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Editorial AS WE SEE IT

What Fidel Castro and his followers have cost and will cost investors who placed their savings in Cuba remains for the future to disclose. If similar developments in other countries offer a trustworthy guide, years will elapse before it will be possible to make anything in the nature of a full appraisal. This bearded revolutionary apparently proceeds on the assumption that whatever has been in Cuba is wrong and that it is his bounden duty to change it. Of course, excesses of the Batista regime created a backlog of discontent and resentment which is being used to the full in order to arouse the rank and file to support anything that seems even superficially to be striking at that regime, and we ourselves supplied the term "war criminals" which is now being used to excellent effect. Nor has "absentee landlordism," to use a term made famous by an economist of another generation, rendered it more difficult for Mr. Castro to arouse the populace.

It would, however, be an excellent thing not only for those whose savings and investments are endangered, but for the Cubans themselves, if Mr. Castro and all the others who support his wild and erratic behavior should pause for a little reflection. First of all, they might ask themselves what Cuba and the economic status of the Cuban people would be like at this moment if foreign investors, chiefly from the United States, had not poured billions of dollars into Cuban enterprises. Yes it would be helpful if such questions were asked about the welfare of the very people who are now supposed to be profiting by the revolution of the Castro regime—the wage earner and the very humblest of the inhabitants of the Pearl of the Antilles.

Cuba the Gainer, Anyhow

We should be the last to set up the claim that foreign capitalists in Cuba have always refrained from taking advantage of the natives, who of course, were rarely in a position to meet foreign capital on an even footing. Without question there have been (Continued on page 27)

Impact of Collective Bargaining On the Course of Our Economy

By Jules Backman,* *Research Professor of Economics New York University*

Dr. Backman relates collective bargaining developments and the pattern being set to the business outlook and price trends. He anticipates for this year a half trillion dollar economy, moderate price change which will not become a major factor in collective bargaining, and a minimal inflationary impact under the steel contract. The author's analysis of leading companies' wage settlements reveals a wage increase pattern of six to eight cents an hour. His examination of agreements in the area of work rules shows that the tide has slowed down, if not halted, which offers some encouragement even though they fell short of management's hopes.

Wage inflation has been a key development in the war and postwar years. Unit labor costs have risen sharply with the accompanying pressure for higher prices and lower profit margins. It is becoming increasingly difficult to recover higher labor costs by raising prices. The growing threat of foreign competition and more intensified competition at home are compelling many industries to scrutinize all costs more carefully.

Jules Backman

One result has been greater resistance to excessive increases in labor costs. Another has been the vigorous drive by management to root out featherbedding and wasteful make-work rules. Moreover, there has developed greater opposition to unlimited cost-of-living escalator wage increases which may result in future additions to the labor cost bill. Inevitably these developments have had their impact on collective bargaining. I shall consider first the various factors which affect the business outlook and price trends in 1960. The relationship between these anticipated developments and collective bargaining will be indicated. Then I should like to review the steel wage settlement and other agreements which affect the pattern of 1960 settlements. Finally, I will review briefly the progress made in connection with the work rules issue, the key development in 1959 bargaining.

The factors affecting the economic outlook may be divided into favorable, neutral, and unfavorable.

Expanding Forces

The most powerful stimuli to economic expansion in 1960 appear to be a rise in new business investment, particularly for new plant and equipment, local government spending and higher consumer disposable income. State and local government spending also will be higher.

Investment in New Plant and Equipment.

According to the SEC-Department of Commerce surveys, total investment in new plant and equipment fell from an annual rate of $37.8 billion in the third quarter of 1957 to $29.6 billion in the third quarter of 1958. For the first quarter of 1960, the total is estimated at $34 billion. The McGraw-Hill survey for 1960 projects a rise of about 10%. Since it is probable that the total will be expanding throughout the year, the previous record level of $37.8 billion could be reached in the latter part of 1960.

Several factors are stimulating the increase in investment in new plant and equipment. The rise in sales has created an optimistic attitude in the business community. In addition, corporate profits have risen sharply and undistributed profits, which are available to finance new plant and equipment, are reaching record totals. In the third quarter, affected by the steel strike, corporate profits after taxes were at the annual rate of $23.8 billion and undistributed profits were $10.4 billion. In 1958, corporate profits were (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.

J. H. DEUTSCHMANN
E. F. Hutton & Company
New York City
Members New York Stock Exchange

Heublein, Inc.

Heublein's success can be attributed to its skillful handling of luxury and specialty products in an expanding market plus its good fortune to have Smirnoff Vodka — the right product at the right place at the right time.

J. H. Deutschmann

Smirnoff Vodka, Heublein's largest selling and most famous product, heads the list of such distinguished specialties as A-1 Sauce, Ming Teas, Huntley & Palmer Biscuits, Maltex & Maypo cereals, Harvey's Sherries and Ports, Bell's Scotch, Bass Ale, Guiness Stout and Heublein ready-to-serve cocktails, the latter accounting for better than 70% of the cocktail market. At the present time the food specialties constitute only 8.4% of total sales (for the year ending June 30, 1959). It is the objective of the company to increase this to 25% of total sales. Although food sales have increased very substantially from year to year, the growth of vodka sales has been phenomenal, thus holding fairly constant the above percentage of total sales.

As a measure of its profitability, for the five years 1955 to 1959, Heublein had an average return on its equity of 16%. The total sales of the company in 1952 were $24,300,000. Seven years later, in 1959, its sales were $87,600,000. During the same years its net income rose from $600,000 to $2,000,000 in the latter year. For the year they are now in, ending June 30, 1960, it is expected that the company will show sales of approximately $100,000,000 and earnings of over $2.00 per share—up from $1.73 per share in 1959.

Vodka represents 70% of the total sales of the company, Smirnoff Vodka alone accounting for approximately 30% of total vodka sales in the United States. Based upon its past growth record and its continuation into the future—both in vodka as well as successful expansion in other directions—their earnings should experience a strong growth trend in the years ahead.

Family held, controlled and managed for over 100 years, the company "went public" for the first time in September of 1959. The offering price at that time was $21 per share. I am singularly impressed with the quality, integrity and ability of the management. The family and its management group have demonstrated the highest possible standards and acumen. Not only do I feel that Heublein has demonstrated sustained growth meriting a growth stock price earnings multiplier, but the investor may with confidence buy shares in the company under the stewardship of the present management. The company is acquisition minded but intends to be as selective in the future as it has in the past, carefully examining each new prospect and its products as to its profitability and compatibility.

Traded in the Over-the-Counter Market, the company intends to eventually apply for listing on the New York Stock Exchange—possibly within the next 12 months. Selling at approximately $20 per share, with a well protected dividend of $0.80 plus 2½% in stock, Heublein appears to be an attractive investment at this time. With many built-in defensive characteristics plus a demonstrated growth pattern, and selling at approximately ten times its 1960 net income, Heublein is recommended as an undervalued growth and defensive situation. The stock is suitable for both conservative and semi-speculative accounts. Inasmuch as it has only been public for a rather short time, it would obviously not meet the legal requirements of many banks in various states. However, it is my belief that it does meet the requirements of certain types of trustees and insurance companies.

RICHARD A. WHITING
Vice-President, Coburn & Middlebrook, Inc., Boston, Mass.

Pubco Petroleum Corporation

Pubco Petroleum Corporation, whose stock I particularly like at this time, was originally a $605,987 offspring of Public Service Company of New Mexico, and was conceived in 1951 as insurance against interruption of the gas supply used to fire the utility company's boilers. Now independent, Pubco has grown into a full fledged oil and natural gas producer.

Richard A. Whiting

Through gratis stockholder distribution of warrants, followed by rights, etc., Pubco acquired some $4,000,000 additional capital, which is represented today by 3,143,890 shares in the hands of 7,500 stockholders. The market value of the stock has risen to around $25,000,000.

The management of Pubco has remained almost identical with that of P. S. N. M., thus providing, rather uniquely, a utility-minded approach to the petroleum industry.

Commencing cautiously with 16,000 acres in San Juan Basin, northern New Mexico, and naturally no reserves, Pubco has extended its acreage into Arizona, Colorado, Kansas, Montana, Nebraska, North Dakota, Utah, and Wyoming for a Dec. 31, 1959 total of 557,767 gross acres. Its reserves have developed to 350 billion cubic feet of gas and 5,000,000 barrels of oil.

This entire expansion has been accomplished solely through internally generated funds. Pubco has never had one cent of debt; in fact, there is $2,500,000 cash in the till today. Consequently, should any of its large blocks become particularly "hot," Pubco will be in a strategic position to accelerate development thereof through this cash and through its unencumbered borrowing capacity.

Pubco first directed its attention to nearby San Juan Basin from which comes most of its current production. Today, however, we find it actively engaged in Kansas, Colorado, Wyoming, and Utah either through company drilling or via advantageous farm-outs.

Space limitation prevents individual examination, but it should be emphasized that important developments may take place during 1960 in the:

(1) Cambridge Arch Area located where Kansas and Nebraska border Colorado;

(2) Kearn's Prospect, Pagosa Springs, Colorado;

(3) Grassy Creek Prospect, Routt County, Colorado;

(4) West Baggs Prospect, Moffat County, Colorado, extending into Sweetwater County, Wyoming;

(5) Playa Unit, also in Sweetwater County, where 22,000 acres owned 50-50 with the Union Pacific Railroad are utilized under Pubco operation;

(6) Lisbon Dome Prospect in the Four Corners Area of Northeastern San Juan Basin, Utah.

Pubco's *"piece de resistance"* is its Lisbon Dome Prospect of 9,795 gross acres. These lie practically in the center of 50,000 contiguous acres, plus 30,000 nearby, that are under lease to and are being aggressively developed by The Pure Oil Company. Pure's score to date is two discovery wells and three "step-outs." Adjacent to Pure and also under way are the drilling programs of two other companies. Scheduled on or before May 1, Pubco plans to spud its initial test upon completion of an eight-company joint Seismic Survey.

On Jan. 5, 1960, Pure announced discovery of the *first* Devonian production in the entire Rocky Mountain Area when Pure No. 1 N. W. Lisbon flowed 568 barrels of 42.5% gravity oil. Previously, in November this well had gauged 17,000,000 cubic feet of gas from the Mississippian. Also in November, the other discovery well, Pure No. 1 S. E. Lisbon flowed gas from two zones of the Mississippian.

These two major discoveries are spoken of as "the big exploration story of the year (1959) without regional limitation" and as "the biggest thing to happen in the Four Corners Area since the discovery of the Aneth Field in 1956" *(The Oil News)*. The significance of Aneth is that Aztec Oil and Gas Company farmed out a 5,000 acre spread there to Phillips Petroleum Company for a half interest. As Phillips brought in the discovery well and developed the field, the market for Aztec rose from 8½ to 24.

Today at Lisbon Dome, people are saying, without doubt:

"Go Thou and Do Likewise."

So, in summary, I like Pubco for the past pattern of consistent growth, the present increased activity, and the future explosive potential at Lisbon Dome. Personal letters just received from Albuquerque, say:

"Frankly, I do think your optimism is justified."

and

"The Lisbon Dome Prospect is the sort of situation that has made big companies out of little ones."

(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.)

This Week's Forum Participants and Their Selections

The Sensible Sixties

By S. B. Lurie, Research Partner, Josephthal & Co., New York City*

Wall Street masochists are said to be overlooking some very reassuring plusses in the economy in overemphasizing the fact that the economy hasn't developed in line with that popularly projected last year. In pointing out there is successful investing opportunities ahead even though "these are the 'Sensible Sixties' rather than the Golden Sixties," Mr. Lurie names typical stocks in the dynamic, undervalued or misunderstood categories. The author stresses the words think and selection; avers we will have an era of big changes; and explains why he believes business is better than what the pessimists fear.

I intend to do a little soul searching and see where we stand. The first thing that strikes me is that if we really got caught flat-footed in January — we were asleep at the switch. It was almost as obvious then as it is now that we've entered a brand new period which doesn't have the benefit of the plusses which made the '50s a Fabulous decade. Sure, we're going to see a lot of growth—a great many exciting corporate developments—in the years ahead. But the plain fact of the matter is that we no longer have the benefit of an unprecedently favorable supply-demand equation—a double barrelled shotgun of exploding earnings and price earnings ratios.

Sidney B. Lurie

What I'm saying—and this is the reason psychiatry is so important—is that we are in a bear market with respect to price-times-earnings ratios. This bear market in the multiplier which helps make stock prices stems from four conditions:

(1) For the first time in a generation, inflation is no longer a positive market factor.

(2) For the first time in a generation, bonds are providing real competition for equity money—and will continue to do so.

(3) At best, defense spending will remain in the $40 billion area rather than expand further. The atom bomb—the jet plane—have outlawed war as an instrument of power politics.

(4) The business stimulus arising from big growth in family formations won't occur until the mid and late 1960s rather than the early 1960s. Until then, there is little likelihood of a really explosive gain in aggregate corporate earning power. (I emphasize the word "aggregate.")

All this, in my opinion, points to an unmistakable ceiling in the Averages. But it doesn't necessarily mean a constantly sinking floor. There are many reasons why we aren't going to return to the very low ratios which prevailed in the late 1940s and early 1950s. I can even support the 600 level in the Dow with some arithmetic.

This Is No Bottomless Pit

Even if we approach the market from a little different point of view — by analyzing the fundamentals—you'll find that psychology is the important unknown. The reason I say this is that I feel business is better than the pessimists fear—but not as good as the wild optimists had hoped at year-end. In my opinion, the Big question is whether or not a normal year is good enough for the market to find equilibrium around 600. It's not good enough for a new major bull market—but this isn't the issue today. There's also a question of whether the market has any hidden "plusses" — any secret weapons — which can reverse the recent tide of speculative disillusionment.

I think a favorable answer will be given on both counts — that there can be individual success stories in our neither-boom-nor-bust economy. Let me give you my reasons why I don't feel this is a bottomless pit.

There's More to the Economy Than Autos and Steel

For one thing, the current business news is disappointing primarily when measured against the year-end expectation of a boom which most of Wall Street had labeled "The Quick and The Dead." Sure, we'll see an 80% steel operating rate in the second quarter—at least a 10% decline in automobile production below first quarter levels. But there's more to this nation's economic well-being than automobiles and steel. Ours basically is a consumer goods economy and the latest surveys of consumer buying intentions show distinctly optimistic trends. Furthermore, I believe the Street is underestimating the business havoc caused by a late, severe winter. In short, by the time the forsythia is blooming, today's high payrolls should be translated into aggressive demand for goods of all kinds.

In other words, to me, the fact that the economy didn't develop in line with popular projected year-end patterns is being overemphasized. I consider it a big plus — not a minus — for capital goods spending budgets are up quite sharply—and even the problem children aren't collapsing. The oil industry, for example, is getting its inventory house in order. There's been scattered price strength. Automobile sales are quite good, etc. I suspect that the wave of caution which has swept the economy could serve to stretch out the boom.

Secondly, it seems to me that Wall Street's masochists (you'd better look up that word) are overlooking some very reassuring plusses.

Examines Reassuring Plusses

(1) The inventory excesses, the cost price maladjustments which contributed to the 1957 downturn do not exist today. Rather the

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Telephone Dials Merrily On

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

A salute to the company with the world's largest family of contented stockholders.

Coming out in favor of American Telephone and Telegraph Company is about as controversial as speaking kindly about motherhood, home ownership or apple pie. If there's a favorite stock in America it's Telephone. It's the Bellwether of the utilities on the New York Stock Exchange and is proudly owned by more than 1¾ million stockholders. Fact is Telephone has done more to popularize common stock ownership in America than any other corporation. It proved that common stocks can be dependable income producers, by paying $9 a share for 36 years in a row—until it split 3-for-1 and paid the equivalent of $10, last year. And, along the way, there were many "extras" in the form of attractive rights to buy stock below the market, or bonds convertible into stock on most favorable terms. For those who want to buy Telephone common today there is, fortunately, an available supply, since the company has over 213,500,000 shares outstanding. (This number incidentally is amazingly close to the number of Bell system telephone conversations each day — about 210,000,000. We Americans are a gabby lot!)

As further indices of the size of this elite corporate enterprise, Telephone has a gross plant account of $22¼ billion, and its total operating revenues this year will exceed $7½ billion.

Mere stressing of its magnitude does Telephone a great injustice; for this colossus of communication is not only huge but exceedingly well and profitably run. In operating efficiency it ranks with the very best, large or small. And what company has made greater advances in automation? Remember when every call had to be made by giving the operator the number, and the plugging connections were made manually at central switchboards? Now you dial locally or long-distance automatically, and a hundred-thousand of charming young ladies who might have been saying "Number Please" are now otherwise occupied. Electronic switching and electronic billing further automate operations; and only this week the company announced a technique permitting telephone conversations to be carried on, by interloping parties, on the same single line, during lulls in the conversation!

For many years Telephone common was prized primarily as a stock for income. Not half appreciated is the fact that it is, in reality, an excellent "growth" stock as well. For example, in the period 1954-59 the Bell System increased its net income by 102%. In the same period Dow Chemical showed an increase of 88%, Eastman Kodak 79% and General Electric 39%. This substantial forward motion in net income has eluded general notice simply because Telephone has done so much of its financing by selling common stock (or bonds that were converted into it.) In the period from 1950 to 1959, net available for common stock rose from $347 million to $1.1 billion; but outstanding common was increased meanwhile from 82.7 million shares to 213.4 million.

This restriction in the growth of per share earnings should decline in future years. The present capitalization ratio of 65% common and 35% debt is low on the debt side compared with most utilities; and with the current attractive interest rates debentures could readily be sold without the necessity of a conversion privilege as a "sweetener." Moreover, less public financing will be needed since depreciation, as a means of financing capital improvement, is increasing rapidly. The depreciation charge was $534 million for 1956 and $930 million for 1959.

Nobody thought Telephone stock would ever be split, and the company spent 20 years denying rumors that it would be. When it come, however, it was a beauty —3-for-1 with a 10% increase in the dividend; and the stock has had a brand new look ever since. It has been more active in trading than ever, and lots of people who thought Telephone too high at 225, paying $9, are eager to buy it at the equivalent of $260 paying $10. They should be, because earnings are rising at a more rapid rate than heretofore, and the 1959 rate of return on capital invested, 7½%, is higher than in any postwar year. Per share net has risen from $4.33 in 1957 to $5.22 for 1959. The figure should be around $5.60 for this year.

With earnings moving along like this we would expect a dividend increase before long. There are two reasons for this. First, the $3.30 rate (82½ cents quarterly) is a clumsy one. Second, the corporate custom over the past decade has been to distribute in cash about 70% of net. That would suggest a $3.60 rate (90 cents quarterly) on the basis of last year's earnings.

Some corporations when they get vast and prestigious tend to flatten out on a plateau, with forward velocity greatly diminished. There is not the slightest evidence that that is the case with Telephone. The number of its telephones (now about 58 million), number of calls per day, and net income per telephone (now about $19 per year) are all increasing steadily. Steady conversion of party lines, to private lines, increasing the number of extensions in homes and offices, classing up the phones with fancy colors to match room decor, and aggressive selling of "off hour" long distance calls at reduced rates al these are expanding earning power. In addition there are some exciting newer lines of business of great potential magnitude.

Micro-wave is a big and growing field. Micro-wave frequency systems of American Tel. and Tel. are now extensively used for transmission of TV and radio programs on a nation-wide basis. Data transmission done electronically has some exciting possibilities. Data-Phone can reduce a myriad of facts and figures to electrical impulses and then feed them into a computer hundreds of miles away. Orders, calculations, estimates and billings can be swiftly transmitted by this Data-Phone system and the electric or gas meter in your home may soon be read electronically instead of by the man with the flashlight.

These are just a few of the new dimensions to Telephone business on the horizon. But that's not all. Bell Telephone Laboratories, owned jointly by Western Electric (Telephone's Manufacturing subsidiary) and A T & T, is the largest and most sophisticated research organization in the world. It is not only on the lookout for things to improve telephone service such as dial systems, bells adjustable for loudness, etc., but its work in pure science is legendary. The transistor, greatest electronic advance since the vacuum tube, was invented at Bell Labs; and our missiles would all be misguided without the electronic hardware developed at Bell.

It was somewhat audacious to attempt to outline, in so brief an article, the things that make A T. & T such a great enterprise, and its common stock such a rewarding investment. But in the markets of today wherein investors seem unable to decide whether we're on an ex-inflation or a pre-recession basis, a stock like Telephone simply has to be given a standout billing. It has everything that many stocks wish they had: a fine history, highly competent management, fine customer relations, excellent dividend record, rising earning power and top-flight research. Telephone common sells at about 16 times earnings. Why shouldn't it sell at 20 times earnings, as do many good electric utilities? That would be 104.

Named Director

The election of Carl B. Hess as a Director of Simplicity Pattern Co., Inc. has been announced by James J. Shapiro, President. Mr. Hess is Vice-President and a Director of American Securities Corporation, investment banking concern.

Form Robt. Conners Co.

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 Cecille E. Connors, Secretary-Treasurer. Charles W. Conners was formerly with Pohl & Co., Inc.

Forms Kellogg Co.

(Special to THE FINANCIAL CHRONICLE)

DIXON, Calif.—Neal H. Kellogg has formed Kellogg and Company with offices at 700 East A Street to engage in a securities business. In the past he was with Wilson, Johnson & Higgins.

The State of TRADE and INDUSTRY

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

The following summary of general business and financial conditions will appear in the March issue of the Federal Reserve Bulletin.

Most measures of business activity remained at advanced levels in February and unemployment declined. Housing starts decreased further but a recent survey of business plans indicated a continuing rise in expenditures for plant and equipment through the year, to a total of 14% more than in 1959. Food prices advanced, but the average of industrial commodity prices remained stable. Meanwhile, bank loans increased more than the usual amount for February, but total bank credit and the seasonally adjusted money supply decreased. From mid-February to mid-March, prices of fixed income securities rose and yields declined further, while common stock prices decreased over this period.

Industrial Production

The Board's seasonally adjusted index of industrial production in February was 110% of the 1957 average — 1% below the revised January figure and 8% above the level of a year ago. Output of both business equipment and materials was maintained at peak rates. Production of consumer goods declined from the record high reached in January, however, as retail sales remained below earlier levels of output.

Auto assemblies, after allowance for seasonal variation, declined in February from the very advanced January rate and production schedules for March indicate an additional cutback. Output of appliances and apparel was further reduced in February, but over-all production of consumer staples was maintained. In business equipment industries, production of farm machinery was curtailed while output of other types of equipment changed little.

Output of nonferrous metals increased rapidly after settlement of the remaining work stoppages affecting the copper industry. On the other hand, steel mill operations eased from 96% of capacity in January to 94% in February—and to a scheduled rate of 91% in mid-March. In February also, output of coal and stone and earth minerals was reduced by inclement weather. Production of most other materials was maintained.

Construction

Private nonfarm housing starts declined further in February to a seasonally adjusted annual rate of 1.1 million units. Meanwhile, the value of new construction put in place rose for the third straight month, and the seasonally adjusted annual rate of $55.6 billion was close to last May's all-time high. The February increase was led by gains in non-residential building, with commercial activity reaching a new high.

Employment

Seasonally adjusted employment in nonfarm establishments rose in February to a new high. Employment reached new highs in trade, the service industries, and state and local governments, while it was little changed among manufacturing industries. The average length of the factory workweek declined, however, reducing average weekly earnings. Unemployment declined substantially, with the seasonally adjusted rate falling to 4.8% of the civilian labor force from 5.2% in January.

Distribution

Seasonally adjusted retail sales, after a sizable upward revision of the January figures, changed little in February. In the first two months of the year, sales were 5% above a year earlier. Production of consumer goods was up considerably more than this, however, and inventories were being accumulated. Auto sales increased further in February and were well above a year earlier, but retail sales of appliances were indicated to be down substantially from the advanced levels in late 1959.

Commodity Prices

Industrial commodity prices were stable in February and early March. Prices of some basic materials declined; steel scrap prices fell in response to an earlier than expected easing in the supply of steel mill products, and copper declined in some markets after settlement of the remaining strikes in the domestic industry. Prices of fabricated materials and finished industrial products for the most part were unchanged. Meanwhile, average wholesale prices of farm products and foods rose, reflecting primarily increases in livestock and meats in response to sharply lower marketings of hogs.

Bank Credit and Reserves

Total loans at all commercial banks increased $1 billion in February, considerably more than usual for this month. Bank holdings of U. S. Government securities were reduced sharply, however, resulting in a decline of more than $1 billion in total bank credit. The seasonally adjusted money supply declined further and at the month's end was about one-half percent below the level

Continued on page 30

OBSERVATIONS . . .

BY A. WILFRED MAY

JAMMED SIGNALS IN THAT NUMBERS GAME

"Bull Market Ends on Dow Signal"

"Heavy Selling Accompanies Bear Signal's Ending an Era"

The above-quoted newspaper head-lines typify reporters' accounts of the behavior of the stock market, and more important, of the speculators and investors, at the time of the Dow Theory's latest "portentous break-through" with its long-awaited *signal* announcing the news of a bear market. In line with the *technical* approach, which is based on the premise that past behavior of the market, via pictorialization, supplies the successful indicator of its future, the sacrosanct signal was flashed in the Dow Jones' railroad average's break-through, on Mar. 3, of its former "resistance point" of last November. This delayed but indispensable break-through of the rails "confirmed" the low of the industrials, made in February.

(The simplified chart of the classical Dow Theory reads as follows to give a *bear* market signal—with the reverse directions disclosing the beginning of a *bull* market:

(1) The industrial average, representing "the market" must make a clearly defined major top;

(2) This top must be followed by a definite fall;

(3) A subsequent rise ("rally") must fail to penetrate (break through) the previous top;

(4) A following decline must break through the previous low, made in (2).

And, according to the rules, these "signals" by the Industrial Average must be "confirmed" by similar action by the Rail Average).

The most important phase of the Dow Theory is not concerned with the success, or lack of it, afforded to its devotees; but rather with the immediate impact on the market flowing *from* its followers. Even more important are the many others who, although skeptical of the formula themselves, act to anticipate the selling or buying to come from the popular system's host of ardent devotees.

Their Impact Via the 1946 Signal

This market-impact effect was first graphically set forth following the important market break of September 3, 1946. This has been clearly set forth in a voluminous and thoroughly documented report on the day's trading compiled by the Securities and Exchange Commission. The sharpest declines midst that former day's heavy break occurred in the periods immediately preceding and following the Dow Jones Industrial Average's piercing, at 11:30 a.m., of the crucial "resistance" level of 186.02. The Commission's 622 interviews with sellers of the day, which closed with a further decline to 178, disclosed 20% motivated by expectation of the Dow break-through and 45% additional liquidating to join the market's stepped-up volume of Dow selling. Such tying of investing policy to a supposed "trend" was registered 50 times as important as broker or investment adviser influence, had 37 times the effect of a hot bear tip from the gossip-column oracle Walter Winchell, and 22 times as important as the investor's own opinion that the market was simply "too high."

Particularly analogous to our current embracing of the "Greater Fool" philosophy betting on the subsequent foolish behavior of other speculators, was the SEC's further finding: "Not all persons who sold as a result of Dow Theory actually believed in it. Many sold simply because they realized the potential impact on the market."

"The Greater Fool" in 1960

Burton Crane, the New York Times' current commentator on the stock market's daily performance, reported this year's severe "Dow Day break" of March 3 as being generally attributed to the investing community's concern over the widely-publicized Dow Theory resistance-point literature. He noted that the usually relevant "outside" news was not bad, "but the Dow Theory is being followed by so many analysts and speculators that it sometimes makes itself come true. . . . Some analysts felt that some of the selling Wednesday [the day before the break-through signal] was by speculators who anticipated yesterday's move. Yesterday there was more anticipatory selling, with the result that both the New York "Times" and Rail averages broke through their 1959 lows."

"The theory has as many skeptics as it has loyal followers," likewise wrote C. Norman Stabler, the New York "Herald Tribune's" veteran market columnist. "We have no intention of defending it, or attacking it. But it is there, and, believe it or not, although it was developed years ago when railroads were able to make money, it has a following that is legion. There are so many of them that they help make the theory or prove its case, every decade or so."

End of Flirtation

The present-day arrival of the new "Dow Bear Market" with heavy bob-tail selling from both the believers and non-believers watching for the portentous break-through, was described thus in the New York "Herald Tribune's" morning-after story by Vartaning G. Vartan: "For days the rail index had flirted with the crucial mark, but never fell below it. . . . The classic bear signal began to twinkle all through the Thursday market as prices weakened steadily. . . . Symbolically the signal came on the day of the heaviest snowfall of the season. Many brokers left early and thus missed what may prove to be a historical day. What will happen today? One of the leading Dow Theory followers, Mr. ———, makes this forecast: 'A bulge of sell orders will build up during the night and the market will open Friday down 5 or 6 points on top of its 9.32 drop posted yesterday.'"

This prediction, really implying further distortion, came through. In fact, even after the preceding major decline of 11%, or 76 points, the Signal-derived momentum knocked the Average down further to 596.61, reached five days later; followed by a recovery back to the current 618, six points above the previous "decisive signal-time figure" of 612.

Thus we see, now as in previous periods, the short-term market distortion caused by this irrepressibly popular device's widely publicized signal.

* * *

In Exile From Market Participation

Along with distortion of the market stemming from Dow Theory signalling-operations, is the highlighting of its continuing distortion of the investor's pocket book. This comes about through the big chunks of major bull-to-bear and bear-to-bull market swings from which he is barred while waiting for that precious hind-sighted signal. This record in the present era, with the bear market (or merely bear *swing*, as some of the Dow followers contend) presumably starting from its 688 peak of Jan. 4 of this year, shows a market drop of 11% from signal-time was missed by the Dow-ists—about "par for the course." (The Dow's current high priest, Mr. Richard Russell, now insists that the bull market ended back on July 8, 1959, when the average was down to 633; although he himself stated, as recently as Feb. 8, 1960, in Barron's "Lacking confirmation by the averages, this writer makes no predictions as to the future trend of equities.") In the 14 major bear swings occurring since 1899, 10% has been the average decline before being recognized by the esoteric signalling rules.

Accepting, as do the majority of Dow devotees, October 1957 as the start of the latest bull market, with the 521 reached in September 1958 as the *confirming* break-through, means that the Dow followers let their system's signaling cost them exile from 65% of the ground covered by the bull swing. This is quite in line with the long-term historical record, as shown in our accompanying table.

The Tabulated Record

This table demonstrates what would have happened by way of exclusion from the bull market swings, by the investor's following of the basic Dow rules during the past 60-year period. We list the dates and the ground covered by each of the bull and bear markets from 1896 to date; the dates and prices at which they were "confirmed," or recognized, by the Dow rules; the size of each bull market as measured by the percentage rise from its starting price; and most important as the key conclusion, in the extreme right-hand column, the portion of each bull market which the Dow devotees missed, computed under the assumption that a long position would not be closed out until the advent of a succeeding bear market was recognized ("confirmed"). (The key dates covering the earlier years which the investor would have mechanically adopted for his use, have been taken from a leading authority who for many years has conducted a Dow Theory service appearing in a leading business and financial paper. The dates since 1946 represent the consensus of good Dow gospel).

The table discloses not only the Dow investor's barring from an average 65% of the bull swings, but also his considerable "whip-sawing" between closely-joined "out" and "in" points; with two instances where buying confirmations were actually above the preceding selling signals.

Bad enough, surely, are these results arising from the high proportions of the major swings lost through tardy recognition of the so-called trend. But realistically, they are even worse, when reduced to a "net" result by the tax levied on the profitable transactions ("heads the government wins, tails you lose"), a further inroad is the "house take" in the way of brokerage commissions which equals short-term investment income over short periods.

The Dow's Limited Usefulness

Our table truly goes a long way in confirming the true, limited function of Dow Theory. If it is not important how long it takes for a supposed *trend* to be spotted, and if it is recognizable only after a market swing has to a major extent run its course, then all that the device does is to turn its followers into market historians, with a tool with which to *define* abstractly a bull or bear market—after the event. Dow serves not as a market barometer, but a thermometer; as a weathervane, telling which way the wind *has* blown, not the direction in which it *will* blow.

If, despite all the various amending "refinements" that have been introduced to ameliorate the System's errors, things still go wrong, the devotee, as in the roulette and horse betting areas, masochistically blames himself for allegedly misinterpreting the sacrosanct system. Thus, he can go on completely unworried in his glamourous chart-gazing — with hind-sight supplying him with full 20-20 vision.

Most important of all, and irrespective of its validity, we again see the impossibility of *timing* the effective market impact of a *signal!*

LONG-TERM INVESTING RESULTS UNDER THE DOW THEORY

COMPLETE BULL MARKET Date	Price Range	% Rise	Bull Market "Confirmed" Date	Price	Succeeding Bear Market "Confirmed" Date	Price	Percentage of Complete Bull Market Missed by Dow
8-'96— 4-'99	30— 76	157%	6-'97	45	12-'99	64	59%
6-'00— 9-'02	54— 68	26	10-'00	59	6-'03	60	93
11-'03— 1-'06	42—103	144	7-'04	51	4-'06	92	30
11-'07—11-'09	53—100	89	4-'08	70	5-'10	84	71
7-'10— 9-'12	73— 94	27	10-'10	81	1-'13	84	86
12-'14—11-'16	53—110	107	4-'15	65	8-'17	83	63
12-'17—11-'19	65—119	81	5-'18	82	2-'20	99	68
8-'21—10-'22	63—103	61	2-'22	83	6-'23	90*	82
7-'23— 9-'29	86—381	338	12-'23	93*	10-'29	305	18
7-'32— 3-'37	41—194	371	5-'33	84	9-'37	164	48
3-'38—11-'38	98—158	60	6-'38	127	3-'39	131*	93
4-'39— 9-'39	121—155	28	7-'39	142*	1-'40	145	91
4-'42— 2-'46	92—212	130	6-'44	145	9-'46	186	66
6-'49— 4-'56	160—524	227	9-'50	229	2-'57	453	40
10-'57— 1-'60	416—688	67	9-'58	521	3-'60	616	70

*Showing "bull" confirmations at actually higher, instead of lower, levels than the preceding bear signals.

NASD District Elects Officers

District Committee of National Association of Securities Dealers District 7 has elected the following officers:

Frank A. Chisholm Clinton T. McCreedy

Chairman: Frank A. Chisholm, Varnedoe, Chisholm & Co., Savannah.

Vice-Chairman: Clinton T. McCreedy, Leedy, Wheeler & Alleman, Inc., Miami, Florida.

District No. 7 comprises Florida, Georgia, South Carolina and part of Tennessee.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The unusual extension of gains for all Treasury debt obligations further stimulated the already strong tax-exempt bond market during the week past. While the return from short Treasury bills was diminished to the almost unprecedented extent of 60/100's during the week, the longest term Treasury bond yields were lessened by about 5/100's. Dollar gains for the latter were as much as one point. The inordinate decline in Treasury bill yields which has occurred during recent weeks continues to be primarily predicated upon a generally easier money market. However, developments the past week have, to an extent, upset the bond market pundits in that they seem hazy and discordant as to what the trend may be now that the financial and economic complexities of the March tax date are over.

The good condition of the tax-exempt market has contributed importantly to the upward price trend. The technical features of the market are perhaps more generally bullish than is the case for other categories of the bond market. However, the scarcity of large new issues has become a double liability to most tax-exempt bond underwriters. In the first instance, there is very little money to be made in current underwriting. With new issues scarce, competition, which is under normal conditions an industry problem, has become accentuated to a degree that has pared profits to an uncomfortable minimum. Thus, profits are generally cut in half, if the individual underwriting is successful, while the total of issues for the present period is less than half the normal.

Yield Index Continues to Decline

During the past week the "Commercial and Financial Chronicle's" state and municipal bond yield average was reduced to 3.454%; for the preceding week (3/16/60) the average was 3.488%. In terms of dollars, the weekly gain was about 3/8's of one point. Since there were very few new issues exposed to the market during the week, this gain represents for the most part a general improvement in the secondary market. The latter usually lags in an active, strong new issue market.

Investors, although less active than earlier in the year, are keeping pace with the diminished market supply. The "Blue List" offerings represent the best measure of this condition and as of March 23 the state and municipal bond total was $288,997,500. A week ago (March 16) this item was more than $303 million and the total was about $311 million on March 9. While these aggregates are not always the precise measure of street inventory, over a period of time they represent a norm that is meaningful.

Dollar Bonds Continue Strong

With lesser activity in new issues — and this situation seems likely to obtain for at least a few weeks—interest has increased unusually in the dollar-quoted revenue issues. Most of these obligations are of the turnpike variety. Their market performances during the past few weeks have been almost spectacular. On March 23 the Smith, Barney & Co. turnpike average yield index was 3.95%. A week ago it was 4.02%. The highest average yield since the advent of this index was 4.32% on Jan. 7 last. It is apparent that in terms of dollars the group average was up about one point last week. Some of the week's gains in this group are represented as follows: Illinois Toll Highway 3¾s were up two points; Illinois Toll Highway 4¾s were up one point; Kansas Turnpike 3⅜s were up one point; Mackinac Bridge 4s were up two points; Ohio Turnpike 3¼s were up ¾s of a point; while the New York State Thruway 4.15s and the New York Port Authority 4¼s each were up one point.

A recent special report to the Illinois State Highway Commission by Charles L. Dearing, Executive Director of the Illinois Toll Highway, has emphasized a most important and timely factor. It is particularly noteworthy in that the season for increased traffic is nearly at hand. The 1959 fatality rate for the Illinois Tollway was 0.46. The report points out that for all toll highways the rate was 2.8. The National Safety Council estimates the 1959 national highway fatality rate to be 5.4. This is pointed out here because of our conviction that highway safety is one of the important factors in improved toll highway use and resultant increased revenues. It is apparent that when considered with other more substantive factors that 1960 will witness greatly increased use of our tollway system.

Both Secondary and New Issue Market Active

There has been considerable activity in the secondary market as well as in some of the older new issue accounts during the week. The $12,400,000 State of Delaware issue awarded on March 8 has been closed out and the remaining bonds have been marked up in price. Heavy inroads have been made in $20,000,000 State of Alabama, Education Authority bonds which were awarded on Feb 25. The $25,000,000 Cook County, Illinois issue awarded March 8 has been reduced to a $2,630,000 balance. The $30,000,000 Port of New York Authority loan sold on Feb. 16, although slow in gathering interest, has been attracting sales and less than $3,000,000 remains in account, with the help of an improved market.

The past week's new issues have all met with market success. Miami Beach, Florida awarded $4,000,000 (1961-1979) 3.70% bonds on March 16 to the Lehman Brothers-Kuhn, Loeb & Co., Salomon Brothers and Hutzler group. Scaled to yield from 2.90% to 3.85%, the issue is close to half-sold. A New York State School District, Poughkeepsie, La Grange etc. C. S. D. No. 1 sold $2,800,000 (1961-1986) serial bonds on March 17, to the Harris Trust Co.-First Boston Corp.-Merrill Lynch, Pierce, Fenner, & Smith group. This issue is less than half sold at present.

On March 21, Edison Township, New Jersey (Middlesex County) awarded $2,175,000 serial bonds (1961-1985) to the B. J. Van Ingen & Co.-Fidelity Union Trust Co.-National State Bank group. Scaled to yield from 3.00% to 4.25% the issue was very well sold. On the same day, $2,300,000 Euclid, Ohio serial bonds (1961-1987) were awarded to the McDonald & Co.-Field, Richards & Co.-First Cleveland Corp. group. Scaled to yield from 2.70% to 3.90% the issue is now better than half-sold.

Other new issues, awarded March 22, include $2,500,000 South Milwaukee, Wisconsin serial (1961-1980) bonds. The buying group was headed by the Northern Trust Co.-Goldman, Sachs & Co. and R. W. Pressprich & Co. And the Township of West Deptford, New Jersey school district

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.95%	3.75%
Connecticut (State)	3¾%	1980-1982	3.50%	3.35%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.50%	3.35%
New York (State)	3%	1978-1979	3.45%	3.30%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.65%	3.45%
Cincinnati, Ohio	3½%	1980	3.50%	3.35%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.80%	3.65%
New York City, N. Y.	3%	1980	4.00%	3.85%

March 23, 1960 Index=3.453%

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.

March 24 (Thursday)			
Athens, Tenn.	1,050,000	1964-1986	2:00 p.m.
North Tonawanda, N. Y.	3,086,000	1960-1987	2:00 p.m.
Sweden, Ogden, Parma, Clarkson, Clarendon, Murray and Bergen, New York	1,545,000	1960-1989	3:00 p.m.
March 28 (Monday)			
Cheektowaga, New York	1,134,000	1961-1989	3:00 p.m.
Clackamas County School District No. 7 (P. O. Oswego), Oregon	1,712,000	1961-1980	8:00 p.m.
Parma School District, Ohio	1,200,000	1961-1980	1:00 p.m.
Webster, Massachusetts	1,345,000	1961-1980	11:00 a.m.
West Clermont Local S. D., Ohio	1,124,000	1961-1983	-------
March 29 (Tuesday)			
Charlotte, North Carolina	2,265,000	1961-1984	11:00 a.m.
Islip Union Free S. D. No. 12, N. Y.	5,629,000	1961-1990	11:30 a.m.
Jacksonville, Florida	2,500,000	1960-1974	Noon
Minneapolis Special School Dist. No. 1, Minnesota	1,950,000	1962-1971	10:00 a.m.
Los Angeles County Flood Control District, California	10,000,000	1961-1939	9:00 a.m.
North Kansas City, Mo.	3,300,000	1962-1980	Noon
Omaha, Nebraska	2,400,000	1962-1970	1:30 p.m.
Riverview Gardens, Missouri	2,085,000	1961-1980	8:00 p.m.
Rockville, Maryland	1,700,000	1961-1990	8:30 p.m.
South Park Ind. Sch. Dist., Texas	2,500,000	1961-1985	10:00 a.m.
Sweetwater Union High S. D., Cal.	1,145,000	1965-1985	10:30 a.m.
Williston, North Dakota	2,000,000	1961-1983	1:00 p.m.
March 30 (Wednesday)			
Bergen County, New Jersey	3,534,000	1961-1980	Noon
Chicago Board of Education, Ill.	25,000,000	1962-1980	10:00 a.m.
Dickinson, Fenton, Etc., Central School District, New York	1,307,000	1960-1989	1:00 p.m.
Freeland Community S. D., Mich.	1,800,000	1961-1989	8:00 p.m.
Ladue, School District, Missouri	3,300,000	1961-1980	4:00 p.m.
Leflore County, Mississippi	3,000,000	1961-1985	10:00 a.m.
March 31 (Thursday)			
Austin, Texas	7,500,000	1963-1984	10:00 a.m.
April 4 (Monday)			
Cincinnati School District, Ohio	4,000,000	1961-1984	2:00 p.m.
Florida Development Community, Florida	4,945,000	1962-1990	11:00 a.m.
Redford Township, Redford Union School District No. 1, Michigan	1,250,000	1961-1986	8:00 p.m.
April 5 (Tuesday)			
Alamance County, North Carolina	1,300,000	1960-1978	11:00 a.m.
Buffalo Sewer Authority, N. Y.	1,500,000	1967-1981	11:00 a.m.
Jonesboro, Arkansas	1,000,000	1963-1987	2:00 p.m.
Kansas City, Kansas	8,000,000	1961-1975	10:00 a.m.
Pulaski County, Arkansas	1,250,000	1961-1968	10:00 a.m.
Toms River, New Jersey	1,945,000	1961-1989	8:00 p.m.
April 6 (Wednesday)			
Chippewa Valley S. D. No. 24, Mich.	1,500,000	1962-1988	8:00 p.m.
New Berlin Union Free High Sch. District No. 5. Wisconsin	2,400,000	1961-1980	8:00 p.m.
Pennsylvania State Public School Building Authority, Pa.	16,022,000	1962-1999	Noon
April 7 (Thursday)			
East Carolina College, N. C.	1,250,000	1961-1998	11:00 a.m.
Springfield, Ohio	1,800,000	1961-1985	11:00 a.m.
April 11 (Monday)			
San Jose Unified Sch. Dist., Calif.	3,557,000	1961-1985	11:00 a.m.
April 12 (Tuesday)			
Bernardsville, New Jersey	1,215,000	1960-1979	8:00 p.m.
Escambia County Special Tax Sch. District No. 1, Florida	3,235,000	1960-1978	10:00 a.m.
Laramie County S. D. No. 1, Wyo.	1,995,000	1967-1973	2:00 p.m.
South Bay Union High S. D. Calif.	1,000,000	1961-1980	9:00 a.m.
West Central Municipal Water District, Texas	9,000,000	-------	-------
April 13 (Wednesday)			
Palm Springs, California	1,550,000	1961-1980	3:00 p.m.
Steubenville School District, Ohio	4,000,000	1961-1980	1:00 p.m.
Tredyffrin Township Municipal Authority, Pennsylvania	2,200,000	1963-2000	8:00 p.m.
April 14 (Thursday)			
Clark County School Dist., Nevada	6,000,000	-------	-------
April 19 (Tuesday)			
Mason, Michigan	2,025,000	1962-1986	8:00 p.m.
*Triborough Bridge & Tunnel Authority, N. Y.	100,000,000	-------	-------
April 20 (Wednesday)			
Ewing Township, New Jersey	1,175,000	1961-1981	8:00 p.m.
April 26 (Tuesday)			
Los Angeles City Sch. Dists., Calif.	16,000,000	1961-1985	9:00 a.m.
April 27 (Wednesday)			
New York City Housing Authority, New York	20,470,000	1962-2010	11:00 a.m.

*Negotiated offering by Dillon, Read & Co., White, Weld & Co., W. E. Morton & Co., and Allen & Co. syndicate.

awarded $2,250,000 serial (1960-1979) bonds to the group headed by B. J. Van Ingen & Co. Scaled to yield from 3.00% to 4.25% the issue was well received on initial offering.

Yesterday (March 23) Morris County, New Jersey awarded $1,568,000 serial (1961-1980) bonds to the Chase Manhattan Bank group. This small, high grade issue is scaled to yield from 2.60% to 3.25%. Offering success is not as yet known.

Calendar Remains on Meagre Side

The new issue calendar continues light. There have been no important additions during the week either in the public sealed bid category or in the privately negotiated category. With the market higher, it seems probable that more borrowers will be attracted to it in the near future. The high borrowing costs obtained through last fall and early winter discouraged public borrowing and delayed many important borrowing programs. The procedure leading to the financing of bond issues is usually a painstaking, lengthy process. The better market seems likely to attract considerable borrowing during May and June which are normally busy underwriting months. We would expect that a much heavier schedule of new state and municipal issues during this period, combined with possibly other heavy demands for money, may make for a generally less aggressive municipal bond market during the late spring and summer. In the meantime up they go!

Listing Rules for Venture Funds

The Board of Governors of the New York Stock Exchange has approved special original listing standards for companies operating primarily to provide venture capital for small or medium size businesses, Keith Funston, President, announced.

"The Board's action," Mr. Funston said, "was influenced by the necessity to encourage the formation and growth of the private capital essential to finance the expansion of our economy. The purposes of such investment companies can be greatly encouraged by providing a marketplace for their securities."

Under the new policy, the Exchange will modify the normal $1,000,000 net annual earnings requirement to the extent appropriate for companies of this type. However, net tangible assets applicable to common stock should be at least $16.000,000, including a minimum of $8,000,000 composed of paid-in capital or capitalized cash earnings. Normally the Exchange requires a total of $8,000,000 in net tangible assets.

In addition, the company should have a minimum of three years of operation, a new requirement.

The special standards will apply only to companies registered under the Investment Company Act of 1940 or the Small Business Investment Act of 1958.

All other original listing standards will continue to apply. A company, for instance, must be a going concern or a successor to a going concern; must have at least 400,000 common shares outstanding, exclusive of concentrated or family holdings, distributed among not less than 1,500 shareholders, after substantially discounting odd lots.

Mr. Funston said the Board modified the $1,000,000 earnings standard because companies supplying venture capital will primarily seek long-term growth rather than current earnings. As a result, he said, they will generally be unable to meet the $1,000,000 standard.

On the other hand, he pointed out, a company of this type would require substantial working capital and successful job of assisting small businesses.

The company, Mr. Funston continued, should be large enough so that its earnings over the years in terms of long-term gain or appreciation of its investments could reasonably be expected to average out more than $1,000,000 annually.

Twenty-two investment companies—all of them closed-end—are now listed on the Exchange but none is engaged primarily in providing funds for small enterprises.

Now Crain Associates

HEMPSTEAD, N. Y. — Nathan Crain Associates, Inc. has been formed to continue the investment business of Nathan Crain, 114 Main Street.

Mutual Advisory Service

COLLINGSWOOD, N. J.—Evelyn M. Gordon is engaging in a securities business from offices at 118 East Browning Road under the firm name of Mutual Advisory Service.

Now Corporation

CHICAGO, Ill.—Doyle, O'Connor & Co., Inc. has been formed to continue the investment business of Doyle, O'Connor & Co., 135 S. La Salle Street.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Automobile Industry — Review — Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Bank Stocks—Quarterly review—M. A. Schapiro & Co., Inc., 1 Wall Street, New York 5, N. Y.

Bi Weekly Market Letter—Stock analysis including special situation, ratings (buy and hold on over 100 stocks), managed portfolio,and suggested action—three issues for $1—Gillett Investment Service, Inc., Box 175CC, Riverside, Ill.

Bond Market — Review — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Canadian Natural Gas—Utilities, pipelines and producers—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Fire Casualty Insurance Industry —1959 operating results—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

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

Low Priced Growth Stock for Profit — Report — S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

New York City Banks—Study of U. S. Government portfolio distribution—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Ohio Municipal Bonds — Tabulation of pertinent data on 88 counties, and the largest cities and city school districts—Wm. J. Merica & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

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.

Railroads — Report on 1959 operating performance — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Stocks Yielding 4½% or better—Review — Fahnestock & Co., 65 Broadway, New York 4, N. Y.

Tax Free Yield—Table of Tax-Free vs. Taxable issues — Scharff & Jones, Inc., 140 Carondelet Street, New Orleans 12, La.

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).

Undervalued Securities—Bulletin —A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a study of four **Life Insurance Companies** for capital appreciation.

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Aerojet General Corp.—Report—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

Allegheny Ludlum Steel Corporation—1959 annual report—Allegheny Ludlum Steel Corporation, Oliver Bldg., Pittsburgh 22, Pa.

American Chicle Company—Review—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **Johns Manville Corporation** and an analysis of **Granite City Steel.**

American Chicle Company—Review in current "Investors Reader"—Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are data on **Scott Paper Company, Federal Paper Board Company, Red Owl Stores, Inc., Bridgeport Brass Company, ACF Industries Inc., Lear Inc., First National Bank of Boston.**

American Founders Life Insurance Company — Study — Copley and Company, Independence Building, Colorado Springs, Colo.

American Motors—Analysis—du Pont, Homsey, & Company, 31 Milk Street, Boston 9, Mass.

American Machine & Foundry Company — 1959 annual report — American Machine & Foundry Company, C. J. Johnson, Secretary, 261 Madison Avenue, Room 31, New York 16, N. Y.

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

American News Company — Analysis—Joseph Walker & Sons, 120 Broadway, New York 5, N. Y.

American Research & Development—Data—Shields & Company, 44 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **High Voltage Engineering.**

American Telephone & Telegraph Co.—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Anelex Corporation—Analysis—Putnam & Co., 6 Central Row, Hartford 4, Conn.

Arkay International Inc.—Memorandum—A. D. Gilhart Co., Inc., 141 Broadway, New York 6, N. Y.

Armstrong Rubber — Review — Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y. Also in the same review are data on **Stewart Warner, National Steel, Eagle-Picher, Kennecott Copper, James Lees, Manning, Maxwell & Moore, Curtiss Wright, Ex-Cell-O, Carrier and International Nickel.**

Associated Dry Goods — Data—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also in the same review are data on **Zenith Radio and Cerro De Pasco.**

Associated Testing Laboratories—Bulletin—George, O'Neill & Co., Inc., 30 Broad Street, New York 4, N. Y.

Biederman Furniture Company—New report—Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Central National Bank of Cleveland — Memorandum — Murch & Co., Hanna Building, Cleveland 15, Ohio.

Coca-Cola—Data—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 5, N. Y. In the same bulletin are data on **First National Stores, Northern Pacific Railway, Ohio Edison and Sunshine Biscuits.** Also available are data on **Great American Insurance Company, Cleveland Electric Illuminating, International Nickel, Equipment Leasing Companies, and North American Car Corporation.**

Collins & Aikman — Report — Auchincloss Parker & Redpath, 2 Broadway, New York 4, N. Y.

Commercial Metals Company — Analysis—Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, Dallas 1, Tex. Also available is an analysis of **Texas Industries.**

Commercial Solvents — Report — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Consolidated Electronics Industries—Analysis—Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Consolidated Foods — Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Continental Insurance Company—Analysis — H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Crestmont Oil Company—Bulletin —Mitchum, Jones & Templeton, 650 South Spring Street, Los Angeles 14, Calif.

Crowell Collier Publishing Company—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Crown Cork & Seal—Analysis—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Aerovox Corp.**

L. A. Darling—Report—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dayton Aviation—Report — Simmons, Rubin & Co., Inc., 56 Beaver Street, New York 4, N. Y. Also available are reports on **Douglas Microwave, Crompton & Knowles and Big Apple Supermarkets.**

Decca Records, Inc. — Analysis — Gruntal & Co., 50 Broadway, New York 4, N. Y.

Fafnir Bearing Company — Analysis—Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn.

First Charter Financial Corporation—Bulletin—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is a bulletin on **Universal Oil Products.**

First Flight Co.—Memorandum—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

General Time Corporation—Bulletin — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available are bulletins on **American Machine & Metals Inc., Northrop Corporation,** and a bulletin on "15 Favorites."

Gertsch Products Inc.—Analysis—Schwabacher & Co., 100 Montgomery Street at Sutter, San Francisco 4, Calif.

W. R. Grace & Co.—Appraisal—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Grand Union—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y. Also available is a bulletin on **Acme Electric Corporation.**

Grinnell Corporation—Analysis—Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa.

Hamot Hospital Association of Erie, Pa.—Circular—B. C. Ziegler and Company, Security Building, West Bend, Wis.

International Mining Corp. — Analysis—Schirmer, Atherton & Co., 50 Congress Street, Boston 3, Mass. Also available is an analysis of **Anheuser Busch Inc.**

International Paper Company — Data—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y. Also available is data on **Monsanto Chemical Company.**

Investors Commercial Corp.—Report — Albert J. Caplan & Co., 1516 Locust Street, Philadelphia 2, Pa. Also available is an analysis of **Metro, Inc.**

Iowa Southern Utilities Company — 1959 annual report — Iowa Southern Utilities Company, Centerville, Iowa.

Jostens Inc.—Memorandum — A. G. Edwards & Sons, 409 North Eighth Street, St. Louis 1, Mo.

Marine Petroleum Trust vs. Tidelands Royalty Trust B—Comparison—Carothers & Company, Inc., Mercantile Bank Building, Dallas 1, Texas.

Martin Company—Analysis—Blair & Co. Incorporated, 20 Broad St., New York 5, N. Y.

Mergenthaler Linotype Company —Analysis—Carreau & Company, 115 Broadway, New York 6, N. Y.

Mesabi Iron Company—Review—Cooley & Company, 100 Pearl St., Hartford 4, Conn. Also in the same circular are data on **Miehle Goss Dexter and Itek Corporation.**

Mohawk Rubber Company—Analysis—J. N. Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

National Aviation Corporation — Brochure—Hornblower & Weeks, 40 Wall Street, New York 5. N. Y. Also available is a bulletin on **McGraw Edison Company.**

National Standard Electronics — Memorandum — Palombi Securities Co., Inc., 37 Wall Street, New York 5, N. Y.

Nationwide Corporation—Study—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Pan American Sulphur Company —Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Pittsburgh Metallurgical Co. — Analysis — Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y. Also available are analyses

Continued on page 43

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF NEW YORK

Following the example of the parent group, the Security Traders Association of New York, NSTA's largest affiliate, has just made a donation to the Invest-in-America Committee's Greater New York Office through Nathan A. Krumholz of Ogden, Wechsler & Krumholz, a former President of STANY, who has been invited to serve on the Executive Committee of the Invest-in-America Group in New York.

Nathan A. Krumholz

Barney Nieman

Barney Nieman, Carl Marks & Co., Inc., 1960 President of the Security Traders Association of New York, has appointed a full STANY Committee, headed by Mr. Krumholz, to cooperate fully with the Executive Committee of the Invest-in-America program in plans which are being formulated in connection with the observance of Invest-in-America Week, April 24 to April 30.

STANY will climax its participation in this all-important program at their 24th Annual Dinner to be held April 29 at the Waldorf-Astoria.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold their Summer Outing on June 10, 1960, at the Overbrook Country Club, Radnor Township, Pa.

The Future of Rail Stocks

By Roger W. Babson

Dean of financial writers offers a candid view and bit of advice regarding railroad securities. Saying it is a mistake to think of railroads as a whole, Mr. Babson divides them into profitable and unprofitable types and concludes by naming rails he prefers.

The railroad stocks have not been acting well recently. The Dow-Jones "rails," which sold at an average high of 155 at the beginning of the year, now sell at 145. The main point of this week's column is to emphasize that it is a mistake to think of the railroads as a whole. There are four distinct groups and these should be recognized by every investor.

"Commuter" and Short-Haul Railroads

Practically all railroads are losing money on passenger business; but the so-called commuter roads — which haul passengers from the suburbs to the big cities in the morning and take them home again at night, with their employees and equipment idle a good part of the day—are very unfortunate. A campaign is now on to eliminate this business and switch it to buses, giving the buses preferred terminal facilities and certain traffic preferences in order to increase their speed.

The second group consists of roads which operate less than two hundred miles of track. These are losing both passenger and freight business. The shipper can load his goods on trucks at his factory door and these trucks will deliver at the dealer's or customer's door. For this reason the securities of these short-haul roads are not attractive to investors—with certain exceptions such as the coal roads of West Virginia. These I like to call the "gravity" roads because the loads from the mines go "downhill" to the seacoast with great saving in the use of power, and in fact some of them generate electric power en route which helps the return of the empty cars.

Transcontinental Railroads

These are roads operating from Chicago to the Pacific Coast and, as yet, they are not affected by competition from trucks. Recently, on the Santa Fe Super Chief, I was a passenger on a beautiful train having 11 cars and two diesel engines and a total of only 76 passengers. The "piggy-back" experiments are successful in certain localities, while the automatic switching yards are helping such roads as the St. Louis-San Francisco. The transcontinental rails appear to be about the best holdings.

My favorite group of railroads, in fact, are those transcontinentals which also own large acreages containing forests and minerals. This especially is true of the Union Pacific, the Northern Pacific, the Canadian Pacific, and the Atchinson, Topeka and Santa Fe. I have been told by the president of one of these roads that all passenger business and a portion of the freight business could be eliminated and the road could continue to pay its present dividend from oil, mining, and forest royalties.

Future of the Railroads

I have not discussed competition from airplanes, which are a factor in the decline in long-haul passenger business. It will be a long time, however, before freight-carrying airplanes will be severe competitors. The weather, moreover, is a factor and a great friend of the railroads. This means that comparatively few railroads will be given up, because of the fact that they are able to operate, while airplane travel is undependable. However, much duplicate track and some competing rail lines will be eliminated.

All of the above means that a large percentage of the railroads will become government owned and operated under the Department of Defense. I believe that the railroad bonds will be indirectly assumed by the government and that the preferred stocks will be treated fairly. As to the common stocks: The government will base prices for these on their average quotations during the preceding year.

I close by calling readers' attention to my opening paragraph . . . that railroads should not be considered as a whole, but that each railroad should be considered separately when deciding whether its stocks should be sold, or merely held for further developments, or, in a few cases, actually bought.

Wm. R. Staats Co. To Admit Partners

LOS ANGELES, Calif. — William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges, will admit to partnership on April 1 James L. Beebe, James N. Thayer, and Donald Royce, Jr.

Garrow T. Geer, Jr., will retire from partnership in the firm March 31.

Harriman Ripley Appoints Goss

CHICAGO, Ill.—Harriman Ripley & Co., Incorporated announced that Eugene V. Goss has been named Manager of the Municipal Division of the firm's Chicago office, 135 South La Salle Street. Mr. Goss has been associated with the Municipal Department of the firm's Chicago office for many years.

Loring Adds to Staff

Salvatore A. Maggio has been added to the staff of S. D. Loring Company, Inc., financial public relations, 74 Trinity Place, New York City. For the past five years Mr. Maggio was associated with Walston & Co., Inc.

Bernard Horn Now With Jaffee Co.

Bernard Horn has become associated with Jaffee & Co., 2 Broadway, New York City, members of the New York Stock Exchange, as manager of the trading department. Mr. Horn was formerly in the trading department of Greene and Company.

Form Cardinal Managem't

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Cardinal Management Company is engaging in a securities business from offices at 5225 Wilshire Boulevard. Officers are William B. Mead, Charles W. Wolfe and Ted W. Lawson.

How to Evaluate Foreign Investments and Credit Risks

By Emilio Mayer, New York Representative of the Banca Commerciale Italiana (Milan, Italy), New York City

International banker for more than 30 years proposes construction of international investment and credit risk ratings index to guide investing and credit-granting decisions on an objective basis. Noting the extraordinarily closer economic relationship between countries and the extent to which investors rely upon subjective judgments, Dr. Mayer explains helpfulness of a country by country rating index, similar to mercantile and bond ratings. He would include in his index: national income on a per capita basis at realistically appropriate exchange rates; the diversity of export; viability of balance of payments; the movement, size and adequacy of official gold and foreign exchange reserves—properly weighted; range of variations of reserves for a given period; and multiplicity of exchange rates.

Outstanding among the many changes which took place on the international scene during the last two decades, is the extraordinary expansion of international communications and consequently of trade and foreign investments. As a result, the economy of the United States is now closely linked to the economies of many other countries; what happens in the United States influences their economies and they in turn influence the economy of the United States.

Emilio Mayer

We are no doubt entering an era in which international considerations and concepts will become progressively more important; hence it will be necessary to transfer a good share of our economic thinking from a national to an international level. The soundness of our international thinking will be predicated not only on good economic reasoning but also on the correct appraisal of conditions existing abroad.

For this purpose it would not be wise to base our judgments regarding foreign economic matters on personal evaluations, because our conclusions could be influenced by preconceived ideas and predilections, founded on a multitude of factors such as education, previous experience or plain sentimental feelings; therefore, our appraisals should rest whenever possible on facts or phenomena which can be measured and compared.

Country by Country Rating Index

As an example of what could be done in this direction, we intend to explore the possibility of finding, among the wealth of statistics placed at our disposal by the various governments and international agencies, some elements which could be used for the purpose of constructing a system of international investment and credit risk ratings or indexes, based on statistical measurements and comparisons, rather than on subjective evaluations.

The purpose of such international investment and credit risk ratings would be to indicate the additional risk involved in making investments or granting credit in a foreign country. The problem can be stated as follows: Assuming that the investment in the foreign country is excellent, or that the foreign debtor is absolutely first class, what are the chances that the investor may be unable to repatriate his capital and his profits, or that the creditor may not be repaid, because they are unable to obtain the foreign exchange required to transfer the money out of the country?

Hence, the search is for a common denominator, or rather some common denominators—which are present in most countries and which can be compared in a meaningful way for the purpose of determining the relative credit-worthiness of each country.

Before starting our analysis it may be advisable to make a few observations.

First, we assume that the reader is aware that credit ratings have only an indicative value; they should not be accepted alone but should be supplemented and compared with other data and information. In this respect international credit ratings would not be different from the credit ratings published by mercantile agencies or the bond ratings published by investors' services. Hence we shall not search for ratings which stand by themselves, but rather ratings which shall be helpful in comparing the credit-worthiness of various countries, eliminating as much as possible subjective evaluations.

Second, the emphasis in the study will be on economic factors. Social and political factors will not be discussed separately, not because they are considered of lesser importance, but because it is our opinion that economic, social and political factors are intimately related, and that economic progress would be retarded by unstable social and political conditions; conversely we shall assume that countries which have made good economic progress enjoy a good social and political climate conducive to stability. It is also our opinion that political stability increases with the development of the institutions which come with a well organized and developed modern society; hence, political risks—such as revolutionary changes which could endanger foreign credits or investments—diminish as the economy of the country becomes more developed.

Since the factors which enter into the economic life of various countries, cannot be compared because the relative importance of the components of each economy varies so widely that their comparison would have little meaning and since some of the elements which are present in some countries are missing in others, so that comparisons would be impossible in such cases, it becomes necessary to select an index which is available for most countries and which reflects the end result of the progress made towards an orderly modern society; hence, political could be chosen for this purpose; for instance, the index of literacy, the life expectancy at birth, the per-capita consumption of certain products, etc.; but the figure which includes all the other elements and which can be easily compared, is the national income. Therefore, as the initial element of comparison, intended to determine the credit-worthiness of the individual countries, we shall use the national income, on an average per-capita basis.

Importance of Per Capita National Income Index

This selection is predicated mainly on three considerations.

In the first place, higher per capita incomes afford a wider margin for the repayment of debts. In countries where the productivity of the economy barely allows the lower levels of subsistence, there will be very little margin, if any, for the reimbursement of debts; under such conditions debt servicing can become extremely trying if not actually impossible. At any rate, even disregarding the necessity to provide for the livelihood of the population, it is obvious—other factors being equal—that the ability to repay of a country with average per-capita income of $1,000, is much higher than the capacity of a country with a $200 per-capita income.

Second, high per-capita incomes are the net result of many factors which favor economic growth, most important among them good economic institutions, the formation of sufficient capital and the availability of technically trained personnel—such as engineers, scientists, educators, administrators, efficient public officials, etc.—so that high average per-capita incomes should be accepted as a reliable indicator of a better developed society. Since the technically trained personnel is available to solve the problems and difficulties which will inevitably arise, such societies are better able to "put their house in order" and should therefore be considered as better credit risks.

The third consideration is that the more developed countries have surmounted the difficult stage of initial economic development when capital formation is still small. During this phase the mortality rate, especially among infants, drops sharply causing a rapid expansion of the population, so that the capital formation falls behind and the country is actually losing ground from an economic point of view. This is the period when nations tend to become impatient and during which they are more exposed to economic troubles and foreign payment difficulties. At any rate the necessity of importing capital goods during this period will contribute to cause a shortage of foreign exchange weakening the country's ability to pay.

Realistically Appropriate Exchange Rates

Since average per-capita incomes expressed in the various local currencies cannot be compared, the next difficulty to be overcome will be to find appropriate exchange rates to convert them into dollars. For practical purposes this can be done at the official rate of exchange; where multiple rates of exchange are used by the country, the lower rate should be taken for the conversion into dollars, because the lower rates probably represent better the purchasing power of multiple rates currencies.

Comparisons based on official rates of exchange are not very reliable as a measure of the real standard of living of the countries, because many times such rates do not represent the actual internal value of the money. The most recent example of the unreliability of comparisons based on official exchange rates is given by the devaluation of the French franc which took place at the end of 1958. Accepting the validity of official rates, one would have to conclude that the national income of France decreased 17½% overnight. Therefore, average per-capita incomes converted into dollars should be accepted only as a rough indication of the real per-capita income in the respective countries. To be on the safe side one should assume a margin of error of 20/25%; hence no significance should be attributed to differences of per-capita incomes within such limits. In countries where multiple rates of exchange are in force, the range of probable error could be considerably higher; in such cases comparisons of per-capita incomes converted into dollars should be accepted only on a very broad scale.

Viable Balance of Payments

To supplement the indications given by the per-capita income, the concentration of the exports of a country in a few commodities could be taken as an index of the lack of industrialization of the country, and as a sign of comparative economic weakness, because such exports are particularly vulnerable to price fluctuations and to conditions beyond the control of the exporting country.

After examining the internal or domestic income generating capacity of the countries, each country should be examined, from the point of view of the foreign investor and creditor, who is interested in knowing whether under present-day conditions the inflow and outflow of foreign exchange of the country are balanced or compensated in a way which indicates that the country will be able to fulfill its future international commitments.

This would require an analysis of the international balance of payment of each country, including imports and exports of merchandise, the invisible items of the current balance of payments—ocean freights, insurance premiums and interest earned or paid, tourist trade revenues, foreign remittances and similia and the movements of foreign capital. However, the composition of the international cash flow is so different in each country, that an item by item comparison would be meaningless for our purpose, so that one should look again for a common denominator; for this purpose one could quite possibly use the total of the official gold and foreign exchange reserves of each country. This selection would be based on the theory that—as a rule—the official reserves will be used last; hence, that the movements of the reserves represent the net result of all payments and receipts affecting the international working capital of each country and that the reserve variations will indicate whether the foreign exchange inflow exceeds the outflow or vice versa. Nevertheless, the reader should keep in mind that foreign exchange reserves are only one item in the foreign accounts of a country, and therefore give only an approximate indication of the foreign exchange movements.

The foreign exchange reserves could be examined from three different points of view, taking into consideration their size, their upward or downward trend and whether they appear to be adequate to the requirements of the country.

Size, Trend and Adequacy of Reserves

The size of the foreign exchange reserves will give an indication of the volume of the international cash flow and therefore of the magnitude of the credit which would be justified by the capabilities of the country; other factors being equal, the repayment capacity of a country with reserves in excess of a billion dollars is no doubt much bigger than that of a country with reserves of less than $100 million.

The trend of the reserves could be ascertained by comparing the figures at the end of certain periods—for instance on a quarterly basis—with those of the corresponding periods of the previous year; besides, the last reserve could be compared with the median of the last three or four years. The comparison of the reserves at the end of each quarter (or month) with those of the same quarter (or month) of the previous year eliminates seasonal factors and will show whether the reserves had a tendency to rise or decline under the international economic conditions prevailing during the three- or four-year period, on which the analysis would be based. The comparison of the last amount of the reserves with the median of the period should confirm the trend shown by the comparison of the quarterly (or monthly) figures. If both methods of collation show a definite upward or downward trend of the reserves, one should deduce that the international working capital of the country is being replenished or depleted; on the other hand, if the results are conflicting, or if the differences are small percentage-wise, one should conclude that the variations shown are inconclusive.

Weighting Problems

The determination of the adequacy of the gold and foreign exchange reserves raises some baffling problems. Various methods have been used for this purpose; the most popular consists of comparing the total reserves of the country with the total of its yearly imports thus obtaining a ratio which shows the period of time for which imports could be paid for by using the existing exchange reserves.

This system has some merits; it is obvious that a country whose foreign exchange reserves are sufficient to pay for the imports of 12 months is in a stronger position than a country which has reserves covering three months of imports. However, comparisons would become in many cases difficult if not meaningless, especially among countries which have a wide variety of exports and countries with exports represented almost exclusively by one or two commodities. For instance, what would be the comparative position of two countries, one of which has no concentration of exports and has reserves sufficient to pay for three months of imports, relative to the position of another country which has reserves sufficient to pay for six months of imports and has an export concentration of 90% in two commodities?

Measuring Variations in Reserves

At any rate merchandise imports are only part of the international balance of payments: in many cases the servicing of foreign indebtedness and other payments for invisibles weigh heavily on the balance, so that it would not seem logical to disregard them in the selection of ratios intended to measure the sufficiency of foreign exchange reserves. For this reason it would seem preferable to use the comparison of the reserves with the total yearly imports only as a supplementary ratio and to select instead a more perfect tool, namely, to examine the reserves from the point of view of their stability—meaning their degree of insensibility to international economic disturbances—by measuring the average variations of the reserves during a certain period. The assumption is that if the reserves of a country were relatively less affected by the international events of the past, they will be also less susceptible to future pressures.

For this purpose the amount of the reserves at the end of each quarter (or month) could be compared with the amount of the reserves at the end of the corresponding quarter (or month) of the previous year; the percentage of the increase or decrease would represent the degree of variability of the reserves; if a certain number of periods are compared, one would obtain the average variability.

The theory behind this procedure is rather simple; if the average variability — representing 12 months' changes—for instance is 4-5%, then it could be stated that if the conditions existing in the past did not change drastically, it would take about 20 to 25 years to use up the reserves of the country. On the other hand, if the average variability were of 50%, then the reserves could be used up in two years. As a corollary it could be claimed that the reserves of countries which show a low variability are abundant, while countries whose reserves show a high variability have thin reserves.

A variability of less than 10% could be accepted as an indication of a strong reserve position, while a variability spectrum above 25% could be considered as a sign of weakness; but no conclusion should be drawn regarding a difference of variability of a few points between two countries, such as between 20 and 25%.

Finally, the existence of multiple foreign exchange rates should be considered as an obvious sign of foreign payment difficulties and could be a very important factor in determining the rating of countries using them.

In conclusion it seems safe to say that at present there is available enough international statistical information which could be forged into an acceptable system of international investment and credit risks ratings or indexes, based on statistical measurements and comparisons, rather than on subjective evaluations.

With Straus, Blosser

CHICAGO, Ill. — Straus, Blosser & McDowell, members of the New York and Midwest Stock Exchanges, has announced that Theodore K. Davis, John Gregory, J. Marshall Hopkins, Arnold M. Levy and Baron Shafton have joined the firm as registered representatives in the Chicago office, 39 South La Salle Street.

M. R. Fish Opens

(Special to The Financial Chronicle)

CHICAGO, Ill. — Merton R. Fish is conducting a securities business from offices at 176 West Adams Street.

Hecker & Co. to Admit Partner

PHILADELPHIA, Pa.—Hecker & Co., Liberty Trust Building, members of the New York and Philadelphia-Baltimore Stock Exchanges, on April 1 will admit Francis J. Beck to partnership.

Foster & Marshall To Admit Partner

SEATTLE, Wash.—Foster & Marshall, 820 Second Avenue, members of the New York Stock Exchange, will admit Eric A. Nord to partnership on March 31st.

Robert Dienes Opens

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Robert W. Dienes is conducting a securities business from offices at 8015 Beverly Boulevard, under the firm name of Robert Dienes Company.

Forms Inv. Co.

CEDAR RAPIDS, Iowa — Mrs. Ann W. Franey is engaging in a securities business from offices at 1118 Twenty-fifth Street, Northeast.

A. E. Gilbert Opens

Adam E. Gilbert is conducting a securities business from offices at 665 Fifth Avenue, New York City. He was formerly with Investors Planning Corporation of America.

Latin America: Neither Exploited Nor Ignored

By Hon. C. Douglas Dillon,* *Undersecretary of State State Department, Washington, D. C.*

State Department official breaks down our investments to, and return from, Latin America to "refute conclusively any accusations" of exploitation by private United States enterprise. Moreover, he recounts numerous tools being brought into play to accelerate economic development, and constructively suggests problems for study to improve the economic environment for investment and growth. Further, Mr. Dillon takes serious exception to the charge that we are so preoccupied with other areas of the world that we have tended to forget our southern neighbors. This and other misconceptions are answered by Mr. Dillon in stressing the cooperative efforts needed to fulfill a "commonly-shared American dream: the development of the Hemisphere to satisfy the mounting expectation of its peoples."

I can think of no more appropriate setting for the first Caribbean Assembly than the hospitable Commonwealth of Puerto Rico. For the people of this thriving, self-governing Commonwealth are drawing fully upon their rich Hispanic cultural heritage in fruitful efforts to achieve a better life with the warm support of their fellow citizens of the continental United States. All of us seek greater understanding of one another. We treasure the special qualities of friendship and solidarity which characterize inter-American relations. Yet we recognize that misunderstandings can occur which call for sober examination in the spirit of mutual cooperation that pervades this important conference.

C. Douglas Dillon

Our dedication to building a stronger, freer hemisphere, must not be hampered by doubts arising out of misconceptions. We are all aware that there are those—within our own Hemisphere as well as abroad — who seek to create frictions and fan them into hatred and suspicion to serve their own ends. They will not succeed if we join vigilantly and energetically together in keeping the underbrush of misunderstanding cleared away before it can grow into a rank jungle barrier.

Answers Misconception of Preoccupation

We of the United States are genuinely distressed by one such misunderstanding — sometimes voiced in the other Americas—that we have been so preoccupied with our responsibilities in other parts of the world that we have tended to forget our southern neighbors or to take them for granted.

Nothing could be farther from our intentions or desires—nor, I submit in all good conscience, from our performance. It occurs to me that our not inconsiderable contributions to the growth of the Hemisphere have been channeled into so many fields over so long a period of time that their total impact and the overall purpose which inspires them has been obscured.

Throughout my own country there is today a deep, growing, and highly vocal interest in the problems of Hemisphere development. This should reassure our friends to the south and make it easier to place our many and diverse efforts in proper perspective.

Since the earliest days of the United States, we have recognized that our ties and common interests with the other American republics are of unique importance to us as a nation and as a people.

We have a profound and sympathetic interest in working with our fellow Americans to solve the whole range of political, social, cultural and economic problems which confront the Hemisphere.

The need for economic development is perhaps the most urgent of these problems. In responding to this need, the United States has but one objective: to cooperate closely with all the peoples of the Americas in attaining sound, stable, expanding economies within the framework of free societies, dedicated to enlarging liberty and opportunity for all. We have no other motivation.

We of the United States are well aware that there are huge new forces at work in the southern region of our Hemisphere, which is in a state of healthy ferment. There is a so-called "population explosion," a virtual industrial revolution, a tremendous surge toward progress that has taken an increasingly democratic turn in response to growing political consciousness and demands for social reform.

We are enthusiastically supporting the efforts of responsible leaders of the Hemisphere to satisfy their peoples' demands for a fuller life. For we recognize that if their efforts are successful, the future holds few limits. We also recognize that failure to realize legitimate aspirations could lead to violence, Communist subversion and dictatorship, or other forms of regimentation which are equally repugnant to the peoples of the Hemisphere.

Outlines Process of Change Taking Place

Today, no area of our planet is in greater process of change than Latin America. By the end of the current decade, Latin America will have a population of 270 million inhabitants—an increase of 300% in half a century. Its 2½% annual growth is the largest of any area in the world.

The enormous pressures of this population increase call urgently for an intensified production effort to satisfy the ever-growing number of consumers who require more food and other necessities, a larger number of jobs, and broader cultural horizons.

But Latin America's potential is enormous. In all the basic industries—agriculture, steel, minerals, chemicals, electrical energy and transportation—a high order of development is not only feasible, but is already under way. Gross product has the prospect of increasing more than twice as fast as population. As for food, it is estimated that production can be multiplied five-fold if modern methods are employed. If responsible leadership provides the needed stimulus, there are, in truth, no problems in Latin America which constitute impenetrable barriers to normal and orderly progress.

To accelerate development, substantial help in the form of external capital and technical assistance is also needed. Outside help, however, can only stimulate and contribute to growth. It cannot substitute—nor should it be regarded as a substitute—for economically sound efforts which must be made by the governments of Latin America themselves if they are to satisfy their peoples' legitimate aspirations. In this regard, we can learn many profitable lessons from "Operation Bootstrap" here in Puerto Rico.

There are numerous tools at hand—including some important new ones—to help in this all important struggle.

Cites New Helpful Tools at Hand

The new Inter-American Development Bank is now a reality. The Bank will have a billion dollars for loan to its member countries, which include all of the Americas except Cuba. Perhaps the Bank's most striking feature is that it is more than just a financing association. It is truly a development institution. For it will provide technical assistance to help ensure that development projects are properly planned, properly engineered and properly designed. Another important Bank service will be to advise on other available sources for financing all or part of individual projects. In this way, it is expected to become a focal point for the overall coordination of Latin American development efforts.

The United States, which is supplying 45% of the Bank's capital, was among the first to ratify its charter. Our membership in the Bank complements our substantial long-term participation in the work of the World Bank and the International Monetary Fund, which will both continue to make financing available to Latin American nations. These institutions have recently increased their resources on our initiative.

Another United States initiative which can contribute to Latin America's progress is the projected new International Development Association, whose charter is now awaiting parliamentary ratification.

Still another United States initiative was our proposal earlier this year that the prospering nations of Western Europe and Japan give priority to increasing the flow of both public and private capital and technical assistance to the newly-developing areas. We do not intend in any way to diminish our own role. But Western Europe and Japan are now financially capable of mounting a sizable effort which could powerfully assist our own. If their response is as constructive and as generous as I hope, Latin America should benefit from this new, coordinated effort to stimulate free world economic growth.

The other Americas will, of course, continue to be completely free to seek bilateral assistance from our Export-Import Bank and, whenever they are unable to obtain financing from other free world sources, from our Development Loan Fund.

Size of Our Bilateral Loans

Some notion of the size of our bilateral loans to Latin America can be gleaned from these figures: During the last 10 years alone, the Export - Import Bank has loaned more than two and a half billion dollars to Latin America, which has received more than 40% of all its loans. If we add to this the record of the Development Loan Fund, the International Cooperation Administration, and loans made under our PL 480 program for the disposal of agricultural surpluses the grand total this past decade comes to more than three and a half billion dollars. Many of these public loans are for harbors, highways, power, irrigation, and other projects for which adequate local capital is not available, but which have to be created before sustained development can begin.

Private United States investments in Latin America — which now total more than $9 billion—play an even larger role in development. For the past five years, private U. S. investment increased at an average of $600 million per year. It has been estimated that U. S. private capital made it possible for Latin America to develop nearly twice as fast during the 50's as it otherwise would have. Let me cite some significant figures:

Denies There Is Exploitation

In recent years, Latin American governments have collected 15% of all their revenues from U. S. companies.

Profit remittances by U. S. companies are only about half as large as their tax payments in Latin America.

U. S. companies have consistently earned large annual amounts of foreign exchange for Latin America—up to $1 billion a year toward the latter part of the 50's.

About three-quarters of the gross revenues of U. S. companies is paid out in Latin America to cover local tax, wage, and material costs.

During a typical recent year, U. S. companies in Latin America provided jobs for 625,000 persons. Less than 9,000 were from the U. S. Of some 48,000 positions classified as supervisory, professional, or technical, only one out of six was held by a U. S. citizen.

I submit that these facts refute conclusively any accusation that Latin America is being "exploited" by private United States enterprise.

U. S. firms in Latin America are good "corporate citizens," and responsible Latin American leaders recognize the constructive role of U. S. investors in the growth of their countries. Instead of "extracting" wealth—as is sometimes erroneously charged—U. S. firms are **creating** new wealth for host countries. In fact, reinvestment of earnings by U. S. firms usually exceeds the total of dividends remitted to investors. Since local capital is inadequate to do the job of development alone, and there is necessarily a limit to the government funds which the U. S. taxpayer can make available, it is vital to Latin America that the rate of private U. S. investment continue.

Attracting Foreign Investments

Naturally, economic progress must be pursued by each country in ways consistent with its own cultural, political, and economic patterns. But if investment is to continue, there must always be due regard for the legal and property rights of the foreign investor. When foreign investors are subjected to expropriation without prompt, equitable, and effective compensation, it would be folly to believe that foreign investment will continue to be attracted. If it is repelled, one of the most important tools of development will have been thrown away.

A pair of new tools have recently been created with the launching of two regional trading arrangements. A Common Market is coming into being between El Salvador, Guatemala, and Honduras which will have beneficial effects in diversifying production and trade. If it can be expanded to include the rest of Central America, it will become an even stronger influence for development. Only a few days ago, seven nations signed a treaty at Montevideo, aimed at progressive reduction of trade barriers. Both of these regional trading arrangements will make it economically possible to produce goods now being imported from outside their areas. They will also help to create a climate which will attract additional private capital from abroad.

Multilateral Commodity Consultation

Still another tool of comparatively recent origin is multilateral consultation on commodity problems. Our friends in the Americas have long been seeking ways to lessen sharp price fluctuations of their basic commodities in world markets. The U. S., as the principal coffee consumer, joined grower nations in 1958 in a study of the problems of the coffee industry. As a result, the Inter-American Coffee Agreement was negotiated between the producing countries. This was later expanded to include African producers in an International Coffee Agreement. Relative stability now rules in the coffee market, to the great benefit of the 15 exporting countries of Latin America. Similar efforts are going forward on other commodities.

Since reciprocal trade is a basic tool of progress, we shall continue to do everything in our power to open our markets wider to the products of the other Americas, whose trade with us has reached nearly $4 billion a year in each direction. Through the General Agreement on Tariffs and Trade, we are constantly seeking to break down barriers to trade which might prove harmful to ourselves and to our American neighbors.

But, important as they are, financial assistance and the benefits of expanding trade are not sufficient, in themselves, to bring about development. People are the most essential tool of growth. There is a need in Latin America for improved human skills at all levels.

We have been working with the other governments of the Hemisphere since 1942 in joint public health, agricultural, and educational endeavors. These programs are still important but the concept of technical cooperation has been broadened to deal with problems in many other fields, including industrial hygiene, the development of trained managers and administrators for private enterprise, and the training of qualified civil service personnel for government. These joint programs have a radiating beneficial effect by stimulating many locally-conceived innovations which are aiding progress. Puerto Rico is playing an important role in this field of technical cooperation. Our Federal Government cooperates with the Commonwealth in a program which brings to Puerto Rico thousands of persons from Latin America and elsewhere around the globe to study methods developed here so that they can apply them in solving similar problems in their own lands.

Satisfying People's Expectations

We cannot hope to achieve our common objectives of economic prosperity and political stability unless our peoples understand and appreciate one another's cultural values. The United States has been working for many years to promote greater interchange of people, knowledge, and cultural attainments on a massive scale. Our government has continuously expanded its exchange programs with the other Americans. This year, more United States and Latin American citizens will be studying, teaching, and doing research in each other's countries than ever before. It is my personal hope that more and more attention will be given to cultural interchange in the years to come.

We of the United States regard all of the cooperative efforts I have been describing as tools to be used in fulfilling a commonly-shared American dream: the development of the Hemisphere to satisfy the mounting expectations of its peoples. These expectations and the need for large scale cooperative efforts to meet them have been eloquently caught by Brazil's President Juscelino Kubitschek in "Operation Pan America." The concept of Operation Pan America is one which we fully support. It should lead to better coordination of the multifarious and sometimes scattered efforts that have characterized the past. Immediate benefits should flow from a series of comprehensive economic studies to be conducted by the Organization of American States. These studies, which have so far been requested by 11 nations, should enable us to better assess the task ahead.

In the meantime, I wonder if we do not already have at hand suggestions on ways to attack problems common to all the Hemisphere, which could be given immediate study by the people of each country in the light of their own needs? I should like to offer the following for consideration during the conference:

Offers Constructive Advice

First, how can ways be found to reduce the financial burden of unnecessary armaments? The Presidents of Chile and Peru have appealed for a conference on arms limitation in the Hemisphere. It would certainly be in the common interest to bring about a settlement agreeable to all, within the bounds of effective Hemispheric security. Reduced expenditures on armaments should mean an increase in funds that could be devoted to more productive purposes.

Second, how can the internal tax burden be spread more equitably, and how can taxes be collected more effectively? The tax burden in many countries it not apportioned according to the ability to pay. Tax reforms could increase government resources for economic development and, at the same time, reduce the burden borne in some countries by lower income groups.

Third, what measures can be taken to liberate private enterprise—domestic as well as foreign —from unnecessary controls and interferences? Although some governmental controls are undoubtedly needed, they should not be permitted to impede the significant contributions which socially-conscious private enterprise can, and does, make to progress.

Fourth, how can overstaffed governmental bureaucracies be reduced without causing undue hardships, and how can governmental operations be made more effective—perhaps through the institution of civil service systems?

Fifth, what steps can be taken

Continued on page 29

British Policy Toward ForwardExchangeOperation

By Paul Einzig

The latest word on official British policy toward exchange operations makes clear that the Exchange Equalization Account will continue to limit its interventions to unannounced occasions. Dr. Einzig sees little logic in a policy confined to intervention in spot exchanges. He sums up the Treasury's reasons which flatly reject systematic intervention in forward sterling and notes that the Treasury will not disclose the circumstances under which it decides to interpose or the purposes for such occasional intervention.

LONDON, England — The long-awaited *Evidence to the Report of the Radcliffe Committee on the Working of the Monetary System* has at last been published and, as expected, it contains much more interesting material than the report itself. Among others it contains the first official British pronouncement on the highly controversial question whether or not there should be official intervention in the forward exchange market. For a long time before the war the British authorities adopted the attitude that their duty to intervene in order to even out fluctuations of sterling was confined to operations in spot exchanges but they must keep strictly aloof from forward exchanges.

There seems to be very little logic in this attitude. The policy of complete non-intervention in foreign exchanges, spot or forward, practiced by the Federal Reserve authorities has at any rate the merit of consistency. But since the Exchange Equalization Account was created in 1932 for the purpose of intervening in the foreign exchange market, the self-imposed handicap of confining its operations to spot exchanges had produced the same effect as if a boxer entered the ring with one of his hands tied behind his back while his opponent had the use of both fists.

Even in the complete absence of any official pronouncement announcing a change of policy it has been generally known for some time that the Bank of England acting on behalf of the Exchange Equalization Account has long abandoned its policy of "neutrality" towards forward exchange operations. Between 1939 and 1951 it provided forward facilities for trade, in the absence of a market. Since the resumption of free dealings at the end of 1951, there has been from time to time distinct evidence of official support for forward sterling, especially in 1957. On more recent occasions too, the presence of the authorities in the forward exchange market was noticeable.

Economists Favor Supporting Forward Exchange

In recent years several academic economists began to take an active interest in forward exchange problems and most of them came out strongly in favor of a systematic support of forward sterling whenever it was subjected to speculative pressure. It was argued that it would be perfectly safe for the authorities to prevent a widening of the discount on forward sterling by providing unlimited counterpart for speculative selling, because, since speculators did not possess the sterling they were selling forward they would have to buy sterling on the maturity of their forward contract in order to be able to pay for the dollars due to be delivered by the Exchange Equalization Account. It was also argued that by maintaining forward sterling artificially over-valued compared with its interest Parities the authorities would be able to attract arbitrage funds from abroad or at any rate to prevent arbitrage funds from leaving London without having to raise the bank rate to an inconveniently high level to achieve that end.

Reasons for Treasury Opposition

Both the Treasury and the Bank of England submitted memoranda to the Radcliffe Committee, dealing at some length with matters relating to forward exchange. While the Bank of England's memorandum was confined to a technical description of the way in which the forward exchange market operates in normal and abnormal conditions, the Treasury's memorandum indicated the official attitude towards the policy suggestions outlined above. The official reply amounts to a flat rejection of the idea of systematic intervention. The memorandum states that the proposals, while attractive intellectually, do not take account of the psychological behavior of markets nor of the policy implications of their proposals.

The memorandum recalled that during the postwar years when the authorities provided forward exchange cover for commercial purposes at nominal charges the extent to which trade availed itself of the facilities varied enormously in accordance with the views taken of the future of the exchange rates. Even though facilities were confined to genuine transactions in practice the operation of the system amounted therefore to an official financing of speculation at virtually no cost to the speculator. The memorandum discloses the interesting fact that it was for that reason that the government decided to withdraw from the forward market and leave forward margins to be determined by supply and demand, so that speculation should be discouraged by its increasing cost.

The most powerful argument against pegging the forward rate, or maintaining it at any rate at an artificially overvalued level, is that the course proposed would land the Exchange Equalization Account with a liability the size of which could not be predicted and which in theory could be without a limit. "In practice it could under the conditions such as prevailed in August, 1957, reach a figure which might approach the total of the gold and dollar reserves." The memorandum concludes that such a policy could not prudently be recommended, and that in any case, the knowledge that the authorities were carrying an undisclosed liability in respect of forward sales of exchanges which would be a charge against the reserves, would aggravate distrust against sterling.

Finally, the memorandum points out that the proposals to intervene ignore the fact that currencies which the authorities would sell forward in large amounts might be revalued, (that is, their gold value might be raised) in which event a substantial open short position would cost the government very dear.

Intervention on Occasion

Representatives of the Treasury and the Bank of England, who were examined by the Committee on the official memoranda admitted, however, that the Exchange Equalization Account does operate on occasions in forward exchange. Among others, Sir Leslie Rowan of the Treasury stated: "There is bound to be at times some participation by the Exchange Equalization Account in the forward market but that is quite a different thing from having a definite policy of supporting the rate." He added in a subsequent answer that there was no reason for the market to suppose at any time that the forward exchange commitments of the authorities were becoming dangerously large.

The official spokesmen, giving evidence, gave no indication whatever of the circumstances in which the authorities found it expedient to intervene in the forward exchange market or the purpose which such interventions followed. But perhaps it would have been too much to expect them to disclose their hand. It seems reasonable to assume that they are guided by considerations of immediate expediency rather than by theoretical principles. Whenever those in charge of the operations assume that the purpose of such operations would be achieved more effectively or at less cost by operating on the forward exchanges, they do so, always provided that the liability they incur thereby is not too heavy.

It is a great pity that neither of the two memoranda is sufficiently detailed to give a really good insight into the official view, and that none of the members of the Committee appeared to be sufficiently familiar with the subject to be able to elicit more detailed information from two official witnesses. However, in such matters one must be grateful for small mercies.

NASD District 12 Elects Officers

District No. 12 Committee of the National Association of Securities Dealers has elected Thomas H. Choate, White, Weld & Co., New York City, Chairman. Gustave A. Alexisson, Granbery, Marache & Co., and Craig Severance, F. Eberstadt & Co., both of New York City, were named Vice-Chairmen.

District No. 12 includes New York, New Jersey and Connecticut.

Joseph Graff With Greene & Co.

JERSEY CITY, N. J. — Joseph Graff has become associated with Greene & Co. as Manager of the Jersey City office, 1 Exchange Pl. Mr. Graff was formerly Trading Manager for L. D. S. Sherman & Company.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

We have heard so much about the greatness of Russia, of her capability of destroying us, how it is surpassing us in industrial growth, how much better its educational system is, that it is heartening to hear the other side by an economist who presumably knows what he is talking about as well as the others.

A British economist, Colin Clark, Oxford University economist and research director of the Econometric Institute, calls what we have been hearing about the power of Russia a lot of tripe. In a forthcoming book, "The Real Productivity of Soviet Russia," whose main conclusions are printed in the current issue of "Fortune," Mr. Clark says that "like so many things which 'everybody knows,' this supposed growth trend of the Soviet economy is an illusion."

The illusion arose, he says, through expectations that a spurt in Russian productivity, reflected in data for the period 1948-53, will continue indefinitely. He chides fellow economists for overlooking a commonplace: After a war or other disaster which has drastically reduced its productivity, a nation will go through a period of rapid growth followed by a gradual deceleration of this rate "as productivity approaches that position on its normal trend which it might have expected to reach had a war not occurred."

"The information for the years after 1953 shows in actuality the rate of (Russian) growth slowing down," he points out.

He likens the neurosis over Russian growth to the prognosis of a physician who, finding that a child recovering from a serious illness, shows a rapid gain in weight for two successive weeks, plots the figures on a logarithmic diagram and tells the parents that in a year the child will weigh more than the father.

As for Mr. Clark's own figures, he finds the annual rate of growth per man-hour to be only 1.2% over the period 1913-56. Reckoned from 1928 the average is only 1.7%; from 1929, only 1.6%.

Against this, the average rate of growth per man-hour in the United States has been 2.3% a year from the 1890's, he says.

Since population increase is also a factor in the growth of the total national product, Mr. Clark takes some pains to show that the Soviet Union falls far behind the United States in this category as well.

Russia's rate of population growth has been 1.5% and "possibly" is now decreasing, while the United States rate stands at 1.8% and is increasing, he claims.

The British economist comes to a political and moral conclusion: "Governed by fanatical materialists, the Russian people have been called upon to sacrifice their personal liberties, their national traditions, and their religion for the sake of material progress; and all that they have received in return is a rate of material progress far below that of most other countries. It should be made clear how very mediocre the results of Communism have, in fact, been."

* * *

Senator Styles Bridges, R., of N. H.; Senator Carl T. Curtis, R., of Nebraska, and Senator Harry F. Byrd, D., of Virginia, have introduced a proposed constitutional amendment which would force debt reduction and a balanced budget.

Senator Curtis says that if the Government were to confiscate all incomes over $10,000 a year it would only bring in $5.6 billion which would run the Federal Government less than one month out of the year.

Albert Frank Names Two Dirs.

King Rich and Quentin I. Smith, Vice-Presidents of Albert Frank-Guenther Law, Inc., 131 Cedar St., New York City, have been elected


King Rich


Quentin I. Smith

directors of the agency, it was announced by Howard W. Calkins, Chairman.

Mr. Rich, the agency's art director and Chairman of the Plans Board became associated with AF-GL in June, 1930. He was elected a Vice-President on Feb. 21, 1945.

Mr. Smith, Assistant to the President, joined the agency on Feb. 1, 1938 and was elected a Vice-President on Dec. 2, 1949. From July, 1943 to 1945 he served with the U. S. Treasury Department as Chief of the Advertising Section, War Finance Committee, State of New York.

E. L. Juline Opens

(Special to THE FINANCIAL CHRONICLE)

CULVER CITY, Calif. — Edward L. Juline has opened offices at 9900 Washington Boulevard to engage in a securities busines.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Roderick D. Hall has become affiliated with Walston & Co., Inc., 550 South Spring Street. He was formerly with E. F. Hutton & Company.

Joins Prescott Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Wilbur H. Ficken has become associated with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Ficken was previously with Wm. J. Mericka & Co., Inc.

Now Corporation

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—James H. O'Reilly Company, Barnett Bank Building, is now doing business as a corporation. Officers are James H. O'Reilly, President; Mary O. Douglas, Vice-President; and Evelyn R. O'Reilly, Secretary.

Frese With Brooks

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Herman G. Frese has become associated with I. L. Brooks & Co. Inc., 333 Pine Street, members of the Pacific Coast Stock Exchange. Mr. Frese was formerly with R. L. Colburn Company and in the past conducted his own investment business in San Carlos.

Are Banking Reserves for Bad Debt Losses Adequate?

By James E. Wert, *Manufacturers and Traders Trust Co.; Associate Professor of Finance, and Acting Head, Department of Business Organization and Finance, University of Buffalo, Buffalo, N. Y.*

Bankers and students of money and banking should find this analysis showing certain inequities arising from present ceiling on bad debt reserves and commercial banks, under Treasury Department Mimeograph 6209, of more than passing interest. The author, formerly Senior Economist of Federal Reserve Bank of Cleveland, questions the basis used in computing reserve ceilings for loan-loss ratios and indicates what should be considered by way of reform.

In current widespread discussions on possible changes in our Federal tax laws, one necessary technical change has been largely overlooked; namely, revision of the provision for setting up banking reserves for bad debt losses. Under the present provisions of the Internal Revenue Code, banks may hold non-taxable reserves for bad debt losses up to a maximum ceiling amount. A special survey of 13,216 insured commercial banks, applying to mid-1957, revealed that 6,712 or 51% of the banks included in the survey held tax-exempt reserves for bad debt losses. The remaining 6,594 banks, or 49%, either wrote off their loans directly or held only taxable reserves against bad debt losses.[1] It is believed by the author that these figures are still representative of existing conditions.

James E. Wert

An analysis of the amounts of reserves which were held, and of the relative sizes of the banks which held them, throws considerable light on the effects of administrative ceilings which currently apply to the bad debt reserves of commercial banks. The survey data show the impact of Treasury Department Mimeograph 6209, to be highly inequitable.

Tax Exempt Reserves for Bad Debt Losses

Under the present provisions of Mimeograph 6209, banks may hold taxfree reserves for bad debt losses up to a maximum ceiling amount. This reserve ceiling is based on a bank's loan-loss experience factor. The latter is currently defined as the average for any consecutive 20-year period after 1927 of a bank's loan losses expressed as a per cent of its eligible loans.[2]

The Survey results confirm one important point which has often been alleged without statistical support. Banks with small loan-loss experience factors, and consequently with low reserve ceilings, tend to hold reserves for bad debt losses which closely approximate their reserve ceilings. As can be seen from the accompanying table, the actual reserve balances of banks having bad debt ceilings of 1.99% or less amount to an average of 92% of their reserve ceilings. This ratio of actual reserve balances to reserve ceilings drops very noticeably for banks with higher loss experiences. It is particularly true in the case of banks with a ceiling of 3% and over; such banks utilize only 76% of their reserve ceilings, according to the survey findings.

Method of Computing Reserve Ceilings

The low reserve ceilings of some banks with relatively small loan-loss ratios has provoked discussion during recent years about the differential impact of the present formula for computing reserve ceilings.[3] Prior to the 1954 ruling permitting banks to select an experience average for any consecutive 20-year period after 1927, reserves for bad-debt losses had been regulated by a provision which required a bank to compute its loan-loss experience factor on the basis of a 20-year moving average beginning with the year 1928. As the depression years of the early 1930's were dropped out by this formula, many banks found their ability to add to their reserve balances sharply curtailed.

As a result of the 1954 ruling, which allowed a choice of any 20-year period after 1927, most banks have selected the 20 years which include the depression years of 1932 through 1935 for computing their reserve ceilings. Under this provision many banks have reserve ceilings which reflect primarily their loss experience of the 1930's rather than their present need to hold reserve balances. Some banks with sizable loss factors based on their experience in the "30's." have reserve ceilings far in excess of their present reserve balances, while a number of banks with small loss factors have had to accumulate taxable reserves in addition to their non-taxable reserves in order to attain the security they wish to have against bad debt losses.

An increase in the level of present reserve ceilings would in general benefit banks having reserve ceilings of 1.99% or less because their actual accumulated reserves now average close to 92% of their reserve ceilings with many banks already at the maximum. As shown in the table, this covers approximately 41% of the banks included in the survey of commercial banks using the reserve account method. Furthermore, the amount of reserve ceilings to total eligible loans in this group is only 1.32%. In contrast, for the 2,245 banks, or 33% of the banks using the reserve method, reserve ceilings were sufficiently high to cover 4.43% of eligible loans. Thus, the present administrative ceilings permit only a small minority of the banks to accumulate reserves approaching the 5% figure suggested by the American Bankers Association.

Use of Tax-Exempt Reserves and Bank Size

On the basis of the survey findings there appears to be a high degree of correlation between bank size, based on total resources and the use of tax-exempt reserves for bad debt losses. This is clearly brought out in the accompanying table which shows that of the 8,524 banks with assets of less than $5 million included in the survey only 37% maintained tax-exempt reserve balances. This percentage rises sharply to 75% for the 4,692 banks with resources of over $5 million.

One possible explanation of the relationship between bank size and the use of tax-exempt reserves for bad debt losses is that it is not worth while for banks with assets of less than $5 million to hold such non-taxable reserves. Under the present arrangements, these smaller banks have low dollar reserve ceilings and they tend to fall into a lower tax bracket. As a result, the transfer which a small bank may make from its gross earnings to a tax-exempt reserve for bad debt losses may well be so small as to make the resulting tax saving hardly worth while. This is particularly true in the case of small banks with low loan-loss experience factors. Another possible explanation for the lack of reserves at the smaller banks is their general unfamiliarity with the provisions of Mimeograph 6209.

Banks with deposits of over $5 million, on the other hand, have larger reserve ceilings as a result of their greater loan volume and these banks tend to fall into a higher tax bracket. Such factors make it profitable for large banks to exhaust the tax deduction benefits which result from setting up non-taxable reserves for bad debt losses. Even in the case of larger banks which happen to have small loss experience factors and relatively low reserve ceilings, there may be a tax inducement to utilize the reserve device up to the limits imposed by the ceilings.

Summary

In summary, the present administrative ceilings under Mimeograph 6209 are not equitable for two reasons:

(1) They discriminate by size of bank. In fact, the smaller banks which would seem to need adequate reserves because of the lack of diversification in their loan portfolios are the ones which are presently not making use of the reserve method.

(2) Experience factors based on the 1930's determine present ceilings. It should be apparent to all that the operations and loan policies of a bank in the 1930's are not necessarily the best basis for its bad debt reserve requirements in the 1960's.

Perhaps the most equitable method, as suggested by the Comptroller of the Currency and others, is a uniform percentage formula for all banks. At least it would resolve many of the inequities existing at present. However, the adoption of such a formula still leaves the level of reserve ceilings open for discussion. Unfortunately, the existing data are not very helpful in arriving at a solution to this problem; any proposed level of reserve ceilings must be based on a subjective evaluation of future instability of long-run economic activity.

1 Data on this type of reserve were obtained from a supplementary schedule to the June 6, 1957, Report of Condition. A tax-exempt, or non-taxable bad debt reserve is set up by a charge to taxable income; on the other hand, a taxable reserve is set up by a charge to undivided profits, and therefore does not affect taxable income at all.

2 Eligible loans are defined here as aggregate loans minus guaranteed loans.

3 At present, a bank's reserve ceiling equals three times its loss experience factors times its eligible loans.

STATEMENT RE-RESERVES FOR BAD DEBT LOSSES ON LOANS, JUNE 6, 1957; INSURED COMMERCIAL BANKS (13,216 BANKS)

(Amounts in thousands of dollars)

	—Banks, Resources— $5 Million and Under	Over $5 Million	Total	Percent
Banks using reserve method (number)	3,193	3,519	6,712	50.80
Total resources	$8,510,283	$172,709,201	$181,219,484	87,40
Aggregate loans	3,331,014	79,849,229	83,180,243	89.60
Ineligible loans	270,845	7,059,731	7,330,576	90.10
Net loans	3,060,169	72,789,498	75,849,667	89.40
Total reserve for bad debts already established	64,498	1,466,507	1,531,005	2.02
Ceiling reserve for bad debts (under present formula)	85,432	1,755,353	1,840,785	2.43
Banks not using reserve method (number)	5,331	1,173	6,504	49.20
Total resources	$10,719,139	$15,327,440	$26,046,579	12.60
Aggregate loans	3,906,238	5,748,573	9,654,811	10.40
Ineligible loans	281,188	454,052	735,240	9.90
Net loans	3,625,050	5,294,521	8,919,571	10.60

RECAPITULATION

(Amounts in millions of dollars)

	Number of Banks	—Eligible Loans— Amount	Percent	Reserve for —Bad Debts— Amount Estab.	Ceiling Amount	Percent of Amount of Ceiling to Elig. Loans
No reserve for bad debts established	6,504	8,919	10.5	...	...	...
Banks with reserve for bad debts ceiling:						
1.99 percent or less	2,778	33,076	39.0	402	435	1.32
2.00 percent to 2.99 percent	1,639	25,505	30.1	547	641	2.51
3.00 percent or over	2,245	17,269	20.4	582	764	4.43
Total	13,216	84,769	100.0	1,531	2,056	...

SOURCE: Report of Condition, June 6, 1957.

Kahn & Peck Admits

Gabriel I. Rosenfeld has been admitted to general partnership in Kahn & Peck, 25 Broad Street, New York City, members of the American Stock Exchange.

Treasury's View Regarding Our Balance of Payments

By Alfred H. Von Klemperer,* *Assistant to the Secretary of the Treasury, Washington, D. C.*

Key Treasury aid depicts the general factors responsible for our unfavorable balance of trade and asserts there is no one factor that can be held responsible. He recommends that a serious effort be made to improve our exports and rejects proposal to cut foreign aid or restrict our imports. Varied federal informational, promotional and other activities to improve our export position are briefly outlined and warning is issued that we cannot afford for many years to suffer trade deficits.

Our balance of payments is today a topic of very considerable importance in its own right. That was not always so. Many, I am sure, have often struggled extensively with the balance of payments of foreign countries in connection with their companies' receivables abroad or other payments in connection with prospective imports or investments.

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Few of us, however, have paid much, if any, attention to our own. This was one problem about which we did not have to worry because of our comfortable trade surpluses and because of our large external reserves which frequently exceeded 50% of the world's total holdings of monetary gold outside Russia.

It is only a few years ago that most of the public was thinking of the U. S. balance of payments in terms of a dollar shortage and that many of our efforts were bent on helping other countries to rebuild their dollar reserves. Ever since the end of the war this has been one of the purposes of many of our financial policies in the international field. Now suddenly during the past year we have had to take a **new** look at a **new** situation. This newly found importance of a previously quiet subject has not come upon us unexpectedly but it is rather the cumulative effect of a number of factors which have developed quietly and gradually in our internationl payments position.

No Single Factor Responsible

In every year since 1950, with the exception of 1957 because of the Suez crisis, the U. S. has experienced a deficit in its international balance of payments. The general factors which have brought about this deficit are easily established. There is no one factor which could be singled out; there are a number of them of equal importance. On the "outflow" side of our balance of payments we have been extending substantial governmental economic aid, to foreign countries, and our private citizens and corporations have been investing heavily abroad. Our large military establishments overseas have involved large additional foreign exchange expenditures abroad on the part of our troops and their dependents.

From 1956 through 1958, for example, these three categories of public and private expenditures averaged $8.7 billion. In these three years our military expenditures abroad averaged $3.2 billion, private U. S. capital outflow $3.0 billion and U. S. Government capital $2.5 billion. In 1959, partly as a result of prepayments of over $400 million by European countries on their postwar indebtedness to the U. S. Government, and a reduction of about $½ billion in private U. S. capital outflow, these three expenditure categories were reduced in total but remained very large at $7.4 billion. Our merchandise imports, however, rose by $2.4 billion, more than offsetting these reduced outpayments. In this connection it should, however, be noted that private investment abroad frequently creates valuable assets, the income from which is an item of dollar receipts in our balance of payments.

With respect to imports, our expanding domestic economy has generated growing needs for raw materials from foreign sources, a factor which has become increasingly important as we have depleted sources of supply of some of these materials in our own country. As our standard of living has increased, our citizens have been able to afford more extensively the finished products of other countries and many of these are in the luxury class. The increase in our imports has been rather spectacular and has been an important factor in our worsened trade balance. They averaged about $11 billion in the early 50's, were nearly $13 billion in 1958, and showed a record figure of over $15 billion last year.

To cite a few of the items in which our imports have grown: As late as 1956, we exported about $200 million more automobiles than we imported, but in the year ending September 1959, our automobile imports were ahead of our exports by about $450 million. Under the influence largely of the steel strike, we shifted last year from a net exporter of finished steel products to a net importer. In the textile field, our change from a net exporter to a net importer began as early as 1956, and in the year ending September 1959, our export deficit in these products reached a record high.

Failure of Exports to Keep Pace

On the earning side of our balance of payments ledger conditions have deteriorated too. During the early post-war years we experienced little competition in selling our goods in foreign markets. The demand for our products was virtually unlimited, and it was restricted only by the extent to which we were willing to supplement foreign exchange resources of foreign buyers by dollar grants and loans. As the decade of the '50's progressed, however, and the economies of Western Europe and of Japan were restored, competition to our exports for foreign markets increased. Export categories which declined notably were iron and steel products, steel scrap and pig iron, crude petroleum coal, and cotton, agricultural machinery, industrial tractors, power generating equipment, office machinery, commercial motor vehicles, passenger cars, and textiles. Recently, our exports have failed to keep pace with our imports, and our merchandise export surplus is no longer sufficient to pay for the outflow of public and private capital—this is one of the cardinal factors in our balance of payments problem today.

As a result of the above developments, gold and dollar holdings of other countries have increased considerably and we have had to dip into our gold reserves which are now down to $19.5 billion after a high of $24.6 billion at the end of 1949. During the early '50's when this movement started, it was not a cause of concern to us. In fact, we were anxious to assist foreign governments in building up their financial reserves. Recently, however, we have had to re-orient our thinking to some extent. In the early post-war period we could be reasonably certain that the dollars acquired by foreigners would be spent for U. S. goods and services within a reasonable period. "The dollars all come home eventually" we used to say. As the dollar shortage disappeared, we could no longer feel this assurance since now the growing foreign short-term dollar holdings became a potential claim on our gold rather than being used for the purchase of our goods. The growth of these dollar holdings during the past two years has been quite remarkable and reflects clearly the changed international position of the U. S. Although in the past decade foreigners had regularly been making gold and liquid dollar gains from their transactions with the United States, the average from 1950-1957 being $1.3 billion a year, they gained $3.4 billion in 1958. The estimate for 1959 is a foreign gain of $3.7 billion, and the National Foreign Trade Council predicts that foreign gains will be at the very substantial level of $2.9 billion in 1960.

Our Changing Liabilities And Gold Asset

Taking a longer look back, liquid dollar holdings of foreign countries, i.e., bank deposits and short-term high grade investments, nearly tripled during the past decade. They rose from a level of approximately $6.4 billion at the end of 1949 to over $17.5 billion at the end of November 1959. This includes short-term dollar holdings of **foreign governments** (mostly those of Western Europe) which rose from approximately $3 billion to $9 billion during this period, and **private** short-term holdings which rose from approximately $3 billion to $7 billion. The rest of the increase was in foreign-held longer-term U. S. Government bonds and notes held on both official and private account which rose to $1.5 billion from $½ billion.

Now let us contrast these changes in foreign dollar holdings with the condition of our gold reserves. At the end of December 1959, our stock of gold stood at $19.5 billion, as compared with a level of $24.6 billion at the end of 1949. Of this amount, over $12 billion are required for our own monetary reserves, which are fixed by law at 25% of the note and deposit liabilities of the Federal Reserve System.

Of course, today's gold stock of the U. S. is a rather comfortable reserve. As long as we do not have to be concerned about any unusual and unexpected demands on our gold supply, the present ratio of gold to foreign dollar holdings is an ample one. After all, it is convenient for foreigners to keep their reserves in a first class convertible currency where they can earn a good return on their funds, as contrasted to gold where safekeeping and other costs rather than income are incurred. Also, large operating balances are required in connection with their trade with the U. S. and it is thus really not in the interest of the owners to withdraw these balances and convert them into gold. The existence of large liquid dollar holdings by foreigners attests to the confidence which other governments and their citizens have in our currency.

Must Keep Faith in the Dollar

Let me say a few words about the implications of these $17½ billion dollars of bank balances

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THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks swayed without any clearcut purpose this week to keep the Street cautious and, at best, hopeful that the good first quarter reports due in a couple of weeks would inspire more than the mild rally that has featured March trading.

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In general, there was little selling to be absorbed. At least, none of the urgent type that made the first two months so dismal. But with the industrial average only a dozen and a half points above the reaction low, after having shed more than 80 points during the January and February selloff, it still wasn't certain that a test of the old low couldn't come on any pickup in offerings.

A Bull or Bear Market?

With the market inconclusive, the debate over whether it is a "bull" or "bear" market picked up a bit of tempo. To the bearish element, the downturn early this year was the second leg of a classic bear market. To the opposing school, it was only the correction in the first leg of a new bull market that got underway after the 1957 recession.

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The more bothersome thing to many of the technicians was that the low was posted two weeks ago without any of the usual climactic signs, nor did the industrial average indicate otherwise that a substantial base had been built up. Hence all the caution.

A Selected Favorite

There were, as usual, selected favorites sprinkled all through the list where the overall direction of the market was no concern. An example is Martin Co. which already is well deflated and poised for good gains in sales and earnings despite the general economy. Martin's participation in a number of major missile programs makes it fairly immune to any business swings.

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On a price-earnings basis, Martin at less than nine times last year's results and eight-times this year's projections, contrasts oddly with far higher ratios elsewhere in the so-called space age group. The price is also down a third from last year's peak and the issue shows an above-average yield of 4% which is normally padded with stock payments. Martin suffered when aircrafts ran out of favor, although the nature of its business is such that missiles and electronics far overshadow its prime plane work.

A Space-Age Portfolio

To some, who feel that the plane company shares in general have been well liquidated, National Aviation Corp. provides a well-rounded aircraft and air transport portfolio which, in recent years, has been expanded to include electronic and space-age items. In fact, its principal holding at the year-end was Collins Radio stock and debentures. Second in the lineup was Martin Co., and Litton Industries was the sixth largest holding.

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Like most closed-end investment companies, National Aviation sells at a discount from net asset value although when plane shares were in vogue, it held to a premium. The concentration on space-age items has been underway for a couple of years to where the stocks of electronics companies prominent in space work now constitute a third of the portfolio.

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In electronic issues themselves, Tung-Sol is one of the more moderately priced items, at least as far as the traditional yardsticks are concerned. Its 4% yield and three-year price-earnings ratio of less than 12 times contrast sharply with non-dividend paying issues selling at 40 or 50-times earnings.

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Tung-Sol, because of high research costs and depreciation charges, has not had an earnings record noted for its consistency. But after the per-share results had slid downhill into 1958, the company last year made a turn for the better. Through this period, the company was able to more than double the book value to where it is around $30, or only a few points under the market price of the shares.

"Nickel" Still Prominent

Where the nonferrous market was jittery over some prices, chiefly copper, International Nickel was prominent on capacity operations of nickel both in recent months and in the forecasts for the full year. In fact, the company's annual report showed both record shipments and the significant fact that shipments were in excess of production at the end of 1959, and no letup is in sight for this year.

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The net result for Inco was that last year's profit was double that of 1958, including a record for any quarter in the final period of the year. Some of the demand for the metal was spurred by fears that the Cuban supply would be disrupted, but much was also due to increased industrial activity and good gains in the company's program of encouraging new and expanded uses of the metal. The stock is slated to be split 2-for-1 after holders approve this late next month. At recent levels the stock yields an average 3%.

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Yields aren't the only thing, when it comes to a stock. Gulf Oil, for example, noted mostly for its small dividend payout, still has its followers mostly because its growth in sales and earnings is above average for the industry. Gulf is also more than just an oil producer or refiner, maintaining a 14,000-mile pipeline system with important interests in Union Oil through debentures, control of British American Oil and participations in Callery Chemical and Goodrich-Gulf Chemicals.

Convertible Preferreds Back in Limelight

The caution generated by the market's uncertain gyrations brought convertible preferreds into the limelight again, a familiar performance. They have a definite yield and with the common stock on a downhill path, the yield basis takes over. At present prices yields of from 3½ to above 5% are available. However, when common stocks are rising, the action of the underlying common takes over once the profit point of the conversion is passed. And most have yields above that for the extreme of Standard Packaging's preferred which shows a return approaching 4% while the common is dividend-less. The convertibles of Whirlpool and Hilton Hotels both offer yields above 5%.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Iowa Southern Utilities Company

Iowa Southern Utilities supplies electricity at retail to over 158 communities in Iowa, and at wholesale to five communities, four public utilities and one rural cooperative. Gas is supplied to six municipalities and steam heat to the business districts of two cities. The territory has a population of about 425,000.

The area is, of course, largely agricultural but there is also diversified industrial production, including electric appliances and motors, farm machinery, soap, furniture, clothing, electronic products, metal stampings, casting, brick and tile, steel fabricated products and home heating equipment. Established companies include Maytag Co., John Morrell & Co., Deere Manufacturing Co., Sylvania Electric Products, J. I. Case Co., and International Resistance Co.

Industrialization is steadily increasing. The new mine and processing plant of U. S. Gypsum near Burlington is about ready to begin operations. Ralston Purina Co. started operations in a new plant at Ottumwa in 1959. A plant for the mining and processing of shale into Haydite (a building material) is under construction at Centerville by The Carter-Waters Corp.

Electric sales contribute about 82% of revenues, gas 17% and heating less than 1%. Electric revenues in 1959 were about 38% residential, 25% commercial, 16% industrial, 12% rural, and 9% wholesale and miscellaneous.

The August peak load last year approximated 112,000 kw. compared with 104,000 in the previous December. It represented a gain of 12.4% over 1958, and was more than double the peak load of 1948. With capacity of about 97,000 kw., the company now generates about three-quarters of its power output compared with only 38% in 1948 and 60% in 1953. Union Electric Power supplies most of the remainder. The Company also has a pooling arrangement with four other Iowa utilities, which effects savings by permitting the use of the most efficient units available at any time.

The company has thus been able to make relatively modest construction outlays in recent years, avoiding outside financing and high money rates. Only $2,841,000 was spent for construction in 1959 and in 1958 even less. Capital expenditures during 1957-59 were met entirely from funds generated internally. Whether this can also be done in 1960 remains somewhat uncertain, but no new permanent financing is anticipated before 1962 (bank loans will be used in the interim). Cash advanced by Iowa Southern for the construction of its new general office building will be recovered in 1960 from the insurance company, which will own the building and lease it to the company.

Capitalization as of Dec 31, 1959 was as follows:

	Millions	%
Long-Term Debt	$25	56
Preferred Stock	2	4
Common Stock Equity	17	40
Totals	$44	100

There has been no equity financing since 1957 although the number of shares has increased slightly as the result of conversions of the preferred stock ($1.76 Series, each share of which is convertible into two shares of common). At the end of 1959 there were 7,474 shares of the $1.76 preferred and full conversion would increase the number of common shares (839,383 now outstanding) by less than 2%. The company's common stock remains popular in the state of Iowa as indicated by the fact that 40% of the holders reside in that state, owning about 30% of the total shares.

Revenues have reflected good growth, having almost doubled since 1950. Gas revenues are now over six times as large as in 1950 while electric revenues gained 77%. Gas revenues were up nearly 16% last year due to colder than normal weather, some improvement in gas supplies, and rate increases in three communities served. In one community, the rate increase became effective at the beginning of 1959, and in the other two late in 1959.

Electric revenues gained 9% last year: residential and commercial customers increased their use 8%, large industrial customers 13% and farm customers 7%. Storm damage resulted in an increase of 24% in maintenance costs in 1959; considering this fact, expenses were kept under good control. The cost of generated and purchased power per kwh last year was slightly below the 1958 cost. In 1959 each electric operating employee was able to take care of 250 customers compared with only 186 a decade earlier.

The company's share earnings were irregular during 1948-54, but have increased in each subsequent year. Despite the so-called farm recession and the decline in farm income in recent years, the company's sales to farm customers have continued to register good gains. In 1959 share earnings rose to $2.20 from $1.95 in 1958, a gain of 13%. As a result the annual dividend rate was recently raised from $1.36 to $1.48; the new payout percentage of 67% remains conservative.

Iowa Southern was quoted recently over-the-counter around 29, at which price it yields 5.1%. The price-earnings ratio of 13.2 is low compared with the general average for electric utilities of 17.

McDonnell Co. 55th Anniversary

McDonnell & Company, Incorporated, is celebrating its 55th Anniversary this year. The firm was founded in 1905 as Byrne & McDonnell, and was reorganized into the partnership of McDonnell & Co. in 1917. It became a corporation in 1959.

The firm has recently expanded its main office at 120 Broadway, New York City.

Powell, Kistler To Admit Duff

FAYETTEVILLE, N. C.—Powell, Kistler & Co., 110 Old Street, members of the New York Stock Exchange, on March 31 will admit William E. Duff to partnership.

Crowell, Weedon Admits Partners

LOS ANGELES, Calif.—Crowell, Weedon & Co., 650 South Spring Street, members Pacific Coast Stock Exchange, announce the admission of Edmund M. Adams, Howard E. Barton, Robert W. Graham, O. I. Lamoreaux, and Edwin E. Morgan to general partnership in the firm.

Messrs. Adams, Barton, and Lamoreaux will continue in the Los Angeles office of Crowell, Weedon & Co. Mr. Graham will be resident partner in Long Beach; Mr. Morgan will be resident partner in Pasadena.

The investment banking firm has eight offices in Southern California.

Form B. C. Malloy Inc.

ST. PETERSBURG, Fla. — B. C. Malloy Inc. has been formed with offices in the Industrial Savings Bank Building to engage in a securities business. Officers are B. Charles Malloy, President, and Carolyn Malloy, Secretary. Mr. Malloy was formerly an officer of Hensberry-Malloy Inc.

Effect of Monetary Policy Upon Our Economy

By Warren L. Smith,* *Professor of Economics, The University of Michigan, Ann Arbor, Mich.*

The effect of monetary policy on the economic outlook is evaluated by the author of "Debt Management in the United States, a Joint Economic Committee Study Paper of 154 pp. published Jan. 28, 1960. Prof. Smith does not find much evidence that last year's restrictive monetary policy had a very pronounced impact on the economy, but, in looking ahead, he opines such a policy runs the risk of holding back output-expansion without accomplishing its task of checking inflationary problems facing us with the tools being used. In the absence of better tools, the writer suggests placing growth and employment goals ahead of price stability as goals of monetary policy.

The year 1959 was one of strong economic growth and expansion, despite the retarding effects of the 116-day steel strike. It was a year in which recovery from the recession of 1957 - 58 gained momentum, and in many ways it resembled the other post-war recovery years 1950 and 1955, particularly the latter year. GNP valued at 1954 prices rose from $399.0 billion in 1958 to $425.6 billion in 1959, a rise of 6.7%. This compares with an increase of 8.1% in 1955, and it seems likely that if it had not been for the steel strike which was primarily responsible for a dip in GNP in the second half of the year, the 1955 rate of expansion would have been matched. As in 1955, nearly all categories of final demand participated in the expansion during 1959. There were especially sharp expansions in consumer durable goods and in residential construction in both years.

Warren L. Smith

Monetary policy in 1959, however, was very much more restrictive than in 1955; furthermore, money was considerably tighter at the beginning of the year than it was in 1955. In 1959, the money supply (demand adjusted plus currency outside banks) increased by $0.8 billion or 0.6%; the increase during 1955 was $3.8 billion or 2.8%. After falling to very low levels in mid-1958 as a result of the recession and easy money, interest rates rose sharply in the latter half of 1958; as early as September of that year long-term interest rates were back to the relatively high levels reached at the peak of the tight money period in 1957. From that point the rise continued through the remainder of 1958 and 1959. Short-term rates rose even more sharply, and by the end of 1959 interest rates in general were at their highest levels in a quarter of a century. The restrictive character of monetary policy during 1959 is also indicated by the reserve position of the banking system. Member bank free reserves (excess reserves less borrowings from the Federal Reserve banks) were negative throughout the year, averaging a negative $350 million for the year as a whole and amounting to approximately a negative $500 million during most of the latter half of the year.

Sees Little Impact from Tight Money

There is not much evidence that the restrictive monetary policy followed in 1959 had a very pronounced impact on the economy. Despite the fact that the money supply increased only very slightly, total loans of commercial banks increased by $12.8 billion or 13%. The funds needed to cover this loan expansion came chiefly from the liquidation of $7.8 billion of Treasury securities and an expansion of $3.1 billion in time deposits. Comparison with 1955 is of some interest. In that year, total bank loans expanded by $12.0 billion or 16.2%, with liquidations of Treasury securities amounting to $7.0 billion and time deposit expansion to $3.1 billion. When commercial banks sell Government securities and use the proceeds to expand loans, an increase in the velocity of monetary circulation tends to result, with expansionary consequences. Between the fourth quarter of 1958 and the fourth quarter of 1959, income velocity (GNP divided by money supply) increased from a rate of 3.28 per year to 3.44, a rise of 4.8%. The increase for the same period in 1954-55 was 7.3%. There is certainly no reason to believe that the rise in interest rates that occurred in 1959 caused an increase in saving. Personal saving declined from $23.5 billion or 7.4% of disposable income in 1958 to $23.3 billion or 7.0% in 1959.

Compares 1959 to 1955

Thus, commercial bank loans and investments and the velocity of circulation exhibited tendencies in 1959 quite similar to those that prevailed in 1955. If it had not been for the prolonged steel strike and the accompanying liquidation of inventories and slowing down of economic expansion, it seems likely that the growth of bank loans and the increase of velocity in 1959 would have been even larger. Like 1955, the year 1959 was characterized by a very large increase in consumer and mortgage credit. Both consumer credit extensions and the increase in outstanding credit were larger in 1959 than in 1955, although the percentage increase in outstanding credit was not as great. The same is true of the increase in mortgage debt outstanding. Again as in 1955, tightening credit appears to have had some effect on residential construction. Private housing starts, on a seasonally adjusted basis, reached extremely high levels early in 1959 but began to taper off somewhat late in the year as conditions in the mortgage market became tighter. For the year as a whole, housing starts were only slightly below the record year 1950.

The business outlook for 1960 is generally favorable. Business spending on plant and equipment has been rising steadily but slowly since the third quarter of 1958, and surveys of investment plans suggest a continuation of this rise. Since the settlement of the steel strike, the steel industry has announced a large investment spending program for 1960. Consumer incomes have been rising steadily, and the outlook for durable goods spending seems good but not sensational. A rise in government spending is anticipated. A substantial rate of inventory investment should occur in the first half of the year, partly as a backwash of the steel strike. However, there are some adverse features in the present situation. Unemployment is still relatively high, and there is considerable unutilized productive capacity. As Mr. Henle pointed out before the Joint Economic Committee, there will be a relatively large increase in the labor force. Thus, it appears that even if some of the relatively optimistic forecasts turn out to be correct, the economy will operate substantially short of its capacity for 1960 as a whole.

Uncertainties of Tight Credit

One of the uncertainties in the business situation is the possible impact of tight credit. The credit markets have eased slightly recently, but this is quite clearly a seasonal tendency related to the return flow of currency from circulation and the repayment of seasonal loans which regularly occurs at the beginning of the year. The Federal Reserve has been acting vigorously to counteract the forces tending toward credit easing. It is clear that the System views inflation as the chief problem and that it intends to use its powers vigorously in an effort to maintain a stable price level.

Inflation does seem a distinct probability in 1960, but it is by no means clear that the inflation will be of the kind that can be effectively prevented by tight credit. The large wage increases that have occurred in many industries in 1959 probably presage further substantial increases in 1960 as the pattern spreads. Moreover, rising corporate profits, which are almost certain to prevail if prosperity continues, will offer a further incentive to large wage demands. The prices of services, such as medical care, have risen steadily in recent years, and the rise is likely to continue. A sharp upsurge in plant and equipment expenditures is likely to develop with an attendant rise in prices of capital goods. The impact of monetary stringency on the process of collective bargaining and on the factors determining the prices of services is very indirect and weak, and recent experience suggests that tight money is not very effective in controlling plant and equipment spending. On the other hand, monetary restrictions may very well have effects on other sectors of the economy which will serve to slow down the rate of expansion of output without having appreciable effects on inflationary pressures.

Foresees Tight Credit Retarding Output

Thus, there is danger that we will experience a repetition of the situation which developed in 1956 and 1957. It appears that in those years excessively restrictive monetary-fiscal policies slowed down the rate of expansion—real output rose no more than in pace with employment despite heavy investment in new productive facilities, so that there was no rise in productivity per worker for the economy as a whole—while at the same time substantial increases in the price level took place. As a matter of fact, in the present circumstances it seems possible that an excessively stringent monetary policy could have a considerably more drastic expansion-retarding effect than it had in 1956. At the present time, interest rates are not only much higher than they were at the end of 1955 but are actually considerably above the levels that prevailed at the height of the previous period of tight money in 1957.

There is some evidence of a substantial lag in the effect of interest rates on plant and equipment expenditures, and the slow response of investment to rising business activity may be partly a result of the fact that interest rates were permitted to rise quite sharply early in the recovery period. For all commercial banks, holdings of Government securities were 30.7% of total loans and investments at the end of 1959, compared with 38.3% at the end of 1955 and 34.2% at the end of 1957 when the effects of the last previous phase of credit tightening were still present. Thus, the liquidity of the banking system has been noticeably reduced, and credit restriction in 1960 may take hold more firmly than heretofore. It may be noted, however, that bank liquidity is still apparently much more ample than it was in the 1920's, and a very considerable further shift in the composition of bank portfolios from government securities to loans seems to be quite possible. Income velocity in 1929 reached a level of approximately four times per year, or about 16% higher than the present level. In view of the techniques for economizing cash balances that have been developed in recent years, it seems quite possible that velocity could rise to the 1929 level or higher. Such an increase at present levels of money supply would be sufficient to finance a very large inflation indeed.

Challenges to Monetary Policy's Effectiveness

Thus, it appear that in general there may still be a considerable amount of "play" in the financial system which will weaken the effectiveness of monetary policy. Nevertheless, a significant impact on certain sectors of the economy does seem to be a distinct possibility. Residential construction appears to be feeling the effects of the credit squeeze already, and unless something is done about it, the effects are likely to become greater. If the banks begin to tighten credit standards and reduce the availability of loans, the effects are likely to be concentrated on new and relatively small businesses. Rising interest rates may also hurt the ability of state and municipal governments to finance public facilities, such as schools and highways. The danger is that due to lack of resource mobility and rigidities in the price structure, cutbacks in these sectors will reduce output and employment without doing much to prevent inflation.

Much has been made of the fact that the prospective budget surpluses in the first half of calendar 1960 and for fiscal 1961 will tend to lessen monetary pressures. A cash surplus of approximately $6.3 billion is apparently expected for the first half of 1960 which will permit a reduction of the publicly-held debt of approximately that amount. This contrasts with a cash deficit of $0.5 billion in the first half of 1959. In addition, the publicly-held portion of securities other than Treasury bills which will mature in the first half of 1960 is substantially smaller than the amount which matured in 1959. Thus, it is true that the Treasury will be putting funds into the capital market through debt retirement in the months to come rather than draining funds out of the market as it has been doing, and also that the strain imposed on the market by refunding operations will be greatly reduced. However, the easing effects of these changes are very likely to be more than compensated for by rising private demands for credit and by further restrictive actions by the Federal Reserve if expansion and inflationary tendencies continue. In fact, the easing of the Treasury's debt management problems will increase the Federal Reserve's freedom of action in applying a restrictive policy.

The prospective surplus for fiscal 1961—amounting to $5.9 billion on a cash basis — has been heralded as indicative of increased reliance on fiscal policy, thus leaving a smaller share of the burden of economic stabilization to be shouldered by monetary policy. However, all but approximately $700 million of the proposed surplus is scheduled to result from rising tax collections resulting from economic expansion—that is, from the working of automatic fiscal stabilizers during a period when incomes are expected to expand. Use of such a surplus, if it should materialize, to retire debt would tend to ease conditions in the capital markets and result in lower interest rates. However, unless the direct effects of the budget surplus on the flow of income should significantly moderate inflationary tendencies, it can be presumed that the Federal Reserve will take compensating action (even though perhaps mistakenly) to tighten credit. It seems to me that this is likely to be the case, because inflationary tendencies of the sort we appear to be faced with are not likely to be much moderated by automatic fiscal policy; accordingly, it is by no means certain that the budget surplus will lead to an easing of monetary restrictions.

Summary

To summarize, it appears that we are again running the risk of locking the economy in a tight credit squeeze which will hold back economic expansion and growth without dealing effectively with the inflation it is designed to check. In fact, it is probably impossible to deal effectively with the kind of inflationary problem we are faced with by means of the tools presently at our disposal. Pending the development of more appropriate and effective tools, it seems desirable to reduce the amount of policy emphasis on price level stability and to increase the emphasis on growth and employment in the formulation of monetary policy.

*An introductory statement presented by Prof. Smith to the Joint Economic Committee at the time he testified on the President's Economic Report, Washington, D. C.

Barringer Joins Eastman Dillon

PHILADELPHIA, Pa.—The Philadelphia office of Eastman Dillon, Union Securities & Co., Philadelphia National Bank Building, announces the appointment to their Municipal Department of Richard W. Barringer. For the past two years Mr. Barringer has been in the investment banking business with C. C. Collings & Co., and, prior to that, had been Township Secretary of Radnor Township, Delaware County, for over eight years. He has had extensive experience in governmental accounting, planning, legal and legislative work.

Richard W. Barringer

Eastman Dillon, Union Securities & Co. has expanded the service of their Municipal Bond Department for Pennsylvania and New Jersey municipalities, school districts, and authorities.

Ira Haupt Co. To Admit Partners

On April 1st, Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, will admit to general partnership Mortimer Auster, Maurice L. Glaubach, D. Dudley Jaffin, Morton Kamerman, Joseph M. Kaufman, David A. Teiger and Elias Wartels, and to limited partnership Gladys Q. Bell, Lazarus S. Heyman, George Lewis, Samuel W. H. Nexwen, Egon H. Ottinger, Leonard I. Shankman, Benjamin Shapiro and Michael Sloan.

NEWS ABOUT BANKS AND BANKERS

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

The **Chase Manhattan Bank, New York**, announced the appointment of Edward B. Maybeck as a Vice-President in the investment research department. Mr. Maybeck had been an Assistant Vice-President since 1958. He joined Chase National Bank in 1931.

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Mr. Carl J. Gilbert and Mr. Howard J. Morgens were elected Directors of **Morgan Guaranty Trust Company of New York**, on March 16. He has been a member of the Morgan Guaranty Directors Advisory Council and was formerly a Director of **J. P. Morgan and Co. Inc.** which merged with **Guaranty Trust Company of New York** in April, 1959, to form **Morgan Guaranty.**

* * *

Stockholders of the **Commercial Bank of North America, New York**, at a special meeting March 21 voted approval of an increase of 42,023 shares of capital stock to be offered on a subscription basis of one new share for each 12 owned, it was announced by Jacob Leichtman, President.

The rights to subscribe at $24 par share are offered to shareholders of record on March 29 and will expire April 14, 1960.

The new offering which will increase the institution's capital funds by approximately $1,000,000 is being underwritten by Lee Higginson Corporation; Francis I. du Pont & Co.; E. F. Hutton & Company, and Allen & Company.

Commercial Bank of North America currently has 504,275 shares outstanding.

In 1959 Commercial Bank paid a 5% stock dividend and a cash dividend of 25 cents per share.

* * *

Thomas A. Dolan, a Vice-President of the **Bowery Savings Bank, New York** died on March 18, at the age of 59. Mr. Dolan joined the Bowery Savings Bank, in 1933 and was made Vice-President in charge of conventional mortgage loans in 1951.

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The New York Savings Bank, New York, announced on March 16, the election of Walter E. Travers, Jr., to the Board of Trustees.

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Alfred S. Mills, President of **The Bank for Savings in the City of New York**, announces that the Board of Trustees has appointed Edwin H. Tiihonen as Assistant Comptroller. Mr. Tiihonen has been with the bank since 1929.

* * *

Everett J. Livesey, President of the **Dime Savings Bank of Brooklyn** announced that at a meeting of the Board of Trustees, James MacGeorge, Assistant Secretary had been elected an Assistant Vice-President of the Bank.

Mr. MacGeorge joined the staff of The Dime Savings Bank of Brooklyn on Dec. 29, 1926.

* * *

The Williamsburgh Savings Bank, Brooklyn, N. Y. announced the election of William F. Kerby as a Trustee. The announcement was made by Joseph A. Kaiser, President.

* * *

The First National Bank of Bay Shore, New York, by a stock dividend, increased its common capital stock from $502,425 to $602,910, and also by the sale of new stock from $602,910 to $650,000. Effective March 11. (Number of shares outstanding 65,000 par value $10.)

* * *

By a stock dividend, the **Endicott National Bank, Endicott, New York** increased its common capital stock from $250,000 to $375,000, and also by the sale of new stock, from $375,000 to $500,000. Effective March 9. (Number of shares outstanding 20,000 par value $25.)

* * *

Mr. Samuel L. Forsaith, Chairman of the **First National Bank in Maine**, died on March 16 at the age of 81.

* * *

Mr. Frank C. Ferguson, formerly President of **Hudson County National Bank, Jersey City, N. J.** was elected Chairman, and Francis R. Steyert, President of **Perth Amboy National Bank and Millburn-Short Hills Bank**, was elected President.

* * *

The merger of the **First National Bank of Florence, N. J.**, with common stock of $70,000 into **The Mechanics National Bank of Burlington, N. J.** with common stock of $437,500, was approved and made effective as of the close of business March 4. The merger was effected under the charter of the Mechanics National Bank of Burlington, and under the title Mechanics National Bank of Burlington, with capital stock of $437,500 divided into 17,500 shares of common stock of the par value of $25 each.

* * *

The common capital stock of the **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, was increased by a stock dividend from $63,958,600 to $65,237,775. Effective March 7. (Number of shares outstanding 2,609,511, par value $25).

* * *

By a stock dividend, the **Citizens National Bank of Bryan, Ohio** increased its common capital stock from $86,000 to $215,000. Effective March 10. (Number of shares outstanding 10,750 par value $20.)

* * *

By a stock dividend, the **National Bank of Lorain, Ohio**, increased its common capital stock from $300,000 to $400,000 and also by the sale of new stock from $400,000 to $450,000. Effective March 11. (Number of shares outstanding 18,000 par value $25.)

* * *

The State Bank of Piper City, Ill., changed its title to **State Bank of Piper City.**

* * *

The Citizens National Bank of Marshfield, Wis., by a stock dividend, increased its common capital stock from $300,000 to $330,000, and by the sale of new stock from $330,000 to $400,000. Effective March 9. (Number of shares outstanding 40,000 par value $10.)

* * *

By a stock dividend, the **First National Bank of Paragould, Ark.**, increased its common capital stock from $100,000 to $150,000, and by the sale of new stock from $150,000 to $200,000. Effective March 8. (Number of shares outstanding 10,000 par value $20.)

* * *

The Mercantile Bank and Trust Company, Kansas City, Mo., announced on March 16, the election of Murray H. Davis as Assistant Vice-President.

* * *

By a stock dividend, the **First National Bank of Crossville, Tenn.**, increased its common capital stock from $125,000 to $175,000 and also by the sale of new stock from $175,000 to $225,000. Effective March 8. Number of shares outstanding 22,500 par value $10.)

* * *

By a stock dividend, the **First National Bank of Marietta, Ga.**, increased its common capital stock from $300,000 to $350,000, and also by the sale of new stock from $350,000 to $425,000. Effective March 11. (Number of shares outstanding 17,000 par value $25.)

* * *

By a stock dividend, the **First National Bank of Florence, Ala.**, increased its common capital stock from $600,000 to $750,000. Effective March 9. (Number of shares outstanding 37,500 par value $20.)

* * *

A charter was issued to the **South Park National Bank of Houston, Texas.** The President is W. R. Garrison, and the Cashier is John H. Wilson. The Capital is $250,000 and the Surplus is $250,000.

* * *

John M. Griffith, a Director of the **Federal Reserve Bank of Dallas, Texas** is the new Chairman of the Board of the **Bank of Commerce, Fort Worth, Texas.** His election at a meeting of the Board of Directors here on March 14 was announced by bank President Berl E. Godfrey, who also had served as Chairman for several years.

John M. Griffith, Jr., was also elected a Vice-President.

The new board Chairman, a Director of the Bank of Commerce since January, 1959, is Chairman of the Board of the **Farmers State Bank of Bertram, Texas**; President of the **City National Bank of Taylor**, and an Advisory Director of the **First City National Bank of Houston.**

* * *

The Merchants and Planters National Bank of Sherman, Texas by the sale of new stock increased its common capital stock from $750,000 to $900,000. Effective March 8. (Number of shares outstanding 90,000 par value $10.)

* * *

The First National Bank in Conroe, Texas, by a stock dividend, increased its common capital stock from $300,000 to $330,000, and also by the sale of new stock from $330,000 to $400,000. Effective March 9. (Number of shares outstanding 40,000 par value $10.)

* * *

Mr. Harris C. Kirk, Board Chairman and Chief Executive Officer of the **American Trust Company, San Francisco, Calif.**, died at the age of 62. Mr. Kirk joined **Mercantile Trust Company** in 1921 and by 1923 was Assistant to the President. After the bank's merger with the **American Trust Company** he became a Vice-President of American Trust.

He subsequently rose to Executive Vice-President and was made a board member in 1955 and President the next year. Last May he was elevated to the position he held at his death.

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The Bank of America, San Francisco, Calif., named Robert T. Shinkle, Assistant General Counsel, as Vice-President and Counsel in legal Department.

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Election of Hal Mendon to the office of Executive Vice-President of **California Bank, Los Angeles, Calif.**, was announced by Frank L. King, Chairman of the Board.

The Board also elected to Senior Vice-Presidents F. W. Denning, F. S. Huber and W. R. Schroll.

Mr. Mendon entered the employ of California Bank in 1922 and four years later was made a branch manager. He was elected Assistant Cashier in 1930, Junior Vice-President in 1934, and Cashier in 1940.

In May, 1941, he was elected Vice-President and placed in charge of the bank's real estate and instalment loan activities. Three years later he was made a Senior Vice-President.

Forrest W. Denning was elected an Assistant Vice-President in the instalment loan department of California Bank in 1946 and five years later advanced to Vice-President.

Senior Vice-President Fred S. Huber began his banking career working summers as a messenger for the old **California First National Bank of Long Beach, Calif.**, and later joined the **Seaboard National Bank, Los Angeles, Calif.** He entered the employ of California Bank in 1946.

Mr. Huber was made an Assistant Vice-President in 1949 and three years later was elected Vice-President.

* * *

By a stock dividend, the **First National Bank of Dixon, Calif.**, increased its common capital stock from $100,000 to $200,000, and also by the sale of new stock from $200,000 to $260,000. Effective March 10. (Number of shares outstanding 13,000 par value $20.)

* * *

By the sale of new stock the **First National Bank of Nevada, Reno, Nev.**, increased its common capital stock from $5,000,000 to $5,500,000. Effective March 9. (Number of shares outstanding 550,000 par value $10.)

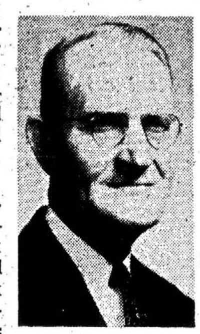
Bache Private Wire To Frankfurt

Bache & Co. has announced the installation of a 24-hour teletype transmission facility direct to its Frankfurt, West Germany, office, the first and only such service offered by an American investment firm.

The new, private teletype channel, leased from Radio Corp. of America, enables Bache headquarters in New York to maintain a continuous, faster flow of quotations on American and Canadian securities, as well as information on commodities, mutual funds and other investment media to its Frankfurt office. Conversely, quotations on German securities and investment data on German companies will be sent from Germany back to New York, where it can be funneled through to Canada and other Bache offices throughout the United States.

J. N. Land Director Of First Boston

James N. Land, Sr. was elected a director of The First Boston Corporation at the company's annual meeting. He retired recently as Senior Vice-President of the Mellon National Bank and Trust Company.



James N. Land, Sr.

Mr. Land started his business career in 1917 in the bond department of the Guaranty Trust Company of New York, becoming a specialist in public utility securities. Except for a year in the Navy during World War I, he was connected with the investment banking business from 1917 to 1948, being in turn an officer of the securities subsidiary of the Guaranty Trust Company of New York, a partner of Smith, Barney & Co., and a Vice-President and director of Mellon Securities Corporation. He had previously served as a director of First Boston from Aug. 1, 1946 to Jan. 31, 1948. On March 15, 1948, Mr. Land became a Vice-President of Mellon National Bank and Trust Company, being named Senior Vice-President in 1953. He is also a director of Equitable Gas Company and of Crucible Steel Company of America.

IDAC Annual Meeting in June

TORONTO, Ont., Canada — The Investment Dealers' Association of Canada will hold their annual meeting June 16th-19th at Murray Bay, Quebec.

Zilka Smither Branch

THE DALLES, Oreg. — Zilka, Smither & Company, Inc. has opened a branch office at 414 East Second Street under the direction of Quentin Sidesinger.

D. H. Blair & Co. Adds to Staff

D. H. Blair & Company, 42 Broadway, New York City, members of the New York Stock Exchange, have announced that Aaron Korman has joined the firm as manager of the executive training program; Bernard Kaplan is now associated with them as manager of customer relations, and Michael C. Lieberbaum has become a registered representative.

MUTUAL FUNDS

BY ROBERT E. RICH

On Guard!

Imagine, if you will, a fledgling industry that has attracted 5,000,000 customers (their number has doubled in little more than three years) and grown to a point where net asset value exceeds $20 billion. Then add to these awesomely attractive figures the pertinent fact that the managers of this fastest-growing industry (if we may call it that) sell little more than a nebulous, intangible commodity called investment judgment. To top off the lure, bear in mind that the customers finance the venture.

This, then, is the mutual fund business, albeit oversimplified. The wonder, in view of the aforementioned conditions, is that it has managed to compile a record that is, on the whole, most enviable, from the standpoint of integrity in management. It would be most difficult to cite another field of this size where the record is as good.

Which is not to say that it has been perfect—far from it. Indeed, we shall be hearing much more in the future about the shortcomings of some of the people and companies in the field. The Securities and Exchange Commission would like to take a closer look at this business and its 551 registered firms. That agency has inspected only about 10% of these, explaining that it lacks the manpower to do a thorough job of surveillance.

Edward N. Gadsby, SEC Chairman, calculates that his staff can inspect each investment company only once every 21 years. What he would like is more money from Congress to enable the SEC to step up its policeman's role. An augmented staff, he figures, could check each company only once every 8½ years. What Mr. Gadsby really would like, but knows Congress won't give him the money for, is enough people to permit inspection of a company at least every two years. He figures that interval would afford "reasonable protection" to the investor.

The SEC began token inspections a few years ago, but new companies are being set up faster than the agency can scrutinize existing ones. A typical device uncovered by these inspections is the shoddy practice of luring investors on the eve of a dividend declaration, giving the impression that the buyer is going to get a generous return on his investment from the start. This, of course, is known to Wall Streeters as "buying the dividend."

Occasionally, violations are of a technical nature, such as failing to file a required fidelity bond. One company took out such a bond, but did not know it had to file it with the SEC. Another adhered to the law that says a bank must have custody of securities, but it made the mistake of arranging for two officers to have free access to the securities.

One fund represented that it followed a plan of investing for growth, but the company actually liquidated holdings regardless of growth characteristics. These sales were made to get cash, which was distributed to the stockholders as capital gains. This company also had an investment advisor who had not been approved by the shareholders, although the SEC says this is a violation. The undisclosed advisor got brokerage commissions under a pact that provided the fund was to purchase and sell enough securities through him to make up a guaranteed minimum income from commissions.

But, as Mr. Gadsby sums up the burgeoning investment field: "Ninety per cent of them—maybe 95% is a better guess—are perfectly honest and perfectly above board. It's like a brokerage firm. We only have trouble with a few of them. It's like any other business."

Quite a few investment leaders would disagree with that last statement. They feel, and with some justification, that they've done an outstanding job of keeping faith with the public. But it's not enough for a handful of fund leaders to preen themselves on a job well done. A scandal is one scandal too many. Let the men who have made the investment field the eminent success it is join with the regulatory authorities to expose sharp practices.

The Funds Report

Chemical Fund reports that at the close of 1959 it held in its common stock portfolio 31.3% general chemicals, 8% agricultural chemicals and 20.2% drugs. Specialty companies, closely linked to the chemical fund, accounted for 9.8%.

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Supervised Shares, Inc. reports that during 1959 its purchases included 500 shares of American Can, 500 Ford Motor Co., 1,000 General Dynamics, 1,000 General Motors, 2,000 P. Lorillard, 1,000 Montgomery Ward and 1,000 Sperry Rand. During the year sales included 2,000 American Broadcasting - Paramount, 400 American Machine & Foundry, 300 Chicago, Rock Island & Pacific, 2,000 Curtiss-Wright, 400 Deere & Co., 200 Foremost Dairies, 1,000 Liggett & Myers, 642 Philco and 1,002 Standard Oil Co. (New Jersey).

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Keystone Medium-Grade Bond Fund B-2 and **Growth Common Stock S-3** have declared regular distributions from net investment income of 53c and 14c, respectively. Both distributions are payable on April 15 to holders of record March 31.

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Fireman's Fund Insurance Co. stockholders voted to increase the number of authorized shares from 4,000,000 to 6,000,000. Dispelling reports that the company had immediate plans for the purchase of a life insurance company, James F. Crafts, President, told shareholders that management had no present plans for the issuance of additional shares but that it was deemed prudent to have more shares authorized in case the board of directors should determine that additional shares should be issued "for some purpose advantageous to the company and its shareholders."

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Charles Devens, President, reported to stockholders that during 1959 **Incorporated Investors'** per share net asset value, taking capital gains into consideration, increased 10% per share. Major portfolio changes during the year, he said, were in the liquidation of oil, rail and heavy machinery stocks. Major purchases involved stocks of ethical drug and foreign steel companies and of growth public utilities.

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Delaware Fund and **Delaware Income Fund** shares sales last month broke all previous records for the month, W. Linton Nelson, President, Delaware Management Co., Inc., the fund's national distributor, reported. Delaware Fund's gross sales last month totaled $2,587,344—up 65% from sales of $1,568,682 in February, 1959. This increase was accompanied by unusually low redemptions—$176,900 in February, 1960, against $925,403 in the same month a year ago. Gross sales of Delaware Income Fund shares last month amounted to $417,988, compared with $108,680 in February, 1959—a 284% rise, while repurchases in these respective periods totaled $27,265 and $31,157.

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George Putnam Fund trustees do not anticipate a major decline in common stock prices or in general business activity, Charles M. Werly, Chairman of the trustees, told more than 500 shareholders and investment dealers at the annual meeting. "From the current investment position of The Putnam Fund, with approximately two-thirds of its investments in common stocks," Werly said, "it is obvious that we do not anticipate a major decline in common stock prices or a serious fall in the level of general business activity. Purchases of new shares of the fund by investors during the first two months of 1960 reached one of the largest totals for any two months in the fund's history," Werly said. They totaled $3,386,000—an increase of 17% from the same period last year. With redemptions by shareholders down 22%, the net new money entering the fund during the period totaled $2,078,000—up 72% from a year ago.

Principal additions to the fund's common stock investments since year-end included 8,400 shares American Telephone & Telegraph Co., 18,600 Armstrong Rubber Co., 31,000 Otis Elevator Co., 700 Ryder Systems, Inc., and 40,000 Tampa Electric Co. Eliminations included 7,000 shares Allied Chemical Corp., and 20,000 Weyerhaeuser Co.

* * *

Financial Industrial Fund, Inc. increased its net assets to $169,233,970 from $135,903,380 during the past year, President Charles F. Smith reports to shareholders in the quarterly report. The increase resulted from both market appreciation of investment holdings and additional investor purchases. Number of shareholder accounts grew to 99,452 at the quarter-end on Feb. 29. During the recent quarter, management continued to express its confidence in the long-term prospects of the drug industry by making initial purchases of 20,000 shares each of Bristol-Myers and Schering Corp. Additions to drug holdings included 12,800 shares of Carter Products. Other notable purchases during the quarter were in American Airlines, Firstamerica, Ford Motor Co., Royal Dutch Petroleum, Sunray Mid-Continent Oil, United Air Lines, Worthington Corp. and Yale & Towne. The chemical industry continued as the largest investment accounting for 10.9% of total assets. Other major industry holdings in order of rank at the end of the quarter were: utilities, 9.54%; oils, 9.32%; and electronics, 8.78%.

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Wellington Fund shares sales during February represented the highest February on record, and the second highest of any month in the fund's history, according to Joseph E. Welch, President of Wellington Co., Inc., national distributor for the fund. February sales totaled $13,124,346, an increase of 6% from the same month of 1959, and 58% over February, 1958, according to Welch.

Group Mutual Fund Holdings Show Rise

More than 165,000 shareholder accounts in open-end (mutual fund) investment companies are held by fiduciaries, business organizations and institutions, according to the National Association of Investment Companies. Many of these are modest-sized accounts, as evidenced by the average account figure of $6,854. The 73 mutual funds in the study estimated the total value of those investments at $1,134,000,000 at the time of the survey. For the reporting funds, this represented 12.1% of total assets.

These investment accounts are provided with wide diversification in securities of American corporations through the medium of the investment company. Small institutions frequently have the same investment problems as individual investors of modest means in securing diversification and investment management by themselves; hence the investment company.

The increase to 165,424 accounts indicates continuing acceptance of mutual fund shares as investments by these types of shareholders. Previous studies showed 111,394 such accounts as of September, 1958; 89,559 as of September, 1957, and 61,494 at the same time in 1956.

The 1959 study is based on data from companies representing 63.3% of the assets of the association's 155 mutual fund members on Sept. 30, 1959. For the previous studies, the percentages of assets represented were 63.4, 79.7 and 70.3% in 1958 through 1956.

By far the greatest number of accounts—138,110—are held by fiduciaries: banks and individuals acting as trustees, guardians and administrators. These accounts represent 83.5% of the total number of accounts and their value of $644,581,000 is 56.9% of the total value of all business, institutional and fiduciary accounts. The average account in this category has a value of $4,667.

Institutions and foundations such as hospitals, schools, churches and religious organizations hold 12,426 accounts, with an estimated value of $162,503,000. The average size of these accounts is $13,077.

Business organizations—corporations, pension and profit-sharing plans and unions—hold 9,955 accounts with a value of $235,119,000. The average account for this group is valued at $23,618.

The Association also reported that there were 4,933 institutional accounts valued at $91,599,000 that were not classified in the other categories, either because they did not fall under other headings or could not be classified by the reporting companies.

Pension Plans Discourage Savings Banking Habit

By J. Deane Gannon,* Director, Bureau of Federal Credit Unions Washington, D. C.

Vitiation of the savings habit because of public's reliance upon anticipated pensions or belief that inflation will eventually wipe out savings prompts this strong plea to thrift institutions to encourage savings. The writer also explains the objectives of credit unions, and reports that 7½% of their assets on the average are deposited in banks and 17% in S and L Associations.

While I have had a longer experience at the state level, I am basing my remarks largely upon my knowledge of federal credit unions and their role as I see it. I make this distinction since some of the state laws now permit credit unions to function in an expanded capacity, and their roles and goals might therefore be somewhat different. I am sure though that the majority of state laws bear a striking resemblance to the Federal Act since they predate it.

J. Deane Gannon

I have found that when Congress was considering the original Federal Credit Union Act in 1934, the Senate committee report defined the proposed role of the federal credit union as follows: "The credit union does three things for its members:

(a) It enables them in good times to accumulate some savings for protection against bad times.

(b) It enables them to protect themselves from high-rate money lenders and, by making it possible for them to buy and pay cash for things, protects them from instalment overcharges, the whole process turning interest overcharges into cash buying power, it solves for its members a problem which, since earliest recorded history, has resulted, when unsolved, in usury.

(c) It educates its members in matters having to do with the sane and conservative management of their own money."

The Federal Credit Union Act of today defines the role of the federal credit union as "promoting thrift among its members and creating a source of credit for provident and productive purposes."

Credit unions, of course, do not serve the general public. Their charters expressly limit their membership to a group of people with a common bond and restrict their operations to members only.

We know that credit unions serve the American consumers, the working classes of people who in 1934 were termed "people of small means." Most of the people who are members of credit unions are able to save relatively little beyond the contractual payments on home mortgages, taxes, life insurance, and the instalment purchase contracts for consumer goods. Thus, the saving which does take place in the credit union generally is part of the consumptive pattern such as saving for a contemplated asset purchase or to have a reserve in order to meet possible emergencies.

Growth of Credit Union Shares

The growth in the average shares per member in federal credit unions has been heartening. In 1958 the average was $348 as compared to $157 in 1949. More significant, however, is the fact that these funds saved might otherwise have been dissipated and that thrift is being practiced by persons who previously saved no money at all. This has been made possible because of the convenience of the credit unions and their acceptance of savings in small amounts.

Credit unions are mindful of the fact that the promotion of thrift also implies the judicious use of credit — that while in some instances it is prudent to borrow, in other cases it is prudent not to borrow. Since credit unions are not motivated by profit in the usual sense, they do not encourage their members to become burdened by debt.

It was never intended that credit unions would supplant other financial institutions; nor was it necessarily intended that credit unions would create customers for the other financial organizations. However, the facts are that federal credit unions have been maintaining on the average about 7½% of their assets in their accounts with banks. Their holdings of shares of savings and loan associations have been increasing annually and accounted for 17% of the federal credit union resources at the end of 1958. Thus the small individual amounts of savings of the credit union members have been pooled in the credit union, and that portion not employed in loans to members and investment in government bonds has been funneled into commercial banks, mutual savings banks, and savings and loan associations.

I am sure that you all are aware that the summary of "Savings of Individuals in Savings Accounts and in U. S. Savings Bonds" as compiled by the Federal Home Loan Bank Board indicates that credit unions still account for only 2% of the total—greater only than postal savings.

It seems to me that the state of economic affairs which today surrounds the American consumers dictates that the goal of credit unions particularly should be to educate all of their members in the sane and conservative management of their own money. Today, far more so than in 1934 when the Federal Credit Union Act was passed, there is a concerted effort to lure the consumer into debt. Department stores are making loans disguised as sales, and even the traditional cash sellers have resorted to instalment payments plus carrying charges. Some merchants are even now offering credit to teenagers without parents' consent or guaranty. Credit cards are in great abundance and for all purposes.

Pensions Discourage Savings

We believe that if we can encourage credit union members to set aside regularly some savings, however small, that they can and will help themselves to greater financial security through thrift. We believe, too, that we should do all in our power to reeducate those persons who hold the doctrine that saving is less important today because of anticipated pension plans, public or private, or that inflation will eventually wipe out any savings.

We know that the combined results of personal saving have been sufficient to change the status of our nation from that of a debtor in colonial times to that of a creditor and world power today. In good conscience, therefore, we believe that all of today's thrift promotion institutions should do everything in their power to encourage savings not only in order to attract capital, but to reinstill in our people the fundamental concepts of individual thrift which are also so necessary to the economic strength of our country.

*An address by Mr. Gannon before the Panel on Clarifying the Roles and Goals of Financial Institutions in the Savings Field at the Annual Savings & Mortgage Conference sponsored by the Savings & Mortgage Division of the American Bankers Association, New York City, March 9, 1960.

Name Champion In Scout Drive

George Champion, President of The Chase Manhattan Bank, has been named a general Vice-Chairman of the Golden Anniversary Boy Scout Capital Camp Campaign.

George Champion

The camp campaign's goal is $3,478,940 to improve existing facilities and develop needed new facilities of six camps operated for the boys of New York City by the Greater New York Councils, Boy Scouts of America. The campaign will help celebrate the 1960 50th Golden Jubilee Anniversary of the Boy Scouts. General Chairman of the campaign is Clarence J. Myers, President and Chairman of the Board of the New York Life Insurance Company.

Mr. Champion has been President of The Chase Manhattan Bank since 1957. He is a member of the advisory committee on special activities of the American Bankers Association and a member of the committee to study the aims and objectives of the New York State Bankers Association.

Women's B'd Club In New Orleans

NEW ORLEANS, Louisiana—The Women's Bond Club of New Orleans was organized at a dinner meeting on March 10, 1960 with approximately 38 ladies in attendance.

The charter members of the Women's Bond Club of New Orleans are all associated with the investment banking and investment broker firms located in the City of New Orleans, as well as those who are associated with the investment departments of the banks in the City of New Orleans.

An election was held at the dinner meeting and the first officers of the Women's Bond Club of New Orleans are Miss Lucy Crane, President, Arnold & Crane; Mrs. Martine Le Beuf, Vice-President, Glas & Company; Miss Elsie Fahmann, Treasurer, Equitable Securities Corporation; and Mrs. Vera Bessonette, Secretary, Ducournau & Kees.

The objectives of the Women's Bond Club of New Orleans are for closer relationship and cooperation between the various members of the club and the firms. Educational programs will be established and prominent speakers will address the ladies at their meetings in the future. The ethics of the profession are also a prime objective of the organization and the club is expected to increase its membership in the near future.

Dean Witter Partner

SAN FRANCISCO, Calif.—Lowell S. Dillingham became a limited partner in Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges, on March 3.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Concentration Is the Only Remedy for Confusion

If you are engaged in recommending suitable and profitable investments to a clientele of investors in these days and times, you may also share a feeling of frustration and personal limitation when it comes to selecting issues for your customers' accounts. With new industries and inventions often of revolutionary character springing up on every hand, in a world whipped into activity that is motivated by national ambitions wherein the survival of mankind itself may be at stake, how can any mere investment salesman select the companies and the industries that will lead the list this year or next? The pace is so rapid, and the accomplishments of scientists, physicists, chemists, metallurgists and electronic wizards so far beyond the comprehension of any layman, I am at a loss to understand how any one person can assess the facts and come to a reasonable conclusion about such things. Quite frankly, I doubt that any one analyst of securities, working alone, can cover the waterfront. You must stop somewhere and find a solution of your own.

The Welter of New Issues

During the past week I attempted to study the preliminary prospectuses of seven new issues. The best anyone could do is to give such a formidable accumulation of data only a superficial and cursory reading. Out of this group of public offerings I immediately discarded five issues. One was too closely tied into a volatile and fluctuating industry; one was a bailout of selling stockholders at a price that seemed excessive; another I couldn't fathom because I am unfamiliar with certain of the new products in the complicated electronic field; also the stock is completely out of sight to my way of thinking on a price: times present earnings basis. (I could be all wrong here because it is future you are buying in many of these companies). Two other issues were offerings of old line companies but their progress records over the years was just average and there did not appear to be anything outstanding that I could discern regarding their future. The other two issues may be of some interest in that they were offerings of convertible debentures with attractive features by companies of demonstrated earning power and future potential.

The salesman who is connected with a firm that participates broadly in a large number of underwritings must limit his interest to those issues which he believes to be fairly priced and attractive for his customers. The difficulty is that insufficient time for study and investigation complicates the situation. There is also, as previously noted, a lack of comprehension and ability to make valid deductions on the part of the salesman-analyst when it comes to unravelling many of the highly technical aspects of companies engaged in advanced scientific undertakings.

Is There a Solution?

Since it is most essential that clients are advised to purchase securities that will produce profits, guesswork should be avoided as much as possible. There is no need to stress here what can happen if your recommendations marketwise and incomewise are consistently unprofitable to your customers.

I think it is possible under prevailing circumstances to concentrate on a limited number of issues that you wish to recommend to clients. If you select one or two good growth stocks in certain particular industries and you place them with customers at a level that you consider to offer good value then stay with them until you think it is time to sell. If you need some income producing items do the same thing. Pick out several representative issues and stay with them until you find they are no longer attractive, or you need others for further diversification. If you are lost in this maze of missiles, space, electronics, and atoms, then possibly one solution might be a management type investing company either of the closed- or open-end depending upon your own study. There are such companies that specialize in making investments in companies engaged in all phases of advanced scientific research.

There is a certain danger in overconcentration. If you happen to select a very sour apple you may cause some widespread damage among a large segment of your customers. However, no experienced salesman would offer promotional or marginal securities to a broad cross-section of an established clientele. My point is that you should have a better ratio of successful recommendations in these highly complicated areas of investment if you will stick to a few issues that you have studied and that you can follow.

There will always be attractive underwritings, but the salesman who can be selective should achieve much better results than the fellow who wants to play all the instruments in the band.

Del. Sec. Corp. Comm. Stk. Off'd

Delaware Securities Corp., on March 14 offered 700,000 shares of its common stock (par one cent) at a price of $4 per share.

The company was incorporated in Delaware on June 2, 1959 to engage in the investment banking business. The company is a registered broker-dealer, a registered adviser and is qualified to do business in New York State. It is a member of the National Association of Securities Dealers, Inc., and has executive offices at 50 Broadway, New York City.

Of the net proceeds, $55,000 will be used as first year operating expenses, and $2,245,000 will be used for cash and U. S. Government securities convertible into cash for purposes of firm commitments in connection with underwritings.

Giving effect to present financing the company will have outstanding 700,000 shares of common stock (par one cent) and 300,000 shares of class B stock (par one cent).

Phila. Investment to Hear Paul F. Miller, Jr.

PHILADELPHIA, Pa. — Paul F. Miller, Jr. of Drexel & Co. will address a luncheon meeting of the Investment Association of Philadelphia to be held on Friday, March 25, at the Engineers Club of Philadelphia. Mr. Miller will discuss "Price-Earnings Ratios in Today's Economy."

Robert G. Rowe, Jr. of Paine, Webber, Jackson & Curtis is in charge of arrangements.

New International Directions For "Operations Bootstrap"

By J. Diaz Hernandez, Director of Industrial Development, Continental Operations Branch of Puerto Rico's Economic Development Administration, New York City*

The promise of still greater growth in another direction in the effervescingly growing Puerto Rican industrial development is blueprinted by Mr. Diaz. Developments now taking shape are shown to make it possible to organize international trading corporations, to undertake a variety of opportunities including manufacturing in a foreign trade zone and sub-zones scheduled to open in July, and to take advantage of expanding port facilities and shipping services. The writer stresses the tax advantages, describes the potential economic opportunities being made available, and foresees the manufacturing hub of Puerto Rico blossoming also into a trade and distribution center of the first magnitude for U. S. and European firms.

I wonder how many have been to Puerto Rico lately? Probably some are regulars on the 3½ hour New York to San Juan run. If you haven't been to Puerto Rico in the past two to three years, I think many will be amazed at some of the changes in even that short space of time.

J. F. Diaz-Hernandez

If I seem to be boasting, please forgive me. When I was a boy, things were quite different No, bad is a better word to describe conditions. In those days Puerto Rico was called everything from Uncle Sam's back door to the poorhouse of the Caribbean.

Yes, times have certainly changed. I'm bursting with pride as I say this but San Juan was picked recently as an All-American city by *Look* Magazine.

To be sure, much remains to be done in Puerto Rico. Our per capita income is still one-half that of the poorest State. Unemployment and underemployment is still agonizingly high. But so are our hopes.

Our catalyst has been the industrial explosion triggered by two things. The "Operation Bootstrap" tax exemption program. And the resultant heavy influx of U. S. industry which seems to be doing remarkably well. Nearly 600 U. S. affiliates now operate in Puerto Rico including General Electric, Sperry Rand, Union Carbide and Sunbeam.

Our best asset is the Puerto Rican worker. Ten years ago he was cutting sugar cane. Today he is assembling guided missile components.

Threshold of a New Economic Development

Puerto Rico is now on the threshold of bigger and better things. To be specific, we are entering an entirely new phase of our economic development—we seem to be going international.

This, by 1970, could make Puerto Rico into a distribution and trade center of the first magnitude.

Puerto Rico still trades almost exclusively with the Continental U. S. We are Uncle Sam's best overseas per capita customer. And in return Puerto Rico ships to the States some 90% of our new factory production. The reason is well known; there are no tariffs between the two areas.

But at the same time Puerto Rico has been edging more and more into the international trade picture. Since 1950 our foreign sales have tripled and our purchases from abroad have increased six fold. Last year, Puerto Rico doubled her purchases from the European Common Market to $29 millon.

Our growing industry is looking at both our nearby Caribbean and Latin American neighbors. In fact, I would say our local Puerto Rican companies, our U. S. affiliates, and most recently European manufacturers, have been showing a lively interest in shipping production from the Commonwealth to the Caribbean and Latin America. A small number of Swedish, German and Spanish companies are already in the picture. And in recent weeks to give you the latest case in point, two major foreign car manufacturers have proposed assembly plants for Latin American markets in our new foreign trade zone.

In the words of an outside authority, the Chase Manhattan Bank's *Latin American Highlights* said this about Puerto Rican trade last week:

"Exports and imports in Puerto Rico are rising faster than income itself—thus TRADE as a percentage of total production is rising.

"The island's exports are becoming increasingly weighted with manufactured products as agricultural products decline in importance."

Let me give you two more examples of Puerto Rico's growing role on the global front. This June the World Planning and Housing Congress will meet in San Juan. Two thousand builders, architects, and city planners from all over the world plan to attend. Puerto Rico was selected for its pioneering techniques in low cost construction badly needed in many developing areas.

At about the same time, Puerto Rico will be the site for two separate trade exhibitions which will display, for the first time, latest construction materials for Caribbean and Latin American markets. One is known as, "Construction Caribbean," managed by Orkin Expositions Management. The second is "Caribbean Display and Design Center." Both have offices in New York City.

There are three developments now taking shape in Puerto Rico which I'm sure will interest you. Briefly, they are:

(1) The outlook for international trading corporations in Puerto Rico.

(2) The specific opportunities for you in Puerto Rico's first foreign trade zone.

(3) The outlook for Puerto Rico's port facilities and shipping services.

Outlook for International Trading Corps.

The international trading corporation. An interesting proposition. You can set up such a subsidiary in any one of 40 countries which do not tax income from foreign sources. This arrangement makes it possible to avoid foreign taxes. It makes it possible for you to defer payment of U. S. taxes on overseas earnings and at the same time you can build up your foreign income for future reinvestment. At the same time, you can use your trading corporation to solicit and process overseas business.

Puerto Rico burst into this picture about a year ago. At that time, a major American Company, upon investigating Puerto Rican law discovered legislation which would permit branches of foreign based international corporations to operate in the Caribbean Commonwealth free from both Federal and local income on profits from foreign business. It subsequently has transferred this business to Puerto Rico after obtaining a ruling from the Puerto Rico Treasury.

A well know publication three weeks ago published a brief item on Puerto Rico as a possible site in which to accumulate overseas earnings. That was the begining of the deluge. Since then, The Puerto Rican Economic Development Association in New York has been contacted by no less than 565 U. S. corporations, half of which are the biggest "blue chip" American corporations who do a tremendous business overseas. Combined their yearly foreign business exceeds $10 billion.

Lists Six Attractive Factors

What then are the special ingredients in Puerto Rico which have struck such a responsive chord?

I suggest six major reasons.

(1) Puerto Rico is a self governing Commonwealth freely associated with the U. S. We are American citizens. We are within the dollar area. This means you eliminate at one stroke cumbersome problems of currency exchange. You also rid yourself of fears on the scores of unstable currency, restrictive import and export regulations or danger of expropriation.

(2) Because Puerto Rico is part of the U. S. dollar area, you will be operating within the Federal Reserve System, and I might add a thriving Puerto Rican banking industry whose 11 private banks in 1959 added 18 new branches. Two U. S. and two Canadian banks have branches in Puerto Rico. All Puerto Rican banks have correspondent banks in the U. S.

(3) In Puerto Rico you will have the protection of U. S. law and the Federal Court system. Not that you need this protection. Our Commonwealth today not only is the most dynamic in terms of economic growth, it is the most stable politically. The Government of Puerto Rico is set up like any State of the Union.

(4) In Puerto Rico you will also find a large pool of office workers and administrative executives. They are completely bi-lingual, something important to your Latin American business. The main source of this pool is the University of Puerto Rico which has an enrolment of 20,000 students. We also have over 100 business schools, all over the island.

(5) We have excellent communications and we are only 3½ hours away by jet from New York.

Telephone operators in San Juan can now dial calls directly to 90% of the telephones in the States and Canada. You can also make excellent connections with Europe, Alaska, and Hawaii. Cable facilities are excellent.

(6) Puerto Rico's geographical position at the cross-roads of the Caribbean, we are only 550 miles away from Venezuela, is all important to your Latin American markets and processing of sales.

As I said earlier, you can set up an international trading corporation in Puerto Rico as a branch of a foregin subsidiary of a U. S. corporation already existing in any one of 40 nations which do not tax "off shore" income.

Such international trading corporations based in Puerto Rico would then be engaged in these activities:

(1) Solicit orders from customers outside Puerto Rico.

(2) Accept these orders in Puerto Rico.

(3) Place orders with local or foreign suppliers.

(4) Prepare or indorse shipping documents.

(5) Keep records and accounts locally.

(6) Receive in Puerto Rico proceeds for such sales and deposit them in local banks.

Now, other types of income which are tax exempt under Puerto Rican law when received by a foreign corporation include the following:

(1) Interest from non residents.

(2) Dividends from a corporation which derives at least 80% of its gross income from sources outside Puerto Rico.

(3) Compensation for personal services performed outside Puerto Rico.

(4) Rentals and royalties from property located outside Puerto Rico, including income from the use of patents and trade-marks outside Puerto Rico.

(5) Profit on the sale of real estate located outside Puerto Rico.

Also the Commonwealth Government is now working on new legislation which would make it possible to organize international trading corporations under Puerto Rican law. As currently considered, these will be tax exempt except for a small nominal levy.

Such Puerto Rican based international companies would then be free to indefinitely accumulate foreign income in the Commonwealth as well as eliminate the headaches of poor communications, shortage of office facilities and personnel, high living expenses, unstable government, rampant nationalism, and poor climate.

You can well understand we are quite excited about this new direction for Puerto Rico's "Operation Bootstrap" program. Accumulation of foreign earnings by U. S. corporations in Puerto Rico would boost tremendously the resources of Puerto Rico's banking system, which incidentally grew by 12% in 1959.

Foreign Trade Zone

It would also provide good, solid employment to our growing middle class. It would bring into Puerto Rico huge sums of capital, part of which might be induced to be reinvested right in the island itself. We are working on a number of individual applications right now. One major U. S. corporation involved has overseas sales of $475 million a year. Another, enjoys a billing of $40 million and envisions hiring 75 office workers in San Juan to handle its international trading corporation business.

Now I would like to move on to the Foreign Trade Zone in Mayaguez. The pending foreign trade zone has also caused excitement in international trade circles. I say pending, because we expect to get from Washington formal issuance of the grant to operate the zone in the near future. The zone, located in the West Coast port city of Mayaguez, is scheduled to open in July.

The Puerto Rico foreign trade zone will be much like other free zones operated under the U. S. flag and a little more.

The Mayaguez free zone will have a number of interesting aspects. It will be the first to stress manufacturing. And it will be the first U. S. Foreign Trade Zone, outside the Continental United States. This I would interpret as growing sentiment in Congress to stimulate foreign trade. The Mayaguez zone will also do storing, repacking and other manipulation activities.

Third, firms will be able to establish sub-zones in Puerto Rico. This means a manufacturer can establish any place in Puerto Rico and operate as if he were inside the Mayaguez zone—and get the same benefits. He would, however, have to obtain the approval of the Federal Foreign Trade Zone Board in Washington.

Fourth, both U. S. and foreign companies which establish manufacturing facilities in the zone will be eligible for the same incentive offered to our nearly 600 Bootstrap plants.

Foreign Trade Zone Tax Advantages

To start off, they will be free from Federal taxes. In addition, if eligible, they will be exempt from both Commonwealth and municipal taxes. This would include:

(1) Exemption from corporate income tax—10 years from the start of operations.

(2) Exemption from municipal license fees for the same period of time.

(3) Exemption from personal income tax on dividends paid out of the first seven years earnings to residents of Puerto Rico.

(4) Exemption from real and property taxes for five to 10 years, depending on the size of investment.

Also, eligible firms can apply to the Government Development Bank for loans up to 50% of the uninstalled value of machinery and equipment, usually for five years at a reasonable interest.

Special incentives will be offered. Firms will be eligible if they service local industry or process raw materials. If they employ 500 or more workers. If they locate a sub zone in certain cities or towns including Mayaguez.

If they locate inside the Mayaguez free zone they will be eligible for a $20,000 cash incentive to cover one year's free rent, half the cost of shipping machinery and equipment, and the salaries of instructors brought to train workers.

New industrial buildings in the foreign trade zone will be available at 50 cents and up a square foot a year. But if they build a plant to their own specifications, it must be purchased with a reasonable down payment.

Here are a few more important advantages. A foreign manufacturer will be able to bring into the zone semi-finished materials or components duty free. He can fabricate these at low cost into finished products, in a tax free facility. He then can ship his finished product out of Puerto Rico —to the Caribbean, to Latin America, to Europe or Asia — without paying duty.

Now, if he wants to sell this production either in Puerto Rico or the Continental U. S. duty will be levied. But *only on the value of the imported raw material* not the finished product.

Also, firms will be able to bring into the zone as much raw material and semi-finished components from overseas as you desire. With no quota restrictions. This means you can ship in bulk and save more money.

Suggests Manufacturing Opportunities

Our economists have done considerable work pinpointing what appears to be the most promising candidates for tax free manufacture in the zone.

This includes Aluminum jalousies and windows; photographic equipment; paints; drugs; plastics; plywood; tungsten carbide bits; rubber products; foreign car assembly; watches; textiles and cotton fabrics; cigarettes; diamond abrasive products; glass; perfumes and toilet preparations; spices; waxes; and leather products.

That covers the manufacturing segment. We suggest the following candidates for repacking, storing, or manipulation:

Dyeing of imported textiles; inspection and valuation of carpets; mixing, bottling and packaging fruit extracts; repacking and marking of silverware; analyzing and repacking metal ores; assembling products shipped knocked down; repacking of dyes; and the sampling, marking and repacking of cotton.

The zone will offer additional services. It will, for example, function as sort of central clearing house to furnish data geared to help users expand markets. The zone will counsel and inform on such things as import-export regulations, foreign exchange controls and the like. And this clearing house set-up will act to bring both buyer and seller together.

Increasing trade is one thing—Expanding transportation services and ports is another. It's a kind of what comes first situation—the chicken or the egg? Cargo or Service?

The Commonwealth Government, and I think I can say this without being accused of being unduly biased, is certainly doing its share to expand port facilities.

For example, Edward Huth, Jr. Vice-President of Isbrandtsen said in a recent speech:

"In many ways, the Commonwealth Government has shown a far sighted approach to the future. But in none so much as in its ambitious plans for development of modern port facilities and the rehabilitation of existing one."

Increasing Ports and Their Size

We are currently expanding the port of Mayaguez in anticipation of the opening of the foreign trade zone in July. Mayaguez is Puerto Rico's third largest harbor and currently handles 15% of total cargo.

Current facilities include two piers and a modern deep draft terminal. But this, I repeat, is being expanded. The port is 90 feet deep at its entrance and some 30 feet deep in the anchoring areas.

Of Puerto Rico's 12 major ports, San Juan understandably is the biggest handing 31% of total cargo. We have big plans for San Juan. Right now, this port has 18 piers and 22 berths and other facilities. In the years to come, the Puerto Rico Ports Authority will spend $65 million for 13 additional piers, transit sheds, warehouses, a central market, and the like. Some 425 acres of swamp land will be converted into useable area.

Other major ports include Ponce, the island's second largest which handles 20% of total cargo. This too is being expanded. I might add that a dozen miles West of Ponce is Guayanilla, a choice deep water port, conveniently located near Commonwealth Oil Refinery which is in a position to supply in quantity bunker C oil for a large manufacturer.

It's a gradual process but as Puerto Rico's world wide trade expands, shipping lines will continue to add to their service. The same chicken or the egg proposition. Here again we have cause for optimism.

A month or so ago, for example, Transamerican Steamship Corp. launched a San Juan to Miamirun. This was the first scheduled service between the two cities. Three months ago, Island Shipping Co. launched service between San Juan, Barbados and Trinidad.

A dozen U. S. flag carriers and 17 foreign lines link Puerto Rico with the rest of the world. Admittedly some of the links are weak. For example, service between the island the western side of Latin America isn't what it should be. But Puerto Rico's fast growing trade, particularly sparked up the foreign trade zone, could well alter the situation. We just might hatch that egg for the chicken to sit on!

Puerto Rico is linked with Japan and Formosa. Boats ply back and forth between the West Coast of the U. S. and San Juan; between Europe and San Juan; as well as Africa, the Middle East, and India.

New Trailership Service

We are encouraged, to be sure, by growing service between Puerto Rico and the States, by air and sea. I've mentioned Transamerican and the Miami to San Juan run. I would like to touch also on the growing importance of the relatively new trailership service which is winning ready acceptance.

As many know, you can now ship, say from Chicago to San Juan without repacking or fear of pilferage. The trailer is driven to dockside. It is put on board a freighter, taken off unopened in San Juan and driven intact and sealed to the client.

For example, American Machine & Foundry Co. Chicago, claimed it saved $24,000 by shipping this way and that the Chicago to San Juan trip took only six days.

The cargo was no doubt unique; 75 bowling alleys were loaded on 15 trailers. I might add that this particular bowling alley, established in the San Juan suburb of Rio Piedras, is now doing a tremendous business.

I might mention too, the growing importance of air cargo. This way of shipping goods back and forth between San Juan and the States evidently is gaining popularity. The figures surely prove the point—Since 1954 air freight volume between the two places has jumped 33% to 41 million pounds annually.

As I said earlier, Puerto Rico still has a long way to go. But our hopes are high. By 1970, we expect to have 2,000 Bootstrap plants in operation. And by that year, one million tourists will be coming to our island every year to enjoy the year-round sunny climate, beaches, fishing boating and golf.

And by 1970, I see this new international direction for "Operation Bootstrap" taking hold. Looking into my crystal ball, I see this:

I see, by 1970, great fleets of giant jet air cargo planes flying products made in Puerto Rico to many parts of this shrinking world of ours. I see modern high speed ships transporting raw materials from Asia and Africa to Puerto Rico where they will be fabricated at low cost for sale all over the Western Hemisphere.

I see Puerto Rico as a sales processing center for U. S. corporations. At the same time, I see some of the tax free profits which accumulate reinvested directly in new Puerto Rican ventures. More than a manufacturing hub, I see Puerto Rico as the Caribbean's distribution center where all kinds of the world's goods will be on display.

In other words, I visualize a new international direction for Puerto Rico's "Operation Bootstrap."

*An address by Mr. Hernandez before the New York Board of Trade, New York City.

A. M. Lerner Co. Opens in N. Y. C.

Announcement is made of the formation of A. M. Lerner & Co. Inc., brokers, dealers and underwriters with offices at 15 William Street, New York.

Officers of the new company are Alfred M. Lerner, President and Director; Martin J. Clyman, Vice-President, Treasurer and Director; Sylvester J. Cleary, Vice-President and Director; and Jay Schafrann, Secretary.

Mr. Lerner will analyze special situations on which the new company will issue reports.

H. J. Verhoye Opens

(Special to THE FINANCIAL CHRONICLE)

LA JOLLA, Calif.—Harry J. Verhoye is conducting a securities business from offices at 7821 Ivanhoe Avenue.

George C. Mahle Opens

DANVILLE, Ill. — George C. Mahle is conducting a securities business from offices at 123 North Washington Avenue.

Mayer Opens Office

NORTH MIAMI BEACH, Fla.—J. Donald Mayer has opened offices at 1061 Northeast 178 Terrace to engage in a securities business.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

NEW YORK BANKS OBTAIN LEGAL LIBERATION, WILL ILLINOIS?

The passage of the New York Omnibus Banking Bill this week can be considered a constructive step toward overcoming outmoded restrictions obstructing branch banking growth in the nation. Since growth through branch banking appears inevitable it is indeed fortunate that tradition in time can be overcome to allow the economics of banking to operate. The New York measure allows New York City commercial banks to apply for branches in Nassau and Westchester, its neighboring counties; State-wide operation of bank holding companies is also permitted.

ILLINOIS PROHIBITS BRANCH BANKING

Interest can now be centered on other areas in the nation living under outmoded banking laws to discern the influence, if any, the New York legislation will have. Actions by New York, a key State and the financial center of the nation, have not gone unnoticed by other States in the past. While the more rapidly growing areas of the West are way ahead of New York in forward-looking bank legislation, still there are several States which have absolute prohibition of branch banking, including the important State of Illinois. Branch banking in Illinois has been banned since 1923.

Constructive forces have been at work in Illinois for several years presenting the case for branch banking. In 1959, the Randolph Bill was introduced to permit branch banking in Chicago and within a 15-mile-wide area of the city. This bill would have allowed Chicago banks (now limited to one office) to decentralize into the expanding suburbs. To enhance passage, the bill would have paved the way for a State-wide referendum by the voters of Illinois even though only limited branch banking in the Chicago area was being proposed. Strong emotional opposition from the many small banks in the downstate area and from their legislators, several of them bankers, discouraged passage prospects in 1959. Currently proponents are conducting an educational program directed to the public. With growth prospects by New York banks enhanced, the further loss of competitive position by Chicago banks may become a key factor deserving serious consideration in Illinois.

Outside of the Chicago area, the important State of Illinois has no representation among the top 350 commercial banks of the nation. With no branches allowed, Illinois is second only to Texas in the number of banks with approximately 950 unit banks. Relative to population, coverage is well below average, which leads to inconvenience for the public.

Only seven Chicago banks rank among the country's 150 leading commercial banks. Deposit growth for the principal Chicago banks has lagged behind other important financial areas. During 1959, Continental Illinois and Harris Trust had somewhat lower deposits and First National and Northern Trust's deposits showed little change. Although the sales of U. S. Government holdings were less than those of New York City banks during 1959, Chicago bank loans registered healthy gains, except for First National where the gain was limited to 6.6%. The March 15, 1960 statements show little improvement, if any, of deposit growth over a year ago. Nonetheless, the earnings outlook is excellent due to the higher returns on loans and investments currently favoring bank stocks.

A significant development to the investor is the sizable stock dividend declarations and stock splits which have occurred during the past year. Granted that the scarcity of available stock has temporary benefits and probably has been one of the influences for the above average stock appreciation performance of Chicago banks, the increased shares are likely to attract demand which formerly has by-passed Chicago bank stocks.

Several of the stocks in the accompanying table still have extremely thin markets but these investments are believed to be less closely held than formerly. Of current interest is the proposed merger between Harris Trust & Savings Bank and Chicago National Bank. If executed, Illinois will be represented by a third bank with resources exceeding $1 billion.

Correspondent banking is particularly significant to Chicago banks, aided by the prevalence of the many local banks throughout the State as well as serving as the financial center of the Midwest. Any progress toward branch banking in effect would formalize the existing concentrated dependence of banking in the area on the leading Chicago banks and of course would bring forth the benefits from serving the public in the most efficient way. This latter point is what leads to more profitable banking operations, the objective sought by the bank stock investor.

The Nine Largest Chicago Bank Stocks

	Adj. Bid Pr. Range 1960-1959	Recent Mean Price	% Yield	Indic. Divd.	Adj. 1959 Earn.	% Earn. Gain	(000) Shrs. Outstg.
First Natl. Bank of Chicago	78-- 63	70	2.3	$1.60	$5.10	12.8	6,250
Continental Ill. NB & T Co.	141--111	115	3.5	4.00	8.53	5.3	3,000
Harris Tr. & Savings Bank	98-- 62	89	2.3	2.00	6.32	16.6	1,100
The Northern Tr. Company	640--424	621	1.9	12.00	28.74	13.6	125
American Natl. B & T Co.	500--340	510	1.2	6.00	38.24	3.3	75
City National B & T Co.	85-- 68	79	3.8	3.00	6.89	18.6	450
Chicago National Bank	96-- 63	98	2.0	2.00	8.25	21.9	175
Lake View T & S Bank	125-- 70	128	1.3	1.60	n.a.	---	125
La Salle National Bank	101-- 90	101	3.0	3.00	7.60	12.3	135

With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Donald E. Moyer, Jr. has become associated with Hayden, Stone & Co., 141 West Jackson Boulevard. He was formerly with Straus, Blosser & McDowell.

Now With Prescott

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio—Richard T. Howe has become associated with Prescott & Co., Spitzer Building. He was formerly with Kenower, MacArthur & Co., and Ryan, Sutherland & Co.

R. A. Pauli With Fusz-Schmelzle Co.

(Special to THE FINANCIAL CHRONICLE)

Robert A. Pauli

ST. LOUIS, Mo.—Robert A. Pauli has become associated with Fusz-Schmelzle, Boatmen's Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Pauli was formerly in the trading department of A. G. Edwards & Sons and prior thereto was with Scherck, Richter Company.

Straus, Blosser & McDowell Heads Stock Offering

An underwriting group headed by Straus, Blosser & McDowell offered publicly on Mar. 22, 120,000 shares of common stock, $1 par value, of Great Lakes Bowling Corp., at a price of $8.75 per share.

Proceeds from the sale will be used to purchase and install equipment in several of the company's bowling locations in Michigan, to build a 48-unit motel in Detroit, and to retire short-term bank loans.

Giving effect to this stock sale and the issuance of 75,000 shares of common stock in connection with the acquisition of the J. L. B. Development Co., capitalization will be as follows: short-term notes and equipment contracts, $1,572,503; other long-term debt, $166,053; 15-year 6% convertible debentures, $300,000; and common stock, $1 par value, 545,000 shares.

Great Lakes Bowling Corp. is engaged principally in the operation of tenpin bowling alleys with adjoining bars and restaurants. Pro forma earnings of the corporation and its subsidiaries were $60,326 after taxes for the fiscal year ended Aug. 31, 1959 and in the final four months of 1959 amounted to $119,555.

Lamson Branch

OTTUMWA, Iowa—Lamson Bros. & Co. has opened a branch in the Union Bank & Trust Company Building, under the management of Gibson W. Putnam.

Deposit Rate Regulation and The Struggle for Savings

By C. Russell Clark, New York State Superintendent of Banks*

Banking superintendent charges Federal Reserve Board's interest rate ceiling on commercial banks' savings accounts constitutes unfair discrimination since similar restrictions are not applied to non-member banks and savings institutions. Mr. Clark calls for a study of its rationale in the light of modern day banking; would not favor removal of stand-by authority in the event the ceiling rate is dropped; and until remedial steps are taken suggests some sort of cooperative and concerted action to overcome the penalizing problem arising from our dual system of chartering and supervising banks.

I wonder at times how this current struggle for savings might look to an observer from another planet if he were to drop in on us. After all, he might say, from the economy's standpoint, what does it matter whether savings flow to commercial bank A or savings bank B or savings and loan association C or credit union D? Does it not all go into the same pool of funds which becomes available for lending and investing? Is the struggle, then, nothing more than a rivalry among institutions to obtain a greater share of the savings of the American public, with little if any real significance for our overall economic situation?

G. Russell Clark

Of course, we could remind our interplanetary visitor that it may make a difference since the uses to which the funds are put will depend, at least in the short-run, on what type of institution obtains them. However, no general conclusions can be drawn from this since opinions may vary as to the relative desirability of channeling savings into any particular outlet for investment. Who can maintain with certainty that using funds for home financing, for example, is more or less necessary or desirable than using them for consumer loans or loans to commerce and industry or loans to finance state and local government construction?

Question Whether More Savings Result?

Well, we might argue, is it not possible that the very competitive forces which lead financial institutions to strive to obtain the saver's dollar may lead to more savings than might otherwise take place? In other words, by the very intensity of the rivalry, by the large-scale advertising and promotional campaigns undertaken, perhaps the public is induced to save more than it otherwise might. Clearly, this is a very "iffy" type of consideration, which would require proving that the total amount of savings would have been less in the absence of the intense rivalry between competing institutions. Such proof is not possible, and at best, this contention must be labeled as uncertain. In fact, many observers maintain that these manifestations of competition usually result merely in a reshuffling of existing savings or represent funds that would have been saved anyway, rather than in calling forth any new savings.

Another of my reactions to this competitive struggle among our financial institutions is to wonder whether in fact this should be called a struggle for savings, or a war for savings. The former seems more appropriate, although those of you who are out on the firing line may disagree with me. Nevertheless, I see this struggle for the saver's dollar as a series of encounters, each of which may stretch over a period of years. Yet by the nature of the case, no one can ever claim to have won a final victory since a particular type of institution may fall behind in one period but gain more rapidly in another.

In fact, when you take an historical view, it becomes clear that this is generally what has happened. The record shows divergent rates of growth by different types of savings institutions at different times. Let me just briefly illustrate this. If you go back to the early 1920's commercial bank time deposits amounted to roughly 60% of the combined time deposit totals for commercial banks and savings banks, and share accounts in savings and loan associations. Savings banks had 30% of the total, and savings and loan associations about 10%. By 1929, savings and loan associations had gained substantially in relative status, because while commercial and savings banks were doubling their savings accounts, savings and loans were more than tripling their accounts. During the 1930's, on the other hand, mutual savings banks increased their deposits as commercial banks and savings and loans suffered sharp declines, while during World War II, commercial banks forged ahead at a much faster rate than either of their thrift competitors. And finally, in the postwar period, savings and loan associations have experienced by far the most rapid rate of growth.

Therefore, we see that over this 40-year period, different types of institutions seemed to be taking turns in experiencing faster growth than the others and divergent experiences in different periods appear to have been the rule.

More Rapid S. & L. Assns. Growth

Despite these divergencies, certain regularities are also evident. For example, if we eliminate the depressed decade of the 1930's and the wartime years on the grounds that these were unusual periods, we see that savings and loan associations have experienced a more rapid rate of growth in the 1920's and in the postwar period than either commercial or savings banks. Another regularity evidenced is that while growth rates may vary, **all** institutions have shared in the expansion. Except for the 1930's, this was invariably the case throughout this 40-year period. This implies that when bankers speak of the adverse effects upon them of competition, they can only mean this in **relative** terms — that is, while they are prospering, others may have been prospering even more. I suggest that this approach to the competitive situation places a somewhat different light on some of the debates — which unfortunately are sometimes acrimonious —between different sectors of the financial industry.

The response of financial institutions to this struggle for the savings dollar has been to engage in advertising, promotional campaigns, giveaways and, last but not least, the offering of a higher rate of interest or dividends to the saver. In this rate competition, some institutions have been able to offer more attractive returns than others. However, this is by no means a recent phenomenon. There has always been a spread between institutions in the rates offered and it has been demonstrated in numerous cities that competing institutions can live, and let live, with a reasonable differential. Generally speaking, savings and loan associations have been able to pay higher rates of return than either savings or commercial banks, while savings banks in turn have usually paid higher rates than commercial banks. These spreads have existed for many decades, and may well be a major factor both for the success of savings and loan associations in attracting savings at a faster rate than other institutions during the 1920s and during the postwar period, as well as for the lag of commercial banks in obtaining such funds.

Advantages of One-Stop Banking

However, in the last few years, commercial banks have become increasingly aware of the necessity to pay rates that are more competitive with those of other institutions. And, while they may not always be able to match the rates of mutual institutions, we all know that commercial banks have the very important advantage over their competitors of offering one-stop banking — an advantage which is being increasingly brought to the attention of the public.

At the same time, there has been a tendency in recent years for rates paid by commercial banks to move up and to narrow the gap between them and the mutual institutions. Far example, between 1953 and 1958, the spread in effective rates paid between savings and loan associations and commercial banks was reduced from 1.7% to 1.2%. Similarly, the gap between savings bank and commercial bank rates declined from 1.4% to .9% over this same period. This has been accompanied, from 1955 to 1958, by a substantial increase in the share of time deposits going to commercial banks. However, it may be that the slowdown in the inflow of time deposits in 1959 was due at least in part to the fact that many commercial banks are becoming increasingly circumscribed by the Federal Reserve ceiling on savings and other time accounts. It is to this and the general subject of interest rate ceilings that I now wish to turn my attention.

There are two distinct elements regarding rate regulation that deserve discussion. One of these relates to timing and flexibility, while the other is a more basic and fundamental question dealing with the whole rationale behind rate regulation. Starting with the issue of timing and flexibility, I am sure that everyone recognizes the need and the responsibility of supervisory agencies to respond without excessive delay to changing economic and financial conditions insofar as these may influence the reasonableness of any existing ceiling. The problem, in fact, exists not only in this discussion area but in many others as well. The debates over the last few years, for example, on monetary and credit policy also deal with the speed of the reaction of the monetary authorities to changing circumstances. Whether in this field or in dividend-interest rate regulation, one can expect that there will always be criticism. This is probably inevitable since opinions may differ widely with respect to what is the appropriate policy at any given time.

In addition to these differences of viewpoint, I think we must recognize that, of necessity, there will be some lag between the time when an adjustment in rates may be desirable and when a change is actually made. This arises, for example, because of the time lag in collecting the data and the information which would indicate the feasibility of rate adjustment. Such information would, for example, include analysis of the earnings of the institutions, expected trends in money market rates and the capital position of the banks. Another contributing factor to such a lag would result from the fact that no adjustment in rates would be deemed necessary until a sizable number of institutions were beginning to "bump" against the existing ceiling. To illustrate, even as late as the beginning of 1955, less than 6% of all commercial banks in New York State were paying what was then the maximum rate of 2½% permitted by the Federal Reserve Board. By the end of 1956, however, almost one-quarter of all commercial banks in New York State were at this 2½% maximum. While I do not have comparable information for the rest of the country, I assume that similar pressures were also evident elsewhere. As you know, starting with January of 1957, the maximum permissible rate was raised to 3%.

Now Bumping Up Against the Ceiling

Bringing the discussion up-to-date, the latest figures I have seen indicate that over 70% of the commercial banks in New York State are at the 3% maximum. I do not know what a similar percentage would be for the nation as a whole, yet it would seem to me that there is undoubtedly an increasing number of institutions throughout the country which must also be "bumping up" against the present rate ceiling.

Combining this evidence of an increasing number of institutions pressing against the existing ceiling with the fact that commercial bank earnings have been steadily and substantially improving over the past several years and the expectation of continued strength in the money market, it would appear that some re-examination of the 3% limitation of Regulation Q may be appropriate at the present time.

Losing Foreign and Domestic Time Deposits

In this connection, I do not think that I need to dwell on the impact of the present ceiling on the ability of the larger New York City banks to attract foreign and corporate time deposits when limited by a rate which is considered by many to be no longer competitive with other avenues of safe and highly liquid investment. In any event, the record reflects a decrease of approximately $900 million in 1959 in the holdings of foreign time accounts by New York City commercial banks. Again, I wish to stress that while some time lag in instituting policy changes is undoubtedly inevitable, we must, as supervisory agencies, make every effort to reduce these time lags as much as possible through the substitution of a policy of flexibility for that of rigidity.

Turning to the more fundamental question regarding the rationale of the present systems of rate regulation, I believe that one of the most striking points in this connection to an observer of our financial scene is the fact that some types of financial institutions operate under a ceiling rate for savings while others are not restricted in this manner. It seems to me that this would be very difficult to rationalize, particularly where such institutions operate in the same state. Does it make sense to impose ceilings on virtually all commercial banks throughout the country at the same time that savings and loan associations have no ceilings at all and savings banks in most states either are under no ceiling or the ceiling is set so high as to be virtually meaningless insofar as restrictiveness is concerned?

Sees No Consistency in Principle or Practice

When we take an over-all nationwide view of the regulatory pattern, it is hard to see any consistency in principle or practice. For example, is there something about the operation of commercial banks that requires ceilings on their savings accounts which does not equally apply to other savings institutions? To attempt to answer this, let us go back to the origins of rate regulations in the early 1930s. Both Regulation Q of the Federal Reserve, as well as the imposition by the New York State Banking Board of a ceiling on rates at that time, was closely related to the depression and predepression experience. The unhealthy competition for savings in the 1920s induced many institutions to pay rates that led them into making unsound loans and high-risk investments in order to obtain yields sufficient to enable them to pay the going rates. It was this type of competition that led to the recognition of the need for regulation, both on the federal level and here in New York State.

But if the reasoning is valid when applied to commercial banks—that without rate regulation there would be unwholesome or destructive competition—is this not equally applicable to other types of savings institutions? If it is, then why should not all of them—savings banks, savings and loan associations, and even credit unions—be under some sort of rate ceiling? Can we validly maintain that **only** commercial banks will be forced into unwholesome lending and investing practices in response to the competitive pressures to pay higher dividend rates? And if other institutions also may be subject to this temptation, must we not consider the possible necessity of rate regulation for them as well?

I might mention that in New York State, ceilings were imposed in the 1930s on all our major institutions — savings banks and state-chartered savings and loan associations, as well as commercial banks. We maintained our rate ceiling, subject to certain changes in the level of the ceiling, from 1933 until 1953, when our Banking Board removed all ceilings for savings institutions, although commercial banks that were members of the Federal Reserve System continued under federal regulation. As I am sure you know, rate ceilings on savings banks in New York State were reimposed last summer.

Calls for Concerted Action

I recognize, of course, the practical problems involved in more extensive rate regulation due to the dual system of chartering and supervision under which our financial system operates in this country. But if all supervisory agencies recognize this problem, and if the danger is clear and present, then some sort of cooperative and concerted steps may be called for and, I am sure, could be worked out.

However, I do not wish my position to be misunderstood in this connection. I am **not** saying that the danger is an immediate one nor am I advocating that all institutions be placed under rate regulation. What I am saying is that **if** the logic behind Regulation Q is valid, then it would seem to me to be equally valid for other types of financial institutions.

But we should not admit the other possibility from our discussion — that perhaps we should re-examine the relevance to modern-day banking of the logic underlying Regulation Q. Perhaps upon careful reflection we may conclude that the necessity or desirability of Regulation Q may not be as pressing as it was when it was first imposed more than 25 years ago. I would suggest that this represents a fertile field for study and investigation. It may very well be that such studies might point to the need for a reconsideration of our entire approach to rate regulation, including perhaps a scrapping of all such controls, state as well as Federal. I understand, in this connection, that the Commission on Money and Credit, financed by the Committee for Economic Development, has included this as one of its subjects for investigation, and it will be interesting to receive their analysis of this problem.

Would Not Eliminate Stand-By Authority

Of course, the only possible alternatives to regulating everybody is either regulating some, but not others — as we are now doing—or to regulate no one. As regards this last possibility, I frankly do not know whether a removal of all ceilings by all supervisory authorities, state and Federal, would be either workable or feasible. I am certain, however, that even if removal of all rate ceilings were to be accomplished in the foreseeable future, stand-by authority to reimpose ceilings would have to be retained. I trust that the knowledge that the supervisory authorities will not hesitate to act firmly and decisively, if the circumstances require, will by itself serve as a restraining influence on those whose enthusiasm for growth exceeds, under competitive pressures, their better business judgment.

I hope that this brief review of some of the problems raised by the keen struggle now raging for the saver's dollar will encourage further discussion. It would appear to me that, as already indicated, more extensive consideration of the logic and rationale behind the present patchwork of regulation of rates on savings would provide a valuable contribution to the framework in which policy decisions are made. We need more than the well-worn, broad generalizations that have been made in this regard. All of us, including state and Federal regulatory officials, bankers, economists and financial analysts should discuss, study and investigate the problems relating to these issues. Their importance requires the close attention of everyone interested in the future and the vigor of our financial system.

*An address by Mr. Clark before the Savings and Mortgage Division of American Bankers Association, New York City, March 7, 1960.

J. Karkowski Is Admitted by Kay

HOUSTON, Tex. — Joseph Karkowski, son of Maurice Karkowski, has joined Kay & Company, 2316 South Main Street, and will be in charge of the mutual fund and bank stock departments of the firm.

Kay and Co. will henceforth operate as a partnership instead of a corporation, according to Maurice Karkowski, President of the predecessor firm. Partners are Maurice R. Karkowski, Edith S. Karkowski and Joseph L. Karkowski.

CORRECTION

In the *Financial Chronicle* of Mar. 17, in reporting the opening of Salik & Co.'s new branch office at 251 South Robertson Boulevard, Beverly Hills, California, the name of the resident manager was incorrectly given. Richard Paullus is in charge of the new office.

Straus, Blosser Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John M. Hopkins has joined the staff of Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Cruttenden, Podesta & Co.

Despite Interest Rate Drop Ceiling Should Be Removed

Treasury official is not unmindful that declining interest rates can permit sale of government securities within the present 4¼% ceiling in arraying a pressing case for the removal of the present ceiling. Mr. Baird explains what lies behind the recent decline in rates, adds that the trend is unpredictable, and warns of unfortunate harm that can ensue from a delay, or a "wait-and-see" attitude on the interest rate legislation.

Replying to an inquiry from Congressman Ikard as to whether the recent improvement in the Government securities market obviates the need for removal of the Federal 4¼% interest rate ceiling on Government bonds, Under Secretary Baird pointed out why the case for removal is as strong as ever.

The text of Hon. Julian B. Baird's letter to Congressman Frank Ikard follows:

This letter is in response to your telephone request for information that may be used in reply to queries you have been receiving as to the current need for legislation with respect to the interest rate ceiling in view of the recent decline in market yields on outstanding Government bonds.

The case for removal of the 4¼% interest rate ceiling is fully as strong as when the President first made the request last June; in fact, quotations for Government bonds in the current market are almost exactly the same as when the request was first made. It is not possible, in our opinion, to sell any significant amount of long-term bonds today within the 4¼% ceiling, even though a number of outstanding long-term issues are now selling at yields below 4¼%.

This results primarily from the fact that the quotations on outstanding long-term bonds cannot be taken as the precise basis for establishing interest rates on new issues. For one thing, interest rates on outstanding Treasury bonds today must be examined in the light of the fact that no new bonds have been sold for almost a year. Consequently, an artificial scarcity value has become associated with outstanding long-term Treasury bonds—many of which are solidly held by State pension funds and other investors which by law must invest heavily in Government obligations—and this is reflected in lower yields on long-term bonds than those of somewhat shorter maturity. A better interpretation of the market for possible new issues of long-term Government bonds can be made by referring to the pattern of rates in the high-grade corporate securities market, which has been characterized by a relatively steady flow of new long-term issues into the hands of investors. In this case, no scarcity value exists, and as a result the pattern discloses no tendency for yields to decline as maturities lengthen.

Notes Tax-Equipment Yield

Another factor that must be considered stems from the tax aspects of Government bonds traded in the market at discounts. All outstanding Treasury long-term bonds are now selling at a discount from par. When an investor buys such a bond, therefore, the difference between the price he pays and the maturity value of the bond is for tax purposes a capital gain rather than ordinary income. This makes a long-term bond selling at a discount more attractive to a taxable business corporation than a new bond issued at par, carrying the same yield to maturity. As is reflected in the attached table, which compares market yields on outstanding Treasury bonds of more than five years' maturity with the so-called "tax-equivalent yield" on the same securities (that is, taking into consideration the capital gains feature of discount bonds), this difference can sometimes be quite substantial, ranging to more than 1% interest on some issues.

In the third place, it should be emphasized that almost all Treasury bonds now outstanding can be turned in at par on the death of the owner to pay Federal estate taxes. While the precise effect of this tax privilege on market prices of outstanding bonds is difficult to measure, it is obvious that it also tends to make discount bonds more attractive than new bonds issued at par.

In addition to these three factors, it should be understood that any new bonds offered by the Treasury would have to carry an interest return somewhat higher than outstanding bonds of comparable maturity, partly because investors would be interested in obtaining a new Treasury security in preference to outstanding issues only if the return were slightly higher, and partly because any increase in the supply of securities in a given sector of the market tends to cause slightly higher rates for such maturities. Viewed within the context of the current market situation, however, such an increase in rates would probably be temporary, inasmuch as increased investor confidence in sound, noninflationary debt management would tend to stimulate the flow of savings into long-term investments.

In view of these considerations, it is our judgment that long-term interest rates have not fallen sufficiently in recent weeks to permit the issuance of any significant amount of new bonds within the ceiling. The question then arises, of course, as to whether rates might continue to decline during the next few months, thus permitting some sales of securities of more than five years' maturity. Some people might argue that, if this were probable, Congressional action on the interest rate should be postponed.

Explains Present Decline in Rates

Such a "wait-and-see" attitude would, in our judgment, be a very serious mistake. Several factors lie behind the recent decline in interest rates. Seasonal developments have played a part, as is the usual case in January and February of each year. Moreover, the prospect of a much reduced amount of Treasury cash borrowing in the next year or so, in view of the projected surplus in the government's budget, has also been important. In addition, pressures on interest rates have been reduced by the growing judgment that 1960, instead of being a year of strong inflationary pressures and an unsustainable upsurge in economic activity, is more likely to be a year of normal, healthy economic growth. While the Treasury never undertakes to predict trends in interest rates, it is clear that unless we are willing to forecast that we are entering an economic recession—a development which is belied by the basic strength of consumer and business demands for goods and services—the prospects for significant declines in interest rates in the near future, which would permit flexible financing beyond five years within the ceiling, are not very favorable.

Furthermore, the recent decline in interest rates, in the face of widely held market expectations to the contrary, should remind us that interest rate trends are quite unpredictable. Interest rates in the future, depending upon the shifts in market forces of demand and supply, may remain at present levels, they may go down, or they may go up. It would be unfortunate indeed if Congress were to delay action on the interest rate legislation at this time, only to find after adjournment that rate developments had even more securely locked the Treasury out of the long-term market. This would mean even further shortening of the average maturity of our huge public debt and a continuation of the undesirable debt management operations that the restrictive ceiling has forced us to pursue.

If the government securities market improves to the point where the Treasury can undertake long-term financing at rates of 4¼% or less, then we shall certainly do so. We cannot, however, afford to gamble on this development, and it is to be hoped that the Congress will act as speedily as possible to provide the appropriate flexibility for debt management, once and for all. Otherwise, the difficulties with which we have been confronted during the past year may well prove to be a recurring situation whenever pressures of demands for credit tend to force interest rates to higher levels.

In this connection, it is heartening that several important groups in the country, especially those associated with the mortgage and home building industry, have strongly supported legislation to permit flexible management of the public debt. On Monday of this week, the National Association of Homebuilders, representing 43,000 builders throughout the nation, strongly urged passage of the Ways and Means bill (H. R. 10590) in order to stimulate a larger flow of credit into mortgages to finance the purchase of new homes. This endorsement of the legislation—added to similar resolutions passed by the National Retail Lumber Dealers Association and the National Association of Real Estate Boards—is convincing evidence that people in the homebuilding industry recognize that the existence of the ceiling can only hamper our efforts to provide adequate housing for the American people.

Please feel free to call upon us if you have any additional questions on this subject.

Sincerely yours,

JULIAN B. BAIRD
Under Secretary of the Treasury

Honorable Frank Ikard
House of Representatives
Washington, D. C.

TABLE I

Market Yields of U. S. Government Bonds Having Five or More Years to Maturity as of March 11, 1960*

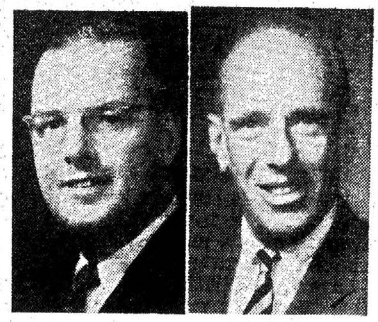
Coupon Rate	Date of Maturity	Market Yield	Comparative Yield of New Par Issue of Tax-Equivalent Value†
3%	Aug. 15, 1966	4.25%	4.95%
2½%	June 15, 1962-1967	4.31	5.33
2½%	Dec. 15, 1963-1968	4.35	5.39
2½%	June 15, 1964-1969	4.38	5.44
4%	Oct. 1, 1969	4.27	4.42
2½%	Dec. 15, 1964-1969	4.36	5.41
2½%	Mar. 15, 1965-1970	4.35	5.39
2½%	Mar. 15, 1966-1971	4.24	5.22
2½%	June 15, 1967-1972	4.08	4.97
2½%	Sept. 15, 1967-1972	4.10	5.00
2½%	Dec. 15, 1967-1972	4.04	4.91
3⅞%	Nov. 15, 1974	4.23	4.43
4%	Feb. 15, 1980	4.18	4.28
3¼%	June 15, 1978-1983	4.15	4.66
3¼%	May 15, 1985	4.16	4.67
3½%	Feb. 15, 1990	4.14	4.50
3%	Feb. 15, 1995	3.82	4.28

Office of the Secretary of the Treasury, Debt Analysis Staff, Mar. 15, 1960

*Closing bid yields as reported by the Federal Reserve Bank of N. Y.
†On basis of 52% corporate tax rate on coupon and 25% on excess of yield over coupon.

Phila.-Balt. Exch. Names Officials

PHILADELPHIA, Pa.—At the organization meeting of the Board of Governors, Philadelphia-Baltimore Stock Exchange, S. Grey



S. Grey Dayton, Jr. Richard Newburger

Dayton, Jr., of Elkins, Morris, Stokes & Co., took office as President and the following appointments were made for the ensuing year.

Vice-President: Richard L. Newburger, Newburger & Co.

Governor (to fill vacancy created by Mr. Dayton's election to the Presidency): J. Raymond Leek, Bioren & Co.

Secretary: Charles L. Wilson.

Treasurer: William Gerstley, II, Gerstley, Sunstein & Co.

The following appointments were made for three years:

Trustee of the Stock Exchange: George L. Morris, Hornblower & Weeks.

Trustee of the Gratuity Fund: Moreau D. Brown, Brown Brothers Harriman & Co.

Mr. Newburger's father, Frank L. Newburger, was President of the Philadelphia Stock Exchange from 1930 to 1934. His brother, Frank L. Newburger, Jr., was President of the Philadelphia-Baltimore Stock Exchange for three years, 1954, 1955, 1956, during the period of its recent rapid expansion.

Wall Streeters For Red Cross

The American Red Cross campaign in Greater New York has announced that Rhett A. du Pont, senior partner of Francis I. du Pont & Co., will serve as Chairman of the New York Stock Exchange Division; Harold J. Berry, Executive Vice-President of Harriman Ripley & Co. Incorporated, is Chairman of the Investment Bankers Division; and John A. Ludlow, partner in John A. Ludlow & Company, is Chairman of the American Stock Exchange Division.

Form Industrial Incomes

JACKSON HEIGHTS, N. Y.—Industrial Incomes, Inc. of North America has been formed with offices at 90-11 Thirty-fifth Avenue to engage in a securities business. Officers are Peter Bekeny, President and Treasurer, and Ilona D. Bekeny, Vice-President and Secretary.

Collective Bargaining and The Course of Our Economy

Continued from page 1

$18.9 billion and undistributed profits only $6.5 billion. A large cash flow from depreciation charges also facilitates financing new plants.

Research and development expenditures, which could exceed $10 billion in 1960, also create a demand for new plant and equipment. Old equipment is being made obsolete by breakthroughs in technology. In addition, as new products are developed, new factories must be built.

Rising labor costs also continue to provide an incentive to substitute machinery wherever that is possible. The combination of these factors will continue to provide a stimulus to expansion in 1960.

State and Local Government Spending

State and local spending for goods and services has been rising at an annual rate in excess of $3 billion for the past five years. Despite some fiscal problems, in 1959 the increase was $3.6 billion. A further rise is assured in the next year.

Consumer Disposable Income

Despite the steel strike, disposable personal income after taxes showed only a nominal change in the third quarter of 1959 when it averaged $335.3 billion. In the fourth quarter, a new record high total of $340.8 billion was reported. Currently, the total is about $345.0 billion.

Disposable personal income will rise further in 1960. Wage and salary income is 70.4% of disposable income. A combination of higher wage rates—an increase of about 3 or 4%—and a greater volume of employment will contribute to higher consumer incomes. A rise of $10 to $15 billion is probable.

Higher corporate profits resulted in a rise of about $1.0 billion in dividend payments. The outlook is for further dividend increases in 1960.

Higher interest rates added $2.0 billion to personal income in 1959. Interest income will increase further in 1960. Higher interest and dividend payments could add $3 to $4 billion or more to consumer incomes.

As against these additions to personal income, the U. S. Department of Agriculture estimates there will be some decline in net farm income, possibly as much as $1 billion.

On balance, therefore, consumer incomes should advance to new high levels. The most important factor determining consumption spending is the level of incomes. This rise in incomes will result in a greater volume of personal consumption expenditures with the consequent increase in gross national product.

Neutral Forces

Federal spending and inventory appear to be in the neutral area. Government expenditures in the fiscal year ending June 30 will be about $78.4 billion or somewhat lower than during the preceding fiscal year. The sharp recovery in business is expected to yield an increase of $10 billion or more in government revenues. Because of this significant rise in revenues, the budgetary deficit of $12.4 billion in the 1958-59 fiscal year will be wiped out.

For the fiscal year 1960-61 preliminary estimates suggest a moderate increase in government spending. However, this rise will be more than offset by a further rise of $5.4 billion in government tax revenues as recovery continues. On balance, the Federal Government will take more in taxes from the economy than it spends. At best, it will be a neutral factor and might even exert a mildly deflationary influence.

Inventories

After the end of the steel strike, inventories appear to have been accumulated at the annual rate of $10 to $12 billion. Already, it appears that inventory accumulation has declined below this high rate. There has been no sustained mad scramble for supplies. Businessmen have adopted a policy of cautious optimism and appear to be avoiding the accumulation of excessive inventories. The ample productive capacity available and a subsiding of the fears that we were heading for price inflation have contributed to this very favorable development. The most important result of this more sensible inventory policy should be to stretch out the period of high-level economic activity. While economic activity will rise at a slower rate in the months ahead, a painful inventory recession can be avoided later on.

Negative Factors

The decline in residential housing, high interest rates and tight money, and the shift in our international balance of payments appear to be the main problem areas for 1960.

Residential Housing

Private non-farm housing starts in 1959 totaled 1,342,900, a rise of 17.6% over the 1958 level. However, in the last few months of 1959 and in January of this year, housing starts were below the corresponding period of a year earlier. This decline has reflected several factors: (1) the growing shortage of mortgage money as well as its higher cost; (2) a level of new family formation which is close to its post-World War II low; (3) a rise in residential construction costs of 4% in 1959 as compared with only 1% in 1958; (4) vacancy ratios which have risen to 3.0% for all housing and (5) a level of doubling up equal to less than 3% of the available supply of housing.

Higher Interest Rates

Interest rates have been increasing irregularly since 1946. During periods of recovery, such as 1948, 1953, 1957, and 1959, interest rates have increased to new high levels for the movement. This has been followed by declines in periods of recession such as 1949, 1954, and 1957. Each successive recession has recorded a higher level of interest rates. The yields on U. S. Treasury bonds were 2.19% in 1946, 2.94% in 1953, 3.47% in 1957 and 4.37% in January 1960.

During a period of recovery there is superimposed upon this longer-term rising trend in interest rates the impact of a large demand for funds and actions taken by the Federal Reserve authorities to dampen down a boom or inflation.

The demand for funds by state and local governments, consumers (installment buying), corporations (for new plant and equipment and inventory rebuilding) and construction will continue to be heavy in 1960. However, the demands of the Federal Government will fall sharply as the budget surplus replaces the budget deficit. Under these conditions, interest rates will continue to remain high but may be close to the peak.

In addition, as recovery proceeds, the Federal Reserve authorities will not be willing to take steps to ease shortages of credit because of their justifiable fear that such actions would feed the potential fires of inflation. Tight credit and higher money rates remain negative factors.

Balance of Payments

The "dollar shortage" of the early postwar years has been converted into a "dollar surplus." From a net outflow of funds averaging $1.3 billion in the postwar years prior to 1958, the total increased to $3.4 billion in 1958 and more than $4.0 billion in 1959. One result has been a steady outflow of gold which has reduced our gold holdings from $22.9 billion at the end of 1957 to $19.5 billion at the end of 1959 and at the same time has resulted in a sharp increase in foreign balances held in this country. This situation has developed in part because of the intensified competition offered by foreign goods as a result of newly - modernized production facilities. This competition has been reflected in varying degrees in textiles, electronics, steel and foreign cars, among other products. Between 1955 and 1959, merchandise imports increased by $319 million **monthly** while commercial exports rose by only $171 million.

We have not yet reached a critical point. However, a continuation of recent trends would lead to a growing concern about the stability of the dollar.

Business Outlook and Collective Bargaining

Business activity will move forward to new high levels in 1960 when the half trillion dollar economy should become a reality.

The slowing up in the rate of gain in inventories removes one of the greatest potential threats to high level activity in the second half of 1960. Economic activity should continue at a high level throughout the year.

Unemployment averaged about 3.5 million in the months preceding the steel strike. This was about 500,000 to 750,000 more than normal frictional unemployment. The moderate increase in economic activity in 1960 should be accompanied by a similar volume of unemployment. The need for more labor probably will be met by the normal rise in the labor force thus leaving about 3,500 unemployed. Thus, we do not face a tight labor market in 1960.

High level economic activity will provide a favorable background for further moderate wage increases.

The Outlook for Prices

One of the most important factors leading to higher wages in recent years has been the rising price level. A minimum demand by the unions is always a wage increase adequate to restore real wages. During periods of rising living costs, escalator clauses have acted to transmit those increases automatically into higher wages at three- or six-month intervals. The trend and outlook for prices, therefore, is a critical factor in collective bargaining.

During 1959 and early 1960 the general levels of wholesale prices and sensitive raw material prices have been fairly stable and the consumer price index has risen about 1.3%. Since January 1959, all groups of retail prices have risen moderately, except food which declined about 1%.

The factors affecting the outlook for prices in 1960 may be summarized as follows:

(1) Business activity will be expanding. However, capacity in most industries is more than ample to handle an increase in volume and thus except for temporary influences should provide a barrier against significant price increases.

(2) Labor costs probably will rise by 1 to 1½% more than output per manhour, thus creating some pressures for higher prices. This rise in unit labor costs will be offset partly by the lower overhead costs per unit accompanying larger volume.

(3) The Federal budget will be in balance and hence should generate no inflationary pressure; it may even be a moderately deflationary force.

(4) Food prices have been pointing downward as a result of record crops and large carryovers. 1960 growing conditions will affect this pattern.

(5) Foreign competition has been growing in importance and should act to hold down prices in some industries.

The net effect of these forces should be another year of moderate price change. A major inflationary price surge does not appear likely in 1960. Thus, as in 1959, changes in the consumer price index will not be a major factor in collective bargaining.

The Steel Settlement

In recent years negotiators have given considerable emphasis to "key wage bargains." Steel, automobiles, coal, electrical equipment, rubber and railroads have been in this category. Clearly, the key wage bargain for 1960 is the steel settlement which provided the following:

(1) Improvements in pensions and insurance to cost 3 to 3½ cents an hour.

(2) Companies to absorb workers' contribution to welfare fund—cost 6 cents.

(3) On December 1, 1960, an increase of 7 cents an hour in basic wage rates plus 0.2 cent increase in the spread between each of 32 job classes—average increase 8.6 cents.

(4) On October 1, 1961, increase of 7 cents an hour in basic wage rates plus 0.1 cent increase in spread between each of 32 job classes — average increase 7.8 cents.

(5) Cost of living escalation limited to 3 cents an hour as of December 1, 1960 and an additional 3 cents an hour as of October 1, 1961. However, any such rise will be reduced if insurance costs rise more than estimated.

(6) Contract to run for 2½ years.

(7) Inclusive of higher costs of payroll taxes, impact on incentive pay and fringes, the steel package was estimated at 39 to 41 cents an hour or 3½% to 3¾% of employment costs at the time of the settlement.

(8) Establishment of two committees to study various problems including the work rules.

How inflationary was this settlement? The precise answer will depend upon what happens to output per manhour. However, in attempting to reach a conclusion, the following points should be kept in mind:

(1) The cost of 3½ to 3¾%, inclusive of cost of living increases, compares with an 8% rate of increase in the war and post-war years. Cutting the rate of rise in labor costs more than in half in a period of prosperity is a major accomplishment.

(2) The steel industry offered a 33-cent package for three years which it labeled as non-inflationary. On this basis the magnitude of inflation was about 5 cents an hour per year.

(3) Output per manhour in the steel industry has been increasing at the rate of 2½% to 3%, depending upon the method of measurement used. On this basis, the cost of the package was about 1% greater than the rise in output per manhour. In the preceding years, the differential was about 5%. Clearly, the net pressure on costs is considerably smaller than in recent years.

(4) Under the previous contract, the cost of living wage increases aggregated 17 cents an hour while under the present contract the maximum adjustment is limited to 6 cents an hour.

(5) Steel workers will receive no general wage increase for about 2½ years except for one cent an hour cost of living adjustment in January 1959 and a 6 cent an hour reduction in their contribution to the insurance fund under the new contract.

(6) A committee headed by a neutral chairman will examine the contentious work rules question.

In my judgment the inflation under the steel contract will be minimal—certainly it is the least inflationary settlement in the post-war years.

Other Wage Settlements

The 1960 wage pattern is also affected by the deferred wage increases negotiated in 1958 and 1959. Automobile workers will receive 6 cents or 2½%, whichever is greater, or an average of about 7 cents an hour. In addition, they receive cost of living escalator adjustments. In 1959, auto workers received a cost of living increase of 3 cents an hour.

Additional important wage increases already agreed upon for 1960 include the following:

International Harvester: 2½% or 6 cents, whichever is greater.

Pittsburgh Plate Glass: 8 cents.

Central States Trucking: 7 cents.

Armour: 6½ cents an hour.

Alcoa: 7.1 cents.

Anaconda: 7½ cents.

American Can and Continental Can: 7 cents.

Thus, deferred wage increases for 1960 in leading companies and industries have set a pattern between 6 and 8 cents an hour. In some instances, these increases are supplemented by cost of living escalator clauses.

The Work Rules Issue[1]

In 1959, the distinguishing characteristic of collective bargaining was that management seized the initiative with its insistence upon changes in costly work rules or featherbedding practices.

Some changes in make-work rules were achieved in a few instances. However, these achievements fell far short of announced objectives. This is not surprising because changes were demanded in areas where workers had built up an almost unchallenged vested interest in recent years. Work rules were modified by Standard Oil of Indiana, Pittsburgh Plate Glass, and in some construction contracts. The Armour and Pacific Longshore contracts provide that **the impact on workers will be eased to some extent** when labor force changes accompany advances in technology. In the steel industry a study committee was established to recommend what changes, if any, should be made in the work rules. Let me make a few observations about each of these agreements.

Standard Oil of Indiana in August of 1959 negotiated a new contract at its Whiting, Ind., refinery. Under this contract the company is given "more flexibility in scheduling work by consolidating a number of small work crews into one common labor pool." In return, some of the affected workers received a wage increase of 1.5 cents an hour.

The Building Trades Department, AFL-CIO and the National Construction Association agreed in principle in 1958 to a 10 point program "designed to promote the full use of labor saving methods, materials, and machinery or tools." The code condemns "slowdowns, forcing of overtime, spread work tactics, standby crews, and featherbedding practices . . ." Progress has been made in implementing this code in subsequent negotiations in some parts of the country.

In Detroit, premium pay to painters for using rollers has been eliminated. This agreement opened the way to a greater use of that labor-saving device.

The plumbers' union in Chicago

1 A fuller discussion of this problem is scheduled to appear in *Nation's Business* in the near future.

agreed "to remove restrictions on the use of power tools and to permit cutting, welding, and threading of pipes on the job site."

In New York City the electricians, early this year, entered into an agreement which provided for "increased automation, the use of power-driven tools, reduction of coffee breaks, and other time wasters and inefficiencies in deliveries and the use of equipment." The new program was estimated to yield savings of $10,500,000.

Pittsburgh Plate Glass Company, and the United Glass Workers, AFL-CIO agreed to arbitrate changes in work rules demanded by the company after a strike lasting 134 days. To evaluate 36 requests to cut the size of work crews, the arbitration commission set up several general principles as guides, including the following: "Creeping technological and process changes, if they do reduce work duties without an offsetting increase in tension and responsibility, should justify manpower reductions on the affected operations."

Twenty-two of the Pittsburgh Glass Company requests were granted in full, 5 were granted with conditions attached, 2 were partially granted, and 7 were denied. Most of the changes involved reductions in the size of the work crews.

The Commission also wrote the following contract provision: "The Company and the Union recognize that changes in operations resulting from technological changes, process modifications, and competitive conditions will, from time to time, require changes in speeds of operation." The company is now permitted to install increased speeds for machines for a three-week trial period. Speeds revert to the original level and the matter may be submitted to arbitration, if the union does not agree with the new speed basis during that period.

Pittsburgh Plate Glass Company also may introduce a new incentive rate without securing prior approval from the union. If the union is dissatisfied it may file a grievance.

The final steel settlement did not provide for any of the changes in work rules demanded by the companies. However, a joint committee was established "to study the local working conditions provisions . . . and to make recommendations to the parties." The fruits of the steel industry's drive to amend the working rules will depend in part upon the joint committee's recommendations and in part on the impact of the recent dispute on plant level resolution of such problems. Some reports have indicated that progress is being made since the contract was signed.[2]

In the past, the steel industry and the steelworkers have demonstrated that joint consideration of a problem could yield an answer satisfactory to both parties. With a neutral chairman examining these rules, it is probable that some of the more flagrant abuses in the steel industry may be subject to some modification.

In the Pacific longshoring and Armour & Company settlements, funds were established to help cushion the adverse impact of new technological change.

A fund of $1.5 million is being established by the Pacific Maritime Association. One of the practices that will be permitted "involves packing goods away from port in larger containers which can then be loaded mechanically aboard ship." The agreement appears to accept in principle the need to make adjustments in employment in response to technological change but provides that the work force should share in the resulting savings.

Similarly, a special fund is being established on the East Coast to compensate dock workers in part for income lost where containers are loaded away from the dock.

Under the Armour agreement, a fund of $500,000 was established. The Armour agreement is concerned with how to minimize the unfavorable effects of technological change upon employment rather than with work rules as such. It gives special emphasis to retraining displaced workers. To the extent that satisfactory adjustments are made to technological change, there should be less pressure to freeze present patterns or for new work rules designed to preserve existing jobs.

The Oil, Chemical and Atomic Workers International Union demanded that American Oil Company in its refinery at Texas City give the union a role in making job assignments and writing job descriptions. The company opposed this proposal as an infringement on its prerogatives. The agreement that ended the 191 day strike provided for no change in the management rights clause.

In contrast to the progress described above, Kennecott Copper was not able to obtain agreement upon a provision which would have permitted a reduction in the size of crews used in strip mining. Similarly, several attempts to eliminate bogus type in newspaper publishing proved to be abortive. The airlines lost the battle to maintain a crew of three on jet airliners.

The major work rules dispute currently is on the railroads. It is estimated that the carriers could save $500 million a year or about 10% of the labor bill if their obsolete practices could be modernized.

The obsolete dual basis of pay has not been changed for more than 40 years despite the faster speed of trains. A network of antiquated seniority arrangements leads to multiple payments for many jobs. Firemen who are not required on diesel engines according to a Canadian Royal Commission continue to draw some $200 million annually.

Slowed Down, If Not Halted

The results of 1959 bargaining over work rules clearly fell far short of management's hopes. This is not surprising. While only a small recovery of management rights was achieved, **the important news is that in some areas there are signs that the tide was slowed down, if not halted.**

Revision of past practices tends to be a slow process. Workers understandably are not willing to give up any advantages they may have obtained. A slow erosion rather than a sudden change was to be anticipated.

However, in 1959, the public was made aware of the work rules problem. It should continue to be told the makework and featherbedding story in addresses by company officials, testimony before Congressional Committees, and reports to stockholders.

The 1959 experience demonstrated the importance of educating employees as to exactly what management proposes to do. The groundwork for future modification should be prepared by careful documentation of existing abuses to working rules. A program to protect workers against the loss of jobs, where possible, should facilitate acceptance of the changes that are necessary. By taking the initiative, management can blunt the charge that it is trying to destroy unions or to strip workers of seniority and other rights.

Workers and management alike have an interest in eliminating make-work rules and thereby creating better jobs.

[2] *Wall Street Journal*, Feb. 29, 1960, Page 1.

*An address by Dr. Backman before the Associated Industries of Cleveland, Cleveland, Ohio, March 10, 1960.

NYSE Reports Four-Year Gain

The New York Stock Exchange community has grown by 30% in the past four years to a total of 75,000 men and women, Keith Funston, President of the Exchange, has disclosed.

G. Keith Funston

Nearly half of the four-year gain occurred in 1959, Mr. Funston said in announcing the latest census of people conducting the work of the Exchange and its more than 660 member organizations.

The Exchange community grew from 57,873 persons at the end of 1955 to 67,100 by 1958, then spurted 7,900 to 75,000 at the end of 1959.

"This expansion," Mr. Funston commented, "has taken place in all parts of the country, as our members have moved to serve a growing number of shareowners."

He pointed out that the share-owning population reached 12,490,000 in early 1959—an increase of nearly 45% since early 1956. More than a billion shares worth over $43 billion, he added, were traded on the Exchange in 1959. This represented an estimated 84% of the dollar value of all shares traded on U. S. registered exchanges.

The 75,000 members of the Exchange community comprise almost half of all persons engaged full-time in the securities industry in this country. The estimated total for the industry is 160,000, including some 20,000—all outside of the Exchange community—who are believed to be devoting only part of their time to the securities business.

Nearly half of the 1955-59 expansion of the Exchange community's personnel was in registered representatives—employees of member firms who have been approved by the Exchange to handle customers' accounts. They increased from 16,325 to 24,498. A record 1,143 registered representatives are women.

All other employees of member firms totaled 35,240 in 1955 and 42,490 in 1959.

Members, partners and stockholders in member organizations increased by 1,118, from 5,108 to 6,226. The latest total included 427 women. A firm in the Exchange community must have at least one general partner or voting stockholder who owns one of the 1,366 Exchange memberships.

The staff of the Exchange itself had the smallest rise—from 1,200 to 1,386.

Kramer Transfers To New York

John H. Kramer, formerly of the Chicago office of Harriman Ripley & Co., Incorporated, has been transferred to the New York headquarters of the investment firm, 63 Wall Street, New York City, to assist John M. Walsh, Vice-President in charge of the Municipal Bond Department. Mr. Kramer had been with the Chicago office of Harriman Ripley & Co. since 1950 and for a number of years had managed the Municipal Bond Department there.

H. M. Green Corp.

H. M. Green Corporation is engaging in a securities business from offices at 401 Broadway, New York City. Officers are Harold Greenberg, President; Ruth Greenberg, Vice-President and Secretary; and Edward Greenberg, Treasurer.

AS WE SEE IT

Continued from page 1

elements of the picaresque in the policies of some of the investors in Cuban enterprises. But even so, the question remains whether these natives by and large are not substantially better off than they would be had there been no foreign funds engaged in developing the resources of the Island. We have not the slightest doubt that poverty, extreme poverty, exists in places in Cuba, but we strongly suspect that more of it would exist more widely had the development of the resources of that island been left to the natives, without help or guidance from the outside. A situation in which so very large a proportion of the resources and the industry of a country is owned abroad all but invariably creates hard feelings and discontent and often the cure is sought in taking the property of investors who have in actual fact done much for the peoples who are pitied. These are some facts it would be well for Cubans to remember at this time.

Even more vital is it for them to ask themselves what their lot would be or will be should these foreign investors be driven out at this time—driven out, that is, either by ordinary confiscation of property or by some sort of settlement with the owners of the facilities. Sugar is king in Cuba—far too much so for the good of Cubans. It may be asked precisely what is to be expected of that industry when large plantations equipped with modern machinery and managed by highly trained and highly skilled management are broken up into small parcels and delivered to workers who have neither the equipment nor the knowledge essential to efficient operation of enterprises of this sort. Of course, a visionary revolutionary is all too unlikely to give such matters as these proper consideration, and all too prone to play upon the gullibility of the great rank and file who are to be made landowners overnight.

Other Enterprises

And, of course, what is true of sugar plantations is even more applicable to some other types of enterprise in Cuba. What in heaven's name would the sort of talent available in Cuba do with a large mining operation, a giant cattle ranch, or a large tobacco plantation? Mr. Castro should not for a moment forget that the answer to such questions affects not only the foreign investor but the rank and file of the people of Cuba. If he supposes for a moment that an answer to such problems is to be found in having the government take over and operate these enterprises, he certainly has much to learn about this real world in which we live. It is not easy to be certain what is going on in Cuba today, and certainly difficult to guess what is going to take place there tomorrow, but whatever the programs and the plans of the Cubans or their government, it would profit them greatly if such considerations as these were given the realistic thought they deserve.

A high Soviet official has recently visited Cuba and the Kremlin has showed great interest and sympathy in what Mr. Castro is doing. A trade agreement of sorts has recently been reached between Cuba and the Soviet Union. It is, of course, to be expected that the Kremlin would want to fish in these troubled waters, but if Mr. Castro expects a great deal of help from Russia, he is certainly not a realist. It has, of late, often been alleged that the Cuban leader was under strong Communist influence, possibly domination. If he harbors any idea of industrializing or developing his country by the means used by the Communists in Russia or in China, he is indeed undertaking a task of the dimensions of which he can hardly be aware. The plain fact is that the economic development and diversification of Cuba, even with its wealth of resources and favorable climate, is a task of huge proportions, and one which, if the Cubans themselves undertake it without help from investors from this country, is not likely to be accomplished within the foreseeable future.

Capital Can Be Had

It is doubtless true, and recent years have again demonstrated the fact, that foreign investors will interest themselves where basic conditions are favorable without anything in the nature of excessive concessions by native peoples and their governments. Reasonable opportunity to earn a reasonable return, and reasonable assurance that the work of their hands and their funds will not be taken from them—these are about all that are required. It is likewise equally true, as experience in recent decades has shown, that lacking such assurances and such opportunities, capital will not freely enter foreign fields. Cuba must have foreign capital and the know-how that normally supports investment. These are elementary truths which Mr. Castro and the Cubans can ignore only at their own expense.

The Sensible Sixties

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price level is stable and the cost of living is declining. This means that finished goods won't be priced out of the market and that increased food costs won't lower the consumers ability to buy goods. It also means that labor costs may decline in industries where there are escalator clauses working in both directions—which is bullish on profit margins.

(2) I don't see any evidence of financial stringencies which throttled other business upturns. Industry's financial position is much stronger than ever before in history and cash flow substantially higher. Matter of fact, with the inflation psychosis dispelled and everything we make or use in full supply, there will be little strain on corporate working capital. Thus, tight money won't choke off the upturn. If anything, residential building industry may later be helped by greater credit availability.

(3) Despite disclaimers to the contrary, I think there has been a change in Federal Reserve Board policy and credit will ease rather than tighten. Besides, with inventory accumulation likely to be less than heretofore expected, the demand for credit will be less, too.

(4) Basically, our new non-inflationary background is bullish not bearish. This because the major upturn in the bond market in time will mean a less competitive stock-bond yield ratio. Further, stocks are worth more in an even-tempered economy than in one destined for trouble.

Lastly, I'm wondering if Wall Street's new found skepticism has let the stock market "yo-yo" get a little too slack. After all, if I'm right that business is going to improve this spring rather than collapse—and this to me is the major point of debate right now—a 90-point decline takes in a lot of grief. Besides, while I think this era will be labeled the Sensible Sixties, the fact still remains that it will be an era of big changes—of corporate success stories, of technological and scientific achievement.

Importance of Selection

Let psychology improve a little and you'll start reading stories that the compact car is one of America's great success stories. In time, I expect the compacts to widen the overall automobile market by providing more two-car families and sharply lessening competition from abroad. It's going to strengthen the luxury car market, too.

Every time I'm in a major city, I see big changes taking place in the building industry, too. Witness the fact that apartment house construction is rising quite sharply and has about doubled in the past four years. Last year, multiple family dwellings represented about 20% of total housing starts whereas in the 1920's it was 30%-40% of total housing construction. The increasing proportion of elderly persons and young marrieds who can't afford a home indicates a continuing boom.

There are big changes taking place in our leisure time activities, too. Pay-TV is probably the next big plus to TV set demand. Some day soon, we'll see international TV. Even the lowly movie business has turned the corner—and not just because teen-agers want to pitch a little woo in drive-ins.

Perhaps the biggest change of all has taken place in Europe, where the tremendously successful European Common Market spells big news for America. It's competition for some companies but opportunities for others who have important interests abroad.

To me, this background emphasizes a point which can't be underestimated, namely: If we lack aggressive broad stimulants but enjoy localized success stories, selection is the most important part of today's investment problems.

Cites Some Interesting Situations

Now, let's go to the commercial. I've often found that the most interesting speculative opportunities exist in companies benefiting from new managements—which are dynamic participants in fast growing industries—or are undervalued or misunderstood situations that can provide speculative surprise.

For example, in the dynamic category, I'd like to call your attention to Georgia Pacific; Dynamics Corporation of America; and American Broadcasting-Paramount Theatres.

In the new management category, I suggest you take a look at Crown Cork & Seal; Crowell Collier; and Servel.

As undervalued or misunderstood situations I think you'll find some interesting numbers in American Radiator and American Telephone.

Purposely, I've stayed away from any glib generalities regarding the averages—which are more meaningless today than ever before in our history. This because I believe "think" is the finest five-letter word in the English language—and I'm sure one would rather have the building blocks than a fancy but empty package. The one thought I can't emphasize too strongly is that these are the "Sensible Sixties" rather than the Golden Sixties and, as such, there are opportunities for sensible people.

*An address by Mr. Lurie before the Association of Customers Brokers, New York City, March 16, 1960.

Treasury's View Regarding Our Balance of Payments

Continued from page 16

and short-term U. S. Treasury securities which foreign countries hold here. They are here in large part because their owners consider the dollar a "reserve currency," that is to say they have enough faith in the economic and political stability in our country to leave part of their external financial reserve in our currency instead of gold or some other currency. The United States dollar today is the important reserve currency of the world although such international reserves are also kept in pound sterling, in particular, by members of the Sterling Area. The fact that our dollar is a reserve currency creates for us special problems of liquidity and of money market administration and imposes special responsibilities on our monetary authorities. Like a prudent banker, the United States Government must organize its affairs in such a manner as will inspire the confidence of its depositors. Our gold stock is, as I said before, a comfortably large reserve against the potential claims—i.e., foreign dollar holdings—under the present conditions. Clearly, however, as the ratio of our gold to potential liabilities becomes smaller, we must pay increasing attention to this problem. This is one of the important consequences of our changed international position. Clearly, the U. S. cannot afford for many years the balance of payments deficits of anything like the size incurred during 1958 and 1959. A number of published studies on the export picture predict an improvement in the export volume during 1960 some of which, however, may be of a temporary nature. Nevertheless, a strong effort must be made now to work towards a reasonable equilibrium in our international payments. There are a number of ways in which this can be attempted—but not all of them are equally appealing.

Let me underline at this point the very close relationship between this question of an internationally strong dollar and our domestic monetary and fiscal policies, and the important extent to which these policies are under continuous scrutiny by those who keep their monetary reserves in dollars. Our Government is well aware of the need to sustain the value of the dollar through the prudent conduct of our monetary and fiscal policies, and to thus maintain and strengthen our competitive strength internationally as well as our economic strength domestically. To accomplish this objective, it has sought to follow fiscal policies which would avoid inflation and yet meet the very large requirements for public expenditures both at home and abroad. It has followed monetary policies designed to maintain a stable purchasing power for the dollar, and an adequate basis for large and growing savings. These policies were always important. Now that we must watch our balance of payments more closely, they assume added significance. We can no longer ignore the mutual effect which domestic and international economic factors have on each other in relation to our general well-being.

Beyond these basic requirements of domestic policy there are a number of administrative and other measures in the international field which could give relief to our balance of payments situation.

We could cut down severely on our foreign expenditures, either for military or economic aid, or both. This approach, however, would have important military and political consequences and in the case of economic aid reductions might affect our efforts to assist the under-developed countries in their struggle to raise their standards of living. Also on purely financial terms we may in some cases lose more than we would save in foreign exchange. We can and have, of course, reduced our aid to those countries which do not need it any longer. In particular, we are engaged in negotiations with other economically strong countries in an effort to have them share with us an increasing amount of our aid to the under-developed countries. This is a long-range undertaking but one which promises considerable savings in the end. We have also negotiated a charter of the International Development Association through which the other, stronger countries will make available substantial amounts of their currencies for loans to the under-developed areas of the free world.

Another "cure" to our balance of payments problem which we must reject is the effort to cut our imports through increased duties or restrictions. This approach would run counter to the international commercial policy we have increasingly followed and sponsored for nearly three decades. Moreover, even from the point of view of purely national interests, our capacity to sustain the growth of our own standard of living without drawing upon essential resources from abroad is highly questionable. Present United States commercial policy is designed to promote the expansion of sound two-way trade between the free nations through the reduction of barriers which impede the enlargement of such world trade. This we have done by reducing tariffs on a reciprocal basis and by insisting upon the elimination of quantitative restrictions as soon as the need for them has disappeared. Since the war, world commerce has expanded considerably. We believe that the leadership of the United States in pressing for international trade in conformity with our own commercial policy is in no small measure responsible for this.

Importance of GATT

The principal present vehicle for accomplishing general tariff reductions has been the international agreement known as the "General Agreement on Tariffs and Trade" (GATT) to which the United States is a contracting party under the authority of our Trade Agreement Act. Thirty-six other countries are also contracting parties to the GATT by which more than 80% of World Trade is covered.

As a result of this international agreement, we have obtained tariff concessions from other countries on about $7 billion of U. S. exports in return for concessions which we have granted on an equivalent value of imports from abroad. Another general conference of the GATT countries is scheduled for September of this year when we hope particularly to minimize the impact of the Common Market tariff on U. S. exports.

The GATT forum has been a restraining influence in preventing trade contraction resulting from the unnecessary use of quota restrictions. During the last two of three sessions of the Contracting Parties in particular, the consultation provisions of the GATT, in coordination with related provisions of the International Monetary Fund Articles, have enabled U. S. representatives to obtain a very considerable relaxation of balance-of-payments restrictions, especially discriminatory ones, previously imposed on our exports. You see, then, that GATT has not been a one-way street of U. S. concessions but has been mutually profitable.

In our view continuation of the liberal commercial policy exemplified by our trade agreements program is amply justified. To reverse our policy by resorting to restrictions might merely serve to contract world trade without any special benefits to us.

Favors Improving Exports

More realistic and feasible than a cut in foreign aid or restrictions on our imports is the effort now being made to improve our competitive position in foreign markets. A sustained and many-pronged effort to improve our exports may in the long run have considerable success, particularly if the countries of Western Europe which now have large surpluses in their balance of payments recognize the need to encourage imports from the U. S. and other areas.

As you know, the Department of Commerce carries on an extensive program of informational and promotional activity in the foreign trade field. Plans are now under way to improve and expand these facilities for exporters. It is planned that these activities will include a strengthening of the Foreign Commercial Service in order to: provide timely detailed information on trade prospects; find suitable foreign agents for U. S. firms, (that is, **you**); provide overseas facilities for the dissemination of promotional material by American business firms; assist business firms in adapting their promotional activities to local needs; arrange appointments with prospective purchasers; and the like. In addition to these continuing activities, the Department of Commerce plans to expand its work abroad with respect to Trade Information Centers; in providing foreign exhibits of American products known as World Trade Centers; through participation in International Trade Fairs; and through the sending abroad of Trade Missions of American businessmen to meet with local industry and government groups. These expanded activities are likely to prove especially helpful to the smaller and medium-sized firms which do not have adequate foreign trade information, and to other firms which have not fully explored the opportunities which may exist in foreign markets. In this manner our Government is trying to stimulate increased interest and efficiency in foreign sales.

It is interesting to contemplate on what our country could achieve if exports could ever become the matter of national objective which they are in most of the industrialized countries of Europe. Italy exports partly to reduce unemployment, and the United Kingdom to be able to buy food and raw materials. They and other countries are export conscious, they style many of their goods specifically for the foreign markets, provide servicing of their goods abroad, and devote a not inconsiderable part of their national effort to foreign sales. In the United States neither Government nor private enterprise make, on the whole, a comparable effort. They should—and they must if we are to continue our present international political and economic activities.

Reducing Barriers

Aside from a promotion of our exports, our efforts to improve our capacity to compete have so far been directed chiefly at a reduction of tariff barriers and quota restrictions, and to the removal of discriminatory controls on dollar imports which some other countries still maintain. Secretary of the Treasury Anderson, in September of last year in a statement to the Annual Meeting of the International Monetary Fund, indicated the view of the United States that countries which no longer suffer from inconvertibility in their current account balance do no longer have any balance of payments justification for continued discriminatory restrictions under the Articles of that Organization. Since that time many countries have reduced their barriers to our imports, and we are further pursuing our efforts to diminish such discrimination.

Under Secretary of State Dillon, at a meeting of the GATT held in Tokyo last October, outlined the difficulties which we have recently encountered in our balance of payments, and urged the removal of discriminatory restrictions against our imports and just prior to that meeting the IMF had declared that most countries no longer had balance of payments justification for trade discrimination. At the general negotiating sessions for the reduction of tariffs which are to begin in September of this year under the auspices of the GATT, we intend to pursue our goal of expanded opportunities for our exports. New emphasis is being given to these measures as a recognition by us and, I may add, most of our friends abroad, of changed conditions.

Through the activities of the Export-Import Bank, we have for many years been engaged in an effort to promote our foreign trade by financial means. From time to time our efforts in this field have been reviewed. Recently, suggestions have been made that the facilities of the U. S. Government in this field, which up to the present time have been used largely to provide medium and long-term credits and guarantees, should be expanded to cover exports which are normally traded on the basis of short-term credits. A number of other exporting countries have provided such facilities for their exporters, and there is some evidence that our own exporters have on occasion lost business because more favorable credit terms were available from other countries. We are now exploring the need and usefulness of additional facilities for export credit guarantees and financing in the short-term field.

The remaining direction of our present efforts to ease the difficulties in our balance of payments is related to U. S. procurement in connection with our foreign aid program.

Role of Importers

Well, where does all of this leave us and where does it affect the activities which we hope to develop set? Obviously, importers of merchandise will develop foreign sources of supplies. That means they will contribute through their payments to the accumulation of short-term assets in the U. S. by the industrialized nations or will increase the ability of the poorer nations to purchase goods and services in the U. S. Potentially our firms will have other points of contact with the balance of payments. For instance, if they establish their own subsidiaries abroad to supply themselves with component parts, they will contribute to the outflow of U. S. investments in the form of funds, equipment or know-how. They are a very interesting group to those in the government who are following balance of payments developments. In fact, they are one of the segments of our economic international life which we are and shall analyze rather carefully. In any case, whatever their direct effect on the balance of payments, theirs is a problem of costs and efficiency. If they can improve these, they are doing a service to our economy and I wish them, therefore, all possible good luck in their endeavors.

*An address by Mr. Von Klemperer before the American Management Association, New York City.

Latin America: Neither Exploited Nor Ignored

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to expand educational facilities? In terms of development, one of the most pressing needs of the other Americas lies in the field of technological education for a technological age. Their engineering and technical schools now enroll some 50,000 students, and the need is for many times that number. But the long-range educational problem lies even deeper. It is estimated that an additional 400,000 teachers are required merely to assure an elementary education for the present school age population.

Finally, how can excessive inflation be brought under control? This is admittedly not an easy task. It is one of the most difficult problems now confronting many of our sister republics. But ways must be found if continued economic growth is not to be frustrated. Success in this endeavor would lessen the wasteful use of resources, restore confidence in the currency and thus encourage savings, channel investment of domestic capital into productive local enterprise rather than into the sterile haven of real estate, reduce the flow of money to foreign bank accounts and foreign securities, and bolster real wages consistent with a rising standard of living. The first and fundamental step in this direction would be wider realization of the fact that uncontrolled inflation is **not** synonymous with sustained growth, and that sound fiscal and monetary policies are **not** contrary to development.

Only with sound policies will solid and continuing progress be won. For production and still more production is the only way to achieve economic progress. Opportunism—the creation of divisions and hatreds between classes or between nations—demagoguery—disrespect for the rights of minorities, for human dignity, and for the right to dissent—disregard for property rights—all these can lead only to less production and to falling standards of living. . . .

President Eisenhower's trip to South America has amply demonstrated our deep-seated desire in the United States to identify ourselves with the surging aspirations of the Latin American peoples and to help them strengthen democracy and attain higher standards of living. We hold that no nation in this Hemisphere stands alone. The spiritual and material well-being of one country is a matter of continuing and urgent concern to all. I say this with deep conviction. But it is more than a conviction. It is an article of faith. For our American community is built upon a bedrock of friendship and mutual respect. And friendship and solidarity have their roots in the human heart.

On behalf of my country and my people, I want to assure our friends of this: No matter what our commitments in other areas of the world — and they must know that they are many and burdensome and are designed to achieve the same Free World goals to which all of them subscribe—the United States will never forget the needs of its sister republics. Our feeling of friendship and kinship for the citizens of the other Americas is as deep-rooted and enduring as our belief in the freedom and dignity of the human spirit.

*An address by Mr. Dillon before the First Caribbean Assembly, Puerto Rico, March 1, 1960.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The demand for short-term Government obligations is still very sizable in spite of the income tax payments which had to be made on the ides of March. It is evident that the liquidity of corporations is very high and they are not depending upon the banks for funds as had been expected. It had been believed that corporations would be sellers of Treasury issues, but this has not been the case so far, since they have been buyers on balance. This has helped the short-term money market.

The buying of intermediate term Governments continues to be good, with the discount issues in favor with many investors at this time. According to advices, some commercial banks have been moving out of shorts into securities coming due in 1964 and 1965. Savings banks also have been in the market in a modest way.

The new money and refunding operations of the Treasury will be coming along shortly and it is believed that these will be in near- and/or intermediate-term securities. The money market, however, appears to be well prepared for whatever comes along.

Money Market Pressure Eased

The monetary authorities last week relaxed somewhat the pressure on the money market when the Central Banks bought Treasury bills and thus supplied the member banks with the wherewithal so that the loans which were needed for income tax payments were made and had no effect upon the credit situation as it currently exists. There has been considerable discussion in financial circles as to what the Federal Reserve Board would do as far as monetary policies are concerned now that the business pattern has shown some soft spots here and there. Also, the belief that the boom which threatened to upset the economy not so long ago will not materialize in the foreseeable future has tended to have a sobering influence upon the investment policies of institutions, as well as those of individuals.

Is "Active" Restraint Still Desirable?

It is evident that it is still too soon to look for important changes in the monetary program because the economy is operating at a level which is considered to be satisfactory. The opinions that the boom will not materialize does not mean that the powers that be will have to make drastic changes in the policies which have been in operation. However, it is evident that the current policy of "active" restraint, which has been in effect, appears to be a bit on the severe side, to say the least, with business now on a basis where it is almost touch and go as to whether or not there will be more soft spots coming into the picture.

Accordingly, with semblances of uncertainty creeping into the economic structure, it appears as though there should be an alteration here and there in the policy of "active" restraint. It should be evident that any action, when, as and if it might be taken by the monetary authorities, will not be anything like that which was used in 1957, namely "active" ease.

Minor Change in Policy Indicated

The current trend of economic conditions seems to point to a change in monetary policy of the powers that be, even though it probably will be very minor and modest to start with. Some money market specialists are presently of the opinion that the program of "active" restraint should give way to one of say "mild" restraint. A policy of "mild" restraint would most likely mean that the member banks of the system would be provided with needed reserve to meet loan demands without having to sell Government obligations in order to get the funds with which to meet these requirements.

A "mild" restraint program does not mean that the Central Banks would increase reserves to the extent that the commercial banks will have funds with which they could buy short-term Government securities. A swing over from "active" restraint to "mild" restraint should be evident in the not distant future if it is coming. And the key to the picture will be the size of the negative reserves. These have been in the neighborhood of $400 million since December except for the last two weeks when they moved down to just under the $250 million level. A figure of $200 million for negative reserves is considered by some money market followers to be about the level that would be expected with a policy of "mild" restraint in effect. Intermittent swings in the level of negative reserves should be looked for with an over-all average figure for a period of time in the vicinity of $200 million.

The recent decline in the negative reserves of the member banks of the system may be indicating that a policy of "mild" restraint has been started. However, it will take more than a couple of weeks to indicate which way the wind is blowing.

NYSE Appoints Officials

The Board of Governors of the New York Stock Exchange has appointed Paul Kolton as Vice-President and Leonard G. Bedarf as Controller, a new office, Keith Funston, President, has announced.

Mr. Kolton joined the Public Relations staff of the Exchange in 1955. He was appointed Director of Public Information-Press Relations in 1957. He will remain Director of the Department and continue to report to Ruddick C. Lawrence, Vice-President in charge of Public Relations and Market Development.

Mr. Bedarf joined the Exchange as a messenger in 1926. He was named an Internal Accountant in 1936, Assistant Treasurer in 1945 and Treasurer in 1949.

Walfred J. Johnson, Assistant Treasurer, succeeds Mr. Bedarf as Treasurer. He has been with the Exchange since 1929, when he was employed as a messenger, and has been Assistant Treasurer since 1949.

John R. Ross was appointed Assistant Secretary. He joined the Exchange in 1957 and was named Administrative Assistant to the Secretary in 1958.

Mr. Bedarf, in addition to his accounting and auditing functions, will be responsible for such service functions as the Purchasing Department, Mailing Division, Central Records Division, and Systems & Methods.

Zilka Smither Office

LONGVIEW, Wash. — Zilka, Smither & Company, Inc. has opened a branch office at 1459 Broadway under the management of David Jones.

Thomas Jay Winston Co. In Beverly Hills

BEVERLY HILLS, Calif.—Thomas Jay Winston & Co., Inc. has been formed with offices at 9235 Wilshire Boulevard to engage in a securities business. Officers are Milton Toboco, President; Robt. A. Gageby, Vice-President; Harry Snow, Treasurer. Mr. Toboco formerly conducted his own investment business in Beverly Hills. Mr. Snow was resident manager for Alkow & Co., Inc.

Registered Representatives

The following members of Amott, Baker & Co., Incorporated have satisfactorily completed their New York Stock Exchange examination and are now qualified Registered Representatives of the firm: Lawrence F. Miwa, Peter Sobin, Gerard J. Tarpey, and Janet Rhodes Vigezzi.

Mr. Miwa and Mr. Tarpey are associated with the firm's New York City office, 150 Broadway. Mr. Sobin and Mrs. Vigezzi are representatives of the firm's Waterbury, Conn., office.

Hugh W. Long & Co. Appoints Mathews

ST. PETERSBURG, Fla. — Kent Mathews has been appointed Florida representative for Hugh W. Long & Co., Inc., Elizabeth, N. J., with headquarters at 2818 55th Street, North.

Mr. Mathews was formerly associated with Beil & Hough, Inc.

Forms Logan Co.

TUCSON, Ariz. — Chauncey P. Logan is engaging in a securities business from offices at 3410 East First Street under the firm name of Chauncey P. Logan & Co.

Carpenter Director

Ralph E. Carpenter, Jr. has been elected to the board of directors of Lee Rubber & Tire Corporation, according to an announcement by Albert A. Garthwaite, chairman.

Mr. Carpenter is a general partner in the New York Stock Exchange member firm of Reynolds & Co.

Cutler Indianapolis Mgr. For F. I. duPont & Co.

INDIANAPOLIS, Ind. — Richard A. Cutler has been appointed Manager of the Indianapolis office of Francis I. duPont & Co., 106 East Market Street it has been announced by A. Rhett duPont, senior partner.

Mr. Cutler has been in the investment field for seven years in Terre Haute prior to his present appointment with Francis I. duPont & Co.

Form W. A. Morris & Co.

BEVERLY HILLS, Calif.—W. A. Morris & Company has been formed with offices at 435 North Bedford Drive to engage in a securities business. Officers are Wilbur A. Morris, President, and Patricia C. Morris, Secretary and Treasurer. Mr. Morris was formerly with Daniel Reeves & Co.

Form Raymond Moore Co.

LOS ANGELES, Calif.—Raymond Moore & Co. has been formed with offices at 501 South Fairfax Avenue to engage in a securities business. Officers are Raymond C. Moore, President; Charles Mooris, Vice-President; and Wallace W. Moon, Secretary-Treasurer. Mr. Moore and Mr. Mooris were formerly with Samuel B. Franklin & Co.

To Be Partner in Schirmer, Atherton

BOSTON, Mass. — On April 1 Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges, will admit R. Wayne Homans to partnership. Mr. Homans has been associated with the firm as head of the new issue department.

W. E. Hutton Co. To Admit Partner

On April 1, A Hunt Marckwald, Jr. will become a partner in W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange.

Form All State Secs.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—All State Securities Co. has been formed with offices at 417 South Hill St., to engage in a securities business. Officers are Leland C. Stafford, President and Treasurer, and Barbara Jones, Vice-President. Mr. Stafford was formerly with James Stern Investments.

Troy Allen Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Sims Troy Allen is engaging in a securities business from offices at 6306 West Fifth Street, under the firm name of Troy Allen & Co. He was formerly with Lloyd Arnold & Co.

Form Diversified Secs.

(Special to THE FINANCIAL CHRONICLE)

DETROIT LAKES, Minn. — Diversified Securities, Inc. has been formed with offices here to engage in a securities business.

STATE OF TRADE AND INDUSTRY

Continued from page 4

of a year earlier. At the same time, the seasonally adjusted rate of turnover of bank deposits increased and was considerably above a year ago.

Member bank borrowings from the Federal Reserve averaged $745 million and excess reserves $435 million during the four weeks ending March 9. Over the period, required reserves declined in association with a decrease in total deposits of member banks. Banks gained reserves through an increase in float. Reserves were absorbed, meanwhile, by Federal Reserve sales of U. S. Government securities, increases in Treasury deposits at the Reserve Banks, and changes in some other factors.

Security Markets

Yields on corporate and state and local bonds declined slightly further from mid-February to mid-March. Yields on most maturities of Treasury securities rose in mid-February, but then declined sharply to new lows for the year. The yields on three-month Treasury bills, for example, increased to nearly 4.20% in the third week of February and then fell to 3.45% in the second week of March. Common stock prices declined further in this period and on March 15 were nearly one-tenth below the level at the end of 1959.

Bank Clearings Show 4% Gain Above 1959 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle," based on telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 19, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 4.0% above those for the corresponding week last year. Our preliminary totals stand at $28,461,444,812 against $27,378,097,411 for the same week in 1959. Our comparative summary for some of the principal money centers follows:

Week End. Mar. 19—	1960 (000 omitted)	1959 (000 omitted)	%
New York___	$15,335,158	$14,096,285	+ 8.8
Chicago ___	1,395,901	1,306,133	+ 6.9
Philadelphia	1,188,000	1,230,000	— 3.4
Boston ____	826,839	807,309	+ 2.3

Discounts Possibility of Early Steel Price Rise

An across-the-board increase in steel prices is not imminent, "The Iron Age" reports. No general price action is likely until the end of 1960. And then, the national metalworking weekly states, there is no more than a 50-50 chance of an increase averaging from $3 to $4 a ton.

"The Iron Age" points out that the current surge of price talk was touched off by statements on the steel strike effects that were included in company annual reports.

But based on market conditions, which indicate a severe softening in late spring and summer, the steel companies have missed their market for any post-strike price increase.

"The Iron Age" lists these reasons why a steel price increase is not likely in the near future:

Imported steel is still a serious threat.

Other materials and building and fabricating techniques are closing in on steel's price advantage in several markets.

Not all steel producers are convinced prices must go up. This raises the possibility that any company increasing its prices might have to backtrack.

Also, the possibility of steel prices going up in a presidential election year is unlikely, regardless of the party in power.

There are also long-term pressures that have a bearing on price stability. This year alone, steel companies will spend $1.7 billion for new plant and equipment for the principal purpose of defeating higher labor costs.

In addition, steel companies have quietly started a tremendous drive to upgrade and improve their raw material picture in every way possible.

While steelmakers ponder price questions, the market continues to soften. Order volume is off and some cancellations continue to crop up. The March drop-off is running against seasonal trends in that the month usually brings an upturn in production and shipments.

But putting the market in proper perspective, these points should be considered:

First quarter production will be 35 million ingot tons. This is an annual rate of 140 million tons and not even the wildest predictions went that high. An easing was inevitable.

There is still a lot of steel on order. April schedules are full for the most part, on cold-rolled sheet, galvanized, and tinplate. Wide flange beams will also show a good April.

Says Timing Is Only Factor in Steel Price Increase

Higher steel prices are a certainty—only the timing remains in doubt, "Steel," the metalworking weekly, declared.

After three months' experience with the new wage agreement, steelmakers are convinced they must eventually raise prices to compensate for the increased costs.

The pricing move probably will not come until near year end when the next wage increase becomes effective, "Steel" said. On Dec. 1, employment costs will go up 8.4 cents per man-hour. During the first 11 months of the contract, fringe benefit costs go up 14 cents an hour.

The slipping ingot rate is among the problems of more immediate concern to steelmen. While there are no sharp declines in sight for the second quarter, "Steel" expects the ingot rate to average 80 to 85% of capacity.

Last week, steelmakers operated their furnaces at 91.1% of capacity, a drop of two points. Output was about 2,597,000 ingot tons.

Automakers are pushing deliveries back but not canceling orders. Although they have traditionally carried 30 day inventories, they'll try to operate hereafter on 20 day supplies.

Severe weather conditions are hindering oil country drilling and retarding the sale of products used in construction—structurals, reinforcing bars, pipe.

Steelmen are optimistic over construction prospects for 1960 once the bad weather is over. New inquiries and awards are signaling a promising seasonal start on the year's building program.

Building steel requirements this year will exceed 11 million tons, "Steel" said. About 1.2 million net tons of structural steel are scheduled for fabrication in the February through May period. Generally, orders of fabricated structural steel this year are expected to top last year's 3.2 million tons.

Domestic shipments of building steel last year were 8.5 million net tons. They would have been larger (despite the strike) had it not been for heavy imports. Foreign competition is noticeably severe in structurals, reinforcing bars, and wire items.

Competition from prestressed concrete, aluminum, and some other materials is causing concern among steel fabricators.

Scrap prices are under less pressure, "Steel" said. Whether scrap has hit the bottom remains to be seen. Recent heavy purchases by the Japanese served to firm up the market but domestic mill buying continues sluggish.

While the downtrend has been slowed, "Steel's" price composite on No. 1 heavy melting grade dropped another 33 cents a gross ton to $34, lowest since May, 1959.

This Week's Steel Output Based On 89.6% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *159.0% of steel capacity for the week beginning March 21, equivalent to 2,554,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *162.3% and 2,607,000 in the week beginning March 14.

Actual output for last week beginning March 7, 1960 was equal to 91.5% 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 89.6%.

A month ago the operating rate (based on 1947-49 weekly production) was *167.5% and production 2,690,000 tons. A year ago the actual weekly production was placed at 2,631,000 tons, or *163.8%.

*Index of production is based on average weekly production for 1947-49.

Auto Industry Cuts Output in View of Heavy Dealer Inventories

U. S. automobile production for March is pointed at the second-best March output on record despite minor cutbacks now in progress.

Ward's Automotive Reports announced March 18 that based on the industry's weekly production thus far in the month, total car output for March should approximate 667,900 units. This was compared with production of 576,085 cars in the same month last year and the all-time March high of 794,015 in the year 1955.

"While inventory adjustments and strikes could distort the production picture for March, it appears unlikely that auto volume will fall below last month's total of 659,323 cars," the agency said.

In referring to "inventory adjustments," an industry term for balancing production with dealer stocks, Ward's said many assembly plants throughout the nation have experienced short work weeks this month because of prevailing high new car inventory.

Ward's added that most car plants operated on a five-day basis in the week ended March 19, but said some worked only four days and others maintained Saturday schedules. Ward's listed six Chevrolet plants and five Ford Motor Co. facilities as going into overtime in the week under review. It said that heavy snows forced Chevrolet's Kansas City, Kan., plant to lose one day's production and that Ford's Chicago, Ill., Dearborn, Mich., and Louisville, Ky., sites operated only four days because of re-scheduling. Chrysler's Dearborn Imperial plant also worked only four days because of production cutbacks.

Ward's said Studebaker-Packard's South Bend, Ind., car and truck facilities were down all week because of a strike over work assignments. Haulaway truck transportation problems over snow-bound highways forced American Motors to cancel a planned Saturday schedule.

Reviewing U. S. compact car production, Ward's said U. S. output reached a peak of 33,206 units week ended Jan. 30 and has remained near that level through the latest week. Production for the month of January amounted to 173,334 small cars, the highest monthly output to date.

In Canada, Ward's said, the domestic-built compacts represented only 10.9% of car output in January and February and have had to adjust rather stiffly to competition from the imports, many of which enter that country duty-free.

Canadian-built compacts dropped 36% in February — to 2,730 units from 4,314 in January while industry assembly of all cars dipped only 11.7%.

Ward's added that February Canadian compact output was sharply under plan for the month in an adjustment to the sales-inventory situation. Unlike the situation in the U. S. where the compacts have dented the imports, they may have to face up to a realistic pricing ratio between domestic and import makes or bring out smaller, less expensive models.

Carloadings of Freight for Mar. 12 Week 6% Below Same Week In 1959

Loading of revenue freight for the week ended March 12, 1960, totaled 560,230 cars, the Association of American Railroads announced. This was a decrease of 35,950 cars, or 6.0% below the corresponding week in 1959 but an increase of 21,103 cars, or 3.9% above the corresponding week in 1958.

Loadings in the week of March 12 were 2,623 cars or five tenths of one per cent above the preceding week.

There were 10,274 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended March 5, 1960 (which were included in that week's over-all total). This was an increase of 2,502 cars or 32.2% above the corresponding week of 1959 and 5,561 cars or 118.0% above the 1958 week. Cumulative loadings for the first nine weeks of 1960 totaled 90,143 for an increase of 28,629 cars, or 46.5% above the corresponding period of 1959, and 49,540 cars or 122.0% above the corresponding period in 1958. There were 51 Class I U. S. railroad systems originating this type traffic in the current week compared with 46 one year ago and 39 in the corresponding week of 1958.

Intercity Truck Tonnage in Week Ended March 12 Almost Identical With Same 1959 Week

Intercity truck tonnage in the week ended March 12. was virtually unchanged in volume from the corresponding week of 1959 being 0.4% ahead of a year ago, the American trucking Associations, Inc., announced. Truck tonnage was 6.8% ahead of that of the previous week of this year. Sizable tonnage gains were recorded by truck terminals at eastern centers hard hit by snow and ice during the preceding week of February 28 through March 5.

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.

Electric Output 9.4% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 19, was estimated at 14,109,000,000 kwh., according to the Edison Electric Institute. Output was 162,000,000 kwh. below that of the previous week's total of 14,271,000,000 kwh. but showed a gain of 1,209,000,000 kwh., or 9.4% above that of the comparable 1959 week.

Lumber Shipments Were 14.2% Below Corresponding Week in 1959

Lumber shipments of 471 mills reporting to the National Lumber Trade Barometer were 12.2% below production during the week ended March 12, 1960. In the same week new orders of these mills were 13.8% below production. Unfilled orders of reporting mills amounted to 35% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current date, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 6.8% below production; new orders were 8.9% below production.

Compared with the previous week ended March 5, 1960, production of reporting mills was 5.2% above; shipments were 4.1% below; new orders were 4.0% above. Compared with the corresponding week in 1959, production of reporting mills was the same; **shipments were 14.2% below**; and new orders were 19.8% below.

Business Failures Rise in March 17 Week

Commercial and industrial failures climbed moderately to 302 in the week ended March 17 from 290 in the preceding week, reported Dun & Bradstreet, Inc. At the highest level in five weeks, casualties exceeded slightly their year-ago toll of 292 but were considerably below the 357 recorded in the simliar week of 1958. One per cent more businesses succumbed than in the comparable week of pre-war 1939 when the toll was 298.

Failures involving liabilities of $5,000 or more rose to 269 from 260 in the previous week and 256 last year. Meanwhile, small casualties, those with liabilities under $5,000, edged to 33 from 30 but did not reach the 36 of this size occurring a year earlier. Liabilities ranged above $100,000 for 29 of the week's failures as against 35 in the preceding week.

Geographically, the week's increase was concentrated in two regions: the Middle Atlantic States, up to 93 from 80, and the East North Central States, up to 49 from 39. In five regions, tolls did not vary by more than one or two casualties from the level in the previous week. The only noticeable declines were reported in the New England and West North Central States. Six of the nine major regions suffered heavier failures than a year ago, with the sharpest rise from 1959 in the South Atlantic States.

Wholesale Commodity Price Index Rises Somewhat in Latest Week

There was a moderate rise in the general commodity price level this week, reflecting higher prices on wheat, sugar, hogs, lambs, hides, and rubber. These increases offset declines on corn, rye, and steel scrap. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradsteet, Inc., stood at 273.17 (1930-32=100) on March 21, compared with 272.51 a week earlier and 278.18 on the corresponding date a year ago.

Strengthened by increased export business and higher bookings from flour mills, wheat prices moved up appreciably this week; there also was a marked rise in offerings. In contrast, rye prices slipped somewhat, and both trading and supplies were down significantly.

A fractional decline occurred in corn prices, and volume and supplies remained close to a week earlier. Although the lateness of the planting season somewhat stimulated purchases of oats, prices were moderately lower and supplies were limited. Improvement in the oil and meal markets helped soybean prices move up somewhat during the week.

Despite a lag in domestic purchases, flour prices advanced fractionally from the prior week; there were some scattered orders from exporters, but over-all export volume was down appreciably.

Rice trading moved up noticeably from both domestic and export buyers, and prices matched week earlier levels; negotiations were also pending to export size-able shipments of rice to India, Ceylon, Peru, and Mexico.

Trading in sugar expanded noticeably helping prices rise slightly from the preceding week. Purchases of coffee were dull and prices showed little change from a week earlier. Cocoa prices moved up somewhat, reflecting a slight rise in trading.

Although trading in hogs was sluggish, prices finished slightly on the up side; hog receipts in Chicago were close to the prior week. Prices on lambs were close to a week earlier, and buying and receipts were steady. Steer prices were unchanged and trading was steady.

Prices on the New York Cotton Exchange were close to the preceding week. Exports for the week ended last Tuesday came to about 132,000 bales, compared with 110,000 bales a week earlier and 65,000 bales in the comparable week last year. Exports for the season through last Tuesday totaled about 4,158,000 bales, as against 1,778,000 in the corresponding period last year.

Wholesale Food Price Index Up For Fourth Week in a Row

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rose fractionally this week, for the fourth consecutive weekly increase. On March 15 it stood at $5.91, up 1.2% from the week earlier $5.84, but 4.5% below the year ago $6.19.

Commodities quoted higher in wholesale cost this week were wheat, rye, oats, barley, beef, hams, bellies, lard, sugar, cottonseed oil, eggs, potatoes, currants, hogs and lambs. Lower in price were flour, butter, coffee, cocoa and raisins.

The Index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Retail Trade Down Moderately From Last Year

Although consumer buying picked up noticeably from the prior week, continued bad weather and a later Easter this year held over-all retail trade moderately below the strong comparable week a year ago. Marked declines in sales of apparel, appliances and linens offset slight gains in furniture, new passenger cars and floor coverings.

The total dollar volume of retail trade in the week ended this Wednesday was 2 to 6% below a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Pacific Coast +1 to —3; Middle Atlantic and West South Central 0 to —4; New England, East North Central, East South Central and Mountain —1 to —5; West North Central —8 to —12; South Atlantic —11 to —15.

While there was a slight rise from the prior week in interest in Easter apparel, volume was down appreciably from last year; year-to-year decreases in coats, suits and sportswear were a little less noticeable than in millinery, fashion accesories and Spring dresses. A slight decline from last year occurred in men's apparel, with decreases in furnishings and topcoats offsetting fractional gains in suits, sports coats and slacks. Purchases of children's merchandise remained moderately below a year ago.

Increased buying of upholstered chairs and bedroom sets boosted total furniture volume slightly over last year. Despite a fractional increase over a year ago in lamps and lighting fixtures, appliance volume was down appreciably from the similar 1959 week. While interest in floor coverings and draperies was up somewhat from last year, the buying of linens and gifts was down noticeably.

Housewives stepped up their purchases of food from the prior week, and were primarily interested in canned fish, dairy products and other Lenten specialties. The call for fresh meat and poultry slipped somewhat.

There was another marked rise this week in re-orders for women's Easter apparel, especially millinery, suits, and coats. Overall volume was moderately over a year ago. Some wholesalers still reported scattered re-orders for Winter dresses and coats. A slight increase occurred in the buying of men's Spring suits and sportswear and the call for Summer sportswear and beachwear was moderately higher. Wholesale purchases of children's Spring clothing remained appreciably higher than the similar 1959 week.

Despite bad weather conditions in many areas, purchases of gifts at wholesale expanded noticeably this week, and sales matched those of a year ago. Furniture orders at mid-Western markets were up moderately and slightly exceeded similar 1959 levels. There was a slight increase in the buying of air conditioners and orders for laundry equipment and television sets matched those of a week earlier. Another moderate rise occurred in the call for hardware, garden implements, building materials, and paint.

Textile mills reported a considerable increase this week in trading in man-made fibers and industrial fabrics, and volume moderately exceeded that of a year ago. Except for some scattered orders for sheetings and drills, transactions in cotton gray goods were dull. While interest in woolens and worsteds picked up somewhat from a week earlier, sales of carpet wool were unchanged. Incoming orders at mid-Atlantic dyeing and finishing plants were sluggish.

Nationwide Department Store Sales Down 6% for March 12 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended March 12, 1960, decreased 6% below the like period last year. In the preceding week, for March 5, a decrease of 17% was reported. For the four weeks ended March 12 an 8% decrease 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 March 12, increased 1% over the like period last year. In the preceding week ended March 5, sales decreased 23% over the like period last year. For the four weeks ending March 12 a 7% decrease was reported over the 1959 period, and from Jan. 1 to March 12 a 1% increase was recorded.

Cities reporting 10% or more declines included the following: Boston 10%, Philadelphia 12%, Richmond 21%, St. Louis 23%, and Kansas City 18%.

A Sobering Appraisal

"There are already some who are planning to reduce taxes, increase spending and do both in anticipation of a surplus which is by no means certain. The nation should be warned that this would be fiscal irresponsibility.

* * *

Harry F. Byrd

"The President's estimate of a budget surplus in excess of $4 billion on June 30, 1961, cannot be accepted or regarded as an accomplished fact. From experience I know accurate budget estimates 18 months in advance are extremely rare.

"A surplus was also estimated originally for last fiscal year (ended June 30), and the government closed the year with a deficit of $12,500,000,000—the biggest peace-time deficit in history. And during the 18-month period involved the Federal debt limit was raised three times.

* * *

"Revenue totaling $84,000,000,000 in the coming year would be an increase of $15,700,000,000 over collections last year, or an increase of 23% in two years. Such an increase would be difficult without heavy inflation. Inflation of such proportions is certain to increase government costs.—Senator Harry F. Byrd.

We must, of course, reduce outlays if real fiscal relief is to be achieved.

Keller Bros. in New Location

Keller Brothers Securities Co., Inc. have announced the removal of their offices from Zero Court St., Boston to 200 Boylston Street, Chestnut Hill, Mass.

Charles J. Young Opens

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—Charles J. Young is conducting a securities business from offices at 244 Twenty-first Avenue, South.

Two With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Marie Ballentine and Philip Borut have been added to the staff of Hayden, Stone & Co., 5657 Wilshire Boulevard. Mr. Borut was formerly with Hemphill, Noyes & Co. and Daniel Reeves & Co.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Forrest P. Moran has become affiliated with Dempsey-Tegeler & Co., John Hancock Building. He was formerly with Paine, Webber, Jackson & Curtis.

Henry Swift Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Paul R. Ferwerda has been added to the staff of Henry F. Swift & Co., 490 California Street, members of the Pacific Coast Stock Exchange. He was formerly with York & Co. and First California Company.

Rejoins Staats Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert E. Hambly has rejoined the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Hambly has recently been with Walston & Co.

With Glore, Forgan

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—William J. Waldweiler has become affiliated with Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Waldweiler was previously with Eastman Dillon, Union Securities & Co.

With Stern, Frank, Meyer

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Henry S. Chin has become connected with Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with Reynolds & Co.

Edward J. Duffy Partner

On March 10th A. Vincent Lawrence, member of the New York Stock exchange became a partner in Edward J. Duffy & Co., 111 Broadway, New York City members of the New York and American Stock Exchanges.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Harry A. Suhr is now with Goodbody & Co., 1 N. La Salle Street. He was formerly with Hornblower & Weeks.

Straus, Blosser Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Louis A. Holmes has been added to the staff of Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was formerly with Hornblower & Weeks.

Diamond to Admit

On April 1st Richard A. Diamond will become a partner in Diamond & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

Bache Houston Office

HOUSTON, Tex. — Bache & Co. has opened a branch office at 712 Main Street under the management of Lazar Goldberg.

Morgan Davis Branch

KINGSTON, N. Y.—Morgan Davis & Co. has opened a branch office at 15 Albany Avenue under the management of Matthew F. Hasbrouck, Jr.

New Edwards Branch

NAPLES, Fla.—A. G. Edwards & Sons has opened a branch office at 643 Fifth Avenue under the management of Victor C. Theiling.

Merrill Lynch Office

Merrill Lynch, Pierce, Fenner & Smith, Incorporated has opened a branch office in the Time & Life Building, New York City. John H. Moller, Vice-President, is resident officer in charge.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Glenn Paine and Deneen A. Watson have become associated with Dempsey-Tegeler & Co., 239 A Street. Mr. Paine was formerly with Walston & Co., Inc.; Mr. Watson was with Woolrych, Currier & Carlson Incorporated.

Businessman's BOOKSHELF

Aftermath in Steel: An Analysis of the Labor Settlement in the U. S. Quarterly (February 1960)—United States Steel Corporation, 71 Broadway, New York 6, N. Y.

Bi Weekly Market Letter—Stock analysis including special situation, ratings (buy and hold on over 100 stocks), managed portfolio, and suggested action—three issues for $1.00—Gillett Investment Service, Inc., Box 175CC, Riverside, Illinois.

Capital in Transportation, Communications, and Public Utilities: Its Formation and Financing—Melville J. Ulmer — Princeton University Press, Princeton, N. J. (cloth), $12.00.

Chartcraft Method of Point & Figure Trading — A. W. Cohen — Chartcraft, Inc., Larchmont, N. Y. (paper), $2.

Federal Transportation Policy and Program — U. S. Department of Commerce — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 20¢.

Foreign Crops and Markets—U. S. Department of Agriculture, Foreign Agricultural Service, Washington 25, D. C. (paper).

Growth and Changing Composition of Trade Between Canada and the United States — Canadian American Committee — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), $2.

Madagascar: Birth of a New Republic—Press & Information Division, French Embassy, 972 Fifth Ave., New York 21, N. Y. (paper).

Nassau & Suffolk Counties Population Survey 1960—Long Island Lighting Company, 250 Old Country Road, Mineola, N. Y. (paper).

1959 Report of the Scientific Director—Clarence Cook Little—Tobacco Industry Research Committee, 150 East 42nd Street, New York 17, N. Y. (paper).

Schedule of Par Values—29th issue — International Monetary Fund, Washington, D. C. (paper).

Tax Savings Compensation Plans—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill. (paper), 50c per copy (minimum order two copies for $1.)

Travelers Friend—Booklet of useful information for travelers, including a time conversion chart—First National City Bank of New York, Public Relations Department, 55 Wall Street, New York 15, N. Y.

United States Council of the International Chamber of Commerce—Annual report for 1959—U. S. Council, International Chamber of Commerce, 103 Park Avenue, New York 17, N. Y. (paper).

U. S. Information Agency, 13th Report to Congress—U. S. Information Agency, Washington 25, D. C. (paper).

University Research Bureaus & Institutes—A directory—Gale Research Co., Book Tower, Detroit 26, Mich., $20.00.

Uses of Service Charges in Local Government — Prevalence and Value of Nontax Revenue—Gerald J. Boyle — National Industrial Conference Board, 460 Park Ave., New York 22, N. Y. (paper), $10.00.

World of "Mr. Sheraton"—Ernest Henderson—David McKay Company, Inc., New York, N. Y. (cloth)), $4.50.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

(A. R.) Abrams, Inc. (3/28)
Feb. 25 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are being offered by Mr. & Mrs. A. R. Abrams. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—362 Jones Avenue, N. W., Atlanta, Ga. **Underwriter**—E. F. Hutton & Co., Atlanta, Ga., and New York City.

• **Aero Industries, Inc. (4/25-29)**
March 11 filed 250,000 shares of common stock (par 25 cents). **Price** — $3.30 per share. **Proceeds** — For new equipment, expansion of the business, and general corporate purposes. **Office**—Pottstown, Pa. **Underwriter**—Myron A. Lomasney & Co. of New York City.

Agricultural Research Development, Inc.
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **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.

Alabama Power Co. (4/7)
March 4 filed $19,500,000 of first mortgage bonds dated April 1, 1960 and due April 1, 1990. **Proceeds**—For construction, and repayment of short-term bank loans. **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**—To be received at the office of the company's service company, Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time, on April 7, 1960.

• **Alaska Consolidated Oil Co., Inc.**
Sept. 17 filed 3,000,000 shares of common stock (par five cents), subsequently reduced to 1,250,000 shares. **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**—Imminent.

★ **All American Life & Insurance Casualty Co.**
March 11 (letter of notification) 1,062 shares of common stock (par $1). **Price**—Estimated at $9 per share. **Proceeds**—To pay fractional shares pursuant to a 6% stock dividend. **Office**—505 Park Place, Park Ridge, Ill. **Underwriter**—A. C. Allyn & Co., Chicago, Ill.

Allied Bowling Centers, Inc.
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. **Offering**—Expected in March.

★ **All-State Properties, Inc.**
March 17 filed 870,132 shares of capital stock, to be offered for subscription by holders of outstanding shares of such stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce current indebtedness and for future operations. **Office**—Floral Park, L. I., N. Y. **Underwriters**—Bear, Stearns & Co. and Allen & Co., both of New York City.

★ **Alterman-Big Apple, Inc.**
March 18 filed 403,310 shares of common stock, of which 60,000 shares are to be offered for public sale on behalf of the issuing company. Of the remaining 343,310 shares (all outstanding), 168,310 are to be offered by Bankers Securities Corp. and 175,000 by certain other individuals. **Price**—$18 per share. **Proceeds**—To repay indebtedness, for working capital and other corporate purposes. **Office**—933 Lee St., S. W., Atlanta, Ga. **Underwriter** — Van Alstyne, Noel & Co., New York.

• **Ameche-Gino Foods, Inc. (3/28-4/1)**
Feb. 18 (letter of notification) 99,875 shares of common stock, class A (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—Ameche's Drive-In, Loch Raven Boulevard & Taylor Avenue, Towson, Md. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md.

• **American Bowling Enterprises, Inc. (4/11-15)**
Feb. 25 filed 100,000 shares of common stock (par $1), and 100,000 class A purchase warrants, to be offered in units of one warrant with each share. The class A warrants give the right to purchase the stock at $7.50 per share for the first six months, at $8.50 per share from the seventh to the 24th month, and at $9 per share from the 25th to the 30th month. **Price**—$7.50 per unit. **Proceeds**—For the construction of new bowling centers. **Office** — Rochester, N. Y. **Underwriter** — Myron A. Lomasney & Co., 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 Industries Life Insurance Co.
Dec. 18 filed 316,667 shares of class A common and 50,000 shares of class B common, of which 50,000 shares of the class A and all (50,000) of the class B have been subscribed to by Foundation Life Insurance Co., and 16,667 shares of the class A are reserved for issuance

Continued on page 33

NEW ISSUE CALENDAR

March 25 (Friday)

Jones & Frederick, Inc. --- **Common**
(A. J. Frederick & Co., Inc.) $300,000
Kratter Corp. --- **Common**
(Offering to stockholders—underwritten by Hirsch & Co. and Lee Higginson Corp.) 130,000 shares
Kratter Corp. --- **Preferred**
(Offering to stockholders—underwritten by Hirsch & Co. and Lee Higginson Corp) 130,000 shares
La Crosse Cooler Co. --- **Common**
(Shearson, Hammill & Co.) 100,000 shares
Lawn Electronics Co., Inc. --- **Common**
(Prudential Securities Corp.) $105,000
Remco Industries, Inc. --- **Common**
(Paine, Webber, Jackson & Curtis) 100,000 shares
Tenax, Inc. --- **Common**
(Myron A. Lomasney) $600,000

March 28 (Monday)

(A. R.) Abrams, Inc. --- **Common**
(E. F. Hutton & Co.) $300,000
Ameche-Gino Foods, Inc. --- **Common**
(Stein Bros. & Boyce) $299,625
American Molded Fiberglass Co. --- **Common**
(Michael Fieldman) $300,000
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
Bankers Management Corp. --- **Common**
(Daggett Securities, Inc.) $300,000
Britton Electronics Corp. --- **Common**
(First Philadelphia Corp.) $225,000
California-Pacific Utilities Co. --- **Common**
(Eastman Dillon, Union Securities & Co.) 87,307 shares
Commerce Drug Co. --- **Common**
(Marron, Sloss & Co., Inc.) $585,000
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) $495,000
Edgcomb Steel Co. --- **Common**
(Kidder, Peabody & Co. and Schmidt, Roberts & Parke) 150,000 shares
Eldon Industries, Inc. --- **Common**
(Shearson, Hammill & Co. and Stern, Frank, Meyer & Fox) 150,000 shares
Forest Hills Country Club Ltd. --- **Common**
(Jerome Robbins & Co.) $300,000
General Instrument Corp. --- **Common**
(Carl M. Loeb, Rhoades & Co.) 200,000 shares
Head Ski Co., Inc. --- **Common**
(Robert Garrett & Sons) 27,883 shares
Highway Trailer Industries, Inc. --- **Debentures**
(Allen & Co. and Van Alstyne, Noel & Co.) $3,000,000
Hi-Press Air Conditioning Corp. of America --- **Com.**
(Plymouth Securities Corp.) $600,000
Howe Plastics & Chemical Companies, Inc. --- **Com.**
(Hilton Securities, Inc.) $100,000
Inland Container Corp. --- **Common**
(Lazard Freres & Co.) 175,000 shares
Inland Credit Corp. --- **Class A**
(Shearson, Hammill & Co.) 190,000 shares
Megadyne Electronics, Inc. --- **Common**
(Glenn Arthur Co., Inc.) $300,000
Missile Components Corp. --- **Common**
(Mortimer B. Burnside & Co., Inc.) $180,000
Missile Electronics, Inc. --- **Common**
(Pleasant Securities Co. of Newark) $643,500
Nu-Era Corp. --- **Common**
(Mortimer B. Burnside & Co., Inc.) $1,031,250
Phillips Developments, Inc. --- **Common**
(Allen & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.) 400,000 shares
Public Service Co. of New Mexico --- **Common**
(Offering to stockholders—underwritten by Allen & Co.) 97,229 shares
Sunair Electronics, Inc. --- **Common**
(Frank Karasik & Co., Inc.) $600,000
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
Transworld Equipment Corp. --- **Common**
(Michael Fieldman) $279,664
Waters Manufacturing, Inc. --- **Common**
(Stroud & Co., Inc.) $300,000
Yuba Consolidated Industries, Inc. --- **Debentures**
(Blyth & Co., Inc.) $6,000,000

March 29 (Tuesday)

Bank of California --- **Stock**
(Blyth & Co., Inc.) 256,930 shares
Commercial Bank of North America --- **Capital**
(Lee Higginson Corp; Francis I. duPont & Co.; E. F. Hutton & Co. and Allen & Co.) $1,008,552
Louisiana Power & Light Co. --- **Bonds**
(Bids 11:30 a.m. EST) $20,000,000
Mayfair Industries, Inc. --- **Common**
(Emanuel Deetjen & Co.) 300,000 shares
Meyer (Fred), Inc. --- **Common**
(Kidder, Peabody & Co.) 400,000 shares
Niagara Mohawk Power Co. --- **Bonds**
(Bids 11 a.m. EST) $50,000,000
Standard Screw Co. --- **Common**
(Hornblower & Weeks) 210,000 shares

March 30 (Wednesday)

Latrobe Steel Co. --- **Capital**
(Kidder, Peabody & Co.) 116,000 shares
Mid-America Pipeline Co. --- **Common**
(Bear, Stearns & Co. and White, Weld & Co.) 1,435,000 shares
Mid-America Pipeline Co. --- **Debentures**
(Bear, Stearns & Co. and White, Weld & Co.) $20,500,000
Savannah Electric & Power Co. --- **Common**
(First Boston Corp. and Stone & Webster Securities Corp.) 187,950 shares
Systron-Donner Corp. --- **Capital**
(White, Weld & Co.) 442,700 shares
Western Airlines, Inc. --- **Capital**
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith, Inc.) 200,000 shares

March 31 (Thursday)

Aviation Employees Corp. --- **Common**
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000
New York, Chicago & St. Louis RR. **Equipment. Trust Ctfs.**
(Bids noon EST) $6,930,000
St. Regis Paper Co. --- **Common**
(White, Weld & Co. and A. G. Becker & Co.) 306,787 shares
Universal Transistor Products Corp. --- **Common**
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000

April 1 (Friday)

American Life Fund, Inc. --- **Capital**
(The First Boston Corp.) $25,000,000
Caldata, Inc. --- **Common**
(Robert Edelstein Co., Inc.) $187,500
Goddard, Inc. --- **Common**
(Robert L. Ferman & Co., and Godfrey, Hamilton, Magnus & Co., Inc.) $497,250
National Lawn Service Corp. --- **Common**
(Fund Planning Inc.) $300,000
Pacemaker Boat Trailer Co., Inc. --- **Common**
(Jacey Securities Co. and First City Securities, Inc.) $300,000
Precision Transformer Corp. --- **Debentures**
(John R. Boland & Co., Inc.) $700,000
Precision Transformer Corp. --- **Common**
(John R. Boland & Co., Inc.) 150,000 shares
Sutton Leasing Corp. --- **Common**
(T. M. Kirsch Co.) $300,000

April 4 (Monday)

American Telemail Service, Inc. --- **Common**
(Edgar B. Hunt Co.) $1,500,000
Burnell & Co. --- **Common**
(Milton D. Blauner & Co.) $600,000
C. W. S. Waveguide Corp. --- **Common**
(R. F. Dowd & Co., Inc.) $300,000
Captains Club, Inc. --- **Common**
(G. Everett Parks & Co., Inc. and Sulco Securities, Inc.) $1,000,000
Circuit Foil Corp. --- **Common**
(Hayden, Stone & Co.) 106,000 shares
Circuitronics, Inc. --- **Common**
(Lloyd, Miller & Co.) $300,000
Dworman Corp. --- **Common**
(Charles Plohn & Co.) $3,000,000
Figurette, Ltd. --- **Common**
(Myron A. Lomasney & Co.) $600,000
Green Dollar Nurseries, Inc. --- **Common**
(V. K. Osborne & Sons, Inc.) $285,000
Hill's Supermarkets, Inc. --- **Common**
(Kidder, Peabody & Co.) 100,000 shares
Keystone Electronics Co., Inc. --- **Common**
(J. A. Winston & Co., Inc. and Netherlands Securities, Inc.) $600,000
Mobilife Corp. --- **Common**
(Plymouth Bond & Share Corp.) $1,000,000
Renner, Inc. --- **Common**
(Stroud & Co., Inc.) $300,000
Seaboard Plywood & Lumber Corp. --- **Debentures**
(Peter Morgan & Co.) $300,000
Seaboard Plywood & Lumber Corp. --- **Common**
(Peter Morgan & Co.) 30,000 shares
See's Candy Shops, Inc. --- **Common**
(Hemphill, Noyes & Co.) 250,832 shares
Seneca Gas & Oil Corp. --- **Common**
(Edgar B. Hunt Co.) $300,000
Sterilon Corp. --- **Common**
(Shields & Co.) 100,000 shares
Universal-Cyclops Steel Corp. --- **Common**
(A. G. Becker & Co., Inc.) 200,000 shares
Wallson Associates, Inc. --- **Common**
(Russell & Saxe and First Broad Street Corp.) $300,000
Western Utilities Corp. --- **Common**
(Dean Witter & Co.) 125,000 shares

April 5 (Tuesday)

Automation Systems, Inc. --- **Common**
(B. Fennekohl & Co., Inc.) $150,000
Carolina Power & Light Co. --- **Bonds**
(Bids 11 a.m. EST) $25,000,000
Glass Magic Boats, Inc. --- **Debentures**
(R. A. Holman & Co., Inc.) $51,000
Glass Magic Boats, Inc. --- **Common**
(R. A. Holman & Co., Inc.) 68,000 shares
Great Southwest Corp. --- **Common**
(Glore, Forgan & Co.) 514,293 shares
Liberty Loan Corp. --- **Preference**
(Riter & Co.; Edward D. Jones & Co. and Bache & Co.) 120,000 shares
Northern Pacific RR. --- **Equip. Trust Ctfs.**
(Bids to be invited) $6,495,000
Nova Scotia (Province of) Canada --- **Debentures**
(Halsey, Stuart & Co., Inc. and Royal Securities Corp., Ltd.) $10,000,000
San Diego Imperial Corp. --- **Debentures**
(White, Weld & Co. and J. A. Hogle & Co.) $5,000,000
San Diego Imperial Corp. --- **Common**
(White, Weld & Co. and J. A. Hogle & Co.) 728,531 shares
Southwestern Investment Co. --- **Common**
(White, Weld & Co.; Schneider, Bernet & Hickman, Inc. and The First Trust Co. of Lincoln) 75,000 shares
Southwestern Investment Co. --- **Notes**
(White, Weld & Co.; Schneider, Bernet & Hickman, Inc. and The First Trust Co. of Lincoln) $13,000,000

April 6 (Wednesday)

Commonwealth Edison Co. --- **Bonds**
(Bids to be invited) $30,000,000
Melville Shoe Corp. --- **Debentures**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $12,000,000

April 7 (Thursday)

Alabama Power Co. --- **Bonds**
(Bids 11 a.m. EST) $19,500,000

April 8 (Friday)
Haloid Xerox, Inc.------------Common
(The First Boston Corp.—offering to stockholders) 333,213 shares
Southern Nevada Telephone Co.--------Preferred
(Dean Witter & Co.) 100,000 shares

April 11 (Monday)
American Bowling Enterprises, Inc.------Common
(Myron A. Lomasney & Co.) 100,000 shares
American Bowling Enterprises, Inc.------Warrants
(Myron A. Lomasney & Co.) 100,000 warrants
Avis, Inc.------------Common
(W. E. Hutton & Co.) 20,000 shares
Avis, Inc.------------Debentures
(W. E. Hutton & Co.) $5,000,000
Century Properties------------Common
(Daniel Reeves & Co.) 150,000 shares
Chock Full O'Nuts Corp.------------Common
(F. Eberstadt & Co.) 126,000 shares
General Development Corp.------------Debentures
(Goldman, Sachs & Co.) $12,555,600
Harn Corp.------------Common
(Arnold Malkan & Co., Inc. and Street & Co., Inc.) $750,000
NAFI Corp.------------Capital
(Shields & Co.) 200,000 shares
National Fuel Gas Co.------------Debentures
(Bids 11:30 a.m. EST)
Nesbitt (John J.), Inc.------------Common
(Hornblower & Weeks) 120,000 shares
Rap-In-Wax Co.------------Common
(Dean Witter & Co.) 107,290 shares
Spring Street Capital Co.------------Common
(William R. Staats & Co.) 3,000 shares
Teletray Electronic Systems, Inc.------Common
(A. T. Brod & Co.) $450,000
Tool Research & Engineering Corp.------Common
(Shields & Co.) 350,000 shares
Wells Industries Corp.------------Common
(A. T. Brod & Co.) 300,000 shares
Whitmoyer Laboratories, Inc.------------Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000
Whitmoyer Laboratories, Inc.------------Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

April 12 (Tuesday)
Mountain States Telephone & Telegraph Co.------------Debentures
(Bids 11:00 a.m. EST) $40,000,000
Pierce & Stevens Chemical Corp.------------Common
(Doolittle & Co.) 175,000 shares
Standard Motor Products, Inc.------------Capital
(Eastman Dillon, Union Securities & Co.) 296,460 shares
West Penn Electric Co.------------Common
(Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; Lehman Brothers; Goldman, Sachs & Co.) $10,000,000
(Bids 3:45 p.m. EST)

April 13 (Wednesday)
Iowa-Illinois Gas & Electric Co.------------Bonds
(Bids 10:30 a.m. CST) $15,000,000
Southwest Forest Industries, Inc.------Debentures
(White, Weld & Co.) $13,500,000
U. S. Plywood Corp.------------Debentures
(Eastman Dillon, Union Securities & Co.) $25,000,000

April 15 (Friday)
Carolina Pacific Plywood, Inc.------------Capital
(Peter Morgan & Co.) 100,000 shares
Sire Plan of Normandy Isle, Inc.------Debentures
(Sire Plan Portfolios, Inc.) $225,000
Sire Plan of Normandy Isle, Inc.------Preferred
(Sire Plan Portfolios, Inc.) 4,500 shares
Thermal Industries of Florida, Inc.------Common
(Peter Morgan & Co.) $720,000

April 18 (Monday)
Applied Electronics Corp. of N. J.------Class A
(S. D. Fuller & Co.) 200,000 shares
General Aeromation, Inc.------------Common
(Westheimer & Co.) $253,350
I C Inc.------------Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000
Mills Factors Corp.------------Common
(Lee Higginson Corp. and C. E. Unterberg, Towbin Co.) 201,200-270,000 shares
Nuclear Materials & Equipment Corp.------Common
(Moore, Leonard & Lynch) 45,000 shares
Precision Circuits, Inc.------------Common
(Myron A. Lomasney & Co.) 37,500 shares
Precision Circuits, Inc.------------Debentures
(Myron A. Lomasney & Co.) $250,000
Straza Industries------------Capital
(J. A. Hogle & Co.) 230,000 shares
United Components, Inc.------------Common
(Darius, Inc.) 110,000 shares

April 19 (Tuesday)
Microdot Inc.------------Capital
(White, Weld & Co.) 204,000 shares

April 20 (Wednesday)
Middle South Utilities, Inc.------------Common
(Bids to be invited) 650,000 shares
Puget Sound Power & Light Co.------------Bonds
(Bids 12 noon EST) $20,000,000
Transcontinental Gas Pipe Line Corp.------Bonds
(White, Weld & Co. and Stone & Webster Securities Corp.) $35,000,000
Transcontinental Gas Pipe Line Corp.------Common
(White, Weld & Co. and Stone & Webster Securities Corp.) 800,000 shares
Union Financial Corp.------------Common
(White, Weld & Co.; The Ohio Co. and Sanders & Co.) 325,000 shares

April 25 (Monday)
Aero Industries, Inc.------------Common
(Myron A. Lomasney & Co.) $825,000
Capital Airlines, Inc.------------Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares
Metropolitan Broadcasting Corp.------Debentures
(Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co.) $6,000,000
Pacific Panel Co.------------Common
(Frank Karasik & Co., Inc.) $450,000

April 26 (Tuesday)
Metropolitan Edison Co.------------Bonds
(Bids 11 a.m. EST) $15,000,000

April 28 (Thursday)
Cincinnati Gas & Electric Co.------------Bonds
(Bids to be invited) $30,000,000

May 2 (Tuesday)
Dynex, Inc.------------Common
(Myron A. Lomasney & Co.) 54,000 shares

May 3 (Tuesday)
New Jersey Aluminum Extrusion Co, Inc.---Capital
(Laird & Co. Corp.) 110,000 shares

May 5 (Thursday)
Columbia Gas System, Inc.------------Common
(Bids to be invited) 1,400,000 shares

May 9 (Monday)
Pennsylvania Electric Co.------------Bonds
(Bids 12 noon EST) $12,000,000

May 10 (Tuesday)
California Electric Power Co.------------Bonds
(Bids 9 a.m. PST) $12,000,000
Goelet Corp.------------Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000
Goelet Corp.------------Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares
Goelet Corp.------------Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000
Wisconsin Telephone Co.------------Debentures
(Bids to be invited) $20,000,000

May 24 (Tuesday)
Jersey Central Power & Light Co.------------Bonds
(Bids 11:00 a.m. N. Y. time) $7,000,000

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) $5,000,000
Gulf Power Co.------------Bonds
(Bids to be invited) $5,000,000

July 19 (Tuesday)
New Jersey Power & Light Co.------------Bonds
(Bids to be invited) $6,000,000

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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upon the exercise of an option granted an agency director. **Price**—$4.50 per share (for the 250,000 shares to be publicly offered). **Proceeds**—For capital and surplus of the 13-month-old company. **Office**—Title & Trust Bldg., Phoenix, Arizona. **Underwriter**—None.

American 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**—Indefinitely delayed.

★ **American Life Fund, Inc. (4/1)**
Feb. 17 filed 1,250,000 shares of capital stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Investment-Advisor** — Insurance Securities Inc., Oakland, Calif. **Underwriter**—The First Boston Corp., New York.

American Metropolitan Investment Co.
March 4 filed 103,400 shares of class A and 10,340 shares of class B stock. The company proposes to offer said class A and B stock for subscription by holders of outstanding class B stock, at $132 per unit, each unit to consist of one class B and 10 class A shares (reflecting a price of $12 per share). **Proceeds**—Principally for development of certain of its properties. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None.

● **American Molded Fiberglass Co. (3/28-4/1)**
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** — Michael Fieldman, 82 Beaver St., New York, N. Y.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Telemail Service, Inc. (4/4-8)
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City.

★ **Ames Creek Plywood Corp.**
March 14 (letter of notification) 3,000 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—To purchase all of the outstanding stock of Oregon Plywood Corp. **Office**—970 Eighteenth Ave., Sweet Home, Ore. **Underwriter**—None.

● **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, with rights to expire on March 31. **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 Place, New York, N. Y.

● **Applied Electronics Corp. of N. J. (4/18-22)**
March 11 filed 200,000 shares of class A stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—$45,000 is to be used for the purchase of stock of Diversified Industries Corp.; $33,000 for repayment of indebtedness owing to management officials; $150,000 for the establishment of laboratory and sales facilities in Dallas and sales and service facilities in Los Angeles; $200,000 for research and development; and the balance for working capital. **Office**—22 Center St., Metuchen, N. J. **Underwriter**—S. D. Fuller & Co., New York.

Automation Systems, Inc. (4/5)
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150-34 12th Avenue, Whitestone 57, N. Y. **Underwriter**—B. Fennekohl & Co., Inc., New York, N. Y.

Aviation Employees Corp. (3/31)
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.

Avis, Inc. (4/11-15)
March 1 filed $5,000,000 of subordinated convertible debentures, due 1970, and 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—The company anticipates that a portion will be used for advances to or investments in one or more of its subsidiaries for their general business purposes. In addition the company may also apply a portion of the proceeds to the acquisition of additional businesses and to the prepayment of part of its outstanding long-term debt and to the temporary reduction of outstanding borrowings under a 6% revolving credit loan. **Office**—18 Irvington Street, Boston, Mass. **Underwriter**—W. E. Hutton & Co., New York.

● **Baltimore Paint & Chemical Corp. (3/28-4/1)**
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 (par $20) 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. (3/28-4/8)**
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, New Jersey.

★ **Beacon Life Insurance Co.**
March 21 filed 240,000 shares of common stock. **Price**—$5 per share. **Proceeds**—To be used by the company in the conduct of its insurance business. **Office**—601 Garrett Building, Baltimore, Md. **Underwriter**—G. J. Mitchell Jr., Co., of Washington, D. C.

Beltone Recording Corp.
Feb. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—4 W. 31st Street, New York 1, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

★ **Big Laurel, Inc.**
March 22 filed 400,000 shares of 7% cumulative preferred stock (par $2.80) and 400,000 shares of common stock (par 10 cents), to be offered in units of one share of preferred and one share of common. **Price**—$3 per unit. **Proceeds**—To develop a resort community and for working capital. **Office**—Bryson City, N. C. **Underwriters**—Pearson, Murphy & Co., Inc., New York City, and Mackay & Co., Reading Pa.

★ **Borg-Warner Corp.**
March 16 (letter of notification) 7,500 shares of common stock (par $5) to be offered to the corporation's dealers upon purchase of its appliances. **Price**—Estimated at $48.50 per share. **Office** — Chicago, Ill. **Underwriter**—None.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five

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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.

● **Britton Electronics Corp. (3/28-4/1)**
Jan. 19 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—19 Warren Place, Mt. Vernon, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y., and United Planning Corp., 1180 Raymond Blvd., Newark, N. J.

★ **Brunswick-Balke-Collender Co.**
March 18 filed 92,139 shares of common stock, to be issued in the acquisition of substantially all the properties of Union Hardware Co. The proposed sale of assets (to be followed by dissolution of Union) must be approved by holders of at least 75% of the oustanding common and preferred stock of Union. Upon dissolution, the stock would be distributed to Union's common and preferred stockholders. **Office**—623 South St., Wabash Ave., Chicago, Ill.

★ **Buckeye Corp.**
March 16 filed 296,236 shares of common stock. It is proposed to offer this stock in exchange for the 888,708 shares of capital stock of King Bros. Productions, Inc., of Hollywood, at the rate of one share of Buckeye stock for each three shares of King Productions stock. The registration statement also includes 6,582 shares of 5% convertible preferred stock, series A, $10 par, and 70,638 shares of common stock of Buckeye which have been or are to be issued in connection with the acquisition of certain businesses and in connection with the refunding of certain claims against and obligations of Buckeye; 6,709 common shares reserved for issuance upon conversion of 6,582 shares of series A preferred; 50,000 common shares which may be offered from time to time pursuant to the company's Employee Stock Option Plan; 150,000 commmon shares owned by Landrock Realty Corp. which may wish to dispose of such shares at some future time or times; and 2,000,000 unissued shares of Buckeye common which may be issued from time to time in the acquisition of additional businesses or properties or in connection with the refunding of obligations, or offered for cash sale.

Burnell & Co. (4/4-8)
Feb. 15 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To repay bank loan; for manufacture of magnetic amplifiers; for establishment of a new crystal filter division; for the purchase of new automatic winding and testing and production equipment; and for working capital. **Office**—10 Pelham Parkway, Pelham Manor, N. Y. **Underwriter** — Milton D. Blauner & Co., New York.

● **C. W. S. Waveguide Corp. (4/4-8)**
March 9 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—301 W. Hoffman Ave., Lindenhurst, N. Y. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

● **Caldata, Inc. (4/1)**
Feb. 15 (letter of notification) 75,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—To repay bank loans, for research and development, reserve, and for working capital. **Office**—11431 Joanne Place, Los Angeles, Calif. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y.

California-Pacific Utilities Co. (3/28-4/1)
March 7 filed 87,307 shares of common stock. Of the shares to be sold, 40,000 will be offered for the account of the company, and the remaining 47,307 are presently outstanding shares and will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To finance a portion of the company's construction program. **Office**—405 Montgomery Street, San Francisco, Calif. **Underwriter**—Eastman Dillon, Union Securities Co., New York City.

● **Capital Airlines, Inc. (4/25-5/6)**
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held, with rights to expire 14 days after offering date. **Proceeds** — To broaden equity base. **Office** — Washington National Airport, Washington 1, D. C. **Underwriters** — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

Captains Club, Inc. (4/4-8)
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.

● **Carolina Pacific Plywood, Inc., Medford, Ore. (4/15)**
Feb. 29 filed 100,000 shares of capital stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To increase the company's working capital and to aid in financing log inventories at peak periods. **Underwriter**—Peter Morgan & Co., New York.

Carolina Power & Light Co. (4/5)
March 4 filed $25,000,000 of first mortgage bonds, series due 1990. **Proceeds**—To be used to (1) repay temporary bank loans of $18,500,000 used in connection with the company's construction program and (2) for the construction of additional facilities. **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 The First Boston Corp. (jointly); Kuhn, Loeb & Co. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co., Inc. **Bids**—Expected to be received on April 5 at 11:00 a.m. **Information Meeting**—Scheduled for April 1 at 11:00 a.m.

Carolina Telephone & Telegraph Co.
Feb. 19 filed 176,319 shares of common capital stock, to be offered for subscription by stockholders of record March 15, 1960, in the ratio of one new share for each 10 shares then held; rights expire April 7. The company is also seeking registration of an additional 20,000 shares of its common capital stock to be offered under an Employee Stock Plan. **Price**—$20 per share for rights offering. **Proceeds**—To reduce short-term bank notes. **Underwriter**—None.

Central Cooperatives, Inc.
Feb. 17 filed $1,500,000 of 15-year 5½% series A debenture bonds, $500,000 of 10-year 5% series A debenture bonds, and 10,000 shares of 4% cumulative preferred stock. **Price**—For debenture bonds, 100% of principal amount; $25 per preferred share. **Proceeds**—To be added to the cooperatives general fund and the major portion thereof will be applied to the construction of a new warehouse and central office building; and a portion of the proceeds will be applied to retirement of maturing promissory notes and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

● **Century Properties (4/11-15)**
Jan. 25 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. **Office**—1738 S. La Cienga Boulevard, Los Angeles, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus.

● **Charlotte Motor Speedway, Inc.**
Jan. 21 filed 394,000 shares of common stock (par $1), to be offered to common stockholders of record Jan. 1 at the rate of 2 new shares for each 3 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. **Offering**—Imminent.

★ **Chemical Packaging Co., Inc.**
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For general corporate purposes. **Office** — 755 Utica Avenue, Brooklyn, N. Y. **Underwriters**—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

● **Chock Full O'Nuts Corp. (4/11-15)**
March 15 filed 126,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To Columbia University, the selling stockholder, who was the recipient of this block as a gift from William Black, founder and president of Chock Full O'Nuts. **Underwriter** — F. Eberstadt & Co., New York.

★ **Cincinnati Gas & Electric Co. (4/28)**
March 22 filed $30,000,000 of first mortgage bonds due 1990. **Proceeds**—To be used to finance a portion of the company's construction program, to repay $4,000,000 of bank notes, and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on April 28.

Circuit Foil Corp. (4/4)
March 1 filed 106,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 6,000 are outstanding and will be sold for the account of the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For purchase, construction and installation of new machines: for the initial financing of a new copper foil plant; and for working capital. **Office**—East Park Street, Bordentown, N. J. **Underwriter**—Hayden, Stone & Co., New York.

● **Circuitronics, Inc. (4/4-8)**
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—121 Varick Street, New York, N. Y. **Underwriter**—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C. **Note**—This statement has been rewritten and resubmitted in accordance with an SEC request.

● **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. **Note**—This statement is being amended.

● **Commerce Drug Co. (3/28-4/1)**
Nov. 30 filed 90,000 shares of common stock (par 50c). **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. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commonwealth Edison Co. (4/6)
March 10 filed $30,000,000 of series U first mortgage bonds, dated March 1, 1960 and due March 1, 1990. **Proceeds** — To be added to working capital for ultimate application toward the cost of gross additions to the electric utility properties of the company and its subsidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—To be delivered at Room 1820, 72 West Adams St., Chicago 90, Ill., at or before 9:30 a.m. Chicago Time, on April 6, 1960, subject to the right of the company to postpone the time of submission of bids for a period not exceeding 30 days in the aggregate.

● **Computer Usage Co., Inc. (3/28-4/1)**
Dec. 29 (letter of notification) 41,000 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 Oil & Gas, Inc., Denver, Colo.
Feb. 24 filed 140,748 shares of common stock and warrants for the purchase of 422,234 shares of common stock. The company proposes to offer its common stockholders of record March 25, 1960, the right to subscribe for one common share and warrants for the purchase of three common shares for each 10 common shares then held. The registration statement also included an additional 205,277 of outstanding shares which may be offered for sale by the present holders thereof, and 100,000 shares to be offered by the company for certain properties. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For reduction of current indebtedness; for drilling and completion, if warranted, of development wells; to rework, deepen and complete, if warranted, exploratory wells, and the balance of general corporate purposes. **Underwriter**—None.

Consolidated Realty Investment Corp.
March 11 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—Of the proceeds, $1,226,500 will be used for the acquisition of properties, $300,000 as a reserve for development expense, and the balance for working capital and other corporate purposes. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp.

Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office** — 715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, Mass.

● **Control Electronics Co., Inc. (3/28-4/1)**
Dec. 23 filed 165,000 shares of common stock (par $3), subsequently reduced to 150,000 shares (par 10 cents). **Price**—$3 per share. **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.

Cosrat Record Distributing Corp.
Feb. 29 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—315 W. 47th Street, New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected sometime in April.

(Robert K.) Cutter Co.
March 14 filed 89,910 shares of class A and 3,280 shares of class B common stock. According to the prospectus, Cutter Laboratories, a California company, in May 1960 will be merged with and into Robert K. Cutter Co., a Delaware company, and the name of which will be changed to Cutter Laboratories, Inc. Under the merger agreement, the latter will assume the Cutter Laboratories Stock Purchase Plan and Selected Employees' Stock Option Plan, which will then relate to shares of the class A and class B common stocks of Cutter Laboratories, Inc., now sought to be registered. **Office**—Fourth and Parker Sts., Berkeley, Calif.

★ **Dayton Power & Light Co.**
March 21 filed 50,000 shares of its common stock, to be offered pursuant to the company's Employees' Stock Plan. **Office**—25 North Main Street, Dayton, Ohio.

★ **Deltown Foods, Inc.**
March 22 filed 115,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Yonkers, N. Y. **Underwriter**—A. G. Becker & Co., 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 **Underwriter**—An agreement is expected to be signed soon with 20 New York underwriters.

★ **District Wholesale Drug Corp. of Washington**
March 14 (letter of notification) 50,000 shares of class A common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—52 "O" St., N. W., Washington 1, D. C. **Underwriter**—None.

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.

★ **Durham Life Insurance Co.**
March 15 (letter of notification) 3,500 shares of common stock (par $10) to be offered to its eligible employees pursuant to "1960 Employees Stock Plan." **Price**— $50 per share. **Proceeds**—For capital funds and capital surplus funds of the company. **Office**—Raleigh, N. C. **Underwriter**—None.

Dworman Corp. (4/4-8)
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.

● **Dynex, Inc. (5/2-6)**
March 15 filed 54,000 common shares (25 cents par) and warrants for an additional 5,000 shares of this stock. The company proposes to make a public offering of 30,000 shares. Of the additional 24,000 shares, 20,000 are being issued in escrow for the account of, and may be resold by, the holders of capital stock and certain creditors of Matronics, Inc., after July 22, 1960 at the then prevailing market price; and 4,000 shares for the account of the holders of the common stock and a creditor of Optics Manufacturing Corp. The 5,000 warrants are being issued to stockholders and certain creditors of Matronics, Inc. **Price**—To be supplied by amendment. **Proceeds**—To finance the activities of the two newly-acquired concerns, to finance the starting of inventories and advertising incident to new products, to purchase additional equipment and inventory for the manufacture and production of contracts for other concerns, and to expand the scope of the company's business. **Office**—123 Eileen Way, Syosset, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

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.

Edgcomb Steel Co. (3/28-4/1)
Feb. 18 filed 150,000 outstanding shares of common stock ($5 par). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—D St. below Erie Ave., Philadelphia, Pa. **Underwriters** — Kidder, Peabody & Co. of New York and Philadelphia; and Schmidt, Robert & Parke, of Philadelphia.

Eldon Industries, Inc. (3/28-4/1)
Feb. 15 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay $250,000 of borrowings used to purchase additional tooling for manufacture of new products; $200,000 to repay borrowings obtained to fund the purchase of Astral Electric Co., Ltd.; $200,000 to defray the cost of leasehold improvements and in moving expenses in connection with the occupancy of its new plant at Hawthorne, Calif.; $150,000 for purchase of additional injection molding equipment; and the remaining proceeds to be applied against outstanding bank loans or added to working capital. **Office**—1010 East 62nd Street, Los Angeles, Calif. **Underwriters**—Shearson, Hammill & Co., Los Angeles and New York; and Stern, Frank, Meyer & Fox, Los Angeles.

★ **Electronic Assistance Corp.**
March 17 filed 152,698 shares of common stock (of which 72,500 shares are to be offered for public sale for the account of the company and the remaining shares, now outstanding, by Robert Edwards, company president. **Price** — To be supplied by amendment. **Proceeds** — $20,000 will be used to further equip its engineering department and office, $60,000 for research and development, and $20,000 for advertising and promotion. The balance of the proceeds of approximately $594,750 will be added to working capital. **Office**—20 Bridge Ave., Red Bank, N. J. **Underwriter**—Amos Treat & 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 (par $5) being offered for subscription by its stockholders of record March 16 at the rate of one new share for each six shares held, with rights to expire 3:00 p.m. (CST) April 5. **Price**—$45 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

● **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. **Offering**—Imminent.

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.

● **Figurette, Ltd. (4/4-8)**
March 3 filed 100,000 shares of class A common stock, (par 50 cents). **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

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 Midwest Small Business Investment Co.
March 7 filed 110,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—512 Nicollet Avenue, Minneapolis, Minn. **Underwriter**—None.

Flick-Reedy Corp.
March 14 filed $691,800 of registered subordinated debentures, 6%, due February, 1972, and 69,180 shares of common stock. The company proposes to offer these securities in units, each consisting of a $100 debenture and 10 common shares. **Price**—$115 per unit. **Proceeds**—For reduction of accounts payable and corporate indebtedness. **Office**—Bensenville, Ill. **Underwriter**—None.

Forest Hills Country Club Ltd. (3/28-4/1)
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.

General Aeromation, Inc. (4/18)
March 3 (letter of notification) 84,450 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For construction of additional vehicles, a demonstration and automation test center and working capital. **Office** — 6011 Montgomery Road, Cincinnati, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

★ **General Atronics Corp.**
March 18 filed 155,660 shares of common stock. **Price**—3.50 per share. **Proceeds**—$60,000 for additional laboratory and production equipment, $80,000 for additional developmental engineering and sales promotion of materials handling equipment, $80,000 for investment in Atronic Learnings Systems, Inc., $93,000 for repayment of bank loans, and $157,859 for working capital. **Office** — Bala-Cynwyd, Pa. **Underwriter** — Harrison & Co., Philadelphia, Pa.

● **General Development Corp. (4/11-15)**
March 2 filed $12,555,600 of convertible subordinated debentures, due May 1, 1975, to be offered for subscription by holders of the outstanding common in the ratio of $100 principal amount of debentures for each 50 shares of common held with rights to expire 16 days from date of offering. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—Goldman, Sachs & Co., New York City, will head a group which will purchase any unsubscribed debentures.

General Instrument Corp. (3/28-4/1)
Feb. 26 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank borrowings and for working capital. **Office**—65 Gouverneur St., Newark, N. J. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

● **Glass Magic Boats, Inc. (4/5)**
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. **Note**—The name has been changed from Glass Magic, Inc.

Goddard, Inc. (4/1)
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.

Goelet Corp. (5/10)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp. **Offering**—Indefinitely delayed.

● **Great Southwest Corp. (4/5)**
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1). Via a prospectus dated March 16, the entire offering has been reduced to 514,293 shares of common stock, of which 457,150 shares will be publicly offered and 57,143 shares will be exchanged for the issuer's 6% debentures. **Price** — To be supplied by amendment. **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.

★ **Greater Washington Industrial Investments, Inc.**
March 21 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—To be added to other general funds of the company, and will be used to finance the company's principal small business investment company activities of providing equity capital, long-term funds, and management services to scientific and industrial small business concerns in the greater Washington area. Office—1625 Eye Street, N. W. Washington, D. C. **Underwriters**—Johnston Lemon & Co. and Auchincloss, Parker & Redpath, both of Washington, D. C.

● **Green Dollar Nurseries, Inc. (4/4-8)**
Feb. 17 (letter of notification) 300,000 shares of common stock (par 50 cents), subsequently reduced to 285,000 shares (par $1). **Price** — $1 per share. **Proceeds** — For equipment and furnishings, leasehold of improvements, inventory and general working capital. **Office**—11801 Harbor Boulevard, Garden Grove, Calif. **Underwriter**—V. K. Osborne & Sons, Inc., Beverly Hills, Calif.

● **Gulf States Life Insurance Co.**
Feb. 26 filed 1,000,000 shares of common stock, to be offered for subscription by common stockholders of record April 1, 1960, at the rate of two shares for each share then held with rights to expire on April 11. **Price**—To be supplied by amendment. **Proceeds**—To repay debt of $450,000 owed to Foundation Investment Corp. and additional working capital. **Office**—First Avenue and 18th Street, Birmingham, Ala. **Underwriters** — Southern Underwriters, Inc., also of Birmingham.

● **Haloid Xerox, Inc. (4/8)**
March 11 filed 333,213 shares of common stock (par $1.25), to be offered for subscription by the company to its common stockholders at the rate of one new share for each 10 shares held; rights to expire on April 25. **Price**—To be supplied by amendment. **Proceeds** — To retire some $4,000,000 of bank note indebtedness incurred to replenish working capital which has been reduced primarily by expenditures for tooling and development engineering in connection with the Xerox 914 Office Copier, and for inventories of equipment for leasing. The balance of the proceeds will be added to the company's general funds and will be used primarily for increased inventories of xerographic equipment for leasing, principally for the new copier. **Office** — 6 Haloid St., Rochester, N. Y. **Underwriter** — The First Boston Corp., New York.

★ **Haloid Xerox, Inc.**
March 18 filed 132,962 shares of $1.25 par common stock. Under a January 1956 agreement with The Battelle De-

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velopment Corp., Columbus, Ohio. Haloid Zerox on April 1, 1960 will issue 15,306 shares of Battelle Development and is obligated to issue during the period April 1, 1966 up to an additional 117,656 shares. Upon receipt of the shares, Battelle Development will transfer 40% thereof to Chester F. Carlson, of Rochester, N. Y., who has indicated he might then transfer some or all the shares to others. **Office** — 6 Haloid St., Rochester, N. Y.

★ Hamilton Management Corp.
March 21 filed 320,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—777 Grant Street, Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York.

● Harn Corp., Cleveland, Ohio (4/11-15)
Feb. 23 filed 187,500 shares of common stock. **Price**—$4 per share. **Proceeds**—To pay bank debts and for working capital. **Underwriter**—Arnold Malkan & Co., Inc., and Street & Company, Inc., both of New York City.

● Head Ski Co., Inc. (3/28-4/1)
Feb. 24 (letter of notification) 27,883 shares of common stock (par $1.50), of which 9,883 shares are to be offered by stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — 15 W. Aylesbury Road, Timonium, Baltimore County, Md. **Underwriter**—Robert Garrett & Sons, Baltimore, Md.

● Highway Trailer Industries, Inc. (3/28-4/1)
Jan. 29 filed $3,000,000 convertible subordinated debentures, due August, 1975. **Price**—At par. **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.

Hill's Supermarkets, Inc. (4/4-8)
Feb. 25 filed 100,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—$700,000 to purchase fixtures, equipment and inventory for new supermarkets, and the balance will be available for further expansion and working capital. **Office**—55 Motor Avenue, Farmingdale, Long Island, New York. **Underwriter**—Kidder, Peabody & Co., New York City.

● Hi-Press Air Conditioning Corp. of America (3/28)
Dec. 29 filed 200,000 shares of common stock (par 10 cents). **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. (3/28-4/1)
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.

★ Hydra-Power Corp.
March 21 filed $600,000 of 6½% subordinated debentures, due 1970, (with warrants to purchase 150,000 common shares for each $1,000 debenture. **Price**—100% of principal amount. **Proceeds**—$175,000 will be applied to the purchase of capital equipment, raw material and to finance work-in-process and finished products for Power-tronics Systems, Inc., a subsidiary engaged in research and development of a new line of products such as voltage regulators and regulated power companies; $225,000 to be used for similar purposes with respect to the operations of Electro-Powerpacs, Inc., a subsidiary engaged in the design and production of photographic and emergency lighting equipment; $100,000 for reduction of a portion of a $200,000 bank loan; and the balance for general corporate purposes. **Office**—10 Pine Court, New Rochelle, N. Y. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York.

● I C Inc. (4/18-22)
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

Inland Container Corp. (3/28-4/4)
March 2 filed 175,000 shares of class A common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—$2,500,000 to pay a note, and the balance for general corporate purposes. **Office**—Indianapolis, Ind. **Underwriter**—Lazard Freres & Co., New York.

Inland Credit Corp. (3/28-4/1)
Feb. 12 filed 190,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of outstanding accounts of Ardisco (affiliate); and the balance for additional working capital. **Office**—11 West 42nd Street, New York 36, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

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**—Avenida Condado 609, Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Santurce, Puerto Rico.

Insured Mortgages of America, Inc.
March 14 filed $1,000,000 of 5½% collateral trust bonds. **Price**—At 100% of principal amount. **Proceeds**—To repay temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. **Office**—575 Colman Bldg., Seattle, Wash. **Underwriter**—None.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1215 Denver U. S. National Center, 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.

● Interstate Securities Co. (3/28-4/1)
Feb. 23 filed 165,000 shares of cumulative preference stock, convertible ($20 par), to be offered for subscription by common stockholders on the basis of one new share of preference stock for each four shares held, with rights to expire 15 days from date of offering. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term notes. **Office**—3430 Broadway, Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York; and Stern Brothers & Co., Kansas City, Mo.

Investors Funding Corp. of New York
Feb. 12 filed six series of 10% subordinated debentures aggregating $1,800,000 in principal amount, with attached warrants for the purchase of an aggregate of 31,500 shares of common stock at $10 per share. **Price**—Debentures (with warrants) at 100% of principal amount. **Proceeds**—To be added to the company's general funds and working capital and will be used primarily for the purchase or improvement of parcels of real estate. **Underwriter**—None.

● Iowa-Illinois Gas & Electric Co. (4/13)
March 14 filed $15,000,000 of first mortgage bonds, series due April 15, 1990. **Proceeds**—To retire $3,000,000 of bank loans incurred to finance construction costs and for additional construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Blyth & Co., Inc. **Bids**—Expected to be received on April 13 up to 10:30 a.m. (CST) at First National Bank of Chicago, 33 South Clark Street, Chicago, Ill.

★ Johnson Electronics, Inc.
March 11 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For research, development, building and working capital. **Address** — P. O. Box 1675, Casselberry, Fla. **Underwriter**—Security Associates, Inc.

● Jones & Frederick, Inc. (3/25-28)
Feb. 23 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For a down payment on property, advertising, furniture and working capital. **Office**—401 Miracle Mile, Coral Gables, Fla. **Underwriter**—A. J. Frederick & Co., Inc., New York, N. Y. **Note**—Underwriter is unrelated to issuer.

★ Kahr Bearing Corp.
March 10 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—812 S. Flower St., Burbank, Calif. **Underwriter**—Morris Cohon & Co., New York, N. Y.

Keystone Electronics Co., Inc. (4/4-8)
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

● Kratter Corp. (3/25-31)
Feb. 15 filed 1,300,000 shares of $1.20 cumulative convertible preferred stock (par $1) to be offered for subscription at $20 per share by holders of outstanding class A and class B common at the rate of one share of preferred for each three common shares held, with rights to expire 15 days from date of offering. Shares not purchased by stockholders may be offered for public sale or in exchange for properties. The registration statement also includes 130,000 preferred shares and 130,000 class A common shares which may be acquired by the company in stabilizing transactions during the offering of the preferred, and an indeterminate number of rights which may be so acquired, which securities would thereafter be resold by the company from time to time on the American Stock Exchange. **Proceeds**—$8,000,000 to acquire the Americana Hotel, Bal Harbour, Fla., and in the amount of $3,000,000 for repayment of unsecured bank loans. The company also intends to use $2,587,500 for the exercise of a right of a subsidiary to acquire the interests of certain ventures in and to leases and mortgage pertaining to the Kratter Building, and 112-122 W. 34th Street, in New York; $2,500,000 for the development of its Ebbets Field housing project in Brooklyn; and $800,000 for the prepayment of certain mortgages. Any excess will be added to the general funds of the company to be used from time to time for general corporate purposes. **Office**—521 Fifth Avenue, New York City. **Underwriters** — Hirsch & Co. and Lee Higginson Corp.

★ Laboratory For Electronics, Inc.
March 18 filed 75,000 shares of common stock. These shares are issued or issuable on conversion or redemption of the outstanding 5½% convertible subordinated debentures due 1973, which are to be called for redemption in May 1960. An underwriter group headed by Paine, Webber, Jackson & Curtis has agreed to purchase from the company at $20 per share any shares reserved for issue on conversion of debentures not converted on or before the redemption date. **Office**—1079 Commonwealth Ave., Boston, Mass.

La Crosse Cooler Co. (3/25)
Feb. 9 filed 100,000 outstanding shares of common stock (par $2). **Proceeds** — To selling stockholder. **Price**—To be supplied by amendment. **Office**—2809 Losey Blvd., South La Crosse, Wis. **Underwriter**—Shearson, Hammill & Co., New York.

● Latrobe Steel Co. (3/30)
Feb. 12 filed 116,000 shares of capital stock (par $2.50) of which 60,000 shares will be offered for public sale by company and 56,000 shares are outstanding and will be sold by officers of the company. **Price**—To be supplied by amendment. **Proceeds**—For new equipment and facilities and to enlarge the company's warehouse. **Underwriter**—Kidder, Peabody & Co., New York.

● Lawn Electronics Co., Inc. (3/25)
Nov. 25 (letter of notification) 70,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office** — Woodward Road, Englishtown, N. J. **Underwriter**—Prudential Securities Corp., Staten Island, N. Y.

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.

Liberty Loan Corp. (4/5)
March 4 filed 120,000 shares of 5¾% convertible preference stock, 1960 series. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—634 N. Grand Ave., St. Louis, Mo. **Underwriters**—Riter & Co., New York; Edward D. Jones & Co., St. Louis, Mo.; and Bache & Co., New York.

Litho-Web, Inc.
March 7 (letter of notification) 130,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Address**—P. O. Box 168, Leaksville, N. C. **Underwriter**—Smith, Clanton & Co., Greensboro, N. C.

Louisiana Power & Light Co. (3/29)
Feb. 11 filed $20,000,000 of 1st mortgage bonds, due April 1, 1990. **Proceeds**—For construction and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 11:30 a.m. (New York Time), on March 29, at the offices of Middle South Utilities, Inc., Two Broadway, New York 4, N. Y.

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.

Magnasyc Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

● Magnuson Properties, Inc.
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—For preferred, at par; and for class A, $10.10 per share. **Proceeds**—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York. **Note**—This statement has been withdrawn.

★ Master Fund, Inc.
March 21 filed 58,025 additional shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Office**—Sacramento, Calif.

• Mayfair Industries, Inc. (3/29)
Feb. 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — Lafayette, La. **Underwriter** — Emanuel, Deetjen & Co. (managing), New York City.

(Desota B.) McCabe Enterprises, Inc.
Feb. 26 filed 125,000 shares of common stock, of which 63,826 shares of common stock will be issued to Desota B. McCabe Jr., in return for transfer of certain properties to the company. **Price**—$10 per share for public offering. **Proceeds**—For property lease payments on the Desota Lakes property, as reserve for future leases on said property; for additional improvements on the property; for balance due on improvements; to provide additional working capital to McCabe Associates; and other corporate purposes. **Office** — 3196 Hallandale Beach Boulevard, Hallandale, Fla. **Underwriter**—None.

Medicard, Inc.
March 9 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For reserve for medical loans and operating capital. **Office**—508 Security Bldg., Denver, Colo. **Underwriter**—Equity Investment Corp., same address.

• Megadyne Electronics, Inc. (3/28-4/1)
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.

• Melville Shoe Corp. (4/6)
March 15 filed $12,000,000 of 20-year debentures, due April 15, 1980. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans, increased working capital, and general corporate purposes. **Office**—New York City. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

★ Metal Goods Corp.
March 18 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be used for expansion of warehouse facilities at St. Louis and Dallas and for other corporate purposes including the financing of additional inventories and receivables. **Office** — 8800 Page Blvd., St. Louis, Mo. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

• Metropolitan Broadcasting Corp. (4/25-29)
March 10 filed $6,000,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—For repayment of a temporary bank loan and interest thereon, and for working capital. **Office**—205 East 67th St., New York City. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

Metropolitan Edison Co. (4/26)
Feb. 29 filed $15,000,00 of first mortgage bonds, due 1990. **Proceeds**—For 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly). **Bids** — Expected to be receved up to 11 a.m. on April 26.

• Meyer (Fred), Inc. (3/29)
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.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock. **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

• Microdot Inc. (4/19)
March 11 filed 204,000 shares of capital stock (no par) of which 60,000 shares will be offered for public sale by the issuing company, and 144,000 shares are presently outstanding and will be offered for sale by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred for working capital purposes in the amount of $406,000; to pay in full promissory notes held by Trustees under the will of M. H. Lewis in the amount of $78,732, and (together with a portion of the proceeds from a bank loan) for the purchase of machinery and equipment costing $200,000, for property additions and improvements, and for working capital. **Office** — 220 Pasadena Ave., South Pasadena, Calif. **Underwriter**—White, Weld & Co., Inc., Los Angeles and New York.

• Mid-America Pipeline Co. (3/30-31)
Feb. 17 filed $20,500,000 of 6½% subordinated debentures, due March 1, 1980, and 1,435,000 shares of common stock (no par), to be offered in units of $50 of debentures and 3½ shares of common. **Price**—To be supplied by amendment. **Proceeds**—Payment of interest, cost of constructing and operating a pipeline, and general corporate purposes. **Office** — Tulsa, Okla. **Underwriters** — Bear, Stearns & Co., and White, Weld & Co., Inc., both of New York City.

• Middle South Utilities, Inc. (4/20)
March 11 filed 650,000 shares of common stock (par $10). **Proceeds**—From the estimated proceeds of $16,000,000 the company proposes to invest $7,500,000 in additional stock of its subsidiary, Arkansas Power & Light Co.; $6,000,000 will be used to repay in full a promissory note due in January, 1961; and the remaining proceeds will be held in the company's treasury for further investments in system operating companies and for other corporate purposes. **Office**—2 Broadway, New York. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Blyth & Co., Inc.; Lehman Brothers; The First Boston Corp.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received by the company, at its Board Room, 28th Floor, 2 Broadway, New York 4, N. Y., up to 12 o'clock noon, DST, on April 20, 1960 or on such later date as may be fixed by the company.

Mills Factors Corp. (4/18-22)
March 8 filed for not less than 201,200 shares and not more than 270,000 shares of common stock ($2.50 par). **Price**—To be supplied by amendment. **Proceeds** — To purchase outstanding stock and for the general fund. **Office**—New York City. **Underwriters**—Lee Higginson Corp. and C. E. Unterberg, Towbin Co., both of New York City.

• Missile Components Corp. (3/28-4/1)
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. (3/28-4/1)
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.

• Mobilife Corp. (4/4-8)
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.

★ Monarch Tile Manufacturing, Inc.
March 22 filed 58,337 shares of common stock, of which 30,000 shares are to be offered for public sale in behalf of the issuing company, and the remaining 28,337 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For repayment of bank loans and for general corporate purposes. **Office**—Oakes Street at Avenue B, San Angelo, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

★ Mountain States Telephone & Telegraph Co. (4/12)
March 18 filed $40,000,000 of 40-year debentures due April 1, 2000. **Proceeds**—To be applied toward repayment of advances from American Telephone & Telegraph Co., parent, which are expected to approximate $91,000,000 at the time the proceeds are received. **Office**—931 Fourteenth St., Denver, Colo. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—Expected to be received on April 12 up to 11:00 a. m. (EST) at room 350, 195 Broadway, New York City.

Mutual Employees Trademart, Inc.
Feb. 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To repay current liabilities and other debts and for working capital. **Office** — 1055 Hialeah, Fla. **Underwriter**—Frank Edenfield & Co., Miami, Fla.

• NAFI Corp. (4/11-15)
March 14 filed 200,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loan incurred in connection with acquisition of Chris-Craft Corp. and the balance to be added to the company's general funds. **Office**—527 23rd Ave., Oakland, Calif. **Underwriter**—Shields & Co., New York.

National Fuel Gas Corp. (4/11)
March 2 filed $18,000,000 of sinking fund debentures, due 1985. **Proceeds**—Net proceeds of the sale of the debentures will be used in part to prepay $10,800,000 of bank loans, and the balance will be loaned to subsidiaries and used by them to finance in part their 1960 construction program. **Office**—30 Rockefeller Plaza, New York City. **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.; The First Boston Corp. **Bids**—Expected to be received on April 11 up to 11:30 a.m. (EST). **Information Meeting**—April 7 at 11:00 a.m.

★ National Gypsum Co.
March 18 filed 100,000 shares of common stock, to be issued pursuant to the company's restricted stock option plan as amended 1960. **Office** — 325 Delaware Ave., Buffalo, N. Y.

• National Lawnservice Corp. (4/1-8)
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.

(John J.) Nesbitt, Inc. (4/11-22)
March 7 filed 120,000 shares of common stock, of which 40,000 shares will be sold for the company's account while 80,000 shares will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For increase of working capital. **Office** — State Road & Rhawn St., Philadelphia, Pa. **Underwriter**—Hornblower & Weeks, New York.

★ Newark Electronics Corp.
March 17 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office**—223 West Madison St., Chicago, Ill. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

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.

• New Jersey Aluminum Extrusion Co., Inc. (5/3)
March 10 filed 110,000 shares of class A capital stock, of which 50,000 shares will be issued by the company and 60,000 shares are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for general corporate purposes. **Office** — New Brunswick, N. J. **Underwriter** — Laird & Company Corp., New York and Wilmington, Del.

Niagara Mohawk Power Co. (3/29)
Feb. 29 filed $50,000,000 of general mortgage bonds, due April 1, 1990. **Proceeds**—To be used to pay short-term bank loans incurred to meet construction costs. Company estimates its 1960 construction program (including that of its subsidiaries) will require $100,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Office** — Syracuse, N. Y. **Information Meeting**—Scheduled for March 24 at 11:00 a.m. (EST) at the Marine Midland Trust Co., 120 Broadway, New York. **Bids**—To be received up to 11:00 a.m. (EST) at room 1840, 15 Broad St., New York City, on March 29.

North Central Co.
March 11 filed 420,945 shares of common stock. The company proposes to offer 142,860 shares for cash sale at $7 per share. Additional shares (amount unspecified) are to be offered in exchange for outstanding shares of North Central Life Insurance Co., of St. Paul. The rate of exchange is to be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—335 Minnesota St., St. Paul, Minn. **Underwriter**—None.

• Nova Scotia (Province of) (Canada) (4/5)
March 15 filed $10,000,000 of 20-year sinking fund debentures, dated April 1, 1960 and due April 1, 1980. The new debentures will have the benefit of a sinking fund, beginning in 1962, which is calculated to retire 94.5% of the debentures prior to maturity. Other than through the sinking fund, the debentures will not be redeemable prior to April 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To the refunding of Provincial debentures; the balance will be advanced to the Nova Scotia Power Commission to be applied to the repayment of bank borrowings incurred in connection with its construction program. **Underwriters**—Halsey, Stuart & Co. Inc., New York, and Royal Securities Corp. Ltd., Montreal, Quebec, Can.

• Nuclear Materials & Equipment Corp. (4/18-25)
March 2 filed 45,000 shares of common stock (no par) of which 4,980 are to be offered to warrant holders and the remainder is to be offered publicly. **Price**—To be supplied by amendment. **Proceeds**—For equipment and expansion. **Office** — Apollo, Pa. **Underwriter** — Moore, Leonard & Lynch, Pittsburgh, Pa., and New York City.

Nu-Era Corp. (3/28-4/1)
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.

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 continued from Feb. 25 to March 22.

★ Orange & Rockland Utilities, Inc.
March 17 filed 39,165 shares of convertible cumulative preferred stock, series E (par $100), to be offered for subscription by holders of its outstanding common stock of record April 14, 1960, at the rate of one share of preferred for each 50 shares of common then held; rights expire at 5:00 p.m. (EDST) on May 2. **Price**—$100 per share. **Proceeds**—To be applied to the reduction of bank notes (the proceeds of which were used for construction) and the balance will be used for further construction. **Office**—10 North Broadway, Nyack, N. Y. **Underwriter**—The First Boston Corp., New York

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★ Ott Chemical Co.
March 17 filed $450,000 of convertible subordinated debentures due May 1, 1970. The company proposes to offer the debentures for subscription by common stockholders of record May 1, 1960, at the rate of a $100 debenture for each 3.11 shares then held. **Price**—100% of principal amount. **Proceeds**—For retirement of a note, for additional and improvements to properties, for equipment and the balance for working capital and other purposes. **Office** — 500 Agard Road, Muskegon, Mich. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Illinois.

Pacemaker Boat Trailer Co., Inc. (4/1-8)
Feb. 29 (letter of notification) 300,000 shares of common stcok (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of equipment, raw materials and working caiptal. **Office**—622 E. Glenolden Ave., Glenolden, Pa. **Underwriters**—Jacey Securities Co., and First City Securities, Inc., New York, N. Y.

Pacific Panel Co. (4/25-29)
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.

Pennsylvania Electric Co. (5/9)
March 10 filed $12,000,000 of first mortgage bonds, due 1990. **Proceeds**—To be applied to the company's 1960 construction program, or to partially reimburse its treasury for previous expenditures for that purpose. **Office**—222 Levergood St., Johnstown, Pa. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. and Blyth & Co., Inc. (jointly); Equitable Securities Corp. **Bids**—Expected May 9 at 12 noon.

● Phillips Developments, Inc. (3/28-4/1)
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.

● Pierce & Stevens Chemical Corp. (4/12-15)
March 9 filed 175,000 shares of outstanding common stock (par $2). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Buffalo, N. Y. **Underwriter**—Doolittle & Co., Buffalo 2, N. Y.

Plainfield-Union Water Co.
Feb. 19 filed 68,676 shares of common stock, to be offered for subscription by common stockholders of record March 31, 1960, at the rate of one new share for each 2½ shares then held; rights expire April 14. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Office**—120 West Seventh Street, Plainfield, N. J. **Underwriter**—W. C. Langley & Co., New York.

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 Circuits, Inc. (4/18-22)
March 7 filed $250,000 of convertible subordinated debentures, due April 1, 1970, and 37,500 shares of common stock (par 20 cents) to be offered in units consisting of one $100 debenture and 15 common shares. **Price**—$150 per unit. **Proceeds**—For equipping of new facilities, and for general corporate purposes. **Office**—705 South Fulton Avenue, Mount Vernon, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● Precision Transformer Corp., Chicago (4/1)
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.

Premium Acceptance Corp.
Feb. 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For working capital. **Office**—212 S. Tryon Street, Charlotte, N. C. **Underwriter**—R. L. Hoffman, Charlotte, N. C.

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.

● Public Service Co. of New Mexico (3/28-4/1)
March 2 filed 102,229 shares of common stock (par $5) of which 97,229 shares will be offered for subscription by holders of the company's outstanding common stock at the rate of one new share for each 20 shares held, rights to expire 15 days from date of offering. The remaining 5,000 shares will be offered to employees of the company. **Price**—To be supplied by amendment. **Proceeds**—Together with bank borrowings, will be applied toward the company's 1960 construction program, for other corporate purposes including the repayment of a short-term bank loan in the amount of $2,000,000, and working capital. **Office**—819 Simms Building, Albuquerque, N. Mex. **Underwriter**—Allen & Co., New York.

Puget Sound Power & Light Co. (4/20)
March 15 filed $20,000,000 of first mortgage bonds due 1990. **Proceeds**—To be applied to the payment of a $15,000,000 3% promissory note due May 1, 1960, and the balance to the payment of outstanding bank loans incurred for construction purposes, which loans are expected to aggregate $10,500,000 at the time of the bond sale. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., Smith, Barney & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received on April 20 at 12 noon. **Information Meeting**—Scheduled for April 14 at 11 a.m.

Radiant Lamp Corp.
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering**—Expected in April.

★ Rajac Self-Service, Inc.
March 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—11 E. Second Street, Mt. Vernon, N. Y. **Underwriter**—Walter R. Blaha & Co., Inc., Long Island City, N. Y.

★ Rap-In-Wax Co. (4/11-15)
March 13 filed 107,290 shares of common stock ($1 par), of which 70,000 shares are to be offered for public sale by the issuing company. The remaining 37,290 shares are now outstanding and are to be offered by the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For additional working capital. **Office** — 150-26th Ave., S. E., Minneapolis 14, Minn. **Underwriter**—Dean Witter & Co., New York and Minneapolis.

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 early April.

● Remco Industries, Inc. (3/25)
Feb. 19 filed 100,000 outstanding shares of common stock (par $2). **Proceeds**—To selling stockholders. **Office**—113 N. 13th St., Newark, N. J. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

● Renner, Inc. (4/4-8)
March 11 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 1530 Lombard St., Philadelphia, Pa. **Underwriter** — Stroud & Co., Inc., Philadelphia, Pa.

★ Ritter Finance Co., Inc.
March 16 filed $1,500,000 of 6½% debentures due May 1, 1975 and warrants for the purchase of 75,000 class B common shares up to April 30, 1970. It is proposed to offer these securities of public sale in units, each consisting of one $1,000 debenture and a warrant for 50 class B shares. **Price**—$1,000 per unit. **Proceeds**—To be added to the company's general funds and used initially to reduce bank loans. **Office**—Church Road and Greenwood Ave., Wyncote, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

● Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, formerly known as Chauncey, Walden, Harris & Freed at the same address, states that it is no longer underwriting this issue. **Note**—This statement has been withdrawn.

St. Regis Paper Co. (3/31)
Feb. 26 filed 306,787 shares of its common stock, to be offered in exchange for the outstanding shares of common stock of The Creamery Package Manufacturing Co. on the basis of 1.02 shares of St. Regis for each share of Creamery. **Office**—150 E. 42nd St., New York City. **Dealer-Managers**—White, Weld & Co., and A. G. Becker & Co., both of New York. **Note**—This statement is expected to become effective about March 31.

● San Diego Imperial Corp. (4/5-6)
Feb. 24 filed $5,000,000 of subordinated convertible debentures, due Apr. 1, 1975, and 728,531 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the account of selling stockholders, 128,531 shares, and for the company, 600,000 shares, to reduce indebtedness and for investment. **Office**—San Diego, Calif. **Underwriters**—White, Weld & Co., New York City, and J. A. Hogle & Co., Salt Lake City, Utah.

● Savannah Electric & Power Co. (3/30)
March 2 filed 187,950 shares of common stock (par $5). The company proposes to offer 87,950 shares of its common stock to its stockholders on the basis of one new share for each 13 shares held of record on March 29, 1960. The offer will expire on April 18. 100,000 of the shares of common stock are presently outstanding, and will be sold for the accounts of the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To repay a portion of bank loans made for construction purposes. **Office**—27 West Bay St., Savannah, Ga. **Underwriters** — The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

● Seaboard Plywood & Lumber Corp. (4/4)
Feb. 25 filed $300,000 of 6½% subordinated convertible debentures, due April 1, 1970, and 30,000 shares of common stock, to be offered in units, each unit consists of $500 principal amount of debentures and 50 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a term bank loan, and for working capital. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

★ Seeburg Corp.
March 21 filed 120,000 shares of its common stock, which may be offered to employees who have been or may hereafter be granted options under the company's Stock Option Plan. **Office**—Chicago, Ill.

● See's Candy Shops, Inc. (4/4-8)
Feb. 26 filed 250,832 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—3431 South La Cienaga Blvd., Los Angeles, Calif. **Underwriter**—Hemphill, Noyes & Co., New York.

Seneca Gas & Oil Corp. (4/4)
Dec. 24 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For drilling. **Office**—Erie, Pa. **Underwriter**—Edgar B. Hunt Co., New York City.

Servonics, Inc.
Feb. 25 filed 76,600 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each five shares held, rights to expire in April. **Price**—To be supplied by amendment. **Proceeds**—To retire bank note indebtedness; for the purchase of additional machinery, equipment and facilities; to provide additional working capital; to finance the initial payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. **Office**—822 North Henry St., Alexandria, Va. **Underwriter**—None.

● Sierra Pacific Power Co.
Feb. 23 filed 49,714 shares of common stock (par $7.50) being offered for subscription by holders of the outstanding common of record March 14 on the basis of one new share for each 15 then held, rights to expire on April 4. **Price**—$33.50 per share. **Proceeds** — To be applied to payment of loans. **Office**—Reno, Nev. **Agent**—Stone & Webster Service Corp., 49 Federal St., Boston, Mass.

● Sire Plan of Normandy Isle, Inc. (4/15)
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries: to repay a bank loan of $6,400,000: to add to working capital; to retire certain long-term indebtedness: and to develop citrus groves. **Office**—250 South East First Street. Miami. Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

★ Southern Nevada Telephone Co. (4/8)
March 16 filed 100,000 shares of $25 par cumulative preferred stock. **Price**—To be supplied by amendment. **Proceeds**—To retire some $2,000,000 of bank loans and to finance in part the company's continuing construction program. **Office**—125 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—Dean Witter & Co. of San Francisco and New York.

● Southwest Forest Industries, Inc. (4/13)
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construtcion of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City.

● Southwestern Investment Co. (4/5-6)
March 10 filed $10,000,000 of senior notes due March 1, 1975, $3,000,000 of capital notes, due March 1, 1975 (with attached warrants for the purchase of 75,000 common shares), and the 75,000 shares (par $2.50) issuable upon exercise of the warrants. With each $1,000 of capital notes the purchaser will receive warrants exercisable on or after Sept. 1, 1960 and before Sept. 1, 1990, to purchase 25 common shares. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available for general corporate purposes. **Office**—205 E. 10th St., Amarillo, Tex. **Underwriters**—White, Weld & Co., New York; Schneider, Bernet & Hickman, Inc., Dallas, Tex.; and The First Trust Co. of Lincoln, Lincoln, Neb.

● Spring Street Capital Co. (4/11-15)
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

★ **Squan Marina, Inc.**
March 18 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Route 70 & Upper Manasquan River Bridge, Brielle, N. J. **Underwriter**—B. Fennekohl & Co., New York, N. Y.

Standard Motor Products, Inc. (4/12)
March 7 filed 296,460 shares of class A capital stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Long Island City, N. Y. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

● **Standard Screw Co. (3/29)**
Feb. 17 filed 210,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To estate of a selling stockholder. **Office**—Bellwood, Ill. **Underwriter**—Hornblower & Weeks, New York.

● **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. **Note**—This statement has been withdrawn.

Sterilon Corp. (4/4-8)
Feb. 19 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 500 Northland Avenue, Buffalo, N. Y. **Underwriter**—Shields & Co., New York.

● **Straza Industries (4/18-22)**
March 14 filed 230,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and working capital. **Office**—790 Greenfield Drive, El Cajon, Calif. **Underwriter**—J. A. Hogle & Co., of Salt Lake City and New York.

Sun Rubber Co.
Feb. 26 filed $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock (no par), to be offered in units of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—To be used in reorganization. **Office**—366 Fairview Ave., Barberton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● **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. **Note**—There is no public offering expected.

● **Sunair Electronics, Inc. (3/28-4/1)**
Dec. 28 filed 200,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For new equipment, construction, and working capital. **Office** — Broward County International Airport, Ft. Lauderdale, Fla. **Underwriter**—Frank Karasik & Co., Inc., of New York City.

★ **Superior Electric Co.**
March 17 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Bristol, Conn. **Underwriter**—Lee, Higginson Corp., New York City.

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. **Offering**—Expected in April.

Sutton Leasing Corp. (4/1)
Feb. 9 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—9 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—T. M. Kirsch Co., New York, N. Y.

Systron-Donner Corp. (3/30)
Feb. 25 filed 442,700 shares of capital stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholder, W. K. Rosenberry. **Office** — 950 Galindo St., Concord, Calif. **Underwriter**—White, Weld & Co., New York.

● **Tayco Developments, Inc. (3/28)**
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, with rights to expire 14 days from offering date. **Proceeds** — For 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. (3/28)**
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, with rights to expire 14 days from offering date. **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.

★ **Telectro Industries Corp.**
March 21 filed $1,000,000 of 6½% convertible subordinate debentures due 1970. **Price** — 100% of principal amount. **Proceeds**—To be used to eliminate an outstanding bank loan of $700,000 and to provide additional working capital, to be used in part to reduce outstanding accounts payable. **Office**—35-16 37th Street, Long Island City, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., N. Y. C.

Teletray Electronics Systems, Inc. (4/11-15)
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.

● **Tenax, Inc. (3/25-4/1)**
Feb. 16 filed 150,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expansion of issuer's freezer and food sale business. **Office**—375 Park Avenue, New York City. **Underwriter**—Myron A. Lomasney, New York City.

★ **Thermal-Aire of America, Inc.**
March 16 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For engineering, design, advertising and working capital. **Office**—1060 Broad St., Newark 2, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y.

● **Thermal Industries of Florida, Inc. (4/15)**
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Tip Top Products Co.
Feb. 11 filed $600,000 of first mortgage sinking fund bonds, series B, due December, 1969, (with warrants). Warrants attached to each $1,000 bond will entitle holders to purchase 20 shares of class A common stock at an initial price of $11 per share. **Price**—100% of principal amount. **Proceeds** — To pay $420,000 due to Western Electric Co., Inc.; and the balance for general corporate purposes. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and The First Trust Co. of Lincoln, Neb.

Tool Research & Engineering Corp. (4/11-15)
Feb. 24 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay the cash portion of recent acquisitions, and for working capital. **Office** — Compton Calif. **Underwriter** — Shields & Co., New York.

★ **Tourist Industry Development Corp.**
March 22 filed $2,250,000 of 7% subordinated debenture stock, due July 1, 1978, to be offered in denominations of $500 and $1,000 and multiples of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including hotel and restaurant loans secured by real estate mortgages. **Office**—Jerusalem, Israel. **Underwriter**—None.

● **Transcontinental Gas Pipe Line Corp. (4/20)**
March 14 filed $35,000,000 of first mortgage bonds due 1980 and 800,000 shares of common stock (par 50 cents). **Prices**—To be supplied by amendment. **Proceeds**—To refund debt incurred for construction. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

★ **Trans-Videotape Productions, Inc.**
March 14 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For a down payment on an Ampex Video-Tape Cruiser, operating expenses and working capital. **Office**—6777 Hollywood Blvd., Suite 317, Hollywood, Calif. **Underwriter**—None.

Transworld Equipment Corp. (3/28-4/1)
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**—Michael Fieldman, 82 Beaver Street, New York City.

★ **Tri-Point Plastics, Inc.**
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriters**—Amos Treat & Co., Inc. and Martinelli, Hindley & Co., Inc., New York, N. Y.

Tungsten Mountain Mining Co.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered first for subscription by stockholders on the basis of one new share for each eight shares held. **Price**—$2 per share. **Proceeds**—For mining operations. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

★ **UBS Fund of Canada, Ltd.**
March 16 filed 3,000,000 shares of common stock. **Proceeds** — For investment. **Office** — 680 Sherbrooke St. West, Montreal, Canada.

● **Union Financial Corp. (4/20)**
March 11 filed 325,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—Together with bank loan, will be used to repay a $6,075,000 balance on an outstanding bank loan, and the balance will be added to working capital. **Office**—232 Superior Ave., Cleveland, Ohio. **Underwriters**—White, Weld & Co. Inc., Chicago and New York; The Ohio Company, Columbus, Ohio; and Sanders & Co., Dallas, Texas.

United American Life Insurance Co.
March 11 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock in the ratio of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—1717 California St., Denver, Colo. **Underwriter**—None.

United Components, Inc. (4/18-22)
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

★ **United Industrial Corp.**
March 21 filed 88,017 shares of series A convertible preferred stock, 614,130 shares of common stock, and 16,500 common stock purchase warrants. According to the prospectus, 88,017 shares of preferred and 88,017 shares of common stock may be offered for sale by the present holders thereof, namely 34,978 preferred and common shares by Bernard Fein, a Director, and 53,039 preferred and common shares by B. S. F. Co., 13% of whose stock is owned by Maurice Goodman, a Director, 16,500 warrants and 16,500 common shares are issuable to H. L. Federman and Herman Yaras in payment of a finder's fee incurred in connection with the merger. Stock purchase warrants were distributed prior to the merger on the basis of one warrant for each share of the company's common stock to stockholders of record Oct. 28, 1959; each warrant now evidences the right to purchase ½ share of common at $17 per share, and 509,613 shares are reserved for issuance upon exercise of these warrants. Additional common shares are issuable upon conversion of debentures and preferred stock and under a stock option plan. **Office**—5221 West 102nd Street, Los Angeles, Calif.

U. S. Plywood Corp. (4/13)
March 7 filed $25,000,000 of sinking fund debentures due 1985. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—Eastman, Dillon, Union Securities & Co., New York. **Office**—55 W. 44th Street, New York City.

● **Universal-Cyclops Steel Corp., Bridgeville, Pa. (4/4-8)**
March 1 filed 200,000 shares of common capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's current funds. **Underwriter**—A. G. Becker & Co., Inc., New York and Chicago.

Universal Fabricators, Inc.
Feb. 29 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1827 Boone Avenue, Bronx 10, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y.

● **Universal Transistor Products Corp. (3/31-4/1)**
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.

Vulcatron Corp.
March 11 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To set up a plant and equipment, to purchase machinery and equipment, and for working capital. **Office** — c/o William L. Berger, 209 Washington St., Boston, Mass. **Underwriter**—P. de Rensis & Co., Inc., Boston, Mass.

● **Wallson Associates, Inc. (4/4-8)**
Feb. 26 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To discharge indebtedness, for development of additional proprietary products for the semi-conductor electronics industry, and for general corporate purposes. **Office**—912 Westfield Ave., Elizabeth, N. J. **Underwriters**—Russell & Saxe, and First Broad Street Corp., New York.

● **Waters Manufacturing, Inc. (3/28-4/1)**
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. (4/11-15)
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 Penn Electric Co. (4/12)
March 4 filed 300,000 shares of common stock. **Proceeds**—To purchase about $5,000,000 of additional common stock from the Monangahela Power Co., to retire West Penn Traction Co. bonds maturing June 1, and for general corporate purposes. **Underwriters** — To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., W. C. Langley & Co., and Lehman Brothers. **Bids**—Expected to be received on April 12, up to 3:45 p.m. (EST).

● **Western Airlines, Inc. (3/30)**
March 1 filed 200,000 shares of capital stock (par $1), to be offered for subscription by holders of outstanding shares of such stock of record March 30; rights to expire on April 18. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Los Angeles, Calif. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith, Inc., New York City.

● **Western Utilities Corp. (4/4-8)**
March 1 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay recent bank borrowings aggregating $800,000 and the balance will be used to provide additional working capital. **Office** — 300 Montgomery St., San Francisco,

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Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

● **Whitmoyer Laboratories, Inc. (4/11-15)**
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., has withdrawn as underwriter.

★ **Wisconsin Electric Power Co.**
March 22 filed 561,005 shares of common stock to be offered to holders of its outstanding common stock on the basis of one share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To be used to repay $12,000,000 of short-term bank loans incurred in connection with the company's construction program, and for further construction expenditures. **Office**—231 West Michigan Street, Milwaukee, Wis. **Underwriter**—None.

★ **Wolverine Mouldings, Inc.**
March 10 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To retire a mortgage loan and for working capital. **Office**—1650 Howard St., Lincoln Park, Mich. **Underwriter**—None.

● **Yuba Consolidated Industries, Inc. (3/28)**
Feb. 18 filed $6,000,000 of convertible subordinated debentures, due March, 1975. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1 Bush St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Prospective Offerings

American Cement Co.
March 14 it was announced that the company will issue up to a maximum of 422,030 common shares, which are to be used in connection with the recent acquisitions by the issuer of M. F. Hickey & Co. Inc. of New York City and Graham Brothers, Inc., of Los Angeles.

● **American Fletcher National Bank & Trust Co.**
March 17 the bank held a special meeting to authorize 226,604 additional shares of its capital stock (par $10) which are being offered to holders of record March 16 at the rate of one new share for each three owned; rights will expire April 4, (CDT). **Price**—$38.50 per share. **Proceeds**—To increase capital and surplus. **Office**—Indianapolis, Ind. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., Paine, Webber, Jackson & Curtis, and the First Boston Corp., all of New York; City Securities Corp., Collett & Co., Inc. and Indianapolis Bond & Share Corp. all of Indianapolis, Ind.

● **Arco Electronics**
March 2 it was reported that on or about March 30 this company is expected to file approximately $500,000 of common stock. **Underwriter**—Michael G. Kletz & Co., of New York City.

Baltimore Gas & Electric Co.
March 3 it was announced by J. Theodore Wolfe, President, that the company plans record construction expenditures of $50,000,000 during 1960, probably financed through the sale of first mortgage bonds. **Offering**—Expected during the first half of 1960.

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; rights expire April 19. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

● **Black Hills Power & Light Co.**
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests. On March 11 the company also filed for FPC approval to issue $1,000,000 of first mortgage bonds, due 1990.

California Electric Power Co. (5/10)
March 4 it was announced that the company plans to issue and sell $12,000,000 of first mortgage bonds. **Proceeds**—To apply the major portion of the proceeds from the sale to repayment of bank loans, which are expected to amount to about $10,000,000 at the time of financing, the balance of the proceeds will be applied to the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received up to 9 a.m. (PST) on Tuesday, May 10, in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

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).

City Gas Co.
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in April or May. **Underwriter**—Kidder, Peabody & Co., New York City.

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. **Offering** — Expected in April; underwriter to be announced.

● **Columbia Gas System, Inc. (5/5)**
March 11 it was announced that the directors of this utility have authorized the issuance and sale of 1,400,000 shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co.; Lehman Brothers., Eastman Dillon, Union Securities & Co. and Goldman, Sachs & Co. (jointly).; **Bids**—To be received on May 5. In addition, it has been announced that further financing is planned later in the year.

★ **Commercial Bank of North America (3/29)**
March 21 stockholders approved a 42,023 capital share increase to pave the way for a capital share offering of the above shares, on the basis of one new share for each 12 shares held of record March 29; rights to expire on April 14. **Price**—$24 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Lee Higginson Corp., Francis I. duPont & Co., E. F. Hutton & Co. and Allen & Co., all of New York.

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.

Consumers Power Co.
March 2 it was reported that this company is planning to raise new funds probably from the sale of first mortgage bonds and debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Harriman Ripley & Co. (jointly).

● **Deckert Dynamics, Inc.**
March 16 it was announced that 100,000 shares of common stock are expected to be filed within 30 days. **Proceeds** — For general corporate purposes. **Office** — Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

★ **Dial Finance Co.**
March 23 it was reported that the company plans the early filing of 300,000 shares of its common stock. **Underwriter**—White, Weld & Co., New York.

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 concerning a forthcoming issue of common stock. Although no confirmation has been forthcoming, it is understood that registration is still believed likely in the near future.

Ets-Holkin & Galvin
March 16 it was reported that the company is planning early registration of about 220,000 shares of common stock. **Proceeds**—For selling stockholders. **Office**—San Francisco, Calif. **Underwriter** — Van Alstyne, Noel & Co., New York. **Registration**—Imminent.

Florida Power Corp.
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility, possibly in the fourth quarter of this year. **Proceeds** — For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly).

Florida Power & Light Co.
March 15 it was reported that the company will need about $25,000,000 of new money. The nature of the securities to be issued has not as yet been determined.

Forest City Investment Co.
March 16 it was reported that a stock offering is planned. **Underwriter**—Bache & Co., New York.

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.

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.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Henderson Portion Pack, Inc.
March 16 it was reported that this company is considering some financing. **Underwriter**—Burnham & Co., New York.

Houston Lighting & Power Co.
Feb. 18 it was reported that this company expects to raise about $35,000,000 from the sale of an undetermined type of security sometime in 1960. Probable groups: Blyth & Co. and Lazard Freres & Co. and First Boston Corp. (jointly); Lehman Brothers and Eastman Dillon, Union Securities & Co. and Salomon Brothers & Hutzler (jointly).

★ **Houston Lighting & Power Co.**
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

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.

Ionics, Inc.
March 16 it was reported that the company is planning to register 75,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—Lee Higginson Corp., New York. **Registration**—Imminent.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

Jersey Central Power & Light Co. (5/24)
Feb. 18 it was reported that on May 24 this utility is planning to offer $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith (jointly); Stone & Webster Securities Corp.; W. C. Langley & Co.; F. S. Moseley & Co.; Reynolds & Co.; Shearson, Hammill & Co.; Dean Witter & Co.; First Boston Corp.; Wood, Struthers & Co.; Blyth & Co.; DeHaven & Townsend, Crouter & Bodine; Greene, Ellis & Anderson, and Steele & Co. (jointly). **Bids**—Expected to be received on May 24 up to 11:00 a.m. (New York Time).

Kenrich Petrochemicals, Inc.
Jan. 20 it was reported that registration is expected of $175,000 of convertible debentures and 55,000 shares of common stock about the week of March 28. **Price**—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.**
March 23 it was reported that negotiations are still pending regarding the filing of an issue of common stock. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Majestic Specialties, Inc.
March 10 it was reported that there is new financing of an undetermined type and amount, being discussed by

this company, which will probably occur sometime in April. Office—Cleveland, Ohio. **Underwriter** — Hayden, Stone & Co.

Michigan Wisconsin Pipeline Co.
March 11 it was reported that this company plans to sell approximately $30,000,000 of pipeline bonds sometime in May. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Blyth & Co.

Miller & Van Winkle Co.
March 9 it was reported that this company contemplates a filing of 75,000 common shares via a "Regulation A" with the SEC. **Proceeds**—For general corporate purposes. **Office**—Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York and Washington, D. C.

Milwaukee Gas Light Co.
March 8 it was announced that the company is preparing to sell publicly this year $20,000,000 of first mortgage bonds and to sell an additional $4,000,000 of common to its parent, American Natural Gas Co. **Proceeds**—To pay for the company's expansion program and also to repay outstanding bank loans.

Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in a few weeks. The offering will consist of 76,000 common shares. **Proceeds**—For expansion. **Office** — 198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York City.

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.

New Jersey Power & Light Company (7/19)
Feb. 17 it was reported that this utility is planning the sale of $5,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on July 19.

★ **New York, Chicago & St. Louis RR. (4/31)**
March 18 it was announced that the company will accept bids up to noon on March 31, for the purchase from it of $6,930,000 par value of 1960 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler. **Bids** — Expected up to 12 noon (EST) on March 31 in Room 905, Terminal Tower, Cleveland 1, Ohio.

Northern Illinois Gas Co.
Feb. 16 the company's annual report stated that $120,000,000 of new capital will be needed to meet its five-year construction program. The sale of the 5.50% preferred stock sold last summer by a Halsey, Stuart & Co. Inc group was the first step in raising the money. While no definite plans have yet been made as to the type of issue or timing of the next financing, it will need about $25,000,000 of additional capital before the end of 1960. **Office**—Aurora, Ill.

Northern Pacific RR. (4/5)
March 16 it was reported that the railroad plans the sale of $6,495,000 of equipment trust certificates on April 5. Probable bidders: Halsey, Stuart & Co. Inc.; and Salomon Bros. & Hutzler.

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.

● **Potomac Electric Power Co.**
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

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 California Edison Co.
March 15 it was stated in the company's annual report that besides the $30,000,000 issue of series L mortgage bonds sold to underwriters in January, 1960, additional funds will be needed to complete its estimated $120,000,000 construction program for 1960. This financing is dependent upon market conditions, and its form is not known at this time.

★ **Southern California Edison Co.**
March 15 the company stated in its annual report that approximately $51,000,000 in additional outside financing will be needed to complete its 1960 expansion program. Timing and nature of this financing will depend on market conditions later in the year.

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.

Superior Electric Co.
March 16 it was reported that the company is planning to register 150,000 shares of common stock. **Proceeds**—To construct a new plant in Bristol, Conn. **Underwriter**—Lee Higginson Corp., New York. **Registration**—Imminent.

★ **System Meat Co.**
March 18 it was reported that this company will file about $1,000,000 of common stock. **Underwriter**—Purvis & Co., Denver, Colo. **Registration**—Imminent.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority (7/1)
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress 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. Power Financing Officer: G. O. Wessenauer.

Texas Eastern Transmission Co.
March 2 it was reported that this company plans the sale of senior securities in the amount of approximately $30,000,000, sometime in the second quarter of the year. **Underwriter**—Dillon, Read & Co., New York City.

Union Electric Co.
March 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $30,000,000 to $35,000,000. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Offering**—Expected in the latter part of this year.

★ **Universal Marion Corp.**
March 15 it was reported that stockholders will vote at their annual meeting to be held on April 12 on a proposal to change the common stock from shares with par value to shares of no par value to clear the way for a rights offering, on the basis of one new share for each four shares held. **Price**—Below the then existing market price. **Proceeds**—To be added to the general funds of the corporation and will be available, with other company funds, for use in developing the corporation's tract of land near Tampa, Fla., for working capital and for possible acquisition of other properties.

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.

Valley National Bank
March 15 it was reported that the bank is offering shareholders rights to purchase 139,988 additional common shares on the basis of one new share for each 15 shares held of record March 11; rights expire April 8. **Price**—$43 per share. **Proceeds** — For expansion. **Office** — Phoenix, Ariz. **Underwriters**—William R. Staats & Co. of Los Angeles, Calif. (managing the books), and Blyth & Co. of New York City (jointly).

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.

Wisconsin Electric Power Co.
Feb. 9 it was reported that this company is planning about $25,000,000 in new financing, probably in the form of bonds, for sometime on 1960. **Underwriter**—To be determined by Competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); First Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly).

Wisconsin Telephone Co. (5/10)
March 2 it was reported that this company plans the sale of $20,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co. **Bids**—Expected to be received on May 10.

South Bay Inds. Class A Stk. Off'd

Amos Treat & Co., Inc.; Bruno-Lenchner, Inc. and French & Crawford, Inc., on the afternoon of March 23, commenced the public offering of 210,000 shares of South Bay Industries, Inc. class A stock (par 10 cents) at $5 per share.

The net proceeds from the sale of 172,000 shares of class A stock by the company are estimated at approximately $691,900. Initially, about $225,000 will be used to pay off loans, about $200,000 will be used to purchase machinery and equipment and the balance will be added to the general funds of the company and used as working capital. The proceeds of 38,000 shares will go to selling stockholders.

Capitalization after giving effect to this current financing, consists of $388,333 of a 5½% installment promissory note; a $5,613 trust deed note due 1961; 290,000 shares of class A stock outstanding out of an authorized issue of 1,000,000 shares; and 362,500 shares of class B stock (par 10 cents) (convertible) outstanding out of an authorized issue of 500,000 shares.

South Bay Industries, Inc., is a Delaware corporation organized for the purpose of acquiring 100% of the outstanding stock of two affiliated California corporations, South Bay Manufacturing Co., Inc. and Wood Fabricators, Inc. The company was incorporated on Aug. 3, 1959 and since it has not as yet engaged in any operations, it has no history. Its offices are at 16020 South Broadway, Gardena, Calif. The company and its subsidiaries are engaged principally in manufacturing out of heavy metal stock medium sized ground handling equipment for aircraft and guided missiles such as tow bars, dollies, trailers, test stand assemblies and the like. These products are used to tow aircraft to transport missiles to launching sites and to encase missiles on the ground with scaffolding to enable personnel to service them.

Futures, Inc. to Be Closed-End Fd.

Directors of Futures Inc., the commodity mutual fund, have decided to operate the investment company as a closed-end fund as of the close of business on Thursday, March 31, 1960, and have voted to withdraw as of the end of this month, any unsold balance of the fund's current public offering of its stock, Richard D. Donchian, President, has announced. The fund will operate on a closed-end basis until further notice.

Futures, Inc. will continue to redeem its shares at net asset value, according to terms as previously outlined in its offering circular, Mr. Donchian said.

Some of the reasons why directors of Futures, Inc. decided to suspend sales, according to Mr. Donchian, are:

"To preserve for the present share owners the initial results of the new commodity trading program. This program, in its present state of refinement, tends to work better for a moderate-sized $100,000 to $500,000 fund than for a large fund.

"To preserve for the present share owners, undiluted by new sales, a substantial part of the faster recovery opportunities created by the existing fairly-sizable tax loss.

"To pave the way at a later date, when the new program has been worked out so that it can be operated efficiently on a several million dollar fund, for a possible underwriting and/or a fully registered issue."

As of March 1, 33,177 shares of the current public offering remained unsold and were available for purchase.

As of the close of business on Tuesday, March 22, 1960, shares of Futures, Inc. were quoted at $1.87 bid and $2.03 offered, compared with the bid and asked of $1.65 and $1.79 at Dec. 31, 1959.

Forms Ronwin Securities

STATEN ISLAND, N. Y.—Ronald Guttveg is conducting a securities business from offices at 350 Richmond Terrace under the firm name of Ronwin Securities.

Rosenburg Financial

(Special to The Financial Chronicle)

PITTSFIELD, Mass.—Mrs. Marita D. Rosenburg is engaging in a securities business from offices at 309 East Street under the firm name of The Rosenburg Financial Company.

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)	Mar. 26	§89.6	*91.5	94.4	92.9
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 26	§2,554,000	*2,607,000	2,690,000	2,631,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 11	7,049,060	7,152,810	7,256,410	7,154,520
Crude runs to stills—daily average (bbls.)	Mar. 11	†7,782,000	7,922,000	8,077,000	8,283,000
Gasoline output (bbls.)	Mar. 11	27,642,000	28,436,000	28,266,000	28,432,000
Kerosene output (bbls.)	Mar. 11	2,476,000	*2,371,000	2,483,000	2,315,000
Distillate fuel oil output (bbls.)	Mar. 11	12,149,000	11,992,000	12,363,000	14,189,000
Residual fuel oil output (bbls.)	Mar. 11	7,477,000	6,591,000	7,178,000	7,334,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 11	221,125,000	*219,428,000	208,908,000	210,290,000
Kerosene (bbls.) at	Mar. 11	20,536,000	*22,256,000	23,709,000	18,988,000
Distillate fuel oil (bbls.) at	Mar. 11	91,176,000	*101,762,000	118,340,000	78,876,000
Residual fuel oil (bbls.) at	Mar. 11	43,227,000	*44,209,000	48,038,000	55,010,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 12	560,230	557,607	580,103	596,180
Revenue freight received from connections (no. of cars)	Mar. 12	542,659	532,887	547,064	561,708
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 17	$374,100,000	$284,500,000	$342,200,000	$393,700,000
Private construction	Mar. 17	180,900,000	158,600,000	180,500,000	225,300,000
Public construction	Mar. 17	193,200,000	125,900,000	161,700,000	168,400,000
State and municipal	Mar. 17	100,200,000	70,500,000	108,500,000	129,400,000
Federal	Mar. 17	93,000,000	55,400,000	53,200,000	39,000,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 12	7,750,000	7,600,000	8,290,000	7,800,000
Pennsylvania anthracite (tons)	Mar. 12	380,000	314,000	345,000	332,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 12	116	98	115	124
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 19	14,109,000	14,271,000	14,226,000	12,900,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 17	302	290	289	292
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 15	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Mar. 15	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Mar. 15	$33.50	$33.83	$39.17	$40.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 16	32.600c	32.600c	33.250c	31.775c
Export refinery at	Mar. 16	30.175c	30.595c	32.775c	30.825c
Lead (New York) at	Mar. 16	12.000c	12.000c	12.000c	11.500c
Lead (St. Louis) at	Mar. 16	11.800c	11.800c	11.800c	11.300c
‡Zinc (delivered) at	Mar. 16	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	Mar. 16	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	Mar. 16	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Mar. 16	100.500c	100.125c	101.500c	103.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 22	85.73	85.30	83.17	85.81
Average corporate	Mar. 22	85.07	84.68	84.04	90.06
Aaa	Mar. 22	89.37	89.09	88.27	93.97
Aa	Mar. 22	87.45	87.32	86.51	92.35
A	Mar. 22	84.43	84.04	83.40	90.06
Baa	Mar. 22	79.49	79.01	78.43	84.30
Railroad Group	Mar. 22	82.52	82.52	82.03	88.40
Public Utilities Group	Mar. 22	85.33	84.94	84.04	89.78
Industrials Group	Mar. 22	87.45	86.91	86.11	91.91
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 22	3.96	4.01	4.24	3.87
Average corporate	Mar. 22	4.78	4.81	4.86	4.41
Aaa	Mar. 22	4.46	4.48	4.54	4.14
Aa	Mar. 22	4.60	4.61	4.67	4.25
A	Mar. 22	4.83	4.86	4.91	4.41
Baa	Mar. 22	5.23	5.27	5.32	4.84
Railroad Group	Mar. 22	4.98	4.98	5.02	4.53
Public Utilities Group	Mar. 22	4.76	4.79	4.86	4.43
Industrials Group	Mar. 22	4.60	4.64	4.70	4.28
MOODY'S COMMODITY INDEX	Mar. 22	375.8	372.7	374.0	390.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 12	292,018	365,868	304,815	305,979
Production (tons)	Mar. 12	330,475	330,475	325,402	307,440
Percentage of activity	Mar. 12	94	94	96	93
Unfilled orders (tons) at end of period	Mar. 12	459,954	488,510	466,834	470,191
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Mar. 18	110.66	110.40	111.21	110.58
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 26	1,920,990	2,545,270	1,988,940	2,312,580
Short sales	Feb. 26	377,070	384,280	261,510	467,780
Other sales	Feb. 26	1,569,900	2,278,790	1,773,290	1,990,660
Total sales	Feb. 26	1,946,970	2,663,070	2,034,800	2,458,440
Other transactions initiated off the floor—					
Total purchases	Feb. 26	358,800	523,890	260,410	450,620
Short sales	Feb. 26	41,200	124,400	29,050	65,700
Other sales	Feb. 26	365,470	556,480	336,250	413,720
Total sales	Feb. 26	406,670	680,880	365,300	479,420
Other transactions initiated on the floor—					
Total purchases	Feb. 26	646,780	886,215	638,935	587,170
Short sales	Feb. 26	100,750	321,210	110,440	128,670
Other sales	Feb. 26	545,118	953,688	657,110	690,395
Total sales	Feb. 26	645,868	1,274,898	767,550	819,065
Total round-lot transactions for account of members—					
Total purchases	Feb. 26	2,926,570	3,955,375	2,888,285	3,350,370
Short sales	Feb. 26	519,020	829,890	401,000	662,150
Other sales	Feb. 26	2,480,488	3,788,958	2,766,650	3,094,775
Total sales	Feb. 26	2,999,508	4,618,848	3,167,650	3,756,925
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	Feb. 26	1,569,262	2,140,433	1,893,773	1,855,697
Dollar value	Feb. 26	$77,680,054	$103,896,342	$94,288,387	$97,385,106
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 26	1,232,207	1,564,049	1,458,678	1,643,766
Customers' short sales	Feb. 26	10,610	21,333	11,733	11,127
Customers' other sales	Feb. 26	1,221,597	1,542,716	1,446,945	1,632,639
Dollar value	Feb. 26	$57,503,598	$75,901,995	$72,881,528	$84,969,399
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 26	265,300	358,770	351,430	429,040
Short sales	Feb. 26	------	------	------	------
Other sales	Feb. 26	265,300	358,770	351,430	429,040
Round-lot purchases by dealers—Number of shares	Feb. 26	622,000	911,410	741,330	627,700
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	Feb. 26	666,320	1,110,940	519,970	831,480
Other sales	Feb. 26	12,302,190	16,633,110	13,982,300	16,482,230
Total sales	Feb. 26	12,968,510	17,744,050	14,502,270	17,313,710
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 15	120.0	*119.8	119.2	119.4
Farm products	Mar. 15	90.5	*89.2	86.8	90.8
Processed foods	Mar. 15	107.2	*106.8	105.6	107.2
Meats	Mar. 15	96.4	*95.1	91.5	99.0
All commodities other than farm and foods	Mar. 15	128.7	*128.7	128.6	127.8

*Revised figure. †Includes 997,000 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 RAILWAY CAR INSTITUTE—			
Month of February:			
Orders for new freight cars	3,411	7,149	1,803
New freight cars delivered	5,052	2,849	2,84[illegible]
Backlog of cars on order and undelivered (end of month)	46,323	48,170	28,789
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of February (in millions):			
Total new construction	3,567	3,719	3,596
Private construction	2,655	2,737	2,474
Residential buildings (nonfarm)	1,403	1,501	1,374
New dwelling units	1,051	1,140	1,089
Additions and alterations	284	291	238
Nonhousekeeping	68	70	56
Nonresidential buildings	771	757	636
Industrial	220	209	160
Commercial	320	310	263
Office buildings and warehouses	167	171	154
Stores, restaurants, and garages	153	139	114
Other nonresidential buildings	231	238	208
Religious	77	78	70
Educational	46	48	45
Hospital and institutional	48	49	4[illegible]
Social and recreational	43	44	34
Miscellaneous	17	19	14
Farm construction	103	101	103
Public utilities	359	356	349
Telephone and telegraph	71	64	64
Other public utilities	288	292	285
All other private	19	22	12
Public construction	912	982	1,032
Residential buildings	57	57	97
Nonresidential buildings	312	325	326
Industrial	35	35	23
Educational	183	196	197
Hospital and institutional	29	29	2[illegible]
Administrative and service	34	34	42
Other nonresidential buildings	31	31	3[illegible]
Military facilities	84	90	91
Highways	250	280	319
Sewer and water systems	105	113	96
Sewer	65	70	60
Water	40	43	3[illegible]
Public service enterprises	30	35	25
Conservation and development	62	69	63
All other public	12	13	15
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of January:			
New England	$19,055,961	$18,641,428	$16,844,120
Middle Atlantic	89,466,471	169,080,549	111,253,673
South Atlantic	38,899,402	36,141,045	40,533,360
East Central	70,396,628	91,279,031	49,128,489
South Central	77,829,654	113,497,810	89,602,689
West Central	17,882,380	35,959,821	28,052,435
Mountain	21,147,689	39,432,964	22,430,318
Pacific	93,947,808	115,951,003	130,278,657
Total United States	$428,625,993	$619,983,651	$488,123,741
New York City	66,910,118	136,640,582	77,999,456
Outside New York City	361,715,875	483,343,069	410,124,285
CONSUMER PRICE INDEX—1947-1949=100—			
Month of January:			
All items	125.4	125.5	123.8
Food	117.6	117.8	119.0
Food at home	114.7	115.0	117.1
Cereal and bakery products	134.8	134.5	133.9
Meats, poultry and fish	106.4	106.6	113.8
Dairy products	116.5	116.7	114.1
Fruits and vegetables	125.7	125.5	121.7
Other food at home	104.5	105.4	109.9
Food away from home (Jan. 1953=100)	117.6	117.3	114.0
Housing	130.7	130.4	128.2
Rent	140.9	140.8	138.8
Gas and electricity	123.2	122.7	118.2
Solid fuels and fuel oil	139.0	137.3	138.9
Housefurnishings	104.0	104.2	103.2
Household operation	135.9	135.5	133.1
Apparel	107.9	109.2	106.7
Men's and boys'	108.8	109.1	108.0
Women's and girls'	98.0	100.3	98.7
Footwear	139.4	139.7	130.8
Other apparel	92.2	93.1	91.7
Transportation	148.1	148.7	144.1
Private	136.8	137.5	133.1
Public	197.2	197.2	191.8
Medical care	153.5	153.2	147.6
Personal care	132.7	132.9	129.4
Reading and recreation	120.3	120.4	117.[illegible]
Other goods and services	131.8	131.7	127.3
COPPER INSTITUTE—			
For month of February:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	98,613	*76,384	99,857
Refined (tons of 2,000 pounds)	105,417	86,491	142,235
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	111,851	*102,829	120.134
Refined copper stocks at end of period (tons of 2,000 pounds)	64,007	*68,550	85,523
NEW YORK STOCK EXCHANGE—			
As of Feb. 29 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,267,000	$3,333,000	$3,410,000
Credit extended to customers	138,000	134,000	157,000
Cash on hand and in banks in U. S.	375,000	366,000	374,000
Total of customers' free credit balances	981,000	*998,000	1,190,000
Market value of listed shares	291,191,483	287,976,727	282,104,946
Market value of listed bonds	107,041,130	106,287,439	107,215,337
Member borrowings on U. S. Govt. issues	579,000	363,000	412,000
Member borrowings on other collateral	2,340,000	2,357,000	2,066,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of February (in billions):			
Total personal income	$393.0	*$392.8	$371.0
Wage and salary receipts, total	268.8	*268.1	250.1
Commodity producing industries	112.7	*113.0	103.5
Manufacturing only	89.0	*89.3	81.7
Distributing industries	70.1	*69.5	66.0
Service industries	39.1	38.7	36.0
Government	47.0	*46.9	44.7
Other labor income	10.4	10.4	9.7
Business and professional	35.3	*35.4	33.7
Farm	11.0	*11.6	13.2
Rental income of persons	12.2	12.1	12.0
Dividends	13.6	13.6	12.8
Personal interest income	24.3	24.1	21.3
Transfer payments	27.1	*27.2	26.4
Less employees' contribution for social insurance	9.7	*9.7	8.1
Total nonagricultural income	377.9	*377.1	353.8
PORTLAND CEMENT (BUREAU OF MINES)—			
Month of January:			
Production (barrels)	18,699,000	24,111,000	18,604,000
Shipments from mills (barrels)	12,766,000	20,328,000	14,616,000
Stocks at end of month (barrels)	37,088,000	31,328,000	34,838,000
Capacity used (per cent)	53	69	55

New Firms and Branch Offices

Barant & Co. in N. Y. City

Barant & Co., Inc. is engaging in a securities business from offices at 225 Broadway, New York City.

New Birr Branch

MONTEREY, Calif.—Birr & Co., Inc. has opened a branch office at 885 Abrego Street, under the management of M. M. McElwaine.

Milton Chasin Opens

FOREST HILLS, N. Y. — Milton Chasin is conducting a securities business from offices at 67-43 110th Street.

Richard Davis Opens

WESTBURY, N. Y. — Richard Davis is engaging in a securities business from offices at 835 Peperidge Road.

Form R. F. Down Co.

R. F. Down & Company, Inc. is engaging in a securities business from offices at 39 Broadway, New York City.

Wm. N. Edwards Branch

ABILENE, Tex.—William N. Edwards & Company has opened a branch office at 4310 South Fifth Street under the management of George B. Buescher, Jr.

Form D. Eiten Co.

BROOKLYN, N. Y.—David Eiten is engaging in a securities business from offices at 1435 Flatbush Avenue under the firm name of David Eiten Company.

Evans Branch

Evans & Co., Inc. members of the New York Stock Exchange, has opened a branch office at 60 Wall Street, New York City, under the direction of Ernest L. Loar.

D'Amico Branch

D'Amico & Co. Inc. of Buffalo has opened a branch office at 15 William Street, New York City, under the direction of E. G. Mueller.

Financial Programs Corp.

Financial Programs Corporation of America is engaging in a securities business from offices at 48 West 48th Street, New York City. Officers are Herbert Marks, President; Nathan Greenberg, Vice-President; Irving Gitterman, Treasurer and Assistant Secretary, and Harvey Greenfield, Secretary.

First Albany Office

AMSTERDAM, N. Y.—First Albany Corporation has opened a branch office at 41 Market Street under the management of Richard D. Armstrong.

L. Foreman Opens

NORTH BELLMORE, N. Y.—Leonard Foreman is conducting a securities business from offices at 2407 Joel Drive.

Form Investors Collateral

JAMAICA, N. Y.—Investors Collateral Corporation has been formed with offices at 167-10 Hillside Avenue to engage in a securities business.

Form 42 Broadway Assoc.

42 Broadway Associates has been formed with offices at 502 Park Avenue, New York City, to engage in a securities business. M. M. Ferer and Dr. James Graham are partners.

Fraser & Co. Formed In Philadelphia

PHILADELPHIA, Pa. — Fraser & Company, Inc. has been formed with offices at 123 South Broad Street to engage in a securities business. Gilbert Golden is President and General Manager; Harold Diamond, Secretary-Treasurer. Both were formerly with Robert M. Harris & Co., Inc.

A. E. Gilbert Opens

Albert E. Gilbert is conducting a securities business from offices at 665 Fifth Avenue, New York City.

R. S. Gross Opens

PHILADELPHIA, Pa.—Richard S. Gross is conducting a securities business from offices at 123 South Broad Street.

Forms Hartley Co.

LITTLE FALLS, N. J.—William R. Hartley is conducting a securities business from offices at 125 Paterson Avenue under the firm name of Hartley & Company.

In Securities Business

(Special to The Financial Chronicle)

CHICAGO, Ill. — Lowell Hoit & Co., 141 West Jackson Boulevard, is engaging in a securities business. Officers are Frederick G. Miley, President; Virgil A. Wiese, Executive Vice-President; Allen R. Benson and Ralph M. Seeley, Vice-President; Gustav F. Klein, Secretary; and John W. Thomas, Treasurer.

Daniel F. Haas, formerly with Harris, Upham & Co., has become associated with the firm.

Hergenrather-Testut Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.— Hergenrather-Testut & Company has been formed with offices at 3424 Wilshire Boulevard to engage in a securities business. Richard S. Testut and Edmund R. Hergenrather are partners.

Lee Higginson Branch

SHELBYVILLE, Ill.—Lee Higginson Corporation has opened a branch office at 208 North Chestnut Street under the management of Charles V. Dodds.

New Hutton Branch

HOUSTON, Tex.—E. F. Hutton & Co. has opened a branch office at 901 Rusk at Travis under the management of John D. Brown.

D. S. Jacobs Opens

David S. Jacobs is conducting a securities business from offices at 516 Fifth Avenue, New York City.

Opens Investment Office

BETHPAGE, N. Y.—Miriam Kenner is conducting a securities business from offices at 34 Audly Circle.

F. K. Kerpen Opens

F. K. Kerpen & Co., Inc. has been formed with offices at 27 Washington Square North, New York City, to engage in a securities business. Officers are Fred K. Kerpen, President; and M. C. Kerpen, Vice-President.

Kohlmeyer Branch

GREENWOOD, Miss.—Kohlmeyer Co. has opened a branch office at 105 Howard Street under the management of John A. Smith.

Form M. Lackey Jr. Inc.

TANNERSVILLE, N. Y.—M. Lackey, Jr. Incorporated is engaging in a securities business from offices at 139 Main Street.

Liberty Investors Corp.

Liberty Investors Corporation is engaging in a securities business from offices at 48 West 48th St., New York City.

S. Livingstone Opens

(Special to The Financial Chronicle)

BOSTON, Mass.—Samuel Livingstone is engaging in a securities business from offices at 10 Post Office Square under the firm name of Investment Planning Associates. He was formerly an officer of Livingstone Securities Corp.

Merrill Lynch Office

ROCHESTER, N. Y. — Merrill Lynch, Pierce, Fenner & Smith Incorporated has opened a branch office at 40 Clinton Avenue, North, under the management of Edward C. Roth, 2nd.

Form Marress Investors

Marress Investors Co. is conducting a securities business from offices at 101 Second Avenue, New York City. Partners are Mark Levine and Arthur Press.

Cleve Myers Opens

SHREVEPORT, La. — Cleve P. Myers, Jr. is conducting a securities business from offices at 4408 Youree Drive under the firm name of Cleve Myers and Company.

New England Inv. Co.

New England Investing Co., Inc. has been formed with offices at 82 Washington Place, New York City, to engage in a securities business. William E. Voigtlander is President.

G. F. Nielson Opens

WEST ENGLEWOOD, N. J.—George F. Nielson is engaging in a securities business from offices at 71 Circle Driveway.

W. A. Patton, Jr. Opens

ANN ARBOR, Mich.—William A. Paton, Jr. is conducting a securities business from offices at 2203 Hill Street.

H. M. Platt Opens

BROOKLYN, N. Y. — Henry M. Platt is conducting a securities business from offices at 15 East 19th Street. He was formerly with Dreyfus & Co.

J. C. Polhemus Opens

ROCHESTER, N. Y. — John C. Polhemus is engaged in a securities business from offices at 119 Orchard Drive.

E. C. Prival Opens

YONKERS, N. Y.—Elliott C. Prival is conducting a securities business from offices at 692 Corbalis Place.

New Quinby Branch

SYRACUSE, N. Y.—Quinby & Co. Incorporated has opened a branch office at 185 Brampton Road under the management of Charles Frascati.

Powell & Kistler Branch

NORFOLK, Va.—Powell, Kistler & Co. has opened a branch office at 317 Main Street under the management of Robert J. Powell, Jr., resident partner.

Profit Investing Planning

BROOKLYN, N. Y. — Profit Investing Planning Company is engaging in a securities business from offices at 9506 Avenue L. David Price is a principal of the firm.

Form R. B. Associates

SAN DIEGO, Calif. — John B. Burkmeyer and Patrick F. Rogers have formed R. B. Associates with offices at 6434 Burgundy Street to engage in a securities business.

Dealer-Broker Recommendations And Literature

Continued from page 8

of **Knox Glass Inc.** and **Tex-Star Oil & Gas Corp.**

Porce-Alume Co.—Report—Pearson, Murphy & Co., Inc., 50 Broad St., New York 4, N. Y. Also available is a report on **High Point Chemical Co., Inc.**

Quaker City Life Insurance Co.—Memorandum — Suplee, Yateman, Mosley Co., Inc., 1500 Walnut St., Philadelphia 2, Pa.

Red Owl Stores Inc.—Report—The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis. Also available is a report on **First Wisconsin Bankshares Corp.**

River Brand Rice Mills — Card Memorandum — Swift, Henke & Co., 135 South La Salle St., Chicago 3, Ill.

Robertshaw Fulton Cotnrols—Review — Weingarten & Company, 551 Fifth Avenue, New York 17, N. Y.

Safeway Stores—Review—Westheimer & Co., 326 Walnut St., Cincinnati 2, Ohio. Also in the same circular are reviews of **Kroger Co., Philco** and **Garrett Corp.**

Scovill Manufacturing Co.—Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Scovill Manufacturing Co.—Data —Van Alstyne, Noel & Co., 52 Wall St., New York 5, N. Y. Also in the same bulletin is a review of **Freeport Sulphur Co.**

Sealright Oswego Falls Corporation—Analysis—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

Southwestern Electric Service Company — Analysis — Rauscher, Pierce & Co., Inc., Mercantile Dallas Building, Dallas 1, Texas.

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

Therm-O-Disc — Analysis — McDonald & Company, Union Commerce Building, Cleveland 14, Ohio.

Tilo Roofing Company, Inc. — 1959 annual report—Tilo Roofing Company, Inc., Stratford, Conn.

United States Life Insurance Co. — Analysis — William Blair & Company, 135 South La Salle St., Chicago 3, Ill.

United States Plywood — Memorandum—Purcell & Co., 50 Broadway, New York 4, N. Y.

Walgreen—Memorandum—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The United States Senate is sometimes called the greatest deliberative body in the world and the most exclusive "club" in Washington.

The 100-member Senate is exclusive, but it is just half as select as the Washington Gridiron Club which limits its active membership to 50 top drawer journalists in the Nation's Capital.

Two or three times a session it seems the Senate comes up with a pretty good show. The Gridiron Club puts on at least one wing-ding show a year. It is easier to get a seat at a joint session of Congress when the President of the United States speaks than it is to get a seat at a Gridiron Club dinner.

The Gridiron Club, a group of self-appointed jesters, puts on an exposition of organized foolishness, and does a lot of head shrinking and chest deflating, including their own. Certainly within its field it presents the "greatest show on earth."

Every President since Grover Cleveland has attended the Gridiron Club dinner, and most of them have enjoyed it, according to history.

While its "public" dinners are strictly stag, the club has a tradition that "ladies are always present; reporters are never present." The club also has a policy that in its deflating skits and songs, it may sear, but it never burns.

Recent Dinner

The other night the Gridiron Club had its spring dinner. It is absolute that all guests must wear white tie and tails. President Dwight D. Eisenhower headed the guest list.

The great and the near great filled the presidential room of the Statler Hotel. They came from coast to coast and from Alaska and Hawaii and from Saginaw, Williamsburg and Wichita.

Ambassadors from around the world, the President's Cabinet Officers, the Supreme Court, Congressional leaders, and some of the foremost leaders of labor and industry and newspaperdom were there. The du Ponts were there. So were George S. Romney of American Motors, and the top brass of General Motors, Ford Company and the Chrysler Corporation.

Chances are the next president of the United States was present wearing his white tie and tails with a white carnation pinned on his lapel. Sitting at the head table with President John C. O'Brien of the Philadelphia Inquirer were President Eisenhower and Vice-President Nixon.

Also occupying seats were Senate Majority Leader Lyndon B. Johnson of Texas; Senator John F. Kennedy of Massachusetts, and Senator Stuart Symington of Missouri. One of this trio may be the Democratic standard bearer after the July Convention in Los Angeles.

There were a number of governors present, including Edmund G. (Pat) Brown of California; David Lawrence of Pennsylvania; Bert Combs of Kentucky, and Robert B. Meyner of New Jersey.

A Merry Evening

From 7 o'clock to shortly before midnight the 75th anniversary Gridiron Club guests all but raised the roof of the Statler hotel during the skits and songs. Senator Symington made the traditional off-the-record spiel for Democrats, and Senate Majority Leader Everett M. Dirkson of Illinois spoke for the Republicans as a substitute for Governor Mark O. Hatfield of Oregon, who was forced to cancel his trip to Washington at the 11th hour.

The Gridiron Chorus which had been bedecked in a series of gaudy costumes during the various skits took the stage in their white ties and tails. Everyone had finished his dessert of Savarin, of French vanilla ice cream, strawberries with kirsch.

Eisenhower "Serenaded"

To the tune of "Red River Valley," the chorus saluted President Eisenhower with:

"From the White House you soon will be going
Where for eight years you have lived — now and then.
You can golf without prying reporters
Asking who, why, whether or when."

Then the 34th president of the United States rose. He was touched. He said so. Then he made some other remarks, in a light vein of course. President Eisenhower said that the question of naming the next President of the United States could be simplified.

General Eisenhower said by moving a seat a couple of seats away to where he (Eisenhower was sitting) would solve the problem. Vice-President Nixon, on whom he has leaned heavily for more than seven years, was sitting to Mr. O'Brien's left and, of course Mr. Eisenhower was occupying the seat to Mr. O'Brien's right.

Traditionally, none of the Gridiron Club members used the story. Nevertheless, 24 hours later, the story of President Eisenhower's informal endorsement of Mr. Nixon began to crop up all over this country, and in London and other European capitals. It had been leaked.

Certainly it was not unexpected, but many people had expected the President probably would wait until the Chicago convention in July before he gave his public endorsement.

Offers to Campaign for G. O. P.

Nevertheless, it was significant news that President Eisenhower wants Dick Nixon as our next President. Then at his first news conference on Wednesday, Mr. Eisenhower made it official that he is not only for Richard M. Nixon for President, but that he would make some speeches for him and the Republican party, if he is invited.

There is no question about the G. O. P. wanting President Eisenhower to speak. Neither is there any question that he is the most influential Republican in this country.

Most of the higher-ups surrounding President Eisenhower were in the Gridiron Club audience when they heard their chief point to hard-hitting Dick Nixon. These included General J. Wilton Persons, the Presidential assistant, who has done an outstanding job for the President.

Kennedy vs. Nixon

While President Eisenhower was pointing proudly to the man he hopes will succeed him, the name of Senator John F. Kennedy of Massachusetts appeared to be looming stronger in the Democratic presidential picture.

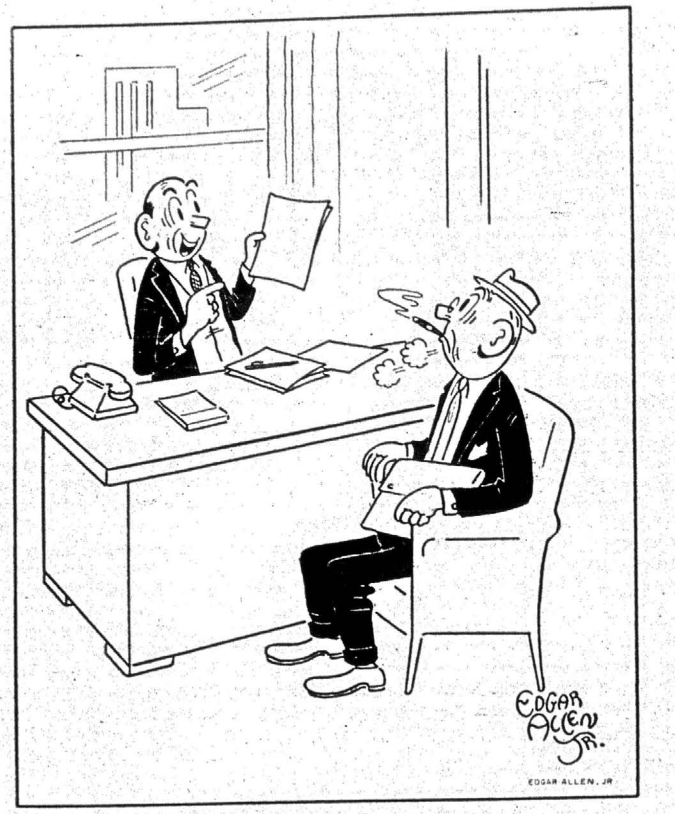
If he takes Wisconsin in the preference primary over Senator Hubert H. Humphrey of neighboring Minnesota, chances are he will pick up steam between now and July. Reports in Washington are that Senator Kennedy will win in Wisconsin.

There is already speculation in Washington that a Nixon versus Kennedy campaign would be a hard-hitting one. If this comes about it would be one of the youngest pair of Presidential candidates that ever hit the campaign trail.

Meantime, Mr. Nixon, with President Eisenhower's full approval, is taking over an increasing role in the Administration's affairs in connection with his preparation for the Presidency. There is no doubt he had had a substantial role in shaping President Eisenhower's policies.

He frequently confers with the President, and members of the Cabinet. Last week he had lunch with Secretary of State Christian Herter, and the next day with Attorney General William Rogers. He also met with Secretary of Labor Mitchell and other leading figures in the present Administration.

[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.]



"No annual report, no net earnings, no dividends — what a chance to get in on the ground floor!"

COMING EVENTS

IN INVESTMENT FIELD

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.

April 29, 1960 (New York City)
Security Traders Association of New York annual dinner at the Waldorf Astoria.

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

May 17-18, 1960 (Omaha, Neb.)
Nebraska Investment Bankers Association annual Field Day.

May 19-20, 1960 (Nashville, Tenn.)
Nashville Security Traders Association Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

May 20, 1960 (Baltimore, Md.)
Baltimore Security Traders Association annual spring outing at Maryland Country Club.

June 16, 1960 (Minneapolis, Minn.)
Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel.

June 21, 1960 (Detroit & Michigan)
Security Traders Association of Detroit and Michigan Summer outing at Western Golf & Country Club.