of intended savings, as these become actual savings, to the level of the intended investment. This principle is correct perhaps. However, the policy implication that it is due to excess savings is incorrect. It may be due to a cost-price squeeze or a decline in profit expectations. An insufficiency of intended investment should not be interpreted to be a surplus of intended savings when carrying out policy, although the interpretation may be valid in theory.

The result of incorrect policy is an aggravation rather than a correction of the cost-price squeeze as savings are discouraged. Increasing purchasing power at the expense of investment actually results in less employment and less purchasing power than would otherwise obtain beyond the short-run, as the great depression should serve to illustrate. There were still more than ten million unemployed in 1941.

Another reason for the bias in favor of consumer spending and against job-creating investments is the frequent neglect of Say's Law in basic economic texts. This law expresses the idea that the outpayments for production can constitute the income and purchasing power, given a condition of internal market flexibility, for consumption of the goods and services produced. This should be obvious to students of aggregate economics, since the value of the net national product is equal to the national income. However, students are frequently left to wonder how are the goods and services produced to be consumed? They often have the fear that the market generally will reach a point of saturation, despite the fact that few of them expect to be satiated with goods and services (and voluntary leisure) during their lifetimes.

The effects of these fallacies, prejudices, and fears are many indeed. Government activities have expanded tremendously and permanently without the originally promised benefit of "pumpprimed" expansion of private investment. Instead of merely avoiding deflation, inflation has persisted and diverted funds from long-term to speculative ventures and caused the seeds for the next depression to begin to sprout. The economic growth of the nation as measured by the gross national product adjusted for price changes and population increases has been only one-fourth of 1% per year since the end of the war. This rate is seriously insufficient, reflecting a general shortage of savings and investment, a fact well-known in practical economics although virtually ignored in many basic texts.

Much of this insufficiency of real growth has been strongly suggested to stem from a false preoccupation with government stimulation of purchasing power in the name of social welfare. Correlative to this is a companion fear of overproducing resulting in a combination of excessively subsidized and encouraged unemployment, institutionalized and fixed idleness among the employed, and, finally, and perhaps most important, extensive unwanted leisure on the part of persons outside of the labor force (therefore not technically unemployed) who would wish to be engaged in productive activities were they available at satisfactory returns.

It is hardly in the interests of social welfare to burden the private economy with a vast bureaucracy and to foster rigidities and restrictions on individual initiative and economic freedom with the effect of not satisfying perhaps hundreds of billions of dollars worth of wants. These could have been met and still could be met for genuine social betterment, security and stability.

Chas. Plohn Heads Sta-Brite Offering

A public offering of 140,000 shares of common stock of Sta-Brite Fluorescent Manufacturing Co. was made by Charles Plohn & Co. and associates at $5 per share on Feb. 8.

Sta-Brite, formed in 1947, is principally engaged in the manufacture and sale of commercial and residential electric lighting fixtures through national wholesale distributors and jobbers. Sta-Brite's line is handled on a national basis by Graybar Electric Company, General Electric Supply Company, and Raybro Electric Supplies, Inc., none of which corporations manufactures fluorescent lighting fixtures. These distributors purchased fixtures for their own stock, as well as promoting the specification and sale of Sta-Brite's products to their own dealers.

In July 1959, as a move toward diversification, Sta-Brite purchased all the stock of Sta-Rite Muffler Shops, Inc., and operates the latter organization as a subsidiary.

Net proceeds from the sale, approximately $560,000, will be used by the company for plant improvements, opening new Sta-Rite Muffler and brake stations, new product engineering and promotion, national advertising and promotion of all Sta-Brite products, and for additional working capital.

Sales for the year ended June 30, 1959 were $863,000 and net profits were $12,300. For the three months ended Sept. 31, 1959, sales were $259,000 and net profits were $19,700.

Including the stock now being offered, the company will have 300,000 shares of 10 cents par value common stock outstanding.

Now With W. E. Hutton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Edward F. Doyle is now with W. E. Hutton & Co., 75 Federal Street. He was formerly with Goodbody & Co.

Chicago Analysts Announce Program

CHICAGO, Ill.—The spring schedule has been announced for the luncheon meetings of the Investment Analysts Society of Chicago, with the following companies to be featured: Feb. 4—Brunswick-Balke-Collender Co.; Feb. 11—Eaton Manufacturing Co.; Feb. 25—General Telephone & Electronics Corp.; March 17—Sprague Electric Co.; March 24—W. T. Grand; April 7—Sheraton Corp. of America; April 14—Halliburton Oil Well Cementing Co.; April 21—Allis Chalmers; April 28—National Lead Co.

The Mid-West Forum will be held at the meeting March 3.

Now With Keller Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Harvey M. Simon is now with Keller & Co., 31 State Street. He was formerly with C. H. Abraham & Co., Inc.

What Are We Doing to Foster Science Education?

By Roger W. Babson

The little we are doing to develop our student's curiosity and ability to find out the resason for things and to discover exceptional talent so we do not fall behind the Russian's advancement of the Sciences is summed up by Mr. Babson as inadequate. He compares the little we are doing on a voluntary basis with the U.S.S.R.'s method in a tribute to the work of William Guild of St. Petersburg, Fla., in developing Science Fairs, Science Clubs, and Previews-for-Teachers in 51 Floridian cities and to the work of the Osborn Creative Educational Foundation of Buffalo, N. Y.

When I was in Moscow, getting statistics relating to its public school system, I was asked what we are doing to teach science to our teenagers. By "science" the Moscow school authorities mean mathematics, physics, and chemistry.

What Are Science Fairs?

For definite information I could think only of the work of William Guild of St. Petersburg, Fla. in developing Science Fairs, Science Clubs, and Previews-for-Teachers. This work especially interests me as it discovers young people with exceptional natural talents. Any of these might easily become an Edison or a Steinmetz or some other great inventor if given individual attention when young.

Since my return, I have mailed back to Moscow clippings from newspapers describing this work. I have also mentioned the work of the Osborn Creative Educational Foundation of Buffalo, N. Y., which is endeavoring to awaken the creative possibilities in all people. Both of these are non-profit institutions supported by gifts from interested donors.

What Makes Grass Green?

Guild's theory is that the true scientist is the one whose curiosity has led him to inquire into everything that 99% of the people take for granted. At an exhibit given by youngsters at Tampa, Fla., I noticed a boy with four saucers on his desk. One had green peas, another yellow carrots, a third red beans, and a fourth white corn. When I asked him why they were on his desk, he replied: "To make me curious as to why the different colors from the same soil, same water, and same sunshine." He is much unlike a U. S. Secretary of Defense who is reported to have said: "I'm not interested in why the grass is green."

The primary intent of these Science Fairs is to stimulate a youngster's native curiosity into a lively desire to find out the reason for things. If he "catches fire" and his imagination is stirred, he is on the way to becoming a great scientist. Russia makes her selections in a rough and heartless manner; but Mr. Guild does it on a voluntary basis—let the youth, instead of Mr. K., decide his future.

United States and Russia Compared

Yet I am happy to say that this voluntary American program is already being used in 51 cities of Florida alone, and I do not know how many are starting in other states; while the Moscow system is hunting for prospects in over 1,000 Russian cities. This is something that our Defense Department should take seriously. I would like to see the Guild Science Center given each year for this work the cost of one missile experiment. It would save our country a billion dollars a year as well as perhaps prevent World War III.

I hope this story will cause the superintendent of schools in wide-awake cities to send for further information. There is no cost to any city for putting on a "Science Fair." It interests the teachers and parents greatly. In fact, these "Fairs" could help in selecting new teachers; the more useful teachers like to be in a city which operates a Science Fair once each year, and the kids certainly love it all.

World's Most Marvelous Machine —The Human Brain

Once at a dinner in London I was so fortunate as to sit next to George Bernard Shaw. Among other questions he put to me was this: "Why is it that the most marvelous of all machines, possessed by everyone, is so seldom used and why does this especially apply to you Americans?" When I asked him the name of this most marvelous machine, he replied, "The human brain, used to less than 5% of capacity."

I then asked him how the use of the brain could be increased, and he replied, "By developing people's curiosity . . . 95% of what you Americans read or hear actually goes in one ear and out the other. It is only when something heard or seen develops one's curiosity that this marvelous brain works for a few minutes." This is what the Science Center is trying to do. I wish William Guild would not be content to apply the work only to youngsters. Bankers and investors are especially guilty of acting upon "tips" instead of thinking about and studying the valuable facts which are available.

Morgan Stanley Heads World Bank Offering

An underwriting group composed of 181 investment firms and commercial banks and headed jointly by Morgan Stanley & Co. and First Boston Corp. placed on the market on Feb. 9 a new issue of $125,000,000 International Bank for Reconstruction and Development (World Bank) 25 year 5% bonds of 1960. The bonds, due Feb. 15, 1985, are priced at 100% and accrued interest to yield 5% to maturity.

The bonds are not redeemable prior to Feb. 15, 1970. As a sinking fund the bank will retire $3,750,000 of the issue on or before Aug. 15 in each of the years 1970 through 1979, and $5,000,000 on or before Aug. 15 in each of the years 1980 through 1984. The sinking fund is calculated to retire 50% of the issue prior to maturity. The sinking fund redemption price is 100%. The bonds are redeemable on or after Feb. 15, 1970 at the option of the bank at 102½% to and including Feb. 14, 1975 and at decreasing premiums thereafter.

As in the case of other World Bank issues sold in the United States in recent years, in addition to offering the bonds for regular delivery the underwriters will extend to certain institutional purchasers the privilege of taking delayed delivery on one or more quarterly dates through Feb. 15, 1962. A commitment fee at the rate of ¾% per annum from Feb. 24, 1960 to delivery will be paid by the bank under the delayed delivery contracts. Purpose of the delayed delivery arrangement is to enable the bank to coordinate a portion of its borrowings with loan disbursements and permit purchasers of the bonds to suit individual preferences in the light of their own projected cash positions.

This offering marks the 11th issue of World Bank bonds to be marketed in the United States on a negotiated basis by underwriting groups managed jointly by Morgan Stanley & Co. and First Boston Corp. The last previous sale was a $100,000,000 issue of 15-year 4½s in November, 1958. The net proceeds of the current issue will be used in the general operations of the bank.

Giving effect to the present issue, retirement of $25,000,000 4⅜% notes of 1957, the issue of $13,961,605 equivalent of 12-year Swiss franc bonds of 1960, delivery of bonds under delayed contracts and $47,619,048 equivalent of notes under a Deutsche mark borrowing arranged in December, 1959, to be drawn down after Jan. 31, 1960, the bank's funded debt will be $2,159,402,654, which includes $1,749,866,000 payable in U. S. dollars and the equivalent of $409,536,654 payable in other currencies.

From its establishment in 1946 to Dec. 31, 1959 the bank had entered into loan commitments in an aggregate principal amount equivalent to $4,871,037,893 to finance programs or projects in 51 countries. The loan commitments effective and held by the bank as of Dec. 31, 1959 totaled $3,531,488,550, of which the undisturbed balance was $862,453,852.

With Columbine Secs.

(Special to The Financial Chronicle)

DENVER, Colo. — Alice L. T. Hasenyager, Clifford A. Hast, James H. Nieman, Aniceto J. Roche, Jr., and Ray R. Wallace are with Columbine Securities Corp., Denver U. S. National Center.

Chas. Day Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Herbert H. Peal and James Ruthven, Jr., have been added to the staff of Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

Leward Lister Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Ralph M. Porter has become connected with Leward M. Lister & Co., 80 Federal Street.

A. E. Sharpe Opens

PORT JERVIS, N. Y.—Albert E. Sharpe is conducting a securities business from offices at 158 Pike Street.

Starr Inv. Co. Formed

Starr Investment Company has been formed with offices at 55 West 42nd Street, New York City, to engage in a securities business. Partners are Irving B. Starr, R. J. Starr, and Maxwell B. Starr.

With L. A. Huey

(Special to The Financial Chronicle)

DENVER, Colo. — Lavernon H. Finley and Maxine B. Wimpress are With L. A. Huey Company, First National Bank Building.

With Amos Sudler

(Special to The Financial Chronicle)

DENVER, Colo.—William P. Gaffield, Paul W. Jennings and Dannie L. Martin are with Amos C. Sudler & Co., 818 Seventeenth Street.

With York & Mavroulis

MINNEAPOLIS, Minn. — Robert K. Adams, Jr. and John K. O'Donnell have joined the staff of York and Mavroulis, Inc., 76 South Eighth Street.

American Stock Exchange Elects

Joseph F. Reilly, an American Stock Exchange member for 30 years, and a former pageboy on the trading floor of the old New York Curb Market was elected Chairman of the Exchange Board of Governors at the members' annual elections, according to an

Joseph F. Reilly

August Huber

Robert S. Frank

Jchn D. Rissetto

John D. Warren

announcement by Edward T. McCormick, President. Having completed his second term as Vice-Chairman of the Board, and having functioned as Chairman of the Committee on Floor Transactions, Reilly will succeed James R. Dyer, who served four consecutive terms as Board Chairman. Mr. Dyer has been proposed as the nominee for the unexpired board term of Mr. Reilly.

Mr. Reilly, who has also served as a telephone clerk on the New York Curb Exchange obtained his regular membership in 1936 and was elected to the Board in 1951, 1954 and 1958, for three-year terms in each case. He was elected Vice-Chairman in 1958 and 1959.

Elected to three-year Board posts for the first time were Robert S. Frank and John D. Rissetto as regular member governors and August Huber, Spencer Trask & Co. and John D. Warren, G. H. Walker & Co. as non-regular member governors.

Also elected to three-year terms as regular-member governors were Walter E. Kimm, Jr., Kimm & Co.; A. Philip Megna, Francis I. du Pont & Co.; William N. Moxley, Shearson, Hammill & Co.; all of whom have served in the past. Elected to three-year terms as non-regular member governors were Henry Parish, II, Carl M. Loeb, Rhoades & Co. and Louis Reich, Reich & Co. who also have served before.

Timothy J. Reardon, Andrews, Posner & Rothschild and Robert J. Smith, Sexton & Smith, were elected to three-year terms as trustees of the gratuity fund.

American Gypsum Company Stock, Notes Offered

Jack M. Bass & Co. and Quinn & Co. on Feb. 10 publicly offered 12,000 units of American Gypsum Co. consisting of 480,000 shares of common stock (par $1) and $1,200,000 of 7% first mortgage notes due Dec. 1, 1969, offered only in units each consisting of $100 principal amount of notes and 40 shares of common stock which 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. The price per unit is $300, (plus accrued interest on first mortgage notes).

The company was incorporated on June 5, 1959, under New Mexico law for a period of 100 years. The company, which is a new promotional venture and has no record of earnings, was formed for the purpose of constructing and operating a modern plant in Albuquerque, N. M., for the production of wallboard and other gypsum products.

Other members in the underwriting group were: P. W. Brooks & Co., Inc.; Lowell, Murphy & Co., Inc.; McDonald & Co.; Hill, Darlington & Co.; Bellamah, Heuhauser & Barrett; Courts & Co.; Raffensperger, Hughes & Co., Inc.; Norman C. Roberts Co.; Clark Landstreet & Kirkpatrick, Inc.; First Southeastern Co.; C. D. Robbins & Co.; Wiley Bros. Inc.; and Mid-South Securities Co.

Allan Bohmer Opens

CINCINNATI, Ohio — Allan G. Bohmer is engaging in a securities business from offices at 3251 Observatory Avenue under the firm name of Allan Bohmer & Co. He was formerly a partner in Bohmer-Reinhart & Co. and was with John Nuveen & Co.

Capital Accumulation

HEMPSTEAD, N. Y. — Capital Accumulation Plans, Inc., has been formed with offices at 250 Fulton Avenue to engage in a securities business. Seymour Miller is President, Secretary and Treasurer. He was formerly with Edwards & Hanly.

Christenson Forms Co.

SALT LAKE CITY, Utah—Sheldon B. Christenson is engaging in a securities business from offices at 15 North West Temple under the firm name of Sheldon B. Christenson Associates.

Form R. L. Conners Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Robert L. Conners & Co., Inc., has been formed with offices in the Dixie Terminal Building to engage in a securities business. Officers are Charles W. Conners, President; Robert L. Conners, Vice-President, and C. E. Conners, Secretary-Treasurer.

NEWS ABOUT BANKS AND BANKERS

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

D. Bart Elliott and G. Seaver Jones, formerly Assistant Vice-Presidents, have been named Vice-Presidents of **Bankers Trust**

D. Bart Elliott G. Seaver Jones

Company, New York, it was announced on Feb. 10 by William H. Moore, Chairman of the Board.

Mr. Moore also made known the election of William H. Brawley, Jr., Eastern Division; Henry M. Covington, Wall Street Office; Eleanor D. Friedauer, Madison Avenue Office; John W. Kelly, Madison Avenue Office as Assistant Treasurers. Charles R. Vislocky, Investment Advisory Division was named an Assistant Secretary and Richard A. Nelson, Personal Trust Division was appointed an Assistant Trust Officer.

Mr. Elliott, an account officer servicing the bank's Central Division, joined **Bankers Trust Company** in 1950. He was appointed an officer of the bank in 1951 and named an Assistant Vice-President in 1955.

Mr. Jones began his career with the bank in 1939 as a member of the Municipal Bond Sales Staff. He was named an Assistant Vice-President and transferred to the Western Division of the bank in 1955.

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The Chase Manhattan Bank, New York announced the appointment of E. Russell Eggers as the Bank's consultant in Paris on the European Common Market and the European Free Trade Association.

Since December 1958 Mr. Eggers has been the Bank's foreign economic specialist in charge of Common Market activities.

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Chemical Bank New York Trust Company, New York has elected Jerome A. Straka to its Upper Midtown Area Advisory Board, it was announced by Chairman Harold H. Helm.

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John H. Millikin, previously a Vice-President of **Bankers Trust Company, New York** was elected a Senior Vice-President on Feb. 3, according to William H. Moore, the bank's Chairman.

Mr. Millikin, a member of the bank's senior management team, joined Bankers Trust Co. in 1933. He was named an officer of the bank in 1942, an Assistant Vice-President two years later and has held the title of Vice-President since 1947.

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Approval has been given to **Bankers Trust Co., New York,** to increase its capital stock from $40,299,500 consisting of 4,029,950 shares of the par value of $10 each, to $80,599,000 consisting of 8,059,900 shares of the same par value. Effective Feb. 1.

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Mr. Alton S. Keeler, a former Vice-President of the **United States Trust Co., New York,** died on Jan. 3.

Mr. Keeler, who had founded and developed the present investment division at the United States Trust Co., joined the bank in Nov. 1914 and became a Vice-President in 1929. He was head of the investment division until his retirement in Jan. 1960.

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Henry W. Wickenhiser, was named a Vice-President in charge of pension and profit-sharing investments of **United States Trust Co., of New York.** Effective March 1. William Michael Robson was named a trustee of **Standard Bank of South Africa, Ltd., New York.**

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Frederick Hainfeld, Jr., President of **Long Island Trust Company, Garden City, N. Y.,** announced that Kenneth T. Rogers moves up from Assistant Trust Officer to Trust Officer. Edward J. Barthman has been appointed Assistant Trust Officer.

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The merger of the **State Bank of Albany, New York,** with and into the **Saratoga National Bank,** will be proposed at a meeting of the stockholders on March 22, the merger must also be approved by the New York State Banking Department and the Federal Reserve Board. Under the plan, State Bank of Albany would exchange nine shares of its capital stock for each share of Saratoga National. The Saratoga bank has 2,000 shares of capital stock outstanding. State Bank has resources of about $378 million, while the Saratoga bank's resources total about $9 million.

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By a stock dividend, the **Exchange National Bank of Olean, New York,** increased its common capital stock from $500,000 to $600,000. Effective Jan. 26. (Number of shares outstanding 60,000, par value $10.)

* * *

The merger of the **Fultonville National Bank, Fultonville, New York,** with common stock of $50,000, with and into the **National Commercial Bank and Trust Co., of Albany, Albany, New York,** with common stock of $6,219,120, effective as of Jan. 22. The merger was effected under the charter and title of The National Commercial Bank and Trust Co. of Albany, with capital stock of $6,282,870, divided into 837,716 shares of common stock of the par value of $7.50 each.

* * *

Lincoln Rochester Trust Co., Rochester, New York, received approval to increase its capital stock from $10,531,500 consisting of 526,575 shares of the par value of $20 each, to $10,742,140 consisting of 537,107 shares of the same par value.

* * *

Horace K. Corbin, Honorary Chairman of the Board of the **Fidelity Union Trust Co. of Newark, New Jersey,** died on Feb. 4, he served as the bank's President from 1940 to 1954 and as Chairman of the Board from 1954 to January, 1960. He first joined Fidelity in 1929.

* * *

By a stock dividend, **The Atlantic Highlands National Bank, Atlantic Highlands, New Jersey,** increased its common capital stock from $100,000 to $200,000. Effective Jan. 29. (Number of shares outstanding 8,000, par value $25.)

* * *

Wilbert J. Hughes, John M. Johnston, Jr., John W. Hulton and Henry J. Wylie were named Vice-Presidents, of the **First Pennsylvania Banking and Trust Company, Philadelphia, Pa.**

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Carl W. Stenberg has been appointed Trust Officer in the Trust Department of **Mellon National Bank and Trust Co., Pittsburgh, Pa.,** according to an announcement by Frank R. Denton, Vice-Chairman of the bank.

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The Marblehead Bank Company, Marblehead, Ohio, has changed its title to the **Marblehead Bank,** effective Jan. 18.

* * *

The National Bank of Logansport, Indiana, increased its common capital stock by a stock dividend from $525,000 to $700,000. Effective Jan. 29. (Number of shares outstanding 28,000 par value $25.)

* * *

By a stock dividend, **The Brown National Bank of Kenosha, Wisconsin,** increased its common capital stock from $225,000 to $350,000. Effective Jan. 29. (Number of shares outstanding 17,500, par value $20.)

* * *

First American National Bank of Duluth, Minnesota, by a stock dividend, increased its common capital stock from $2,000,000 to $3,500,000. Effective Jan. 26. (Number of shares outstanding 35,000, par value $100.)

* * *

The Merchants National Bank of Winona, Minnesota, increased its common capital stock by a stock dividend from $500,000 to $600,000. Effective Jan. 28. (Number of shares outstanding 12,000, par value $50.)

* * *

By a stock dividend, the **Union National Bank of Little Rock, Arkansas,** increased its common capital stock from $2,250,000 to $2,500,000. Effective Jan. 29. (Number of shares outstanding 125,000, par value $20.)

* * *

The stockholders of the **First National Bank in Palm Beach, Fla.,** 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. Distribution is expected to be completed in late February or early March.

* * *

The Citizens National Bank of Lubbock, Texas, by a stock dividend, increased its common capital stock from 2,500,000 to 2,625,000. Effective Jan. 26. (Number of shares outstanding 262,500, par value $10.)

* * *

By a stock dividend, the **First National Bank of Mission, Texas,** increased its common capital stock from $100,000 to $200,000. Effective Jan. 26. (Number of shares outstanding 2,000 par value $100.)

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A charter was issued on Jan. 22, to the **County National Bank of Orange, Orange, Texas.** The President is L. J. Lewis, the cashier is H. T. Edwards. Capital is $150,000 and the surplus is $225,000.

* * *

The **Bank of Douglas, Phoenix, Ariz.,** announced that W. R. Montgomery, President, was elected Chairman and retained as Chief Executive Officer and Lloyd A. Bimson, Executive Vice-President, was elected President, succeeding Mr. Montgomery. G. Clarke Bean, Vice-President was named to newly-created position of Senior Vice-President. Francis O. Thalheimer, Vice-President was also named Senior Vice-President. Elected to Board were Cecil H. Miller, and Newton Rosenzweig.

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The First National Bank of Missoula, Montana, by a stock dividend, increased its common capital stock from $300,000 to $400,000. Effective Jan. 26. (Number of shares outstanding 10,000, par value $40.)

Halden Admits

Halden & Co., 123 Greenwich Street, New York City, members of the American Stock Exchange, have admitted Nathan Shaw to partnership.

Now Schroeder, Pistell

The firm name of W. W. Schroeder & Co., Inc., 55 William Street, New York City, members of the American Stock Exchange, has been changed to Schroeder, Pistell & Co., Inc.

St. Louis Mun. Men Schedule Party

ST. LOUIS, Mo. — The St. Louis Municipal Dealers Group has scheduled its Spring Party for Thursday, April 28, and Friday, April 29.

As in the past, the event will be by invitation.

On Thursday there will be a luncheon at the Missouri Athletic Club at 12:15 p.m. That evening there will be a cocktail party and banquet at the Park Plaza Hotel. Friday will be devoted to the Field Day at the Glen Echo Country Club. Elzey G. Burkham, Jr., G. H. Walker & Co., is Party Chairman.

A. S. King Joins Counsel Firm

WASHINGTON, D. C. — After 25 years with the Securities & Exchange Commission, Alfred S. King, Chief of the Division of Corporation Finance, has left the Commission to join A. S. King Associates, Washington, D. C. financial & investment counselors. The new company is making its headquarters at 1001 Pennsylvania Building.

West Coast Investors

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—West Coast Investors is engaging in a securities business from offices at 352 East San Antonio Drive. Partners are Thomas J. Inglott and Paul Goodman. Both were formerly with Henry Hartman.

Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Richard J. Laulor has joined the staff of Lee Higginson Corporation, 50 Federal Street.

Washington Gen. Corp.

WASHINGTON, D. C.—Washington General Corporation has been formed with offices in the Barr Building to engage in a securities business. Officers are Richard G. Garrett and James L. Kunen.

MUTUAL FUNDS

BY ROBERT E. RICH

Likes and Dislikes

A few weeks ago we learned from the National Association of Investment Companies that its members, comprising 131 mutual funds and 18 closed-end members, held in their portfolios the common stocks of 155 companies with a stake in the metals and mining industries. A market value of $638,635,000 was placed on these holdings, which represent a wide range of basic non-ferrous metals producers and mine operators in the United States and abroad. Biggest stake was in Reynolds Metals, totaling well over $82,000,000. But whereas only 36 companies held Reynolds, International Nickel and Anaconda led in popularity with no less than 45 funds holding these issues.

Now the N. A. I. C. gives us a detailed analysis on yet another assets-in-the-ground group in which investment companies have developed a large stake. It appears that common stocks of paper industry firms valued at $473,641,000 are held by 122 funds. It further appears that the most popular common stock in this group is International Paper, kingpin of the industry. It is held by 45 companies—as many as hold Nickel or Anaconda. And while investment companies put 4% of their total assets in metals and mining, compared with less than 3% for paper, the worth of their International Paper holdings, totting up to nearly $184,000,000, is more than twice as great as in Reynolds, their biggest stake in the metals-mining complex.

Second most favored in the paper group is St. Regis Paper, whose diversification has taken it far beyond the paper industry. St. Regis is in the portfolios of 29 mutual funds and closed-end investment companies. Value: over $136,000,000. Others in the top 10 of paper industry firms, with the number of investment companies holding them, are: Scott Paper, 24; Crown Zellerbach, 23; Union Bag-Camp Paper, 23; Rayonier, 22; Kimberly-Clark, 21; Mead Corp., 16; Champion Paper & Fibre, 15, and S. D. Warren Co., 12.

While paper and metals-mining continue to enjoy the confidence of investment managers, there is one group that is flying extremely low these days — the airlines. They've been flying low this year in the stock market, too, turning up day after day at nadirs for the 1959-60 period. It demonstrates anew how drastically the fortunes of an industry can change in a relatively short span.

With the end of World War II, the airlines were off on a flight to catch up with seat demand. Along about the time the last recession caught up with this country, seat demand had turned into excess capacity. And along about this time the commercial jet age was born. Many an astute fund manager, recognizing the onerous task that confronted the airlines in the form of jet planes that sold for $5,000,000 and more per unit, got off fast. If they didn't see the insuperable task of airlines with meager capitalizations trying to finance prohibitively costly aircraft, then they must have been frightened off by Goverment policy that created competition on routes.

While it's hard to argue with the basic philosophy of competitive service, it is a fact that competition created a costly need by airlines for promotional and advertising ventures designed to get people into one plane or another. For many airlines, the result is not merely declining profits, but often red ink. The fear is great within the investment community that things may get progressively worse. The solution would seem to be merger of companies brought into competition through Government action or subsidies to airlines from that same Government. In the latter case, the taxpayers would be in the position of paying for the situation their representatives created.

Meanwhile, it is the stockholder who is paying. As one investment leader summed it up this week: "The jet age has been fine for the bankers. They can be sure of getting theirs from the growing depreciation of the airlines, but there's nothing in it for the common stockholders." This, then, is the sad state of what was not so long ago touted as a growth industry.

The Funds Report

George Putnam Fund reports all-time high net assets of $202,300,000 at the end of 1959 compared with $180,400,000 a year earlier. Asset value per share during the year rose to $14.82, a new peak, compared with $13.64 at the close of 1958. This was after adjustment for a capital gains distribution of 52 cents per share.

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Lazard Fund reports holders of 83% of its capital stock have elected to receive their dividends from net capital gains in shares of stock of the fund rather than in cash. This resulted in issuance of 368,693 shares.

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Vance, Sanders & Co., Inc. registered last year its highest sales volume for any year. Sales of the five funds in this group rose to $223,683,752, marking the first time sales had gone above $200,000,000. Total assets of the funds in the group at the close of 1959 were $2,260,893,808. The five funds are Massachusetts Investors Trust, Boston Fund, Investors Growth Stock Fund, Canada General Fund and Century Shares Trust.

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Commonwealth Investment Company net assets rose from $144,757,992 to $152,475,557 in 1959, according to the annual report. Net assets per share advanced from $9.69 to $10.01 during the year, after adjustment for capital gains distributions of 33 cents a snare declared during the year. The number of shares outstanding increased from 14,934,060 to 15,744,149. "This is a time when prudent investing seems to call for cautious optimism," the company said. The company at the end of the year had 65.5% of its assets in common stocks, 9.5% in preferred stocks, 23.6% in bonds and 1.4% in net cash and receivables.

* * *

Oppenheimer Fund, Inc. reported net asset value on Dec. 31, 1959 amounted to $11.10 per share, a gain of 11% over the original $10 when the shares were first offered in May, 1959. Net assets at the year-end equalized $4,182,474. Prior to Dec. 31, Oppenheimer bought 10,000 shares of Underwood Corp. This investment and American Motors Corp. are the only two individual items constituting more than 5% of total net assets.

* * *

American Enterprise Fund, Inc., which began operations on Sept. 10, 1958, had record total net assets of $534,486 at Dec. 31, 1959, an increase of 296% over the Dec 31, 1958 figure of $134,775, Phillip Goos, President, reported. Net asset value per share was $14.17, up 27.2% from $11.14 at the close of 1958, while shares outstanding increased to 37,704 shares from 12,103, a gain of 211%, he added. In his report to stockholders covering the six months ended Dec. 31, 1959, the first half of the current fiscal year, Mr. Goos also disclosed that net assets of the fund advanced from the June 30, 1959, figure of $423,656 to $534,486, at the year-end, or 26.2%, while net asset value per share rose from $13.41 to $14.17, a gain of 5.7%.

Of the total increase of $110,830 in assets in the six months ended Dec. 31 last, capital gains accounted for $29,448, or 26.5%, while outstanding shares increased by 6,104 to 37,704, or a 19.3% boost over the 31,600 shares outstanding on June 30, 1959.

* * *

T. Rowe Price Growth Stock Fund, Inc. reported total assets increased to $28,542,829 on Dec. 31, 1959, from $16,778,582 for the previous year. The Company noted that the past year was the most successful for growth in size since the fund started in 1950. Total net assets increased $11,674,247, or 70.1%, the numbers of stockholders increased 3,125 or 80.4%, and shares outstanding increased 702,390, or 50.9%. During this period net asset value per share increased from $12.15 to $13.70, which represented a gain of 16.9% after adjustment for the 50 cents distribution paid in December from realized profits on the sale of securities.

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De Vegh Mutual Fund, Inc., announced net asset value per share on Dec. 31 was $73.44, compared with $70 on Sept. 30 and $74.54 a year ago.

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Mutual Income Foundation—an open-end mutual fund associated with **Nationwide Insurance**—reported that its assets nearly doubled during the past year and the number of shareholders nearly tripled. In announcing year-end results, fund trustees also declared a 15 cents per share quarterly dividend, to be paid Feb. 25. During 1959 quarterly dividends totaled 51 cents per share and a $1 per share capital gains distribution was made. Assets on Dec. 31 totaled $18.8 million, representing a $9 million increase during the year. The number of shareholders rose from 3,900 to 9,700. Cash flow from new share purchases amounted to $8.3 mililon, compared to $3.6 million in 1958.

* * *

Fidelity Fund, Inc. reports its total net assets of $403,827,875 on Dec. 31 were higher than at any year-end in the fund's 30-year history. This is an increase of 13% over total net assets of $357,057,111 on Dec. 31, 1958. Per share net asset value rose from $16.12 to $16.81, also a year-end high. Shares outstanding and number of shareholders also reached record levels, with number of shares increasing from 22,154,774 to 24,027,858, or 8% during the year, and number of Fidelity Fund shareholders growing 6%, from 72,500 to 76,600 in the same period. Investors purchased over $46,000,000 of Fidelity Fund shares in 1959. Fidelity Fund also reports that during the three months ended Dec. 31, 1959, new security additions were U. S. Treasury Notes 4⅞%, 11/15/63, Hilton Hotels Corp. 6% Sub. S. F. Debs., Babcock & Wilcox, Free State Geduld Mines, Leesona, and Sperry Rand. Securities eliminated were American Airlines, Consumers Power $4.16 preferred, Crucible Steel, General Precision Equipment, Gulf Oil, National Gypsum, Northwest Airlines, and Pacific Gas & Electric 4.80% preferred. Also eliminated were Pacific Lighting 4.35% preferred, Pan American World Airways, Reynolds Metals 2nd convertible 4½% preferred, Tennessee Gas Transmission 4.90% preferred, Transcontinental Gas Pipe Line $4.90 preferred, Time Inc., United Aircraft, and Whirlpool.

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Incorporated Investors per share net asset value on Dec. 31, 1959, was $10.11, a record year-end high according to the 34th Annual Report of the pioneer mutual fund. Taking into account a 57 cent capital gain distribution paid out during the year, the year-end per share value was the equivalent of $10.68, or a 10% increase over the 1958 year-end value of $9.69. During the report period the fund's total net assets rose from $306,877,908 to $335,164,541 and shares outstanding increased from 31,677,586 to 33,161,598. Both were new year-end highs.

* * *

American Investors Fund, Inc. reports that during 1959 net assets approximately tripled— increasing from $1,315,000 to $3,936,000. During the year net asset value per share increased from $13.21 to $15.32, or 16%.

* * *

Income Foundation Fund, balanced mutual fund headquartered in Pittsburgh, recorded a 53% increase in assets in 1959—largest for any year in its history, according to its annual report. The increase boosted total net assets at the year-end to an all-time high of $13,001,233, up $4,513,047 over the total of $8,488,186 at the close of 1958. Net asset value rose to $2.59 a share on Dec. 31, 1959, after payment of 11 cents a share from capital gain in the preceding 12 months. This compares with $2.52 a share at the start of the year.

* * *

Investors Diversified Services, Inc. declared a regular quarterly cash dividend of $1.25 per share payable on March 1, to stockholders of record Feb. 15.

* * *

The **United Corp.** reports net asset value at the end of 1959 was $109,656,498, or $7.79 a share. At the end of 1958 net asset value of this closed-end investment company was $113,779,750, or $8.09 a share. Profits realized on sale of securities rose in 1959 to $7,059,325, or 50 cents a share, compared with $4,878,806, or 35 cents a share in 1958. Net investment income was equal to 22 cents a share, down from 22½ cents in 1958. The company said it had been "substantially fully invested during most of the year." Common stocks were 94% of net assets at the close of 1959, against 96% at the start of the year. Market value of the electrical and electronics group of stocks on Dec. 31 was $14,929,233, compared with $4,790,134 a year earlier, making the group United's largest investment other than public utilities.

* * *

American-South African Investment Co., Ltd. net assets on Dec. 31 were equivalent to $46,277,188, or $38.56 per share on the 1,200,000 shares outstanding. This is an improvement of 28.3% over the $30.05 reported at the end of 1958. Approximately 90% of the net assets are invested in shares of South African gold mining companies. Net income for 1959 amounted to $1,610,685, which is equivalent to $1.34 per share. This is after provision for amortization of the cost of mining investments in the amount of $283,181, equal to 24 cents per share. Capital gains for the year amounted to $33,667, and the increase in unrealized appreciation amounted to $9,054,200.

* * *

New York Capital Fund of Canada, Ltd. annual report for 1959 shows net assets of $31,295,866 on Dec. 31, compared with $28,094,860 a year earlier. On a per share basis, net assets were equal to $13.16 on 2,377,411 outstanding shares, an increase of 7.6% over Dec. 31, 1958, per share net asset value of $12.23 on 2,297,277 shares after giving effect to the three-for-one stock split in June, 1960. In 1959 the Fund had net income of $437,648 from dividends and interest, and a net realized gain of $538,482 on securities sold. Net unrealized appreciation on investment securities on Dec. 31 was $8,412,741, an increase of $1,231,712 during the year. Investments of the Fund on Dec. 31 were apportioned as follows: short-term items, 11%; Canadian equities, 51%; equities outside of Canada, 38%. New York Capital Fund of Canada is authorized to invest not less than 50% of total assets in Canadian companies and up to 50% in companies outside of Canada and the United States. The report stated "it is likely the fund will devote a large portion of its assets to non-Canadian enterprises" because the management feels "it will thus better serve the interests of its stockholders in their purpose of having a participation in regions which are expected to show a faster rate of growth than the United States."

De La Barra Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Arthur E. De La Barra is engaging in a securities business from offices at 705 South Spring Street, under the firm name of De La Barra & Co. Mr. De La Barra was formerly with Hayden, Stone & Co.

B. Hagopian Opens

EL SEGUNDO, Calif.—Berj Hagopian is engaging in a securities business here. Mail address is Box 214.

Opens Inv. Office

LONG BEACH, Calif.—Patricia L. Hamilton is conducting a securities business from offices at 5430 Atlantic Avenue.

L. E. Jenkins Opens

(Special to THE FINANCIAL CHRONICLE)

MOUNTAIN VIEW, Calif.—Leaton E. Jenkins is engaging in a securities business from offices at 582 Anza Street.

B. L. Madoff Opens

BAYSIDE, N. Y.—Bernard L. Madoff is conducting a securities business from offices at 75-35 210th Street.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

Indications point to 1960 as a very favorable year for life insurance underwriting. This outlook is not at all unusual since the growth features of the life insurance industry reflect a relatively steady and uninterrupted pattern. This upward trend is due basically to the "servicing of money" rather than dealing with inventory maladjustments characteristic of nonfinancial industries. The volume of life insurance coverage in force has more than doubled with each decade since the turn of the century. This record of insurance volume growth has accelerated faster than the over-all growth of the nation's production; a continuation of the trend appears to be inevitable in the foreseeable future.

Although past growth has been impressive the market for life insurance coverage is unlikely to reach a state of saturation. The current percentage of life insurance coverage to total disposable income allows for considerable expansion. Growth is also stimulated by the greater awareness of need for protection from insecurity as the economy continues its ever increasing and more complex network of interdependence. This situation continues to give rise to the need for more insurance coverage for existing and new forms of insurable risks.

Life Insurance Stocks for Investment

Life insurance stocks offer the investor a combination of less than average capital risk with potential long-term capital gains. This combination produces relatively low dividend returns as can be noted in the table presented. If current income can be deferred, the over-all characteristics of the life insurance industry tend to support the holding of insurance stocks for long-term growth. Fundamental soundness of the essential life insurance industry justifies investment in this field. Generally, life stocks hold promise of remaining very profitable due to continuing improvements in mortality experience, ever broadening investment activity, the attaining of higher standards of living and the growing social consciousness for security.

MAJOR LIFE INSURANCE STOCKS

Approx. Bid Price Range 1959-1960		Recent Mean Price	Indic. Divid.	Yield	Shares Outstdg. (000)
102— 78	The Travelers Insur. Co.	86	$1.40	1.6%	10,000
102— 78	Aetna Life Insurance Co.	87	1.40	1.6	8,000
391—314	Conn. Genl. Life Ins. Co.	369	2.40	0.7	1.200
256—192	Lincoln Ntl. Life Ins. Co.	246	2.00	0.8	2,000
176—135	Continental Assur. Co.___	160	1.20	0.8	2,000
126—103	Natl. Life & Acc. Ins. Co.	119	0.60	0.5	3,000
13— 8	American Nat'l Ins. Co.	10	0.12	1.2	33,000
85— 68	Franklin Life Ins. Co.___	78	0.45	0.6	4,507
122—100	Calif.-Western Co. of Va.	116	1.50	1.3	829
59— 48	Life Ins. Co. of Virginia	51	1.20	2.4	1,298

Exceptionally high earning power characterizes life insurance companies due to their relatively small capital structures to total assets. Such earning power not only enhances stockholders equity but ultimately the stockholder is also rewarded through the distribution of stock rights or stock dividends. During 1959 life insurance sold in the United States increased from $66.8 billion to an estimated $68.5 billion. Total assets of American companies reached a new high of approximately $113.6 billion during 1959 registering a $6 billion gain over 1958. Life insurance in force by year end was some $534 billion, up from $493.6 billion in 1958.

Since the financial statements of life insurance companies are set up to reveal the protection present for policyholders, they do not easily reveal the company's condition from the stockholders viewpoint. Thus it is very difficult to determine the actual net earnings and book values of life companies since a profit is reported only when mortality is less, investment earnings more, and operating expenses less than assumed in making up the premium rates. With life insurance stocks, the financial reports must be interpreted in the light of actuarial procedures employed. Any two companies, for example, that assume different interest rates might show different "profits" even though they both earn the same rate of return on the same amount of assets. The reserve liability item in a balance sheet is correct only when the company performs in line with assumed conditions. Since this is rarely the case the reserve liability is misleading. Therefore, relative company analysis within the industry is of little value since companies do not value their reserves by the same procedure. Earning power is thus best detected through individual company analysis.

Although life stocks over the past decade have registered extraordinary capital appreciation in the market, many individual stocks reached their highs two or three years ago. Possible factors for the slowdown include confusion over new tax laws "threatening the industry" and the overdiscounting of the future from extremely rapid gains during the first half of the 1950s. Competent managements can be counted upon to adjust to tax changes in a constructive and profitable manner. Subsequent price declines and/or steadily accumulated values give attraction to several life insurance issues. Stocks included in the table represent the leading U. S. companies in order of the amount of life insurance in force. All of them are not necessarily considered attractive as present commitments; they are issues which generally enjoy marketability and sound operating records.

Distributors Group Appoints Gunther

ST. PETERSBURG, Fla.—The board of directors of Distributors Group, Inc., have appointed Cas Gunther, of St. Petersburg, Resident Vice-President for Florida and Georgia.

Cas Gunther

Before joining Distributors Group, Mr. Gunther was a founding partner and President of Brown and Stark, Inc., St. Petersburg investment firm, and a member of the Philadelphia-Baltimore Stock Exchange. Prior to that he was co-Manager of Security Associates, St. Petersburg investment counsel and securities firm.

For many years he was Personnel Director for The Great Atlantic & Pacific Tea Co., and before that spent time in the Orient with the Far Eastern Division of The First National City Bank of New York.

Scott Appointed By Am. Diversified

PHILADELPHIA, Pa.—American Diversified Securities, Inc. has announced the opening of a Philadelphia office at 42 South 15th St. and the appointment of Thomas A. Scott as local Manager.

Thomas A. Scott

Prior to joining the firm, Scott was Manager of Dealer Relations for George A. Bailey & Co., Managers of Sovereign Investors, Inc.

Eastman Dillon To Admit Partner

Paul Zeltner on March 1 will acquire a membership in the New York Stock Exchange and will become a partner in the Exchange member firm of Eastman Dillon, Union Securities & Co., 15 Broad Street, New York City.

Form G. S. Smith Co.

Gerard S. Smith & Co., members of the New York Stock Exchange, has been formed with offices at 1 Wall Street, New York City. Partners will be Gerard S. Smith and Gerard W. Smith, who will acquire a membership in the Exchange.

To Form Lederman Co.

Lederman & Co., members of the New York Stock Exchange, will be formed as of March 1 with offices at 52 Wall Street, New York City. Partners will be Stanley Lederman, member of the Exchange, and Arnold Lederman. Stanley Lederman will retire from partnership in Richter, Lederman & Co. on Feb. 29.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money market and the bond market continue to attract those who have funds for investment. The demand for all fixed income bearing obligations is improving and in no small way is this at the expense of the equity market. There is not only a shifting of money from common stocks into bonds but there is also the investing of funds in bonds, which with more certain conditions, would have been put to work in equities. The inflation psychology appears to have abated substantially and this could mean a less attractive equity market and a much better bond market.

The refunding operation of the Treasury was marked with a great deal of success and the fact that the attrition was so small most likely means that there will not be any new money borrowings until April. This should not be an adverse force from the standpoint of the money and capital markets.

Small Attrition

The Treasury in its recent refunding operation achieved a very definite success in that the attrition was minimal and well below the figures which had been guessed at in some areas of the financial district. The fact that only $462,000,000 in cash was asked for by the owners of the maturing 3¾s and 1½s appears to indicate that the terms of the refunding offer were satisfactory. In addition, it is evident that the improving trend in the money and bond markets were not unfavorable forces as far as this last operation of the Treasury was concerned.

Public owners of $2,171,000,000 of the maturing issues accepted the new 4⅞% note due 1964, and the remainder of $3,421,000,000 was converted into the new 4⅞% one-year certificate. The Federal Reserve Banks turned their holdings of the maturing issues in for $3,507,000,000 of the 4⅞% certificates and $2,000,000,000 of the four year-nine month 4⅞% note. The Central Banks usually exchange their positions in obligations which are being refunded for the near-term security when it is part of a package offering such as this last one was.

Debt Extended

However, in this recent operation of the Treasury the Federal Reserve Banks saw fit to exchange part of their holdings in the securities that were being refunded for $2,000,000,000 of the 4⅞% notes due November 1964, which was the longer maturity in the option deal. Exchanges such as this one have been made by the Central Banks in the past and this switch of holdings from a short-term issue into one with a note maturity has helped to extend the due date of the Government debt. This exchange by the Federal Reserve Banks of part of the maturing obligations into an issue with a note maturity does not seem to indicate any change in the policy of "bills only" for monetary control purposes.

Deposit Banks Important Buyers

The commercial banks, according to advices, were among the important buyers of the maturing Feb. 15th issues, which were then turned in for the November 1964 note. In addition, these same institutions made purchases outright of the 4⅞% due 1964. The appearance of commercial banks in the market for Government issues, not only to pick up the 4⅞s of February 1961 but also the 4⅞s of 1964, appears to indicate some lessening of the pressure for funds from these institutions. Whether these purchases by the deposit banks are just a response to an attractive yield or it means their more or less permanent return to the money and bond markets will be answered with the passage of time.

Individuals Step Up Bond Purchases

Ever since the 5s of August 1964 were put on the market the public interest in Government marketable obligations has increased materially. Also, individual investors have come into the market for non-Federal obligations such as corporate and tax-exempt bonds in a sizable way, evidently attracted by the rate of return which is also available in these securities. Other bonds which have been getting a play from the investing public of late have been the various Government corporation offerings, such as the F.I.C.'s, the Fanny Mae's, the Federal Home Loans and the Federal Land Banks. In the face of this new interest for bonds with an attractive yield the World Bank decided to offer $100,000,000 of 5% bonds due in 1985 and this flotation was getting such a fine reception that it was decided to increase the size of the issue to $125,000,000.

Reinholdt & Gardner to Admit Partner

ST. LOUIS, Mo.—Edward J. Cohan, Jr. will acquire a membership in the New York Stock Exchange, and on March 1 will be admitted to partnership in Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchange.

Form Major Underwriters

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo.—Major Underwriters, Inc. has been formed with offices at 1420 North 22nd Street. Officers are Lincoln Hankes, president; M. W. Hanks, secretary-treasurer; and Byron Watts, vice-president.

McKeown Co. Opens

CHICAGO, Ill.—William J. McKeown and Company, Inc. has been formed with offices at 120 South La Salle Street, to engage in a securities business. Officers are William J. McKeown, president; James P. Norville, secretary; and Allan J. Norville, treasurer.

F. J. Mohr Opens

SAN FRANCISCO, Calif.—Frank J. Mohr is conducting a securities business from offices at 454 Columbus Avenue. He was formerly with Frank Knowlton & Co.

L. H. Mooser Opens

SAN FRANCISCO, Calif.—Louis H. Mooser, Jr. is engaging in a securities business from offices at 520 Clement Street.

Robert S. Lansburgh

Robert S. Lansburgh, a partner in Stein Bros. & Boyce, passed away Jan. 26 at the age of 83. Mr. Lansburgh had been a member of the New York Stock Exchange for 62 years.

A Correct Monetary Policy: What It Can and Cannot Do

Continued from page 3

healthy flow of funds from savers to borrowers, directly and through intermediaries, did not come about without a price. The price was, of course, a rise in interest rates. These rates, representing a penalty to those who use someone else's money and a reward to those who save and risk their funds in loans and investments, rose in some instances to the highest levels in three decades. What happened is readily apparent: the pressure of demand for funds arising from a combination of forces—a large Federal budget deficit, high residential construction activity, rising expenditures for consumer durables and for inventories and to some extent fixed capital, plus the continued high level of expenditures by State and local governments on community facilities — converged to bring about a competition to borrow that drove interest rates upward; the rise in interest rates, in turn, operated to induce the savings and investment necessary to supply borrowing demands. In summary, the direct effect of the greatly enlarged credit demand was to bid up interest rates generally and to cause some changes in the relationship of interest rates among the different credit markets; the resultant effect was to draw more funds into the credit market and to shift some funds from accustomed uses.

Let me add something here to what I said about the banking system's service in 1959 as an intermediary between the saving public and the borrowing public. On the one hand, the saving public, besides purchasing a large volume of securities as I described, increased their time deposits by about $1.5 billion. On the other hand, the borrowing public increased the amount of their loans obtained from commercial banks by nearly $12 billion. To raise funds to meet the heavy demands on them for loans, the commercial banks sold about $8 billion of their government security holdings in the open market, while the nonbank public, as stated earlier, was increasing their purchases in that market. Thus the banks, in effect, drew out of the market, from individuals and corporations not engaged in lending, the funds to meet the specialized credit demands of borrowers — as, for instance, many small business concerns—that could not themselves have raised funds in the market because their needs were unsuitable for general market participation.

The vital role that the Federal securities market plays as a clearing house for credit flows is apparent in the circumstances described. In 1959, this role was much larger than in other recent years. Federal net borrowing of $11 billion and bank sales of governments of nearly $8 billion required absorption of around $19 billion in Federal securities by other investors. This, taking into consideration that the Treasury was having to raise new funds while shifts were taking place in government security ownership, goes a long way toward explaining the rise in both long- and short-term rates that we experienced during the year. It is also illuminating evidence of the responsiveness of nonbank investors to attractive interest yields.

What Monetary Policy Can Do

The relation of Federal Reserve policy to changes in interest rates is often misunderstood. Federal Reserve operations to release or absorb bank reserves unquestionably influence short-term and also long-term interest rates, but the extent of this influence is easily exaggerated. Monetary policy is effective only so long as it works in general consonance with the economic realities underlying the situation. These realities include the basic demands for funds, whether to meet seasonal needs, other short-run needs, or for capital formation, and the basic supply of funds through saving. Federal Reserve actions cannot for long enforce rates of interest on the market that are either above or below the rates that maintain a balance between saving and investment.

Changes in the rate of monetary growth can represent only a very small part of the total flow of funds through credit markets. If the rate of monetary growth were raised with the specific objective of adding to the supply of funds in an attempt to keep interest rates down, the additional dollars in the spending stream would certainly work to raise average prices. The process of monetary inflation is widely understood by both savers and borrowers. Such action would generate expectations of further inflation on the part of both groups. The incentives of the market place, present and prospective, would unquestionably tend to increase borrowing and discourage saving and in all likelihood rates would increase.

In the longer run, the way that monetary policy can contribute to a lower level of interest rates is through its role in maintaining a stable value for the dollar. It is only in an environment of confidence in such stability that savings will accumulate and credit will flow in an orderly way and in expanding volume. Efforts to maintain an artificial level of interest rates, either too high or too low, can only lead to cumulative financial disequilibrium, first distorting and then disrupting healthy economic growth.

Whether monetary policy as administered by the Federal Reserve System has been, at particular times, too easy or too tight is a matter of judgment. At one time or another, we have no doubt erred in some degree in each direction. But the System has consistently endeavored to cultivate confidence in the stability of the dollar—by combatting deflationary tendencies in periods of slack and inflationary pressures in periods when resources were being intensively utilized.

I want to emphasize again that the Federal Reserve System wants low and not high interest rates; it wants as low a level of interest rates as is consonant with sufficient savings to finance the investment necessary for desirable and rapid economic growth. We cannot say that a steadily swelling stream of savings and investment is the only essential for satisfactory growth, but, especially in a country where the natural resources are already highly developed, it is a vital element.

Record of Economic Growth

The subject of economic growth has received exhaustive study by the Joint Economic Committee during the past year. It is an important subject because only growth can produce the substance with which to achieve our individual and national aspirations. At the same time, economic growth is a confusing subject because it means so many different things to different people. Some seek growth primarily as a requisite of effective defense against potential enemies. Others want it as a means of improving civilian living standards. Still others regard growth as a way of assuring employment of a growing labor force. Transcending and including all of these, perhaps, is the idea that economic growth is needed to express the vitality of our economic and political way of life.

As economic abundance in the United States expands and is more widely shared, agreement on appropriate economic goals becomes more urgent. These goals can never be blueprinted exactly—as has been brought out so clearly in the hearings before the Committee. They are not solely materialistic and they are not all subject to expression in statistical terms. They include, for example, the improved quality of our educational system and of our health services — not just additional school rooms or hospital beds. Despite difficulties in measuring true growth precisely with the tools now at hand, we have made some progress and now know much more about the nature of growth than was known some years ago.

Early in its existence, the Board recognized that measurement of physical output was essential for proper formulation of monetary policy, and undertook a special responsibility for the statistical measurement of industrial output and its change and growth. This, it is true, is only part of our nation's total output of goods and services, which is measured by gross national product. However, in an advanced economy, in which industrial activity is a dynamic central element, growth in the physical volume of industrial output merits special study in its own right because of its central role as a force shaping total growth.

When I appeared before the Committee last summer, I noted some preliminary findings of the recent revision of the Board's index of industrial production, principally the greater industrial growth shown by the newly revised index. Since then, the final results of the new index have been published, thus supplementing the tools for analyzing past and future changes in the industrial sectors of our economy.

Industrial production is the output of real goods produced by our factories, mines, and electric and gas utilities. Our revised index shows that, since 1947, industrial output has grown 4.1% per year, as compared with 1.7% for population. This is a growth in real industrial output per capita of over 2% per year. In other words, we are producing 31% more industrial product for each man, woman, and child in America than we were at the beginning of the period. Output per industrial worker has increased even more rapidly — at the rate of 3.7% per annum over the same period.

The revised index of industrial production also introduces a new grouping of total output. Output measures for finished goods have been grouped into the broad market categories for consumer goods and equipment, and the measures for output of materials have also been grouped together. Briefly, this new grouping suggests that over postwar years, civilian production, and particularly the production of consumer goods, has expanded almost without any evident slackening in pace at a rate of growth of 3.7%. Moreover, the cyclical interruptions in the output of civilian goods, especially consumer goods, have been relatively small. It is mainly in the production of equipment, including defense goods, that output has shown greater fluctuation about its expanding trend.

Conditions Required for Continued Growth

While industrial growth, as measured by the production index, reflects physical volume of output, many measures of growth are expressed in terms of current dollars. We must constantly guard against mistaking increases in dollar magnitudes for real economic growth. It is sometimes suggested, when the rate of expansion slows down because the economy is operating close to capacity, that a more rapid expansion of bank credit and money would stimulate greater aggregate output. In fact, such an attempt would only lead to a bidding up of costs and prices as various sectors compete for limited resources. It is true that this would increase temporarily the Gross National Product measured in current dollars, but it would not involve any real growth. Quite aside from its other evils, inflation brings about misapplications of resources that actually reduce the true value of current production. There must be sustained confidence in a stable dollar for such adverse developments to be avoided.

Sound growth depends on a number of factors besides confidence in a stable dollar. In my own view, the following are the chief supplementary factors:

(1) Balanced and sustained demands for labor and for the products of business;

(2) Improvement in technology and skills;

(3) Adequate capital formation based on voluntary savings;

(4) Greater mobility of resources; and

(5) Sufficient flexibility of individual prices.

Although there have been three postwar recessions, demands for labor and for the products of business have been reasonably well sustained over this period. During each of these recessions, stability of consumption helped to stimulate early revival. This stability in final demand encouraged entrepreneurs to maintain capital expenditures at surprisingly high levels even during temporary recessions. Such expenditures fluctuated moderately considering their long history of instability.

How much further the process of economic stabilization can be carried remains an uncertain issue. All men of good sense want to see our economic resources used fully and all men of good will want to have employment opportunities available for those willing and able to work. Satisfactory economic growth and reasonable price stability are not only compatible goals, in my view, but they are necessarily interdependent. At the same time we all recognize that some fluctuations in prices and employment are probably unavoidable and that, in the present state of the economic arts, it is hard to see how complete stability could be achieved without stifling some developments in our economy potentially favorable to growth.

Advancing technology and improvement of skills depends on educational processes and the general cultural environment. Our national pride has been pricked by discovery that other nations have beaten us in some aspects of technological development. This evidence is found not only in military hardware but also in the mounting competitiveness of the rest of the world. Products from abroad are increasingly penetrating our markets. This challenge, however, may well provide the stimulus for new achievements on our part.

If we are to maintain our competitive position in the world, we must also make regular additions to our productive capital and to our efficiency. Adequate capital formation depends both on the drive of business to make the capital investment and the availability of adequate funds from voluntary saving.

Mobility of resources must receive continuous attention. Near the top of successive postwar peaks in activity, unemployment has tended to be somewhat higher. In part, this may be due to structural imbalances growing out of the problem of transferring the labor force from industries made obsolete by growth to areas of higher labor demand. Such imbalance may also stem from the problems of adapting workers to the technological and sociological demands of the service industries, which are the more rapidly growing sources of urban employment.

Flexibility in the shifting of resources, of great importance for maximum growth, is extraordinarily difficult to achieve. One of the effects of growing productivity is to reduce the amount of resources required in particular industries, especially those in which end-product consumption, such as consumption of food, grows at a slow, steady rate. The process of moving resources aggravates our cyclical difficulties and creates a problem of structural unemployment. Steps to lessen the economic loss to the nation and the hardships for individuals resulting from shifts in the pattern of production are an important public responsibility.

If we are to be able to continue to rely on the price mechanism to effect the necessary adjustments in a growing economy, prices of both end products and the factors of production must move freely in response to shifting demand and supply conditions. Imperfections in the price mechanism must be rooted out wherever they may exist, if our free enterprise economy is to realize its full potential.

Prospects for 1960

In early 1960 the economy continues to show a sharp pick-up from the period of hesitation caused by the steel strike. Economic activity is vigorous and prices are reasonably stable. Nevertheless, it is possible we may encounter a renewed spiral in the upward movement of prices, or, perhaps, find that the underlying strength in the situation is not so great as most observers now feel. In these circumstances, all of us are faced with a particularly sensitive problem of maintaining prosperity by endeavoring to prevent either a renewal of inflationary pressures or development of deflationary tendencies.

I sincerely hope that our part in this task as monetary authorities can be aided by a healthy budget surplus of an amount at least as large as the one outlined in the President's Budget Message. Experience since 1957 suggests that a surplus of this size is a minimum condition of reasonable fiscal health. The relatively brief decline in economic activity that occurred in 1957-58 resulted in a deficit of over $12 billion in fiscal 1959. If a level of economic activity as high as marked 1959, and which is projected in the budget estimate for 1960, results in a barely balanced budget in 1960 and a budget surplus of no more than $4.2 billion in fiscal 1961, the average result of the full period is a net deficit.

Such an outcome would hardly represent symmetrical economic policy. It would therefore appear that larger budget surpluses are needed in times of prosperity if we are to avoid having to make regular and persistent increases in the public debt. The relatively favorable outlook for balance between saving and investment in the period ahead, with the accompanying prospect of less pressure on the rate of interest, depends in large part on the improved fiscal position of the Federal Government.

I doubt that anyone could be more aware of the real limitations of monetary policy than are the members of the Federal Reserve Board. It is, however, the area of responsibility which has been given to us and in the discharge of that responsibility it has seemed to us that the most constructive contribution monetary policy can make to the vigorous, healthy growth of the economy in the present circumstances is to maintain confidence in the value of money, and thus encourage people to save and invest in the basic capital improvements that add to our nation's productive strength.

It is relevant to here refer to some statements that I made in the closing portion of a letter to Chairman Douglas on Dec. 9:

"My interest in a monetary policy directed toward a dollar of stable value is not based on the feeling that price stability is a more important national objective than either maximum sustainable growth or a high level of employment, but rather on the reasoned conclusion that the objective of price stability is an essential prerequisite to their achievement.

"I want to emphasize that I am most concerned with the preservation of freely competitive markets and the correction of any institutional imperfections which exist in the working of the price mechanism. While such imperfections cannot be corrected simply by a sound monetary and fiscal policy, they surely cannot be corrected by an unsound financial policy.

"Nor does a sound general monetary policy necessarily, in itself, accomplish the optimum distribution of loanable funds among various sectors of the economy. It is not only the right but the duty of government to assure that socially necessary programs are adequately financed. But, again, this objective can never be well served by unsound general monetary or fiscal policies. If, as a matter of public policy, the financing of school construction, for example, should have an overriding priority in the allocation of resources, this can be accomplished in a number of ways, but we can be sure that it would not be accomplished by the general expansion of bank credit and money."

In conclusion, I should like to add a word about what monetary policy can and cannot do. It cannot effectively peg interest rates. It cannot prevent monopoly. It cannot assure that the financial needs of all socially desirable activities are met without intervention by government. It cannot be relied upon to cover Federal deficits. Alone, it certainly cannot assure either stability or growth.

What a correct monetary policy can do is to foster confidence in the dollar, so that our people can and will save and invest in the future with reasonable assurance that their plans will not be frustrated by irresponsible changes in the value of money.

*Statement by Mr. Martin before the Joint Economic Committee, Washington, D. C., Feb. 2, 1960.

With Hodgdon & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John Coolidge, Stanley L. Emery, and Edmund A. Packard have joined the staff of Hodgdon & Co., 10 Sstate Street. All were formerly with Harris, Upham & Co.

To Be Director

Harry L. Murray will acquire a membership in the New York Stock Exchange, and on Feb. 11 will become a Director of Goodkind, Neufeld, Jordon Co., Inc., 400 Park Avenue, New York City.

Form Public Investing

Public Investing Inc. has been formed with offices at 16 West 46th Street, New York City, to engage in a securities business. Officers are Joshuah S. Shultz, President; H. Barry Ressler, Vice-President; and Richard D. Ressler, Secretary-Treasurer.

Morse-Hayes Co. Opens

Morse-Hayes Co., Inc. has been formed with offices at 116 West Fourteenth Street, New York City to engage in a securities business. Harvey Friedman is a principal of the firm.

AS WE SEE IT

Continued from page 1

officers still in service not only to differ with their superiors or with the majority of their colleagues, but to make use of all means at their disposal to defeat or to thwart programs or policies which have been adopted after full consideration of all factors. According to reports, apparently reliable, efforts at times have been made and are being made to have it appear that men at the head of individual services do a shameful thing when they accept constituted authority and proceed from there on in good faith to conduct themselves as all good officers are supposed to do. Of the same order is the sly trick of making use of materials not supposed to be divulged to give popular impressions that serve political purposes. The "leak" technique, if it must be employed, is much more appropriate in other fields.

Another unworthy tactic constantly in use is the effort to convince the public that this, that, or the other decision in the field of national defense has been made for "budgetary reasons." There are those who apparently would in such circumstances find the powers that be doubly guilty—first in that "needs" are being neglected, and, second, because a balanced budget—always deflationary and wholly undesirable in this "brave new world," so all too many New Dealers seem to believe—is thus fostered. Of course, real defense needs must not be neglected for any reason, but that official in a place of responsibility who does not weigh the various defense elements against their cost in formulating a general program of safety would be seriously derelict in his duty—and all but certainly would do the cause of defense harm rather than good.

Sincere Doubters

Unquestionably, there are a number of men and women in this country who strongly believe that our safety requires a much larger defense effort on our part. Some of these individuals, probably, are in possession of facts not available to the rank and file. A few of them may be quite well informed—if not as well informed as the President himself, then not very far from it. Others who are not satisfied with what we are doing in this sphere are less well informed. There are others who are demanding larger defense outlays because they think it good politics to do so at this time. We certainly do not consider ourselves sufficiently informed to reach an independent judgment upon the views of these various and diverse elements.

We do, however, have a very definite complaint to make against these advocates of larger defense outlays, even the informed and sincere advocates so far as they are members of Congress or are active in shaping broad public policy. They rarely, if ever, face the fact that such increases in defense outlays as they advocate can not be effected without (1) curtailing other expenditures proportionately, (2) increasing taxes, or (3) incurring large deficits at a time when all considerations call loudly for not only balanced budgets but debt retirement. The fact is that at least some members of Congress who obviously would like to force larger defense expenditures upon the Administration are ardent advocates not of reduced but enlarged expenditures in other areas. This seems to us to be the essence of irresponsibility.

Basic Requirements

The basic requirements of greatly increased defense expenditures, as a matter of fact, go much deeper than budgets and public expenditures. The fact is that we can not on the face of things add greatly to the capital and labor employed in enlarging our defense operations without either enlarging production or reducing outlays elsewhere. Attempts to build more and bigger rockets, more and better missiles, and all the rest that go along with broadened and enlarged defense operations without at the same time either making fewer automobiles, building fewer houses, producing less farm products, curtailing capital expenditures, or in some other way reducing peacetime activities can end only in futility and inflation unless we are prepared to step up total production substantially.

One great step forward in all this defense controversy would be taken if we, one and all, gave up the idea that there is something inherently harmful in prudent management of our public financial affairs. There is entirely too much half recognized feeling that if defense expenditures were increased substantially at the expense of a balance in our fiscal operations, we should have one more "built-in" recession snubber to aid in the attainment of the objectives of the so-called full employment act.

We are in real danger if election year politics must determine our defense program.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

The Conference Approach

The other day I was talking with a man who had retired and he was very much fed up with idleness. The past two years he had done enough fishing, and his family also had just about a sufficiency of his presence around the house. He was looking for a business in which he could invest and participate, but the offers that had come to his attention were not to his liking. I suggested that he take up sales work. He looked at me in surprise and said, "I've never been a good salesman. I've had no experience; I wonder how I could make a go of something like that."

Here was a man who had operated a successful business, he had retired in his early fifties, and he had a pleasant personality. Yet he had the idea that there is something mysterious about successful salesmanship. I am sure that he had the qualification to meet people, the intelligence to contact those who would buy and need his product, and the common sense to seek out a product that had merit. Beyond this I am sure he would learn the very practical rules that are necessary to build a loyal clientele in any line of business—and he would work.

The Requisites for Successful Salesmanship Are the Same in All Lines of Endeavor

I would hire such a man and give him a better than fifty-fifty rating for becoming a competent investment man providing I could give him adequate training and schooling in investments. There are excellent home correspondence courses available today. Retired businessmen who still have good health and who have a lifetime of business experience behind them can fit into the investment securities business well. They have patience, they know how to study, they have judgment and they are mature. After they have devoted at least six months of study acquiring a knowledge of investments and the mechanics of the business, they should then be placed under the supervision of either a salesmanager or a senior salesman and they should work closely with them. They should start out with a stated objective of meeting people who need investment help and guidance. A planned campaign along the following lines should be successful if it is followed through and given a fair test.

The Conference Approach

New men without many years of investment experience should not be allowed to call upon investment accounts that are institutional in character, or upon very experienced and sophisticated investors. There are trading accounts that also require the services of very experienced registered representatives. An advertising campaign should be directed toward one or all of the following categories of investors: (1) Young people starting out in life who might invest in mutual funds. (2) Retired or semi-retired individuals who are not capable of managing a diversified investment portfolio but who would welcome some assistance from a conscientious firm who would help them set up a comprehensive investment program suited to their particular requirements.

After a suitable period of training, the next step is to make appointments to discuss the prospect's investment situation as it concerns him. The approach is not one of salesmanship, or of trying to sell some mutual funds, or some stocks or bonds, but to discuss (on a confidential basis) the prospect's overall financial goals and needs. This entails a conference (around the table) in the prospect's home (usually with the wife present). The first interview should build confidence and it should produce the answers to the following questions: Age of prospect, family, state of health, real estate owned, retirement program if any, life insurance carried, cash in bank, government bonds, savings and loan deposits, and the securities now owned (if any). In addition, the objectives of the investor should be clearly defined such as growth, income, both growth and income, or defensive investments.

Second Step

If the first conference is properly handled by the salesman he will have made headway toward gaining the respect and the confidence of his prospect. Before leaving he should arrange for a second conference wherein he promises to return with the conclusions and recommendations of his research department for improving the situation. If these recommendations are meritorious, his chances for opening an account are good. Sometimes he will only be able to obtain partial acceptance of the proposal but this, too, is good. He can then fill in later with the rest of it.

Such a conference approach to business is the very finest type of salesmanship. It is basically sound because it evaluates a situation, determines a need (if any), and it makes an overall appraisal that is basically sound. I am not in favor of sending a senior salesman along on the second interview. Let the new man learn as he earns and make his own friends. He will only gain self-confidence through doing his own work. The analysis of the prospect's investment needs and the investment proposal should be completed by the firm's research department.

Florida West Coast Corp. Offers Stock

Mid-Town Securities Corp., of New York City, on Feb. 10 publicly offered as a speculation 300,000 shares of common stock (par one cent) at a price of \$1 per share, on a "best efforts" basis.

The net proceeds which is approximated to be \$240,000, will be used as follows: (a) \$30,000 of such proceeds will be utilized to acquire 100 acres of land upon the initial exercise of an option held by the company; (b) \$200,000 will be invested in short-term obligations of the United States of America, and (c) \$10,000 will be added to general working capital.

The company was incorporated on Oct. 22, 1956, under the Florida laws. The company is principally engaged in the business of purchasing, holding, and selling unimproved tracts of land located in Southern Florida, near populated areas close to the west coast. It maintains an office at 950 Seybold Bldg., Miami, Fla., and executive offices at 30 East 60th St., New York 22, N. Y.

Influential Forces Shaping Decade's Investment Policy

Continued from page 1

large extent on whether the economic growth will be as rapid as or more rapid than in the past and particularly whether the inflationary process will continue. If the latter is the case, then the investment policy at least for the immediate future, irrespective of intermittent swings, is indicated. In that case, the protection of purchasing power of trust funds will become even more necessary than was the case during the past few years. However, it should be noted that if the inflationary pressures continue, the economic growth of the country will be retarded and there will be a resultant sharp decline in business activity accompanied by considerable unemployment and a decrease in equity prices.

The Population Growth

The increase of the population by over 30 million during the next decade is cited as one of the most favorable forces that will affect the American economy during the present decade. One may expect that at the end of 1969 the population of the U. S. will be in the neighborhood of 215 million, as compared with about 180 million at the end of 1959. The growth in population, however, has both favorable and unfavorable inflationary as well as deflationary aspects. By the end of the decade, the section of the population representing those 65 years and older will be four million larger than at present. They will continue to be consumers but not producers.

The number of children under 18 is estimated to increase during the next 10 years by 14 million. Most of them, too, will be nonproducers. The rapid rise of the population of school-age youngsters will accentuate the demand for schools, playgrounds, and other facilities; and this in turn will place a heavy financial burden on state and local governments. It is doubtful whether they alone will be able to meet these financial needs, and greater pressure for school assistance will be placed on the Federal Government. Taxes to pay the costs of education will have to be spread, and many new indirect taxes will be levied.

The migration of people from the South to the industrial sections of the country will continue, and this will create not only economic but also social problems. In the second half of the decade, family formation will increase rapidly and the demand for housing will be strong.

These developments indicate a strong demand for capital and a large supply of debt obligations in the form of bonds and mortgages. The demand will come from the increased need for housing and the rehabilitation of urban centers from state and local governments, to finance the construction of schools and other public works; and from the utilities which will endeavor to meet the requirements for power of a growing population with rising living standards. These factors will contribute to the economic growth of the country, but they also will accentuate the inflationary pressures.

As against these pressures, the next decade will witness a sharp increase in the labor force. It has been estimated that the number of people in the age group of 18 to 64 will increase by 15 million, and this will create keen competition for jobs. This situation will be further aggravated because management, as during the past decade, will make every effort to cut labor costs through the introduction of labor-saving devices. The increase in the labor force, the introduction of new labor-saving devices in the manufacturing and service industries should bring to a halt the inflationary pressures generated by the cost push factors.

The demand for machinery and equipment will be strong, and this will create a demand for capital from business concerns. A large percentage of this capital will be obtained from internal resources. However, a considerable amount of open market financing or private placement by corporations can be expected. To what extent corporations will finance their capital requirements through stocks or bonds will depend on whether the corporate tax is reduced.

It is, therefore, clear that the population growth will stimulate the economy. It will at the same time generate inflationary as well as deflationary pressures. It remains to be seen whether they will counteract one another, and therefore it is not certain whether the purchasing power will remain stable or continue to decline.

Research

The second economic force that will influence materially the economic and investment climate during the decade will be research. It has been estimated that last year the U. S. spent more than $8 billion on research, and the trend will continue upward. The fruits of research will have favorable as well as unfavorable effects. They will create a demand for new capital in order to exploit new inventions and processes. This will create a demand for material and labor and create new products, it destroys the value of employment opportunities. However, while research creates new old ones. It intensifies competition, for it causes a diversion from older to newer products. It leads to new methods of production and to the invention of new labor-saving devices which will have an impact on the demand for labor.

During the decade, great changes will take place in the sources of power. The development of electronics and the chemical industry will create products which today are only a gleam in the eyes of the scientists.

The creation of new values and the destruction of old ones create serious problems for the investment officer. He must endeavor to ascertain in advance the impact of these developments not only on the economy of the country as a whole but also on individual industries and how they will affect the investment values of the various securities. As in the past decade, investment favorites will change; and what appears today a sound growth stock or an excellent hedge against inflation may not be one in the future. The constant changes resulting from research have imposed a new responsibility on the investment officer, and many institutions with this fact in mind are now employing scientists to advise them in advance of the possible impact of an invention on the value of securities of older industries.

The International Scene

International economic developments will also play an important role in shaping the economic and investment climate of the U. S. during the present decade. During the 1950's, the U. S. as a nation spent huge sums of money abroad to rehabilitate the war-torn economies of the industrial nations. This has raised the productive capacity and productivity of the industrial nations of the free world today to greater heights than they ever before reached, and successful efforts have been made to coordinate the economies of the western countries of Europe. By the end of the decade, the Common Market may operate as an economic and political unit. Great efforts will be made to coordinate the economic policies of the Common Market with the Free Trade Area.

In either case, during the present decade the U. S. will deal with larger economic units in Europe and possibly elsewhere than was the case before. These developments will exercise a strong influence on the economy of the U. S. and hence on the investment climate. Competition from abroad will increase. The industrial nations of the world not only are operating with modern machinery and equipment but also, because of the creation of larger economic units, will be able to engage in mass production and mass distribution. Since wages in the U. S. are likely to remain higher than in other industrial nations, one may expect keener competition than exists even today at home and abroad. This in itself will be a strong anti-inflationary force throughout the free world.

Towards the end of the last decade, the leading industrial nations of Europe restored the free convertibility of their currencies; this means the reestablishment of the international money market and portends that the international flow of funds will in the future be guided by the movement of interest rates in the various countries. Since the amount of short term dollar assets owned by foreigners is large and at least a portion thereof can readily be converted into gold, this imposes a new discipline on the U. S., both fiscal and monetary.

These developments have imposed on the Administration and Congress the duty to combat the prevalent inflationary pressures. Otherwise, American goods will become less and less competitive abroad, which in the long run will lead to decreased exports, increased imports, and unemployment. Unlike the situation in the 1920's, the U. S. today is not in a position to raise tariffs. Such an action would not only lead to retaliatory measures by other countries, but would also undermine the economic and political leadership of the U. S. in the free world. Instead of increases, one may expect during the decade a lowering of tariffs. The formation of larger economic units in Western Europe will cause a continued outflow of capital from the U. S. because American firms will desire to take advantage of the widened market and the lower costs of production and investors to participate in the growing profits of the European corporations.

The Soviet Union and its satellites are also likely to play a more important economic role in the present decade than during the 1950's. The productive capacity of the Soviet bloc is growing; and since costs of production in these countries are of much less importance than in the free nation, they can and will compete more aggressively in the world markets.

The above described developments on the whole are sound and desirable, for they will check the inflationary pressures throughout the world and thus create a better investment climate. Relative price stability and the efforts of the industrial nations to increase production and living standards in the economically retarded areas will contribute materially to the economic growth of all participating nations. This will have a beneficial effect on a number of American industries and contribute to their growth and profits, which will be reflected in the prices of their equities.

International political developments will also have an important bearing on the economic and investment climate of the present decade. It is quite possible that the next 10 years will witness a considerable reduction in defense expenditures. The effects of such a development briefly will be as follows:

If Defense Spending Declines

A decrease in defense expenditures will lead to a decline in the output of certain types of goods and have an adverse effect on business activity in localities where the defense industries are concentrated. Earnings of these industries will decline, and the investment values of their equities will be adversely affected. A reduction in defense expenditures, however, will enable the government to reduce taxes and to increase expenditures on nondefense items. The most desirable development would be a reduction in corporate and individual income taxes. Such a measure would have a favorable effect on net earnings of corporations and would generate funds for the purchase of securities, both bonds and stocks. It would also make it more desirable for corporations to finance their capital requirements through the sale of equities and would make tax-exempt obligations less attractive to individuals in the high-income brackets. Thus while a disarmament program would initially have a temporarily adverse effect on the economy and on certain securities, it would in the long run lay the foundation for a more rapid expansion of production and distribution at home and abroad and would create a favorable investment climate.

Interest Rates

The decade ahead will be marked by relatively high interest rates. The demand for capital, as indicated before, will be strong; the ability of the banks to expand their investments will be limited; and a return to the money market conditions that prevailed prior to the accord in March 1951 or during the recession years of 1953-54 and 1957-58 is not likely. This is due primarily to the changed international position of the dollar and to the restoration of the international money market. From now on, money rates — notably short terms ones—will be determined not only by domestic business activity but also by money market conditions prevailing throughout the leading industrial countries of the world.

The cost of long term money and the availability of capital seeking an outlet in bonds and mortgages will depend on whether or not the inflationary pressures persist and whether fiscal discipline is practiced. If the inflationary pressures are curbed and the Federal budget over the period is balanced or shows a surplus, it will lead to a more even economic growth; capital for all legitimate purposes will be available; and interest rates during the decade on the whole should not be higher than prevailed at the beginning of 1960. A substantial surplus in the Federal budget will have a favorable effect on the capital market, particularly if the surplus is used to retire debt held by noncommercial bank investors. In that case, the supply of funds for investment will increase; and this will have a favorable effect on bond prices and lead to lower interest rates. If the inflationary pressures are curbed and fiscal discipline is practiced, it will induce institutional investors including trust companies to follow a balanced investment policy between bonds and equities. Bond prices under these circumstances will remain firm, and prices of equities will reflect the economic growth of the country as well as the increase in profits of some industries and corporations derived from the results of research and rising demand for their products. If the inflationary pressures persist and no fiscal discipline is practiced, the effects on the bond market will be adverse. The demand for fixed-income-bearing securities, bonds, and mortgages will decrease. The desire to hedge against the constant depreciation of the dollar will become even more pronounced, and individuals as well as institutional investors will shy away from securities which are adversely affected by the constant increase in the cost of goods and services. Under these circumstances, the Reserve authorities will be compelled to follow a policy of restraint, the availability of commercial bank credit will be reduced, and interest rates will continue to rise. Inflation distorts the flow of capital and not always to the best interest of the economy. Initially, inflation stimulates economic growth; this, however, is uneven and sooner or later leads to a decline in business activity and corporate profits and to unemployment.

The Markers on the Road

At present, it is impossible to state with any degree of accuracy whether the inflationary pressures will persist. If these pressures are eliminated, the investment environment will be favorable, and trust companies and other investors will endeavor to establish a sound balance between bonds and equities. Investment in the former will assure a stability of income and in the latter will enable the beneficiaries to benefit from the economic growth of the nation and of individual industries. Great care, however, will be required in the selection of equities because, as indicated before, the fruits of research will create new values and destroy old ones.

If the inflationary pressures persist, investment should be concentrated primarily in equities or in bonds which move with equity prices. However, inflation cannot last long and will soon lead either to a devaluation of the dollar or to a sharp decline in business activity. Under these circumstances, it is of importance not to overstay the equiy market and not to work on the assumption that the inflation can last forever.

At the beginning of the decade the outlook is hopeful. Monetary discipline has been practiced in spite of great political opposition and pressures. The increase in prices has slowed down, and the steel strike settlement provides for the smallest increase in the cost of producing steel since the end of the war. The budget for the present fiscal year seems to be balanced, and for the next year a surplus of $4.2 billion is envisaged. The people at large are beginning to realize that inflation is harmful to the economy as well as to many segments of the population.

Conclusion

The investment environment during the present decade will depend on the economic climate which will be shaped by the growth of population; the results of research and international economic and political developments; and, above all, by the response of the American people to the challenge emanating from the above developments. As during the past, so during the present decade, the prime problems remain inflation and the rising cost of government for defense and civilian purposes. The important forces that will operate in the economy contain inflationary as well as anti-inflationary aspects.

The expected rise in the number of individuals 65 years and older as well as the sharp increase in the number of children 18 years and younger will accentuate the demand for public services, schools, hospitals, etc., and will thus further aggravate the financial problems confronting state and local governments. The number of people consuming but not producing will rise; and while this will have a favorable effect on business activity it will tend to accentuate the inflationary pressures.

At the same time, the labor force will increase even faster, thus creating keener competition for jobs, further aggravated by the desire on the part of manufacturing and service industries to reduce costs of production through the use of labor-saving devices and the adoption of more efficient methods of production and distribution. This could bring to an end the increase in the cost of production and of labor in particular. The growth of population can accentuate or curb the inflationary forces; and thus, at least in part, the economic and investment climate of the decade will depend on how we handle the problems arising from the population factor.

The fruits of research are not an unmitigated blessing for everybody. Research creates new values and destroys old ones. It creates new jobs but also eliminates others. It has an important effect on the growth of individual industries and thus on the value of the individual groups of securities. What appears as a growth industry today may by the end of the decade be in the process of decline.

International economic developments will be far reaching. The last decade was marked by reconstruction and rebuilding of the economies of the war-torn nations. The present will witness the creation of larger economic units and the emergence of the Soviet Union as a major economic force in international trade, the end of colonialism, and the more rapid development of the economically retarded areas. These developments will offer an opportunity and challenge to the U. S. A., and the results will depend on our response to them. They will accentuate the demand for capital, intensify international competition, and should be a powerful force in the containment of the inflationary pressures all over the world.

If a sound formula for co-existence is found leading to large-scale disarmament, its initial impact will be adverse, particularly on the defense industries and the localities where they are concentrated. This, however, will make possible increased Federal expenditures for civilian purposes, a decrease in income taxes—individual as well as corporate—as well as a reduction of the public debt. Such a development would lay the foundation for rapid economic growth and have a favorable effect on securities, both equities and bonds. It probably would constitute the most significant event of the decade.

Interest rates during the present decade will be higher than during the greater part of the fifties unless the government operates with a large surplus and retires substantial amounts of debt held by nonbank investors. The demand for capital will be large to finance the construction of homes, public works, and the needs of industry. Whether the supply of funds seeking an outlet in fixed-income obligations will be adequate will depend on the movement of the purchasing power of the dollar. If its decline is halted, there should be no shortage of such funds. If the deterioration continues, it will lead to a distortion in the flow of savings. The desire to hedge against inflation will be the dominating motive in formulating investment policies. Money rates will rise; and after a short period of time, the economic growth will be retarded and the penalty will have to be paid. With the restoration of the international money market, the movement of short-term interest rates will be more and more determined by international economic and money market conditions. The rates should be higher than during the greater portion of the past decade.

While it is impossible to predict what the investment environment during the decade will be, it is possible to consider the forces that will create the economic climate and to point to certain markers on the road which will indicate supply and demand factors and the investor's preference.

The new decade will offer great opportunities and equally great challenges to the American Government, management, and labor leaders. It could go down in history as the golden sixties or as the decade of frustration and disappointment. The omens at the beginning of the decade are favorable. There is a thaw in the cold war; there is a worldwide revulsion against the ravages of inflation; the importance of monetary and fiscal controls is becoming more and more recognized; trade and payment restrictions are being gradually eliminated; the productive capacity of the world is rising; and once the pressing need to spend untold billions of dollars on defense is diminished, much more could be done for less fortunate nations. If these trends continue, the investment environment of the sixties will be favorable.

*An address by Dr. Nadler before the 41st Mid-Winter Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 8, 1960.

The Promises and Problems Of "The Golden Sixties"

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labor, leads to excessive prices and a reduction in real output. Moreover, the existence of monopoly insulates labor and capital from the discipline of the market place and thereby perpetuates the inefficiencies normally weeded out by the competitive system. The result is less output, less employment, and less economic growth. In an age when the emphasis is on total production and aggregate consumption, let us remember that lower prices still sell more cars, more steel, more machine tools, not only at home but also in the markets outside our borders.

In recent testimony before the Joint Economic Committee, a number of witnesses expressed concern about our rate of economic growth compared with that of the Soviet Union. Obviously, we can no longer afford to assign a low priority to strengthening the forces of growth. At the same time, let us remember that economic capacity is not synonymous with military might. The volume and the quality of our armaments must be maintained at a level which will enable us not only to contain and win brush-fire wars but also demonstrate to an aggressor the futility of all-out war. If this calls for higher defense spending, let us get on with the job but let us meet the bills out of current taxes. We could well use for this purpose some of the billions wasted each year in unnecessary price supports. These billions would go a long way toward balancing a larger defense budget.

(5) **Restore Balance in Our International Accounts.** The final problem which must be solved if the sixties are to be a golden decade of growth is posed by the large and persistent deficit in our balance of international payments.

The deterioration in our foreign trade position has been brought home to the public by the dramatic decline in our gold stock during the past two years. Our gold holdings have fallen by over $3 billion, or 15%, to a level where present reserves are just equal to the total foreign claims against them. Thus, there looms the danger of a sudden loss of confidence in the dollar, accompanied by a sharp withdrawal of gold.

The troublesome deficit in our balance of international payments results from the fact that in recent years we have been unable to develop an export balance sufficient to offset the heavy volume of our government loans and grants to foreign countries. Although imports to the U. S. have risen rapidly, our exports have shown no sustained growth during the past four years. As a result, the export balance of the earlier postwar years has disappeared and foreign claims against U. S. gold or dollars have risen by $3.4 billion in 1958 and an estimated $4 billion in 1959.

Behind the decline in our balance of trade lie two main factors—first, the economic recovery of Western Europe and Japan, and second, the rapid rate of inflation in our export prices. I remarked earlier that, if we are to step up output for the domestic market, it is essential that our capital equipment be modernized and inflation brought to a halt. These two factors are essential also for the growth of our foreign trade. Following the devastation of World War II, the economies of Western Europe and Japan have been rebuilt along modern and efficient lines. New and modern facilities have given these countries the capacity to compete with us in price, in delivery, in credit terms, in marketing techniques, and in the development of new products and services. The reconstruction of these countries, achieved partly through American aid, is certainly a welcome development, to be applauded by the entire free world. But their resurgence also serves notice that we can no longer be content with domestic policies which permit inflation and which fail to give real incentive to capital replacement.

The solution to our balance of payments problem does not lie in the direction of higher tariffs, import quotas, subsidies, or devaluation. These are devices to excuse or hide our own inefficiencies and inadequacies, and would in any event provoke prompt retaliatory action abroad. The growth solution to our foreign trade problem consists not in cutting down imports but in stepping up exports. To this end I recommend:

(1) A concerted effort to improve our competitive position, through more effective anti-inflationary policies, through more rapid improvement in our technology, and productivity, through more aggressive marketing by American businessmen, and through a more statesmanlike approach to the wage-cost question by American labor.

(2) A strong drive by our government to secure removal by foreign countries of the discriminatory restrictions originally imposed against American goods during the early postwar years and in many cases still retained today without justification.

(3) An equally firm position by our government to the effect that Western Europe, which has again become a leading industrial center, must assume a larger proportion of our common defense costs and must shoulder a larger share of the U. S. program of aiding the underdeveloped nations.

Some of the steps now being taken by our government are fortunately in the right direction, and with sufficient public support, promise to go a long way toward solving our balance of payments problem. If we fail now to pursue, carefully calculated policies to balance our international accounts, I am afraid we will, before long, find ourselves compelled to take hasty and ill-advised actions, with adverse repercussions on America's world leadership and our economic aspirations for the 1960s.

In discussing the promise of the new decade, I have tried to present some sober estimates of the standards of living we could achieve if we manage to overcome the serious obstacles in the way of economic growth.

I disagree with the pessimists who argue that we must sacrifice price stability in order to achieve full employment and economic growth. On the contrary, without a determined and successful effort to halt the spiral of inflation, we will ultimately have neither a high level of employment nor economic expansion. More than ever, the 1960s impose upon us a mandate to keep alive the basic forces sustaining our economic growth: the incentive to invest in more modern and more efficient capital equipment, and the incentive to save the funds urgently needed for this purpose. To assure the most productive allocation of our resources, we must strive, with renewed dedication, to strengthen the forces of free enterprise and competition.

In the field of foreign trade, we must tackle our balance of payments deficit with courage and determination. Here is one area where we have been given a first hand opportunity to observe the destructive effects of inflation. I hope this lesson will not be lost on the American public.

During the decade of the Sixties, the whole world will be watching our record of economic growth, of scientific achievement, of military strength. In our age of nuclear stalemate, we cannot afford to be less than first.

*An address by Mr. Shanks before the Nashville Chamber of Commerce, Vanderbilt University, Nashville, Tenn., Jan. 27, 1960.

Joseph Mandell Co.

WALDWICK, N. J.—Joseph Mandell is now conducting an investment business from offices at 48 Hudson Avenue under the name of Joseph Mandell Co. Mr. Mandell was formerly president of Joseph Mandell & Co., Inc. of New York.

Burnham & Co. Offers National Equipment Units

Burnham & Co. and associates are offering publicly today Feb. 11 $2,000,000 National Equipment Rental, Ltd. 6% sinking fund subordinated debentures, series A due Feb. 1, 1970, with common stock purchase warrants attached, and 100,000 shares of common stock, par value $1.

The securities are being offered for sale in 10,000 units at $250 per unit. Each unit consists of two $100 principal amount of debentures, each debenture with attached warrant initially exercisable for the purchase of 3.75 shares of common stock at $5 per share to and including Jan. 31, 1963 and thereafter at $7 per share to and including Jan. 31, 1965 (an aggregate of 7.5 shares per unit) and 10 shares of common stock.

In addition, the company has registered 107,500 shares of common stock, consisting of 80,000 shares reserved for insurance upon the exercise of warrants and for rounding out purposes if required (the reserved shares) and 27,500 shares which are being separately sold. The debentures with warrants and the reserved shares are offered by the company. The remaining shares are presently outstanding and are being sold by certain stockholders.

The business of the company is the rental or leasing of equipment to business organizations to meet their specific requirements. The major types of equipment presently leased include production, processing and packaging equipment of various types for a wide variety of industries, transportation and materials handling equipment, air conditioning, refrigeration and electronic testing equipment and office equipment.

The debentures are redeemable prior to maturity as a whole at any time or in part from time to time at the option of the company or through the operation of the sinking fund, but only on or after Feb. 1, 1964.

Joins Peeler Staff

DURHAM, N. C.—Clyde L. Green has joined the staff of J. Lee Peeler & Co., Inc., Trust Building.

Nation-Wide Underwriting Group Offers $98,560,000 New Housing Bds.

A group headed by Blyth & Co., Inc., Phelps, Fenn & Co. and Lehman Brothers, in association with The First National City Bank of New York, and a group headed by Bankers Trust Company and The Chase Manhattan Bank on Feb. 9 offered publicly 17 issues of New Housing Authority bonds according to four scales.

Scale A consists of $15,650,000 Washington, D. C., 3¾% bonds priced from a yield of 2.65% for bonds due 1961 to a dollar price of 99½ for the 1994-2000 maturities.

Scale B consists of bonds in the following amounts issued by local public agencies in: $1,300,000 Holyoke, Mass.; $7,530,000 Columbus, Ohio; and $10,765,000 Philadelphia, Pa. All bear a 3⅞% coupon and are being reoffered priced from a yield of 2.60% for bonds due 1960 to a dollar price of 100½ for the 1994-2000 maturities.

Scale C consists of bonds in the following amounts issued by local public agencies in: $1,050,000 Sarasota, Fla.; $20,150,000 New York City, N. Y.; $1,570,000 Port Chester, N. Y.; $1,075,000 Carbondale, Pa.; and $5,845,000 San Antonio, Texas. All bear a 3⅞% coupon and are being reoffered priced from a yield of 2.60% for those due 1960 to a dollar price of 100 for the 1994-2000 maturities.

Scale D consists of bonds in the following amounts issued by local public agencies in: $2,415,000 Decatur, Ala.; $3,980,000 Montgomery, Ala.; $1,350,000 Kinloch, Mo.; $8,205,000 Paterson, N. J.; $12,655,000 Puerto Rico; $2,010,000 Morristown, Tenn.; $1,960,000 Virgin Islands; and $1,040,000 Renton, Wash. All bear a 3⅞% coupon and are being reoffered priced from a yield of 2.60% to a dollar price of 99½ for the 1994-2000 maturities.

Rated Aaa by Moody's and A-1 plus by Standard & Poor's, the bonds are secured by a first pledge of annual contributions unconditionally payable pursuant to an annual contributions contract between the Public Housing Administration and the Local Public Agency issuing the bonds in the opinions of bond counsel. The United States Housing Act of 1937, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the Public Housing Administration pursuant to the annual contributions contracts.

Manageable Federal Debt Is Attainable Today

Continued from page 4

hower said in his State of the Union Message: "We must fight inflation as we would a fire that imperils our home. Only by so doing can we prevent it from destroying our salaries, savings, pensions, and insurance, and from gnawing away the very roots of a free, healthy economy and the nation's security."

The President also pointed out that "Inflation's ravages do not end at the water's edge." He was referring to our international balance of payments position, which has been in deficit in each year since 1949, with the exception of 1957. Recently the deficits have risen to a high level—about $3½ billion in 1958 and approaching $4 billion in 1959. Large deficits cannot be sustained safely for a long period of time if we are to have a satisfactory pattern of our balance of payments and if the dollar is to function properly as the world's major reserve currency.

World's Banker and Our Payments Deficit

This heavy and continuing deficit in our balance of payments situation is a relatively new phenomenon to us. For many decades until this last one, we have enjoyed a generally favorable balance of international payments. Then, largely as a result of wars, it became for a time extremely favorable—the shortages of both goods and financial reserves led us properly to help industrial nations rebuild their economies through the Marshall Plan and other measures. The "dollar gap" has long since been eliminated, and we must adjust our thinking to the changed conditions, when some industrial countries are accumulating surpluses in the form of gold and dollars.

Whether we like it or not, we have become the world's leading banker—like the typical banker, we have lent long and borrowed short. Short-term claims on us held by foreign countries, largely deposits in banks and Treasury bills, have built up from under $7 billion at the end of the war to $17 billion at present. Dollars supplement gold as the basic international reserves for most of the currencies of the free world.

This means that foreigners now have an important stake in how we manage our affairs just as depositors have a stake in how a bank is operated.

The Administration is taking appropriate steps to try to reduce the size of the payments deficits, but these steps will continue to be consistent with our objective of promoting an expanding volume of world trade. But it should be readily apparent that a basic factor is the cost-price structure in this country. Our ability to expand our exports will be impaired if this structure is not competitive.

In a complex economy, producing goods and services at a rate close to a half-trillion dollars a year, the causes of inflation are bound to be complex; thus there is no simple cure to the inflation problem. Moreover, the task of controlling inflation does not start and stop on the banks of the Potomac; individuals in every walk of life, institutions of all kinds, labor, management—each and every one of us must handle his economic and financial affairs on the basis of enlightened self-interest.

In the Final Analysis

In the last analysis, public opinion will tip the scales. It seems to me that we see evidence of some progress in this respect. Surely there is a growing realization that wages cannot, on the average, increase faster than the over-all increase in productivity without prices following suit, and vice versa. Some of the public opinion polls indicate this lesson is beginning to sink in.

However, in attempting to protect the purchasing power of the dollar, of one thing we can be certain: The battle against inflation will surely be lost if we fail to maintain financial responsibility in Federal Government activities. By financial responsibility I mean three things: a surplus in the Federal budget during periods of prosperous business activity; monetary discipline, so that excessive expansion in credit and the money supply is not allowed to tip the scales toward inflation; and debt management actions that support anti-inflationary budget and monetary policies.

This Administration — backed by an aroused citizenry—has succeeded in what appeared a year ago to be an almost impossible task: the budget for this fiscal year will be balanced; in fact, a small surplus of about $200 million now appears likely. But of even greater importance in the fight against inflation is the $4.2 billion surplus of revenues over expenditures in the President's budget for fiscal year 1961.

It is obvious that a budget presented in January, 1960, for a period ending some 18 months in the future necessarily involves some broad judgments. The actual realization of the $4.2 billion surplus depends primarily on two things: the continued upward trend of the economy during the next year and one-half, and Congressional actions with respect to both expenditures and tax rates. It must be recognized that some types of expenditure—notably, farm price supports—are heavily influenced by nature and by legislative commitments over which the Administration has little control.

Assuming that current levels of taxation prevail, the budget's revenue estimates are, in my judgment, on very solid ground. The President stated in his press conference recently that a basic assumption underlying the revenue estimates is a gross national product of about $510 billion for this calendar year. As you know, a number of forecasters believe that GNP will move even higher.

Warns Against Pressures

The projected $4.2 billion surplus will undoubtedly generate substantial pressures for a reduction in taxes and/or an increase in expenditures. It is crucially important that these pressures be withstood. Basic reform in the tax structure is certainly a desirable objective; but such changes require a broad, carefully considered approach, rather than the kind of piecemeal corrections. The House Ways and Means Committee on a bipartisan basis initiated a careful study of the income tax structure last year and expects to recommend legislation next year. The announced objectives are a broadening of the base and a lowering of rates. The Treasury is cooperating actively with the Committee in this searching reappraisal.

The President's statements in his State of the Union, Budget, and Economic messages leave no doubt that the Administration is dedicated to the protection of the $4.2 billion surplus for debt reduction; it will vigorously oppose any attempts to reduce the surplus, either in the form of premature tax reductions or increases in appropriations. But, again, this is not a battle that can be confined to Capitol Hill and the White House; strong grass roots support —such as the vigorous expression of public opinion that was so important in supporting the Administration in the battle of the Budget last year — is absolutely essential.

What will the achievement of a $4.2 billion budget surplus mean to the nation's financial markets? The better tone in the government securities market following the President's announcement of the surplus provides important evidence that the impact is beneficial.

First of all, the achievement of the surplus helps convince investors at home and abroad that this nation is determined to handle its financial affairs prudently and responsibly, and this in turn strengthens the desire to invest in government securities and other fixed-dollar obligations.

Secondly, the more appropriate anti-inflationary posture of budget policy, as reflected in the surplus, helps reduce the burden carried by monetary policy in promoting growth without inflation.

In the third place, the use of the surplus for debt retirement increases the flow of genuine savings into financial markets, thus helping to relieve pressures forcing up interest rates and to increase the availability of credit in the private sector of the economy.

Disadvantageous Interest Rate Ceiling

If my story could end at this point, all of us would no doubt agree that the government's financial affairs, certainly far from being in perfect shape, are at least in better condition than they have been for a number of years. Unfortunately, however, there is more to the story. I refer to the fact that a wholly artificial and archaic restriction is preventing Treasury debt management from providing appropriate support to anti-inflationary budget and monetary policies. As you know, this restriction consists of a 4¼% interest rate ceiling on new issues of Treasury securities of more than five years' maturity. In view of the levels of long-term interest rates that have prevailed since the spring of 1959, the practical effect of this limitation is to force the Treasury to do all of its borrowing by issuing securities of five years' maturity or less, on which no ceiling applies.

I will not repeat today all of the arguments that we presented to the Congress last summer in our unsuccessful effort to get the ceiling removed — arguments which we believe are even more valid now. You will recall that we especially emphasized the inflationary implications of flooding the market with very short-term government securities, which are only a step away from being money. We also argued that the ceiling completely prevents the Treasury from achieving any significant amount of debt extension, which is especially important in view of the fact that 75% of the marketable debt matures within five years. I would like to emphasize, however, that more than six months' experience in operating under the ceiling — during which time the Treasury borrowed $47½ billion through cash and refunding operations — has demonstrated clearly that the ceiling is militating against efficient achievement of sound economic objectives.

For example, the evidence is strong that the necessarily heavy reliance on short-term borrowing has contributed significantly to pushing short-term interest rates to the highest levels since the 1920's. This has had an almost immediate and substantial impact on the cost of carrying the public debt, since $80 billion of our securities mature within one year and must be refinanced at the higher short-term rates. Moreover, heavy Treasury short-term borrowing is bound to reduce the availability and increase the cost of credit to other short-term borrowers, such as consumers and businesses, large and small.

Some of those who opposed removal of the ceiling last summer erroneously argued that any resultant Treasury borrowing on long-term bonds would tend to reduce the availability of credit for home building and also contribute to higher rates on real estate mortgages. We told these people that, if and when the ceiling is removed, we would have no intention of flooding the market with long-term securities. Our new issues for cash would be relatively modest in amount, and most of our debt lengthening would be effected by refunding outstanding bonds — which were originally long-term and are still held by long-term investors—a number of years in advance of their final maturity. This technique, of "advance refunding," would avoid the impact on capital markets that arises from Treasury sales of long-term securities for cash or in exchange for maturing issues, in which case the character of ownership necessarily must be shifted.

Paradoxical Result

Paradoxically, the very result feared by these people may come to pass unless the ceiling is removed—in fact, an important part of it has already happened. It is obvious that the Treasury cannot confine all of its financing to very short-term issues in the one year area; the least that we can do is to place some securities in the 4- to 5-year maturity range, thus achieving a modest amount of debt lengthening and also helping to avoid the inflationary pressures generated by large-scale reliance on very short-term securities. But experience with the 5% note issued in October — the so-called "Magic 5's"—demonstrates clearly that individual investors will respond eagerly to such issues at the rates which we are forced to pay; a large portion of the funds they use to buy these securities would represent withdrawals from savings accounts in banks and savings and loan associations. As a consequence, the impact on the mortgage market of such withdrawals is much more severe than if the 4¼% ceiling were removed and the Treasury were able to pursue advance refunding and a moderate amount of long-term financing for cash. Such issues of longer-term tend to find lodgement with private and public pension funds, foundations, and similar institutions which typically are not purchasers of mortgages.

Thus the Treasury, so long as the ceiling remains, is confronted with a perplexing dilemma. If we confine all of our borrowing to very short-term securities, the impact on rates on Treasury bills and other money market instruments is likely to be especially severe, not to mention the inflationary implications of piling up very short-term securities which are the next thing to money. On the other hand, to the extent we reach out to the 4- to 5-year range, we run the danger of an indirect but nevertheless very strong impact on capital markets, and particularly on the mortgage market. Clearly, the present ceiling, by the distortions it creates, operates to make interest rates higher than they need to be generally across the maturity spectrum.

That is the dilemma. The answer lies, of course, with the Congress; and you can be assured that the Administration will continue to press for removal of the interest-rate ceiling with all the vigor and energy that it can command.

Debt Is Manageable With Proper Tools

Given the tools, by removal of the ceiling, we in the Treasury believe the situation is manageable. There will always be problems, but they are not of the magnitude that many envisage. The debt maturing within one year, $80 billion, is not too far out of line with the needs of the economy for liquidity instruments. If the debt up to 1 year were reduced $5 to $10 billion, we would feel more comfortable. However, the debt under 1 year surely should not be permitted to increase.

Our real problem is in the 1- to 5-year area where $62 billion are outstanding. If, chiefly by the device of advance refunding, we could offset each year the erosion of maturity caused by the lapse of time and, over a period of several years, lift something of the magnitude of $20 billion out of the 1- to 5-year area and spread that out over the rest of the maturity spectrum, we would be reasonably content with the resulting maturity configuration.

The E and H Savings Bond picture looked pretty grim last summer when Congress was debating whether to lift the old interest rate ceiling of 3¼%. Sales decreased and redemptions increased, with the result that total outstanding declined about $300 million from March to October. Beginning in November, there was a turn for the better, as you know; and at the year end, net investment in E and H Bonds was only $30 million below the figure a year earlier. Small denominations and payroll savings are going quite well, but the sales and redemptions of larger denominations have been affected by the competition of the Magic 5's and other high-yielding investments.

The increased interest of your customers in marketables, the exchange of F's and G's for 4¾% notes, and the newly offered privilege given the holders of Series E, F, and J to exchange for H bonds have combined to put a considerable burden of work on the banks in recent months. We regret this, but we feel that we cannot discharge our responsibility in a trying period and do otherwise.

We are indeed fortunate, as Americans, to live in a nation rich with natural resources, a highly efficient labor force and production system, and managerial talent and initiative. We also live in a community of free nations that, working together, can move forward in the drive to improve living standards for all freedom-loving people. The 1950's were years of prosperity and progress, and the decade of the 1960's can be an even more rewarding period. But only if we clearly identify the problems that confront us—individually, as a nation, and as a community of nations—and only if we meet those problems squarely and responsibly, relying upon our native common sense and the hard lessons that experience both here and abroad has taught us. That is the challenge to all of us.

*An address by Mr. Baird before the 12th National Credit Conference sponsored by the Credit Policy Commission of the American Bankers Association, Chicago, Ill., Jan. 22, 1960.

Now Marron, Sloss

The firm name of Marron, Edens, Sloss & Co., Inc., 63 Wall Street, New York City, has been changed to Marron, Sloss & Co., Inc.

Now J. R. Holt Co.

DENVER, Colo.—The firm name of Columbine Securities Corp., Denver U. S. National Center, has been changed to J. R. Holt & Co. Gilbert L. Hill has been added to the firm's staff.

Udo Reinach

Udo M. Reinach, partner in Ira Haupt & Co., New York City, passed away suddenly Jan. 23rd at the age of 72.

Form Physicians Fund

PHOENIX, Ariz. — Physicians Fund of the Bureau of Medical Economics is engaging in a securities business from offices at 2025 North Central Avenue. Frederick G. Mitten is a principal.

STATE OF TRADE AND INDUSTRY

Continued from page 5

of closely controlling inventories are prompted by a combination of factors. Most important is tight money and high interest rates which discourage the building up and carrying of large stocks.

Another factor is the 30-month steel labor contract. This assures uninterrupted steel operations until 1962.

Also important in inventory plans is the ability of the steel industry to produce and ship enough steel to handle any anticipated steel demand. This makes it unnecessary to carry large supplies as a hedge against a period of strong demand.

"The Iron Age" says that the new trend in inventory policies is already affecting the steel market.

It means less tension in the market; the end of premium-priced steel; liquidation of excess foreign and broker steel at lower prices.

To the steel industry, it means that heavy inventories will have to be carried by the steel mills. And producers will have to be able to handle spot supply troubles as they occur.

Earlier, "The Iron Age" points out, it was anticipated that steel inventories would build up to 16 million to 18 million tons this year. Now, inventories of not more than 13 million to 15 million tons can be counted on.

If this buying philosophy continues, another major steel stock buildup may not occur until early 1962, before the expiration of the steel labor contract.

In spite of inventory caution, the demand for steel remains high and will continue strong well into the second quarter, the magazine reports. Steel consumption is still up around 7 million tons a month. Backlogs of orders for most products are close to three months and incoming orders are about 85% of present rate of shipments.

There is some apprehension about automotive production. But, to date, automakers are taking all the steel they can get and are keeping the market tight for virtually all products with automotive applications.

However, reports from Detroit indicate there will be cutbacks in production schedules. Schedule makers are putting January new car figures under a microscope. Belief is that the industry can't produce the original February schedule of 725,000 cars without overloading dealer stocks.

This Week's Steel Output Based On 94.4% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *167.5% of steel capacity for the week beginning Feb. 8, 1960, equivalent to 2,690,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *167.0% and 2,683,000 in the week beginning Feb. 1.

Actual output for the week beginning Feb. 1, was equal to 94.2% 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 94.4%.

A month ago the operating rate (based on 1947-49 weekly production) was *169.8% and production 2,727,000 tons. A year ago the actual weekly production was placed at 2,371,000 tons, or *147.6%.

*Index of production is based on average weekly production for 1947-49.

Carloadings Show 3.3% Gain Over 1959 Week

Loading of revenue freight for the week ended Jan. 30, 1960, totaled 601,900 cars, the Association of American Railroads announced. This was an increase of 19,444 cars or 3.3% above the corresponding week in 1959 and an increase of 51,368 cars or 9.3% above the corresponding week in 1958.

Loadings in the week of Jan. 30, were 14,561 cars or 2.5% above the preceding week.

Intercity Truck Tonnage Up 4.8% Above 1959 Week

Intercity truck tonnage in the week ended Jan. 30, was 4.8% ahead of that of the corresponding week of a year ago, the American Trucking Associations, Inc., announced. Truck tonnage was 2.7% ahead of that of the previous week of this year.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Auto Production Lowest Since Early January

"Ward's Automotive Reports" estimated U. S. car production for the week ended Feb. 5 at 165,960 units, 5% less than last week when 173,231 were produced. Output in the recent week was the lowest since the period ended Jan. 9.

According to "Ward's" the week's decline in car assemblies mainly was the result of a strike at Chevrolet Division's six-cylinder engine and pressed metals plant at Flint, Mich. "Ward's said Chevrolet, which had planned Saturday operations at seven of its car plants, cut back to five days, apparently to conserve parts in the event of a prolonged tieup at the Flint facility.

Rest of the industry, however, is continuing the strong production pace it set earlier this year, the agency said. Ford Motor Co. maintained six-day operations at eight Ford and Falcon plants, the Lincoln-Thunderbird plant and a Mercury assemble line at Los Angeles, Calif.

Chrysler Corp. continued five-day scheduling at all plants, with the exception of the Dearborn, Mich., Imperial site which lost a day's work on Feb. 1 because of parts shortages. Elsewhere in the industry, American Motors carried out Saturday car-building at Kenosha, Wis., and Studebaker-Packard's South Bend, Ind., works completed a five-day program.

Electric Output 6.1% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 6, was estimated at 14,097,000,000 kwh., according to the Edison Electric Institute. Output was 236,000,000 kwh. below that of the previous week's total of 14,313,000,000 kwh. but showed a gain of 1,021,000,000 kwh., or 6.1% above that of the comparable 1959 week.

Lumber Shipments 1.8% Below Jan. 30 Week

Lumber shipments of 458 mills reporting to the National Lumber Trade Barometer were 1.8% below production during the week ended Jan. 30, 1960. In the same week new orders of these mills were 9.4% 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 47 days' production.

For the year-to-date, shipments of reporting identical mills were 5.7% below production; new orders were 10.0% below production.

Compared with the previous week ended Jan. 23, 1960, production of reporting mills was 3.1% above; shipments were 5.5% above; new orders were 1.2% above. Compared with the corresponding week in 1959, production of reporting mills was 3.1% above; shipments were 1.1% below; and new orders were 12.3% below.

1959 Lumber Production 9% Greater Than in Previous Year

Topped off with an unusual December upturn, national lumber production in 1959 totaled 36,934,000,000 board feet. The National Lumber Manufacturers Association reports that the year's estimated production rose 9% over 1958 for the highest annual output recorded since 1956.

Included in the 1959 production was 29,709,000,000 board feet of softwood lumber and 7,225,000,000 board feet of hardwoods.

Mill shipments of all lumber for the year were only 1% below the output. Compared with 1958, shipments registered an increase of 6%.

Lumber production in December, estimated at 2,947,000,000 board feet, attained the greatest level for that month in five years. A 2% gain over November represented the first such increase in the 30 years that monthly records have been maintained. Production during 1959's final month also scored a 7% increase over December 1958.

During December 1959, shipments of both softwood and hardwood lumber were 5% less than production. New orders for softwood lumber, meanwhile, took a 6% lead over December production, while for hardwoods, new orders fell 8% behind the month's output.

At the end of 1959, gross mill stocks of all lumber totaled 9,610,000,000 board feet—5% more than the 1958 year-end levels.

Unfilled order files of hardwood producers as of Dec. 31, 1959, were off substantially from the end of 1958. For softwoods, however, unfilled order files were 5% greater than a year ago.

Business Failures Rise in Feb. 4 Week

Commercial and industrial failures climbed to 318 in the week ended Feb. 4 from 281 in the preceding week, reported Dun & Bradstreet, Inc. At the highest level since April 9 last year, casualties exceeded the 271 occurring in the comparable week a year ago although they remained below the 342 in 1958. The toll equalled the prewar level in the similar week of 1939.

Failures involving liabilities of $5,000 or more rose noticeably to 287 from 250 in the previous week and 235 a year ago. On the other hand, small casualties, those with liabilities under $5,000, held steady at 31, slightly below the 36 of this size in the corresponding week last year. Liabilities ranged above $100,000 for 37 of the week's failures as against 35 in the preceding week.

Retailing accounted largely for the upturn, with its toll climbing to 174 from 132 a week ago. Casualties among wholesalers edged up to 27 from 21 and among commercial services to 25 from 22. Contrasting declines prevailed in manufacturing, down to 43 from 55, and in construction, off to 49 from 51. More businesses failed than last year in the trades and construction, but manufacturing failures fell short of their 1959 level and service failures remained the same as a year ago.

Most of the rise during the week was concentrated in the Middle Atlantic States, where casualties increased to 114 from 94, and in the Pacific States, up to 77 from 56. Moderate upturns also were reported in the New England, West South Central, and Mountain States. On the other hand, declines occurred in four regions; the most noticeable drop was in the East North Central toll, down to 41 from 55. In six regions, businesses mortality equalled or exceeded that in the comparable week of last year. Only three areas suffered fewer casualties than in 1959.

Wholesale Food Price Index Drops Noticeably

Following three consecutive increases, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell noticeably during the latest week. On Feb. 2 it stood at $5.76, down 2.4% from the prior week's $5.90 and 7.0% below the $6.19 of the corresponding date a year ago.

Higher in wholesale cost this week were flour, barley, sugar, coffee, and cottonseed oil. Lower in price were wheat, rye, oats, beef, hams, lard, cocoa, eggs, raisins, steers, 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.

Wholesale Commodity Price Index Close to Prior Week

Higher prices on some grains, sugar, steers, lambs, and tin offset declines on hogs, rubber, wool, and steel scrap holding the general commodity price level close to the prior week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 273.44 (1930-32=100) on Feb. 8, compared with 273.65 a week earlier and 276.47 on the corresponding date a year ago.

Trading in corn picked up slightly during the week and prices were somewhat higher. There was a slight rise in oats prices as volume edged up. Transactions in wheat were sluggish, but prices remained at prior week levels; wheat supplies were ample. Although rye prices moved up fractionally towards the end of the week, they finished unchanged from a week earlier; rye trading was slow and offerings were light. Both export and domestic buying of soybeans sagged and marketings were light; this resulted in a slight dip in prices.

Transactions in flour were sluggish and prices showed no change from a week earlier. Although export and domestic purchases moved up appreciably during the week, rice prices were unchanged. Sizable purchases were made by India, Liberia, and Nigeria. Increased interest was also shown by Cuba. The rise in domestic buying was attributed to the anticipation of Lenten needs.

Although trading in coffee was light, prices were steady throughout the week. Cocoa purchases expanded somewhat, but prices showed no change. Arrivals of cocoa in New York and Philadelphia so far this year came to 281,411 bags, compared with 385,918 in the comparable period a year ago.

There was a slight increase in steer prices during the week as trading edged up. Cattle receipts in Chicago were down fractionally from the prior week, but were moderately higher than a year ago. The salable supply of lambs dipped moderately, and prices moved up fractionally on steady purchases. A moderate decline in hog prices occurred as trading dipped somewhat.

Trading in cotton rose slightly during the week and prices matched those of a week earlier. United States exports of cotton during the week ended last Tuesday were estimated at 150,000 bales by the New York Cotton Exchange Service Bureau. This compared with 247,000 in the prior week and 38,000 a year earlier. Exports for the season through Feb. 2 came to about 2,832,000 bales, compared with 1,439,000 in the corresponding period a year ago.

Retail Trade Slightly Exceeds Last Year

Although unfavorable shopping weather in some areas and a slackening in clearance sales promotions in some lines held consumer buying below that of the prior week, overall retail trade was up slightly from a year ago. While there were year-to-year gains in men's apparel, new passenger cars, furniture, and floor coverings, volume in women's apparel and appliances was down somewhat.

The total dollar volume of retail trade in the week ended Feb. 3 was 1 to 5% 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: Middle Atlantic +4 to +8; East North Central +3 to +7; East South Central and Mountain +1 to +5; West North Central and West South Central 0 to +4; South Atlantic —2 to +2; Pacific Coast —3 to +1; New England —4 to 0.

While interest in men's apparel dipped from a week earlier, volume was up slightly from last year; gains in Winter suits and furnishings offset declines in sportswear and shoes. Year-to-year decreases in women's Winter coats, suits, and dresses held over-all sales somewhat below a year ago; purchases of sportswear matched those of the similar 1959 period. Another moderate rise occurred in the buying of women's Spring merchandise, especially dresses and suits. Volume in girl's apparel was down moderately from last year.

Furniture stores reported moderate year-to-year gains in upholstered chairs, bedroom sets, and case goods. The call for floor coverings and linens was up appreciably from last year, but sales of draperies showed no change. Although purchases of television sets and washers showed slight increases from last year, over-all appliance volume was down somewhat.

There was a moderate decline in food sales at retail this week. Grocers reported decreases in fresh meat, poultry, and dairy products. In contrast, volume in canned goods, frozen foods, and baked goods moved slightly ahead.

Nationwide Department Store Sales Up 6% for Jan. 30 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Jan. 30, 1960, increased 6% above the like period last year. In the preceding week, for Jan. 23, an increase of 8% was reported. For the four weeks ended Jan. 30 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. 30 increased 7% over the like period last year. In the preceding week ended Jan. 23, sales increased 9% over the like period last year. For the four weeks ending Jan. 30 a 6% increase was reported over the 1959 period.

Form W. F. Marshall Co.

ANAHEIM, Calif.—W. F. Marshall & Company has been formed with offices at 300 Wilshire Avenue to engage in a securites business. Partners are Willam F. Marshall, general partner, and Robert E. Weiss, limited partner, Mr. Marshall was formerly with Walston & Co., Inc. and Eastman Dillon, Union Securities & Co.

Lee Higginson Branch

ORLANDO, Fla.—Lee Higginson Corp., members of the New York Stock Exchange and other major securities exchanges, announces the opening of a new office at 120 East Colonial Drive, under the management of Robert W. Bowles.

Charles F. Chaney, Paul Hayne, Jr., Mary Ritter Collins and Earl Pfantz are also associated with the new office.

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. (2/19)
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.

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 in March.

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.

Allied Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—NASD members who execute a selling agreement. **Offering**—Expected in February.

★ Allservice Life Insurance Co.
Jan. 28 (letter of notification) 36,350 shares of common stock to be offered in exchange for class B common stock (par one cent). **Office**—416 N. Tejon St., Colorado Springs, Colo. **Underwriter**—None.

★ American Business Machines Systems, Inc.
Feb. 3 filed 100,000 shares of common stock (without par value). **Price**—To be supplied by amendment. **Proceeds**—The company intends to increase its productive capacity by purchasing new machinery, consisting of four rotary presses and certain auxiliary equipment relating to the manufacture of business forms, at an estimated cost of $400,000. Approximately $125,000 will be used to expand the company's sales and service organization by training additional sales personnel and by expanding present sales offices and opening additional offices. Bank obligations of $150,000, which were incurred in November, 1959 to finance additional inventory and accounts receivable, will be discharged, and the remaining monies will be retained as additional working capital and be used for general corporate purposes. **Office**—2929 B Street, Philadelphia, Pa. **Underwriter**—Bache & Co., New York.

★ American Business Systems, Inc.
Feb. 3 filed 100,000 shares of common stock, and 3-year warrants for 5,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For new equipment; expansion of the sales organization; discharge of debts, and general corporate purposes. **Office**—2929 "B" St., Philadelphia, Pa. **Underwriter**—Bache & Co., of Philadelphia, and New York City, who is to acquire said warrants.

★ American & Foreign Power Co., Inc.
Feb. 4 filed 200,000 outstanding shares of its common stock. **Price**—To be sold from time to time on the NYSE at-the-market by the owner, Electric Bond & Share Co. **Office**—100 Church St., New York City.

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 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. **Offering**—In early March.

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.

★ American Steel Foundries
Feb. 8 filed 122,856 shares of its common stock, issuable under its Stock Option Incentive Plan for Key Employees (1952) and its Restricted Stock Option Incentive Plan for Key Employees. **Office**—Chicago, Ill.

• Anadite, Inc. (2/19)
Jan. 18 filed 50,000 shares of capital stock (no par). **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.

★ Andrea Radio Corp.
Feb. 3 filed warrants for the purchase of 5,500 shares of common stock together with 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To president F. A. D. Andrea, selling stockholder. **Office** — 27-01 Bridge Plaza North, Long Island City, N. Y. **Underwriters**—W. C. Langley & Co., of New York City, who, together with S. W. Muldowny, will acquire said warrants.

• Ansonia Wire & Cable Co.
Jan. 28 (letter of notification) 74,800 shares of common stock (par $1) to be offered to stockholders on the basis of 7 new shares for each 10 shares held. **Price**—$4 per share. **Proceeds**—To repay a current debt and for working capital. **Office** — 111 Martin Street Ashton, R. I. **Underwriter** — Lapham & Co., 40 Exchange Pl, 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.

★ Arcs Industries, Inc.
Feb. 10 filed 100,000 shares of common stock (par 10 cents). **Price**—$3.75 per share. **Proceeds**—To discharge indebtedness; advances for research and development; to buy equipment and the balance for general corporate purposes. **Office**—Merrick Road, Bellmore, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

★ Arrivals, Ltd.
Jan. 29 (letter of notification) 44,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—203 N. Wabash Ave., Chicago, Ill. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

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.

★ Aviation Employees Corp.
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

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.

★ Barnes Engineering Co.
Feb. 9 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay off notes, for expansion, and for general corporate purposes. **Office**—Stamford, Conn. **Underwriter**—Hayden, Stone & Co.

★ Basic Securities, Inc,
Jan. 28 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To increase investment portfolio, expansion and for working capital. **Office**—506 Frank Nelson Bldg., Birmingham, Ala. **Underwriter**—None.

• Bastian-Morley Co., Inc.
Jan. 18 filed $650,000 of convertible first mortgage sinking fund bonds, due Jan. 1, 1975. **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 Ave., 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 late February or early March.

• Britton Electronics Corp. (2/15-18)
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.

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.**
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. **Offering**—Expected in early March.

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.

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 American Industries Corp.**
Feb. 3 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—To pay off accounts payable and for working capital. **Office**—755 Nash St., El Segundo, Calif. **Underwriter**—A. T. Brod & Co., New York, N. Y.

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. (2/25)**
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.

Coastal Chemical Corp.
Dec. 7 filed 111,729 shares of class A common and 70,000 shares of class C common, of which 50,000 class C shares are to be offered for the account of Miss. Chemical Corp., selling stockholder, with the remainder of the offering to be sold for the account of the issuing company. **Price**—For the class A stock: $30 per share; for the class C stock: $25 per share. **Proceeds**—For working capital, construction, and repayment of loans. **Office**—Yazoo through Coastal employees with Miss. Chemical under-City, Miss. **Underwriter**—The offering is to be made writing on a "best efforts" basis, receiving a selling commission of 33 cents a share.

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.

★ **Cold Lake Pipe Co., Inc.**
Feb. 5 filed 200,000 shares of common stock. **Price**—$6 per share. **Proceeds**—Repayment of loans and indebtedness, working capital and expansion. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—None.

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., New York City.

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.

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NEW ISSUE CALENDAR

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

Britton Electronics Corp.____Common
(First Philadelphia Corp.) $225,000

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

Computer Usage Co., Inc.____Common
(Marron, Sloss & Co., Inc.; Roosevelt & Gourd; L. B. Schwinn & Co.; Donaldson, Luskin & Jenrette, Inc. and First Albany Corp.) $235,000

Control Electronics Co., Inc.____Common
(Milton D. Blauner & Co., Inc.; David Finkle & Co. and Gartman, Rose & Feuer) $165,000

General Aluminum Fabricators, Inc.____Common
(Charles Plohn & Co.) $300,000

Nord Photocopy & Business Equipment Co.__Com.
(Myron A. Lomasney & Co.) 36,400 shares

Pathe News, Inc.____Common
(Hilton Securities, Inc.) $1,300,000

Puget Park Corp.____Common
(Hill, Darlington & Co.) $816,725

Stantex Corp.____Common
(First City Securities, Inc. and Frank P. Hunt & 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

Lancer Industries, Inc.____Preferred
(George, O'Neill & Co.) $2,000,000

Pacific Telephone & Telegraph Co.____Common
(No underwriting) $143,509,000

Pacific Telephone & Telegraph Co.____Debentures
(Bids 11 a.m. EST) $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

Row, Peterson & Co.____Common
(Kidder, Peabody & Co., Inc.) 164,689 shares

February 18 (Thursday)

Duke Power Co.____Bonds
(Bids 11 a.m. EST) $50,000,000

Onyx Chemical Corp.____Common
(McDonnell & Co., Inc.) 140,000 shares

Soroban Engineering, Inc.____Common
(R. S. Dickson & Co., Inc.) 100,000 shares

February 19 (Friday)

Accurate Electronics, Inc.____Common
(Amos Treat & Co., Inc. and Arthur B. Hogan, Inc.) $225,000

Anadite, Inc.____Capital
(Dean Witter & Co.) 50,000 shares

Universal Transistor Products Corp.____Common
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000

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 11:30 a.m. EST) $12,000,000

Texize Chemicals, Inc.____Common
(Kidder, Peabody & Co.) 174,576 shares

February 25 (Thursday)

Clinton Engines Corp.____Common
(Bear, Stearns & Co. and H. M. Byllesby & Co., Inc.) 350,000 shares

February 26 (Friday)

Dayton Power & Light Co.____Bonds
(Bids 11 a.m. EST) $25,000,000

February 29 (Monday)

Commerce Drug Co.____Common
(Marron, Sloss & Co., Inc.) $585,000

Whitmoyer Laboratories, Inc.____Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc.____Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

March 1 (Tuesday)

Dworman Corp.____Common
(Charles Plohn & Co.) $3,000,000

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

March 14 (Monday)

Secode Corp.____Debentures
(No underwriting) $1,500,000

March 15 (Tuesday)

Central Illinois Light Co.____Bonds
(Bids 11 a.m. EST) $14,000,000

Chesapeake & Potomac Telephone Co. of West Virginia____Debentures
(Bids 11 a.m. EST) $25,000,000

Northern Indiana Public Service Co.____Bonds
(Bids to be invited) $15,000,000

March 17 (Thursday)

Mississippi Power Co.____Bonds
(Bids 11 a.m. EST) $4,000,000

March 29 (Tuesday)

Bank of California____Stock
(Blyth & Co., Inc.) 256,930 shares

April 5 (Tuesday)

Carolina Power & Light Co.____Bonds
(Bids 11 a.m. EST) $25,000,000

April 7 (Thursday)

Alabama Power Co.____Bonds
(Bids to be invited) $19,500,000

April 11 (Monday)

National Fuel Gas Co.____Debentures
(Bids to be invited) $18,000,000

April 12 (Tuesday)

Mountain States Telephone & Telegraph Co.____Debentures
(Bids to be invited) $40,000,000

West Penn Electric Co.____Common
(Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; Lehman Brothers; Goldman, Sachs & Co.) $10,000,000

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

September 13 (Tuesday)

Virginia Electric & Power Co.____Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)

Georgia Power Co.____Bonds
(Bids to be invited) $12,000,000

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Price—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

• Computer Usage Co., Inc. (2/15-19)
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.

Consolidated Development Corp.
Aug. 28 filed 448,000 shares of common stock (par 20c), of which 1198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price**—For the shares to be offered to the debenture holders, 75c per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds**—For general corporate purposes. **Note** — This company was formerly known as Consolidated Cuban Petroleum Corp., which was a Delaware corporation with Havana offices. Its charter was amended last June, changing the corporate name and sanctioning its entry into real estate operations. The SEC announced a "stop order" on Dec. 10, challenging the registration statement, and the corporation told this newspaper they planned to re-register. An SEC hearing 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 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. (2/15-19)
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.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter**—To be supplied by amendment.

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.

★ Datronics Engineers, Inc.
Jan. 28 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Office**—4925 Saint Elmo Ave., Bethesda 14, Md. **Underwriter**—None.

• Davega Stores Corp.
Nov. 25 filed 88,000 shares of common stock being offered to stockholders of record Jan. 21, at the rate of one new share for each three shares held; rights expire Feb. 15. **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). **Bids**—Expected up to 11 a.m. on Feb. 26.

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.

★ Directional Fund, Inc.
Feb. 8 filed 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Office** — 107 East 38th St., New York.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **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, the costs of which are estimated to total $155,300,000 from Sept. 1, 1959 to Dec. 31, 1961. **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. **Bids**—Expected up to 11 a.m. on Feb. 18.

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). **Bids**—Expected up to 11 a.m. (EST) on Feb. 24.

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's Inc.
Feb. 1 (letter of notification) $100,000 of 7% subordinated debentures due April 1, 1970 and 20,000 shares of common stock (par 20 cents) to be offered in units, each consisting of $1,000 debenture and 200 shares of common stock. **Price**—$1,300 per unit. **Proceeds**—For payment of an outstanding mortgage note and working capital. **Address** — East Highway 50, Vermillion, S. D. **Underwriter** — Woodard - Elwood & Co., Minneapolis, Minn.

★ Employers Reinsurance Corp.
Feb. 8 filed 100,000 shares of capital stock, to be offered for subscription by its stockholders at the rate of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

★ Ero Manufacturing Co.
Jan. 28 (letter of notification) not to exceed 10,000 shares of common stock (par $1). **Price**—At the most recent sale of such stock on the American Stock Exchange. **Proceeds**—To go to a selling stockholder. **Office**—714-18 West, Monroe St., Chicago, Ill. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

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.

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** — Delayed.

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix. Statement effective Oct. 9.

★ Florida-Patsand Corp.
Feb. 4 filed 1,987,000 shares of all of its outstanding common stock, for possible sale to the public by the present holders. **Price**—At-the-market upon date of sale. **Office**—1601 Alfred I. duPont Bldg., Miami, Fla.

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.

★ Franklin Discount Co.
Feb. 1 (letter of notification) $50,000 of 8% subordinated capital notes due in eight years, eight months and eight days after date of issue with interest to be compounded monthly. **Price**—At 100%. **Proceeds** — To purchase conditional sales contracts and for making loans. **Office**—105 N. Sage St., Toccoa, Ga. **Underwriter**—None.

Gence & Associates, Inc.
Nov. 13 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay an outstanding obligation and for working capital. **Office**—1500 E. Colorado St., Glendale, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

General Aluminum Fabricators, Inc. (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 60,888 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 work-

ing 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; see "Insular Finance Corp" below.

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**—640 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.

★ Genesco, Inc.
Feb. 9 filed 587,186 shares of common stock. Of the total, 87,186 shares of common stock will be offered to the common and class B common stockholders of Hoving Corp., and the remaining 500,000 shares will be offered publicly. **Price**—To be supplied by amendment. **Underwriter**—Blyth & Co., Inc., New York.

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 March.

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.

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.

★ Heiskel Engineering & Manufacturing Co.
Jan. 28 (letter of notification) 20,621 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For operating capital, production of government contracts and machinery and equipment. **Office**—City Hall, Williamsport, 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.

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.

★ Inland Marine Corp.
Jan. 29 (letter of notification) $250,000 of 6½% convertible debentures to be offered in multiples of $500. Debentures are convertible into common stock at $6.25 per share. **Price**—At face value. **Proceeds**—To reduce bank loans and for working capital. **Office** — Minneapolis, Minn. **Underwriter**—None.

★ Insular Finance Corp. (formerly General Finance Corp.)
Feb. 1 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—Avebuda Condado 609, Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Santurce, Puerto Rico.

★ Insurance Investors Fund, Inc.
Feb. 8 filed (by amendment) an additional 50,000 shares of common capital stock. **Price**—At market. **Proceeds**—For investment. **Office**—San Francisco, Calif.

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 debenture. **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.

★ La Crosse Cooler Co.
Feb. 9 filed 100,000 outstanding shares of common stock. **Proceeds**—To selling stockholder. **Price**—To be supplied by amendment. **Office**—2809 Losey Blvd., South La Crosse, Wis. **Underwriter**—Shearson, Hammill & Co., New York.

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. (2/16)
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**—George, O'Neill & Co., New York City.

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.

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.

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Proceeds—To acquire property and for working capital. **Office**—115 Mary Street, Falls Church, Va. **Underwriter**—Securities Registration & Transfer Corp., Washington, D. C.

★ Light House, Inc.
Jan. 22 (letter of notification) 204,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For Saber Boat Factory and inventory of materials and working capital. **Office**—Accokeek, Md. **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. **Offering**—Expected in early March.

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.

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.

★ Meyer (Fred), Inc.
Feb. 3 filed 400,000 shares of class A common stock (without par value) including 300,000 shares for the account of the issuer, and 85,000 shares for a company-connected estate. The remaining 15,000 shares are for officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For the general fund, including constructing and equipping new shopping centers and working capital. **Office**—721 S. W. 4th Ave., Portland, Ore. **Underwriter**—Kidder, Peabody & Co. **Offering**—Expected about the second week in March.

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 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.

● 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. **Offering**—Suspended by the SEC on Feb. 3.

★ Mineral Concentrates & Chemical Co.
Feb. 4 filed 473,107 shares of common stock of which 285,015 shares were previously sold and delivered for the proceeds of $467,675, and of which 24,685 shares have been subscribed for and delivered, but not paid for. The remaining 163,407 are owned or under option by officers and employees. Filing of the shares is to avoid possible violation in connection with their resale. **Proceeds**—Almost all have been received and expended for general corporate purposes. **Office**—1430 First National Bank Building, Denver, Colo.

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.

★ Missile Electronics, Inc.
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

★ Mississippi Power Co. (3/17)
Feb. 8 filed $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 at the offices of Southern Services, Inc., 250 Park Avenue, New York 17, N. Y., up to 11 a.m. (EST).

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%.

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. **Office**—Expected in February.

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 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.

New Haven Clock & Watch Co.
Jan. 29 filed: (1) 1,462,320 shares of common stock to be offered for subscription at $2 per share by common stockholders at the rate of three new shares for each five shares held on the record date; (2) 250,000 shares of common stock for public sale. **Price**—To be supplied by amendment; (3) 700,000 of outstanding shares which may be offered for sale by the present holders thereof; (4) 719,667 shares to be offered to holders of warrants and convertible short term notes; and (5) 92,500 shares for use in the company's stock option plan. **Proceeds**—For general corporate purposes, including reduction of indebtedness, development of a division, and mortgage payments. **Office**—140 Hamilton St., New Haven, Conn. **Underwriter**—None.

★ Norby Supply Co.
Jan. 27 (letter of notification) $250,000 of 7% bearer debentures to be offered in denominations of $100. Maturity dated from Dec. 31, 1964 to Dec. 31, 1979. **Price**—At face value. **Proceeds**—To be used to call in the preferred; payment of current accounts payable; inventory and for working capital. **Office**—Seattle, Wash. **Underwriter**—None.

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.

★ Northern Indiana Public Service Co. (3/15)
Feb. 9 filed $15,000,000 in bonds of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Dean Witter & Co. (to handle the books); Blyth & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected to be received on March 15.

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.

★ One-Hour Valet, Inc.
Feb. 3 filed $2,000,000 of 6% convertible subordinated debentures, due March 1, 1975, and 100,000 shares of common stock (par $1). **Prices**—Debentures at 100% of principal amount, and price of the common stock to be supplied by amendment. **Proceeds**—For the repayment of indebtedness, renovation and expansion, and working capital. **Office** — 1844 West Flagler St., Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co. of New York City.

● Onyx Chemical Corp. (2/18-19)
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.

● Ovitron Corp., Detroit, Mich.
Oct. 27 filed 150,000 shares of common stock (par one cent). **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York. **Offering**—Expected in late February.

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.

Oxy-Catalyst, Inc.
Dec. 23 filed 28,637 shares of common stock. The company proposes to offer 11,372 shares for subscription by its common stockholders of record Jan. 15, 1960, upon the basis of one new share for each 50 shares then held. The remaining 17,265 shares are to be offered to certain

officers and employees of the company upon the exercise of options to purchase said shares, the option price being $9.35 as to 6,575 shares and $11 as to 10,690. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For additional working capital. **Office**—511 Old Lancaster Road, Berwyn, Pa. **Underwriter**—None.

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 Panel Co.**
Feb. 8 filed 100,000 shares of class A common stock. **Price**—$4.50 per share. **Proceeds**—For reduction of indebtedness; for working capital; for establishment of three additional stores; and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th St., Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc.

● **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. **Bids**—Expected up to 11:30 a.m. EST on Feb. 16.

● **Pathe News, Inc. (2/15-19)**
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.

★ **Pentron Electronics Corp.**
Feb. 4 filed 250,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds** — $115,000 for payment in full of outstanding 6% sinking fund debentures, plant renovation, new equipment, and the balance to the general fund. **Office**—777 So. Tripp Ave., Chicago, Ill. **Underwriter**—Stanley Heller & Co., of New York City.

Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

Phillips Developments, Inc. (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.

Pilgrim National Life Insurance Co. of America
Sept. 17 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W Adams Street, Chicago, Ill. **Underwriter**—None. Statement effective Nov.4.

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, subsequently reduced to $12,000,000, of first mortgage bonds, series H, due February 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.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); and Glore, Forgan & Co. **Bids**—Expected up to 11:30 a.m. EST on Feb. 24.

★ **Pueblo Supermarkets, Inc.**
Feb. 5 filed 200,000 shares of common stock, 70,000 shares of which are to be offered for public sale, and the balance being outstanding shares of present holders. **Price**—To be supplied by amendment. **Proceeds** — For expansion purposes. **Office**—Caparra Heights, San Juan, Puerto Rico. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

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. **Offering**—Expected in March.

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.

Reserve Insurance Co., Chicago, Ill.
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. This offering will not be made in New York State. **Offering**—Postponed indefinitely.

● **Row, Peterson & Co. (2/17)**
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.

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.

Security Mortgages, Inc.
Nov. 30 filed $250,000 of 11-year sinking fund debentures and 62,500 shares of class A common stock (par 15 cents), to be offered in units of 1 debenture and 25 common shares. **Price**—$100 per unit. **Proceeds**—To invest in equities and/or mortgages. **Office** — Denver 2, Colo. **Underwriter**—None.

Shield Chemical Ltd.
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

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 (par 10 cents). **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. (2/18)**
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.**
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 March.

● **Southeastern Public Service Co.**
Jan. 14 filed 104,961 shares of common stock, being offered to common stockholders of record Feb. 10 on the basis for one new share for each 10 shares then held; rights expire March 1. **Price**—$11.25 per share. **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.

Southland Oil Ventures, Inc.
Nov. 27 filed $2,000,000 of participations in its 1960 Oil and Gas Exploration Program. **Price**—$5,000 per unit, with a minimum participation of $10,000. **Proceeds**—For exploration. **Office** — 2802 Lexington, Houston, Texas. **Underwriter**—The participations will be offered by officers of the company and by certain investment firms.

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 construction of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City.

Southwestern Investment Co.
Nov. 2 filed 225,000 shares of common stock, of which 15,000 shares are to be offered to employees of the issuing company and its subsidiaries, and 210,000 shares represent outstanding stock held by previous stockholders of Southwest Acceptance Co., who may offer their shares. **Price**—At market. Office—Amarillo, Texas. **Underwriter**—None.

● **Stantex Corp. (2/15-19)**
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.

★ **State Bond & Mortgage Co.**
Feb. 4 (by amendment) an additional $4,000,000 of series 120 certificates and $10,000,000 of series 115 certificates. **Office**—New Ulm, Minn.

★ **State Hospital Insurance Association, Inc.**
Jan. 27 (letter of notification) 12,750 shares of common stock (no par) to be offered for subscription by stockholders of record Jan. 15, 1960 and unsubscribed shares to the public. Rights expire Feb. 25, 1960. **Price** — To stockholders, $11.50 per share; to the public, $12.50 per share. **Proceeds**—For working capital. **Office**—106 W. Church St., Tarboro, N. C. **Underwriter** — Powell & Co., Fayetteville, N. C.

★ **State Loan & Finance Corp.**
Jan. 29 filed 13,222 shares of class A common stock. **Prices**—$19 per share for 1,675 shares; $20 per share for 9,403 shares; $24 per share for 2,144 shares, upon exercise of stock purchase warrants issued by Equitable Credit Corp. prior to merger. **Proceeds**—For working capital. **Office**—1200 18th St., N. W., Washington, D. C. **Underwriter**—None.

★ **Statistical-Tab Accounting Bureau, Inc.**
Jan. 29 (letter of notification) 5,000 shares of common stock (par $1). **Price** — $10 per share. **Proceeds** — For

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working capital. **Office**—873 Spring St., N. W., Atlanta 8, Ga. **Underwriter**—None.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

● **Su Mark Boat, 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. **Note** — Name has been changed from Su Mark, Inc.

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.

● **Tayco Developments, Inc. (3/1)**
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. (3/1)**
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.

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.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

Transit Freeze Corp.
Dec. 3 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expenses incidental to the development of a frozen food trucking business. **Office**—152 W. 42nd Street, New York City. **Underwriter** — Jerome Robbins & Co., 82 Wall Street, on a "best efforts" basis. **Offering**—Expected in 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. Statement was withdrawn on Dec. 2, 1959.

● **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. **Offering**—Expected in early March.

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 Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United 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. (2/19)**
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.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None

★ **Vernitron Corp.**
Feb. 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—136 Church St., New York, N. Y. **Underwriters**—J. A. Winston & Co., Inc.; Netherlands Securities Co., Inc. and V. K. Osborne & Sons, Inc., 40 Exchange Place, all of New York, N. Y.

● **Walnut Grove Products Co., Inc.**
Jan. 29 filed 300,000 shares of class A common stock (par $2), 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.

★ **Waters Manufacturing, Inc.**
Jan. 29 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are to be offered by Robert A. Waters, President and the balance by the company. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—533 Boston Post Road, Wayland, Mass. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

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 Branch Bell Telephone Co.**
Jan. 28 filed 1,120 shares of common stock ($50 par) and $150,000 of 5% convertible subordinated debentures, due April 1, 1980, being offered to stockholders and employees of record Feb. 5 on the basis of $500 of debentures for each 10 common shares held; the stock is being offered on the basis of one new share for each five shares held, with 1,000 shares being offered to stockholders and the remaining 120 shares being offered to employees. Initial conversion price is $70 per share. **Prices**—For the debentures, at 100% of principal amount; for the common, to be supplied by amendment. **Proceeds**—For equipment and working capital. **Office**—31 South Main St., Muncy, Pa. **Underwriter**—Blair & Co., Inc., 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).

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

● **Whitmoyer Laboratories, Inc. (2/29)**
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.

★ **Wynn Pharmacal Corp.**
Jan. 29 (letter of notification) 4,380 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To go to selling stockholders. **Office**—5051 Lancaster Ave., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., Inc., Philadelphia.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

★ **York Minerals, Inc.**
Jan. 29 (letter of notification) 237,550 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For mining expenses. **Office**—849 Custer Ave., Custer, S. D. **Underwriter**—None.

Prospective Offerings

★ **Acoustica Associates, Inc.**
Feb. 5 it was reported that this company will probably file an undetermined amount of common stock in April. **Office**—Glenwood Landing, L. I., N. Y. **Underwriter**—Lehman Brothers of New York City.

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.

★ Bank of California (3/29)
Feb. 10 it was announced that this Bank has called a special meeting of stockholders for March 29 to authorize the sale of 256,930 additional shares of stock. Stock will be offered to shareholders of record March 29 at the rate of one new share for each five shares then held. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

★ Bliss & Laughlin, Inc.
Jan. 27 it was reported that registration is imminent for 36,157 shares of common stock, to be exchanged for the outstanding shares of Sierra Drawn Steel Corp., Los Angeles, on the basis of 8/10 shares of Bliss for each of Sierra's 45,197 shares. **Office**—Harvey, Ill.

● 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. Stockholders meet on Feb. 24. 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.

★ Carolina Power & Light Co. (4/5)
Feb. 8 it was reported that $25,000,000 of 30-year first mortgage bonds will be offered. **Office**—336 Fayetteville Street, Raleigh, N. C. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); W. C. Langley & Co. and First Boston Corp. (jointly); Kuhn, Loeb & Co. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co. **Bids**—Expected to be received on April 5 at 11:00 a.m. **Information Meeting**—Scheduled for April 1 at 11:00 a.m.

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.

★ Chesapeake & Potomac Telephone Co. of West Virginia (3/15)
Feb. 5 it was reported that this utility expects to sell $25,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Morgan Stanley & Co.; First Boston Corp. **Bids**—To be received on March 15 at 11:00 a.m.

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York, to be named.

★ Commonwealth Edison Co.
Feb. 9 it was reported that there is expected to be about $30,000,000 of 30-year first mortgage bonds filed, probably within the next six months. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.

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.

First National Bank of Miami, Fla.
Sept. 14 it was announced stockholders have approved a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Georgia 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.

★ Hayes Aircraft Corp.
Feb. 9 it was reported that an issue of common stock is contemplated in the next few months. **Office**—Birmingham, Ala. **Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

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.

★ Michigan Wisconsin Pipe Line Co.
Feb. 10 it was reported that the company expects to receive bids on $30,000,000 of mortgage bonds in April or May. **Office**—500 Griswold St., Detroit 26, Mich.

★ Mountain States Telephone & Telegraph Co. (4/12)
Feb. 8 it was reported that $40,000,000 of debentures will be offered. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; First Boston Corp; and Morgan Stanley & Co., all of New York City. **Bids**—To be received on April 12.

★ National Fuel Gas Co. (4/11)
Feb. 9 it was reported that there is expected to be filed $18,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; First Boston Corp. **Information Meeting**—April 7, at 11:00 a.m. **Bids**—Expected to be received on April 11. **Registration**—Scheduled for March 2.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

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.

★ Savannah Electric & Power Co.
Feb. 9 it was reported that there will be about $8,000,000 of debt financing sometime in the late Spring or early Summer, type to be determined by market conditions prevailing then. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

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.

★ Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

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.

★ Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

★ West Penn Electric Co. (4/12)
Feb. 5 it was reported that about $10,000,000 in common stock will be filed, probably on April 12. **Underwriters**—Carl M. Loeb, Rhoades & Co.; W. C. Langley & Co. and First Boston Corp. (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly).

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. 13	§94.4	*94.2	95.7	83.7
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 13	§2,690,000	*2,683,000	2,727,000	2,371,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 29	7,136,160	7,190,160	7,067,825	7,107,135
Crude runs to stills—daily average (bbls.)	Jan. 29	¶8,149,000	8,227,000	8,369,000	8,140,000
Gasoline output (bbls.)	Jan. 29	27,570,000	28,753,000	29,613,000	27,514,000
Kerosene output (bbls.)	Jan. 29	2,428,000	2,943,000	3,216,000	2,957,000
Distillate fuel oil output (bbls.)	Jan. 29	13,570,000	13,644,000	14,129,000	14,972,000
Residual fuel oil output (bbls.)	Jan. 29	6,884,000	6,596,000	6,939,000	7,600,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Jan. 29	203,184,000	199,905,000	188,966,000	197,511,000
Kerosene (bbls.) at	Jan. 29	25,025,000	25,866,000	26,771,000	20,910,000
Distillate fuel oil (bbls.) at	Jan. 29	126,485,000	132,638,000	148,679,000	96,745,000
Residual fuel oil (bbls.) at	Jan. 29	18,378,000	50,089,000	49,938,000	57,867,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 30	601,900	587,339	483,012	582,456
Revenue freight received from connections (no. of cars)	Jan. 30	564,863	552,636	446,903	553,491
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 4	$377,400,000	$245,200,000	$231,400,000	$284,240,000
Private construction	Feb. 4	196,700,000	139,900,000	101,200,000	154,541,000
Public construction	Feb. 4	180,700,000	105,300,000	130,200,000	129,699,000
State and municipal	Feb. 4	158,100,000	81,900,000	88,900,000	107,877,000
Federal	Feb. 4	22,600,000	23,400,000	41,300,000	21,822,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 30	8,865,000	8,650,000	7,325,000	8,585,000
Pennsylvania anthracite (tons)	Jan. 30	429,000	364,000	320,000	521,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Jan. 30	112	113	112	106
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 6	14,097,000	14,313,000	14,308,000	13,292,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 4	318	281	242	271
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 2	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 2	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Feb. 2	$42.17	$42.50	$41.50	$43.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 3	33.125c	33.775c	33.200c	29.600c
Export refinery at	Feb. 3	31.450c	32.950c	31.225c	28.600c
Lead (New York) at	Feb. 3	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	Feb. 3	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	Feb. 3	13.500c	13.500c	13.000c	12.000c
Zinc (East St. Louis) at	Feb. 3	13.000c	13.000c	12.500c	11.500c
Aluminum (primary pig. 99.5%) at	Feb. 3	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Feb. 3	100.500c	100.375c	98.875c	101.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 9	83.56	82.62	80.11	85.89
Average corporate	Feb. 9	83.40	83.28	83.40	89.78
Aaa	Feb. 9	87.86	87.45	87.32	93.97
Aa	Feb. 9	85.46	85.33	85.07	92.35
A	Feb. 9	83.15	82.90	83.28	89.78
Baa	Feb. 9	77.86	78.09	78.32	83.53
Railroad Group	Feb. 9	81.29	81.17	81.17	88.40
Public Utilities Group	Feb. 9	83.40	83.15	83.40	89.23
Industrials Group	Feb. 9	85.85	85.72	85.59	91.62
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 9	4.19	4.29	4.58	3.84
Average corporate	Feb. 9	4.91	4.92	4.91	4.43
Aaa	Feb. 9	4.57	4.60	4.61	4.14
Aa	Feb. 9	4.75	4.76	4.78	4.25
A	Feb. 9	4.93	4.95	4.92	4.43
Baa	Feb. 9	5.37	5.35	5.33	4.90
Railroad Group	Feb. 9	5.08	5.09	5.09	4.53
Public Utilities Group	Feb. 9	4.91	4.93	4.91	4.47
Industrials Group	Feb. 9	4.72	4.73	4.74	4.30
MOODY'S COMMODITY INDEX	Feb. 9	376.9	378.0	377.8	385.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 30	326,476	331,705	221,382	293,331
Production (tons)	Jan. 30	325,870	322,114	138,521	293,826
Percentage of activity	Jan. 30	97	95	44	92
Unfilled orders (tons) at end of period	Jan. 30	462,228	459,259	424,821	375,635
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Feb. 5	111.56	111.63	111.61	111.10
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 15	2,653,060	2,807,240	2,529,380	3,030,260
Short sales	Jan. 15	406,010	442,530	335,460	565,090
Other sales	Jan. 15	2,428,910	2,804,110	2,051,060	2,563,620
Total sales	Jan. 15	2,834,920	3,246,640	2,386,520	3,128,710
Other transactions initiated off the floor—					
Total purchases	Jan. 15	541,840	416,220	380,040	491,330
Short sales	Jan. 15	71,745	51,450	32,320	56,700
Other sales	Jan. 15	471,555	471,560	304,280	526,890
Total sales	Jan. 15	543,300	523,010	336,600	583,590
Other transactions initiated on the floor—					
Total purchases	Jan. 15	935,190	852,659	826,895	993,710
Short sales	Jan. 15	133,010	133,660	107,330	184,650
Other sales	Jan. 15	812,315	872,065	788,220	1,032,569
Total sales	Jan. 15	945,325	1,005,725	895,550	1,217,219
Total round-lot transactions for account of members—					
Total purchases	Jan. 15	4,130,090	4,076,119	3,736,315	4,515,300
Short sales	Jan. 15	610,765	627,640	475,110	806,440
Other sales	Jan. 15	3,712,780	4,147,735	3,143,560	4,123,079
Total sales	Jan. 15	4,323,545	4,775,375	3,618,670	4,929,519
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. 15	2,232,054	2,569,740	1,802,745	2,471,409
Dollar value	Jan. 15	$110,703,046	$131,297,370	$92,607,588	$124,660,797
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 15	1,606,078	1,815,624	1,706,960	2,046,854
Customers' short sales	Jan. 15	9,125	5,967	6,880	6,905
Customers' other sales	Jan. 15	1,596,953	1,809,657	1,700,080	2,039,949
Dollar value	Jan. 15	$79,334,122	$93,635,457	$82,164,421	$102,410,496
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 15	338,960	396,400	464,070	492,000
Short sales	Jan. 15				
Other sales	Jan. 15	338,960	396,400	464,070	494,200
Round-lot purchases by dealers— Number of shares	Jan. 15	338,960	396,400	464,070	492,000
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. 15	727,280	709,140	583,160	895,990
Other sales	Jan. 15	17,860,870	18,171,170	16,097,920	21,512,010
Total sales	Jan. 15	18,588,150	18,880,310	16,681,080	22,408,000
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 2	119.2	119.5	118.9	119.3
Farm products	Feb. 2	87.1	*88.3	85.1	90.8
Processed foods	Feb. 2	105.4	105.8	105.2	108.3
Meats	Feb. 2	90.5	91.7	89.1	102.3
All commodities other than farm and foods	Feb. 2	128.5	128.6	128.6	127.5

*Revised figure. §Includes 919,000 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
AMERICAN PETROLEUM INSTITUTE—Month of November:			
Total domestic production (barrels of 42 gallons each)	237,067,000	*241,704,000	234,764,000
Domestic crude oil output (barrels)	209,449,000	214,248,000	209,518,000
Natural gasoline output (barrels)	27,601,000	*27,439,000	25,199,000
Benzol output (barrels)	17,000	17,000	47,000
Crude oil imports (barrels)	29,421,000	30,355,000	29,026,000
Refined product imports (barrels)	25,458,000	17,284,000	23,722,000
Indicated consumption domestic and export (barrels)	301,332,000	*276,084,000	279,048,000
Decrease all stocks (barrels)	9,386,000	13,259,000	8,464,000
AMERICAN TRUCKING ASSOCIATION, INC.—Month of November:			
Intercity general freight transported by 348 carriers (in tons)	5,040,372	5,741,813	4,648,122
AMERICAN ZINC INSTITUTE, INC.—Month of January:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	73,326	69,666	76,481
Shipments (tons of 2,000 pounds)	83,274	91,404	70,941
Stocks at end of period (tons)	144,471	154,419	195,777
COAL EXPORTS (BUREAU OF MINES)—Month of December:			
U. S. exports of Pennsylvania anthracite (net tons)	152,741	212,891	192,485
To North and Central America (net tons)	110,490	205,350	155,248
To Europe (net tons)	42,146	7,541	37,237
To Asia (net tons)	------	------	------
To South America (net tons)	5	------	------
Undesignated	100	------	------
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of December 31:			
Total consumer credit	$52,046	$50,379	$45,586
Instalment credit	39,482	38,723	34,080
Automobile	16,590	16,669	14,237
Other consumer goods	10,243	9,687	8,923
Repairs and modernization loans	2,704	2,683	2,350
Personal loans	9,945	9,684	8,570
Noninstalment credit	12,564	11,656	11,506
Single payment loans	4,176	4,117	3,646
Charge accounts	5,351	4,614	5,060
Service credit	3,037	2,925	2,800
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of November (000's omitted)	51,688,432	52,060,775	47,845,297
Revenue from ultimate customers—Month of November	$881,613,000	$891,122,000	$814,725,000
Number of ultimate customers at Nov. 30	51,688,432	57,301,024	47,845,297
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of Nov. (000,000s' omitted):			
Ordinary	$4,224	$4,154	$3,962
Industrial	579	585	631
Group	1,275	1,041	733
Total	$6,078	$5,780	$5,326
METAL PRICES (E. & M. J. QUOTATIONS)—January:			
Copper—			
Domestic refinery (per pound)	33.654c	33.724c	28.635c
Exports refinery (per pound)	33.555c	30.801c	27.927c
††London, prompt (per long ton)	£259.263	£255.443	£230.101
††Three months, London (per long ton)	£246.438	£239.756	£227.292
Lead—			
Common, New York (per pound)	12.000c	12.523c	12.667c
Common, East St. Louis (per pound)	11.800c	12.323c	12.467c
††London, prompt (per long ton)	£74.781	£72.696	£71.851
††Three months, London (per long ton)	£74.525	£72.452	£72.164
Zinc (per pound)—East St. Louis	12.877c	12.500c	11.500c
§§Zinc, prime Western, delivered (per pound)	13.377c	13.000c	12.000c
††Zinc, London, prompt (per long ton)	£94.572	£95.190	£74.884
††Zinc, London, three months (per long ton)	£91.747	£90.162	£72.932
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	90.206c
Silver, London (per ounce)	79.938d	80.250d	76.250d
Sterling Exchange (check)	$2.79976	$2.79845	$2.80647
Tin, New York Straits	99.888c	99.153c	99.345c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$211.000	$214.091	$218.000
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound) bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound) boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$78.750	$77.000	$52.000
Cadmium (per pound, delivered ton lots)	$1.38500	$1.30000	Not avail.
Cadmium (per pound, small lots)	$1.48500	$1.40000	Not avail.
Colbalt, 97% grade (per pound)	$1.75000	$1.75000	$2.00000
Aluminum, 99% grade ingot weighted average (per pound)	28.100c	27.255c	26.800c
Aluminum, 99% grade primary pig	26.000c	25.155c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MONEY IN CIRCULATION—TREASURY DEPT. As of Dec. 31 (000's omitted)	$255,400,000	$251,000,000	$252,000,000
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of January:			
Total number of vehicles	811,438	572,666	644,810
Number of passenger cars	688,806	496,189	546,320
Number of motor trucks	122,237	76,077	98,315
Number of motor coaches	395	400	175
PORTLAND CEMENT (BUREAU OF MINES)—Month of December:			
Production (barrels)	24,111,000	26,100,000	23,590,000
Shipments from mills (barrels)	20,328,000	22,025,000	16,623,000
Stocks at end of month (barrels)	31,328,000	27,794,000	30,800,000
Capacity used (per cent)	69	77	70
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES (BUREAU OF MINES)—Month of November (in long tons):			
Stocks beginning of period	35,090	36,125	30,000
Receipts	6,720	3,985	5,900
Supply	41,810	40,110	35,900
Stocks at end of period	36,035	35,090	30,150
Total processed	5,775	5,020	5,750
Intercompany scrap transactions	130	100	120
Consumed in manufacturing	5,645	4,920	5,630
Primary	3,235	2,270	3,650
‡Secondary	2,410	2,650	1,980
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Nov. (000's omitted):			
Exports	$1,478,600	$1,476,200	$1,596,200
Imports	1,283,200	1,204,800	1,080,000

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ‡Domestic five tons or more but less than carload lot boxed. §§Delivered were freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

The Security I Like Best . . .

Continued from page 2

by national networks, newspapers, department stores, or tightly organized syndicates. One of the few publicly owned stations upon which operating figures are available is owned by the Gross Telecasting Corp. (WJIM) in Lansing, Mich., the center of the State whose area is not dissimilar to that covered by Springfield Television Broadcasting Corp., and whose figures I cite since they are publicly available and indicate the potentials of a good television station in a good market. (See table below.)

The net sales after deduction of agency commissions, of Springfield Television Broadcasting Corporation, are given below, and demonstrate the significant growth and acceptance in its area.

Generally speaking, investors in this field accept the fact that there have been no half-way performances. Either the stations have been extremely successful or have been complete failures. Successful stations have been sold at prices related to their gross revenues since depreciation, contract termination, etc. have made net earnings not comparable in all instances. The publicly quoted stock of Gross Telecasting Corporation (WJIM Radio-TV) puts a value of $8,000,000 on a company doing $2,750,000 gross sales a year.

Up to this time, the three ingredients of success have been (1) a sufficiently large independent market, preferably in the first one hundred, as defined by the advertising agencies, (2) an affiliation with one of the two larger networks (NBC or CBS) and (3) a VHF signal. In a few areas of the country, companies televising on the UHF frequency have been successful, notably Scranton-Wilkes-Barre, Pa., South Bend, Ind., and Springfield, Mass. In these three areas the other ingredients for success have been present—network affiliation and a large independent market.

A brief analysis of the five publicly quoted stocks of companies engaged exclusively in Television and Radio broadcasting indicates that the market prices on these stocks currently range from a high of 24.6 times the net asset value to a price of 2.11 times the net asset value and some 11.3 times 1959 estimated earnings to as high as 44.1 times the 1959 earnings. There are many compensating factors and adjustments which must be undertaken in each one of these individual situations. However, a composite of all of them, for what it is worth, does reveal that the market value of these five companies is equal to 4.8 times the net tangible assets and 20.0 times the most recent earnings.

The Springfield Television Broadcasting Corporation has net tangible assets of approximately $10.00 per share. Working with the $10.00 as being the net tangible assets and $1.45 a share as the 1959 earnings, applying the capitalization ratio produced by the composite analysis, would result in the following arithmetic:

4.8 times net tangible assets $10 per share	= $48.00
20.0 times the $1.45 earnings	= 29.00
	$77.00 ÷ 2 = $38.50

pending the FCC decisions on the overall problems, about which operating management can do nothing.

Obviously, in this venture, all the speculation on the ultimate solution of television concerns only Worcester. The basic earnings of the heart of the Company should not be overlooked because, in the meantime, young and aggressive management could develop the Springfield-Holyoke market even more profitably, bringing down to net earnings something in the nature of $250,000 to $300,000, or somewhere about $4 per share. (This based on the industry's estimate of earnings by a station doing $1,500,000 in gross sales per year.) If Worcester develops as its territory could, the $4 per share earnings could be increased to $6 or $7. If the management of Springfield were not expanding their territory coverage through satellites and translators, earnings at the $4 per share rate could be immediately accomplished. Qualified observers believe that the satellite stations and translators will shortly add to the net earnings and in the long run add substantially to the overall earning power by not only attracting local revenue but also through increasing the national card rate. With earnings of $1.45 per share for 1959, the management will probably pay a modest quarterly dividend in 1960. It seems reasonable to expect a further improvement in net of 25% per year in 1960 and 1961. The stock at the current market (1959 range 25 to 29 in obviously limited trading) should be an excellent businessman's risk.

There are only 59,795 shares of Springfield Television Broadcasting Corporation stock outstanding. The Dec. 30, 1959 balance sheet reflects the tremendous strides this company has made in the last two years in paying off its debt and shows a healthy financial condition where most of its plant investment and expansion has been financed internally. (Net current liabilities reduced from $377,- to $192,000; goodwill reduced by about $65,000.)

The management of the Springfield Television Broadcasting Corporation has been aggressively expanding its market and territory coverage by Channel 22 and when the Springfield station was operating profitably they then expanded on Channel 32 to Greenfield and the northern Connecticut River Valley area. In the last quarter of 1958 they merged with Salisbury Broadcasting Corporation, the UHF station in Worcester, Mass. which had accumulated losses running in excess of $700,000 and which was then off the air. These losses have been a big factor in tax savings and upping the flow of cash diverted to debt retirement.

As now operated, WWOR-TV in Worcester, by picking up many of WWLP's programs and interchanging many of its films has kept programming costs to a minimum of the local live studio and remotes of major local or regional interest. The monthly loss under these conditions has been cut to one-tenth of the monthly loss Worcester ran up as a single outlet.

The situation in Worcester, of course, is quite different from that of the Springfield area. The Worcester area receives five good VHF signals carrying all three network programs and while the statistics on its market indicate it is potentially a bigger market than the Springfield-Holyoke area, the translation of this into local profits is dependent upon the solution of the overall problem of local TV. The speculative value here will be determined by the FCC when it decides whether or not the whole TV service is to be transferred to UHF frequency or how, by directional antennae and mileage separations it will carve Worcester out of the metropolitan markets, if an all VHF system is the conclusion from their present studies.

The Worcester division is presently operating a program designed on an economical basis aimed at a self-supporting operation in one year to three years,

	Gross Telecasting Corp. VHF TV and Radio Broadcasting NBC affiliate	Springfield TV B'dcasting Corporation UHF TV Broadcasting NBC affiliate	
	Lansing Mich.	Springfield-Holyoke	Worcester
Population — Metro Area—	222,000	497,400	278,500
Households	64,860	140,300	77,850
Consumer Spend. Income	$438,796,000	$907,199,000	$483,302,000
CSI per Household	6,765	6,466	6,208
Retail Sales	305,475,000	623,512,000	354,682,000
Population Rank	106th	50th	83rd
CSI	90th	52nd	85th
Retail Sales	88th	48th	76th
Retail Sales per Household	36th	38th	51st

WWLP-TV WRLP-TV
Net Sales After Agency Commissions
(Springfield, Mass.)

1959 Estimated	$1,250,000
1958	1,040,000
1957	950,526
1956	849,246
1955	512,124
1954	389,793
1953	195,347

Businessman's BOOKSHELF

Appraisal of Business and Stock Prices—Nine-page report included in Business & Investment Timing Service—Eight weeks' trial subscription $5 (annual subscription $60)—Anthony Gaubis & Co., 122 East 42nd Street, New York 17, N. Y.

Arms and Politics in Latin America—Edwin Lieuwen—Council on Foreign Relations, 58 East 68th Street, New York 21, N. Y., $4.75.

Business & Credit Outlook—Survey of Banker Opinion—Credit Policy Commission, American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper).

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

Carnegie Corporation of New York—Annual Report—Carnegie Corporation of New York, 589 Fifth Avenue, New York 17, N. Y. (paper).

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Democracy is Not Enough—John Scott—Harcourt, Brace and Company, 750 Third Avenue, New York 17, N. Y. (cloth), $3.95.

Economic Almanac 1960—Conference Board Business Fact Book—National Industrial Conference Board, 460 Park Avenue, New York 22, N. Y. (cloth), $7.95.

Economic Report of the President—Transmitted to the Congress Jan. 20, 1960—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper). $1.00.

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Encyclopedia of American Associations—Geographical index—Gale Research Co., Book Tower, Detroit 26, Mich., $15.

Encyclopedia of Job Descriptions in Banking—Louis Falvey—Personal Evaluation Institute, 161 West Wisconsin Avenue, Milwaukee 3, Wis. (cloth).

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France, Troubled Ally: De Gaulle's Heritage and Prospects—Edgar S. Furniss, Jr.—Council on Foreign Relations, 58 East 68th Street, New York 21, N. Y., $5.75.

Freeman, February, 1960—Containing articles on Socialism—Substance and Label; Perils of Playing Uncle Atlas; Restoring Tools of Learning, etc.—Foundation for Economic Education, Irvington-on-Hudson, N. Y., 50c.

International Effects of U. S. Economic Policy—Edward M. Bernstein — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 30¢.

International Financial Developments—Advisory Committee on Special Activities, American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper).

New England: Quarterly Inventory of Economic Research—Research Department Library, Federal Reserve Bank of Boston, Boston, Mass. (paper).

1960 Guidebook to California Taxes—Russell S. Bock—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill. (paper), $4.00.

Politics of National Party Conventions—Paul T. David, Ralph M. Goldman and Richard C. Bain—Brookings Institution, 722 Jackson Place, Washington 6, D. C. (cloth), $10.00.

Power Authority: Five Years of Progress—Power Authority of the State of New York, Albany, N. Y.

Proper Monetary and Banking System for the United States—Edited by James Washington Bell and Walter Earl Spahr—The Ronald Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $6.

Puerto Rico Water Resources Authority—Annual Report—Puerto Rico Water Resources Authority, San Juan, Puerto Rico (paper).

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DIVIDEND NOTICES

DIVIDEND NOTICES

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—Perhaps the biggest economic story in Washington at this time is interest rates. By the first of August or thereabouts interest rates may well be a Presidential campaign issue.

There is no question about it—until Congress removes the 4¼% ceiling rate on Treasury bonds (5-years or more) the United States Treasury is going to continue having great difficulty in management of the national debt.

As another week of the second session of the 86th Congress began, the House Ways and Means Committee had not set a date for hearings on the proposal to raising the ceiling. However, pressure is building up in the Committee.

It appears to be only a matter of time until hearings will be held. Unless all signs fail, Congress will raise the ceiling on interest rates this year. But it is unlikely to remove the ceiling entirely.

The volume of debt coming due in the next year or two is tremendous. The amount of publicly held debt of under one year has leaped from about $50 billion to $60 billion.

Flexibility Essential

Because there is no ceiling on Treasury obligations that are issued for less than five years, it is obvious that interest rates in short-term securities have risen substantially faster than in the long-term area. Thus, it is clear why the Treasury has not tried to do any marketing with securities beyond five years. That is why the Treasury had to issue 5% notes in October, which was one of the highest rates the Government has paid in a generation.

The Treasury must have flexibility in management of our huge debt of some $290 billion. That is why the Congress should at least raise the ceiling to 5%. Actually Congress should remove the ceiling entirely, but this seems unlikely in this election year or any other immediate year ahead.

Prospect of a decrease in the public debt during the coming year looms fair, providing Congress will hold down spending. The President's budget submitted to Congress last month said indications were favorable for a $4.2 billion surplus which could be applied to the debt.

One of the pinches in the Government's debt policy is the fact that the Treasury has to pay 5% interest on money it borrows, then various agencies of the Government, under acts of Congress of former years, turn around and lend the money for considerably less than Uncle Sam pays.

There is no nation in the history of the world that is carrying as great a debt as the United States.

Interest Cost Rising

The 1960 budget provided for $9.3 billion in interest payments but the next budget expenditures starting July 1 call for $9.5 billion or $200,000,000 more than the current fiscal year. This will mean about 12 cents out of every dollar of budget spending proposed.

While electric cooperatives, for instance, borrow money from the Government at 2½%, not all agencies get loans nearly so low. For instance, the other day Chairman Clarence Cannon of the House Appropriations Committee told his colleagues that the Production Credit Associations, created during the Franklin D. Roosevelt Administration, had received notice of an increase in interest rates.

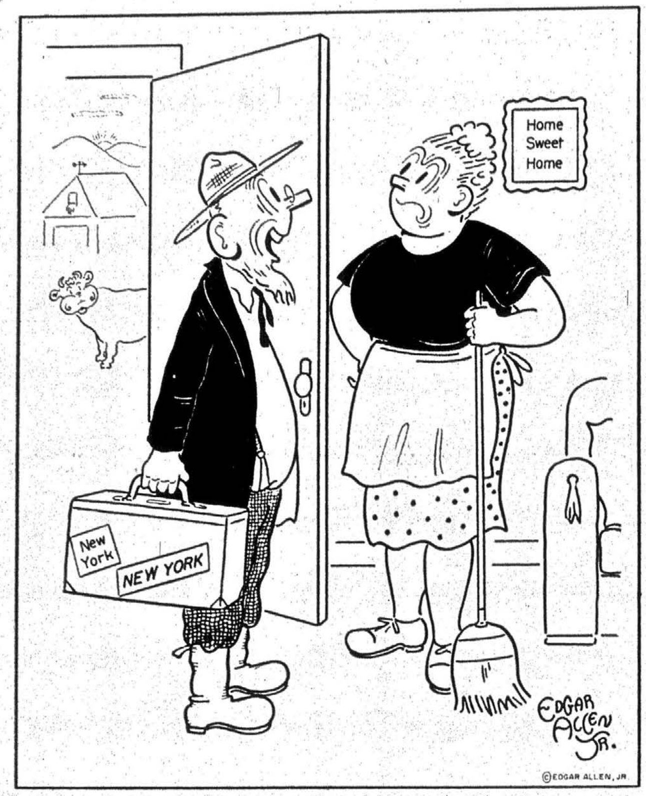
Chairman Cannon said the interest rates for the Production Credit Associations have been advanced to 7%. The Missourian said this meant that the farmer's interest goes up to 7%. "Why?" asked Mr. Cannon. Then answering his own question, he added: "Because this Administration and this Congress spent $12.5 billion more than we took in."

The head of the House Appropriations Committee went on to explain that the mounting interest rate has all but dried up GI housing loans, and has crippled FHA loans. He said the FHA program is now unworkable "because the Government, required to pay 5½% interest in the money market, cannot relend it at the statutory rate of 5¾%."

World War I Heritage

The 4¼% interest rate ceiling grew out of the First World War. In 1917 the Second Liberty Bond Act authorized the Treasury to issue bonds up to 4%. The Third Liberty Bond Act amended this by increasing the amount to be borrowed, and by raising the rate to 4¼%. The Fourth Liberty Bond Act kept the interest rate the same, but increased the net yield of the bonds by increasing the income tax exemption for those who bought them.

After World War I interest



"I certainly did NOT fall for that old chestnut about buying the Brooklyn Bridge!—I bought the New York Stock Exchange!"

rates continued to increase for a while but the Treasury did its borrowing with short-term certificates, thus avoiding the interest rate ceiling for bonds, just as the Treasury has been doing for more than a year.

Critics of the ceiling will not bring interest rates down, the American Enterprise Association, a non-partisan research organization asserts in a bill analysis of the proposals to remove the interest rate ceiling. However, it is maintained by many experts that the ceiling is a psychological inducement to higher interest rates.

Because of the ceiling, lenders know that pressure is on short-terms. Therefore, they expect interest rates to increase in the short-term money market. Rapid refunding of many issues, which has been the case of the Treasury in 1959, meant that the Treasury had to "sweeten" the yield of new issues in order to get a ready market.

It is argued that elimination of the ceiling would tend to bring the interest rates down, as the nation gains confidence about the future control of inflation, and to reduce the interest burden of the Federal debt as the government gains flexibility in its debt management program.

"Liberal" Viewpoint

Some of the ultra liberals in Congress, including Senator Paul H. Douglas of Illinois, one-time economics professor, and Senator Hubert H. Humphrey of Minnesota, both Democrats, have sharply assailed the Administration proposal to lift the ceiling. They contend that the ceiling is designed to hold down the interest rates.

They argue, with some basic elements to support their contentions, that the interest rate that the United States Government pays, sets the pattern generally for money lending. Because the United States Government Securities market is the biggest market in the world, there is no doubt that the rate our Government pays is a factor.

It is also being argued on Capitol Hill by opponents of raising the ceiling, as the American Enterprise Association said in an analysis of the pending bills, that issuance of short-term securities will save the United States Government money in the long run. They contend that the present high interest rates are only temporary. Therefore, if the Government has to pay higher short-term rates, as it is now doing, it will be the least expensive in the long run.

But the cold, hard facts are that if Uncle Sam has to continue to pay 5% or so for its borrowing, it is going to cause more and more persons to take their money out of savings banks, savings and loan associations, and accumulated interest in insurance companies, and put them in short-term securities. Tight money is already pinching hard in the housing field. That is why more and more members of Congress feel that something should be done about the present 4¼% ceiling.

[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.]

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. 12, 1960 (Los Angeles, Calif.)
Security Traders Association of Los Angeles dinner meeting at the Windsor Restaurant.

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

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 10-15, 1960 (Philadelphia, Pa.)
Institute of Investment Banking, Wharton School of Finance & Commerce, University of Pennsylvania.

April 28-29, 1960 (St. Louis, Mo.)
St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

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