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Editorial AS WE SEE IT

When in 1956 and 1957 plant and equipment expenditures by American business were running at all-time highs — and by a very substantial margin — business analysts never tired of referring to the stimulus that was thus being given to the economy and of wondering what was to happen when, as believed inevitable, the rate of such outlays returned more to usual levels. Of course, there was a decline in 1958, but the figure never did get back down to, or even very near the peak prior to 1956, and by 1959 was evidently and definitely on the rise again. Now it is quite generally believed that the volume of such expenditures this year will rise to very nearly a billion over the peak year, 1957. It is, of course, evident that outlays of this sort on any such scale as this give business generally a boost. During recent years they have without doubt had a good deal to do with the record consumption expenditures of individuals — since in the course of spending by business very large sums are disbursed to individuals.

The relation of all this to the so-called business cycle is, naturally, of real interest to us all, but it seems to us that it is quite possible to become so much engrossed in this aspect of the phenomenon that some of the other significance of it escapes us. It is well to note the general nature of the purposes for which these expenditures are being made. On this point the First National City Bank in its May letter has this to say: "Significantly, 80% of 1960 expenditures in manufacturing will be for machines and equipment, and only 20% for buildings. The emphasis is on modernization, not on expansion. The main reason for this is the already ample capacity in many lines. Manufacturers reported (in a recent McGraw-Hill survey) that at the end of 1959 they were operating at 85% of capacity, compared with their preferred operating rate of about 94%. On the whole, capital outlays in 1960 are expected to add about 5% to existing capacity—the smallest in 10 years, except for 1958. Outlays on research and development, at a record $9 billion in 1959, are expected to rise to $9.6 billion (Continued on page 25)

Federal Mutual Savings Banks and Minimum Annual Housing Goals

By Hon. John Sparkman*, *United States Senator (D. Ala.)*

Senator describes his bill providing for minimum annual housing goals and offers to father legislation creating a new system of Federal Mutual Savings banks. The latter to include such features as compulsory deposit insurance and a central fund for temporary borrowing. The former would have various Federal agencies collaborate with industry to help formulate housing goals and the agencies would fix certain policies designed to stabilize orderly housing growth. Proposals that will be considered by Senate Housing Subcommittee, according to Sen. Sparkman, are: establishing of a secondary market for conventional loans and an independent board to determine FHA-VA interest rate policies.

The door to the widely heralded "golden 60s" has at last been opened. This door is opened only slightly at this time and none can say how far the road ahead will take us nor how many detours lie before us. The one thing we may be sure of is that, if the forecasts are anywhere near right, our nation's housing needs will be so great as to strain even our massive productive and financial resources. The Senate Housing Subcommittee has estimated that we should produce a minimum of 16 million nonfarm units during the next 10 years.

Sen. J. J. Sparkman

We will have 35 million more people in our country by 1970 than we have today, and this added population is expected to be grouped into 10 to 11 million more households than we have now. Furthermore, we are a mobile nation and I have no doubt that families will continue to migrate from one area to another, from farms to cities, and from cities to suburbs.

Moreover, a large number of residential units will be removed from the housing supply by demolition, conversion to other use, or to make way for new highways.

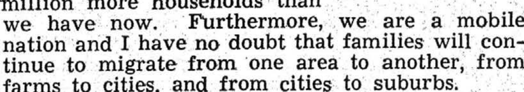
Just to satisfy the basic housing needs arising from all of these sources will require great effort. And even if we successfully meet these basic needs we will, in effect, only be standing still.

But we cannot be satisfied merely to hold our own. America's families want and deserve an upgrading of their housing supply, and the majority of these families will have the financial means to do something about it. We can anticipate a 50%-60% increase in Gross National Product during the next decade and this increased output should generate incomes perhaps one-fourth greater—in real terms—in 1970 than in 1960.

But the key for opening the door to better housing is the availability of mortgage funds.

The availability of funds to finance the millions of new houses and apartments which our people must have in the 1960's depends ultimately on the volume of real savings. And because most of our mortgage money comes from financial institutions, the more savings channeled into these institutions the greater will be the supply of home mortgage credit. In our free enterprise, democratic society, however, we cannot force people to save more or to save in particular ways. They are free to choose the ways in which they will use their incomes just as they are free to choose the ways in which they will earn it. Our economic organization —unlike that of totalitarian nations—depends upon voluntary actions of individuals and institutions.

This does not mean that we must stand idly by and allow basic human and economic needs to go unmet. On the contrary, it is up to leaders in private and public life to guide and to stimulate our economic efforts along pathways that will lead to the most efficient use of our nation's great resources. A basic ingredient of our private enterprise economy, and indeed the strength of our democratic system, is our (Continued on page 22)



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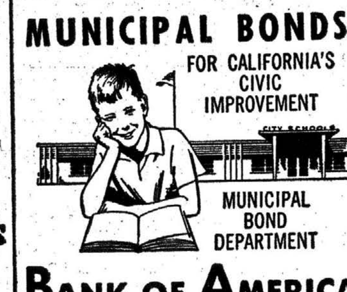

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The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

Mohawk Rubber Co.—Morton A. Cayne, Syndicate & Buying Dept., J. N. Russell & Co., Inc., Cleveland, Ohio. (Page 2)

Howell Electric Motors—B. Winthrop Pizzini, Partner, B. W. Pizzini & Co., New York City. (Page 2)

MORTON A. CAYNE

Syndicate & Buying Department
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Cleveland, Ohio

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Mohawk Rubber Co.

Since 1913 The Mohawk Rubber Company has manufactured tires of the highest quality and since 1956 it has become the fastest growing tire manufacturer in America. This company deals only with the tire replacement industry and is also a very important manufacturer of tread rubber used in recapping tires.

Morton A. Cayne

Mohawk reported sales of $6,976,000 in the first quarter of 1960 which is an increase of 18% over the $5,900,000 in sales in the same period last year. Net earnings per share in the quarter, rose 22% to 57¢ contra 47¢ per share last year. The passenger car field, estimated to be about 60 million registered cars on the nation's roads today, is one reason for increased sales and promises a tremendous growth potential for many years to come. Industry forecasts point to sales in retread tires as becoming more and more popular and in the next five years should equal the number of replacement tires sold. Retreads sell for one-fourth to one-half less than the price of new replacement tires and this cost savings appeals to most major consumers such as truckers, taxi companies, fleet owners and operators, etc.

Pertinent Statistics

Year	Sales	Per Share Earnings†
1956	$15,126,000	$0.75
1957	20,842,000	1.14
1958	25,513,000	2.16
1959	31,656,000	2.48
1960	36,000,000*	3.20*

†Adjusted to present 492,070 shares. *Estimated.

Three plants located in Akron, Ohio; West Helena, Arkansas and Stockton, California, give Mohawk strategic locations. Production today stands close to 7,000 passenger tires per day in the Arkansas plant alone, which is considered to be the most efficient and best operated plant in the industry. The tread rubber production is currently estimated to be about 8% of the entire industries' annual production. Over-all production of Mohawk is about two-thirds in passenger tires and about one-third in tread rubber.

As of Dec. 31, 1959, Mohawk had a $4 million 15-year, 5.85% debt with a large insurance company and only 492,070 shares of common stock outstanding. The financial position showed about $13.47 per share in working capital and a current ratio of about 2.1 to 1.

Year	Dividend	*Range High	*Range Low
1956	$1.00	19½	15
1957	†1.00	19¾	16½
1958	‡1.10	48½	14
1959	¶1.55	34	22½
1960	1.00	§31½	§25

*Adjusted, following each stock dividend. †2% stock dividend. ‡30% stock dividend. ¶100% stock dividend. §To date.

Mohawk is on a $1.00 annual dividend rate having paid 25¢ in the first quarter with the same second quarter dividend having been declared payable June 30 to stock of record June 10, 1960. It is not unreasonable to assume this dividend rate may be supplemented with an extra in the last quarter of this year and based on the payout in the past three years, it could be 50¢ per share or more.

While this stock presents a very interesting and attractive investment in a growth industry, the company is indeed fortunate to have excellent young management who have the "know how" and ability to continue the remarkable record of the past few years.

Of course, Mohawk Rubber common, currently selling around 27½, is "The Security I Like Best." It is traded in the Over-the-Counter Market.

B. WINTHROP PIZZINI

Partner: B. W. Pizzini & Co.
New York City

Members: N. Y. Stock Exchange and American Stock Exchange (Assoc.)

Howell Electric Motors

There are few secrets in the canyons of Wall Street. And so-called "sleeper" stocks are virtually non-existent. Howell Electric Motors is one company, however, which seems to qualify as a relatively undiscovered stock.

B. W. Pizzini

Despite its 45-year old history, Howell is presenting a new and changing face to the financial community.

Long known for its high quality electric motors, Howell Electric within the past year has achieved a new look. From a company with sales of about $3.5 million in 1958, Howell sales last year were more than $13.3 million.

The acquisitions during 1959 of the Ohio Electric Manufacturing Company and its wholly-owned subsidiary Kingston-Conley, Inc., and of Leland Electric Company accounted in large measure for the sharp rise in sales.

Sales for the current year should total close to $20 million since 1959 results included Leland sales for only the last three months of the year. The recent acquisitions also have had a marked impact on 1959 earnings, which amounted to $335,954, equal to 74 cents per common share. Yearly earnings for 1958 amounted to 15 cents per share.

Howell Electric is now one of the leading independent manufacturers of electric motors and lifting magnets in the country and conducts its manufacturing operations in four modern plants in Howell, Mich., Plainfield, N. J., Cleveland, and Dayton, Ohio.

Why is Howell an attractive situation? There are several reasons.

The recent acquisitions resulted in an infusion of new management blood and manufacturing know-how into the old-established Howell organization, long esteemed for its quality products. The newly-acquired products lines, also well-known for their excellent quality, augment and correlate Howell's product line to make it one of the most complete and diversified in the industry.

Howell's young management team established its astuteness beyond doubt by the advantageous acquisition of Leland Electric which was effected without any dilution of the company's capital stock. The team is further proving its mettle by cutting manufacturing costs, broadening domestic markets and setting up a more integrated and efficient sales force. The company is also looking into the untapped potentials of foreign markets.

The company is not dependent on any one industry. It merchandises its electric motors and huge lifting magnets to the air conditioning, pump, automobile, machine tool, steel, scrap handling, heating and ventilating and other vital industries. Despite the fact that it is selling in these highly competitive fields, the company's management is confident that its streamlined and aggressive sales organization and broadened product line will more than meet the selling challenge of the future.

The Howell organization is expansion-minded. Its young and able management team is constantly looking at other companies in related fields with a view to possible purchase. Howell is shooting high and company officials aspire to a sales goal of around $50 million within the next five years.

The tremendous growth in the electrical field seems certain to continue. This potential enhances the long-term prospects of the company. The air conditioning field, for example, is still in its infancy.

Now to get to the financial facts and figures. The company expects to post sales in the current year of between $19 and $20 million, and management "guesttimates" earnings of between $700,000, and $750,000. On this basis, earnings would amount to over $1.50 per common share on the 453,658 shares presently outstanding.

The stock is now selling at about $12.50 per share on the American Stock Exchange where it was admitted to trading in the early part of 1959. On the estimated earnings of about $1.50 per share, the common stock of Howell Electric is selling at a projected price earnings ratio of slightly more than 7½ to 1.

Dividends? The company paid a 3% stock dividend in December, 1959 and last paid a cash dividend in July of 1958 (15¢ per share). Since the company historically has been a dividend payer—dividends were omitted only once in the last 18 years—it seems likely that the company will consider the resumption of cash dividends if the projected earnings become a reality.

(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.)

Named Director

Electro-Tec Corp., a leading manufacturer of electronic components for industrial and military application announces the election of William Spencer Palmer as a director.

Mr. Palmer is vice president and treasurer of Nucleonics, Chemistry and Electronics Shares, Inc., a science-growth mutual fund. He is also vice president and treasurer of Templeton, Damroth Corp., a mutual fund management company.

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The Stock Market—Thoughts and Observations

By Armand G. Erpf,* *Partner, Carl M. Loeb Rhoades & Co. New York City*

Analyst reminds his colleagues of fundamental changes affecting the stock market outlook which investors tend to forget—especially when a cloud appears on the horizon. Mr. Erpf observes we are in a real postwar period characterized by a more appropriate earnings multiple figure than prevailed during the past 25 years, a more normal earnings trend, an absence of the numbers game for the time being, and a still greater desirability of an equity to a bond position. He envisages a modern estate building portfolio containing six broad investment segments which recognizes the increasingly blurred industry groupings and includes suggested substitutes for bonds other than those desired for immediate income. The writer hails the development of his profession from "croupier to security analyst," submits a list of 11 items dealing with the changed role of analysts, and looks to analysts to dispel the ignorance or misconceptions regarding our capitalistic institutions.

The Market

When farmers meet over the cracker barrel, the first thing they do is to talk about the weather and its effect on the crops. After the ritual of such a review, they return to their chores perhaps slightly jarred and disturbed as to the possibility of storm instead of sunshine, yet sticking to their own programs which, each according to his own nature, they have long been accustomed to carry out. So, too, when the investment community gathers together over a cocktail, there is the same ritual of gravely weighing the possibilities of storm or sunshine overhanging the stock market. After discussion, whether casual or penetrating, the chances are that temperament will prevail over intellect. The buoyantly inclined will continue bullish, varying their investment position from 100% to 115%; the cautious will maintain cash and equivalents in an appropriate degree; and the skeptical, who always view with alarm, will remain uninvested as they have been, secretly hoping they will be able to grasp the great opportunity of a 1932 with cash in hand to make the coup of once in a century.

Armand Erpf

A few months ago, I had occasion to present a quick run through on the stock market to a seminar of corporate executives, and the position since then has not changed sufficiently to revise the estimate or the interpretation. It was pointed out that the psychological factor had deteriorated. As Jay Gould once said, "The stock market does not go up; it goes down after we put it up." The public had put the market up nicely on a compulsive buying spree, sparked by the valid premise of a recovery in business, intensified by the fear of inflation, and tranquilized by the conviction that equities were less dangerous than they used to be with a curbing of the business cycle. This compulsive buying movement has now ebbed and therefore the price of shares tends to sag, except where there continues an intense enthusiasm which overrides the ordinary yardsticks of yield, earnings, asset position, and industry impregnability. With this expiry of emotional enthusiasm, there follows as a normal aftermath a parade of reservations. When will the next recession set in? What is happening to profit margins? Foreign competition? How about competitive yield of bonds? With this return of sobriety, a colder evaluation of securities ensues.

Underlying the psychological, there is its interplay with the economic foundation upon which so much depends. The long-term aspects which loom so important during the bull phase succumb to doubts as to the course of events during the next year, or the next quarter, undermining the conviction as to the marvelous compound interest workings of the secular trend. The 3 million per annum increase in population becomes a burden rather than an asset and grave heads point out that in India population increase asphyxiates progress. Discretionary spending, which is on the rise with the movement of so much of the proletariat into the middle class, becomes a speculative football—and who knows where and how consistently they will spend this money; and the increase in fixed savings via social security and pension funds becomes a subtraction from immediate consumer purchasing. The $150 billion of total government spending at Federal and local levels becomes a mountain of tax oppression instead of one of the great constants in stabilizing the nation's economic life.

These and other forces, such as the so-called $10 billion for research and development, the power of the unions to prevent downward spirals, and monetary management in the place of the mechanics of gold, all become subordinate to the trend of business over the next six months. It is then incumbent upon all of us to take counsel with professional economists and their findings, to analyze the projections of the

Continued on page 30

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CONTENTS

Articles and News

Page

Federal Mutual Savings Banks and Minimum Annual Housing Goals—Hon. John Sparkman ---- Cover

The Stock Market: Thoughts and Observations —Armand G. Erpf ---- 3

Thompson-Ramo Wooldridge Co.—Ira U. Cobleigh ---- 4

Oil and Gas Securities—Gilbert H. La Piere ---- 7

Ending the Ceiling Rate to Solve Withdrawal Problems —Charls E. Walker ---- 9

We Must Free Ourselves From Mistaken Notions —William McChesney Martin, Jr. ---- 10

Do Commercial Banks Want Equality With Savings Banks —Earl B. Schwulst ---- 11

A Medical Doctor Offers Investment Policy Advice —Edward N. Chapman ---- 12

The Affluent 1960's can Cause a 1970 Depression —Arthur R. Upgren ---- 14

How to Get a Sound International Monetary System —Philip Cortney ---- 15

Possibility of World War III—Roger W. Babson ---- 17

Forgotten Man, The Saver Is Finally Coming Into His Own —Sherwin C. Badger ---- 18

* * * *

J. Stanley Baughman Says Mortgage Money Will Be Easier ---- 21

Yes, That and More! ---- 27

Regular Features

As We See It (Editorial) ---- Cover

Bank and Insurance Stocks ---- 31

Coming Events in the Investment Field ---- 48

Dealer-Broker Investment Recommendations ---- 8

From Washington Ahead of the News—Carlisle Bargeron ---- 12

Indications of Current Business Activity ---- 46

Mutual Funds ---- 24

NSTA Notes ---- 47

News About Banks and Bankers ---- 23

Observations—A. Wilfred May ---- 4

Our Reporter on Governments ---- 29

Public Utility Securities ---- 27

Securities Now in Registration ---- 34

Prospective Security Offerings ---- 43

Security Salesman's Corner ---- 16

The Market . . . and You—By Wallace Streete ---- 16

The Security I Like Best ---- 2

The State of Trade and Industry ---- 5

Tax-Exempt Bond Market—Donald D. Mackey ---- 6

Washington and You ---- 48

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Thompson-Ramo Wooldridge

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

Some notes on this diversified company, its technological competence, and its major current expansion in the field of non-military electronics.

Many investors remember this company when it was Thompson Products, majoring in components and parts for autos and aircraft. The joining with Ramo-Wooldridge, two years ago, put the company into a new order of magnitude and gave it classification among investors as a "growth electronic" which is about top billing under the prevailing fashions in finance. Ramo Wooldridge had gained early prominence and prestige for its technical direction of the Thor, Atlas and Titan missile programs.

Motor and aircraft business is still very important but the accent has been changing. For 1959 about 26% of sales was from new and replacement parts for cars; about 32% from assembly units and parts for manned aircraft; and around 2% from miscellaneous sales. But the most exciting part was the 40% of sales coming from electronics, rocketry, space ships and missiles.

In this last category a considerable business has, of course, been done with the government; but mindful of the painful defense stretch-outs as recently as 1957, TRW is increasing its stress on non-military electronics.

Semi-conductors and Computers

First the company decided, some years back, to develop its own proprietary line of semi-conductors. In 1954, its own company, Pacific Semi-conductors, Inc. was formed. Research and development here have resulted in a superior product line, which has been accorded a high degree of acceptance in the industry. In the past year, PSI placed on the market a minute silicon Micro-Diode, with a packing density of 20 million to the cubic foot. Despite its super-miniaturization, it will equal or out-perform conventional diodes in both power and reliability. PSI sales doubled in 1959; and bid fair to do so again this year.

Another PSI entry with a very bright future is the RW-300 industrial digital control computer. It can be permanently tied into continuous process plant to monitor the process, reduce input data and calculate adjustments; and deliver the signals that start actuators, thermostats or relays that keep the plant operating at maximum efficiency. Sales to date have been to chemical and refining plants but installations in cement, steel and nuclear plants are believed to offer broad future markets for RW-300.

A third entry into computers by PSI is a computer system to control lathes and milling machines. The machine tool industry is quite enthusiastic about this system as it permits complex milling and tooling work to be controlled automatically from punched tape.

Giant Military Brain

For military use a new giant brain, the RW-400 data processor has been perfected. This is referred to as a "polymorphic computer" because of its many forms. It's big or little as you wish. Just push a button and, in less than a second, the giant computer can be converted into several smaller independent computers, each of which may be separately controlled to perform special tasks. Because of its flexibility and versatility this RW-400 is highly useful in military work; and is believed to have great potential for industrial and business applications later on.

Other advanced electronic devices under way include the equipment for electronic language translation and electronic control of superhighway traffic.

Space Technology Laboratories Inc., a subsidiary company, has enjoyed a special position as technical civilian director for the Air Force space and ballistics program, and is believed to have produced about $70 million in sales in 1959 with earnings equivalent to perhaps 60 cents a share.

The Page Television Division of TRW had made important advances in the field of closed circuit television, in education, industry, medicine, transportation, banking, military training, etc. Magnetic Recording Industries, in New York, acquired only last year, has installed more than half the electronic language laboratories now operating in schools and universities around the country. Finally, the Bell Sound Division has produced a top-flight line of hi-fi and stereophonic components as well as consoles; and Bel Canto Magnetic Recording Tape (recently acquired) produces a most sophisticated line of pre-recorded tapes, tape cartridges, and records.

From the foregoing it is quite obvious that TRW is well placed to move ahead in some of the most exciting phases of the electronic business; and the company expects, in due course, that more than 60% of sales will be derived from this field of endeavor.

Fine for the company; now what about the common stocks? In 1958, the company slacked up a bit with sales receding to $340.6 million, from $412.6 million a year earlier; and 1958 per share net of $2.86 was substantially below the record year (1956) when per share net reached $4.60.

In 1959, however, TRW experienced a sharp and most favorable turnabout. Sales advanced (over 1958) by 23% and attained an all-time high of $417.7 million with a net of $3.02 per share; and the percentage gain (year-to-year) in missiles and electronics was most heartening—87%.

What's the outlook for 1960? Sales continue strong and are expected to reach another new high, probably around $440 million. Profitability appears on the upgrade and certain analysts are expecting an improvement in pre-tax margins. This percentage was 10.6% in 1951. It slipped down to 5.5% in 1958. For 1960, a pre-tax margin of 8% has been projected as reasonably attainable.

Continued forward motion in the development of new technologies and new products may be expected as a result of the R and D program. Over $12 million was spent in research and development at TRW in 1959 and a still larger outlay has been outlined for this year.

Capitalization at TRW is quite simple: $39,948,900 in funded debt; 81,708 shares of $100, $4 preferred stock (callable at 107); and 3,119,503 shares of common listed on NYSE and now selling at $62. Of the foregoing debt, $19,729,500 is in 4⅞% debentures, convertible into common at $72.69 per share (through Aug. 1, 1962, then at higher prices). These debentures sell currently at 114; and the $4 preferred sells at 83.

Investors interested in electronic equities may want to take a second look at Thompson-Ramo Wooldridge common. At 62, paying $1.40, it is selling at about 17 times indicated 1960 earnings of $3.60. Comparable electronic shares such as Litton or Texas Instruments sell at 27 times earnings. In May of 1957, THO (NYSE symbol) sold as high as 89¾. The stock is a demonstrably better equity today. Thompson-Ramo Wooldridge, Inc., has attained eminence in automotive, aviation, and electronic engineering and manufacture. It should continue to grow in stature and earning power.

Walter Gutman to Join Stearns Co.

Walter Gutman, who recently resigned from Shields & Co., is planning to become associated with Stearns & Co., 72 Wall St., New York City, members of the New York Stock Exchange. It had previously been incorrectly indicated in the CHRONICLE that Mr. Gutman would join Bear, Stearns & Co.

N. H. Green With Pledger & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Norman H. Green has become associated with Pledger & Company, Inc., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. Mr. Green was formerly with the trading department of First California Company.

Form Champion Co.

LITTLE ROCK, Ark.—Champion & Co., Inc. has been formed with offices in the Boyle Building to engage in a securities business. Officers are William A. Champion, President; Carl E. Chapman, Vice-President, and William H. Ramsey, Secretary-Treasurer.

OBSERVATIONS...

BY A. WILFRED MAY

PERFORMANCE WITHOUT ENCORES

Again we are indebted to Vance, Sanders & Company for data indisputably demolishing one of the chief illusions in the mutual fund and investment company community. A recent issue of *Brevits*, the biweekly letter published by these Fund sponsors and distributors, which we cited in our column of March 10, reported a statistical record that gave the empirical lie to the use of the short-term *past performance* fiction as the chief criterion of comparative management ability. In a tabulation of the results of 102 investment companies, they were compared with each other during the past four years on the following mechanical basis — for each calendar year the *"performance"* was computed and the five funds which registered the best "results", capital value-wise, were listed in numerical order. Then opposite each of these funds was placed the relative performance notch achieved by the same fund during the next calendar year. The results showed a crazy-quilt of year-to-year inconsistency. The "leading" five funds in 1955 finished from 16th to 56th the following year; those of 1956 fell to positions from 29th to 99th the following year; the leaders of 1957 fell all the way down to the 86th-to-102nd range in 1958; only in 1959 did one of the funds repeat its previous year's place but the other four leaders showed declines ranging down to 45th position.

Changed Calculations—Same Result

Now, in a follow-up study, the record is reconstructed on a new basis, with the result further substantiating the conclusion that performance consistency is a fiction.

The table following has been constructed assuming that at the beginning of each year, starting with 1956, an equal amount of money was placed in shares in each of the Funds which had recorded the best market performance during the preceding year. It is further assumed that at the end of the first year, the capital invested was transferred to the five Funds which had performed the *best* during that particular year. This procedure then was repeated for each year through 1959.

Then, conversely, again beginning with 1956, the same equal amount of money was placed in the five funds which had done the *worst* for the preceding year, and again at the end of that year, the capital was transferred to those five funds which had done the worst for that particular year. (that is, those companies which out of the 102 Funds covered, held positions from 102 through 98 for the preceding year.)

Worst Five of 102 Funds

Jan. 1	Value at Year-End			
1956	1956	1957	1958	1959
$100	$100	$91	$125	$130
100	109	112	164	169
100	98	81	117	126
100	98	95	143	149
100	101	82	120	132
$500	$506	$461	$669	$706

Best Five of 102 Funds

Jan. 1	Value at Year-End			
1956	1956	1957	1958	1959
$100	$110	$97	$117	$146
100	110	99	120	139
100	112	91	114	132
100	107	100	128	142
100	111	104	134	147
$500	$550	$491	$613	$706

Remarkable are these results, showing identical final net gains through switching to the previously best-performing Funds as to the worst prior performers.

These analyses of the record demonstrate empirically the invalidity of past performance, at least over the relatively short term, as a test of management.

Of course, the Funds' respective category of objectives, their capitalization (determining the *leverage*), and the relevant concurrent trend of the market during the period considered should be importantly taken into account in drawing comparative conclusions. But the record of inconsistency is not correlated with such differences in category. The inconsistent performance records are intra-category as well as inter-category.

The Logical Aspects

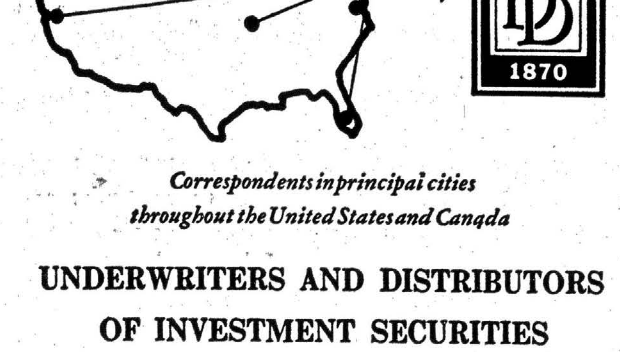
And investment *logic* also is in full agreement with the empirical record, indicting the performance test. For it falsely assumes the existence of the ability of the portfolio manager to choose stock issues that will *continuously* show comparatively better capital value, and/or exhibit market *timing* ability superior to his fellow experts—both of which are actually impossible.

In any event, for the prospective Fund buyer, the criteria for his choosing should rather consist of realistic and tangible factors that are not fortuitous. Foremost among these is the expense incurred, both continuingly for management, and, in the case of most of the open-ends, for the initial acquisition. Such standards for selection are well spelled out in the currently issued 1960 edition of **"Investment Trusts and Funds—From the Investor's Point of View,"** by C. Russell Doane and Edward J. Hills, published by the American Institute for Economic Research, of Great Barrington, Mass.

With the gross operating expense being anywhere near equal, the closed-end companies which sell at a discount will cost the shareholder less, and yield him more annually, than will the open-end fund which is sold with a load. On the basis of his cost, the closed-end holder is getting his actual income as well as his theoretically realizable asset value, at a discount; the open-end buyer, contrastingly is getting both at a premium cost.

The Income Test

These authors find that over a span of longer than two decades,



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including periods of declining as well as advancing stock prices, the closed-enders have consistently provided better investment results than have the better open-end funds—in the way of greater *ordinary* income production, leading to better market-price behavior. "Performance" that stems from earning power, rather than that dependent on capital gains from market action, is relatively predictable.

Other non-market performance criteria suggested by Messrs. Doane and Hills include the type of organization, the size of the Fund, investment policy, diversification policies, marketability of portfolio securities, and management compensation. *Along with these factors*, past capital-value performance over the very long-term, might well be included.

* * *

IN OUR MAIL-BOX

From a Leading Fund Manager—On the Sponsor, Director, and Shareholder

Dear Mr. May:

I have read with great interest your column of April 28, dealing with the comparative results achieved by the Fund management companies.

The statistical figures as you presented them should be very interesting to your many readers. Certainly it is the first time that comparative statistics of this kind have been presented in the public press, as far as I know.

As one of the "old timers," or deans, of this industry, I am very interested in anything that appears about Funds since many people do not really understand the relations between a Mutual management company-sponsor on the one hand, and a Fund on the other. A Mutual Fund is quite different from the ordinary corporation. I would say that the relationship between a Mutual Fund and its sponsor-manager might almost be compared to that of a father and son. The sponsor even "lends" its name in some instances to the Fund.

A Mutual Fund does not organize itself, nor does it just sprout from the ground. It does not raise its own capital. A shareholder in a Mutual Fund, in a practical sense, is the client of an investment counsellor. He can liquidate his shares at any time he is not pleased with the results obtained for him by the investment manager, or if he loses confidence in that manager. This he cannot do in an ordinary corporation.

The Indispensable Sponsor

First, a Fund is created by a sponsor. Secondly, a Fund grows primarily because a sponsor is willing (a), to spend the money necessary, (perhaps millions of dollars), to obtain the growth and, (b) to develop the necessary dealer and shareholder good will to maintain a continued growth of the Fund in the expectation that management fees will be received year after year. A Fund that doesn't grow may find its assets disappear through liquidations to the point that it either eventually ends up being "an orphan," or perhaps as nothing but a mere corporate shell.

In turn, when a Fund does grow, through the sponsor's efforts, this growth occurs at no expense to the Fund itself, but with great benefit to the shareholders of the Fund. In other words, as a Fund grows the expenses for each shareholder are reduced, the breadth and caliber of the management organization is increased, and better management is thus made available at lower cost.

While the independent Directors of a Mutual Fund have definite responsibilities as "watch-dogs" to assure that a management company is doing a conscientious job, the affiliated Directors, who are usually the executives of the management company, have even greater responsibilities. This follows because the executives of the management company are devoting their entire life effort to building up the Fund, and to being certain that the Fund's success and good will are maintained. To assure this, these management company executives endeavor to do the best possible job of management performance, and also to operate under the highest principles of fiduciary standards.

WALTER L. MORGAN

President, Wellington Management Co., Philadelphia, Pa.

May 10, 1960

Junior Analysts Formed in NYC

The New York Society of Junior Investment Analysts has announced the election of Alan R. Shaw, security analyst with Harris, Upham & Co., as President. Others selected to serve as officers are: Hans Reinisch, of The Chase Manhattan Bank, Vice-President; Elliot Black, of Abbott, Procter & Paine, Secretary; and John Dryfoos, of L. F. Rothschild, Treasurer.

Alan R. Shaw

The newly formed organization is open to membership to all individuals over 21 years of age who have functioned as junior security analysts for at least six months. One of the objects of this group is to provide opportunities for the interchange of ideas and information among junior analysts, and assist members in becoming better acquainted with others in the profession. This society will also provide additional educational facilities which will be accomplished through forums, lectures and a number of social activities.

Mr. Shaw, prior to becoming associated with Harris, Upham & Co. in 1958, was a member of The Wall Street Journal's promotional department. He attended Susquehanna University where he was a member of Theta Chi Fraternity. A registered representative and a member of the Association of Customers' Brokers, he resides at 884 Brookwold Ave., Baldwin, N. Y.

N. Y. Inv. Ass'n Annual Outing

The Investment Association of New York will hold their annual outing on June 13 at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York, according to an announcement by James F. Burns, III, President of the Association.

Featured during the day will be golf, tennis, and swimming. If sufficient members wish to participate in a trap shoot the club range will be made available; those interested should contact Peter P. Wiley, Merrill Lynch, Pierce, Fenner & Smith.

Members of the Golf Committee are Wright Rumbough, Hoppin Brothers, Chairman; Francis Whitaker, Lazard Freres & Co.; Robert W. Trone, Merrill Lynch, Pierce, Fenner & Smith, Inc.; Henry Harris, R. W. Pressprich & Co.; and Bliss McCrum, Dominick and Dominick. There is a greens fee of $6.

Thomas A. Turley, Harris, Upham & Co., is head of the Tennis Committee. Reservations, with the $3 fee per person for use of the courts, should be mailed to him.

Richard E. Boesel, Jr., Kuhn, Loeb & Co., is general chairman.

The State of TRADE and INDUSTRY

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

A vigorous upswing in production carried the Gross National Product to an annual rate of $500 billion in the opening quarter of 1960, U. S. Department of Commerce announced.

With price advances continuing moderate, most of the $17 billion rise from the fourth quarter of 1959 stemmed from an increase in the real volume of production.

The rapid rebound from the steel strike, as heavy inventory accumulation refilled the depleted pipelines, contributed to the first quarter rise. More than half the overall gain in output, however, went into consumption, fixed investment, and other final uses, where basic growth and cyclical factors played a dominant role.

The rate of increase in economic activity slowed as the quarter progressed. Personal income advanced only moderately after January. This easing was associated with the leveling off of the inventory spurt; the upswing in final purchases also moderated. Early information on market changes in April shows an increase in major retail lines, notably in autos and department store merchandise.

Personal consumption expenditures, at a seasonally adjusted annual rate of $321 billion, were $4 billion higher in the first quarter than in the fourth. Besides an improvement in auto sales, there was a continued growth in quarterly expenditures for services. Spending for food also moved up, with the advance in prices; and other types of goods showed little change.

Residential construction outlays remained high, but declined from month to month during the opening quarter of the year.

Business fixed investment rose $2 billion, the gain being especially marked in the case of durable goods manufacturers. Business plans reported in the latest survey by the Office of Business Economics and Securities and Exchange Commission call for continued increases in plant and equipment investment for the remainder of the year. The survey indicated a rise of 14% from 1959 in the 1960 annual total.

Inventories were accumulated in the opening quarter of 1960 at a pace comparable to that of last spring prior to the strike. The step-up from the fourth quarter accounted for over $7 billion of the rise (at annual rate) in GNP. Accumulation centered in durable goods, as manufacturers and distributors rebuilt strike-depleted stocks.

Government purchases were up with the expansion in state and local outlays for construction and payrolls. Federal demand continued to ease.

A substantial Federal surplus was achieved in the first quarter, as the effect of declining expenditures was reinforced by an advance in revenues. Social security receipts rose with an increase in tax rates, and corporate and individual income tax yields expanded as business improved.

U. S. exports firmed. The overall balance of international payments, covering unilateral transfers and capital movements as well as GNP goods and services, though helped by the export gain, remained adverse.

Bank Clearings for May 14 Week 3.9% Above Last Year

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, May 14, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 3.9% above those for the corresponding week last year. Our preliminary totals stand at $25,894,788,352 against $24,929,639,714 for the same week in 1959. Our comparative summary for the principal money centers for the week ending May 14 was as follows:

Week Ended May 14—	000 Omitted 1960	1959	%
New York	$13,443,040	$12,219,312	+10.0
Chicago	1,298,539	1,300,292	— 0.1
Philadelphia	1,128,000	1,200,000	— 6.0
Boston	746,545	751,809	— 0.7

Cites Weakness in Prices for Certain Steel Products

Even wishful thinking on steel price increases has disappeared—for the foreseeable future, says "The Iron Age," the national metalworking weekly.

The magazine points to a flurry of steel price cuts in recent weeks as evidence of the collapse of pressures supporting demands for higher prices in the near future.

However, there is no evidence of a softening in major mill prices for regular steel products. The price weaknesses are selective. But they do bring out into the open, market conditions which have prevailed for some time in certain areas.

In most cases the weakness involves warehouse material, reinforcing bars for concrete construction, and specialty steel products, "The Iron Age" notes.

Heavy imports of reinforcing bars at Atlantic Coast ports have contributed to weakness in this area. This is especially true of the Florida market which took more than 50% of 25,000 tons of the reinforcing bars to pass through East Coast ports in February.

To combat the imports, a leading steel maker in the South cut its regular mill price for this product by $8.50 a ton. As yet, the price weakness has not moved north. But there are reports of a price cut by a mill serving the Southwest, the metalworking magazine reports. Imported reinforcing bars are said to be "sold out" for the third quarter in the East.

There is some softness in warehouse prices for stainless steel in the East and the Far West. It is believed this material is affected by warehouse competition with foreign items.

In addition, several steel mills have just announced price cuts for some specialty steel items, "The Iron Age" points out. Most significant of these has been a 13% reduction in the base prices of forging billets for vacuum melted, high-strength, low-alloy steels.

But comparable reductions also have been made in vacuum melted, low-alloy sheet, wire and bar products. These materials are used primarily in the aerospace industry, for missiles. A competitive domestic market is developing as greater volume and experience is gained.

Low level of demand for carbon steel products acts as an effective deterrent to higher prices for this group, according to "The Iron Age."

The lower volume of incoming steel orders in the past month will soon usher in seasonal declines of "more than moderate" nature in steel production and shipments, the magazine predicts.

June, July and part of August are normally slow months in steel—except in the midst of a boom condition. And that is something that is not in the picture at this time, the metalworking publication notes.

However, the steel industry looks for a relatively strong seasonal pickup beginning early in September. Part of the expected improvement will come from automakers and their suppliers. It will also come from manufacturers who had shut down for vacations and may have let their inventories drop a little too far.

Users Chewing Up More Steel Than They are Receiving

Users are chewing up more steel than they are receiving, "Steel," the metalworking weekly, reported today.

They will continue to cut back inventories next month, being convinced that mills and service centers can meet requirements in a hurry.

In the last six weeks, consumers have been exercising unexpected

Continued on page 45

HOW TO FIND BEST BUYS IN

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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The state and municipal bond market has been firm and quiet during the week past. The very light schedule of new issues attracted spirited bidding by dealers in all instances and investor interest followed the prevailing pattern in taking, with some exceptions, about fifty per cent of the offerings. This firm market, it should be carefully noted, continues on its tenuous way with an unsteady gait.

The markets for Treasury obligations form up the background with Federal Reserve policy dexterously balancing market factors which tend to become progressively more complex. The Treasury market seemed better ordered than in recent months following the recent refinancing, and the various bill, note, and bond markets had largely reflected this. This better condition has been upset, temporarily at least, by the Summit collapse and its possible consequences for the entire financial community.

Some dealers feel that a stronger Federal interest in the Treasury markets may naturally develop as heavier borrowing commitments generate in the months ahead. Currently, at least, the government markets reflect uncertainty to a degree not consistent with the traditional investment quality of the securities involved. Dealers and traders now seem largely motivated by guess work in their transactions for want of more genuine symptoms.

Municipal Market Strong

However, during recent sessions municipal bond dealers have paid little heed to the general bond market situation or to the Paris Conference. The favorable technical aspects of the tax-exempt bond market have continued to be more impelling than possible market repercussions involved in a Summit collapse. New issues were bid for with an avidity seldom seen in the street, and dollar quoted issues, after a quick dip of less than a point, regained their previous levels.

The **Commercial and Financial Chronicle's** bond yield index reflected a modest market gain for the weekly period. The average yield was reduced from 3.45% on May 11 to 3.43% on May 18. This represents an average market improvement of about a quarter point. The Smith, Barney & Company Turnpike revenue bond yield index does not cover the immediate period but its last recording May 12 was 3.94% against 3.99% the week previous. This difference represents an average market gain of about one point.

To round out the municipal market's technical aspects, the street float as indicated by the "Blue List" is but little heavier than it was a week or two back, lending tangible evidence that the investor demand continues to easily absorb the moderate supply of new and secondary offerings as they come to market. With the sensible spacing of sizable new issues offerings, it is apparent to dealers that a greater volume of tax-exempts could be handled currently despite the generally thin bond market.

Recent Financing

Although only few, and of relatively light volume, the past week's new issues are noteworthy in some respects and we will briefly outline them. On Tuesday, $9,515,000 Cincinnati, Ohio (1961-1990) limited and unlimited tax bonds were awarded to a group headed by Halsey, Stuart & Company; Lehman Brothers; Eastman Dillon, Union Securities & Company; Blair & Company, Inc.; Phelps, Fenn & Company, and other large underwriters. This high quality offering is now being offered to investors at yields varying from 2.45% to 3.50%. About one third of the offering is reported sold at this writing.

The expanding and prosperous southwest area of our country was represented in this week's underwriting with the sale of $9,000,000 Phoenix, Ariz., Water System Revenue (1961-1988) bonds on Tuesday. This high grade issue was won by the Blyth & Company group which included Harriman Ripley & Company, Inc.; John Nuveen & Company; White, Weld & Company; C. J. Devine & Company and others. The offering was scaled to yield from 2.70% to 4%. It was accorded an enthusiastic reception as less than $1,200,000 remains in account at present. The bidding for this issue was remarkably competitive. Five groups bid interest costs as follows:

	Percent
Blyth & Company	3.922
Lehman Brothers	3.925
Halsey, Stuart & Company	3.926
First Boston Corporation	3.9317
F. S. Smithers & Company	3.93177

Also on Tuesday, $6,500,000 Pittsburgh, Pennsylvania (1961-1980) bonds attracted several bids in keen competition. The group led by First Boston Corporation, Bankers Trust Company, Chase Manahttan Bank, Drexel & Company and Smith, Barney & Company won the issue and reoffered it at prices to yield from 2.50% to 3.50%. Sales are reported off to a slow start, with the current balance at about $4,000,000.

On Wednesday, the State of Maine awarded bond issues totaling $7,250,000. A group headed by the Bankers Trust Company won the improvement issue maturing 1961-1970 and priced the bonds to yield from 2.30% to 2.95%. The University of Maine issue maturing 1963-2000 was won by the Chase Manhattan Bank group and offered to yield from 2.60% to 3.50% excepting the final maturity (2000) which was not reoffered. This high grade offering should attract considerable investment interest on its scarcity value alone. Combined balance at this writing is $4,800,000.

Onondaga County, New York also sold an attractive issue on Wednesday. The Morgan Guaranty Trust Company was awarded the $5,750,000 (1961-1988) bonds and reoffered them to yield from 2.35% to 3.50%. This county, as well as its seat of government (Syracuse) rarely comes to the market. New York investors should be particularly interested. Present balance is $3,300,000.

New Business Scheduled Abnormally Low

New issues continue to be announced daily but the schedule is far less than is normal for this time of year. The scheduled issues total approximately $389,157,000. Most dealers and investors would prefer a calendar of twice this volume. This total does not include an issue of about $200,000,000 Chesapeake Bay Bridge and Tunnel Authority which is planned for negotiation in June, the market and other factors permitting.

Next week's headliner, and largest scheduled new issue on the calendar in the competitive category, is $50,000,000 State of California (1962-1986) serial bonds. California's financial needs are tremendous and recurring, and marketability is thereby diminished to a degree despite the very high grade nature of the credit. At present it would appear that but one bid will be forthcoming in an effort on the part of banks and dealers to effect a ready and widespread placement.

Although the bond market continues to show elements of uneasiness and uncertainty, municipals seem likely to do relatively well. Tax-exempt investors occasionally show evidence that they are aware of this, especially when an issue is well priced.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.90%	3.75%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.45%	3.30%
New York (State)	3%	1978-1979	3.25%	3.10%
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	3.55%	3.40%
Los Angeles, Calif.	3¾%	1978-1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.40%	3.25%
New Orleans, La.	3¼%	1979	3.70%	3.50%
Chicago, Ill.	3¼%	1977	3.80%	3.65%
New York City, N. Y.	3%	1980	3.90%	3.80%

May 18, 1960 Index=3.43%

ESTABLISHED 1894

STATE AND MUNICIPAL BONDS
CORPORATE BONDS
LOCAL STOCKS

The Robinson-Humphrey Company, Inc.

RHODES-HAVERTY BLDG. ATLANTA 3, GEORGIA

JAckson 1-0316

Walter Fullerton Opens

ST. PETERSBURG, Fla.—Walter A. Fullerton, Jr., has opened offices at 115 Eleventh Avenue, Northeast to engage in a securities business. Mr. Fullerton was formerly with A. M. Kidder & Co., Inc. and Goodbody & Co.,

James Guthrie Opens

SAN ANTONIO, Texas — James E. Guthrie is conducting his own investment business from offices in the National Bank of Commerce Building. Mr. Guthrie was formerly with Guthrie, Byrd & Co., Muir Investment Co., and Rauscher, Pierce & Co.

With Yates, Heitner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert W. Tiernan has joined the staff of Yates, Heitner & Woods, Paul Brown Building, members of the New York and Midwest Stock Exchanges. He was previously with B. C. Christopher & Co., and A. G. Edwards & Sons.

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.

May 19 (Thursday)			
Rensselaer County, New York	2,028,500	1960-1988	3:00 p.m.
New Baltimore, Michigan	1,290,000	1962-1989	8:00 p.m.
May 23 (Monday)			
Richardson Ind. Sch. Dist., Texas	2,500,000	1961-1991	7:30 p.m.
May 24 (Tuesday)			
Buckhannon, West Virginia	1,000,000	1962-2000	2:00 p.m.
California	50,000,000	1962-1986	10:00 a.m.
Detroit, Michigan	9,125,000	1962-1995	10:00 a.m.
Detroit School District, Mich.	10,000,000	1961-1985	10:00 a.m.
Gary School City, Indiana	1,500,000	1962-1965	7:30 p.m.
Grossmont Union High Sch. Dist., California	1,400,000	1962-1980	10:30 a.m.
Lynchburg, Virginia	2,800,000	1961-1980	12:30 p.m.
Madison, Wisconsin	3,000,000	1961-1980	10:00 a.m.
Middletown Sch. Dist., New Jersey	3,750,000	1962-1982	8:00 p.m.
Portland, Oregon	2,000,000	1963-1982	11:00 a.m.
Springfield Twp. Sch. Dist. Auth., Pennsylvania	2,060,000	-------	8:00 p.m.
Three Rivers Local Sch. Dist., Ohio	1,700,000	1961-1980	Noon
Wauwatosa, Wisconsin	1,400,000	1963-1997	7:30 p.m.
May 25 (Wednesday)			
Atlanta, Georgia	2,300,000	1962-1990	11:00 a.m.
Bunkie, Louisiana	1,558,000	1962-1999	11:00 a.m.
Clarkstown, New York	2,415,000	1960-1989	2:00 p.m.
Denver, Colorado	11,750,000	1963-1987	-------
Grants Municipal School District No. 3, New Mexico	1,000,000	1961-1970	Noon
Old Rochester Reg. School District, Massachusetts	1,970,000	1961-1980	11:00 a.m.
May 26 (Thursday)			
Cattaraugus Co., New York	1,300,000	1961-1975	2:00 p.m.
May 31 (Tuesday)			
Huntsville, Alabama	1,000,000	1961-1990	2:00 p.m.
West Baton Rouge Parish School District No. 3, Louisiana	2,000,000	1961-1980	3:30 p.m.
June 1 (Wednesday)			
Alabama	3,500,000	1963-1980	11:00 a.m.
Cook County Con. Comm. Sch. Dist. No. 65, Illinois	1,300,000	1961-1979	7:30 p.m.
Harlingen Consolidated Independent School District, Texas	1,300,000	1961-1980	8:00 p.m.
King County, Washington	10,000,000	1962-1980	11:00 a.m.
Upper Arlington School Dist., Ohio	2,000,000	-------	Noon
June 2 (Thursday)			
North Texas State College, Board of Regents, Texas	2,902,000	1961-2000	10:00 a.m.
Stamford, Connecticut	2,379,000	1961-1980	11:00 a.m.
June 3 (Friday)			
Florida Development Commission, Florida	3,375,000	1964-1990	11:00 a.m.
June 7 (Tuesday)			
Anchorage, Alaska	6,095,000	1961-1980	10:00 a.m.
Anchorage Ind. Sch. Dist., Alaska	5,000,000	1961-1980	10:00 a.m.
Dothan, Alabama	1,500,000	-------	11:00 a.m.
Memphis, Tennessee	15,000,000	1961-1990	2:30 p.m.
Memphis Bd. of Education, Tenn.	2,700,000	1961-1990	2:30 p.m.
Pennsylvania General State Auth., Pennsylvania	25,000,000	-------	-------
South Bend, Indiana	1,000,000	1963-1966	3:00 p.m.
June 8 (Wednesday)			
Dumont Sch. Dist., New Jersey	3,000,000	1961-1983	8:00 p.m.
Fort Pierce, Florida	1,325,000	1964-1988	2:00 p.m.
Kern County Joint Union High School District, California	5,870,000	1964-1970	11:00 a.m.
Los Angeles Dept. of Water & Power System, California	15,000,000	-------	-------
Pennsylvania State University, Pennsylvania	8,500,000	-------	11:00 a.m.
June 9 (Thursday)			
Calcasieu Parish School District No. 30, Louisiana	2,000,000	1961-1980	10:00 a.m.
June 14 (Tuesday)			
Farmington, New Mexico	1,690,000	1961-1975	7:30 p.m.
Kentucky	30,000,000	-------	1:00 p.m.
Michigan	25,000,000	-------	-------
Milwaukee, Wisconsin	15,000,000	-------	-------
St. Paul, Minnesota	2,495,000	-------	-------
June 15 (Wednesday)			
Struthers, Ohio	1,200,000	1961-1980	Noon
June 16 (Thursday)			
Honolulu, Hawaii	2,000,000	-------	-------
June 21 (Tuesday)			
Norfolk, Virginia	9,000,000	-------	-------
Ohio	15,000,000	-------	-------
June 29 (Wednesday)			
Louisiana State Univer., Louisiana	6,500,000	1962-1983	11:00 a.m.
July 14 (Thursday)			
New Orleans, Louisiana	6,200,000	-------	10:00 a.m.
July 19 (Tuesday)			
Eugene, Oregon	25,000,000	-------	-------

FRASER

Oil and Gas Securities

By Gilbert H. LaPiere,* Manager, Oil & Gas Department
W. E. Hutton & Co., New York City

Aware of the oil bear market since May, 1957, oil analyst declares investors should not be too alarmed. He explains strengths and weaknesses that have transpired, plans for greater profits U. S. oil companies are making, and reviews the domestic and international oil and gas picture. He predicts international oils should fare better than domestic companies, and expects domestic producers should show better earnings in 1960 than in 1959. As for the future of domestic producers, Mr. LaPiere foresees series of consolidations between independents and the larger integrated companies, a sharp curtailment in new refining construction, and an emphasis in modernizing refining process, expanding petrochemicals, etc., rather than in drilling and production. Russia is not considered an important factor in the world oil market so far but its future intervention is forebodingly depicted.

Recent Trends in Oil

Since May 1, 1957, oil shares have lost their rank of leadership with investors. Until recently, the public had invested more money in oil than in any other industry — but today, oil shares have slipped to third place behind utility and chemical stocks. The current value of oil common stocks approaches $43 billion, approximately the same value they had over 2½ years ago in May, 1957. In contrast, utility stocks moved from $33 to $50 billion, and chemical stocks moved from $30 to $46 billion over the same period. Over the past 2½ years, oils were one of the major groups showing a decline in their market price, dropping from 20% of the total value of all common stocks on the New York Stock Exchange to today's figure of approximately 15% of total value.

Gilbert H. LaPiere

An investor should not be too alarmed at these statistics because the oil industry has undergone a period of tremendous expansion during its first 100 years, an expansion accelerated particularly by the invention of the automobile in the early part of the century. Much of the gain in petroleum demand can be credited to displacement of other fuels. The exact extent of this displacement is not known, but in 1920 oil and gas accounted for slightly less than 18% of the total energies used in this country. By 1943 this rate had climbed to 40%, and in 1956 it had reached 67% of the energy used in the United States.

A consensus of various petroleum economists indicates that oil and natural gas will supply 75% of the energy used in the United States by the year 1967 and that the growth in demand in the U. S. will approximate 4 to 5%/year over the next decade. It is estimated that demand will approach 14 million B/D by 1967 compared with approximately 9.5 million B/D today; it is further estimated that the Free World oil consumption will increase at an average rate of approximately 7 to 8%/year, nearing 30 million B/D in 1967 compared with approximately 17 million B/D today.

According to the Chase Manhattan Bank, capital outlay to meet the expansion needs of the Free World petroleum requirements over the next decade will reach $140 billion. This is almost double the $72 billion spent for property, plants and equipment during the past 10 years. The majority of future outlays will be spent in foreign countries because the rise in cost for finding oil in the U. S. is sending the major oil companies abroad in search for new oil. Foreign expenditures will rise 140% over that of the past 10 years while domestic expenditures will rise 70%.

Over the past 12 years, capital expenditures to find and develop oil in the U. S. have consumed 75% of the Free World's total oil development cost, but this source has yielded only 15% of the new oil. Four times as much oil was found in the Middle East with only 1/25th of the money spent in the U. S.

Because of the rapidly increasing cost of finding and developing oil in the U. S. and the accelerated expansion which the domestic industry has undergone during recent years, domestic oil companies have not been able to meet their financial needs through internally generated cash. Since 1954, the domestic companies have had to go outside the industry for 15% of their total expenditures, and it can be expected that it will be necessary to raise an even greater percentage of capital in this manner to meet the requirements of the industry's future expansion.

A look at a study prepared by McGraw-Hill Publishing Co. of the capital expenditures planned throughout the petroleum industry indicates that the industry is taking further steps to narrow the margin between supply and demand. The study indicates that the petroleum industry, in contrast to all other major industries, plans a reduction in capital spending in future years, going from an estimated total industry expenditure of approximately $5.2 billion in 1959 to $5.1 billion in 1960 to $5.0 billion in 1961. The major portion of these cuts will come in drilling and production, which reflects the industry's abundant supply situation.

In the future, companies will concentrate on modernizing refining processes, expanding petrochemical facilities, endeavoring to make markets more profitable and streamlining over-all operations. This outlook was recently reflected in a speech by Mr. Rathbone of Standard Oil Co. of New Jersey when he said, "Until recently it has been essential for companies to concentrate a major portion of capital expenditures on projects designed to assure the long-term growth of the companies. However, because of the industries' already established strength for the long-term pull, they will be concentrating a greater part of their spending on projects to produce immediate profits."

Over the last decade, the Middle East and Venezuela have become predominate sources of the Free World's oil, which currently approximates 260 billion bbls with a demand of only 6.1 billion bbls/year. Reserves are unevenly distributed in relation to the consuming areas. Today, the U. S. accounts for more than one-half of the Free World's demand but has only 15% of the reserves, whereas the Middle East with approximately 70% of the reserves represents less than 1% of the consumption. Middle East reserves could actually supply the world's demand for the next 10 years, assuming proper facilities and political stability.

The oil industry's oversupply did not just happen—it has been building up over a period of 10 years. A few years after World War II, the reserves-production ratio of the Free World was 20:1 and since then has increased to over 40:1. The ratio of the Free World outside the U. S. now stands at 66:1, while the U. S. ratio is 12½:1.

Today the Free World's shut-in capacity is approximately 6 million B/D, of which one-half exists in the U. S. Some industry men believe that this excess supply could be reduced by 3 to 3.5 million B/D (which would be a more desirable level for the industry) if total Free World demand continues to increase at a rate of just 6% yearly over the next five years and if new oil over the same period is absorbed by the increase in demand.

Canada (with 500,000 B/D), Venezuela (with 2.5 million B/D and the Middle East (with over 4 million B/D) are areas which could double their current production rates over the next 10 years to supply the bulk of the world's future oil markets. These areas can be expected to accomplish this because of the anticipated increases in Free World demand and because they have more rapidly developed their reserves at lower cost, by comparison to the U. S.

In the future, Russian intervention in the world petroleum market will be felt. It is not causing any worry now, but Russia has more oil than it needs; its exports of crude oil should be expected to rise from the present 362,000 B/D to a point where the Soviet will eventually become an important factor in the export market. Russian oil production is approximately 2,580,000 B/D, compared to U. S. production of approximately 7.1 million B/D.

It is possible that Russia may replace Venezuela as the world's second-ranking crude-producing country this year. The Soviet Union predicts production of over 2.8 million B/D for 1960. This goal is an 11.6% gain over the 1959 output.

One of the advantages existing today for other export nations is that Russia will not guarantee a firm, continuous supply on a scheduled basis. This situation may be expected to change as more Soviet production becomes available.

Another area that will eventually have to be reckoned with is North Africa. In the French Sahara region, oil and vast amounts of natural gas are now being discovered and developed. Many engineers believe that this area some day will supply Western Europe with a major portion of its petroleum requirements. Over the past few years, approximately 4.5 billion bbls of oil and 10½ trillion cu ft of gas have been found. This does not compare with the Middle East as yet, but exploration of the Sahara has barely begun.

Lack of sufficient market outlets for Sahara crude and gas will be a problem for a while, but the French Government is rapidly approaching the solution. They have recently completed a pipeline to the Mediterranean Sea which will be carrying over 100,000 B/D and is expected to increase to over 150,000 B/D by 1961. An additional pipeline to the Mediterranean is expected to be completed by the end of this year, a fact which prompts France to predict that over 300,000 BOPD will be flowing to the Mediterranean from the Sahara region by a year from this Spring.

Sahara oil production will eventually have far-reaching effects on the world oil industry, especially on Middle East production and revenues, because some 90% (or 300,000 B/D) of the present French crude imports comes from the Middle East. The present plan of the French Government is to take 80% of the Sahara output for its

Continued on page 26

This advertisement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus.

NEW ISSUE

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OFFERING PRICE $115 PER UNIT
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Copies of the Prospectus may be obtained in any State only from such of the several underwriters named in the Prospectus and others as may lawfully offer these securities in such State.

Kuhn, Loeb & Co.

May 19, 1960

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

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

Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States—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 Business — Review — Saunders Cameron Limited, 55 Yonge Street, Toronto 1, Ont., Canada.

Convertible Debentures — List of securities which appear interesting — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Atchison, Topeka & Santa Fe, Brooklyn Union Gas, Lease Plan International, Ryder Systems, Diebold** and comments on the **Zinc Industry.**

Electronics—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Equipment Leasing Field—Review —Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y. Also available are data on **Cessna Aircraft, Colgate Palmolive, Eagle Picher, Jarrell Ash Company, Mead Johnson, Swift & Company, Universal Match and Vendo Company.**

European Integration and Canadian Trade — Review — Bank of Nova Scotia, Toronto, Ont., Can.

Infrared: Light the Eye Cannot See—Article in the May issue of the "American Investor"—American Stock Exchange Investor, 86 Trinity Place, New York 6, N. Y., price 15 cents per copy; $1.00 per year. Also in the same issue are articles on **Opelika Manufacturing Corp., Walter Kidde & Company, Stahl Meyer, Inc.** and **Metal & Thermit Corporation.**

Japanese Imports — Review and outlook in April issue of "Investor's Digest" — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. In the same issue are analyses of the **Heavy Duty Electric Equipment Industry and Automobile Sales.** Also available are reports on **Mitsubishi Shipbuilding and Engineering Co., Ltd., Sumitomo Chemical Industry Co., Kawasaki Steel Corp., and Tokyo Electric Power Co. Ltd.**

Japanese Stocks—Monthly stock digest and economic review — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Life Insurance Companies—Comparative performance analysis of 65 stocks showing 20-year progress with comparative earnings for 1955-1959, book values for 1958-1959, current price times earnings ratio and actual and adjusted earnings—$2.00 per copy (which includes without charge a similar analysis on 25 new and small Life companies)—Ralph B. Leonard & Sons, Inc., Dept. CHRON 5-19, 25 Broad St., New York 4, N. Y.

Market—Review of stocks which have performed better than the market, and which have declined more than the market—Penington, Colket & Company, 70 Pine Street, New York 5, N. Y.

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

Private Investment and the Industrialization of Puerto Rico—Reprints from monthly Review—Federal Reserve Bank of New York, New York, N. Y.

Puerto Rico: A Thriving Field For Investment — Illustrated brochure —Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Raw Sugar Prices—1931 to May 1960 in form of chart—Lamborn & Company, 99 Wall Street, New York 5, N. Y.

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).

* * *

Alsco Inc. — Bulletin — De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **United Greenfield Corporation.**

Aluminium Ltd.—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Warren Brothers Company, Convertible Preferred Stocks** and **Bank Holding Companies.**

Aluminium Limited — Review — James Richardson & Sons, Inc., 14 Wall Street, New York 5, N. Y.

American Cyanamid Company — Report — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are data on **Public Service Electric & Gas, Barden Corporation, Allied Radio Corporation** and a bulletin on **Electronics.**

American Viscose Corporation—Report—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a memorandum on **Campbell Soup.**

Amphenol Borg—Memorandum—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also available are memoranda on **Baxter Laboratories, Burling Industries, Continental Oil, Eagle Picher Co., Eaton Manufacturing** and **Ennis Business Forms.**

Anheuser Busch—Analysis—Edward D. Jones & Co., 300 North Fourth Street, St. Louis 2, Mo. Also available is an analysis of **Falstaff Brewing Corp.**

Automation in the Office — Discussion of office equipment stocks —Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y. Also available is an analysis of **Craig Systems.**

Beauty Counselors — Analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of **Standard Register Company.**

Beauty Counselors, Inc.—Analysis — Bacon, Stevenson & Co., 39 Broadway, New York 6, N. Y.

Binks Manufacturing Company—Analysis — H. M. Byllesby and Company Incorporated, 135 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Univis Lens Company.**

Bourjois, Inc. — Analysis — Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa.

Central Hudson Gas & Electric—Report — Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y. Also available is an analysis of **Bestwall Gypsum Company.**

Cincinnati Gas & Electric—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y. Also available is a memorandum on **Ocean Drilling & Exploration Co.**

City National Bank & Trust Co.—Card memorandum—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, Ill.

Culligan, Inc. — Analysis — Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Drackett Co.**

Diversa, Inc.—Report—John (R.) Lewis, Inc., 1000 Second Avenue, Seattle 4, Wash.

Dura Corporation—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a report on **Botany Industries, Inc.**

Electronics Funding Corporation —Bulletin—Darius Incorporated, 90 Broad Street, New York 4, New York.

Ferro Corporation — Analysis — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Fruehauf Trailer — Report — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Julius Garfinckel & Co.—Memorandum—Mackall & Coe, Woodward Bldg., Washington 5, D. C.

General Instrument Corporation—Report—Droulia & Co., 25 Broad Street, New York 4, N. Y. Also available is a suggested portfolio of stocks.

Gould National Batteries—Report —Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available is an analysis of **American Broadcasting Paramount Theatres.**

W. T. Grant Company—Survey in current "ABC Investment Letter" —Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y. In the same letter are surveys of **Norwich Pharmacal Co., Public Service Electric & Gas Company, McLouth Steel Corp.,** and **American Research & Development Corp.**

Great Lakes Bowling Corporation —Report—Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Great Lakes Paper Company Ltd. —Analysis—McLeod, Young, Weir & Company Limited, 50 King Street, West, Toronto, Ont., Can.

Grumman Aircraft Engineering Corporation — Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **Cummins Engine Company,** and a survey of the **Cement Industry** with particular reference to **Alpha Portland Cement, General Portland Cement, Ideal Cement, Lehigh Portland Cement, Lone Star Cement,** and **Penn Dixie Cement.**

Hagan Chemicals & Controls, Inc. —Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a brief review of **Culligan Inc.** and an analysis of the **Profit Potential in Water.**

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

International Minerals & Chemical — Memorandum — Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available are memoranda on **Raytheon Co.** and **Rockwell Standard.**

Kern County Land Company — Analysis—Evans MacCormack & Co., 453 South Spring Street, Los Angeles 13, Calif.

Mead Johnson & Co.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available in the same circular is a report on **Leeds & Northrup Co.**

Meredith Publishing Co.—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Pabst Brewing Company** and **Stone Container Corporation.**

Mersick Industries, Inc.—Analysis —Cooley & Company, 100 Pearl Street, Hartford 4, Conn. Also available is a review of **Clary Corporation.**

Miller Manufacturing Company—Report — Robert Edelstein Co., Inc., 15 William Street, New York 5, N. Y.

Northrop Corporation — Analysis —Woodcock, Moyer, Fricke & French, Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available are reviews of **National Aeronautical Corporation** and **International Telephone & Telegraph Company.**

Ohio Oil Company — Analysis — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reports on **Stanley Warner Corporation, Shulton, Inc., Western Natural Gas Company, Whirlpool Corporation, Western Auto Supply** and **Westinghouse.**

Oil Companies—Comparative figures on first quarter earnings of leading companies—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Paramount Pictures Corporation —Review—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y. Also available are data on **American Steel Foundries, National Dairy and Dresser.**

Pine Point Mines Ltd.—Analysis —Doherty Roadhouse & Co., 335 Bay Street, Toronto, Ont., Canada.

Radio Corporation of America—Review—Courts & Co., 11 Marietta Street, N. W., Atlanta, 1, Ga.

Republic Aviation—Memorandum —F. S. Moseley & Co., 120 Broadway, New York 5, N. Y.

Revlon Inc.—Data—Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y. Also in the same circular are data on **American Cyanamid, American Motors Corp., Beech Aircraft, Burlington Industries, Emerson Electric Manufacturing Co., Hertz Corp.** and **Pittsburgh Plate Glass.**

Ryan Aeronautical Company — Analysis — Robinson & Co. Inc., 42 South Fifteenth Street, Philadelphia 2, Pa.

Signode Steel Strapping—Data—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Illinois.

Singer Manufacturing Co. — Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also in the same circular is a review of **General Motors Corp.**

United Air Lines — Memorandum —Evans & Co. Incorporated, 300 Park Avenue, New York 22, N. Y.

U. S. Rubber — Memorandum — Winslow, Cohu & Stetson, Incorporated, 26 Broadway, New York 4, N. Y.

Warner Lambert—Review—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

Washington Natural Gas—Analysis — Zilka Smither & Co., Inc., Woodlark Building, Portland 5, Oregon.

Yale & Towne—Analysis—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

Yale & Towne Manufacturing Co. — Review — Purcell & Co., 50 Broadway, New York 4, N. Y.

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FRASER

Ending the Ceiling Rate to Solve Withdrawal Problems

By Charls E. Walker,* *Assistant to the Secretary of the Treasury Washington, D. C.*

In answering arguments raised against removal of interest rate ceiling on Federal bonds, Treasury official declares the Government does not intend to sell large amounts of securities to individuals who utilize funds they maintain in savings institutions. Mr. Walker admits the "Magic 5's" popularity caught the Treasury by surprise but explains why the Treasury had no other choice at that time. The Treasury Assistant earnestly hopes Congress will not adjourn without taking recommended action. He also points out "we had much rather sell our marketable bonds to . . . institutions . . . but (they) have . . . been liquidating (them) . . . during much of the postwar period."

I expected that by this time Congress would have acted favorably on the President's urgent request to remove the 4¼% interest rate ceiling on Treasury bonds. With the ceiling removed, it would be possible for me to present the views of the Treasury on how we intended to proceed with the important problem of re-structuring a huge public debt that is much too short in maturity, and how we intended to coordinate debt management with government fiscal and monetary policies to promote orderly economic growth without inflation.

Charls E. Walker

But circumstances force me to do otherwise. Almost 11 months have elapsed since the President originally requested removal of the interest rate ceiling, and still no action has been taken. As a result, debt management unfortunately remains the weakest weapon in our arsenal of government financial policies to promote sustainable economic growth, and the debt of course grows shorter and shorter in maturity.

Thus, if I concentrate on what may appear to be an old subject—one that has been very much in the financial news for almost a year—I do so because it remains a subject of vital importance to the mortgage industry and to the American people. And if I recount various arguments that we have made in the past for removal of the ceiling, I do so because we still believe that these arguments are logical and compelling, and that those who oppose removal of the ceiling have not as yet provided convincing answers to the arguments, nor have they offered an acceptable alternative to the President's proposal that the ceiling be removed.

The facts of the situation are familiar to many. A 4¼% interest rate ceiling on new issues of marketable Treasury bonds, established in 1918 in connection with a particular financing operation of World War I, has effectively prevented the Treasury from selling more than a token amount of long-term securities for almost a year. Through no choice of its own, the Treasury has had to rely almost completely on new issues of notes, certificates, and bills—securities that mature in five years or less and on which no interest rate ceiling applies.

Ceiling-Removal Arguments

There are three major arguments for removal of the ceiling. In the first place, forced reliance on short-term financing contributes to further shortening of a marketable debt that is already much too short in maturity. Today, almost 80% of the marketable debt matures within five years; this figure contrasts with 50% in 1946 and 67% at the end of 1952. Most of the shortening in the debt during the postwar period occurred between 1946 and the end of 1952, during which time the Treasury sold only $5.2 billion of marketable issues of more than five years' maturity. Since the end of 1952, $49½ billion of over five-year securities have been marketed. But despite these determined efforts during the past seven years, the passage of time has moved more and more securities closer to maturity. Moreover, if the marketable debt does not change and no securities of more than five years' maturity are issued, the under five-year debt will swell to 87% of the total by the end of 1964.

Debt-lengthening must, therefore, continue to be a high priority goal of Treasury debt management. Otherwise, the average length of the debt will grow shorter and shorter, and Treasury refunding operations will occur more frequently and in larger amounts. This will not only tend to disrupt the government securities market, but will also complicate the flexible administration of Federal Reserve credit policy. The relentless shortening in the public debt cannot be viewed with complacency.

Progressive shortening in the maturity of the public debt has another important implication, which leads to the second major argument for removal of the ceiling. All of us realize that the unbridled creation of new money to finance government deficits or to pay off maturing issues would result in disastrous inflation. But apparently too few people realize that excessive reliance on short-term issues in debt management can also exert strong inflationary pressures. This is because the shorter the term of a government security, the more like money it is. A 25-year Treasury bond is a true investment instrument, but a government security maturing within a few days is almost the same as cash. Similarly, a security maturing within a few weeks, a few months, or even a year or two automatically turns into cash within a relatively short period of time. Thus, a large build-up in short-dated government securities increases the inflationary potential embodied in the government debt; holders can easily liquidate short-term securities to obtain cash for spending for goods and services, either by selling the securities or by simply letting them run off at maturity.

Federal fiscal and monetary policies have been used effectively in recent months to contain the inflationary pressures that, although sometimes dormant, are always present in a prosperous economy. But because of the interest rate ceiling, Treasury debt management—the third major government financial power—has actually contributed to the inflationary potential in the economy.

A third major argument for removing the interest rate ceiling arises from the distortions in credit markets that result from confining government financing to short-term securities. Even though we are now operating with a balanced budget, the Treasury must turn over $70 to $80 billion of marketable securities each year. The confinement of so huge an amount of financing to securities of less than five years' maturity—and this will be the inevitable result if interest rates do not decline significantly from present levels and the ceiling is not removed—may add unduly to pressure on the short-term market. Thus, short-term interest rates would be higher than otherwise would be the case, and the availability of credit to private short-term borrowers—particularly consumers, small businesses, and farmers, all of whom rely heavily on short-term credit—would be curtailed. Moreover, experience last autumn indicated clearly that such distortions can become so great as to result in a severe impact on savings institutions, with a resulting back-wash effect on the mortgage market. I shall say more about this aspect of debt management under a restrictive interest rate ceiling in a few minutes.

In view of the force of these arguments—and there are others that could be mentioned—many impartial observers are understandably puzzled as to why Congress has not yet acted favorably on the President's request. Moreover, the request has received widespread editorial endorsement in newspapers and periodicals throughout the country, and almost without exception leading professional economists have advocated removal of the ceiling in testimony before Congressional committees and in other statements. Furthermore, various national associations representing both borrowers and lenders have supported legislation to provide the needed Treasury flexibility in debt management. In addition to the Mortgage Bankers Association of America, such groups include the National Association of Home Builders, the National Retail Lumber Dealers Association, the National Association of Real Estate Boards, the National Small Businessmen's Association, the National Association of Mutual Savings Banks, the United States Savings and Loan League, the American Bankers Association, the Investment Bankers Association, the American Farm Bureau Federation, and the National Grange.

One would think, therefore, that those who oppose removal of the ceiling must base their case on some very strong arguments. What are the arguments that have been presented?

Arguments Against Ceiling-Removal

The first and most familiar argument is that removal of the ceiling would cause interest rates in general, including those on real estate mortgages, to rise. But if the ceiling were truly effective in holding down rates, it would be logical to expect rates on outstanding Government bonds to remain below the ceiling. During most of the past year, however, such yields have exceeded 4¼%.

The fact is, of course—and this is no news to people who deal in Government-underwritten mortgages subject to statutory interest rate ceilings — no Government-decreed interest rate ceiling can prevent forces of demand and supply from exerting their effects so long as credit markets are free. We cannot repeal the quotations on outstanding Government securities that are the product of each day's free market trading among thousands of holders of Government securities. If we would control interest rates, then we must control the actions of lenders, borrowers, and all market participants. But so long as we protect the basic freedom of the marketplace, and do not revert to direct controls, interest rates—or the price of borrowed money—will continue to reflect changes in the basic forces of demand and supply, including the impact of flexible monetary policies.

Rather than preventing interest rates from responding to market forces, the real effect of the ceiling is to prescribe the area of the market in which the Treasury can borrow. President Eisenhower put the matter succintly in a special message to Congress last summer. He said: "To prohibit the Treasury from paying the market price for long-term money is just as impracticable as telling the Defense Department that it cannot pay the fair market price for a piece of equipment. The result would be the same in either case: the Government could not get what it needs."

As a corollary to this argument, some of those who oppose removal of the ceiling argue that such action would only serve to enrich the large financial institutions of the nation. This view is basically in error because interest rates, as noted above, are not determined by government edict but by forces of demand and supply; in and of itself, removal of the ceiling would not cause interest rates to rise. But even when interest rates do increase, it does not follow that the financial institutions themselves receive all of the benefit.

Continued on page 20

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May 18, 1960

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We Must Free Ourselves From Mistaken Notions

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

Federal Reserve head declares predetermined interest rates cannot be maintained without depreciating our currency and denies we can depend for any substantial length of time on selective controls. Mr. Martin hopes we can achieve widespread public understanding of the need to encourage savings by maintaining a dependable dollar so as to help assure the brightest economic future we ever anticipated.

Economic growth can come only from savings. Over the years we have been most fortunate in the United States that early in our existence as a nation several types of financial institutions were established to mobilize individual savings. Mutual savings banks, organized in 1816, were the first of these thrift institutions. Efforts to promote savings and to invest these funds in homes, industrial expansion, State and municipal improvements, and Federal Government expenditures have been of material assistance in financing the expanding economy of this country.

W. McC. Martin, Jr.

Unprecedented growth problems face us in the decade ahead. The experts tell us that the population of this country will expand by more than 30,000,000 persons in the next ten years. It will take over 13,000,000 new jobs to provide livelihood for this burgeoning population. Hundreds upon hundreds of new factories, stores, and office buildings will be required. Our steadily expanding social needs for schools, hospitals, homes, and highways must be satisfied. At the same time we aspire to provide higher standards of living for more and more people. To accomplish all of this will require vast sums of money.

Need for Confidence in the Dollar

Basic to the whole process of encouraging savings on the part of individuals is the maintenance of confidence in the value of the dollar. Unless the saver can be assured that his funds will retain their value until he is ready to use them for his own purpose he has little or no incentive to save.

Money must be more than a standard of value—it must also be a storehouse of value. When currency depreciates saving is discouraged. As much as any other industry in America, mutual savings banks should be—and I'm glad to say, are—vitally concerned with achieving a sound dollar, so as to encourage a steady flow of savings for profitable investment.

We must each do our part to insure sound growth and development. In this task the role of the Federal Reserve is clear cut—it must encourage savings and must minimize the substitution of bank credit for savings.

Non-Fixed Role of Interest Rates

This means that adequate attention must be given to the role of interest rates in our economy—a role that is greatly misunderstood by many citizens. We must bear in mind that interest is a wage to the saver as well as a cost to the borrower and that people should not be asked to save without getting adequate remuneration for their money.

Too many people believe that Congress—or the Federal Reserve System, or the Treasury—can turn a faucet, pull a lever, or say a magic word and increase the money stream without upsetting the fundamental relationships of savings and investment processes. They think it is possible to hold interest rates at predetermined levels without depreciating our currency.

Changes in interest rates constitute important, delicate, and subtle instruments through which the credit mechanism in our economy operates. Further, our economy is not isolated but is strongly influenced by the economies of other nations. These other nations also have strong demands for capital. For example, it is said that the Continent of Africa alone needs $6 billion for capital development in the course of the next few years. Demands for savings of this magnitude will certainly have an effect on us. In a world which jet aircraft is steadily forcing closer together, it is no more possible to be economic isolationists in the area of interest rates than in any other field. World-wide markets must be competitive if they are to be maintained. We are not seeking or promoting higher interest rates but we are seeking and promoting an increase in savings in relation to spending so as to properly tune our economic growth to a sustainable pitch.

We must free ourselves of the mistaken notion that it is possible to set an arbitrary ceiling on interest rates. The evidence is crystal clear that artificial ceilings do not work. Further, we must free ourselves of the notion that it is possible in our world today to depend for any substantial length of time on selective controls. They are innocuous sounding, but could eventually encompass broad segments of our economy, including both wages and prices—and thus severely undermine the basic free enterprise character of our economy.

Today we are concerned with encouraging a maximum sustainable rate of growth for our economy. Growth means jobs. Since growth is dependent on savings and savings in turn rest on the foundation of a dependable dollar, then it should be clear to all that a dependable job and a dependable dollar go hand in hand. I am confident that if we can achieve widespread public understanding of these basic principles, the capacity, the energy, and the initiative of the American people give us the potential for the brightest economic future this nation has ever anticipated.

*A talk by Mr. Martin at the 40th Annual Conference of the National Association of Mutual Savings Banks, Washington, D. C., May 10, 1960.

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Neuberger & Berman to Admit Partner

Neuberger & Berman, 120 Broadway, New York City, members of the New York Stock Exchange, on June 1 will admit William A. Potter to partnership.

To Be Murphy Partners

Murphy & Co., 4 Albany Street, New York City, members of the New York Stock Exchange, on May 15 admitted Timothy A. Patrick and Stuart K. Patrick to limited partnership.

With York & Mavroulis

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Robert R. Davidson and Leo E. Portl have become connected with York & Mavroulis, Inc., 76 South 8th Street.

C. L. Andrews Opens

(Special to The Financial Chronicle)

LONG BEACH, Calif. — C. L. Andrews has opened offices at 3600 Long Beach Boulevard to engage in a securities business.

Robt. L. Waters Opens

WASHINGTON, D. C.—Robert L. Waters is engaging in a securities business from offices at 3921 McKinley Street, Northwest, under the firm name of Robert L. Waters & Co.

Key Appointments In Puerto Rico

New Executive Directors for two of the major borrowing authorities of the Commonwealth of Puerto Rico were announced May 12—one for the Puerto Rico Water Resources Authority, which comprises virtually the entire electric power system of Puerto Rico, and the other for the Puerto Rico Aqueduct and Sewer Authority which provides water and sewage facilities.

Juan Labadie Eurite Rafael V. Urrutia

Rafael V. Urrutia has been appointed Executive Director of the Puerto Rico Water Resources Authority and Juan Labadie Eurite has been appointed Executive Director of the Puerto Rico Aqueduct and Sewer Authority, succeeding Mr. Urrutia who had held that position since 1954. Mr. Urrutia succeeds S. L. Descartes who resigned to enter the commercial banking business.

A graduate in civil engineering of the University of Puerto Rico, Mr. Urrutia began his career as assistant engineer in the Bureau of Municipal Works of the Department of the Interior of Puerto Rico. He became a member of the Puerto Rico Planning Board in 1952.

Mr. Labadie has been Executive Vice-President of the Government Development Bank for Puerto Rico since August, 1959, prior to which he had been Assistant Secretary of the Treasury of Puerto Rico in charge of financial affairs since 1955. He is a graduate of the College of Agriculture and Mechanic Arts of the University of Puerto Rico and attended Cornell University where he received his master's degree in agricultural economy.

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NOT A NEW ISSUE

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Do Commercial Banks Want Equality With Savings Banks

By Earl B. Schwulst,* *President, Bowery Savings Bank, N. Y. City*

Reflections of a savings bank trustee on the eve of his service encompasses such matters as: (1) consequences of commercial bank drive for "tax equality"; (2) Federal charter for mutual banks and conversion into S & L Associations; (3) making mutual funds available to savings depositors; and (4) race relations and non-discriminatory investment policy. Mr. Schwulst warns his commercial bank friends that their tax efforts may boomerang as mutuals will seek real and total equality with them to their competitive disadvantage. He hopes this retaliatory step and/or insistence that commercial banking tax advantages be withdrawn will not be necessary. The banker also proposes measures dealing with anti-recession policy so that we cease debasing our currency with printing press money.

I

The Federal Taxation of Mutual Savings Banks

The generally high level of Federal taxation and the need of our Government for money to finance its many programs, including the defense of our country, has understandably prompted the Ways and Means Committee of the House of Representatives to begin a reconsideration of the provisions of the Internal Revenue Code. This reconsideration is being directed particularly to those provisions of the Code which treat certain taxpayers differently from others. The Ways and Means Committee wants to satisfy itself that these differences in treatment are sound and fair and in the public interest.

Earl B. Schwulst

Although the general corporate stax provisions of the Internal Revenue Code were made applicable to the mutual savings banks by the Revenue Act of 1951, the deductions permitted for the accumulation of a bad debt reserve differ from those applicable to commercial banks, for example, and have resulted in a very small amount of Federal income taxes collected from savings banks. This was inevitable, given the great need of the economy for savings, the prominent role played by our banks in promoting savings, and the consequent deposit-growth of those banks, and their need to protect those savings against loss through the retention of sufficient earnings for that purpose. Nevertheless, it is entirely proper for the Ways and Means Committee to reconsider at its pleasure the provisions of the Code affecting us or any other taxpayer.

A number of commercial bankers and a number of their trade associations have brought great pressure to bear upon the Ways and Means Committee to change the Revenue Code as it applies to us. Their interest in the Revenue Code revisions stems primarily and quite properly from their desire to augment their profits. This motivation is understood by the Ways and Means Committee, and, therefore, I have no fear that it will permit the commercial banks to rewrite the provisions of the Code affecting us. If those provisions are rewritten, they will be rewritten by the Congress and only if Congress should be convinced that the provisions need rewriting in the public interest. Our mutual savings banks, and the savings and loan associations which are covered by the same provisions of the Code, will be given every opportunity to be heard before any changes are made in the Code.

While hundreds of thousands of words over the past several years have been spoken and written about the Federal taxation of our banks and while some of the commercial banks and certain trade organizations have done their best to confuse Congress and the public on the real merits of the question, the issue is really a very simple one. It revolves around the fact that mutual savings banks really have no corporate profits in the sense that stock corporations like commercial banks have. It is these corporate profits which the Internal Revenue Code seeks to tax to a corporation. Corporate profits are the corporation's earnings which are either paid out to stockholders or retained by the corporation for their benefit, and which, if retained, increase the book value of the stock and may be realized upon by the stockholders through the sale of their stock. Mutual savings banks have no stockholders, they therefore cannot and do not devote any of the earnings from the investment of their depositors' funds to benefit stockholders. Their earnings are either paid out as interest to the depositors, to whom they are taxed, or retained as a reserve against loss for the protection of depositors.

In most state savings banks are required by law to retain earnings for the protection of depositors. The purpose and effect of the Internal Revenue Act of 1951 was to prevent the accumulation of such earnings in reserves by trustees of savings banks beyond the point deemed by Congress adequate for the protection of depositors. The Act taxes at the full corporate rate any earnings over and above that amount.

It is apparent that once the proper margin of reserves required to protect deposits is determined (whether by Congress, by the states, or by the Trustees), the taking away by taxation of a portion of the earnings needed to maintain the reserves at that figure will have either one or two results or a combination of both.

Fears Effect Upon Deposit Growth

If the typical savings bank in New York State is doing its job of encouraging people to save, it will grow normally at an average annual rate of about 6%. That is, its deposits at the end of the year will be 6% greater than they were at the beginning of the year. This growth will include the increase in deposits represented by the interest credited. If the savings bank is paying 3% interest, then its growth will be represented about half and half by the interest credited and by the new money saved and deposited with the bank during the year by the depositors. On the average, the bank will attempt to retain (and should retain) only enough earnings during the year to margin this growth adequately—that is, by approximately the same margin that it has been maintaining against its existing deposits.

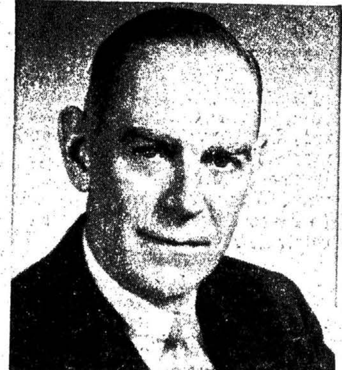
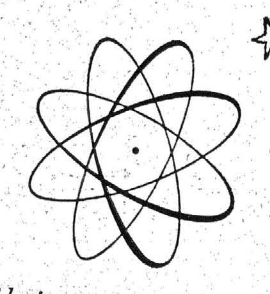
In the case of the Bowery, we try to run along with a margin of about 10% of our deposits and therefore we try to margin our growth by 10% and normally we do. This is probably roughly characteristic of the general run of New York Savings Banks.

Now, coming back to our example: if the savings bank has had a growth of 6% during the year, it will attempt to retain earnings equal to 10% of that growth, or approximately 6/10th of 1% of its beginning deposits. If Federal taxes take away approximately half of those retained earnings (which they would do at the present corporate rate), the bank would obviously be able to margin by 10% only a growth of 3%—a growth equal to only about the amount of the interest credited. It would therefore be able to margin by 10% either the interest or the new money deposited, but not both—**unless** it reduced the interest paid to the depositors. And, since any reduction in that interest would likewise be subject to the tax, it would have to reduce the interest $2 for every dollar retained to replace the original earnings taxed away by the Government and needed to margin the growth. In this illustration, the interest credited would have to be reduced by about one-sixth to provide, after corporate taxes, a margin of 10% for the interest credited and a margin of 10% for the new money deposited. There is a serious question as to whether as much new money would be deposited if the interest paid were reduced so substantially.

It is at once obvious that the application of the corporate rate of taxation to the mutual savings banks would gravely restrict their ability to encourage thrift and would operate in effect as a heavy indirect tax upon the interest paid to their depositors (a tax in addition to the direct personal income tax paid by the depositors upon the interest actually credited).

Our Government, in its consideration of the taxation of our institutions, therefore faces a simple but very serious policy decision. These institutions are particularly important in meeting the thrift needs of the little man. They are important to the home builder, the home buyer, to industries needing plant and equipment, and to our state, municipal, and Federal Governments in providing long-term funds to meet their borrowing requirements. Our expanding economy badly needs an increase in savings. Are the

Continued on page 32

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FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Millions of Russians must be as saddened about the outcome of the Summit Conference as are we Americans.

The first thought of one who thinks more of politics than he does the general welfare of the country, as most Washingtonians do, is that it was a body blow to the Republicans. A second thought is that we are not wholly without blame.

When Khrushchev left this country he seemed to be in glowing mood, at peace with the world. This was so despite the fact there had been demonstrations against him. He seemed to have an affection for Mr. Eisenhower as a man who wanted peace as much as he, Khrushchev, presumably did.

He went back to Russia and ordered the Russian press to cease their attacks upon this country. Everything thereafter was light and love on the part of the Russian premier. We did not respond in kind. Our statesmen were frequently criticizing Eisenhower for inviting Khrushchev over here and having accepted an invitation to return the visit. Our newspaper editorials were warning us to be careful, that this bandit could not be trusted. There were influences in this country who were trying to sabotage the nuclear weapons conference at Geneva. All the time, however, Khrushchev professed to believe that this was coming from a small minority of irresponsible people. He still had confidence in Mr. Eisenhower. This period of peace and good will was immediately shattered, of course, by the plane spying incident and the admission that such flights were made with the approval of Mr. Eisenhower himself. And not unexpectedly, the boss of the Kremlin blew up, conveniently forgetting in the process Russia's own predilection to practice espionage up to the hilt.

Senators, Republicans and Democrats alike, are saying that we must uphold the hand of the President. That is an amazing show of how politics ends at the water's edge. But will the Democrats be saying that in the forthcoming Presidential campaign? No, they will be telling us how the President's policies almost led to war. It carried us to the brink, they will say.

The Republicans used to have an effective issue against the Democrats in that the latter trusted the Russians too much. The New Deal was honeycombed with them and they made a tremendous impact upon the economy of this country.

The Democrats got in bed with them in World War II and trusted them thereafter to peacefully settle the issues of Bulgaria, Czechoslovakia, Poland and East Berlin. There is not the slightest doubt that the Democrats brought the Russians to their present place of eminence. But now the Republicans have been sucked in and met the same fate as the Democrats.

There were many prominent men in this country who thought Eisenhower was wrong in inviting Khrushchev to this country and accepting an invitation to return. Their theme was, you can't trust the Russians.

If John Foster Dulles were still living there is a safe bet that there would have been no summit conference. He had insisted upon an agreed upon agenda and earlier spadework to show that the conference had some chance of success. President Eisenhower agreed with him.

There is no secret that the President did not want a conference and fought it all the way. But the pressure on him was too much. He finally decided that he would do anything if it helped promote peace.

Once deciding that, he decided to go all the way, to attend the conference and to visit Russia.

If the U-2 incident had not happened, it is doubtful that Khrushchev wouldn't have found some other way of torpedoing the conference. Yet, outwardly at least, he seemed to be doing his part to maintain good will among the two countries.

There is speculation now as to whether the Russians might be willing to exchange the American pilot, Francis Powers, for Col. Abell, a Russian spy whom we are holding in jail in this country. This would be tantamount to admitting that the two offenses are equal, which they are, but the Russians aren't likely to admit that.

B. B. Gilbert Opens

LITTLE ROCK, Ark. — Benjamin B. Gilbert is engaging in a securities business from offices at 923 West Third Street under the firm name of Gilbert & Co. Mr. Gilbert was formerly with Southwest Securities, Inc.

Form Hampstead Inv.

Hampstead Investing Corp. is engaging in a securities business from offices at 120 Broadway, New York City. Officers are Rudolfs Blumbergs, President; Eli Karlin, Vice-President; and Douglass M. Mann, Secretary-Treasurer.

Form S. P. Levine Co.

NORTH BABYLON, N. Y.—S. P. Levine & Co., Inc. is engaging in a securities business from offices at 60 Magro Drive. Officers are Stanley P. Levine, President and Treasurer, and L. Levine, Vice-President and Secretary.

Twin City Brokerage

FARGO, N. Dak.—Twin City Brokerage, Inc. is engaging in a securities business from offices at 4½ South Broadway.

New B. C. Morton Branch

LONGVIEW, Wash.—The appointment of Arthur J. Coney as resident manager of the new B. C. Morton & Co. office in the Bowers Building, has been announced. Mr. Coney has been a mutual fund sales representative since 1956.

Merritt, Vickers Office

HAZLETON, Pa.—Merritt, Vickers, Inc. has opened a branch office in the Traders Bank & Trust Co. Building.

Named Director

Alan C. Bernstein, President of Executone, Inc., has announced the election of Henry W. Reed to the Board of Directors of Executone. Mr. Reed is a general partner of Shearson, Hammill & Co.

With Richard Kohn

NEWARK, N. J.—Mrs. Rose Uslander has become associated with Richard E. Kohn & Co., at 20 Clinton Street, members of the New York Stock Exchange, as a customers' representative.

Orvis Bros. Branch

LITTLE ROCK, Ark. — Orvis Brothers & Co. has opened a branch office at Fourth & Center Streets with William H. Brown as Manager and Roy A. Gross Assistant Manager.

A Medical Doctor Offers Investment Policy Advice

By Edward N. Chapman, M.D., *Colorado Springs, Colorado Financial Counselor, Colorado Springs National Bank*

Far from it being strange for an M.D. to write on financial matters, Dr. Chapman has combined careers as he has never been able to forsake his first love which started over 30 years ago with the Cowles Commission. The author has been engaged in medicine and financial advisory and research work all his adult life. In this paper, the doctor warns we are likely to have a more severe depression than any in the past 25 years. He offers this judgment after appraising the economy's strengths and weaknesses. Because of the stock market's vulnerability he recommends a portfolio ratio of about 40% stock and 60% bonds. He doubts the Sixties can repeat the lush market performance of the Fifties; and opines you can not reduce "common sense" and the "long-look" to a mathematical formula for forecasting the stock market.

What elements of strength and of weakness exist in our economy and in our stock market today? This is a pertinent question every investor should ask himself as our economy attains new heights in Gross National Product and our stock market remains in a high zone as measured by the past, despite its 10% drop since January of this year. The investor should balance the chance in his own mind that we can soon go on to greater heights against the chance that we may have a decline—possibly of greater proportion than any experienced since World War II.

Dr. E. N. Chapman

At this time, the majority of investors in all walks of life with whom I have talked appear to be cautiously optimistic. The heads of some large investment trusts tell me they plan no radical decrease in the percentage of stocks in their trust portfolio. In at least four instances the portion of the trust invested in common stocks amounts to approximately 90%. In very few of recent investment trust statements which I have seen, is there any indication of any marked shift from stocks into bonds or cash. The attitude in general of the managers of large funds as well as the man on the street, judged by my sampling, is that since the long term outlook is excellent why bother with any intermediate market correction which is not likely to amount to much anyway. Few seem to see a decline to more than 550 in the D. J. Industrial Averages.

Elements of Strength

Let us first examine some of the strengths in the present market and economic situation. Most of these are fairly obvious.

(1) Our population has been growing rapidly and there is no reason to believe that we will not continue to grow though at somewhat slower rate than has existed since World War II. However, the higher birth rate of the past two decades is beginning to decline from post war levels. New family formation is reported to be slowing. It should be added that mere numbers of people do not add to economic strength as China and India attest unless those people are efficiently and productively employed and become good consumers of goods and services themselves.

(2) Tremendous sums are being spent by industry and our government on research. This research is constantly bearing fruit in the form of new and desirable products — products that should expand industry.

(3) The stock market though high has been remarkably selective for a number of years. Many stocks are selling for less than they were five years ago while others that appeal to the imagination are selling at seemingly fantastic levels.

(4) Money rates have eased considerably in the past two months, though still remaining at historically high levels. Credit is still available at a price.

(5) Neither political party will permit a depression, if through legislation of inflationary measures, it can be avoided. However, this particular strength must be modified by the statement that inflationary measures did not generate business confidence in this country in the 1933-1936 period, and very little for several years even after that. If anything, businessmen were frightened by the measures taken by the government which were intended to help and stimulate. Businessmen will not expand their businesses unless they have confidence in the government and in the future.

(6) I believe that economic and financial education has improved considerably over the years in this country thanks to responsible financial publications like The **Commercial and Financial Chronicle.** Statistical information released by various departments of our government is far more comprehensive than it was in the late '20s. Serious studies of factors affecting the business economy undertaken by the various trade journals keep businessmen much better informed concerning at least some of the dangers and excesses that creep upon them. The SEC has put a stop to much of the irresponsible, misleading financial propaganda I remember as being so common in the '20s preceding the '29 market crash.

(7) There is much less borrowing to buy stocks than in the 20's. Margin requirements were then 10% now they are 90%. Individuals cannot be made to sell their securities on a declining market. Mutual investment trusts can be compelled to do so as will be explained later.

Elements of Weaknesses

Let us now examine some of the weaknesses in the present situation. Some of these are less obvious than the strengths mentioned above.

(1) The shortages created by World War II and the Korean conflict have now been eliminated. This removes a very important demand for goods that has been a stimulating factor for the past 15 years.

(2) Inventory build up necessitated by underproduction during the 1937-58 recession and by the long steel strike has been almost completed.

(3) Foreign competition is increasing and makes it difficult for industry to meet wage demands. Industry is now caught between the demands made by labor leaders for higher wages for their constituents and having to compete in the market place

Stitzer Nominated by N. Y. Bond Club

Raymond D. Stitzer of White, Weld & Co., has been nominated for president of The Bond Club of New York to succeed William B. Chappell of The First Boston Corporation. The election will be held June 3 at the club's annual Field Day at the Sleepy Hollow Country Club, Scarborough, N. Y.

Raymond D. Stitzer

W. Scott Cluett

James F. Burns, III

Maitland Ijams

Joseph Ludin

Allen J. Nix

George Murnane Jr.

Nominated to succeed Mr. Stitzer as vice-president is W. Scott Cluett of Harriman Ripley & Co., Incorporated. The new slate of officers also includes James F. Burns, III of Blyth & Co., Inc., nominated for secretary, and George Murnane, Jr. of Lazard Freres & Co. for treasurer.

As new members of the board of governors, the club has nominated Maitland T. Ijams of W. C. Langley & Co., Joseph Ludin of Dillon, Read & Co., Inc., and Allen J. Nix of Riter & Co.

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with low cost foreign goods made with cheap non-union labor. This presents a real problem and one likely to become worse rather than better. The solutions appear to lie in one of the following alternatives listed in the order of the economic attractiveness: (a) Reducing costs of production in this country through more efficient machinery and elimination of unproductive, uneconomic "featherbedding" practices. (b) Building branch factories abroad in order to benefit from cheap labor. (c) Setting back the clock to the days of the higher tariff or (d) Devaluation of the dollar. This measure would bring only temporary relief. A combination of several of these methods might meet the situation.

(4) Money is tightening in the United States and also in world money markets. England several months ago raised the rediscount rate to 5%. As pointed out above money rates have recently, and perhaps temporarily, eased in this country as a result of unexpected lessened demand. However, there is a very definite limit to the degree that money rates can be lowered by the Federal Reserve System. Money like water seeks its own level. If rates in this country are lower than those attainable abroad for sound loans, money will go to those countries where it can be loaned at higher rates. This in turn will cause an outflow from our gold reserves which now amount to approximately $19 billion. Every dollar of our gold reserves could theoretically (though not probably) be moved on demand out of this country. This would leave us with no gold backing for our currency. At the present time, approximately $11 billion of gold is necessary to back our currency under present law.

(5) The inflation spiral both here and in many of the large countries of Europe is now leveling off at least temporarily. Our industry and our stock market has been geared to a gradually rising price level.

(6) There has been a tremendous increase in personal debt in this country since World War II. Personal debt has risen from $200 billion to its present level of approximately $500 billion. Instalment buying which is nothing more than substituting future for present demand has increased tremendously the demands for goods. Our industry in turn has geared itself to meet this inflated demand. What if this demand is no longer present? Industry must retrench. The discharged employees lose their ability to buy and this makes a bad situation worse. There is little doubt but that there has been over spending by government, industry (to expand facilities to meet artifically created demand as indicated in Nos. 1, 2, 5) and by individuals during the past decade. This cannot continue indefinitely.

(7) We have had the longest bull market in history. It has lasted since 1949. Much has been written about the 10 year cycle and this 10 year cycle calls for a change to a bear market at this time. The Dow Theory has given a bear market signal early in March according to the interpretation of many followers. For 30 years of financial research I have tried to find a mathematical method for forecasting the stock market. I still have not found one that can be relied on sufficiently. There are too many variables which influence the market (and these variables in turn have fluctuating weights) to make any mathematical formula at all accurate as a forecasting device. Common sense and the "long look" are the best methods I know. However, they cannot be reduced to any mathematical equation. Over a long period of years the Dow Theory has been a reasonably profitable guide despite its many false signals.

(8) Prices of stocks during the past decade have risen much faster than earnings resulting in what appears to be ridiculous price earnings ratios especially for stocks in the electronic manufacturing field. The stock market chain is no stronger than its weakest link. Assuming that a well known representative group of leading industrial companies maintains the same growth in earnings and pay out the same proportion of these earnings in dividends in the next 10 years that they did in the last and that the market price of their stocks rises percentage-wise in the next decade the same as it did in the last—in other words assume the '60s repeat the growth of the '50s in all three categories (earnings, dividends and market price) what do we get. A rise in the market price which is comparable to more than 1900 added points in the D. J. Industrial Averages, a price earnings ratio with stocks selling at over 40 times earnings and a dividend yield of less than 1.5% 10 years hence. This seems absurd on the face of it.

It would seem from this that the '60s cannot repeat the lush market performance of the '50s. The over-optimism generated in the '50s has led many to think that the golden decade just passed will go on and on without interruption. Those of us who wrestled with the problems in the late '20s know that good times do not last forever.

Present price earnings ratios of stocks (over 18 times the Dow Jones Industrial earnings average) places the market in a vulnerable position—or at least one that has proved vulnerable in the past. A highly regarded young investment counselor recently told me that we can never again expect to see good stocks sell at 10 times earnings—the yardstick which has stood the test of time. Price earnings ratios of 55 for International Business Machines and 75 for Poloroid did not seem to disturb him in the least, yet it would take until 1971 for IBM at its last year's rate of growth to reach 10 times earnings on its present market price of 450 and until 1964 for Poloroid to do the same on its price of 215. A lot can happen in the meantime which is impossible to forecast.

In 1941-42, I wrote a series of 24 articles for **Barrons** on growth stocks as ideal forms of investment. The term was not in the same general use in those days that it is today. In the series, I described the stocks of 64 companies which I believed came within my definition of a growth stock. The stocks were, of course, picked by hind-sight and the list as a whole has subsequently done exceedingly well despite some backsliders in the group. The point I wish to make is that over 70% of this group of stocks were then (in 1941) selling on a 10 times earnings basis or less. Take a few instances of well-known companies from my list—Aluminum Company of America was selling at 4.7 times earnings, Food Machinery at eight times, Libby Owens Ford 7.3 times, Montgomery Ward 8 times, National Steel 8 times, National Gypsum 6 times, Pet Milk 9 times, Pitney Bowes 10 times and Trane 5.5 times. 1941 was not a depression year nor had we entered the war at the time this list was published. Some other companies on my list were selling at what would appear ridiculously low price earnings ratios in inflated days like the present. They included Minneapolis Honeywell Regulator at 11 times earnings, Minnesota Mining and Manufacturing at 11.6 and U. S. Gypsum at 10.5 times earnings. History has a way of repeating most unexpectedly.

(9) Bond yields exceed stock yields at the present time. This must be regarded as a red danger signal since it has always led to an eventual market readjustment of considerable proportions in the past. A shift can now be made from good stocks to good short-term bonds and present income increased in many instances.

(10) If one plots the curve of the D. J. industrial stock prices since 1897 (the year this average was started) on logarithmic paper to get a relatively true percentage picture and then one draws a line through the tops and bottoms of all the bull and bear markets ignoring only the 1929 top and 1932 bottom, one obtains a very definite and consistent trend line of growth in the stock market price level since 1897. The market broke out above the bull market trend lines top level in mid 1955 and has remained above this level since. It has been explained by some that a higher price level was called for than would be justified by these trend lines because allowance should be made for the postwar inflation. However, we have had periods of inflation before during this 63 year period. Why not correct for them also? In other words, the D. J. Industrial Averages ought not to be higher than approximately 400 based on this trend line study.

(11) The mutual funds. With any severe market reaction, it may be found that mutual funds selling from portfolios may contribute a self generating effect to the decline. Furthermore, most mutual funds have each about the same group of blue chip, well-known stocks in their portfolios. Management is duty bound to redeem all shares sent in for redemption at asset value. To raise the necessary cash for this purpose—and most mutual funds do not seem to have large reserves in cash or short term bonds—common stocks from the portfolio must be thrown on the market. In case of heavy redemption of shares because shareholders need cash or become panicky, quantities of these well-known blue chips may have to be sold under conditions amounting to distress selling. This in itself may reinforce the decline and is not pleasant to contemplate.

(12) Our economy is approximately 25% supported by government spending — Federal, state and local. If credit is strained (rising money rates and gold outflow will be the indicator of this) these agencies will no longer be able to borrow except at prohibitive rates a severe blow would be dealth to our economy. There is no indication that we have reached this point yet though it seems to be approaching.

(13) The steel wage settlement was not on balance favorable to business. It did not correct uneconomic practices imposed by the labor unions. In many instances it does not permit as much management control of business as is necessary for efficient operation. The final settlement adds to operating costs.

(14) The sound and respected leadership of Mr. Eisenhower as President is almost over and this will be discounted by the market if indeed the market is not already doing this. Since this last great rise in business and the market might be called an Eisenhower business boom and an Eisenhower stock market, it would be logical that it should end near the end of his term in office.

The country has had great confidence in him. Businessmen have had confidence in his Administration. It remains to be seen how much confidence the candidates of both parties will generate.

(15) Finally, a negotiated arms reduction settlement or even a settlement of the cold war—both possible and very much to be desired—would throw our economy temporarily rather severely out of balance. The resulting readjustment in our economy would probably be sufficiently severe to call for a considerable market reaction and realignment. The cold war in the past year has seemed less war-like than at any time in the past 15 years.

Thus in summary, our inflated economy, geared as it is to filling war-time shortages no longer now in existence; to a demand for goods bought with borrowed funds and finally to large government defense orders which could slow to a trickle at any time appears to be vulnerable. If so, the stock market is also vulnerable. The elements of weakness now appear to outweigh by a considerable margin the elements of strength. The wholesale liquidation of stocks is not recommended. Rather an investment position perhaps 40% in stocks, 60% of bonds (chiefly short term) appears to be a logical one under present circumstances for the individual who wishes to protect himself against possibly a more severe depression than any we have experienced in the last 25 years.

Wallis to Speak At Loeb Awards Luncheon

W. Allen Wallis, Vice-Chairman of the Nixon Cabinet Committee on Price Stabilization for Economic Growth, and dean of the University of Chicago Graduate School of Business, will be guest speaker at the third annual Loeb Awards presentation luncheon on June 8 at the Waldorf-Astoria, Laurence J. Ackerman, Chairman of the Loeb Awards Advisory Board announced.

The Loeb Awards are administered by the University of Connecticut, where Dr. Ackerman is dean of the School of Business Administration, and were established in 1957 under a grant from the Sidney S. Loeb Memorial Foundation, Inc.

Purpose of the awards is to honor business and financial journalists who contribute to a better public understanding of the American free enterprise economy.

Winners in newspaper and magazine categories are awarded $1,000 and a bronze plaque each. Publications in which the winning articles appear also receive bronze plaques.

In addition, Special Achievement plaques are presented to two runners-up in each category.

Previous winners included writers from the New York *Herald Tribune, The Christian Science Monitor, Business Week* and *Life*.

Gerald Young Branch

WORCESTER, Mass.—Gerald M. Young has opened a branch office at 340 Main Street under the management of John O. McGann.

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

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The Affluent 1960's Can Cause a 1970 Depression

By Dr. Arthur R. Upgren,* *Frederic R. Bigelow Professor of Economics, Macalester College, St. Paul, Minn.*

Ample warning is made in this paper that our growing affluence during the 1960's will be undermined as the decade draws to a close by an astringing liquidity said to be occurring in our banking system. Moreover, a plea is addressed to business to learn from our built-in stabilizers the lesson of maintaining greater plant-equipment stability and inventory investment rate. The author outlines the forces contributing to the ebbing of price inflation; comments on the responsibility of business for post World War II economic recessions; and observes how the maintenance of personal income and consumption brought about quick and vigorous recoveries in each of the past three recessions. Dr. Upgren is hopeful that the excellent prospects for economic growth in the next five years, and the inescapable shortage of labor, should induce business to provide a steadier rate of expansion of investment.

1. Affluence in the 1960's

The 1960's will be very affluent. In fact the decade will be the most affluent one the United States has ever experienced. This next ten years will be to the American people precisely the opposite of the doleful 1930's. In that decade, we lost some $200 billion of production. In the sixties, we will rise above the present level of production by more than $200 billion. In fact, President Eisenhower has told us that by 1970, at the present level for prices we can achieve a total gross national production of $750 billion. This will provide an average family income of substantially more than $8,000 a year; in fact, the amount of $8,300 is often predicted for family incomes in the year 1970.

Arthur R. Upgren

2. The Production March to the 1960's and 1970's

Total production in the United States has had a remarkable growth. The upward march began after the end of the deeply depressed 1930's. Gross national production at the end of the 1930's was not quite as high as the last year before the decade opened. In fact, in 1939 we had 9,480,000 unemployed compared with the peak figure of 12,830,000 unemployed in 1933.

In addition to these unemployed who were counted, many people were only partially employed, and we had an estimated 5,000,000 hidden unemployment on our farms. In the first half of the 1940's we took 5,000,000 people off farms and farm output rose by 42% (from 1940 to 1945).

The war rather than the New Deal cured the Great Depression and its unemployment. In the six years following 1933, we reduced unemployment by less than 25% from the peak figure of 1933.

The 1930's were all dismal.

So our economic growth in the 1930's was nil. Gross national production at prices then prevailing was $104 billion in 1929 and $101 billion in 1940. In these years there was a decline in prices of about 12%. Thus allowing for the lower price level, there was an 11% gain in real production in the 11 years from 1929 through 1940 but it took the first year of the 1940 decade to recover the 1929 level for the first time again.

From 1940 the march is rapidly upward, now occurs a very delightful even series of $100 billion steps for each five years from 1940 to 1960. Starting with a gross national production in 1940 at the $100 billion level. we reached the $200 billion level in 1944. Then before 1950 had ended, our total production advanced to $300 billion. The $400 billion level was reached 1955 and the $500 billion level will be reached in 1960, the present year. Thus in the past 20 years we have added $100 billion to GNP every five years.

This rate of growth will continue. GNP will gross $600 billion in 1965 and $700 billion by 1970. (A reservation about 1970 is made later. It is serious.)

3. The Effects of Inflation

We must emphasize that the gains from 1940 to 1945 and from 1945 to 1950 had a substantial amount of gain which was not very real, consisting of price puffery due to the rising price level which was marked in those two five-year periods. Since 1950, the movement of prices has been very much more moderate. From 1940 to 1945 prices advanced 30%. From 1945 to 1950 the advance was also 30% from the higher 1945 level. But from 1950 to 1955 the advance in the price level was only 11%, and from 1955 to 1960 the advance has been 10%. For the last year and a half, the price rise has been only 1% per annum.

Thus the gain in gross national production of $100 billion so evenly in each of four recorded five-year periods and as estimated for two future five-year periods is a gain which has been growing in real terms. The population also has been growing so that the gain per capita is not quite as large.

This then is the promise for affluence as we shall enjoy it in the 1960's.

4. Rising Family Income and the Businessman

Perhaps the most significant feature of this rapid growth has been the inability of businesses to keep pace with it. In the rise of family incomes from a level of perhaps $4,130 in 1947 to $4,440 in 1950, $5,520 in 1955, $6,260 in 1958, $6,520 in 1959, and on upward to $7,200 in 1965 and to over $8,000 in 1970, the most important fact is the wide margin which has been established above a "subsistence" level of incomes.

According to the American Federation of Labor (AFL-CIO) something slightly under an income of $4,000 a year will provide the minimum standard of American living. Now as incomes rise above this figure, the margin which makes up "discretionary," "optional-spending," and "volitional-spending" income has increased purchasing power with an important "leverage" effect. It has been this very rapidly growing margin of income over subsistence that has made the long distance section of the Bell System such a remarkable "growth" industry. It is what sells more than one telephone in a home and it is what sells the various rainbow-hued colors.

With the growth in spending the income over subsistence channeled into luxuries and durable goods, the increase in production in these industries will indeed be very great. Two examples are the swimming pool industry and the power boat industry. It is in this area of spending that many future consumer growth industries will be found.

5. Stability — A Requirement of Sustained Affluence

Affluence, of course, is a state of well-being. Well-being, in the economic sense. We the American people, committed ourselves to pursue this objective in the Constitution with the words "advance the general welfare." This objective we constantly state and restate in terms of desiring an economy which has a rapid and stable rate of economic growth.

The stability we seek is a stability of the price level, a stability for employment, a stability of income, and a stability for purchasing power. A review of the past two decades will throw light on what we may expect here in the 1960s.

The 1930's were extremely unstable and very markedly *unstable* in a downward direction. The 1940's were about equally unstable in an upward direction and marked heavily by the inflation that was the product of war. An inquiry into the fundamental causes of that inflation is desirable.

6. Causes of the Instability of Prices, 1930-1950

Two separate and unrelated forces produced the inflation of the 1940's and 1950's. The first force was devaluation of gold by the terms of the Gold Reserve Act approved Jan. 30, 1934. This Act lowered the content in gold of the United States dollar by 41%. Lowering that content resulted in our stock of gold on hand at that time being made into many more dollars, in fact 69% more.

Here the increase in our total monetary gold stock was from $4 billion of gold prior to devaluation to almost $7 billion for the same weight of gold after the devaluation. As a result of a smaller weight of gold in the dollar, an ounce of gold made more dollars. This produced the well-known higher price for gold of $35 an ounce after devaluation compared to $20.67 before devaluation.

Since these changes took place in 1933 and 1934 when our prices and price levels for all commodities other than gold were very low, the opportunity was extraordinarily attractive for the rest of the world to sell us gold and buy what they wanted. As a result, our $7 billion gold stock of early 1934 advanced to $17 billion in 1939. Then came the Second World War.

Now Europe became an unhealthy place for gold. A further $7 billion of gold was shipped to us bringing the peak figure for our gold stock to $24.7 billion. This represented a full sextupling of our original gold monetary stock of 1934.

This larger monetary reserve helped drive interest rates down. Interest rates fell almost to the vanishing point. The larger monetary gold reserve created at one time excess reserves of more than $7 billion (above the required reserves of approximately the same amount for our banking system in the mid-1930's).

With this extraordinary richness of monetary and banking reserves the basis was laid for a tremendous expansion in the money supply. Huge bank credit expansion followed our entry in World War II in 1941. We now financed a very large proportion of the war by the sale of U. S. securities to the banks. All told about $100 billion of U. S. securities were sold to the entire commercial banking system. This enlarged total bank deposits subject

Continued on page 28

Connecticut Brevities

The Aetna Life Affiliated Companies want to build a $5 million addition to their home offices in Hartford in a major expansion step, Aetna President Henry S. Beers announced. The addition, consisting of two stories and a basement floor, would be built on the east end of Aetna's present building. If the plan is approved by local authorities, Mr. Beers said construction on the new addition would be started in the near future. Details of the building plan show it would be of the same Georgian Colonial design as the main part of the home office, a Hartford landmark since its completion in 1930.

* * *

The Allied Control Company has opened a new plant at Wauregan where it occupies 10,000 square feet of leased space in the Wauregan Mills building. Allied's Connecticut headquarters is in Plantsville but the firm also operates plants in Glendale, California and New York City. Approximately 100 persons will be employed at the new eastern Connecticut facility.

* * *

Kaman Aircraft Corp., of Bloomfield, reported increases of 50% in sales and employment for the year 1959. Total sales for the helicopter manufacturing company were $34,747,000, more than $13,000,000 over the previous year. Employment passed 3,000 and net profit for the year was $590,000 compared with $513,000 for 1958. The company recently announced continuation of its expansion plans which will bring total floor space in use to over 800,000 square feet.

* * *

Superior Electric Company of Bristol plans to erect a new plant which will cost an estimated $3,000,000. The Bristol firm, one of the state's leading manufacturers of electronic equipment, has applied to the Securities and Exchange Commission for permission to offer for public sale 150,000 shares of common stock and to offer a private sale of $1,500,000 in first mortgage bonds to raise construction funds for the new plant.

* * *

The Maxim Division of The Emhart Manufacturing Company, of Hartford, has been sold to The American Machine & Foundry Company with headquarters in New York Cty. The sale announcement was made jointly by AMF Board Chairman Morehead Patterson and Emhart President Sixten F. Wollmar. The AMF management said it will retain Maxim's present management and engineering personnel and continue the operation of the company's research laboratory at Millstone Point, Waterford. AMF has other Connecticut production and engineering facilities at Greenwich, Springdale, and Stamford.

* * *

The Torrington Company, of Torrington, 94-year-old manufacturer of precision machine needles for the knitting and sewing industries and pioneer manufacturer of anti-friction needle bearings, has been listed on the New York Stock Exchange. Heretofore, the stock was traded on the over-the-counter market and on the Boston Stock Exchange. Trading on the Boston Stock Exchange will be continued as a convenience to stockholders in New England.

* * *

A new company in West Hartford has entered the expanding field of automation. **Embree Electronics Corporation,** headed by John M. Embree, will manufacture computer components for the electronic control of machinery and processes. Research and development for Embree Electronics Corporation is being performed by the University of Virginia in its research laboratory for the engineering sciences. Prototype development and manufacture is being done by the M. P. Engineering Corporation of Fairfield. The initial product line is planned for June 1.

Douglas Dillon To Be Honored

Douglas Dillon, former Chairman of the Board of Dillon, Read & Company and now Under Secretary of State, will be honored by the Advertising Club of New Jersey at a luncheon on June 3 at the Essex House Hotel, Newark, as "Outstanding Citizen of New Jersey, 1959." Mr. Dillon, who had a long and active career in the international field as an investment banker, lives in Bedminster, New Jersey.

C. Douglas Dillon

The luncheon speaker will be Clarence B. Randall, former Chairman of the Board of Inland Steel Company and now Special Assistant to President Eisenhower.

Among the 450 who will attend the luncheon are: Governor Robert B. Meyner; United States Senators Clifford P. Case and Harrison A. Williams; Carrol M. Shanks, President, Prudential Insurance Company; George F. Smith, President, Johnson & Johnson; W. Paul Stillman, Chairman of the Board, Mutual Benefit Life Insurance Company; Hobard C. Ramsey, Chairman of the Board, Worthington Corporation; E. Hornsby Wasson, President, N. J. Bell Telephone Company, and many other prominent New Jersey business and professional leaders.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Arthur A. Benson is now with B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange. He was previously with H. O. Peet & Co.

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How to Get a Sound Int'l Monetary System

By Philip Cortney, Economist and President of Coty, Inc.*

Mr. Cortney asserts that the international monetary system is on a precarious foundation for three principal reasons: (1) The extensive use of the dollar-sterling-exchange standard is a dangerous practice; (2) because of the low production of gold, the international monetary system is based on a constant deficit of the U. S. balance of payments; (3) these continuing deficits are undermining the soundness of the dollar. He contends that only the restoration of the international gold standard can fulfill the seven prerequisites of a sound international monetary system. Concludes such restoration will necessitate a rise in the price of gold.

The international monetary system seems to me on a very precarious foundation. After the end of World War II we established the International Monetary Fund, whose mission was to restore monetary stability on the basis of the international gold standard and yet permit an orderly readjustment of the exchange rate of a currency, if and when such a readjustment should become necessary. Whatever useful services the I. M. F. has rendered, it has not as yet fulfilled its original mission.

Philip Cortney

Yet despite the views of some doctrinaires, the world has relearned the hard way the following fundamental truths:

(1) That there is no hope of establishing a sound and workable international monetary system on another basis than gold.

(2) The United States, which made possible at its expense in the past decade the improvement in the reserve positions of the other other countries, has itself now a very serious problem of balance of payments.

(3) That there is a close relationship between domestic monetary and fiscal policies and the balance of payments of a particular country.

(4) That monetary stability is essential to the proper working of the international monetary system, and also for sound economic growth, and the expansion of international trade and investment. Monetary stability cannot be obtained without putting an end to inflation of money and credit, and some inflationary practices by monopolistic labor unions and some powerful business interests. Unfortunately, the quest for monetary stability has come to be confused with the demand of a policy aiming at the stabilization of prices, an aim which cannot be reached, if at all obtainable, except in a completely planned economy. A policy aiming at monetary stability will secure relative stability of prices, but the economic history of the 1920's teaches us that a policy whose goal is stabilization of prices may result in inflation of money and credit, and very unsound speculation.

There is one important lesson which we have not yet learned. An abnormal rise in prices and an artificially stimulated economy due primarily to the huge monetizing of government debt during the war, and abnormal inflationary banking credit after the war, will have as an aftermath, sooner or later, a recession and a fall in prices. These can be severe if proper monetary readjustment is not made after the end of the war and the stoppage of paper-money inflation.

My purpose is to show that there is little hope of establishing a sound international monetary system, of obtaining monetary stability and a relative stability of prices, and perhaps preventing a too painful readjustment of the economy and the price level reached since World War II by other means than the restoration of a workable international gold standard. Such a restoration implies two essential conditions: First, that an end be put to monetizing of government debt and inflationary bank credit by the commercial banks; second, that the price of gold be changed in terms of all currencies, and particularly the dollar.

Key Statement by Jacobsson

My very learned friend, Per Jacobsson, General Manager of the I. M. F., who has a thorough knowledge of monetary problems, in a remarkable speech delivered in 1946 before the National Bureau of Economic Research, reminded us of the old pertinent formula: "Qui bene distinguit bene docet." Be it said in passing, this address should be "must" reading for all students of money, as well as for people in government and Congress concerned with money. Let me try to live up to the best of my ability to the just mentioned judicious formula.

To this effect I shall analyze the meaning and implications of a statement by Robert Triffin, Professor at Yale University, in an article published in the January issue of the British magazine "The Banker"; and also some remarks made by Per Jacobsson before the Economic and Social Council of the United Nations and in an interview with the editors of "U. S. News and World Report."

Professor Triffin's statement reads as follows: "The experiment in convertibility launched a year ago faces the same two problems that contributed so much to the early wreckage of a similar experiment some 30 years ago—the shortage of gold and, largely in consequence of that shortage, the undue reliance of **national** currencies on **international** reserves."

The End of Inflation

Per Jacobsson repeated before ECOSOC the statement he made at the Annual Meeting of the Fund in September 1959, that in all likelihood world inflation was over. In an interview with the editor of "U. S. News and World Report," Per Jacobsson said that we have entered a new era, and that we may, in a few years time, have to face the problem of incipient deflation. He also volunteered the remark that if he were an American he would prefer that people abroad take more gold if it helps to reduce the rise in dollar liabilities, and provided necessary steps are taken to reduce the balance of payments deficit of the United States.

Professor Triffin is right in reminding us of what happened in the 1920's and 1930's. But is it true that the great depression, and in its wake the breakdown of the gold standard were due to a shortage of gold? The gold exchange standard, a practice adopted in the 20's to economize gold, which forced Great Britain off the gold standard, was the consequence of a wrong monetary decision in 1925, namely the gold valuation of the seriously inflated amount of dollars and pounds as a result of the war. The gravity and depth of the Great Depression which brought about the devaluation of the dollar was the result of the same wrong decision and of the abuse of inflationary credit by the commercial banks, particularly in the U. S. A. (The great mistake of the British banks was to borrow short abroad and extend long-term credits to foreign countries). As you know, Great Britain chose to return to the gold standard at the pre-war parity of $4.86 to the pound, in complete disregard of the huge monetary inflation during the war, and the consequent rise in prices and wages. If someone would have recommended in 1924 or 1925 that both the dollar and the pound be devalued, he would probably have been considered insane. Keynes did advocate that the pound return to the gold standard at the parity of $4.40 and not $4.86. No one, to my knowledge, however, recommended at that time that both the dollar and the pound be devalued in terms of gold. With the benefit of hindsight, I share the view of the late Prof. Charles Rist that the 1929 depression would not have been so severe and long, neither would the world prices have collapsed if both the dollar and the pound had been devalued in 1925 to take into account the considerable increase in monetary means and the rise in prices and wages due to World War I.

Shortage of Gold

The British economists, particularly, were convinced that the fall in commodity prices which became severe shortly after the collapse of the New York Stock Market in 1929, was due to a shortage of gold rather than to an erroneous monetary decision at the time the pound sterling returned to the gold standard. The great mistake after World War I was to try to maintain simultaneously the pre-war price of gold in terms of dollars and sterling, and the post-war inflated price level. The fault lay in governments not recognizing the fact that inflated prices and monetary means had made the international liquidity in gold inadequate. The disequilibrium between the general price level and the gold valuation of the world's key currencies, plus a low production of gold (due to its relatively low price) while the production of goods of all sort was rapidly increasing exerted a downward pull on prices. While all the abnormal rises in the general price level were due to massive injections in the economy of new purchasing power (created by monetizing government debt), all the abnormal falls in prices have their origin in the rapid increase of the production of goods for civilian consumption which follows the end of big wars.

A rise in the price of gold in 1925 and an increase in its production was the specific remedy to the situation, but the governments and experts did not see the light then, and I am afraid most economists do not see it today.

The Federal Reserve Board succeeded in the 1920's in holding up the price level for a surprising length of time by an abnormal expansion of inflationary credit, but in so doing it aided in producing the speculative boom. The collapse came when excessive private debt creation could no longer be expanded, thus putting an end to the business cycle at a time when the trend of prices had turned downwards, making the depression the more severe.

This case proves that it is not enough to remember historic facts, but that we need a correct interpretation of them, if we are not to repeat the same mistakes.

As to Per Jacobsson, I agree with his prophecy that the post-war inflation in world markets is over. In fact, in a speech delivered in March 1958, in Pittsburgh, I took the position that we were witnessing major worldwide economic and monetary turning points. We aborted a serious economic readjustment which started then — witness the fall in raw commodity prices and the decline in international trade—merely because of the following facts:

(1) The United States incurred large deficits in its balance of payments ($3 to $4 billion in 1958 and 1959!)

(2) Europe was able to buy cheaply raw commodities, while its export prices did not fall.

(3) Our economy was propped up by a monetized budgetary deficit of about $14 billion, and (4) The inflationary effect of the dollar exchange standard.

My main reason for the prediction I made in 1958 was the serious deterioration in the monetary situation of the United States, which had become obvious except to the blindfolded.

Per Jacobsson also said that we may have to face, in a few (?) years' time, the problem of incipient deflation. I agree with this prediction. My timing of the coming deflation is shorter than a few (?) years—probably 1961-62—be-

Continued on page 18

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

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SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Truthfulness

It is a well recognized fact that honesty and truthfulness in business dealings and in salesmanship is one of the most effective virtues that any firm or individual can use in building a growing and satisfied clientele of customers. This is possibly even more so in the investment securities business than in other lines of endeavor. People who invest are admittedly on unsure ground. Many investors do not have sufficient knowledge and understanding of the fluctuating forces in the market that control prices. Others though aware of their deficiencies in respect to such important aspects of security investing as timing, the rotation of various groups of stocks in public popularity, and the fundamental analysis of individual securities they may be considering as investments, are keenly desirous of REASSURANCE. This places a very obvious responsibility upon the security salesman.

There will be many instances when a customer will ask a salesman to give him an opinion of the appreciation prospects for a common stock. He would like to have this spelled out in dollars and cents, or in "points." This is a very common request. It is perfectly obvious that any salesman who continually honors such questions with his educated or uneducated guess can be right only a portion of the time. Some of his guesses may be wrong; many of them will be very far off the mark. If anyone knew these things he wouldn't be selling securities; he would be cornering the market himself. Although any sensible person should know this, stock buyers will continually attempt to obtain an answer to this unanswerable question. A salesman can offer an opinion, or a guess, but he should label it so. It is not necessary to state a specific market objective for a security or go out on a limb. The salesman who has customers who cooperate with him explains to them that he likes the stock, believes it is a good value, that the prospects for the company's continued growth are good, that the investment should give a satisfactory performance in line with general market conditions that prevail.

No security that is bought should ever be placed in a lockbox with a message written on it that it should not be sold. Times, conditions, and circumstances change in this changing world. The security that is an attractive investment today may six months from now be a candidate for a "switch," and sometimes this can happen in a matter of days. It is more important that customers are aware of this fact than that they become oversold on some price objective that is to be reached by a security if all goes well. You buy a security hoping that you are right, that all goes well, and that you will make a profit if you decide to sell. When the odds favor such a conclusion purchases should be made. This is the honest approach to security investing and experienced investors who know this expect some mistakes to be made and they realize this is inevitable in this business.

Another area about which people like to have reassurance is how long are they going to have to wait for a profit. This happens very often. A stock is offered to an investor or speculator and the company seems to have good longer term growth prospects. The security is attractive on an investment basis. The prospective purchaser asks how long he will have to wait to get his profit. He is told that within the next several years the company should have a substantial growth in earnings for such and such reasons. This isn't what he wants to hear. He says he doesn't want to wait two years and certainly not three or five. He wants to make a profit THIS YEAR.

This individual actually wants to trade, he doesn't desire an investment. There is a vast difference. But in many cases these people are not equipped emotionally or by experience to trade. They want the salesman to find them a stock they can buy today, then hold it just a few weeks over the six months period which entitles them to a long-term capital gain and then he should tell them to sell out at a tidy profit which is somewhere near the top of the move. These individuals should also be told the truth. Some of them can be slowly educated into becoming investors in some cases. Others never will be satisfied with a portfolio of securities. They want to trade for a quick profit and, if so, they should be allowed to make their own bed.

Going out on a limb on the part of the security salesman only muddies the water and creates future problems. WHEN A SECURITY WILL GO UP OR DOWN is something that can be approximated by expert technicians who expect a certain percentage of errors—what chance has the security salesman of guessing right most of the time? This is not his field—or his function. Expert traders do their own guessing. Investors expect attractively priced investments to be offered to them that are suitable for their needs whether it be growth, income, or possibly both. Beyond that no honest security salesman should be required to go.

There are times when a security salesman wishes that he could come up with the answer for a good friend who asks him an imponderable question. The other day I had a client ask me whether or not he should exercise some rights to buy stock in a very speculative situation wherein he was a large stockholder. The man explained that this company owned the controlling interest in the firm for which he worked. His immediate employer had a large interest too but would not advise him. He was in a very serious quandary. He was at an age in life where he could not afford to take a large loss, he was already involved rather heavily, he had been unsuccessful in his investments in the large part over the years; he had worked hard and he was inclined to worry a lot. If he hadn't been involved by his employment, and through close friendships and relationships, I don't think he would have owned any of the subject stock.

Obviously there was nothing I could do that would help him. I explained very carefully to him that if any mergers, or other matters that would be bullish pertaining to the stock in question were in the mill, that I would be the last person to know about it. Certainly no security salesman sitting at a busy telephone with clients would be the one that would be taken into the confidence of management, particularly of a company such as the one he had in mind. They were busy buying up small companies, using stock to do it, the price level of the stock was below ten, and it had a volatile market career.

What could any one who was not in the inner circle tell the customer? If he couldn't find out the answers to his question I could not do so. To make a guess without the facts would be also worse than no opinion at all. There are times when complete candor is the only answer to such questions and an "I don't know" is the best way to handle such situations. When your customers know they can rely upon your honesty and truthfulness, they will listen carefully to your advice. If this advice is soundly acquired and presented to them in a straight-forward way, both the salesman and the customer will establish a proper business relationship that should be more profitable than something nebulous that is obviously based upon hunches and guesses.

DO YOU KNOW?

"WHEN TO SELL STOCKS"

By DR. IRA U. COBLEIGH AND ARTHUR GRAY, JR.

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THE MARKET . . . AND YOU

BY WALLACE STREETE

The tirades emerging from the summit conference in Paris turned stock market interest definitely to defense and space age items this week and, despite some occasional war jitters, the general list was able to put on a show of fair buoyancy.

* * *

There was some definite lightening of commitments in recent favorites, including Polaroid in the cameras and some of the vending machine issues, notably Universal Match, as well as American Photocopy. These are basically "peace" issues and they suffered a bit at times.

Summit News Revives Aircrafts

The Paris fiasco did serve, however, to bring the aircrafts back to some popularity after they had been one of the more depressed groups for years. And it built up trading interest to the best level in three months. For whatever technical solace it adds, the two best turnovers on the year were days when the averages were making moderate progress. The only other four million session in early March was a day of moderate decline, the high turnover then stemming mostly from the previous day's action when the closing averages gave what was considered a classic bear market signal under the Dow Theory.

* * *

There was also a bit of play in the steels that have been so laggard in recent months since the long steel strike ended, and some of the chemicals including du Pont which was able to run higher easily when there was demand around.

* * *

Electronics did well since they are importantly involved in space age and missile work, including some that have been somewhat neglected in previous electronic flurries such as Amphenol-Borg.

* * *

Followers of the electronics had been a bit perturbed early in the year when a slowdown in incoming orders was reported by most of the companies as defense contracts were scaled down. And most of the items in this section because of their growth factor have been selling at price-earnings multiples that would make them vulnerable to anything but continued growth in orders and profits.

Autos Still Neglected

Auto shares weren't prominent in their defense guise and, so far, have been unable to get back in investor favor despite the good first quarter results. General Motors, for instance, is available around 25% below last year's peak despite the fact that it showed a good earnings increase last year and reported a record first quarter for this year.

Where price-earnings ratios run 50 and 60 times earnings for the electronics, General Motors at current levels sells at about 11-times the expected 1960 results and less than 15-times the 1959 results when it boosted profit 38% on an 18% sales gain. Profits this year ran 11% ahead of last year's results for the first quarter. So the company is a proven money-maker, but without much market recognition on that score. The record earnings of $1.189 billion posted in 1955 still stands as the largest profit ever reported by an American corporation. Giant American Telephone came close when it turned in earnings of $1.113 billion last year but couldn't eclipse GM's earlier showing.

An Old-Timer Diversifies

Another name familiar to several generations is Singer Mfg. which is preparing to switch later in the year from the American Stock Exchange to the New York Stock Exchange. It has been a comparatively mundane item even though it, too, turned to electronics work a couple of years back and is solidly established in that field.

* * *

Singer's military research subsidiary is HRB-Singer, Inc., and the parent company has been stepping up its expenditures on research and development to where they were quadrupled last year over the level of four years earlier. These outlays are over HRB, a special products division and Diehl Mfg., a wholly owned subsidiary making electric, electronic and optical devices. It adds up to important progress in recent years in diversifying while still standing at the head of the list as the world's largest sewing machine maker. It also has a 70% interest in a pulp and paper company which has been in operation for more than two years. Its financial position is strong. Yet, despite the acknowledged name, and its diversification and established earnings record, the issue is available at a good discount from its book value, which is conservatively stated at around $68 per share.

* * *

Another familiar name with a somewhat different earnings pattern is American Viscose. Viscose is the second largest maker of cellophane, a major rayon producer and

co-owner of Avisum, a plastic maker, and Chemstrand, second largest nylon producer. The stock has been in a downtrend mostly because of the latter holding. Chemstrand and du Pont competed in a price war on nylon tire cord, forcing Viscose to cut its own prices on rayon tire cord and giving a double pinch on its earnings. Lately the stock has seemed to be bottoming out, and offers a yield of around 6% on a dividend that doesn't seem to be in any jeopardy. It was covered twice over last year and projections indicate that this will again be the case this year.

An Interesting Drug Stock

In the drug section, Warner-Lambert is an issue which has come to life again with a breakout to a new high at a time when Congressional attention to drug companies has thrown something of a pall over the group. Warner-Lambert's better known products are Listerine and Bromo-Seltzer.

Unlike the drug firms so far hauled to Washington, Warner-Lambert is far more engaged in specialties and cosmetics and only a small portion of its business is in the areas into which Washington has been exploring. The stock was a wonder-worker for years, before a split a year ago calmed it down until this week when it showed signs of starting to move again.

* * *

A thriving operation that is not well known is United-Greenfield Corp. It is rated as about the largest maker of metal tools for cutting, threading, etc. The present company is the result of a merger two years ago of United Drill & Tool and Greenfield Tap & Die, both well-known names to machine operators, but not to the general public.

United-Greenfield has been thriving both by the relatively high standing of overall industrial activity and by close attention to its own profit margins. Last year it was able to boost earnings sharply, in part because of a 23% increase in sales and in part because a preferred issue had been disposed of the year before, after which the profit jump came to 69%. For this year's first quarter, profit again boosted by 32% over the comparable period last year on a sales gain of 20%; so the company is now an established profit-maker. The market has paid scant heed to the favorable news, the issue holding in only a little better than a three-point range this year while for the full year of 1959, it didn't even move over an area of as much as five points.

[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.]

John F. Walsh With Courts & Co.

John F. Walsh has become associated with Courts & Co., 25 Broad Street, New York City, where he will be in charge of general market securities trading. Mr. Walsh was formerly in the stock trading department of the New York office of Dean Witter & Co.

Ernst & Co. to Admit Partners

Ernst & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on June 1 will admit Alexander Wohlgemuth, Roger L. Strong, Sidney Leslie and Albert E. Danks to general partnership. On the same date, Selma Barysh will become a limited partner.

Combined Inv. Branch

MONTGOMERY, Ala.—Combined Investing Company, Inc. has opened a branch office in the Guaranty Savings Life Building under the direction of Gilbert G. Roberts.

With F. L. Putnam

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — James J. Regan is now with F. L. Putnam & Company, Inc., 77 Franklin Street, members of the Boston Stock Exchange. He was formerly with Edgar D. Andrews & Co.

Possibility of World War III

By Roger W. Babson

In commenting on the U-2 incident, Mr. Babson discusses the effect of the heightening of events ranging from election prospects of various candidates to changes in investment decisions. The publicist notes, for example, that investors have not as yet considered the possibility of World War III seriously.

In view of the recent shooting down of one of our spies, there is revived interest in the possibility of World War III. I therefore am repeating in this column the first four paragraphs of my outlook for 1960.

My Reference to Russia Four Months Ago

(1) Naturally, as I am just back from Moscow and Berlin, my first thoughts are what will happen to Berlin in 1960. My answer is definitely, "NOTHING WILL HAPPEN." Mr. K will make no more ultimatums; President Eisenhower will continue his peace talks. Therefore the Berlin situation will be just the same in 1960 and 1961 as it is today.

(2) There will be no World War started between Russia and the United States in 1960. This does not mean that such a war will not come within 10 years; but just now neither country is ready for it. I am convinced of this after my recent visit to Moscow.

(3) Airplane warfare with the dropping of bombs is a thing of the past. We are turning to rocketry with pinpoint precision. Our expensive air bases may gradually be vacated.

(4) Moscow is Mr. K's "pride and joy." It is a beautiful city with broad streets and thousands of new apartment houses. Mr. K does not want it destroyed. Furthermore, he wants a reduction in armaments so that he will have money to raise the standard of living in Russia. I forecast he will have to do this in order to hold his power.

Effect Upon the Next Few Months

I am very sorry about the unfortunate shooting down of our spy. In addition to the apparent "lying" in Washington about our policy upon its first announcement, it should be recognized that this airplane was about ten miles above the earth when the shooting took place. This demonstrates how high fighting can occur and also the possible aim and speed of the missile which Russia used to shoot down our plane. The successful use of the parachute from such heights is also demonstrated.

Although the event, from a propaganda point of view, is important to the Russians, yet it does not delay or hasten World War III, in my humble judgment.

Let's Not Forget China

As I said in Paragraph No. 9 of my 1960 Outlook, ". . . the Russians are afraid of "China." Over the long pull, China is no more friendly to the Russians than she is to the United States, but she is playing one against the other. Russia feels that the Chinese would walk into Russia's "back door" if Russia should attempt a shooting war on the West. Thus, it is very important that we review our relations with China.

This Chinese situation is the reason I am anxious to visit China this year; but whether I will get a visa from our State Department is very uncertain. There is no trouble in getting to Hong Kong, as I am in immediate correspondence with Hong Kong by air mail. The postmaster in Hong Kong tells me that any mail addressed to Peiping he forwards to Canton. As to what happens to it after that, he does not know.

Effect Upon Our Election in November

Surely the events of the past week will not help the Republicans, or the election of Nixon. How they will affect the Democrats, the next 30 days will probably determine. My present hunch is that the situation will help Symington, Johnson, or one of the others familiar with the defense situation. Mr. Kennedy has not specialized in foreign affairs or defense.

Of course, the event may cause a decline in European travel this summer and it cannot be helpful to business. It will make people think more about the possibility of World War III and the serious fallout which may accompany it. On the other hand, companies actively engaged in defense work should be assured continued employment. Defense expenditures, however, will be directed to missiles and rockets, as I have said many times before in my column, rather than to airplanes.

Investors Will Review Their Holdings

Certainly readers should review their stocks and bonds at this time. I feel that as yet readers have not taken the possibility of World War III seriously. Recent events, however, should cause careful investors to make important switches in their holdings. Investors will seek the stocks of companies which have their assets well distributed over the United States, in place of those concentrated in large cities. This is a matter which should be taken up immediately with your investment counselor.

We will hear more about civil defense, bomb shelters, and protection against fallout. Certain real estate in large cities should decline in value. But land in small cities and towns in interior states should be in greater demand.

With Harding Tulloch

BOSTON, Mass.—Robert C. Murray is now associated with Harding Tulloch & Co., 50 State Street. He was formerly with First Investors Corporation.

With Westheimer

CHARLESTON, W. Va.—Harry A. Wallace has become associated with Westheimer and Company, Kanawha Hotel Building.

Delafield Expands Advisory Services

Roy B. Pitkin has joined the firm of Delafield & Delafield as manager of the Investment Advisory Department, it has been announced by Edward C. Delafield, senior partner.

Mr. Pitkin has had extensive investment advisory experience, having come to Delafield & Delafield from the economic and investment counselling firm of Lionel D. Edie Co., prior to which he was associated with Moody's Investment Service and Standard & Poor's.

Delafield & Delafield, whose investment advisory service is one of the oldest and largest among member firms, recently moved to new offices at 45 Wall Street. Featuring an estate planning approach, the investment advisory facilities are being expanded on a national and international basis.

Pittsburgh Bond Club Outing

PITTSBURGH, Pa. — On June 17 The Bond Club of Pittsburgh will hold its Annual Spring Outing at the Longue Vue Club.

Stanley C. Herzog

Stanley C. Herzog, who had been associated with Seasongood & Mayer, Cincinnati, for 14 years, passed away May 8, at the age of 74, while in Tokyo on the first leg of a round-the-world tour. Prior to joining Seasongood & Mayer in 1946, he had been associated with C. W. McNear & Co. for many years.

With United Securities

GREENSBORO, N. C. — John L. Thomas is now with United Securities Company, Southeastern Building.

Joins McDonald Evans

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Mary J. O'Banion has become connected with McDonald, Evans & Co., 1009 Baltimore Avenue, members of the Midwest and Pacific Coast Stock Exchanges. Miss O'Banion was formerly with E. F. Hutton & Company and Burke & McDonald.

Joins Proctor, Cook & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Lawrence White has joined the staff of Proctor, Cook & Co., 10 Post Office Square, members of the New York and Boston Stock Exchanges. Mr. White was formerly with Schirmer, Atherton & Co. and Spencer Trask & Co.

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

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NEW ISSUE May 6, 1960

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Forgotten Man, The Saver Is Finally Coming Into His Own

By Sherwin C. Badger, Financial Vice-President, New England Mutual Life Insurance Company, Boston, Mass.*

A two-fold prediction of (a) good business sustained more or less indefinitely; and (b) increased investment income as time goes on results from an analysis of various indices said to be overlooked by those pessimistically inclined. Mr. Badger agrees with Per Jacobsson's belief that the post World War II inflationary era is coming to an end; notes the restored confidence in the dollar; and foresees insatiable, world-wide demand for capital.

In spite of the many trouble spots in the world, such as South Africa, Korea, Cuba, and the uncertainties of the coming summit conference, there are many reasons for more solid confidence in the United States outlook than for several years. This may seem a curious thing to say at a time when the stock market has been weak and when considerable uncertainty has been expressed in many quarters as to the business outlook.

Sherwin C. Badger

Over the last year end a host of exuberantly optimistic forecasts were published about what was likely to take place in 1960. The only logical deduction from such forecasts was that we were entering a period of boom which would probably be accompanied by a further outburst of inflation and that these developments sooner or later would inevitably be followed by painful corrections.

So far this year there are no signs of such a boom. There are few, if any, signs of over-confidence, excessive speculation, unduly large inventory acumulations or rising prices. What we are witnessing is good business which most of the more thoughtful economists in Washington and elsewhere believe is likely to extend at least through 1960 and could be sustained more or less indefinitely.

Post-war Inflation Era Ending

Recently, one of the greatest monetary authorities in the world, Per Jacobsson, head of the International Monetary Fund, publicly stated his belief that the post-war inflationary era had come to an end. I for one am inclined to agree with him. What has happened in the past three years seems almost unbelievable. First, the important economically advanced countries of the world have turned away from loose fiscal policies and easy money to orthodox policies. They have not hesitated to use monetary restraint to curb price rises and dangerous booms.

Second, the major currencies of the world have substantially stabilized and are now freely convertible.

Third, Western Europe has expanded the European Coal and Steel Community and Euratom to the more comprehensive Common Market. The growing prosperity of Europe and Japan is nothing short of phenomenal!

In the United States even a year ago few people were concerned with our very large losses of gold and the growing imbalance of our international payments. They did not believe what Europeans were saying about the weakening position of the dollar. These realities are now not only the subject of broad discussion but of positive remedial action.

It is becoming less and less popular to say in this country that further inflation is inevitable and that the safest way to protect one's savings is to buy common stocks or other equities. Foreign skepticism of the dollar has notably diminished and here in the United States there has been convincing evidence that numbers of investors are convinced that fixed income securities at present generous yields are sound investments.

Restored Confidence in the Dollar

There are two chief reasons for the restoration of confidence in the dollar. The first is that many steps have been taken to protect it. For example, who a year ago would have dared predict that a supposedly spendthrift Congress would uphold all but one Presidential veto of spending measures? Who would have dared predict that in the fact of intense political opposition the Federal Reserve would continue monetary restraint, or that the Treasury would offer its securities at competitive interest rates rather than resort to expedient devices?

It is not alone because of these governmental actions, however, that there are grounds for optimism about the dollar. The more important grounds are the realities of our international position. For the first time in many, many years the United States is now forced to submit to the stern discipline of international trade and finance.

We can no longer play fast and loose with the dollar or with Federal finances for the simple reason that we cannot afford to lose any significant part of the nearly $20 billion that foreigners have on deposit or in liquid investments in the United States. Only if the dollar remains sound and our interest rates competitively attractive will foreigners keep funds here in preference to withdrawing them in gold.

Similarly, in the field of trade there is growing realization that we can no longer toy with foreign competition. One visible evidence of determination to meet it is the introduction of the compact car.

Good News for Savers

All of this is good news for us in the life insurance business and even better news for our policy holders. As time goes on it is going to be still better news because it is going to increase our investment income. While doubtless there will be temporary fluctuations in interest rates, the fact remains that probably the greatest shortage in the world today is capital. Therefore, capital is valuable and is going to be able to command a good rate of return.

The world-wide demand for capital is insatiable and so large it cannot even be measured, especially if we look at the requirements of the undeveloped nations who are frantically trying to improve their standards of living. Capital funds are what we in the life insurance companies deal in. As our company pointed out in our Annual Report, after approximately a quarter of a century the forgotten man, the saver, is now and at long last coming into his own.

*From a talk by Mr. Badger before the American Life Convention Regional Meeting, Roanoke, Va., April 26, 1960.

Deltown Foods Stock Offered

Deltown Foods, Inc.—Common Stock Offered — A. G. Becker & Co. Incorporated and Associates on May 17 publicly offered 115,000 shares of Deltown Foods, Inc. (formerly Middletown Milk & Cream Co. Inc.) common stock (par $1) at $13,875 per share.

Deltown Foods, Inc., Incorporated in New York in 1932 and formerly known as Middletown Milk & Cream Co. Inc., is, together with its subsidiaries, an independent milk company operating primarily in the New York-New Jersey metropolitan area. Through one of its subsidiaries it established more than 60 years ago. The company is one of the largest independent milk processors and distributors in its territory, and its principal brands ("Delwood," "Middletown," and "Cremi-Rich") have been well established in the market by usage and advertising.

The proceeds of this offering will go to certain selling stockholders, and as in all secondaries, no funds will accrue to the company.

Automation Sys., Inc., Common Stock Offered

Fennekohl & Co., Inc., of New York City, on May 5 publicly offered 150,000 shares of Automation Systems, Inc. common stock (par 25 cents) at $1 per share as a speculation.

Of the net proceeds, $50,000 will be used for machinery and equipment; $30,000 for engineering costs; and $27,500 as working capital for administration, plant overhead, sales expenses, and expansion. The business of the corporation can be divided into three separate categories: (1) Research, design, development, engineering and manufacturing of automation systems, tools and equipment; (2) sales, distribution and servicing of Automation systems, tools and equipment; and (3) specialized design, development and engineering services for manufacturing firms.

Now With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Manuel P. Delis is now with E. F. Hutton & Company, 160 Montgomery Street. He was formerly with York & Co.

Joins Hughes Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Lois L. Hughes has joined the staff of Col. Robert W. Hughes, 1280 Humbolt Street. Miss Hughes was formerly with Walston & Co., Inc.

With Blunt Ellis

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Charles L. Kimball has become associated with Blunt Ellis & Simmons, 111 West Monroe Street, members of the New York and Midwest Stock Exchanges. He was formerly with White, Weld & Co., and Smith, Barney & Co.

Schirmer, Atherton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — G. Sterling Grumman, Richard J. Laulor and Charles B. Rowley, Jr., have become associated with Schirmer, Atherton & Co., 50 Congress St., members of the New York and Boston Stock Exchanges. Mr. Grumman was formerly senior analyst for the Boston office of Lee Higginson Corporation, with which Mr. Laulor was also associated.

How to Get a Sound Int'l Monetary System

Continued from page 15

cause I do not share Per Jacobsson's opinion that we can afford to lose more gold or to increase our foreign dollar liabilities. I admit, however, that Jacobsson's timing—a few (?) years time—may prove correct, as he certainly knows more than I do about the state of mind of the men in our government and Congress and the risks they are willing to assume.

Plan-Less Monetary System Precarious

I asserted at the beginning of my speech that the international monetary system we have set up since the end of the War, without any careful planning, is precarious. One may agree or disagree with the views of some economists that the international liquidity is adequate for our present needs and those of a growing free world economy at least for a few more years.

I do not believe, however, that students of money who are not influenced by politics, or who are not willing to shut their eyes to the obvious dangers in the present situation, can concur with the view that our international monetary system is anything but sound. If we do not overhaul it drastically we may be confronted in a very few years with unmanageable problems.

How can we help being disquieted by the present international monetary system? It is based essentially on a yearly balance of payments deficit of the United States of $1 to $2 billion, for the simple reason that at the present price of gold the total increase in monetary gold stock that can be expected from new gold production and Russian gold sales is only about $700 million a year. This is less than 1.5% of current world reserves of gold and foreign exchange. Worse yet, in order to supplement the insufficient supplies of monetary gold, the greatest part of the U. S. balance of payments deficits has been used in the last 10 years to increase the foreign deposits in the American banks. This is the famous gold exchange standard, or rather now the dollar exchange standard, which has compelled Great Britain to get off the gold standard in 1931, and which has largely contributed to the gravity and depth of the Great Depression. It is a dangerous inflationary device, feeding speculation both in Europe and in the United States. Large scale conversion of the foreign dollar liabilities into gold may at any time topple the whole structure as it did in 1931. The concern regarding the dollar exchange standard is shared by Per Jacobsson who stated recently that if he were an American, he would prefer that people abroad take more gold rather than continue to build up foreign bank balances in the United States.

What is the way out of this mess? Professor Triffin has recently called attention to the dangers implicit in a world monetary system depending so heavily on national currencies as international reserves. Furthermore, he sees a continuing deficiency in additions of gold and foreign exchange to monetary reserves, once U. S. payments are restored to balance. He proposes to meet these two difficulties by converting the International Monetary Fund into the equivalent of a World Central Bank, holding deposits that can be used as reserves. Prof. Triffin himself admits that his plan would endow the Fund with a lending capacity which, if improperly used, might impart a strong inflationary bias to the world economy. Moreover, his plan would bring about monetary management on a worldwide scale, the policies of which could influence or disturb the economic situation of each and all countries.

Edward Bernstein, the former chief economist of the I. M. F., proposes another scheme aiming to increase the resources of the Fund so that it may meet any extraordinary contingency that would arise. The plan does not do away with the danger inherent in the use of national currencies as international reserves, and it does not seem to me to meet the other prerequisites of a sound international monetary system.

What are the requirements for the build-up of a sound and workable international monetary system? We need a monetary system which can provide the proper answers to the following problems:

(1) A stable currency which has international acceptance and the confidence of the people.

(2) That an end be put to the gold exchange standard, which implies a liquidation by the United States and Great Britain of their present liabilities to foreign central banks.

(3) That an end be put to inflation, which means no further monetization of government debt or of private inflationary credit. (The commercial banks should not be allowed to make long term loans over and above their savings accounts).

(4) Adequate international reserves of a universally accepted currency, and sufficient yearly additions of such currency to the existing reserves.

(5) The monetary arrangements to be made should have in mind the probability of incipient recession and downward trend of prices.

(6) We should accept the economic truth that we cannot have at the same time full employment, constantly rising wages (particularly in the highly mechanized industries, enjoying increases in productivity), and stable prices.

(7) We should relearn that the prerequisite for balance of payments without deficits is sound monetary and fiscal policies. We should also remember that in the past the equilibrium of balance of payments was made possible by short and long term movements of capital, which imply sound and stable currencies moving freely.

It is a strange phenomenon that while all kinds of plans—basically dangerous, inadequate to meet the present needs, and essentially inflationary — are put forward, no one in responsible positions for the conduct of our monetary affairs is proposing the only known solution able to satisfy the above requirements of a sound and workable international monetary system. This is a return to the international gold standard, accompanied by a rise in the price of gold in terms of all currencies (provided, to repeat once more, an end is put to the monetization of government debt and private inflationary credits).

I doubt that there are many responsible and competent monetary experts who advocate anything else than gold as the basis of our international monetary system. Be it said in passing, the conditions necessary to the proper working of a gold standard system are the same as those necessary to stop inflation.

A Gross Inconsistency

However — and this is another strange phenomenon — the same individuals who are advocating the adoption of dangerous, inflationary plans, based on paper money, contend that a rise in the price of gold in terms of all currencies would be inflationary. First of all, the liquidation of the dollar and sterling exchange

for FRASER

standard will absorb a substantial amount of the gold accretion as expressed in terms of currencies at their new par values in gold, which will result from an increase in the price of gold (the figure most mentioned for the new price of gold is $70 an ounce.) Then another part of the gold windfall should be used to repay as much as possible of the government bonds presently held by the Federal Reserve Banks. We should also keep in mind that the end of inflation and the liquidation of the dollar-sterling exchange standard will at first have a deflationary effect on the economy and on prices. Therefore, even if we were to admit that a rise in the price of gold has mild inflationary implications, there is a considerable difference between inflation by paper money (which is arbitrary and limitless) and the potential of inflation which may result from a rise in the price of gold. I would also like to express my conviction that a return to the international gold standard without a rise in the price of gold would prove socially unacceptable, and would prove unworkable.

Discussing the depreciation of dollar since 1939, the National City Bank in its "Monthly Letter" dated December 1951 makes the following pertinent comments, as true today as they were then:

Good Money and Bad

". . . Gold has had the best record over centuries as a store of value (a vital function of money which many economists nowadays forget). Paper money has been good when issued by banks which have been under a legal obligation to maintain convertibility into gold at the option of the holder. . . . Paper money directly issued by National Treasuries has the worst record, though money can be just as bad if it is put out by a bank of issue which is free from the necessity of maintaining gold convertibility and bonds to the wishes of a profligate government for cheap financing. Most of the worthless currencies issued in foreign countries during and after the war bore the stamp of a corrupted central bank of issue."

Another objection which is made by some economists to an increase in the price of gold is that similar raises may occur whenever a government finds it expedient. First of all it should be made crystal-clear that there is no way of stopping inflation if the governments of the main trading countries have not the will and the determination to stop it. Second, with monetary systems based on government paper, the governments can inflate arbitrarily and without any limits. Third, the present level of prices is not the result of a normal relationship with the production of gold, but the outcome of a worldwide huge monetization of government debt to finance a big war. If we had not used government debt as monetary reserves, the price level would not have reached the present heights and the gold production would be much higher.

The great unanswered question is whether the governments of the main trading countries have the wisdom, the courage, the will and the determination to put an end to inflation as a way of life. You can answer this question as well as I can. On one point you should have no doubt: the choice is not between inflation and non-inflation, but between inflation and freedom. Most economists who propose extraordinary inflationary and very complex plans have forgotten or don't realize that our freedom as men is at stake. I hope that we shall not choose to endanger and sacrifice our human freedom by adopting imaginative but unwise plans, which will not even make possible the reaching of the goal of a sound, workable international monetary system.

*An address by Mr. Cortney before the 1960 Pacific Northwest Metals and Minerals Conference, Portland, Ore.

Hayden, Stone Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—Eugene J. Chesrow, Jr., has been added to the staff of Hayden, Stone & Co., 141 West Jackson Boulevard. He was previously with Hornblower & Weeks.

Fred Herman Opens

HICKSVILLE, N. Y.—Fred Herman is conducting a securities business from offices at 37 Field Avenue under the firm name of Fred Herman Company.

All-State Rights Offered Holders

All-State Properties Inc, is offeringing to holders of its capital stock rights to subscribe for 870,133, additional shares of capital stock at the subscription price of $4.25 per share on the basis of one share for each two shares held of record on May 12, 1960. Subscription rights will expire at 3:30 p.m., New York Time, on Tuesday, May 31, 1960.

Bear, Stearns & Co., and Allen & Company will underwrite the offering.

Net proceeds from the financing will be used by the company to reduce bank loans, and as additional working capital for present and future operations.

All-State Properties Inc., with its executive offices in Floral Park, Long Island, New York, conducts a general real estate business with emphasis on land development and home construction in the States of New York, Florida, Maryland and Kentucky. The company also plans to engage in commercial construction, including shopping centers and apartment buildings, as part of its development activities.

Upon completion of the current financing, outstanding capitalization of the company and its consolidated subsidiaries will consist of $14,201,688 of sundry debt and 2,608,066 shares of capital stock, $1 par value.

With G. H. Walker

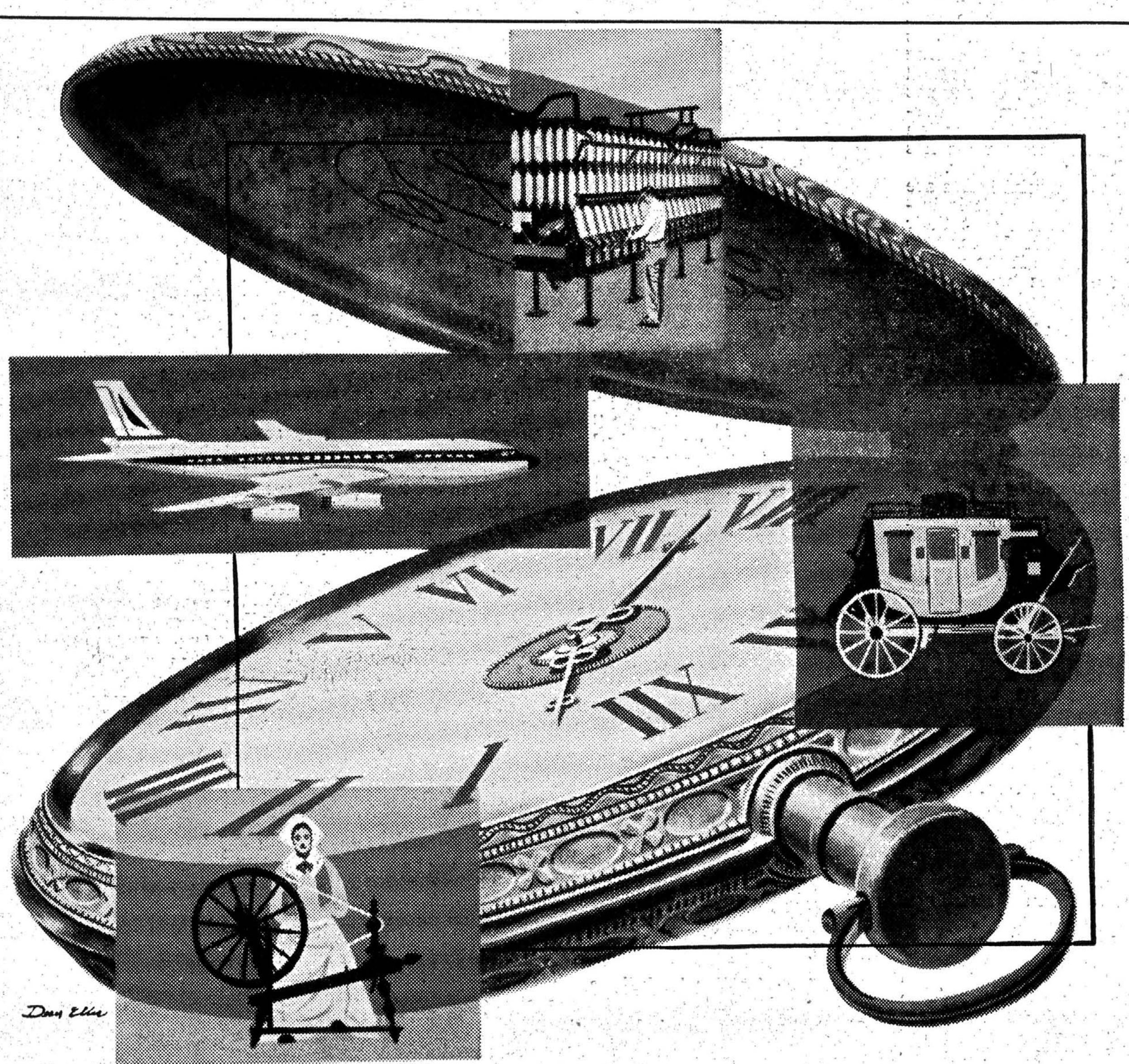
(Special to The Financial Chronicle)

CLAYTON, Mo.—Roy W. Jordan, Resident Partner of the Clayton Office of G. H. Walker & Company, 8224 Forsyth Boulevard, has announced that Brian W. Berglund has become a Registered Representative with the firm.

Mr. Berglund was formerly associated with Edward D. Jones & Company in St. Louis and prior to that was in the Shipping Service business.

Combined Inv. Office

ALLENTOWN, Pa.—Combined Investing Company, Inc. has opened a branch office at 950 Walnut Street under the management of George Restum.



what's an hour worth?

In terms of time an hour is always 60 minutes. Today's hour, however, is worth more than any in our history. Fuel energy, most of it supplied by natural gas and oil, makes the difference. By activating the wheels and pistons of our industrial machine, energy increases both production and leisure . . . frees labor of drudgery . . . speeds and spurs the flow of goods and people. Our growing nation will demand more and more low cost, man-saving energy. Tennessee Gas, active in every phase of gas and oil, will supply an increasing share of the fuel and by-products that make every hour more enjoyable.

From natural gas and oil . . . heat, power, petrochemicals that mean ever wider service to man.

TENNESSEE GAS TRANSMISSION COMPANY
HOUSTON, TEXAS

DIVISIONS: Tennessee Gas Pipeline Company • Tennessee Gas and Oil Company • Tennessee Oil Refining Company
SUBSIDIARIES: Midwestern Gas Transmission Company • East Tennessee Natural Gas Company
Tennessee Life Insurance Company • AFFILIATE: Petro-Tex Chemical Corporation

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Ending the Ceiling Rate to Solve Withdrawal Problems

Continued from page 9

Many of the large lending institutions in this country are mutual in nature, and this is particularly true of those that supply a large portion of the funds in the mortgage market. In the insurance industry, mutual companies account for approximately two-thirds of the assets; improved earnings reflecting higher interest rates are promptly reflected in increased dividends to policyholders. Moreover, mutual savings banks and savings and loan associations—also mutual institutions — have sharply stepped up their interest and dividend rates to savers as interest rates have risen during the postwar period, and rates paid by commercial banks on savings accounts have also risen considerably. Thus, a substantial portion of the rise in interest rates has been passed on to the saver.

Although commercial banks are not mutual institutions, it is important to understand that their current earnings would tend to fall rather than rise if the ceiling is removed. This is because the vast preponderance of commercial bank loans and investments are of relatively short maturity; for example, the average bank loan is estimated to mature in about 2 years and the Government securities banks hold have an average maturity of only 3½ years. Both logic and experience indicate clearly that a principal effect of the interest rate ceiling is to force short-term interest rates to higher levels than would otherwise prevail, since the Treasury must arbitrarily confine its financing to the less than five-year maturity range. As short-term rates rise, including rates on bank loans and short-term Government securities, the current earnings of banks also expand. But if the Treasury could prudently spread its borrowing over a wider maturity range, pressure on short-term rates would be eased, and bank current earnings would tend to be less than would otherwise be the case. Commercial bankers are fully aware that the existence of the ceiling improves their current earnings; nevertheless, the American Bankers Association has strongly advocated its removal as being in the national interest.

A second argument sometimes made against removal of the interest rate ceiling is that, in so doing, Congress would in effect be relinquishing its historic right to determine the general terms of long-term bonds issued by the Treasury.

To determine general terms of new issues is one thing, but to lock the Treasury firmly into the short-term market is another. Rather than determining the general terms of new bond issues, Congress, in failing to remove the ceiling, is in effect flatly prohibiting any significant debt-lengthening through sale of long-term issues. The Treasury is responsible for the management of our $290 billion public debt; that is precisely where the responsibility should rest. But by insisting on retention of the interest rate ceiling, the Congress is denying the Treasury the essential tools for sound, noninflationary debt management. If the responsibility is to rest with the Treasury, sufficient authority should be vested in Treasury officials to meet that responsibility.

Defends Periodic Consultations

According to a third argument, the interest rate ceiling should indeed be removed, but only if the Treasury first agrees to instituting some so-called "reforms" in its debt management operations. Such "reforms" include abolition of the committees of commercial bankers, investment bankers, and others that commonly advise the Treasury with respect to financings; sale of intermediate- and long-term securities at public auction; issuance of bonds with relatively early call provisions; and a signification of the intent of the Treasury to market long-term securities only when interest rates are relatively low. The proponents of these first three "reforms" maintain that their inauguration would probably permit the Treasury to sell bonds at lower interest rates than now prevail and, as a result, the removal of the ceiling would not be necessary.

The Treasury believes that just the reverse is true. If, for example, we discontinued our periodic consultations with advisory committees—a practice, incidentally, that was started by Secretary Morgenthau in 1942—we would be foregoing the opportunity of obtaining firsthand and expert information on the Government securities market. Our only alternative, therefore, would be to price our securities more liberally —to offer somewhat higher interest rates than otherwise—in order to make certain that a particular financing did not fail. This void of information could not be filled by increasing the Treasury's debt management staff; the type of information that we obtain from the advisory committees can only be provided by individuals who operate daily in the Government securities market. By consulting with these committees, the Treasury obtains accurate and firsthand reports on the attitudes of the thousands of potential buyers of Government securities.

Moreover, it is important to emphasize that Treasury officials, in approaching a financing decision, talk to scores of individuals all over the country; in fact, these contacts are maintained on a more or less continuous basis. We also engage in intensive studies and analysis on our own. By the time the advisory committees are called in, responsible Treasury officials have already carefully considered the many alternatives involved. And in every case, all that the Treasury obtains from the committees, and other contacts, is **advice**: the final decision is made solely by the responsible Treasury officials.

Questions Auction Technique Extension

Similarly, it is our judgement that extension of the auction technique to securities other than Treasury bills in the near future would result in higher — rather than lower—interest rates on Government securities. We would like to make greater use of the auction technique, because it simplifies our pricing problems with respect to new issues, and we have made considerable progress in this direction in the past 18 months by introducing the new 6-month and 1-year Treasury bills. In fact, we have during this period auctioned more new issues of Treasury securities than at any time in the past.

But the fact is that the auction technique is not widely understood among the investors most interested in acquiring longer-term Governments, and the chance of loss because of a bid too high in price (too low in terms of interest rate) is much greater on long-term issues than on bills. Thus, we feel that the use of auctions for intermediate- and long-term issues would significantly narrow the initial market for our securities; as a result the interest costs to the Treasury would be higher. This judgement is strongly supported by the fact that on the basis of the best evidence available, the use of auctions for the new 1-year bills during the past year on average has probably cost as much as one-quarter of one percent more than if fixed price certificates had been issued. But we are hopeful that the quarterly auction of the 1-year bills will become a routine occurrence in the money market, and that wider understanding of the auction technique will result in an interest cost more closely in line with fixed-price issues of similar maturity.

Another important reason for not immediately extending the auction method to intermediate- and long-term securities involves the fact that, in so doing, the Treasury would give up all control over the initial allocation of its new issues. We believe that, in the public interest, it is highly desirable to sell as many of our new long-term bonds directly to true long-term investors as is practicable, and that preferential allotments should be used for this purpose. But in an auction, especially in a strong market in which speculation tends to occur, large portions of the new issues might be taken up by speculators rather than by permanent holders.

The case is even stronger, in our judgement, that the use of relatively early call features on Treasury bonds would result in higher initial interest costs to the Treasury. An investor will be willing to purchase a new 25-year Treasury bond, callable, say in 5 years, only if the initial interest rate is sufficiently high to warrant his taking the risk of an early call. Still, we realize that call features, if properly constructed, may save interest costs for the Government over the long run. It is primarily for this reason that the most recently offered Treasury bond—the 25-year, 4¼% issue sold last month — included a 15-year call feature.

By extending the call feature to 15 years — several years longer than prevails with respect to corporate issues — we believed that the initial attractiveness of the security was not affected. We shall continue to use call features in the future when appropriate. But we do not believe that the public interest would be served if the Treasury were forced, either by statute or by a statement of intention, to place call features on all bonds offered in the future.

Although the suggestion that the Treasury market long-term bonds only when interest rates are low appears, on the surface, to have considerable merit, it is important to understand that this suggestion is tantamount to recommending that the Treasury ignore the state of the economy in its debt management decisions. This is because long-term interest rates usually fall to their lowest levels during business recessions. If the Treasury sold large amounts of long-term bonds during the such periods, it would run the serious risk of absorbing long-term funds that would otherwise be used to finance homebuilding, State and local government projects, and business capital expenditures. Such a policy would, of course, impede recovery and might even intensify recessionary pressures. Minimization of interest rates, therefore, cannot be accepted as the overriding goal of Treasury debt management.

Denies It Would Damage the Mortgage Market

I have saved until last a final major argument that has been made against removal of the ceiling, partly because this particular argument is of primary interest to the mortgage industry, and partly because the course of events has definitely proved the argument to be incorrect. I refer to the statements that have been made from time to time that removal of the ceiling would severely damage the mortgage and homebuilding industries, inasmuch as new long-term securities sold by the Treasury would compete with real estate mortgages for the available supply of long-term money. As mortgage bankers know quite well, the existence of the ceiling has actually hurt the mortgage market and it has hurt homebuilding, and there is a real possibility that additional damage will occur in the future if the ceiling is not removed in this session of Congress.

When this particular argument was first made last summer, we pointed out that, even with the ceiling removed, we would not sell large amounts of new long-term bonds for cash. Instead, we would rely heavily on a technique known as "advance refunding," which would involve the exchange of new Treasury bonds for outstanding issues several years in advance of their final maturity. Inasmuch as such exchanges would merely involve the substitution of a new Treasury issue for an old issue in an investor's portfolio, the impact on the mortgage market—and on the capital market in general—would be minimized.

In all honesty, I must admit that we did not anticipate the impact on the mortgage market and homebuilding of the necessity of crowding almost all Treasury financing of the past year to within the 5-year range. But the case of the so-called "Magic 5s" is now a matter of history. Last October, when these securities were issued, the Treasury had no choice but to obtain as much of the $4 billion in cash needed at that time by issuing securities of 4 to 5 years' maturity. If we had not done so, and had crowded the entire $4 billion into the 1-year range, pressures on the money market would have become almost intolerable. Moreover, market quotations on outstanding Treasury issues made it clear that the notes issued in that financing, to be acceptable to investors in the amount offered, would have to carry an interest coupon of 5%.

The offering received wide publicity throughout the country; as a result, more than 100,000 individuals purchased $778 million of the securities. Much of this money represented withdrawals from savings accounts in banks and savings and loan associations. These institutions—and particularly the mutual savings banks, which apparently were most affected — were forced to reduce their commitments to acquire new real estate mortgages, and they understandably adopted a more cautious attitude in making new commitments, in view of the fact that the Treasury might again offer a similar security.

We have pointed out that we have no desire to sell large amounts of new marketable Treasury securities to individuals who purchase them by withdrawing funds from savings institutions. Such a procedure short-circuits our highly efficient financial mechanism in which financial institutions provide individual savers with safe and highly liquid investments and in turn assume the risk of holding investments of lesser liquidity. We had much rather sell our marketable bonds to the institutions themselves, but such institutions have in fact been liquidating Government securities during most of the postwar period.

But the hard fact is that we had no choice last October. And it is quite possible that, if the interest rate ceiling is not removed, conditions may arise in the future when we shall again have no choice. This would be most unfortunate, but we feel strongly that we can properly fulfill our responsibilities in debt management only if we make whatever efforts are possible, under existing law, to prevent our huge Government debt from moving closer and closer to maturity.

The decline in interest rates earlier this year—which has since been reversed by market forces of demand and supply—apparently convinced some people that there was no longer any reason for removal of the ceiling. This view, in our judgement, is and was wholly unwarranted. The very decline in interest rates earlier in the year, in contrast to widely held expectations to the contrary, is convincing evidence that interest rate movements are quite unpredictable. We have no way of knowing which direction interest rates will move in the future, simply because we cannot accurately predict the outcome of the millions of individual decisions which, in a free economy, actually determine interest rates. Interest rates may stay close to present levels, they may go up, or they may go down. Unless they decline considerably from present levels, we shall continue to be locked into the less than 5-year sector of the market.

It would be most unfortunate indeed if Congress were to adjourn this session without taking action to provide the necessary flexibility for debt management, only to find that events during the several months before the new Congress convenes next January led once again to the type of severe market congestion that occurred last autumn.

The problem of the interest rate ceiling is not a short-run, transitory problem, nor should it be approached on a partisan basis. The ceiling, if not removed, can continue to obstruct debt management through many administrations in the future. In the interest of sound debt management — which means in the public interest —the 4¼% interest rate ceiling should be removed permanently and as soon as possible.

*An address by Mr. Walker before the Mortgage Bankers Association of America, New York City, May 2, 1960.

Fed. Banks Offer Nine-Month Debs.

The Federal Intermediate Credit Banks on May 17 offered a new issue of approximately $165,500,000 of 4¾% nine-month debentures, dated June 1, 1960 and maturing March 1, 1961. Priced at par, the debentures are being offered through John T. Knox, Fiscal Agent, and a nationwide group of securities dealers.

It was also announced that $7,000,000 Sept. 1, $1,000,000 Oct. 3, $5,000,000 Nov. 1, and $3,000,000 Dec. 1, 1960 outstanding maturities were reopened and sold at the market for delivery June 1, 1960.

Proceeds from the financing will be used to refund $118,000,000 of 4.65% debentures maturing June 1, 1960.

Balt. Bond Club Spring Outing

BALTIMORE, Md. — The Bond Club of Baltimore will hold its Annual Spring Outing on June 3 at the Green Spring Country Club. Edward J. Armstrong, Stein Bros. & Boyce, is Chairman of the Entertainment Committee.

William Reed, Robert Garrett & Sons, is President of the group.

Now With Richard Buck

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John O. Tiernan has become affiliated with Richard J. Buck & Co., Statler Office Building. He was previously with Chace, Whiteside & Winslow, Inc.

A. M. Kidder Branch Under Budd G. Moore

OCALA, Fla.—A. M. Kidder & Co. Inc. has opened a branch office at 304 East Silver Springs Boulevard under the management of Budd G. Moore. Mr. Moore was formerly head of his own investment firm in Ocala.

for FRASER

Says Mortgage Money Market Will Be Easier

We are in for a change for the better according to the head of FNMA which will make it easier for homebuyers to get funds during the remainder of 1960. Reporting a moderate fall off in mortgages being offered to his agency, Mr. Baughman says this indicates mortgage money was becoming more available

Homebuyers can look forward to a more favorable climate for financing their homes for the balance of the year. This was the forecast made recently by J. Stanley Baughman, President of the Federal National Mortgage Association in releasing the agency's First Quarter Report and Financial Statement of its Secondary Market Operations which revealed a decline in mortgage offerings of almost 10% during the first three months of the year. Mr. Baughman based his prediction on "the moderate but steady cutback in offerings" which dropped about 1,000 from 10,771 valued at $140,000,000 in January, to 9,783 valued at $127,000,000 in March, plus "subsequent, encouraging reports from our field offices which lead me to believe that we are in for a change for the better in the mortgage market." FNMA received 10,036 offerings valued at $130,000,000 in February.

J. Stanley Baughman

Reflecting the tight money market that prevailed last Fall and Winter, the report also disclosed that FNMA under its Secondary Market Operations acquired during the first three months of this year 27,273 mortgages valued at $337,800,000. Mr. Baughman pointed out that "a considerable number of these purchases were offered to the agency in December and in some instances as far back as November." Purchases consisted of 18,926 FHA - insured mortgages totaling $230,000,000 and 8,347 VA-guaranteed mortgages for $107,800,000. Total purchases since the inception of the SMO program in November 1954, passed the $3 billion mark at the end of the first quarter, with 260,606 mortgages aggregating $3,013,588,000 acquired during that period.

Purchases during the quarter covered properties located in 43 states, the District of Columbia and Puerto Rico.

No sales were made during the quarter, in contrast to $1,141,000 made a year ago and $37,898,000 disposed of two years ago.

A highlight of the report shows that all major segments of the home finance industry are participating in the FNMA program. A breakdown of the 683 sellers that sold mortgages to the Association during the quarter shows that 529 mortgage companies (77%) led the list, followed by 106 banks and trust companies (16%), 39 savings and loan associations (6%), and 9 insurance companies (1%).

The report also showed continued broadening of the base of private ownership of the unique government-privately owned corporation during the quarter with 6,197 stockholders holding 574,479 shares of FNMA common stock on March 31, compared to 5,820 holding 514,667 shares at the end of the previous quarter.

FNMA's net earnings under its Secondary Market Operations during the quarter amounted to $2,000,528, after providing for payment of $2,167,239 to the U. S. Treasury as the equivalent of Federal income taxes. Provision was made for dividends of $661,250 to be paid on Treasury-held preferred stock and $381,443 common stock, leaving $957,835 for transfer to general surplus.

The Association maintains regional agency offices in Philadelphia, Atlanta, Chicago, Dallas and Los Angeles, and a sales office and fiscal agency office in New York City.

Federman, Stonehill Admit

On May 10 Louis P. Schrag became a limited partner in Federman, Stonehill & Co., 70 Pine Street, New York City, members of the New York Stock Exchange.

First Research Florida Poll

MIAMI, Fla.—The Florida Poll, first statewide poll to provide public opinion information on a basis similar to that of several well-known nationwide polls, has just been inaugurated by First Research Corporation, Miami-based market and economic research firm, it has been announced by Philip W. Moore, President.

In addition to the political and election surveys to be continued over the next several months, and to be reported in the newspapers, personal interviews on other topics will be made regularly by the research firm's trained field interviewers throughout the state for a number of U. S. business firms who are also subscribers to The Florida Poll.

First Research Corporation has, in addition to The Florida Poll and its other work in Florida, carried out research and business consulting assignments for leading firms and for governmental groups throughout the U. S. and in the Caribbean area since its establishment in Miami ten years ago. The firm maintains branch offices in New Orleans and Atlanta.

LeJac Securities

John H. Firestone, 372 West 46th Street, New York City, is now conducting his securities business under the firm name of LeJac Securities Company.

Barr Elected

Diversification Institute, Inc., an affiliate of Boni, Watkins, Jason & Co., Inc., Economic and Management Consultants announced that Bertram Barr, Director of Securities Listing for the National Stock Exchange has been elected Vice President. Diversification Institute, Inc. specializes in problems related to acquisitions, mergers and diversification.

Mr. Barr, in addition to having extensive experience in diversification and corporate financial problems, formerly was an official with the Controller General of the United States (G.A.O.) and earlier with the New York State Banking Department.

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Federal Mutual Savings Banks and Housing Goals

Continued from page 1

ability to introduce change in the way we do things—to innovate, as our economists say. And innovation can come only from a constant review of the way our present institutions operate.

We must always ask ourselves whether our present institutions are adequate to meet the tremendous challenges of the 1960's. More particularly, we must ask whether our present financial structure and organization is the best we can develop to do the job of financing, on a sound basis, the unprecedented housing requirements of our people. Studies of the Senate Housing Subcommittee and other groups clearly indicate that the expected flow of saving in the 1960's is not likely to be adequate to meet the demands for housing and for other essential capital formation of the nation. We must prepare now, therefore, to develop ways and means to see that our people do not lack adequate shelter for want of the necessary finances.

It seems to me that one of the first steps to be taken toward meeting our housing needs is to define these needs in terms of minimum annual production goals.

Wants Minimum Annual Housing Goals

Upon completion of its study of mortgage credit problems to be solved during the next 10 years, the Senate Housing Subcommittee recommended the amendment of existing law to require that: "At the beginning of each session of the Congress, the President shall transmit to the Senate and the House of Representatives a report, stating, among other things, (1) the minimum number of housing units which should be started during the calendar year, or 2 calendar years following submission of the report, in order to be consistent with the program of the President, (2) the manner in which discretion contained in law will be used by Federal agencies to achieve this minimum number of starts, and (3) recommendations for changes in law which may be required to enable the achievement of this minimum number of starts."

I have introduced a bill to implement this recommendation and I hope that it will be enacted into law.

I believe that until minimum annual housing goals are agreed upon by industry and by government, we cannot hope to achieve the volume of production and the stability of production so essential for the orderly growth of our nation.

Existing law gives Federal agencies many discretionary powers, and these powers are used to influence annual housing production. This observation applies particularly to the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Reserve System, the Public Housing Administration, and the Urban Renewal Administration.

Having such discretionary powers and such great influence upon housing production, it would be ridiculous to assume that these powers are exercised without purpose or plan, or without an estimate of the consequences. I must assume, therefore, that the heads of executive agencies use their discretionary powers with some thought about the annual volume of housing production—or, if you will, with some goal in mind.

My bill merely proposes that this goal be publicly stated by the President; that the propriety of the goal be debated i the Congress, in financial and building circles, in the press, and by the people. Agreements reached through such open and democratic processes can become the objective for necessary changes in law and for the exercise of executive discretion granted by law. Furthermore, the public will be aided in fixing responsibility for the adequacy of enabling legislation and for the adequacy of its execution.

Such policies as (1) the marketing and purchasing prices of the Federal National Mortgage Association, (2) the down payment schedules, interest rates, and other terms of FHA and GI loans, (3) the volume of borrowings permitted through the Home Loan Bank System and the Federal Reserve System, (4) and many other executive decisions affecting the supply and distribution of home loan capital, should not be determined in a vacuum. They should be determined with a view toward their consequences — and with a view toward achieving some minimum volume of housing production consistent with the need for housing and with general economic stability.

Businessmen appreciate, I know, the necessity to plan for the future. We should expect no less from agencies of government with broad powers and great responsibilities for assisting private industry as we strive for a better-housed America.

Refers to Commission of National Goals

In this connection, the President has appointed a Commission of National Goals. The Chairman of this Commission, Dr. Henry M. Wriston, has said that housing is one of the vital subjects to be included in the work of the Commission. I congratulate the President upon this action, and I share his hope that "the Commission will set up a series of goals in various areas of national activity."

The first step then is to reach some agreement about our housing objective—our housing goal. The next step is to make certain that the tools necessary for achievement of the goal are available.

I have long been interested in the mutual savings banking system and the high rate of savings it has been able to encourage among the people in the 17 states in which it operates. I know that while it has fairly broad investment powers, it has elected increasingly in the postwar period to place more of its funds in home mortgages. In view of the vital services it performs in our national economy—encouraging thrift and supporting housing markets and home ownership — I have wondered why savings banks have not been formed in states other than the 17 in which they now operate. [Ed. Note: On April 15, Alaska became the 18th state to permit establishment of mutual savings banks.] In fact, as recently as October, 1958, in my remarks to the 65th Fall Convention of the Savings Banks Association of the State of New York meeting at Lake Placid, New York, I said:

"I have asked your representatives from time to time if there wasn't some way you could expand and take in the whole country. I wish you would, because you have done such a tremendous job in those areas where you do operate."

I still hold the same opinion.

Where it has operated, the record clearly indicates an increased flow of real savings and hence greater availability of mortgage funds. As the nation's oldest thrift specialists it has developed ways to encourage individuals of moderate means to save regularly a portion of their incomes. This know-how should be made available on a nationwide basis.

The interest of savings banks in the mortgage market also is well known. I must confess, however, that the degree of support given by the industry to the housing market came as a pleasant surprise to me. I did not know until recently that of the $22 billion increase in their assets since World War II, over $19 billion, or almost $9 out of every $10, went into home mortgages. They scarcely could have participated more actively than this in view of their resources and legal limitations.

I was also pleased to learn that they have used their power to acquire FHA and VA mortgages on a nationwide basis to become by far the leading supplier of funds in these important markets. Their net acquisition of $12 billion in Federally - underwritten mortgages between 1950 and 1959 compares with less than $9 billion for life insurance companies, a little over $6 billion for savings and loan associations, and about $3.5 billion for commercial banks.

Thus, even though they are located only in 17 States, they have made an important contribution to the economy of all 50 States. Current estimates show that they hold about $5 billion in mortgage loans on properties located in non-savings bank States. I am delighted that my own State of Alabama has shared in this total to the extent of well over $50 million.

Favors Federally Chartered Mutuals

I am aware of a proposal for the establishment of Federally-chartered mutual savings banks. We have Federal—and State-chartered commercial banks. There are Federal and State-chartered savings and loan associations. There are also Federal—and State-chartered credit unions. But to date only State-chartered mutual savings banks exist.

Herein, I believe, lies a method for making it possible for locally-run mutual savings banks to come into being in 33 States. This could be done by passing a law authorizing the chartering of a Federal system of mutual savings banks.

This proposal offers an opportunity to bring together into a single statute the best features of mutual savings banking in the 17 States where they have operated. It might also be possible to incorporate the best features of our financial cousins—the savings and loan associations—that have enjoyed a thriving growth in every State.

I have given some thought to those features of mutual savings banking that in my opinion ought to be considered for inclusion in any proposal for such a Federal statute.

One of the best features of mutual savings banking is the deserved confidence it receives from members of the public. I say "deserved" advisedly because the system has had a remarkable record of meeting its obligations to depositors even during the bleakest times of depression—and this even before any system of Federal deposit insurance came into being. Those who know the system best should give careful thought to isolating the reasons for this success. This process of analysis should consider such factors as prudent management, lack of self-dealing on the part of those connected with the mutual savings bank, the strict trust relationship imposed by law on corporators and trustees, adequate reserves and liquidity, and friendly service to depositors, borrowers, and other members of the public.

Federal Deposit Insurance

In the field of Federally-chartered banks and savings and loan associations, a pattern of compulsory insurance by a Federal agency of deposits and savings has grown up. I would expect confidence in any Federal mutual savings bank to be increased by following this pattern. I say this with full realization that under a system of State-chartered financial institutions, some States have locally-supervised insurance programs that adequately encourage confidence in local State-chartered institutions. I realize, too, that a safely managed institution can survive without Federal or State insurance. But in order to safeguard the confidence of the public in Federal mutuals savings banks, we should seriously consider requiring that their deposits be insured by a Federal agency.

I assume savings banks also will want to consider requiring any such institution to acquire, build up and maintain adequate reserves since these form the first line of defense for depositors.

The industry will also wish to think about provisions requiring adequate examination of savings bank operations by one or more supervisory agencies, apart from management, in which the public has confidence.

Moreover, savings banks will, I am sure, want to place adequate regulatory authority in a Governmental supervisory body possessing sufficient administrative flexibility to meet changing conditions as they arise. From my rather lengthy experience in the Congress, I have learned at least one basic doctrine—no matter how thoroughly legislators think they have foreseen every contingency at the time they enact a law, unforeseen contingencies are almost certain to arise later. If these can be met by appropriate regulation, the system is much more apt to move with the changing times than if it is necessary to seek remedial legislation to meet the unforeseen contingency.

I would recommend that a Federal mutual savings bank be allowed to come into existence only after a finding by the chartering agency that it will not unduly injure existing thrift institutions.

Examines Borrowing Proposal

There is one other broad area of power that, used wisely, can make a thrift institution a thriving organization. That is the power of the institution to borrow funds. This is a practice that mutual savings banks have not followed in the past to the same extent as it is used by other financial institutions. I am not advocating unrestrained access to credit that would tempt a thrift institution to embark upon unsound practices. Used wisely under adequate supervisory safeguards, however, this authority can help an institution over a seasonal or other temporary lack of funds.

Warehousing of mortgages, which is a practice not unknown to some institutions, is a form of borrowing. National banks have access to the Federal Reserve System for the purpose of borrowing. So do State-chartered commercial banks that are members of the Federal Reserve System. Federal savings and loan associations have access to the Federal Home Loan Bank System for borrowing. So do State-chartered savings and loan associations that belong to that System. To my knowledge, State-chartered mutual savings banks generally have access to no similar central fund for borrowing purposes.

In a system of Federal mutual savings banks, I think you should consider providing some central fund as a source for borrowing under adequate supervisory safeguards. I am thinking of the need for stability in the flow of funds available for home loans. Such a source of borrowing could tide a Federal mutual savings bank over the period when its deposit-withdrawal situation fluctuates, either seasonally or due to some temporary local condition. Careful resort to borrowing would enable the savings bank at such times to meet its mortgage commitments and continue to make new mortgage commitments, secure in the knowledge that it will be able to raise the funds needed to meet such commitments.

I know savings banks' representatives have been giving serious thought for the past few years to a system of Federal mutual savings banks. I encourage the banks to continue their efforts along this line. I believe that a proposal of this kind should be considered by the Congress. I would be pleased to introduce such a proposal and to give it my sympathetic attention as its merits are developed and debated during the legislative process. Such a system of mutual savings banks may be one of the tools necessary for the achievement of our future housing goals.

Establishing a Secondary Market

The Senate Housing Subcommittee is seeking other tools also, and we have requested comments from executive agencies upon several other proposals. For example, the Federal Home Loan Bank Board has agreed to comment upon the desirability of establishing a secondary market for conventional loans, and upon the desirability of increasing the volume of long-term borrowing by member institutions.

Establishing FHA-VA Interest Rate Policies

The Housing and Home Finance Agency has agreed to comment upon the desirability of establishing an independent board to determine interest rate policies for the FHA and VA programs, and the purchase and marketing policies of the Federal National Mortgage Association. The Housing and Home Finance Agency also is analyzing the present rate, method of collection, and mutuality of the FHA insurance premium.

These and many other proposals will be considered by the Senate Housing Subcommittee next year. The majority of our Subcommittee is determined to achieve a better housed America. We anticipate the day when every American family can live in a decent home in a suitable environment. We will need savings banks' help and we humbly request it.

*An address by Sen. Sparkman before the 40th Annual Conference of the National Association of Mutual Savings Banks, Washington, D. C., May 11, 1960.

Chicago Analysts Receive Slate

Hartman L. Butler, Jr., of Duff, Anderson & Clark, has been nominated for President of the Investment Analysts Society of Chicago for the coming year. He succeeds Neil Heikes, Jr., of Commonwealth Edison Co. Mr. Butler has served as Vice-President and Program Chairman during the past year.

Other officers selected were: Vice-President, Lang Elliott, of Stein Roe & Farnham; Secretary, William S. Gray, of Harris Trust & Savings Bank; and Treasurer, Olin McReynolds, of First National Bank of Chicago.

Named as members of the Board of Governors include: William A. Stenson, of Northern Trust Co.; Harry L. Fuller, of Continental Casualty Co.; Neil E. Heikes, of Commonwealth Edison Co.; Harold J. Passaneau, of Smith, Barney & Co.; and Fred J. Young, of Harris Trust & Savings Bank.

The annual election will be held June 2, 1960.

Piper, Jaffray Office

FARGO, N. Dak.—Piper, Jaffray & Hopwood has opened a branch office in the Old Fargo National Bank Building under the management of Rodney T. Carlson.

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NEWS ABOUT BANKS AND BANKERS

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

Carl J. Schmidlapp, former Vice-Chairman of the executive board of the **Chase Manhattan Bank, New York,** died May 13 at the age of 71.

Mr. Schmidlapp, since his retirement in 1954, and the merger of Chase with the **Bank of the Manhattan Company, New York,** in 1955, had served as a member of the bank's trust advisory committee.

Mr. Schmidlapp had been a banking official in New York for more than fifty years. He joined Chase in 1915 at the age of 26 as a Vice-President.

Before that, he had been with the **First National Bank of Cincinnati, Ohio** and the **Bankers Trust Company** in New York.

In 1947 he was named Senior Vice-President and, in 1949, was elevated to the executive committee.

* * *

Appointment of Norman P. Barber as an Assistant Comptroller of **Manufacturers Trust Company, New York** was announced by Horace C. Flanigan, Chairman of the Board.

Mr. Barber joined the Bank in 1931 and has been assigned to the Comptroller's Department since 1934. He was appointed an Assistant Secretary in 1955.

* * *

John W. Kluge has been elected to the Advisory Board of **Manufacturers Trust Company's** 57th Street Office, it was announced by Horace C. Flanigan, Chairman of the Board of the bank.

Mr. Kluge, a graduate of Columbia University, began his career in the field of communications early in 1959, when he purchased the controlling interest in Metropolitan. Since then, he has been instrumental in expanding the corporation's operations by purchasing two television stations and one radio outlet.

Mr. Kluge serves as Director of the **Bank of Silver Springs, Silver Springs, Maryland.**

* * *

The election of W. Sam Carpenter III to the Advisory Board on International Business of **Chemical Bank New York Trust Company, New York,** was announced by Harold H. Helm, Chairman.

* * *

John C. Wilmerding, who joined **Bankers Trust Company, New York,** in 1959, has been named a Trust Officer, it was announced by William H. Moore, Chairman of the Board.

* * *

Vincent F. Albano Jr. has been elected a Vice-President of **The Gotham Bank, New York,** David Berg, Chairman announced.

* * *

F. Howard Ketcham of Mineola, Comptroller of Long Island Trust Company, has been elevated to Assistant Vice-President. The announcement was made by Frederick Hainfeld, Jr., President of the bank.

Mr. Ketcham came to Long Island Trust in 1938 from the **National City Bank of New York.**

* * *

The boards of directors of **National Bank of Westchester, White Plains, N. Y.** and **The Rye National Bank, Rye, N. Y.,** announced in letters to their shareholders that they have tentatively approved an agreement to consolidate their two institutions.

If completed, the combined bank would be called **National Bank of Westchester, White Plains.** The proposal which is subject to the approval of the banks' shareholders as well as the Office of the Comptroller of the Currency, involves an exchange of one share of Rye National Bank stock for forty-two one-hundredths shares of National Bank of Westchester stock.

The combined banks would have resources in excess of $190,000,000 and capital and surplus in excess of $12,000,000.

* * *

Saratoga National Bank of Saratoga Springs, Saratoga Springs, New York, with common stock of $200,000 was merged with and into **State Bank of Albany, Albany, N. Y.,** under the charter and title of "State Bank of Albany," effective April 22, in accordance with the applicable provisions of Federal and State Statutes.

The notice of filing of the application with the New York State Banking Department was given in the May 5 issue of the "Chronicle," page 1950.

* * *

C. Wendell Holmes was elected a Vice-President and Treasurer and Henry L. Pearce, Vice-President and Comptroller of the **State Street Bank & Trust Co., Boston, Mass.**

* * *

The First National Bank of Bradley Beach, New Jersey increased its common capital stock from $50,000 to $200,000 by a stock dividend effective May 5. (Number of shares outstanding—20,000 shares, par value $10.)

* * *

Broad Street Trust Co., Philadelphia, Pa., elected John M. Horan a Vice-President.

* * *

A new branch office will be opened by **Provident Tradesmens Bank and Trust Company, Philadelphia, Pa.,** in Lima, Pa. The new branch, which is to be located on the corner of Baltimore Pike and War Admiral Lane, will be the twenty-first office of Provident Tradesmens.

Ground will soon be broken for the new building.

* * *

The First Pennsylvania Banking and Trust Company, Philadelphia, Pa. on May 16 announced the appointment of Archie J. Battista as Vice-President in charge of the Bank's International Banking Department effective June 15. This announcement made by William F. Kelly, President, follows on the heels of the news of First Pennsylvania's plans to acquire the **Virgin Islands National Bank** and to expand its overseas banking facilities.

* * *

Spencer H. Hackett has been appointed Vice-President of **Mellon National Bank and Trust Company, Pittsburgh, Pa.** according to an announcement by Frank R. Denton, Vice-Chairman of the Bank.

Mr. Hackett joined Mellon Bank in 1953 and was appointed an Assistant Cashier that year. In June of 1957 he was named an Assistant Vice-President.

* * *

"Western Pennsylvania National Bank, McKeesport," McKeesport, Pennsylvania, with common stock of $5,987,400; and **William Penn Bank of Commerce, Pittsburgh, Pennsylvania,** with common stock of $200,000 consolidated effective April 30. The consolidation was effected under the charter and title of "Western Pennsylvania National Bank, McKeesport," with capital stock of $6,537,400, divided into 653,740 shares of common stock of the par value of $10 each.

The stockholders' approval of the merger was given in the May 5 issue of the "Chronicle," page 1950.

* * *

The election of William G. Reynolds to the general board of directors of **The Bank of Virginia, Richmond, Va.,** was announced by Herbert C. Moseley, President.

* * *

Following the regular meeting of the board of directors of **The First National Bank of Chicago, Illinois,** Homer J. Livingston, Chairman, announced six promotions in the official staff and the election of five new officers.

Milton C. Haase and Robert P. Perkaus, Assistant Vice-Presidents were elected Vice-Presidents.

Samuel Sachnoff, Assistant Cashier and John R. Magill, Jr. were elected Assistant Vice-Presidents. Ralph J. Mohan and George A. Hansen, Assistant Attorneys, were elected Attorneys.

The newly-elected officers are: Robert J. Hampton, Jack W. Hallberg and Richard A. Westcott, each with the title of Assistant Cashier; Howard E. Hallengren, Assistant Trust Officer, and William F. Schindler, Assistant Secretary, in the Trust Department.

* * *

Michael D. Marcus, has been named Chairman of the Board of the new **Bank of Bellwood, Ill.**

Chartered by the State of Illinois, the Bank was organized on May 13. It will have a capital of $500,000. The Bank will be located in a new building to be erected near the intersection of St. Charles and Mannheim roads.

Mr. Marcus was previously associated with the **Exchange National Bank of Chicago, Ill.**

* * *

Alexander Z. Freeman, for thirty-five years a director of the **Bank of the Commonwealth, Detroit, Mich.,** died on May 6 at the age of 83.

* * *

The **Farmers State Bank of Middleville, Mich.** have agreed to a merger with the **Old Kent Bank & Trust Co., Grand Rapids, Mich.**

Stockholders of both banks will vote on the plan June 14, and it is subject to approval by Michigan's Banking Department and the Federal Reserve Board. If approved, the move will be effective June 30.

Under the plan four shares of Old Kent Bank stock would be exchanged for each share of Farmers. The combined bank would have resources in excess of $260,000,000, combined deposits in excess of $237,000,000 and combined capital $17,700,000. There are 2,000 share of Farmers stock outstanding and 465,000 shares of Old Kent.

* * *

Merl C. Kelce was elected a Director of **St. Louis Union Trust Company, St. Louis, Mo.**

* * *

Wachovia Bank and Trust Company, Winston-Salem, North Carolina and Guaranty Bank and Trust Company, Greenville, North Carolina merged under charter and title of Wachovia Bank and Trust Company, effective May 2.

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"The Augusta Citizens and Southern National Bank," Augusta, Ga., with common capital stock of $400,000, has gone into voluntary liquidation by a resolution of its shareholders, dated April 11, effective April 30.

Liquidating agent: Mr. James R. Sartor, Jr., whose address is Citizens and Southern National Bank, Augusta, Ga.

Absorbed by: **The Citizens and Southern National Bank, Savannah, Ga.**

* * *

"First National Bank in Richland," Richland, Navarro County, Texas, was issued a charter on April 29. The President is Gussie Weaver and the Cashier is Willard Chumney. The bank has a capital of $50,000 and a surplus of $25,000.

* * *

The Bank of Douglas, Phoenix, Ariz. is offering to the holders of record as of May 6, of its outstanding shares of Common Stock, rights to subscribe and pay for in cash at the price of $32.00 per share, an additional 62,830 shares of Common Stock on the basis of one new share for each ten shares held; such rights to subscribe for additional shares of Common Stock are evidenced by tranferable Subscription Warrants which expire at and become void on May 20.

On March 31, the bank's capitalization consisted of $3,141,500 of Common Stock divided into 628,300 shares of the par value of $5.00 per share. Upon issuance of the additional 62,830 shares of Common Stock offered by this Circular, the bank's Common Stock will be increased to $3,455,650 divided into 691,130 shares of the par value of $5.00 per share.

The entire amount of the$2,010,560 anticipated to be received by the bank from the sale of the 62,830 additional shares of the Common Stock will be added to the capital funds of the bank, $314,150 to Capital Stock and the remainder to Capital Surplus.

* * *

On May 9th was opened the 43rd branch of **Bank of Hawaii, Honolulu,** at Ewa Beach. Charles E. Meyer, Jr. will manage the new branch according to R. T. Sasaki, Vice-President in charge of Oahu Branch Administration.

Dresdner Bank's Successful Year

Total Assets DM 7,600,000,000 - Reserves Exceed Authorised Capital - High Earnings

During 1959 the Dresdner Bank was able to extend its business connexions at home and abroad still further. The number of customers rose to nearly 800,000. It co-operates with 3,000 correspondent banks throughout the world in the field of foreign trade financing and in money market and securities operations.

The Bank's total assets increased in 1959 by 16% to DM 7,600,000,000. Deposits rose by 19% to a total of DM 6,700,000,000. The total volume of credit, made up predominantly of short-term advances and bills, including guarantees, passed the DM 5,000,000,000 mark for the first time; this increase was, however, lower than the rise in deposits. At the same time, the Bank increased its liquid reserves considerably. It deposited substantial sums from its liquid resources with foreign banks, and invested in foreign Treasury Bills and Treasury Bonds, its holdings of these increasing by nearly DM 400,000,000 to DM 520,000,000.

Since the currencies of all important industrial countries became freely convertible, the Dresdner Bank has been able to intensify its stock exchange dealings on security markets abroad. It has played a leading part in the listing of shares of important foreign companies on German stock exchanges and also participated in the issue of World Bank Loans.

Foreign securities have recently been added in increased measure to the portfolios of the Funds of the German Investment Trust (DIT), which was founded by the Dresdner Bank in 1956. With the launching in January of this year of the TRANSATLANTA Fund, which includes leading shares from eight European and overseas countries, the German Investment Trust now manages four investment funds, of which more than 8,000,000 certificates valued at DM 800,000,000 are in circulation at present.

The expansion of business in practically all fields has prompted the bank once more to increase its capital. Of the 1959 earnings, DM 40,000,000 have been added to published reserves; unpublished reserves have also been strengthened. The Annual General Meeting held in Frankfurt am Main on the 29th April decided, apart from declaring a dividend of 16% (compared with 14% for the previous year), to increase the capital by DM 40,000,000. When this capital increase has been effected, the Dresdner Bank will have a share capital of DM 220,000,000 and published reserves of at least the same amount.

In order to meet its customers' requirements, the Dresdner Bank, which maintains regional head offices in Düsseldorf, Frankfurt am Main and Hamburg, has further enlarged its network of offices in the German Federal Republic. Forty-five new branches were opened between January, 1959 and April, 1960. Altogether, the Bank has at the present time over 290 branches and offices in 180 cities and towns. It is represented in West Berlin by its subsidiary, the Bank für Handel und Industrie AG, with a further 35 branch offices. The Dresdner Bank maintains representative offices abroad in Istanbul, Cairo, Madrid and Paris. In collaboration with the Deutsch-Südamerikanische Bank AG, its affiliate, joint agencies are maintained in important centres in Central and South America.

Main Items of the 1959 Balance Sheet as compared with 1958 (Millions of DM)

ASSETS	1959	1958
Cash and due from Central Bank	848.94	799.07
Due from Banks and Cheques	465.77	221.37
Bills, Treasury Bills and Medium-Term Notes	2,536.57	2,037.47
Fixed-Interest Bearing Securities	516.11	534.66
Shares and Participations	353.11	355.59
Equalisation Claims	234.22	237.54
Debtors	2,180.49	1,925.13
Long-Term Loans	210.68	215.12
Real Estate and Equipment	100.10	97.20
Other Assets	120.03	93.53
	7,566.02	6,516.68

LIABILITIES	1959	1958
Deposits	4,541.27	3,915.06
Savings Accounts	1,223.49	936.26
Total	5,764.76	4,851.32
Deposits of Banks	983.08	841.56
Due to Foreign Banks (Nostro Liabilities)	7.84	46.16
Long-Term Funds	129.00	162.97
Own Acceptances	—.—	—.—
Capital and Reserves	390.00	350.00
Special Reserves	228.64	206.22
Other Liabilities	62.70	58.45
	7,566.02	6,516.68
Guarantees	857.62	925.95
Bills Endorsed	113.25	141.16

EXPENDITURE	1959	1958
Salaries and Other Staff Expenditure	135.48	124.21
Other Expenditure	40.55	37.98
Taxes	105.22	63.38
Net Profit	28.80	25.20
	310.05	250.77

REVENUE	1959	1958
Interest and Discount	138.24	118.65
Commission and Fees	171.81	132.12
	310.05	250.77

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LONG BEACH, Calif.—Financial Security Corporation is conducting a securities business from offices at 853 Atlantic Avenue. Officers are Adolph D. Silverman, President; Kenneth J. Littell, Vice-President; and Henry M. Weiss, Treasurer.

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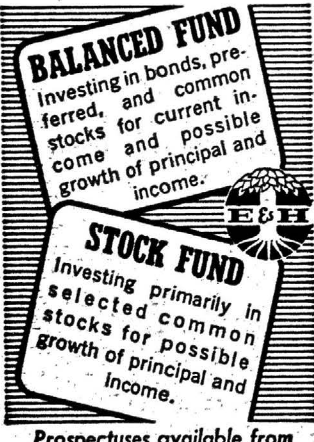

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MUTUAL FUNDS

BY ROBERT E. RICH

A Long-time Need Is Filled

A long-time need for a book on the investment-company field from a source with no axe to grind has at last been filled. "Investment Trusts and Funds" ($1.00), published by the American Institute for Economic Research, should be read by every investment counsellor and, for that matter, investors, too. As the authors, C. Russell Doane and Edward J. Hills, note in the foreword: ". . . neither the Institute nor any of its staff stand to benefit financially or otherwise. . . ."

Actually, the first edition of this book was published in 1937. The emphasis in the original was somewhat different. At that time the Securities and Exchange Commission had not published the results of its investigation of the investment-company field. As the new volume notes: "Investors needed more than advice" in those days. "They needed a warning of the many pitfalls into which uninformed investors had fallen."

What they have done here is to set forth in quick order the problems of the modern-day investor, the varying types of investment companies, background and development, regulations and more —much more. In a chapter headed "Performance Records" they deal ably with the yardsticks for measuring results of investment stewardship. Using charts and tables, a 20-year record of closed-end funds, open-end common stock funds and open-end bond-stock funds is brought into sharp focus. Their findings will not—indeed, could not—please everybody, but Messrs. Doane and Hills have approached their task as good reporters, letting the chips fall where they may.

They proceed from there to that most ticklish of chores: Recommending companies. And it is especially ticklish when one considers the fast-changing nature of our markets. Many an investment counsellor must have wished the next day that he had decided differently. Think then of the staggering chore involved in recommendations that are for book publication, where the time lag is measured in months.

Indeed, they note that material was prepared for publication last February. In writing glowingly of American-South African Investment Co., Ltd., they, of course, could not have foreseen the racial tensions that would arise in the Union of South Africa, a situation that has played hob with this closed-end company. On the first day of February, American-South African closed at 32. It has since sunk to around 20. Not being geopoliticians, they could not reckon with the shooting of the Bantus.

Aside from this weakness in the book, it is a most valuable guide to the investment and trust field. For individuals, it underscores the solution that investment companies of our day provide for investment problems. While many people in the financial community are prone to allude to investment management as something new, the authors note that it goes back far beyond the Scottish Trusts of this century. The authors state: "Probably the Societe Generale de Belgique, organized by King William I of the Netherlands in August, 1822, was the first modern investment company. The original purpose of this organization was to enable individuals to invest in foreign government loans, which at that time offered the greatest security and a tempting return. As the Societe Generale de Belgique grew, its portfolio was expanded and diversified by adding securities representing coal, iron and other industries. Moreover, the company increased its holdings of some securities to such an extent that it gradually became a holding company."

It remained, of course, for the People's Capitalism of the Affluent Society to erect an investment-company business with assets of about $18 billion—more than 18 times the comparable figure at the end of 1946. The authors write: "The development of investment companies has been retarded on the continent of Europe for several reasons. In the first place, economic conditions have not been favorable because wealth was not generally distributed and savings were relatively small." We venture the guess that this worthwhile contribution to the investment business will need updating before many years as a reborn Europe moves ever closer toward the New World concepts of the United States.

The Funds Report

Axe Securities Corp. reports that in the first quarter sales amounted to $9,745,814 and redemptions $1,936,873. Sales total was said to be more than 11% higher than in the corresponding quarter of 1959. Axe reports total net assets of the five Axe-sponsored funds amounted to $207,512,328 on Mar. 31, compared with $195,381,111 on March 31, 1959.

* * *

Selected American Shares, Inc. reports that in the first quarter the company made initial purchases of Air Reduction (5,000 shares), American Machine & Foundry (10,000), Pepsi-Cola (4,400) and Republic Natural Gas (4,300). Increases of 5,000 shares were made in Mack Trucks and 10,000 in Chemical Bank New York Trust. These stocks were eliminated: du Pont, Commercial Credit, Firestone, Lone Star Cement, Spencer Chemical, Standard Packaging (common), Tennessee Gas Transmission and Youngstown Sheet & Tube.

* * *

Shareholders of **Templeton, Damroth Corporation,** a mutual fund holding company, have voted to recapitalize the common stock of the company by changing the presently authorized 500,000 shares of common stock into 1,000,000 shares of class A and 100,000 shares of class B common stock. Each share of the presently outstanding 330,000 shares of Templeton, Damroth common stock will be changed to one share of class A non-voting common and 1/10 of a share of class B voting common. The change will have the effect of a 10% stock dividend, since both classes will participate equally in earnings and assets of the company. Stockholders of record on May 25 will receive new stock certificates.

Shareholders also authorized 1,000,000 shares of class A non-voting common and 100,000 shares of class B.

President William G. Damroth announced that sales of monthly investment plans in the Templeton, Damroth group of mutual funds were $10,000,000 for the three months ended March 31, up 31% from the same quarter of 1959. He stated the backlog of payments to be made under the plans stood at $120,000,000.

The mutual funds in the Templeton, Damroth group are Nucleonics, Chemistry & Electronics Shares; Research Investing Corp.; Corporate Leaders Trust Fund and Lexington Income Trust.

* * *

Investors Mutual, Inc. in a semi-annual report puts net asset value of the shares at March 31 at $10.11, compared with $10.18 on Sept. 30, 1959. Total assets on March 31 were $1,449,699,979, against $1,410,653,011 on Sept. 30. Bonds and preferred stocks at latest report comprised 37.41% of total investments, up from 35.78% on Sept. 30.

* * *

Canadian International Growth Fund net assets at the end of the first quarter totaled $10,161,491 as of March 31, according to the quarterly report.

Sales during the period totaled $975,130, compared with $762,757 during the first quarter of 1959.

Kenneth S. Van Strum, President, said that "the satisfactory position" of the fund's portfolio of investments during the period required relatively few changes in investment emphasis.

"Modest additions" were made to previous holdings of Siemens & Halske A.G. and Broken Hill Proprietary Company Ltd. (Australia) among overseas investments and to Canadian holdings of Ford Motor Co. of Canada, Ltd., Hollinger Consolidated Mines Ltd., International Utilities Corporation, Northern Ontario Natural Gas Co., Ltd., and Steel Co. of Canada, Ltd. Reductions were effected in positions in Consolidated Paper Corporation, Ltd. and in Page-Hersey Tubes, Ltd., while Trans-Canada Pipe Lines Ltd. was eliminated from the portfolio.

* * *

Boston Fund, $220-million balanced mutual fund, has announced plans for the acquisition by merger of the assets of the Groton Company, a personal holding company with assets of some $7.5 million.

The assets of Groton include cash, U. S. Treasury bonds and common stocks.

The proposal will be considered and voted upon by the Boston Fund shareholders at a special meeting on June 15. The merger will be effected through an exchange of stock with the stockholders of Groton receiving shares of Boston Fund having an asset value equal to the assets of Groton at the time of the merger.

* * *

Abacus Fund, a closed-end management investment company, declared a dividend of 2/100ths of a share of common stock of Gatineau Power Company on each of the 855,716 shares of common stock of Abacus Fund outstanding, attributable to the first half of 1960. Based on the recent market price of Gatineau, the dividend is equal to approximately 70 cents per share. The dividend is payable June 23 to shareholders of record May 25.

Abacus Fund paid two dividends aggregating 1/20th share of common stock of Gatineau Power in 1959.

* * *

Net sales of **Income Foundation Fund** shares increased 24% in the first four months of 1960. The balanced mutual fund reported net sales for the four-month period of $1,406,393, against $1,126,279 in the like period last year.

Redemption of shares in the first four months declined $47,000, against $312,000 in the first four months of 1959.

Dan Cohen Opens

Dan Cohen Associates Inc. is engaging in a securities business from 60 East 42nd Street, New York City. Officers are Daniel Cohen, President; Marilyn Cohen, Vice-President, and S. Michael Weisberg, Secretary.

Picoli, Caulfield Co. To Admit H. J. Gurtler

Henry J. Gurtler has acquired a membership in the New York Stock Exchange and on May 12 became a partner in the Exchange member firm of Picoli, Caulfield & Co., 20 Broad Street, New York City.

With Edling-Williams

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Edling-Williams Associates, 614 East Grand Street, have added to their staff Nicholas A. Angelides, Donald A. Hennessy, Jerry Schroeder, Marlowe G. Severson and Norbert E. Stelten.

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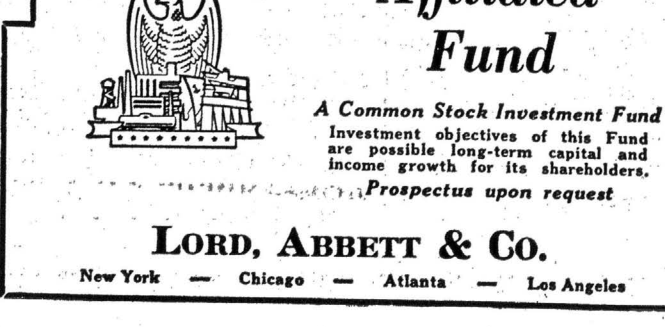

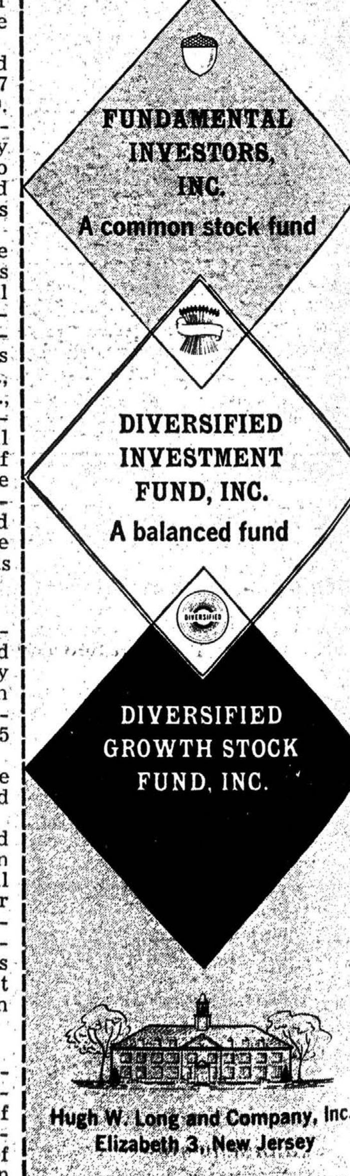

AS WE SEE IT Continued from page 1

in 1960." The major forces which under competitive conditions compel business enterprises to lay out such enormous sums in the form of plant and equipment are (1) the enormous strides that have been made and are still being made in technology; and (2) the normal expensiveness of labor which does not have to operate under competitive forces as do the employers. Establishments which failed to keep abreast technologically speaking would soon find themselves losing out to other establishments which did do so. The same is true of establishments which failed to find and use every legitimate expedient available to them to keep labor costs down. This is, of course, as it should be.

Automation, about which we hear so much these days and so seldom find the term accurately defined, is only one facet of this constant search for better and cheaper ways of doing things, although an important one. It hardly lies in the mouths of labor leaders to complain—as they do from time to time—about workers being displaced by automation or machines in general. Their monopolistic practices are one of the factors which stimulate just such developments to a point beyond what would be reached in other circumstances.

The extent to which these outlays for plant and equipment have mounted in recent years is probably not very widely realized. From the end of 1955 to the end of 1959, the total of such outlays comes to some $135 billion. A figure of this magnitude is difficult for most of us to grasp with any feeling of reality, but no one can possibly miss the fact that it is huge. It would be interesting to know what percentage of all the human labor that goes into production in this country is absorbed by the making of machines with which to make the things we want and need in our everyday life. There is, so far as we know, no reliable statistics covering the point, but there can be no question at all that the total is huge to say the least.

It is obvious that individuals must forego current consumption which they might otherwise enjoy to provide the means wherewith these large improvements and additions to plant are financed. Since such outlays by business inevitably give rise to salaries, wages and other forms of remuneration to individuals, some substantial part of these proceeds must be laid aside to finance the activities in question. Otherwise the demand for consumer goods—the production of which also gives rise to such payments to individuals—would greatly exceed supply—and catastrophic price increases would inevitably occur. Who provides these funds? Well, an answer in detail is unfortunately not possible, some substantial part of these capital expenditures merely replace worn out plant and equipment. As to the rest, profits which might otherwise be distributed to stockholders, the buyers of securities in the market, and various savings and investment institutions provide it. In recent years a very large part of the financing has been done "internally." That is to say, it has been paid for out of profits which were not distributed to the holders of the common stock of the enterprises in question.

Far Reaching Implications

These and other related facts which might be listed carry some far reaching implications. In the first place, what meaning is to be attached in general to that magic figure "productivity," which is defined as output per man hour or one man working one hour. Is it reasonable to suppose that these enormous outlays on the latest machinery and the most careful lay-out of plant can have nothing to do with how much a wage earner gets done in one hour's time? Of course not. We have no idea where one could find detailed figures to show the relative effects of plant modernization and improvement on the one hand and the diligence of the men operating the machines on the other, but he would be an optimist—certainly not a realist—who supposed that the predominant factor in this case is not plant improvement. At any rate no one could possibly doubt that it is one of the leading factors.

Why then do we hear so much from so many—in some instances authorities who should know better—about keeping wage increases within the bounds of improvements in "productivity"? We wish we knew the answer to that question. Are those who provide the means of increasing productivity to receive no consideration? Is the consumer, for whom all productive efforts are made, to forego the benefits that competition normally would assure him? Why is it that these huge outlays on plant and equipment appear to be wholly overlooked by those who find a dozen reasons why wages should be increased on all occasions?

Marquette Corp. Stock Offered

An underwriting group managed by Carl M. Loeb, Rhoades & Co. and Piper, Jaffray & Hopwood offered on May 18, 391,431 shares of common stock of Marquette Corp. of Minneapolis, Minn., at $11 per share.

Of the stock offered, 275,031 shares represent new financing by the company and 116,400 shares the sale by certain stockholders of part of their holdings.

The company is engaged principally in the marketing of appliances, including home freezers, refrigerators, combination freezer-refrigerators, home washers and dryers, coin-operated automatic washers and dryers, and wringer-type electric washers. Marquette also manufactures electric and gas welding equipment and battery chargers. Appliances are marketed throughout the United States and in several foreign countries under the trade-marks "Marquette" and "Zenith," and increasingly in recent years under private brand labels. The company's principal properties are in Minneapolis and Duluth, Minn.

Combined net sales and net earnings of the corporation, its subsidiaries, and predecessor companies in 1959 were $30,768,708 and $1,150,903, respectively, or $1.59 per share on the 724,969 common shares outstanding prior to this offering. For the quarter periods ending March 31, 1960 and 1959 unaudited results were net sales of $8,166,636 and $6,581,868, respectively, and net earnings were $286,811 (or $0.40 per share) and $276,412 (or $0.38 per share), respectively.

The net proceeds to be received by the company from issuance of the additional shares will be used in part for the construction of a new plant and installation of machinery and equipment to enlarge Marquette's welding electrode manufacturing capacity in Minneapolis; in part to reduce short-term borrowings; and in part to increase working capital.

Upon completion of the financing, capitalization will consist of $931,500 notes, $52,048 sundry indebtedness, and 1,000,000 shares of common stock in addition to short term bank borrowings.

Canadian Dealers Hosts to Professors

TORONTO, Canada — Investment dealers and stock exchange members in Montreal and Toronto are hosts to 12 Canadian University professors during this week. The five-day visit is taking place for the sixth consecutive year. Arranged by the Investment Dealers' Association of Canada and the Toronto and Montreal Stock Exchanges, its purpose is to provide university teachers of business subjects with the opportunity to observe the operations of investment and stock exchange houses and to confer with senior executives.

Those attending this year are: Professors Thomas Brewis, Carleton University; J. M. Brownlie, Essex College; M. J. D. Grimmer, University of Manitoba; George R. Post, Queen's University; Peter Lusztig, University of British Columbia; W. J. Reddin, University of New Brunswick; Reverend Brother Lionel Dusablon, Laval University; Armand Leroux, University of Sherbrooke; W. H. Pugsley, McGill University; Francois Charette, Ecole des Hautes Etudes Commerciales; W. F. Van Horn, Bishop's University; and G. Greenslade, Mount Allison University.

Topics under discussion cover the complete range of stock exchange and investment dealer operations, including the money market, the bond market, the stock market, investment management, underwriting investment securities and securities analysis.

E. F. Hutton to Admit W. I. Towell

William I. Towell, member of the New York Stock Exchange, on June 1 will become a partner in the Exchange member firm of E. F. Hutton & Co., 61 Broadway, New York City.

Midwest Exchange Nominates Rogers

CHICAGO, Ill.—Sampson Rogers, Jr., has been named official candidate for a second one-year term as Chairman of the Board of Governors of the Midwest Stock Exchange, it has been announced by Lyman Barr, partner of Ralph W. Davis & Co., Chicago, Chairman of the Nominating Committee.

Sampson Rogers, Jr.

Nomination is tantamount to election. Balloting among the Exchange's 400 members will take place Monday, June 6.

A partner of McMaster, Hutchinson & Co. for a quarter-century, Mr. Rogers has been active in the securities business since 1930 as floor broker, investment banker and investment dealer.

William S. Macfadden, partner of Piper, Jaffray & Hopwood, Minneapolis, has been nominated to succeed Hunter Breckenridge, McCourtney-Breckenridge & Co. of St. Louis, as Vice-Chairman of the Board.

Among eight new nominees for three-year posts as Governors are Chicagoans John W. Billings, partner, Billings & Co.; Frank E. Rogers, floor broker; David G. Skall, Vice-President, A. G. Becker & Co. Incorporated, and Walter Tintner, partner, Shearson, Hammill & Co.

Other newcomers are Morlan H. Bishop, partner, M. H. Bishop & Co., Minneapolis; Burdick V. Burtch, partner, Henry, Franc & Co., St. Louis; John O. Doerge, President, Saunders, Stiver & Co., Cleveland, and John C. Schutz, Executive Vice-President & Secretary, Chiles-Schutz Co., Omaha.

Robert G. Mead, Vice-President of Stone & Webster Securities Corp., Chicago, was named Chairman of the 1961 Nominating Committee.

speed progress on the ground

Once a remote island, several days distant by sea from New York, thriving Puerto Rico today is virtually next door to the continental United States. Frequent daily jet flights now reduce the time to a short 3½ hours from New York's International Airport—a tremendous factor in the rapid economic and financial progress Puerto Rico has achieved in the past few years.

More than 1,300,000 passengers moved through Puerto Rico International Airport last year and 46,000,000 pounds of air freight were handled. A dozen American and foreign airlines now serve Puerto Rico. The airport is operated by the Puerto Rico Ports Authority, an instrumentality of the Commonwealth.

Public obligations of Puerto Rico have double tax exemption. Exempt from *both* Federal and State income taxes, these bonds are attracting a growing number of investors who seek a high degree of security combined with reasonable income yields.

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Oil and Gas Securities

Continued from page 7

own refinery needs over the next 10 years.

For a few years this plan of the French Government will work out, but, due to the high gasoline content of Sahara crude, it cannot be expected that it will entirely supplant all of the Middle East crude. If this should happen, France would have much more gasoline than it needs — but not enough heating oil. Therefore, some companies are thinking of shipping part of their Sahara allotment to the U. S. and Canada in place of Middle East and Venezuela oil and shipping corresponding amounts of heavier Middle East crude to the French refineries to come up with a more suitable crude mixture for French consumption.

Libya

The list of Lybyan discoveries is continually mounting. A great deal of oil has already been found in this country, and indications are that a vast amount of reserves will ultimately be discovered. It will require considerable capital expenditures and much time to develop the important fields of central and western Libya, so that it should be three to five years before Libyan crude has any effect on our world oil markets.

NATURAL GAS

United States

Natural gas is an expanding commodity and one of oil's biggest competitors. Growth in domestic consumption should continue to rise from approximately 11.2 trillion cu ft in 1958 to 17.2 trillion cu ft in 1967. The outstanding growth in natural gas demand has been a prime factor in the sharp decline in oil production since the end of the Suez crisis in mid-1957. Actually, domestic oil production between 1947 and 1958 lost 1.2 million B/D because of the influx of natural gas into oil markets. Natural gas will continue to compete directly with petroleum to fill the demand for energy in this country. Over the past 10 years gas has almost doubled its share in the domestic market for both residual and industrial fuels, with an average annual rate of increase of 9½%; it is estimated that the future growth rate will continue at approximately 5 to 6%/year in the U. S. For this reason, common stocks of natural gas-producing and pipeline companies have become increasingly popular with the investing public.

The question of federal regulation always must be considered when looking at the growth prospects for this industry. Undoubtedly, without any controls expansion could be somewhat more rapid, but because the growth has apparently proceeded at a fairly accelerated rate even with the governmental regulations, there is no reason to believe that it will not continue. At the moment, it would appear that the government will maintain its restrictions on the industry for an indefinite period.

Since World War II, the gas transmission industry has expanded to such a degree that today, along with the distributing companies, it has become the fifth largest business in the U. S. It is estimated that the transmission companies had record outlays in 1959 of approximately $810 million. This will be approximately $100 million over the 1958 transmission company expenditures.

For the investor, the real significance of this expansion program is two fold—(1) it signifies that natural gas will continue its pattern as one of the nation's major growth industries, and (2) it clearly illustrates the confidence and optimism of management for the long-term outlook despite the annoying regulatory problems.

At the present time, the wellhead price of natural gas is approximately 20% of the price of crude oil on an equivalent energy basis. This price disparity between natural gas and oil exists in part because of the regulated status of the natural gas industry and in part from the competition that exists for today's fuel market. Not long ago, income from the sale of natural gas was merely considered as additional revenue to oil. Oil was the primary objective in drilling; but, since the advent and growth of long-distance transmission pipelines, natural gas — a cleaner, cheaper and easier handling fuel—is now being brought into all of the major populated areas. This growth in natural gas is further brought out in statistics recently made available by the Gas Appliance Manufacturers Association. These statistics indicate that the 32 million utility customers now receiving gas today will increase to some 44 million by 1970 and that the industry's pipeline system which now extends some 572,000 miles will increase to over 850,000 miles by 1970.

Canada

I cannot conclude this discussion of natural gas without mention of the Canadian gas industry. This segment of the petroleum industry offers the investor many opportunities for future expansion. In 1958, Western Canada's natural gas production increased 54%, reaching 925 million Mcf/D. In 1959, gas production increased some 30% to approximately 1.2 billion Mcf/D, and this year another 30% gain is expected. With the inevitable expansion of markets in the U. S. and Canada, further wide gains in Canadian gas production should continue. To obtain the high rate of production which is forecast, a great deal of capital will be required, much of which will come from outside of Canada. For these reasons, favorable decisions from the Canadian authorities should continue to prevail over future years.

Since this speech was presented, the National Energy Board of Canada made its initial recommendations with respect to the export of natural gas to the United States. The total export volume is approximately 6½ trillion cubic feet.

The four applications approved were made by the following companies: Trans-Canada Pipeline; Alberta and Southern; West Coast Transmission; and Canadian Montana.

Looking at Oil and Gas Companies Today

At the present time, the majority of the oil and gas companies are selling below their appraised value. In fact, many experts believe that, based on today's market prices, oil and gas securities have more value behind them than any other group of securities. Today more than ever before, investors are endeavoring to appraise oil and gas securities themselves. Therefore, before discussing the different groups within the oil industry, I would like to bring out two factors that are important when evaluating securities in this industry.

In the appraisal of any oil or gas stock (especially a growth situation) the cash generation or cash flow should be particularly significant to the investor — in fact, usually more significant — than net income. Cash flow, which is the net income plus all of the non-cash charge-offs against current income, shows the investor how much money the company generates each year and how much capital it has available to put back into the business for growth and expansion. In comparison, net income is a figure which represents the amount of money left after the yearly expenditures and can be increased or decreased by raising or lowering these yearly expenditures.

In some cases, it is conceivable that high net income or earnings might indicate that a company was not actually operating in a manner conducive to continued growth because, to show a better earnings figure, the company might be sacrificing additional expenditures toward further exploration and expansion—a situation which could be far more harmful in the long run than a temporary dip in current net earnings.

Quite often, the book value of an oil or gas company is only a fraction of the market price or of its appraised value. I will not go into detail on how to arrive at a fair market value for oil and gas reserves because many are familiar with the procedure. This value is dependent upon many things and may vary from area to area depending upon the time it takes to deplete the reserves, the operating costs, the price of crude and gas and the risks involved.

The oil industry is a very complex one. It is an industry that has undergone many changes over the past years. There still remain many uncertainties which continue to exist, but I believe that definite patterns are taking shape which make it possible to appraise the different groups within the oil industry—the domestic producers, the integrated companies and the international oils.

Domestic Producers

The domestic producer's primary objective is to find more reserves and to find them at costs competitive with other world crude-oil sources. Rising discovery and development costs, restricted production rates and imports now mean longer payouts and decreased profit margins for today's producers. One possible way for domestic companies to increase future profits and decrease development costs is for the industry to undertake a program of wider wellspacing on future leases. Oklahoma took the first step in this direction when it recently passed a law requiring that maximum spacing on oil wells producing from depths of 5,000 to 9,900 ft be increased from 40 to 80 acres. I believe that during the next few years we will see this happen in more and more producing areas. This will benefit not only the domestic producer but, in fact, the entire industry. There is little hope for an increase in the price of crude because of our ample crude reserves and our present production capacity. Last year the domestic producers had the benefit of an approximate 8% increase in production and an increase in net earnings of about 6% over 1958. For the short term, the domestic producers should show better earnings in 1960 than in 1959. This will be caused by an anticipated increase in domestic oil demand of from 4 to 5%, a continued low level of imports, a better inventory position, streamlined operations and in some instances a decrease in capital expenditures. In the future, domestic producers will continue to expand into more and more foreign areas where low-cost reserves can be found. If successful in their search for foreign crude, some of the producers may eventually be forced by lack of refineries and markets to merge with larger integrated companies.

Refining and Marketing

We have had a year of intense competition in oil markets. We have seen Aurora Gasoline, Western States Refinery, Eastern States Refinery, Bankline, International Refineries, Lake Superior Refining and Leonard Refining merge with larger integrated companies. These mergers (and future mergers) come from the tremendous competition among companies, trying to obtain a larger position in a slowly growing market. Over the past years, companies could show good earnings because of increased oil sales large enough to make up for any lost markets; but, today and in the future, consumption will grow at a slower pace and it will be more difficult for companies to maintain the markets they already hold.

There are several successful independent marketers who continually take a large portion of the markets in many areas by underpricing the larger companies. This is a major problem in the industry today which larger companies will have to work on, and it seems logical to expect a series of consolidations between the independents and the larger, integrated companies. Now and in the future, the industry will be concentrating on increasing profits in marketing operations.

Today the refining capacity of the U. S. is approximately 9.2 million B/D which is over four times as much as that of our nearest competitor, the Soviet Union; the average daily crude-put in 1959 was around 8 million B/D. It is felt that this amount of excessive refining capacity is necessary in case of emergencies where we would be called upon to have a sharp increase in production. Because mandatory imports have come into being and because we have this excessive capacity existing today, the present high runs to refineries frequently cause an unrealistic build-up in inventories. This build-up in turn, has caused price cuts and has made the refiner cut back his runs.

The refiner derives his profits from the difference between the cost of his crude oil and the average wholesale price of his refined products. This difference is commonly known in the industry as "the refinery spread." During the period from 1947 to 1958, the refinery spread averaged 90¢/bbl.

In the early months of 1958, it declined to a low of 52¢/bbl, but it rose to approximately 75¢/bbl by December of 1959. During this 10-year period, there were two general crude-price advances amounting to a total of approximately 50¢/bbl, but with the increased costs of labor and improved operations necessary to keep up with the octane race, the refinery spread remains depressed.

Sharp shifts in the refinery spreads will constitute a problem. Profit margins will vary from company to company depending upon the location of the refineries and the distance between the refineries and the wellhead. One way that the refiner has been able to protect his profits is by diversifying into petrochemicals, where a larger profit margin is enjoyed and where demand has been steadily rising until now.

Some of the integrated companies, which are refineries on balance, will show improved earnings for 1959. The average of the group's earnings will be approximately 8 to 10% over that of 1958.

I believe that in the future we can expect refineries which lack their own domestic crude supply to seek mergers with companies that have domestic reserves—particularly those with reserves close to their refining operations. This will help to keep costs down and maintain as wide a refinery spread as possible.

In my opinion, the sharp curtailment in new refinery construction planned by the industry for this year is definitely a step in the right direction.

International Oils

With the anticipated increase in yearly foreign demand and the long-term outlook, the international oils should fare better than the domestic companies. As we have indicated, the Middle East is likely to supply much of the world's oil needs for years to come. The international oil companies control most of these reserves and also own the refining, transporting and marketing facilities necessary to turn this oil into money.

Because of the present unstable political situation in the Middle East, the international oils have begun to search elsewhere for additional reserves. The majority of these companies have supplemented their high-cost American production with lower-cost foreign crude and have improved their profit and earnings by so doing.

It is also interesting to note that, whereas the international oil companies have concentrated a great deal of effort and expense on foreign countries, they have also been the fastest growing crude-oil producers in the U. S. during the past eight years. Estimated 1959 earnings for the international oils should show an improvement of approximately 8% over 1958.

Conclusions

Anyone analyzing the petroleum industry realizes that the industry has gone through two of its most difficult years. I believe that the worst is over. The industry recognizes the problems that exist and is taking steps to correct them.

Even though the growth in oil and gas demand will not be so great over the next 10 years as it was over the past decade, enough growth element still remains in the industry at the present time, and oil and gas stocks would appear to be depressed. With values present and earnings and dividends apparently safe, an investor should have some portion of his portfolio in the more attractive oil and gas securities.

*Based on an address by Mr. LaPiere before the AIME Meeting of the Society of Petroleum Engineers of the American Institute of Mining Metallurgical and Petroleum Engineers, New York City.

James Hickok Wins Salesman Award

ST. LOUIS, Mo.—James P. Hickok, president of First National Bank in St. Louis, was presented with the distinguished salesman award, the highest award in the selling profession, at the Annual Awards Banquet of the Sales Executives Association of Greater St. Louis on April 28 at the Chase Hotel.

Mr. Hickok was the lone executive to receive this honor which is awarded annually to the business leader "whose personal demonstration of enlightened, aggressive salesmanship has served as an inspiring challenge to men and women in selling."

Mr. Hickok was singled out by the Association for his aggressive leadership in the development of plans for the $89 million sports stadium and civic center, and for his efforts in raising $20 million of private equity capital needed to launch this project and to see it through to completion in 1964.

T. R. Armstrong, president of Sales Executives Association, presented the award.

Coast Exchange Member

Warren H. Berl, Chairman of the Board of the San Francisco Division of the Pacific Coast Stock Exchange, has announced the election of Mr. Robert Pogats to membership in the Exchange, effective May 1, 1960.

Mr. Pogats, an officer and voting stockholder of the member firm of H. T. Birr & Co., Inc., San Francisco, acquired the membership by transfer from Mr. H. T. Birr, III, also an officer and voting stockholder of the member firm.

Marache, Dofflemyre Office

SANTA ANA, Calif.—Marache, Dofflemyre & Co. has opened a branch office at 824 North Broadway under the direction of Arthur E. Smith.

FRASER

PUBLIC UTILITY SECURITIES

BY OWEN ELY

American & Foreign Power Co. Electric Bond and Share Co.

American & Foreign Power serves 11 Latin American countries with electric and other utility services, and has been subject to the inflationary trends and political upsets characterizing this area. The loss of income from Cuba last year was, of course, a major blow, and earnings had doubtless already been affected somewhat by the financial difficulties in Brazil. In earlier years the Argentine properties had been appropriated, so that no income has been received from that country for some time. Thus while many Latin American countries have given an impression of feverish growth, particularly Brazil and Cuba, it has been difficult to maintain net earnings at corresponding levels.

Foreign Power's consolidated share earnings reached a peak of $2.54 in 1953, dropping to $1.90 in 1954. Later they recovered moderately but eased to $1.93 in 1958 and dropped sharply to $1.19 (company only) in 1959. The annual report is not yet available but it is estimated that if income from Cuba in the first half of 1959 were eliminated, earnings might have approximated $1.00.

However, progress has been made on other fronts. The company recently sold its Mexican properties to Nacional Financiera, an agency of the Mexican Government, for over $70 million (Nacional assuming debts of $34 million). American & Foreign Power has received $5 million on account and an additional $3 million will be due within six months. The remainder, approximating $63 million, is payable semi-annually over a 15-year period with interest at 6½%, both interest and instalments being payable in dollars. However, the instalments of principal must be re-invested in Mexican enterprises other than utilities, and it is understood that the company is now exploring these possibilities. In any event the new deal looks very favorable for the parent company, considerably increasing the income received from these properties.

Over the past year or so Foreign Power has also negotiated a settlement in the Argentine, where its investment of over $115 million was virtually expropriated by Peron a few years ago. The company is to receive at least $62 million for these properties, plus interest accrued from the dates when they were taken over; the Chief Justice of the Argentine Supreme Court, aided by four experts, will determine how much in excess of the above amount should be paid by the company, as well as the rate of interest, etc. However, Foreign Power is obligated to re-invest about $77 million in a new electric plant in Argentina which will sell power to the Government. The electric rates will, it is understood, be adequate to pay expenses, amortize cost of the plant and yield a fair return to Foreign Power. The new deal in Mexico and the settlement in the Argentine (if finally ratified along indicated lines) should substantially offset the loss of income from Cuba, we understand.

Conditions in Chile are reported to be improving after several years of rather severe inflation, but the prospects for income to Foreign Power are hard to assess at this time. The outlook in Brazil also remains uncertain because of continued inflation as well as the political uncertainties in connection with the Presidential election this fall. Brazil's President has been mainly interested in rushing to completion his beautiful new capital, Brasilia, built virtually in the wilderness, and seems to have sacrificed the country's financial health to this project.

Electric Bond and Share, which holds some 52% of the stock of American & Foreign Power, was at one time a "super holding company" for both domestic and foreign utilities. However, under the Holding Company Act it has been compelled to liquidate or distribute its interests in the three former holding companies, Electric Power & Light, American Power & Light and National Power & Light, and its only remaining interest in domestic utilities is a holding of less than 5% of the stock of United Gas Corp., plus some A. T. & T. It was allowed to retain intact, however, its holdings of American & Foreign Power. The latter affords EBS a valuable tax loss; to maintain its dividend on a tax-free basis. EBS sells a block of Foreign Power each year and usually repurchases the same amount later.

EBS's net assets as of March 31, 1960, were valued as follows:

	Amount	Per Share of EBS	Percent of Total
Net Current Assets	$6,556,800	$1.25	4.3
Short-term Investments (b)	15,331,700	2.92	10.1
American & Foreign Power Co. Inc. (c)	31,547,800	6.01	20.7
Chemical Construction Corp. (d)	3,850,000	0.73	2.5
Ebasco Services Incorporated (e)	8,084,000	1.54	5.3
Escambia Chemical Corporation	17,696,700	3.37	11.6
Other Investments:			
Having quoted markets	67,798,300	12.91	44.6
Not having quoted markets	1,359,600	0.26	0.9
Total	$152,224,900	$28.99	100.0

(b) Represents prime commercial paper and U. S. Treasury Bills less unearned discount.
(c) Shares held represent 52.3% of total outstanding, valued at 8¼, the last sale price.
(d) At cost.
(e) At the net worth shown by Ebasco's accounts (including estimated surplus).

In the first quarter of 1960, EBS earned 31¢ compared with 38¢ in the first quarter of 1959, income from American & Foreign Power being reduced more than half. Current income would seem adequate to support the $1.20 dividend now paid by EBS (reduced from $1.40 after the Cuban debacle).

EBS declined from last year's high of 38 to the recent low of 22¼. At the recent price around 22½ the stock yields 5.3%, free of income taxes.

Yes, That and More!

"I think it vital that Federal costs be reported in a way that is complete and clear. Under present practices even the experts find it difficult to learn exact Federal costs. How, then can the American people make right decisions as to which defense, international and domestic programs are most vital to our security and well-being?

"In 1958, when we Democrats campaigned on the proof that we had cut President Eisenhower's budget requests, the Republicans campaigned on the claim that Federal spending would be increased because the Democratic Congress had authorized more money to be withdrawn from the Treasury than the President had requested. The public, rightly, was confused.

"This confusion arises from the practice of 'back-door' spending, which allows some Federal programs to be financed by direct borrowing from the Treasury rather than by the normal appropriations process. Programs financed by the 'back-door' are not subject to annual Congressional review of their expenditures, as is true of programs for which funds are specifically appropriated."—J. Vaughan Gary, member of House of Representatives, in the New York "Times."

We think the gentleman is dead right—as far as he goes!

But there are unfortunately, numerous other financial sins committed by Congress, many of them even worse than this. The truth is that no one—expert or not—can say just what the financial position of the Treasury really is today.

Frazar Wilde Is Lehman Director

Frazar B. Wilde, Chairman of the Board and President of Connecticut General Life Insurance Company has been elected a director of The Lehman Corporation, it was announced by Robert Lehman, President of The Lehman Corporation.

Frazar B. Wilde

Mr. Wilde, in addition, is a director of the Bankers Trust Company, The Connecticut Bank and Trust Company, the Emhart Manufacturing Company, The Plax Corporation and the Holyoke (Mass.) Water Power Company. He is Chairman of the Commission on Money and Credit initiated by the Committee for Economic Development (C.E.D.) and a member and former Vice-Chairman of the board of trustees of the C.E.D.

He is also a director and past President of the Life Insurance Association of America, past President of the American Life Convention, a founder and the first Chairman of the Institute of Life Insurance, Chairman of the Board of Trustees of Connecticut College and a member of the Advisory Committee of Rensselaer Polytechnic Institute.

Chicago Inv. Women Hear

CHICAGO, Ill.—The Investment Women of Chicago will have as their guest speaker following their monthly dinner on Wednesday, May 18, at the Chicago Bar Association, the Director of the Illinois Crime Prevention Bureau, Lois Lundell Higgins. Her subject will be: "Crime and Crime Prevention."

Allen Rogers Forms Co.

DALLAS, Tex.—Allen Rogers & Company Inc. has been formed with offices in the National Building to engage in a securities business. Officers are Allen B. Rogers, President; Robert G. Venema, Secretary-Treasurer; and Mrs. M. M. Perron, Vice-President. All were formerly with Slayton & Co., Inc.

With First Securities

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Woodrow H. Myers has become associated with First Securities Company of Chicago, 134 South La Salle Street, members of the Midwest Stock Exchange. Mr. Myers who has been in the investment business in Chicago for many years was formerly with F. S. Yantis & Co.

THE PUBLIC UTILITY ISSUE OF

THE CHRONICLE

Will Be Published June 16, 1960

★ The 1960 edition of our ANNUAL PUBLIC UTILITY ISSUE will present the official opinions and forecasts of the nation's public utility leaders and non-industry authorities on the outlook for this vital segment of the nation's economy.

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The Affluent 1960's Can Cause a 1970 Depression

Continued from page 14

to check from about $80 billion to $180 billion.

Here we see in brief the basic causes of the inflation of the 1940's and the 1950's. That inflation, however, has been receding at a very greatly diminished rate ever since 1948. It is a pity so few people know this to be a fact.

From 1940 to August, 1948 prices rose about 9⅜% a year. For this eight-year period, the total rise in prices was 75%.

From August, 1948, up to February, 1960, the price rise has been 1⅔% a year or a total price rise of 20% for this 12-year period.

Clearly these figures reveal that the rate of inflation has been cut back by five-sixths in the two periods, first, 1940 to 1948 and second, 1948 to 1960.

7. No "Creeping Inflation" Since 1950 Nor After 1960

It is interesting that a savings conference of wide interest arranged by the University of Minnesota in Minneapolis brought the late Professor Sumner H. Slichter as one of the featured speakers. The date was 1952.

Professor Slichter launched the term "creeping inflation" at that meeting in Minneapolis.

Following the very time the term was coined by him, we had no inflation at all for a four-year period, from March, 1952 to March, 1956. Then came a typical investment boom described so well by Schumpeter. Plant and equipment expenditures rose by $9 billion expanding bank credit and incomes without an expansion of total output until the "period of gestation" of this building of new factories and tools was completed in 1958. Here we had an 8% rise in the price level. That price rise was unfortunate, but we see today, in 1960, the advance in total production of more than $45 billion in real terms and about 11% from the 1958 recession low. This output rise was certainly greatly facilitated by that expansion of industrial capacity from 1955 to 1957.

Since mid-1958 the price level, as has been pointed out, has advanced at a rate of barely 1% a year.

The forces which produced this great inflation from 1940 to 1948 are nonrepetitive. They are diminishing very rapidly and have diminished for the past dozen years. The supply of money today is back to the proportions which prevailed prior to 1929 when the economy was not experiencing any inflation. The Federal budget is today in balance. In fact, the only debt which has not increased significantly since the end of World War II has been the Federal debt. The debt of the Federal Government and its agencies in the first 13 years after the war increased only 6½%. In the same period all other forms of debt increased from 200 to 435%. The thrust to inflation caused by a deficit in the budget is nonexistent at the present time and has been since 1946 with mild exceptions in 1953 and perhaps in 1958.

The single large deficit of fiscal and calendar 1959 produced incomes and consumption stability rather than any serious rise in the price level.

The third force operating so strongly against inflation is today's more restricted rate of wage increase. In the recent steel agreement, the rate of wage increase was held down to about a 2.3% cash increase for the workers and to a total increase of from 3½% to 3¾% for the companies. This is according to the recently issued annual report of the United States Steel Corporation for 1959.

In contrast, the three-year steel wage agreement of 1956 raised wages by 8% for each of three years, 1956-1959. That average rate of increase of 8% a year for steel workers' wages also had prevailed for the 20 years ending with the new 1960 agreement which so sharply reduced this rate of wage increase, more than cutting it in two.

The reduction to a maximum figure of 3.75% for the recently concluded agreement is, indeed, much less inflationary. In fact, it is almost within the range of the average annual increase in productivity of our workers. To the extent that other wage agreements follow this pattern, and they seem to be following it, we have very largely eliminated excessive wage increases from the economic picture thus serving to restrain the rate of inflation.

8. A Deflationary Future?

There is another deflationary force at work. Our bank liquidity has also been declining. The liquidity of banks, as bankers measure it, in 1929 was 23%. After that year, we had tremendous economic difficulty, deflation, and financial collapse in turn producing the Great Depression. Obviously with our independent banking system this level of 23% for their liquidity is not at all enough.

The two acts of (1) gold devaluation in 1934 and (2) financing at the banks during the war, 1941 to 1945, increased bank liquidity to 83%.

This liquidity, of course, is not the liquidity ratio which an individual bank might calculate in a manner especially related to its own liability.

Rather it is the liquidity ratio for the entire banking system.

For example, when we pooled individual bank reserves after the formation of the Federal Reserve System, we found that the "pooled reserves" in the Reserve System were no more adequate for a general widespread financial drain than they were when lodged separately in the individual banks.

The liquidity ratio of banks comprises the assets, cash, reserves, and U. S. Government securities in relation to total deposits. These are the assets which will become quickly, and generally without borrowing, available to banks even in emergencies.

While the Federal Reserve authorities today are legally permitted to lend "on any good asset," the question of what are good assets and whether they will be deemed "good" when a time of trouble may come is most important.

In fact, the regulation or law would have been better stated and designed, *if preventing bank failures and preventing a decline in the total supply of money is to be the objective of bank policy under conditions of great economic stress,* had it stated that in such times the Federal Reserve authoritiees could lend "on any bad asset." At such a time the maintenance of the money supply should be the most central objective of the Federal Reserve System and all assets other than cash and short-dated U. S. securities may not be good and indeed then may be "bad" assets. Perhaps a compromise in the law to permit lending "on any asset" would suffice. This is what the central banking authorities did not do in 1932-33 despite an earlier legally, "built-in" indemnification designed for just such an emergency. This, of course, is very serious business and it should be studied with its greatest care by the monetary authorities.

The liquidity of our banking system is adequate for some years ahead, but certainly not beyond 1970. Because the banking system today has large reserves and still possesses about two-thirds of the war-time maximum holding of U. S. securities, the liquidity will suffice for an expanded economy for another seven or eight years. The liquidity ratio at the present time is about 42% or barely one-half of the large liquidity ratio of 83% at the end of World War II, and will fall to the hazardous level of 23% by 1970.

Bank holdings of U. S. securities are primarily short-dated, consequently the prices of these securities will steadily, in the next four or five years, march back to par.

They thereupon become available for conversion (on their own merit rather than on the basis of support by the Federal Reserve System) into reserves or for lending or for both purposes. Consequently, this conversion may be expected steadily to proceed with a resulting enlargement in the loans of the banking system thus lowering the liquidity ratio of the banks.

This whole process produces a very great risk for the American economy. Happily, we can await the report of the Committee for Economic Development's created "Commission on Money and Credit" which should report on adequate measures in abundant good time to avoid the great collapse which may be expected for the banking system by 1970.

Whether, in light of the fact that we have never adequately acted in the past before a crises, we can now act with this ten years' notice I give I do not know. But as an economist, I shall have "done my duty" by pointing out the great danger. In the past, of course, such dangers have never been resolved or fairly met until after a crisis. And, as in 1913, they were not met adequately. We lacked the national courage to compel the state banks to join the (national) Federal Reserve System. States' rights won over monetary good sense.

I do not think we will meet, in advance, this future emergency. As a result, the crises which I can foresee as coming by 1970 will completely end the threat of inflation. So I see our decade of the 1960's as producing economic growth so amply as to pose a threat to our ability to maintain adequate liquidity in the economy to keep the growth continuing for the entire present decade. This is the way we produced the financial collapses of 1933, 1921, 1907, 1893-94, 1884, 1873, 1857, and 1837.

9. Non Financial Causes of Instability

The causes of instability are not solely from the side of finance. Instability can grow out of the ordinary business cycle variation in expenditure of business for new plant and equipment and of consumers for new and consumer durable goods. Such variation can of course be very "unstable" as there may be concern about the inherent stability of the economy as well as concern about the prospects for economic expansion of a sustained character.

In the three distinct business cycles we have had since the end of the Second World War, business has accounted for varying amounts of the decline ranging from about 70% to 155% of the total decline.

By this is meant that business liquidation of inventories added to business reduction in expenditure for new plant and equipment has fully equalled, exceeded, and never been more than slightly short of the decline recorded in gross national production (GNP) in each of our three postwar recessions.

It is this decline in GNP which gives us the best single measure or each of our three postwar recessions.

For example, in the recession of 1949 the total of investment by business in new plant and equipment and in inventories declined by $14 billion whereas the decline in gross national product was only $9 billion.

Here business accounted for 155% of the decline in total GNP. The recession of 1954 was the natural result of the truce in Korea and the very substantial decline in Federal expenditures for defense subsequent thereto. Yet the decline in business spending was $7 billion, or 70% of the $10 billion decline in GNP.

In the third economic recession since the end of the war, that of 1957-58, the decline in investment in new plant and producers' durable goods, and the investment in inventories taken as a total declined by $15.6 billion. Total gross national product declined by $16.8 billion. If we attribute a part of the $3 billion decline in net foreign investment to the investment by business abroad, then once again, business accounted for a full 100% of the decline in the 1957-58 economic recession.

The responsibility of business for these economic recessions is further sustained by the fact that in the recessions consumer spending has either advanced or been completely maintained.

In the recession of 1949 consumption increased by $3 billion.

In the recession of 1954 consumption increased by $4 billion.

In the decline of 1957-48, consumption was reduced by only $0.9 billion.

This decline was entirely caused by the decline in the sales of automobiles as the result of a natural reduction in the rate of sales following the record-breaking automobile year of 1955. In that year the two finest "gadgets" ever put on the modern automobile came in one year. I refer, of course, to "36 months to pay and power steering."

Now in these three economic recessions with consumption fully maintained, after liquidation of inventory had proceeded, production had to recover. As it recovered to the maintained level of consumption, incomes increased sharply. Economic expansion followed, sending both production and consumption still higher. As a result, production gained much more. In each of the three economic recessions, in the same period of time as that in which the decline occurred, the subsequent gain in output ranged from 2½ to 4½ times in amount the maximum decline in output in the recession.

10. The Automatic Economic Stabilizers

The automatic economic snubbers, shock absorbers, or stabilizers, as may be preferred, have served very greatly to maintain personal income in face of a decline in production. In periods before 1940, and in accordance with Say's Law, as production declined incomes declined and consumption also declined. Consequently, the economy required 11 years following 1929 merely to regain the level of output which had been reached in that year. That was not good enough. Almost ten million were still unemployed in 1939.

In the three post-war recessions, the maximum recession duration from high to low has been 12 months. And the latest recession was about eight months in duration from its previous high in 1957 to the recession low in early 1958. In these recessions as we have pointed out, consumption has been maintained thus forcing a vigorous recovery. The maintenance of consumption, in largest degree, has resulted from rising wages throughout the entire post-war period as the result of the constant increases in hourly rates of pay for workers. These wage rate increases have come as the result of bargaining in a growing but inflationary economy.

The bargaining has been mostly for three-year contracts with accompanying wage increases "disirregardless" of whether or not a recession might intervene before the expiry of the three-year wage contract.

Wage increases also have come as the result of escalation clauses whereby wage rates have increased in accordance with subsequent increases in the cost of living index. Finally wage rate increases have been granted for the "productivity factor" which has meant an automatic increase in pay being granted by management, because it undertakes, as does General Motors, to raise per worker productivity steadily.

In the last recession, in contrast to a decline of $16.8 billion in total gross national production, the total amount of wage payments to the employed declined by only $5.3 billion. As the result of the still further enlarged payment of unemployment compensation to workers losing jobs in the recession, amounting to about $3 billion total personal income *of those employed and those not employed* decreased by only $2.3 billion in face of this $16.8 billion decline in production.

Finally, as the result of lowered personal taxes and very modestly reduced rates of personal saving, total consumption, the spending out of income, decreased by only $0.9 billion as has been pointed out. This was a decline of only three-tenths of one per cent.

Thus consumption has been very well maintained in each recession with the result that the recovery has been quick and vigorous.

11. The Responsibility of Businessmen for Maintaining Economic Stability as Well as Promoting Affluence

It is earnestly to be hoped for that business leaders will study these built-in stabilizers in the American economy and set to the task of maintaining with greater stability their investment in plant and equipment and maintaining as well as is practicable their rate of investment in inventories.

The three inventory liquidations which have occurred in post-war recessions do not, on balance, seem to have been wise for business itself.

This is still more true of the reductions which have taken

THE AUTOMATIC ECONOMIC STABILIZERS
In Recession, 1957 to 1958; In Recovery, 1958 to 1959
(in billion of dollars)

	1957-58 Recession	1958-59 Recovery
Change in Total Production (GNP)	—16.8	+53.8
Miscellaneous Offset	0.0	— 1.9
Stabilizing Forces:		
Corporate Taxes	+ 5.7	—11.7
Corporate Retained Savings	+ 5.6	—10.1
Dividends	0.0	+ 0.3
Government Transfers (net)	+ 3.2	— 1.1
Personal Income	— 2.3	+29.0
Offsets:		
Personal Taxes	+ 1.1	— 3.9
Personal Saving	+ 0.3	— 1.2
Total Consumption	— 0.9	+23.9

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place in plant and equipment outlays by business.

In the first two recoveries following the first two recessions construction costs increased by about 10% in each instance. The record for the recovery of 1959-60 is not yet clear, though it appears construction costs again are rising.

If business were better informed on the inherent stability in the economy, business in turn could contribute greatly to reinforcing still greater stability through a maintained rate of investment. We are all convinced of the very excellent prospects for economic growth for the next five years. This should induce business to provide a steadier rate of expansion of investment in new plant facilities. Timidity can defeat us.

12. Labor Scarcity in the 1960's Will Advance Capital Investment.

Because of the inescapable shortage of labor until 1966-67, wages will be high and, of course, labor will be scarce.

We are compelled to await 1967 for the first substantial additions to our labor supply at the lower working ages.

This is the result of the low rate of birth in the 1930's and through the war period.

Only with the sharp rise in the birth rate starting in 1946 and continuing in each year since that date, we are producing the material for additions in the future labor supply.

But these additions will not move into the labor market until about 1966.

The intervening scarcity of labor and high rates of wages will serve excellently to maintain plant and equipment expenditures.

It is these plant and equipment expenditures that are required and that are promoted by the scarcity of labor and the high wages.

The large spending of industry for research and development brings forth new products that also promote expansion.

13. The Automatic Stabilizers in Recovery

The automatic stabilizers have worked as well in the periods of recovery. Putting the record very briefly, since the low point in total production was reached in the first quarter of 1958, the economy recovered by the second quarter of 1959 by a total of $53.8 billion.

Normally, such a rise in total production would very greatly enlarge incomes and perhaps cause a threat of inflation.

However, of this total recovery all but $23.9 billion was "sequestered" by the automatic economic stabilizers, snubbers, or shock absorbers.

No less than $15.6 billion flowed as increased revenues to the Federal Government.

It is this increased flow which has so quickly and precipitously diminished the Treasury's borrowing in the capital markets.

Inasmuch as private industry can hardly take up such borrowing with the rapidity with which the Treasury has retreated from the capital markets, we have seen in 1960, as a result, a very substantial easing in interest rates. In fact, there can be concern that this rapid rise in Federal budget revenues may be modestly restraining the economy at the present time. Inasmuch as we wish the budget surplus to be secured and to be used perhaps for debt reduction, the problem is one for the Federal Reserve System now to adopt appropriate monetary and credit policy if we want budget policy to apply pressure.

In addition to the large increase in tax payments — increases which have completely wiped out the $12.2 billion deficit of a year or two ago and converted it into an even balance in the present fiscal year and into the $4.2 billion expected surplus in fiscal 1961 — corporate earnings have recovered sharply (by $21.8 billion) and these funds have flowed to corporations. There they are rather automatically used for the expansion of inventories and accounts receivable in the recovery period.

Finally, consumer savings have increased somewhat by $1.2 billion and we are now paying into old age security and unemployment reserves an additional $1.1 billion.

In an appendix table, the figures for the automatic stabilizers are given in detail for the recession of 1957-58 and for the first year of recovery following the low point in the first and second quarters of 1958.

14. "Underwriting Prosperity"

In addition to this appendix table, there has just been issued by the Bureau of Economic Studies of Macalester College a bulletin "Underwriting Prosperity."[1] This bulletin reviews in considerable detail the record of the recessions and the nature of the structural changes in the economy which have taken place, and particularly the operation of the automatic economic stabilizers in each of the three postwar recessions. The bulletin was prepared by Professor Harold Lunde. I believe it is the first recording in quantitative terms of the automatic economic stabilizers which have served us so excellently in the three postwar economic recessions.

15. The Affluent 1960's Can Precipitate a 1970 Depression

Thus the outlook for the 1960's is indeed good.

Perhaps that should be qualified by saying it is indeed and certainly bright for the first-two thirds of the decade, and that a dark cloud may be forming at about that time to threaten the economy as the decade draws to a close. That dark cloud is the inability to maintain, given the inherent lack of strength in the American independent banking structure, a proper degree of liquidity to finance the very substantial economic growth which will come in the first two-thirds of this decade. But we shall have ample time to discuss these problems.

1 Available upon request to Macalester College, St. Paul, Minn.

*An address by Dr. Upgren at the 24th Annual Meeting of the Midwest Economics Association, Minneapolis, Minn., April 20, 1960.

Fed. Land Banks Plan Bond Issue

John T. Knox, Fiscal Agent, announced that the Federal Land Banks have arranged to offer publicly on or about Thursday, May 12, 1960, a new issue of $154,000,000 of 4¾% bonds dated June 1, 1960 and maturing June 20, 1961. Price will be announced on the offering date. Offering will be made through Mr. Knox and a nationwide group of securities dealers and dealer banks.

Proceeds from the financing will be used to redeem the $106,000,000 of 2½% bonds which mature June 1, 1960, repay short-term borrowings, and for lending operations.

Form Shiels Securities

PORTLAND, Ore. — Shiels Securities, Inc. has been formed with offices in the Mead Building to engage in a securities business. Officers are Lawrence W. Shiels, Jr., President; Roger D. Shiels, Vice-President, and M. P. Shiels, Secretary-Treasurer. Lawrence Shiels was formerly with Camp & Co.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The decision of the Treasury to start raising money for the 1960-1961 fiscal period right on the heels of the May 15th refunding operation did not enthuse the money market. It had been expected that there would be at least a short breathing spell before the Government would again be looking for new funds. In addition, business prospects appear to be better and this, along with the rising equity market and the wrecked Summit Conference which is not likely to soften the cold war, has taken some of the following away from the money and capital markets.

The increased offerings of Treasury bills has tended to push up the yields of these issues. Nonetheless, it seems as though the near-term market will be able to digest these additional flotations without too great an effect on the over-all pattern of rates.

Treasury Anticipating Later Needs

The monetary authorities last week decided to raise some new money for the coming fiscal year which starts July 1, and this was done thru the enlarged offerings of Treasury bills. The 182-day obligation was increased by a $100 million last Monday and this will most likely continue during the coming few weeks, with the 26-week issue being upped from $400 million to $500 million. How much new money the Treasury will raise thru the offering of short-term Governments is open to a degree of conjecture even though there are reports that between $400 and $500 millions or even more will be obtained in this manner.

Acording to advices, it was not the attrition in the May 15th refunding operation of $646,000,000 which was responsible for these new money operations of the Treasury but the desire to get at least a token amount of the July-December cash needs out of the way ahead of time. It is evident that the Government will be in the market for new funds right after the new fiscal period gets under way on July 1, with between $3 billion and $4 billion to be raised in that month. The last half of the calendar year, that is the time between July 1 and the end of 1960, is the period during which the Treasury usually spends considerably more money than it takes in because tax payments are much lower at that time of the year. The next refunding venture of the Treasury will be in August when $9.5 billion of the 4¾% notes will have to be provided for.

Budget in Balance

The fiscal year ending on June 30th is still expected to finish with a modest cash surplus probably in the neighborhood of $100 million. Even though this will be a very slim surplus, it has meant that the Treasury has been retiring securities in the present fiscal year as contrasted with the heavy borrowings that were necessary in the same period of 1959, because of the very large deficit in the budget.

Neutral Credit Policy

The current thinking in the money market appears to be veering a bit more in the direction of what is being termed "neutrality." It is evident that the position of the monetary authorities has to be such so that they will be in a position to move in any direction that may be necessary. Accordingly, they are proceeding cautiously at this juncture since the economy could be thrown out of balance by taking actions that would tip the scales a bit too for either way.

The policy of monetary "neutrality" is looked upon by not a few money market specialists to mean that there will be encouragement as far as the money and capital markets are concerned. This is taken to indicate that the level of negative reserves will decline in an irregular fashion so that more funds will be made available to the commercial banks in order that the borrowing needs of customers will be provided for. The ease in the money market, which is looked for by most financial experts, may even be carried to te point where negative reserves may become positive ones with a small plus sign probably in the area of $50 to $75 million not to be unexpected.

Whether there will be a decrease in the prime bank rate is still open to some question, although a cut in the rate charged the banks' best customers on loans, as well as a lowering of the discount rate in the not distant future, should not be looked upon as earth shaking events.

J. A. Guggolz Opens

WACO, Tex. — John A. Guggolz is engaging in a securities business from offices at 2828 Grimm Avenue.

This announcement is to be construed as an offer to sell and a solicitation to buy:

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The Stock Market—Thoughts and Observations

Continued from page 3

econometric models which develop the input and output statistics for a year or so ahead, and whatever other machinery we use at the navigation bridge to pierce the obscurity of the course before us. Having consulted these scientists and the soothsayers, I have arrived at my own intuitive opinion, which, for what it's worth, is that for the next year we will have to be content with an undramatic, somewhat vacillating state of prosperity, and abandon the somewhat silly notion that a boom would enable us to unload our shares on to others at a fancy price.

This dangerous, or perhaps unethical, approach reminds me of a story, perhaps apocryphal, told of Arthur Vining Davis, who gave a block of Alcoa shares to a church. Some years later, when the elders timidly approached him with the thought of disposing of the shares after they had risen and were much too high, he replied, "Do you think it is a Christian thing to sell to others that which you consider greatly overpriced?" Chagrined, they retreated, retained the shares, and have become a very, very rich church.

The expected boom of the first quarter was quickly transformed into but a boomlet as apparently hundreds of thousands of businessmen the country over came to the conclusion that things in the United States were pretty efficient, that industries had ample capacity, that to carry inventories cost good money, somewhat difficult to get, and the thing to do was to tamp down, rely on their computers, and have inventory velocity as well as money velocity. Along with this the protracted steel strike left some injuries in consumer purchasing power which those of us not on strike blandly glossed over, so that a mild saucering out of volume in the second quarter was likely. Nevertheless, even though there might be substantial variance among half a dozen segments affecting 20% of the gross national product—automobiles, steel production, inventory accumulation on the downside either from actuality or from expectancy; housing starts bottoming out; capital expenditures somewhat upward; increase in consumer credit peaking out—there remain the two mainstays of consumer expenditures which should continue their gradual rise and governmental expenditures which will maintain their constant flow. With this background, the GNP should move towards $515 billion by the year-end and there is no evidence as yet that the first half of next year should show any serious deviation. This should suffice to maintain over-all corporate profits before taxes in the higher range, $49 billion or thereabouts, as against $37 billion for the recession year 1958, and a $44 billion variance in preceding years, whatever the contradictions and compressions affecting a series of industries and companies within this framework.

There are hundreds of thousands of enterprises in the United States but the investment fraternity concerns itself at the most with a few thousand and generally only with a few hundred. Following these companies and industries is a complex job and a security analyst, or a firm with a corps of security analysts, can generally manage to keep pretty close track continuously with only a relatively small group, considering the totality of the problem. Nevertheless, we are called upon for opinions throughout the whole range of securities, and worse yet, the over-all trend of the market. Most of us have preached time and again that apart from financial or psychological spasms that may hit the community, such as a 1907, a 1932, or a 1937, we have essentially a market of stocks and not a stock market. However, with our historical agricultural background, we have been accustomed to wheat and cotton each of which fluctuates as a whole and we tend to leap avidly to the erroneous intellectual conclusion that we can lump all stocks together and dispose of them in a single index. This concept, I think, is unfortunate, causes a tremendous waste of time and opportunity, and is only slowly being eroded.

Finds Multiples Are in True Postwar Period

Reviewing groups of securities, there is a spectrum of multiples going from 8 times current earnings to 50 times and spanning all sorts of industries and enterprises in all stages of evolution, growth, development, and decay. I believe that we have now entered the real postwar period and that the 1957-58 recession and recovery marked the end of the long drawn out war rehabilitation years. This true postwar period is characterized by a recovery of the earnings multiples to a more appropriate figure than prevailed during the quarter of a cenutry following 1932, during which time appraisals either in relation to assets or to earnings were kept down, first by the great depression, then by the suppressed inflation and anxieties of the great war, and then by the great bewilderment as to the meaning of the upsurge instead of the expected postwar downturn. The general disbelief in the high level of the gross national product, the effects of monetary policy, and the high volumes of business and earnings, was shared by directors, management, and investors.

Roughly we have improved the earnings multiple about 50% but during the enthusiasm of the past year or so this went even much further. We are now in process of correcting some of the overexuberance in applying a multiple to what we believe is a normal earnings trend, but I doubt we are going to return to the appraisals which were so simple during the decade we have just left behind us. The supply-demand situation of common stocks, buoyed up by the persistent buying and more or less permanent placement on the part of pension funds, mutual funds, and for that matter by the public generally in allocating a portion of its reserves to equities as well as to life insurance, savings accounts, and government bonds, is now confronted with a new factor, namely, that after several decades of meager yields on fixed income instruments, bonds now return a more appropriate 5%. Naturally this will attract funds where immediate and assured income is a preeminent consideration. This alters the demand-supply equation in removing some of the pressure on the part of institutional buyers for equities since they now have a choice.

As against the relative complacency of owning bonds now that they give respectable yields, the ownership of equities constitutes a heavy burden and entails the assumption of a wide variety of risks. These risks are always sublimated during euphoric periods but re-emerge the moment a cloud appears on the horizon. When things are good, the conviction is general that the new economics is working, that mass consumption is growing, and that the dynamism of our society has solid foundations. When this rhythm changes, we tend to revert to emphasis of the economic forces and corrections of an old economic model, ignoring built-in stabilizers, monetary management, and fearing that a financial panic or other stresses and strains can sweep away values across the board. This represents the basic preoccupation with the question, "How about the stock market? Is it going up or is it going to hell?"

Runs Down Typical Litany Of Risks

The litany of risks is extensive and need not detain us other than to mention a few of them. Paramount is the high break-even point of our industrial structure, which is a function of mass production and mass consumption. As against a mountain of wartime deficits which created an enormous superfluity of money supply, the banking system is now taut and there is concern whether the banking structure can supply the annual additional credit needed to sustain a desired annual growth. There is the deficit in our international payments which suddenly cropped up to our amazement, signalling not only the need for more discipline in the conduct of our financial and economic affairs but the ushering in of a period of intensive foreign competition. The need for discipline, accentuated by the size of the outflow of gold, raises questions as to how a recession, come one, can be dealt with and our ability to handle a sizable deficit which has become our present accepted method of dealing with a diminution of our economic activity.

These risks and others always hang over stock market values and if they are not appreciated by the investor, professional and public, there can be a fatal weakness in ownership. However, the creditor position also has risks, namely, the steady bias of inflation in a modern economy where the consumer price index pushes slowly upward but, equally important, where increased leisure means increased expenditures and, therefore, the need for increased income. Beyond that, where as previous crises were generally solved via the deflationary route, present-day crises tend to be solved via the inflationary route. This all adds up to making the creditor position less enviable than in the past while the theory of full employment has tended to make the equity position somewhat less vulnerable.

Hence the conclusion is—

(1) The psychology of the stock market has deteriorated and the numbers game for the time being is over, hence equity aspirations which contemplated a quick buck in a few months must now rearrange their sights to appreciation over the years.

(2) The economic picture is satisfactory. It is less than brilliant only because of the expectancy which is too hectic.

(3) The earnings multiples, while receding from the exuberant high points, will remain substantially greater than the low appraisals in the decade following the end of the war.

(4) In an age of high income taxes and an inflation in the order of well over 1% per annum, an equity position is preponderantly more desirable than a bond position. Individuals cannot, via the bond route, accumulate an estate because of income taxes, because of inflation, and because crises invoke inflationary solutions and not deflationary ones.

The equity position supplies the means for compounding of savings via the retained earnings and cash flow working in vehicles which have growth potential either because of their position in the economy or the uniqueness of their techniques or both.

Hence it behooves us to have a program. Of course, as Santayana said: "If we don't learn from the past, we are condemned to repeat its mistakes." Yet in the words of Thoreau, "We cannot afford not to live in the present."

The Program

Conventionally the professionally sponsored portfolio was divided into two broad segments: shelter and equity; the proportions presumably varying first with the objectives of the owner and secondly with the phases of the business cycle. Actually, most of the time shelter was a reflection of the temperament of the owner and the cowardice or caution of the sponsor. The equity portion was distributed skillfully over a number of industries in the broad categories of consumption goods or stable industries, consumer durables and the quasi intermediate industries, and finally, the heavy or cyclical groups. Some specialties or ventures did find their way in to spice up the list.

This classification still has soundness but we should recognize that the industry groupings are becoming increasingly blurred what with so many companies crossing over to other industries and using extraordinary expenditures on research and development to get into all sorts of businesses and criss-crossing into other lines.

The sterilization of the portfolio in bonds seems to be a permanent way of losing money and catching the swings of the business cycle is more of a success in the mind than in the portfolio. Actually our great investment trusts have handled their affairs quite well over several decades now with 90% and more devoted to equities, and yet have been able to be flexible and to switch from one industry to another. In practice, in an essentially common stock portfolio, there is less inhibition to move from one company to another or from one industry to another than there is in shifting bond money into equity money which is a terrific wrench.

Suggests Program for Estate Building

A modern program for estate building, that is, the accumulation of resources, leaving aside the problem of immediate income for which bonds now serve their purpose, would envisage six broad segments.

First, substitutes for bonds. In this group banks, finance companies, life insurance, savings and loan companies, can be selected wherein the earnings yield is greater than bond yields and where the assets find their way into bonds and obligations. This is dynamic paper as against static paper.

Second, assets at great discount. Habitually there are industries and companies which have fallen upon evil days, sometimes for temporary periods and sometimes, alas, permanently. It is the job of the analyst to separate the sheep from the goats and come to the conclusion that some of these industries where solid assets are available at a great discount will in due course overcome current handicaps, difficulties, or problems, and again return to some more appropriate value as sound institutions. There will always be disagreement as to the fate of each individual industry or company, but a diversified group, professionally selected, should on the average do well and yield a great deal more than 5% compounded. These companies will all have one thing in common. They will be selling at values reflecting a depression in their particular industry or situation entirely apart from the condition of the over-all economy. The fire and casualty companies are in such a posture. So are the airlines, a number of the nonferrous metal companies, a rayon-chemical outfit, recently the meat packers, and so on. These are the companies which when put under the glare of the short swing trader or the conscientious fiduciary who wants no problems are immediately, unceremoniously thrown out.

Third, the conventional companies in the conventional industries. This group naturally constitutes the backbone of an equity portfolio and the problem here is proper distribution over the three broad categories and over as many industries as are suitable for the size of the portfolio, with the main idea of picking companies that are growing at a rate at least 50% faster than the economy as a whole. This compounded over the long term, we all know, works wonders.

Fourth, the conventional companies in the foreign field. This is an amalgam not only of an analysis of the company to the extent possible from foreign balance sheets and obscure income accounts, but also of one's view as to the rate of economic growth. In countries in the European Common Market it appears that the percentage of national capital investment is 50% greater than in the United States, which means that the gross national product should grow at a substantially higher rate than here. The same appears true also of Australia, Canada, Mexico, and other areas. The attraction is the growth, the lower wage rate, the better discipline, and the ability to use a technology as fine as our own.

Fifth, mass consumption companies, or more particularly, leisure time, higher standard of living stocks. This envisages a speculation on where the expanding discretionary income may flow, reflecting the newer aspects of an affluent mass consumption society. An amorphous group but quite vital.

Sixth, applied science companies where the earnings multiple is subordinated to the gamble on the ultimate breakthrough and where it must be recognized that little institutional support can be expected for these shares whenever the market breaks. This tranche of equities probably constitutes the active capitalism of our current era, and by capitalism I mean the risk function where money can be made and can be lost, and where the bet may be absolute and not merely the fluctuations of an enterprise more or less rooted in the economy.

Besides guiding the program, there are other things the security analyst can do.

The Role of the Security Analyst

In historic perspective, it was only yesterday that we made the transition from the croupier to the security analyst, from gambling to intellectuality. This is a salutary development, but a great deal yet remains to be done. The security analyst has become a vital member in all echelons of the financial community and in all its phases and is involved in the preparation and selling of securities and in the investigation and purchasing of securities. The language of the security analyst has become a common language upon which all viewpoints focus. This new discipline has acquired professional status in the complex society of the United States and I should like to take this occasion to put down a few items for discussion, not novel nor necessarily new, concerning the role of the security analyst in his growing influence in our economy.

(1) As a sophisticate he should inveigh against the numbers game—the idea which many of the public have that the stock market is an exaggerated crap game in which it is entitled to make periodic winnings, more or less for the asking, and oblivious of the deeper factors involved. There is no harm in gambling. After all, it is a noble vice, but we have racetracks and Las Vegas especially set up to cater to this fun, and there it does not get out of hand to the extent where it might disturb the economy.

(2) The security analyst through

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his knowledge, his studies, and his recommendations plays a most constructive role in channeling the savings of the people to selected industries and enterprises, and this choice by him and by the investing public reflects the versatility and flexibility of a broad consensus, far better than would be possible under a bureaucratic plan. The public should be educated to the idea that investing and rearranging of resources is a serious activity, for the individual and the community, albeit one that can have ample adventure and zest.

(3) Let him educate the public that they should worry less about the state of the market and more about the state of their own book or portfolio, and devote themselves to the disposition of their funds, comprehending full the basic hazards.

(4) Just as the Federal Reserve System tries to see to it that money and credit are on a sound basis, the analyst fraternity should use its weight to keep common stock values valid, neither frothy on the one hand nor unduly neglected on the other. Common stocks in this country constitute a great body of values with quasi liquidity and in some respects more significant than money, credit, and money equivalents. As a currency, common stocks can be used to acquire properties, companies, activities, on a tax-free exchange basis, rounding out companies, improving utilization of working capital, facilities, and personnel to the end of maximizing efficiency on many fronts. The evolution that has taken place in this country providing common stocks with validity on the basis of audited statements, integrity of management and directors, and the full glare of enlightenment concerning their enterprises, has meant the creation of a new form of liquid wealth, highly important and necessary in a dynamic society.

(5) In view of the rather wild and wooly approach of the public authorities in anti-trustism, it appears that corporations will have great difficulty in vertical or horizontal expansion acquisition. But institutions must grow or perish and hence the establishment of large numbers of circular companies. The security analyst should attempt to influence the creation of such circular institutions by fitting in enterprises and activities most suitable in complementing or improving one facet or another, to the end that cash flow is increased and long-term research, development, and planning programs can be undertaken. The concept of fitting conventional businesses with growth activities is pertinent and can be helpful to both. This is an interesting phenomenon in modern corporate development to which the security analyst can direct himself with benefit all around.

(6) Corporations blocked from expanding domestically may have to go abroad and here the security analyst, as our knowledge of companies overseas increases, can be an appropriate marriage broker. An interesting aspect of an exchange of shares between companies instead of the building of plants in foreign fields is that valuable foreign exchange can be salvaged. Common stock so used as money may leap over an increase in the balance of payments deficit.

(7) Let him also exercise his influence to make the annual report a more vital document and not a smooth, slick tranquilizer. The analyst should influence management to undertake real discussions of problems, rather than glossing over them. An annual report must not only illumine with pictures and balance sheets, but should register the thoughts of management and educate the stockholder.

(8) The security analyst must also be an investment counsellor in a broad way and advocate that the investor have his resources allocated in a full spectrum, from solid equities to the spices of fine adventure in space and science.

(9) The security analyst must teach the public that the value of a common stock is not determined by taking the last quarter's earnings, multiplying by 4, and then by 15 or 25 or whatever the multiple may be. I have no quarrel with the chartered accountant's report. It is precise and is made for specific purposes, but it is not a substitute for the findings of the analyst. Besides the earnings report, one must consider cash flow, which I consider more significant than it is generally credited with being, and one must also make allowance for a factor of operating profits which are devoted to research and long-term development plans.

(10) Through the work which has been done in security analysis, emphasis is tending to shift from the pat dividend yield ratio to an earnings yield and the earnings yield must be refined to look beyond the audit report. In addition, the morphology of industries must be comprehended. We have companies that are new, just developing, just having their take-off, mature ones, rotating ones, static ones, and those in decay. Each one of these stages is entitled to a different earnings multiple. It is fallacious to put them all in the bed of Procrustes.

(11) The security analysts have made a few forays abroad and have sown some seeds in the spreading of security analysis as an idea in a few of the capitalist countries where corporate securities are finding acceptance in a growing public investment market. This has been constructive, should be continued, and other efforts be made to inculcate the concept of security analysis and public reporting in the other industrial areas of the world. This could be an important factor in the cold war and the coexistence competition.

The prevalence and penetration of the intellectuality of the security analyst in the financial community; the presence of professional management in our corporate enterprises; the place of the scientist on the staffs of our industrial institutions and now his position as the great entrepreneur in the scientific revolution; and the growth in quality and number of our graduate schools of business which help train personnel for the modern corporation and in time may become the interpreter of it; are original and significant features of our present democratic corporate capitalism. The public, however, not comprehending the evolution of our system, continues suspicious of the corporation. The politician, partly taking his cue from his constituents and also ill informed as to the essence, views the corporate institution as an ogre in our midst, not unlike the position taken by Marx a hundred years ago against private bourgeois capitalism. I should hope that the security analysts as individuals and as a national society of great strength and scope could undertake the educational task of dispelling the ignorance and misconception as to the nature of our capitalistic institutions.

We as financial and security analysts are one of the few groups equipped with the background and comprehension to do this. If we are to better the quality of our society, the public and politician and the modern corporation must understand each other; they must not only understand each other but must work actively together if we are to fulfill our leadership and thwart the totalitarians.

*An address by Mr. Erpf at the 13th Annual Convention of the National Federation of Financial Analysts Societies, New York City, May 16, 1960.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

OUTLOOK FOR THE SAVINGS AND LOAN HOLDING COMPANY STOCKS

Currently the market for stocks of savings and loan holding companies is one of noticeable resurgent activity. Several of these shares have climbed to new highs while the depressed shares of one, San Diego Imperial Corp., have been among the high volume issues on the New York Stock Exchange. The present interest possibly reflects developments underway in the home mortgage market. Being relatively a new vehicle for stockholder funds, the investment status of savings and loan holding company stocks has yet to be established. However, the existence of considerable appreciation potential for stockholder gain is present under prevailing conditions. Attraction is strong for those who can assume the accompanying vulnerable risks characterizing these issues.

Public participation, until 1959, was limited to two principal S & L holding companies, Great Western Financial Corp. and the First Security Corp. of Utah. During 1959 the latter spun off its noncommercial banking interests, including S & L holdings. During the past year over a dozen holding company issues were offered to the public in rapid succession in order to win the race against the holding company freeze which finally was enacted in September, 1959. Most of the funds received went for the purchase of additional associations and provided a "windfall" for the original holders of guarantee stock.

Most all of these offerings were in California-domiciled concerns. A large percentage of California savings and loan associations are stock owned. Out of some 225 insured California associations, guarantee stock companies exceed 150 and they account for over 50% of the State's association assets. In contrast there are only some 500 stock associations throughout the nation out of the 6,500 total, thus the general public has rightly believed the savings and loan associations to be mutual in ownership.

Nationally, S & L associations in 1959 financed 40.6% of all home purchases and continued to strengthen their position as the largest single source of home mortgage funds. The percentage was 38.4% in 1958 and future projections indicate a growth to 50% by 1970. The rapid growth since the end of World War II has found California growth far outpacing the industry nationally. There is no question concerning the growth status of this industry in the foreseeable future. History for the holding company association set-up is too brief to detect whether they will enjoy a faster rate of growth than competing mutuals. Investors are well aware that growth industries do not automatically characterize individual companies in such industries as growth stock situations.

For what it may be worth, eight of the twelve leading California S & L associations which are non-holding company controlled outpaced the four associations of holding companies during 1959, both in proportion and in growth. Savings accounts increased 35% vs. 19%, assets grew 42% vs. 26% and the number of shareholders' accounts rose 33% vs. 17%. Needless to say both of the growth records for the year are attractive ones.

The savings and loan holding company device with its greatest growth in California is a procedure wherein guarantee companies' stocks have been purchased by the newly formed holding companies with some of the stock of the holding companies being sold to the public. The table presented includes the eight largest California holding companies.

The advisability of putting funds into this new avenue rests largely on weighing such factors as competition, mortgage market growth, the share of holding company participation, and the outlook of regulations and additional legislative restrictions and these influences on per share earnings growth. Today's reported earnings are considered evasive of true potential growth; dividend policy is expected to be restrictive. Most of the leading companies have declared 5% stock dividends in recent months and Great Western Financial as well as Financial Federation have paid token cash dividends.

Competition for savings is particularly strong in California. Although this competition is mainly from nonholding company savings and loan associations, the large commercial banks in the State have high proportions of their total deposits in savings account and state-wide branch banking is convenient. Security-First National of Los Angeles, Wells Fargo American Trust, and Firstamerica banks are believed each to have more savings accounts than even the largest of the mutual S & L associations. Bank of America alone has savings deposits exceeding the above three banks combined, thus the four banks combined total overshadows the total of all of the savings and loan associations in California. Nonetheless, the associations are enjoying a faster growth rate aided by paying 4½% to depositors in contrast to the present 3% maximum for commercial banks. The public generally has long favored convenience to high returns for their savings which explains why commercial banks still participate in attracting savings. The more astute savers are attracted by a higher return and they are sufficient to account for the higher growth for the associations. However, vulnerability of retaining such accounts is greater since funds are more likely to be shifted should more attractive returns be available elsewhere.

The mortgage market outlook may be boosted by Congressional action on pending legislation in the housing field. Interesting is the recent testimony of a Veterans Administration official that the home loan guaranty function no longer seems justified.

The holding company expansion freeze enacted was a temporary one which expires May 31, 1961. A recommendation for permanent legislation may soon be forthcoming from the Federal Home Loan Bank Board. This regulating agency has become more restrictive toward S & L associations in recent months. The Board has frowned on the advertising of high and constantly higher dividend rates, has pointed to the vulnerable dividends-mortgage return squeeze, has raised the minimum liquidity requirement effective in 1961, has taken action to make fees, discounts and other charges on loans deferred receipts which are not to be taken immediately into current income, has greatly restricted brokers' funds, has frowned on premiums or give-aways which have been employed to attract savings, and has generally cautioned on the temptation to forego future rewards for immediate gains.

The controversial and widely discussed Mason Bill also can be considered a major threat to the holding company's main attraction today, the tax loophole which doubles the earnings potential. Last month, Rep. E. A. Derwinski, Republican from Chicago, introduced a surprise bill to deprive *holding company-owned* savings and loan associations of their allowable 12% bad debt reserve. The Mason Bill covers all savings and loan associations and other financial institutions as a so-called "tax-equality" measure. Action on these measures probably will be deferred until 1961.

Income minded and more conservative investors probably will avoid the holding companies as present consideration for their funds. For those who can afford to speculate on the possibility that these holding companies will be able to withstand any weakening of their growth potential, near-term appreciation potential may be considered sufficient to attract their funds. Proper timing is, of course, an important consideration. These issues as long-term commitments are believed to be subject to greater question until the outlook clears.

The Leading California Holding Companies

	Approx. Price Range 1960-1959	Recent Price	No. of Assoc.	—December 31, 1959‡— Total Assets	Total Loans	Total Savings	Shares Outstdg.
Great Western Financial	63-33	62	7	$560.8	$568.7	$508.7	2,267,540*
First Charter Financial	26-15	26	6	597.9	509.7	457.0	6,150,000
San Diego Imperial Corp.	14- 7	10	14	372.1	317.7	311.3	4,781,280*
Financial Federation	46-29	46	11	272.3	220.4	212.1	1.382.973
Wesco Financial Corp.	29-20	25	1	151.7	133.2	117.7	1,260,000
Gibraltar Financial	20-13	20	1	100.6	87.5	83.4	976,395
Trans-World Financial	9- 6	8	3	81.6	67.1	65.5	1,430,000
California Financial	23-13	19	1	62.3	54.5	48.8	675,675

*Convertible debentures outstanding. ‡In millions of dollars.

Townsend, Dabney Tyson Admit

BOSTON, Mass. — On June 1 Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges, will admit Donald W. Blodgett to partnership.

Earnings Comparison
First Quarter

Leading
N. Y. City Banks

Bulletin on Request

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Do Commercial Banks Want Equality With Savings Banks

Continued from page 11

few dollars which our Government might collect by taxing the earnings needed by the mutual savings banks to promote thrift worth what they will cost our country in the reduced ability of those institutions to encourage savings and in their reduced ability to serve the small savers who need them and desire them and who derive from them the maximum return with safety upon their small savings?

Questions Commercial Bank Friends

Now a word or two on this tax question which I should like to direct to my commercial bank friends, particularly those interested in building up savings departments, who may think that the method of Federal taxation applied to savings banks and savings and loan associations is unfair to those commercial banks. If they will analyze the effect of the so-called tax differential on their ability to compete with the savings banks for savings business, they will find that its importance derives from the difference in the manner in which the two types of institutions dispose of their earnings. To the degree that the commercial bank would pay these earnings as interest to depositors (as the savings bank does), rather than paying them in dividends to stockholders or retaining them for the benefit of stockholders, the commercial bank would be able to reduce the tax differential.

The principal reasons why a savings bank can pay a greater rate of interest on deposits than a commercial bank can pay are the following: (a) greater earnings, because of the difference in the nature and maturity of the assets, (b) lower operating expenses, because savings banks are specialists in savings, and (c) no need to pay earnings from savings deposits to stockholders in dividends and no need, consequently, to pay the corporate income tax on such earnings resulting from the fact that they are paid to stockholders (or retained for their benefit).

Moreover the bulk of the earnings on which most commercial banks pay the corporate income tax is derived from their purely commercial bank activities and not from their savings department activities; and the savings banks do not compete for this commercial bank business.

A question that I would like to put to my commercial bank friends is whether they realize that, when they talk of so-called "tax equality," they may be inviting a demand on the part of the mutuals for real and total equality. Deposits in a commercial bank and in a mutual savings bank are actually borrowed money. The commercial bank borrows money from its depositors for the purpose of making a profit upon it for stockholders. It is this profit which the Federal Government taxes. The mutual savings bank does not borrow this money for the purpose of making a profit for stockholders; it has no stockholders. The money earned on this borrowed money is all paid out to the creditor-depositors (and is taxable to them) except that which must be retained to anticipate losses and, therefore, to protect deposits. A tax upon the retained earnings of a mutual savings bank would be essentially a tax upon reserves and a tax in no way comparable to the tax upon the corporate profits of a commercial bank. If, nevertheless, the commercial banks insist that those retained earnings or reserves be taxed on the ground of "equality," then they should in all fairness say that they would be agreeable to extending to the mutuals all powers and privileges enjoyed by commercial banks. This would include equal branch privileges, equal lending powers (including the power to make personal loans and installment loans), equal trust powers and the right to accept demand deposits and personal checking accounts. In short, we would have really two types of banks, just as we have two types of insurance companies: a stock corporation type and a mutual corporation type.

I wonder if the commercial banks would really like this? For the equality to be really complete, the commercial banks should be required to segregate their savings deposits from their other deposits. This might handicap them in using savings deposits for short term lending. They might have to use the bulk of those savings deposits, as they should be used primarily, for the purpose of making home mortgages and other real estate mortgages and for the purpose of making long term advances to meet the borrowing requirements of industry and of our various divisions of Government.

May Get More Than They Figured

I think my commercial bank friends might find that they had gotten a good deal more than they had bargained for in suggesting so-called "equality." The competition they now receive is confined, for most commercial banks, to a relatively small part of their business, their thrift deposit business. One factor which gives the mutual savings bank an advantage in the rate of interest that can be paid on deposits is the absence of having to pay dividends to stockholders. The savings bank escapes this burden upon its earnings because it has no stockholders. The Federal income tax operates also as an important factor in the higher interest rate which the savings bank can pay, but this factor, also, derives from the fact that the earnings upon which the Federal income tax is levied are earnings (derived mainly from the investment of deposits) paid to or held for the benefit of stockholders. Again, the mutual does not pay this tax because it is a mutual and the commercial bank would avoid the tax to the extent that it paid the earnings out to depositors and let those earnings be taxable to them.

If the commercial banks should get real and total equality, they would have competition in all aspects of their business, and, since the mutual bank would not have to set aside a large part of its earnings for dividends and other benefits for its stockholders, plus the income taxes on the earnings so used, it might well be able to under-price the commercial bank on many, if not all, of the services offered by it.

I do not advocate equality of this sort, because I think the commercial bank and the mutual savings bank have their unique places in our economy and that they ought to retain those places more or less undisturbed. In other words, I do not think that the savings banks ought to invade the functions of the commercial bank nor do I think that there should be any further invasion of the savings bank's function by the commercial bank, but, if we are going to talk about equality, let us talk about total equality all the way up and down the line.

Points to Another Consideration

Now, there is another approach to so-called "tax equality" between commercial banks and mutual savings banks. That approach would be the one of according to commercial banks, with respect to their savings function, the same tax treatment which the Government accords the mutuals for the purpose of encouraging thrift. That would entail a segregation of the savings function from the other functions of a commercial bank, because it is only with respect to the savings function that there is competition between savings banks and commercial banks. The commercial bank should be granted as broad powers as are granted savings banks with respect to the investment of savings deposits and they should be subject to the same restrictions. To the extent that the commercial banks did not devote the earnings from the investment of these savings deposits to the benefit of their stockholders—either through the payment of dividends to them or through the retention of earnings in accounts which enhance the book value of the stock—the commercial banks should be permitted to retain such earnings tax free for margining the growth in savings deposits in the same manner as is applicable to the mutual savings banks.

It is only the earnings which are derived from the savings function by the commercial banks for the benefit of their stockholders which should be subject to the Federal tax. If the commercial bank, through the segregation of its savings function, can show that it has no such earnings from that function, then it is in precisely the same position as the mutual savings bank and should, with regard to that function, receive the same sort of Federal tax treatment as is accorded the mutual savings bank.

At this point I should like to advance another reason or two why I would hope that my commercial bank friends would reconsider the charges made by some comercial banks that the mutuals enjoy advantageous tax treatment vis-a-vis commercial banks. The Internal Revenue Code is replete with differences in the tax treatment of taxpayers. Presumably there are, in the view of Congress, valid and sufficient reasons in the public interest for these differences in treatment.

Refers to Commercial Bank Tax Advantage

The commercial banks themselves enjoy certain preferences with respect to Federal income tax treatment which are not enjoyed by many other taxpayers. For example, the commercial banks are permitted to set up a bad debt reserve out of income before arriving at taxable income, although this privilege is denied to the ordinary individual taxpayer. The commercial bank is also permitted to charge off its net bond losses against otherwise taxable income, thus passing on, in effect, 52% of those losses to the general taxpayer. On the other hand, the commercial bank is taxed at only the capital gains rate, or 25%, on its net bond profits. The ordinary corporate taxpayer is not given this favorable treatment and the individual taxpayer enjoys it to only a minor degree. I do not point out this difference in tax treatment with any implication that it is "wrong;" I merely state that it is a difference and only one of the many differences among taxpayers that exist in the Internal Revenue Code. I believe that there are very good reasons why banks enjoy this special Federal income tax treatment. I believe that this special treatment is in the public interest, when one considers the nature of the banking business and the fact that banks have such a large investment and so many dealings in securities.

And let us consider the more favorable tax treatment in one respect, at least, accorded banks than is accorded life insurance companies under the Internal Revenue Code. Any income derived by a bank from tax-exempt securities is totally disregarded insofar as the Federal income tax is concerned. Such income in not charged with any part of the bank's operating expense. None of it is considered as having been earned from the investment of deposits as distinguished from the investment of the net worth. In short, no part of this income has to be allocated to expense or to depositors or to borrowed money. For tax purposes it is regarded as having been earned expense free and tax free solely by the stockholders and is available, tax free, to be paid out to them or to be added to the net worth of the bank. Just the opposite is the case with respect to such income earned by life insurance companies. This difference in tax treatment favors the bank. I mention it merely because it, again, illustrates a difference in tax treatment. And again I say that there may be very good reasons for the existence of the difference.

I have gone into these matters solely for the purpose of reminding my commercial bank friends that if the commercial banks continue to attack the mutuals on the basis of the fact that there is a difference between the respective methods by which the Government taxes the two types of business (without an attempt to understand that there may be valid reasons in the public interest for the existence of the difference), then they may leave themselves open to challenge with respect to the favorable differences in tax treatment which they enjoy in comparison with many other taxpayers—notwithstanding the fact that it may be, as I believe it is, in the public interest that commercial banks should have a tax treatment different in some particulars from that accorded other taxpayers.

I submit to my commercial bank friends the proposition that they reconsider their attitude on this tax question from either one or both of the standpoints which I have presented. Both of these standpoints are entirely logical insofar as Federal Tax treatment is concerned.

Warns How Tax Can Harm Savings Mechanism

I am aware of the possibility that our Government may some day take the position that it must derive some revenue from the mutual savings banks although that type of institution has no corporate profits in the sense that a stock corporation has profits which are subject to the corporate income tax. I would point out to the Government, however, that every such dollar it takes in taxes is a dollar taken from the reserves which the mutual must have if it is to encourage growth and therefore that every dollar in taxes represents a high multiple of that dollar in savings which the mutual can no longer encourage. For example, if a proper margin of safety for savings deposits is $1 of reserves for each $10 of deposits, then every $1 of earnings needed to be retained by the mutual to margin growth taken by taxes means simply that the mutual must turn away $10 of new savings.

Should our Government nevertheless resolve to take away in taxes a part of the earnings which in the 1951 Revenue Bill Congress, after advice from supervisory authorities, said the mutual needs for reserves to protect the depositors, it would in effect be saying that in 1951 it had allowed reserve accumulations in excess of what the mutual needs. It would be substituting its revised judgment as to the reserves required for that of the trustees, directors, and supervisory authorities who, I should think, because of their closer association and greater familiarity with these institutions, are the best judges of their needs; and it would be substituting its judgment, in the case of many of these mutuals which are state chartered, for the judgment of the states themselves whose creatures those mutuals are.

No one would challenge the right and the power of Congress to do this. But if it does do it, it would still, it seems to me, have to make some provision for a loss reserve and that provision could hardly be less generous than the one made for the commercial banks. It ought to be much more generous, in fact, because of the long maturities characteristic of the bulk of the assets in the portfolios of the mutuals, the susceptibility of those assets to wide fluctuations in market value, and the greater difficulty of determining, except over a long period of time, the actual value which the mutuals will realize from those assets. We know from bitter experience that losses in these assets may not show up for years, but those losses may have been incipient for a long time. Because of the nature of these assets and the impossibility of determining their ultimate value prior to maturity, a mutual can actually never know what its earnings in any particular year really are—certainly not unless adequate additions to a loss reserve are first set aside out of those earnings.

I need hardly say in concluding my remarks on Federal taxation, that the mutual savings banks and the mutual savings and loan associations must maintain a close and cordial liaison with each other. Because of the strong similarities between their types of business and their great appeal essentially to the same elements of the population, they have much in common and they should work closely together even after the attacks upon them because of the fallacious tax issue have ceased.

II

Federal Chartering

The particularly advantageous savings facilities of the mutual savings banks and the savings and loan associations should be made even more widely available to the public than they are at this time. Savings and loan association facilities are already fairly widely available, but that is not true of the facilities of the mutual savings banks. Some machinery should be set up to make it possible for the chartering of Federal savings banks and, under both Federal and State law, for the two-way combination or conversion of savings banks and savings and loan associations into each other's type of organization, where such combination or convention would best serve the public interest. It would seem to me, because of the already existing great similarities between the mutual savings and loan associations and the mutual savings banks, that it should be possible to work out some method of making their charters interchangeable without having to do great violence to the special advantages which each type may presently be able to offer the small saver.

It may be very difficult, if not impossible, at the present time to accomplish this through changes in the individual laws in the various states (although I would hope that that need not always be so), but it ought to be possible to work it out at the Federal level, if the trade associations of the two groups will cooperate to this end.

Nothing, however, should be permitted to drive a wedge between the two types of organizations by those who basically, and under the false cry of "tax equality," are trying to destroy them for the benefit of the stockholders of the would-be destroyers and at the expense of the small savings depositor of this country.

III

Branches

The question of branches, like the question of taxation, is enshrouded in a fog of misrepresentation engendered by those who

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seek to serve a vested interest rather than the public interest. It is very difficult for a legislative body to deal with a controversial question of this sort on its merits when it is subjected on every side to the pulling and hauling of selfish interests. Legislative bodies ought not to try to deal with this sort of question except in a very broad way. It is essentially a question that has to be dealt with administratively by supervisory authorities. These authorities are in the best position to determine whether the public interest and public necessity will be better served by the grant or the denial of a particular branch application made by any type of financial institution. Therefore, it would seem to me that the only restrictions that should be placed within any state upon branches of any type of banking institution, including savings and loan associations, should be those promulgated by the appropriate supervisory authorities.

They are in the best position to fix the standards and to make them flexible in accordance with the changing needs of the communities. They serve only the public interest. Where there are both Federal and state supervisory authorities involved, they should agree upon common policy with respect to the particular state involved. Other than the restrictions imposed by the supervisory authorities, I would have no restrictions within a given state on the number of locations of branches of any type of banking organization.

IV
Contact With Government Officials

Our savings banks and our trade associations have been rather reserved in contacting their legislative and Congressional representatives, although this reserve is showing lately some tendency to disappear. Our representatives ought to be kept fully acquainted with our business and its needs and its efforts better to serve the public. We need to make these contacts close in order to counteract the propaganda and pressures of those who would destroy us. After all, the mutuals serve millions upon millions of little people within their states and throughout the United States and they are serving them without diverting to stockholders a substantial part of the earnings from the investment of their funds. These millions of people have a vital interest in what happens to the mutuals. The representatives in our state Legislatures and in Congress have a deep concern about anything affecting the welfare of these millions of little people. They look to us to keep them informed about our business and about the interest of our millions of depositors for whose sole benefit we exist.

Therefore, we should make it a point to know well our representatives in the Legislature and in Congress. They want and need the information and help that we can give them about matters affecting the interest of so many people.

V
A Savings Bank Mutual Fund

You are all familiar with the phenomenal growth of mutual funds during the years since World War II—particularly those funds representing investment in common stocks. The Teachers Insurance and Annuity Association, of which I am proud to be a Trustee, has pioneered among companies writing life insurance and annuities in developing the variable annuity idea. The variable annuity is, in general, somewhat like the mutual fund in that it permits the investor (the annuitant) to participate more directly in the growth of the American economy than would be the case if the sums placed by him with the company were invested altogether in fixed interest obligations. The variable annuity idea is being picked up by other insurance companies.

The Teachers Insurance and Annuity Association does not permit its policyholder to invest all of the annual sums he places with the company in a variable annuity. That portion of his investment must bear some relationship to his investment through the company in fixed interest obligations.

While a mutual savings bank could not provide annuities, it might well offer its depositors an economical opportunity to invest, through the bank, a part of their savings in a common stock mutual fund operated by the bank. A mutual could provide this service reasonably cheaply and it could provide it expertly. Any mutual fund operated by a savings bank for the benefit of depositors should probably have a requirement patterned somewhat after that of the Teachers Insurance and Annuity Association, in that the portion of the depositor's funds invested in the mutual fund (presumably a common stock fund) would have to bear some relationship to the regular savings deposit balance he maintains with the savings bank. The regular deposit balance would be an essential feature, it seems to me, of any such plan, because it would provide an emergency reserve for the depositor and, at the same time, would prevent too heavy a drain of funds out of deposit accounts into the common stock fund.

I am happy to know that a committee of the New York State Savings Banks Association is looking into the possibility of affording mutual fund investment facilities to savings bank depositors. I hope that committee comes up with a practical and satisfactory suggestion that can and will be enacted into law by the New York Legislature.

VI
Budget and Credit Problems

The encouragement of savings and, through savings, capital formation is our business. Nothing is more important to the welfare of our country, especially in these days of the cold war. Our philosophy, because of the very nature of our business, is anti-inflationary. We do not believe that the way to progress and security is through the destruction of the value of our money. We do not believe that inflation, creeping or otherwise, is in the interest of the saver or in the interest of the public generally. We therefore believe that our Federal Government should finance its financial requirements out of taxation rather than by means of the printing press. We believe that there is no more excuse for our Federal Government to live beyond its means than there is for our state or city governments, or for private businesses, or for our families to live beyond their means. There may be rare instances, as for example in time of war, when it is impossible for the Government in a very short time to appropriate through taxation and through the sale of bonds to savers the amount of national income to meet the emergency needs. The Government may then have to resort to the unhappy process of printing money in order to out-bid the consumer in the open market for those things which the Government has to have. But in the absence of such an emergency, the Government should live within its income and it ought also in normal times to make some progress in paying off the public debt.

I realize, of course, that, in a free enterprise economy where decision-making and planning are individual and free, we may have periods of maladjustment and unemployment. This is especially likely to occur in a society as complex and as industrialized as our own. There is an important school of thought that believes the way to meet a situation of this kind is to unbalance the Federal budget and increase so-called "purchasing power" by printing money. I do not belong to that school although I firmly believe that no society, free enterprise or any other kind, is fulfilling its purpose if it cannot provide productive and needed employment for its people who are able and willing to work.

The unemployed need jobs from which they can produce their own living. Printing press money is no substitute for jobs. The unemployed need **real** purchasing power—the kind made up of the goods and services which they themselves produce — not the bogus and artificial purchasing power of the money printing press.

There are better ways for a free society to meet its unemployment problems than by debasing its currency. It can plan in advance for such problems. Labor unions and management can, at such times, agree to reduce labor costs and profits so that prices can be reduced. This would increase the real purchasing power of the public generally and would stimulate consumption and employment.

The governments at various levels might hold in reserve for such times many needed public improvements. But these improvements should be financed out of budget cuts elsewhere, out of bond issues sold to savers, and out of taxes. Not out of printing press money.

It might also be practicable for the Federal Government (with some participation by local state and municipal governments) to make, under appropriate safeguards and restrictions, some guaranty against excessive losses to industries refraining for a time from the discharge of workers for economic reasons while awaiting results after cutting costs to stimulate demand. Any funds required under such a guaranty should be obtained from taxes or by borrowing; and not by running the money printing press.

Unemployment insurance reserves might be built up out of taxes to a much higher figure than provided under present law.

There are no doubt other things that can be done by a free society to avoid or substantially mitigate economic maladjustment and unemployment. It must learn how to plan and how to induce the labor unions and management and producers, employers, and employees generally to help it plan and cooperate in executing the plan. Our society can, I am sure, do this, avoid the totalitarianism of the socialistic state, maintain the integrity of our money, and preserve our essential liberties.

There are some things, and they may well and properly be growing in number, which even in our free society have to be done by us acting collectively—that is, through Government — rather than individually. But expenses incurred by the Government in carrying on these activities should be covered either by revenues derived from the activities or by taxes collected from the people. These expenses should not be covered by resorting to the money printing press.

We savings bankers believe that restrictions by Congress on the interest rate which the Government may pay is misguided and, although probably unintentionally so, also mischievous. It is wholly inconsistent with the free enterprise open market system, which is supposed to be characteristic of a democratic society, and, if these restrictions are imposed at the Federal level, they may interfere with the Treasury's ability to manage our huge public debt, and this can easily become outright inflationary.

VII
Race Relations

You may wonder why I have chosen to talk about race relations in a speech to savings bankers. You read the newspapers and there could be nothing more important to our country and therefore to us than the solution of our race relations problems. Tension and friction within our own country arising out of racial discriminatory practices are wasteful of our energies and talents and they are totally inconsistent with the professions we make before the world in those great documents upon which our democracy is founded and in the great religious creeds that we say we believe in and measure our conduct by.

Expressing physical distance in terms of travel time and comparing today with that not so distant day when the Pilgrims sailed to America, we find that this planet has shrunk in size from one with a diameter of 8,000 miles and a circumference of 25,000 miles to one with a diameter of only 33 miles and a circumference of about 100 miles. The people on this tiny sphere must learn to respect each other and must learn to live together—notwithstanding differences in creed, ideology, and race. It is important that the white man, and especially the white American, understand this because the white peoples of Western Europe and we Americans in particular are engaged in a bitter struggle with communism for the minds and hearts of the uncommitted peoples of the world, the great majority of whom are non-white. In the light of this awesome fact, we Americans can ill afford bigotry and false assumptions of innate white superiority in our relationships with our colored fellow citizens. We should take a leaf out of the book of our 50th State, Hawaii, where three-quarters of the citizens are non-white and only one-quarter white. This white minority has learned to live harmoniously with the non-white majority — on a basis of full equality and with mutual admiration and respect.

The mutual savings bank recognizes no color in the money it receives on deposit. It serves all the people and particularly the needy people — those who most need security. No mutual savings bank should discriminate on grounds of race against any depositor, or any borrower, or any person seeking employment. It will be a great day when our national and our state associations place themselves on record as being opposed to all forms of discrimination against any of our citizens on grounds of race or creed, and when they announce that they strongly believe in equality of opportunity for every citizen of this country irrespective of race or creed, and when they announce that they believe that every savings bank should follow non-discriminatory policies not only with respect to the receipt of deposits, but also with respect to the investment of those deposits and with respect to the hiring of the personnel who serve the people who own those deposits.

VIII
Conclusion

I have no fear for the future of our business. It was born in this country 144 years ago to promote savings among people of small and modest means. The need to serve those people is as great today as it ever was. That need will continue far on into the future, time without end. No device has as yet been devised by man to serve that need as unselfishly as the mutual savings bank serves it. How can anyone be other than optimistic about our future?

*An address by Mr. Schwulst before the 40th Convention of the National Association of Mutual Savings Banks, Washington, D. C., May 10, 1960.

Hydra-Power Securities Off'd

Aetna Securities Corp. and associates are offering today (May 19), in units, $600,000 of Hydra-Power Corp., 6½% subordinated debentures, due May 15, 1970, with common stock purchase warrants attached.

Units consisting of $1,000 debenture and 150 warrants and $500 debenture and 75 warrants, are priced at 100%, plus accrued interest from May 15, 1960.

Net proceeds from the financing will be used by the company for various corporate purposes, including the purchase of new equipment, raw material, and to finance work-in-process and finished products of subsidiaries; reduction of a portion of an outstanding bank loan; and the balance will be for general corporate purposes.

The debentures have warrants attached entitling the holders to purchase common stock at $7 per share to and including Jan. 2, 1963; at $10 a share through Jan. 2, 1965; at $12 per share through Jan. 2, 1967, and at $15 a share through May 15, 1970. The warrants will not be separately transferable prior to Jan. 21, 1961, or such earlier date as the company may elect. The debentures will be redeemable through the sinking fund, starting March 1, 1962, at redemption prices ranging from 103% to par, and at the option of the company, beginning May 1, 1961, at prices receding from 106½% to par, plus accrued interest in each case.

The corporation, with its plant in New Rochelle, N. Y., is engaged primarily in the manufacture of hydraulic, pneumatic and fuel valves, brake controls, as well as servo control actuators and other related products for aircraft (military and commercial) including helicopters, and to a lesser extent for guided missiles and rocket engines. For the year 1959, the company had total income of $1,881,863 and net income of $103,638, equal to 42 cents per common share.

Upon completion of the current financing, outstanding capitalization of the company will consist of $700,000 of debt and 244,760 shares of common stock.

Associates in the offering are: D. Gleich Co.; Butcher & Sherrerd; Roman & Johnson.

Bank Women Will Convene in Oct.

LOS ANGELES, Calif. — "The Challenge of a Changing World" will be the theme of the 38th annual convention of the National Association of Bank Women, Oct. 10 to 13 at the Huntington-Sheraton Hotel, Pasadena, announces NABW President Helen L. Rhinehart, Vice-President, Brenton Cos., Des Moines.

Named general convention Chairman is Mrs. Louise Crew, Assistant Cashier, First Western Bank and Trust Co., Pasadena Main Office, Pasadena.

All NABW members hold executive positions in banks. The group, organized in 1921 with 16 members, now lists more than 3,500.

About 500 delegates are expected to attend the convention. They will hear prominent speakers from education, government, law and medical fields plus the banking profession. Outside of convention activities the bank women will tour the Hollywood area, visit Disneyland and see other points of interest in this entertainment and tourist center.

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ROME, Ga.—Oscar H. McWilliams is now sole proprietor of Williams & McWilliams, 102 West Fifth Avenue.

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Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

A. K. Electric Corp. (5/31)
May 4 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—231 Front St., Brooklyn, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Ave., New York, N. Y.

Aero Industries, Inc. (5/23-27)
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.

Airport Parking Co. of America (6/13-17)
April 27 filed 42,574 shares of class A common stock (no par), including 25,000 shares to be issued and sold by the company and 17,574 shares which are outstanding and will be offered by the holders thereof. **Price** — To be supplied by amendment. **Proceeds**—Principally for various leasehold improvements. **Office**—1308 Prospect Ave., Cleveland, Ohio. **Underwriters**—L. F. Rothschild & Co., New York, and Murch & Co., Inc., Cleveland, Ohio.

Alaska Empire Gold Mining Co.
April 12 (letter of notification) $300,000 of 6% income notes to be offered in multiples of $100 each. **Price**—At face value. **Proceeds**—For mining expenses. **Address**—Juneau, Alaska. **Underwriter** — Stauffer Investment Service, 1206 N. W. 46th Street, Oklahoma City, Okla.

Ald, Inc. (5/31-6/3)
April 28 filed 335,880 shares of common stock (par $1), of which 210,880 shares are outstanding and will be offered for the account of the holders thereof and 125,000 will be issued and sold by the company. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—7045 North Western Ave., Chicago, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

• All-State Properties, Inc.
March 17 filed 830,133 shares of capital stock, being offered for subscription by holders of outstanding shares of such stock on the basis of one share for each two shares held of record May 12, with rights to expire on May 31 at 3:30 p.m. EDT. **Price**—$4.25 per share. **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.

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. **Note** — This offering has been postponed.

★ Allstate Consolidated, Inc.
May 2 (letter of notification) 100,000 shares of common stock (no par). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—1800 David Stott Bldg., Detroit 26, Mich. **Underwriter**—None.

Alside, Inc.
April 28 filed 300,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Together with an additional sum of $6,000,000 to be borrowed for institutional lenders, will be used to provide consumer financing for the company's products by purchasing consumer paper from the company's distributors and dealers. **Office**—1415 Waterloo Road, Akron, Ohio. **Underwriter**—Reynolds & Co., Inc., New York. **Offering**—Expected in early June.

• Alterman Foods, Inc. (6/13-20)
March 18 filed 230,000 shares of common stock (par $2.50), of which 168,310 are to be offered by Bankers Securities Corp. and 61,690 on behalf of the company. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness, for working capital and other corporate purposes. **Office**—933 Lee St., S. W., Atlanta, Ga. **Underwriter**—Kidder, Peabody & Co. **Note**—The name has been changed from Alterman-Big Apple, Inc.

Aluminum Specialty Co.
May 3 (letter of notification) 15,750 shares of series C, $1.20 cumulative convertible preferred stock (no par). **Price**—$19 per share. **Proceeds**—For working capital. **Address**—Manitowoc, Wis. **Underwriter**—Emch & Co., Milwaukee, Wis.

American Bowla-Bowla Corp.
April 15 filed 100,000 shares of common stock and warrants for the purchase of an additional 50,000 shares. The company proposes to offer these securities for public sale in units consisting of two shares of stock (par 25 cents) and one warrant. **Price**—$6.25 per unit. **Proceeds**—To cover an initial installment on the purchase price of two additional bowling centers; for furniture

Continued on page 36

NEW ISSUE CALENDAR

May 20 (Friday)

American Penn Life Insurance Co.________Capital
(Offering to stockholders—no underwriting) $3,570,000

American Stereophonic Corp.____________Common
(D. H. Victor & Co., Inc.) $100,000

Anken Chemical & Film Corp.___________Common
(Offering to stockholders—underwritten by R. W. Pressprich & Co. and Riter & Co.) 145,703 shares

Audion-Emenee Corp. __________________Common
(Pistell, Schroeder & Co., Inc. and Bertner Bros.) 100,000 shares

Dynex, Inc. ___________________________Common
(Myron A. Lomasney & Co.) 54,000 shares

Holt, Rinehart & Winston, Inc.____________Common
(Goldman, Sachs & Co.; Allen & Co. and Shearson, Hammill & Co.) 331,740 shares

Keystone Electronics Co., Inc.____________Common
(J. A. Winston & Co., Inc. and Netherlands Securities, Inc.) $600,000

May 23 (Monday)

Aero Industries, Inc.__________________ Common
(Myron A. Lomasney & Co.) $825,000

American Security Corp._________________Capital
(Alex Brown & Sons; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.; Johnston, Lemon & Co. and Kidder, Peabody & Co.) 100,000 shares

Arizona Public Service Co._______________Common
(Offering to stockholders—underwritten by The First Boston Corp. and Blyth & Co., Inc.) 323,400 shares

Bowers Battery & Spark Plug Co.________Common
(Dempsey-Tegeler & Co.) $1,500,000

Chemical Packaging Co., Inc.____________Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Dial Finance Co.________________________Common
(White, Weld & Co., Inc.) 300,000 shares

Doak Pharmacal Co., Inc.________________Common
(Ross Securities, Inc.) $300,000

Dubois Chemicals, Inc.___________________Common
(Allen & Co.) 200,000 shares

FXR, Inc. __________________________Debentures
(C. E. Unterberg, Towbin Co.) $2,000,000

Federal Steel Corp.______________________Common
(Westheimer & Co.) $295,000

Figurette, Ltd.________________________Common
(Myron A. Lomasney & Co.) $600,000

First National Realty & Construction Corp.___Pfd.
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp.__Com.
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp.__War.
(H. Hentz & Co.) 150,000

Forest City Enterprises, Inc._____________Common
(Bache & Co.) 450,000 shares

Founders Mutual Depositor Corp.________Common
(Hecker & Co.) $292,500

Friendly Frost Inc.______________________Common
(No underwriting) $1,125,000

Gem International, Inc.__________________Common
(Bosworth, Sullivan & Co., Inc. and Scherck, Richter Co.) 150,000 shares

General Shale Products Corp.____________Common
(Equitable Securities Corp.) 220,605 shares

Hampshire Gardens Associates_____________Units
(B. C. Morton & Co., Inc.) $376,000

Hawley Products Co. _____________________Common
(Dean Witter & Co.) 90,000 shares

Lite-Vent Industries, Inc._________________Common
(Peter Morgan & Co.) $520,000

Litecraft Industries, Ltd.______________Debentures
(P. W. Brooks & Co.) $750,000

Maryland Credit Finance Corp.___________Common
(Alex Brown & Sons) 28,250 shares

Mays (J. W.), Inc.______________________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 317,500 shares

Metalcraft Inc.__________________________Common
(First Broad Street Corp.; Russell & Saxe; V. S. Wickett & Co., Inc. and Street & Co.) $299,950

Midwestern Gas Transmission Co.__________Bonds
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co., Inc.) $60,000,000

Midwestern Gas Transmission Co._______Warrants
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co., Inc.) 60,000 warrants

Miller & Van Winkle Co._________________Class A
(Whitmore, Bruce & Co.) $225,000

Monarch Tile Manufacturing, Inc.________Common
(Rauscher, Pierce & Co., Inc.) 58,337 shares

National Packaging Corp._________________Common
(First Securities Corp.) $360,000

Obear-Nester Glass Co.___________________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 210,045 shares

OK Rubber Welders, Inc.__________________Common
(Bosworth, Sullivan & Co., Inc.) 50,000 shares

Ott Chemical Co.______________________Debentures
(Offering to stockholders—underwritten by H. M. Byllesby & Co., Inc.) $450,000

Reliance Manufacturing Co.______________Common
(Glore, Forgan & Co.) 150,000 shares

Southwest Forest Industries, Inc.__________Common
(White, Weld & Co.) 360,000 shares

Southwest Forest Industries, Inc._______Debentures
(White, Weld & Co.) $12,000,000

Straza Industries _______________________Capital
(J. A. Hogle & Co.) 230,000 shares

Telectro Industries Corp.______________Debentures
(Milton D. Blauner & Co., Inc.) $1,000,000

Thermal Industries of Florida, Inc.______Common
(Peter Morgan & Co.) $720,000

Vector Manufacturing Co., Inc.____________Common
(Paine, Webber, Jackson & Curtis) 250,000 shares

Viewlex, Inc. ____________________________Class A
(Stanley Heller & Co.) $800,000

Yale Express System, Inc.________________Class A
(Michael G. Kletz & Co., Inc.) $1,650,000

May 24 (Tuesday)

Ionics, Inc. _____________________________Common
(Lee Higginson Corp.; Shields & Co. and C. E. Unterberg, Towbin Co.) 75,000 shares

Jersey Central Power & Light Co.__________Bonds
(Bids 11:00 a.m. N. Y. time) $10,000,000

Piper Aircraft Corp._______________________Common
(The First Boston Corp.) 100,000 shares

Schaevitz Engineering ____________________Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Spartans Industries, Inc.__________________Common
(Shearson, Hammill & Co. and J. C. Bradford & Co.) 120,000 shares

Spring Street Capital Co.__________________Common
(William R. Staats & Co.) 3,000 shares

May 25 (Wednesday)

Missouri Pacific RR.____________Equip. Trust Ctfs.
(Bids 1:00 p.m. EDT) $3,975,000

Montreal (City of)____________________Debentures
(No underwriting) $28,000,000

Otarion Listener Corp.____________________Common
(D. A. Lomasney & Co.) $567,000

Texas Eastern Transmission Corp._____Debentures
(Dillon, Read & Co., Inc.) $25,000,000

Vulcatron Corp.___________________________Common
(P. de Rensis & Co., Inc.) $300,000

May 26 (Thursday)

Superior Electric Co.______________________Common
(Lee Higginson Corp.) 150,000 shares

May 27 (Friday)

Illinois Bell Telephone Co.________________Common
(Offering to stockholders—no underwriting) $60,955,160

North Central Co.__________________________Common
(No underwriting) 420,945 shares

May 31 (Tuesday)

A. K. Electric Corp.______________________Common
(Hilton Securities, Inc.) $300,000

Ald, Inc. __________________________________Common
(Dean Witter & Co.) 335,880 shares

American Frontier Life Insurance Co.______Capital
(Union Securities Investment Co.) $1,600,000

American International Aluminum Corp.__Common
(Hardy & Co. and Filor, Bullard & Smyth) 400,000 shares

Aviation Employees Corp.__________________Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

Bevis Shell Homes, Inc.________________Debentures
(G. H. Walker & Co. and Bell & Hough, Inc.) $1,600,000

Bevis Shell Homes, Inc.___________________Common
(G. H. Walker & Co. and Bell & Hough, Inc.) 1,000,000 shares

Big Laurel, Inc.___________________________Common
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares

Big Laurel, Inc.__________________________Preferred
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares

Bruce National Enterprises, Inc.___________Common
(George, O'Neill & Co., Inc.) $2,010,000

Brush Beryllium Co.________________________Common
(Kuhn, Loeb & Co. and McDonald & Co.) 410,206 shares

Cabana Pools, Inc.__________________________Common
(Mandell & Kahn, Inc.) $300,000

Continental Capital Corp.___________________Capital
(McDonnell & Co.) $3,290,000

Crawford Corp.______________________________Common
(A. G. Becker & Co., Inc.) 200,000 shares

Dalto Corp.__________________________________Common
(No underwriting) 134,739 shares

Dynamic Films, Inc.__________________________Common
(Morris Cohon & Co.) $300,000

Dynatron Electronics Corp.__________________Common
(General Securities Co., Inc.) $100,000

Elco Corp. __________________________________Common
(S. D. Fuller & Co.) 87,809 shares

Elco Corp. _________________________________Warrants
(S. D. Fuller & Co.) 82,065

Elco Corp. _______________________________Debentures
(S. D. Fuller & Co.) $1,000,000

Englehard Industries, Inc.___________________Common
(Dillon, Read & Co., Inc. and Lazard Freres & Co.) 400,000 shares

Esquire Radio & Electronics, Inc.____________Common
(Myron A. Lomasney & Co.) $750,000

Ets-Hokin & Galvan, Inc.____________________Common
(Van Alstyne, Noel & Co.) $1,325,000

Farrington Manufacturing Co.______________Debentures
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000

Federated Electronics, Inc.__________________Common
(J. B. Coburn Associates, Inc.) $300,000

Florida Builders, Inc.________________________Common
(Jaffee & Co.) 80,000 shares

Florida Power & Light Co.____________________Common
(Bids 3:45 p.m. EDT) 400,000 shares

Futterman Corp. _____________________________Class A
(Reynolds & Co.) 660,000 shares

General Atronics Corp.________________________Common
(Harrison & Co.) $544,810

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Henderson's Portion Pak, Inc.____________Common
(Burnham & Co.) 200,000 shares

Kenrich Petrochemicals, Inc.____________Common
(First Philadelphia Corp.) $192,500

Kenrich Petrochemicals, Inc.___________Debentures
(First Philadelphia Corp.) $175,000

Magnin (Joseph) Co., Inc.____________Debentures
(F. S. Smithers & Co.) $1,250,000

Magnin (Joseph) Co., Inc._______________Common
(F. S. Smithers & Co.) 78,000 shares

Mattel, Inc. ___________________________Common
(Bache & Co.) 300,000 shares

McGowen Glass Fibers Corp.____________Common
(Simmons, Rubin & Co., Inc.) $300,000

Medallion Pictures Corp.______________Debentures
(Hancock Securities Corp.) $300,000

Namm-Loeser's Inc. ____________________Common
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares

Pacific Coast Properties, Inc. Common
(Bear, Stearns & Co.) 2,682,801 shares

Patrick County Canning Co., Inc._________Common
(G. Everett Parks & Co., Inc.) $420,000

Pioneer Metals, Inc.____________________Common
(Hancock Securities Corp.) $300,000

Republic Graphics Inc.__________________Common
(Arrin & Co., Inc.; T. M. Kirsch & Co. and Robert A. Martin Associates, Inc.) $300,000

Safticraft Corp. _______________________Common
(George, O'Neill & Co., Inc.) $825,000

Service Instrument Corp.________________Common
(Pearson, Murphy & Co., Inc.) $300,000

Servonics, Inc._________________________Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) 76,600 shares

Sierra Electric Corp.___________________Common
(Marron, Sloss & Co., Inc.) $900,000

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

Smilen Food Stores, Inc.________________Common
(Federman, Stonehill & Co.) 200,000 shares

Swimming Pool Development Co., Inc.____Common
(Marron, Sloss & Co., Inc.) $1,250,000

Telecomputing Corp. ___________________Common
(Dean Witter & Co.) 100,000 shares

Teleregister Corp. ____________________Debentures
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) $6,000,000

Teleregister Corp. _____________________Common
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) 240,000 shares

United Financial Corp. of California___Debentures
(Lehman Brothers) $6,000,000

United Financial Corp. of California_______Capital
(Lehman Brothers) 120,000 shares

Uranium Reduction Co.__________________Common
(A. C. Allyn & Co., Inc.) 200,000 shares

Wallace Properties, Inc.________________Common
(Harriman Ripley & Co., Inc.) 360,000 shares

Wallace Properties, Inc.______________Debentures
(Harriman Ripley & Co., Inc.) $12,000,000

Waltham Precision Instrument Co., Inc.__Common
(Offering to stockholders—underwritten by Schweickart & Co.) 700,000 shares

June 1 (Wednesday)

Food Fair Stores, Inc.__________________Common
(Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co.) 168,833 shares

Michigan Wisconsin Pipe Line Co.____________Bonds
(Bids 11 a.m. EDT) $30,000,000

Southwest Indemnity & Life Insurance Co.___Com.
(Offering to stockholders—no underwriting) 238,590 shares

June 2 (Thursday)

National Cash Register Co.____________Debentures
(Dillon, Read & Co., Inc.) $40,000,000

Southern Electric Generating Co.____________Bonds
(Bids to be invited) $40,000,000

June 6 (Monday)

Chemo-Vive Processes, Inc.______________Common
(General Investing Corp.) $150,000

Chemtree Corp. _________________________Common
(Havener Securities Corp.) $262,750

Drug Associates, Inc.____________________Common
(Fidelity Securities & Investment Co., Inc.) 10,000 shares

Drug Associates, Inc.______________________Bonds
(Fidelity Securities & Investment Co., Inc.) $100,000

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

Great American Realty Corp.__________Debentures
(Louis L. Rogers Co. and Hilton Securities, Inc.) $2,000,000

Great American Realty Corp.______________Class A
(No underwriting) 110,000 shares

Growth Capital, Inc.____________________Common
(McDonald & Co. and Paine, Webber, Jackson & Curtis) $10,000,000

Hudson Vitamin Products, Inc.___________Common
(Bear, Stearns & Co.) 212,500 shares

Illinois Beef, L. & W. S., Inc.___________Common
(Amos Treat & Co., Inc.) $2,000,000

National Lawn Service Corp.____________Common
(Fund Planning Inc.) $300,000

National Old Line Life Insurance Co.____Common
(Equitable Securities Corp.) 128,329 shares

Northwestern Bell Telephone Co._____Debentures
(Bids 11:30 a.m. EDT) $45,000,000

Simmonds Precision Products, Inc.______Common
(Shearson, Hammill & Co.) 112,500 shares

June 7 (Tuesday)

Chicago, Burlington & Quincy RR. Equip. Trust Ctfs.
(Bids to be invited) $2,550,000

(A. G.) Spalding & Bros. Inc.____________Common
(Offering to stockholders—no underwriting) $1,709,680

Washington Gas Light Co.__________________Bonds
(Bids 11:30 a.m. EDT) $12,000,000

June 8 (Wednesday)

Atlantic Coast Line RR.________Equip. Trust Ctfs.
(Bids to be invited) $4,665,000

Coca-Cola Bottling Co. of New York, Inc.___Com.
(Eastman Dillon, Union Securities & Co.) 298,204 shares

Savannah Newspapers, Inc.______________Common
(Johnson, Lane, Space Corp.) $2,520,000

June 10 (Friday)

Foto-Video Electronics Corp.____________Class B
(D. F. Bernheimer & Co., Inc.) $500,000

June 13 (Monday)

Airport Parking Co._____________________Common
(L. F. Rothschild & Co. and Murch & Co., Inc.) 42,574 shares

Alterman Foods, Inc.____________________Common
(Kidder, Peabody & Co.) 230,000 shares

Compressed Concrete Construction Corp.__Common
(Capital Accumulation Corp.) $300,000

Deluxe Aluminum Products, Inc.__________Common
(R. A. Holman & Co., Inc.) $350,000

Deluxe Aluminum Products, Inc.______Debentures
(R. A. Holman & Co., Inc.) $330,000

Development Credit Corp. of Maryland___Common
(No underwriting) $2,200,000

Edgerton, Germeshausen & Grier, Inc.___Common
(Kidder, Peabody & Co.) 120,000 shares

General Drive-In Corp.__________________Common
(Paine, Webber, Jackson & Curtis) 180,000 shares

Glass Magic Boats, Inc._________________Common
(R. A. Holman & Co., Inc.) 68,000 shares

Glass Magic Boats, Inc._______________Debentures
(R. A. Holman & Co., Inc.) $51,000

Oxford Manufacturing Co., Inc.__________Common
(W. C. Langley & Co. and Courts & Co.) 240,000 shares

Pacific Panel Co._______________________Common
(Frank Karasik & Co., Inc.) $450,000

Reeves Broadcasting & Development Corp.___Com.
(Laird & Co. Corp.) $2,336,960

Security Industrial Loan Association__Debentures
(Lee Higginson Corp.) $500,000

Security Industrial Loan Association____Common
(Lee Higginson Corp.) 50,000 shares

Warren Industries, Inc.__________________Common
(Merritt, Vickers, Inc.) $525,000

Westmore, Inc.__________________________Common
(Jacey Securities Co.) $300,000

Whitmoyer Laboratories, Inc.____________Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc.__________Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

June 14 (Tuesday)

Consolidated Edison Co. of New York______Bonds
(Bids 11 a.m. EDT) $50,000,000

June 15 (Wednesday)

Garrett Corp.___________________________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 100,000 shares

Harnischfeger Corp._____________________Preferred
(The First Boston Corp.) 60,000 shares

June 16 (Thursday)

Interstate Finance Corp.________________Common
(Goldman, Sachs & Co.) 150,000 shares

Savannah Electric & Power Co.__________Debentures
(Bids to be invited) $3,000,000

Savannah Electric & Power Co.______________Bonds
(Bids to be invited) $5,000,000

June 20 (Monday)

American Rubber & Plastics Corp.________Common
(Hornblower & Weeks) 200,000 shares

Columbia Technical Corp.________________Common
(Diran, Norman & Co., Inc.; Cortland Investing Corp. and V. S. Wickett & Co., Inc.) $300,000

Custom Craft Marine Co., Inc.____________Common
(R. A. Holman & Co., Inc.) $255,000

Faultless Caster Corp.__________________Common
(Hayden, Stone & Co.) 250,000 shares

General Sales Corp._____________________Common
(B. Fennekohl & Co., Inc.) 90,000 shares

Harvey Aluminum, Inc.__________________Common
(Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day) 750,000 shares

Itemco, Inc.____________________________Common
(Morris Cohon & Co. and Schrijver & Co.) $500,000

Laboratory For Electronics, Inc.__________Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 100,000 shares

Martin-Parry Marine Corp._______________Common
(Edward H. Stern & Co.) $300,000

Movielab Film Laboratories, Inc.__________Common
(Granbery, Marache & Co.) 100,000 shares

Sea-Highways, Inc.______________________Common
(John R. Maher Associates) $300,000

United States Boat Corp.________________Common
(Richard Bruce & Co., Inc.) $700,000

June 24 (Friday)

Miles Laboratories, Inc.______________Debentures
(Offering to stockholders—underwritten by The First Boston Corp) $8,300,000

June 27 (Monday)

Atlas Bowling Centers, Inc.______________Common
(Keller & Co.) 100,000 shares

C. F. C. Funding Inc.____________________Common
(Darius, Inc.) $150,000

Electrada Corp._________________________Common
(Bache & Co.) 400,000 shares

Gulf States Utilities Co.___________________Bonds
(12 noon EDT) $17,000,000

Gulf-Tex Development, Inc.______________Common
(Myron A. Lomasney & Co.) $1,250,000

Hotel Corp. of America_______________Debentures
(Bache & Co. and Bear, Stearns & Co.) $1,500,000

I C Inc.________________________________Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000

Lamtex Industries, Inc.__________________Common
(Finkle, Seskis & Wohlstetter) $500,000

Lee Motor Products, Inc.________________Common
(Godfrey, Hamilton, Magnus & Co., Inc.) $501,000

Montgomery Ward Credit Corp.________Debentures
(Lehman Brothers) $50,000,000

Saucon Development Corp._______________Common
(P. Michael & Co.) number of shares unknown

Stelma, Inc._____________________________Common
(Amos Treat & Co., Inc.) 175,000 shares

Trans Tech Systems, Inc.________________Common
(Myron A. Lomasney & Co.) $650,000

June 28 (Tuesday)

Tampa Electric Co._________________________Bonds
(Bids to be invited) $25,000,000

July 5 (Tuesday)

Missile Electronics, Inc.__________________Common
(Pleasant Securities Co.) $643,500

July 6 (Wednesday)

Illinois Bell Telephone Co.__________________Bonds
(11:00 a. m. EDT) $50,000,000

Sierra Pacific Power Co.____________________Bonds
(Bids to be invited) $3,000,000

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 11 (Monday)

Laclede Gas Co.____________________________Bonds
(Bids 11:00 a. m. DST) $10,000,000

Pearson Corp.___________________________Common
(R. A. Holman & Co., Inc.) 50,000 shares

Rajac Self-Service, Inc.__________________Common
(Walter R. Blaha & Co., Inc.) $300,000

July 12 (Tuesday)

Central Illinois Electric & Gas Co.__________Bonds
(Bids to be invited) $10,000,000

July 13 (Wednesday)

Northern Illinois Gas Co.____________________Bonds
(11:00 a. m. EDT) $25,000,000

July 14 (Thursday)

Laclede Gas Co.__________________________Common
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and Reinholdt & Gardner) $5,000,000

July 19 (Tuesday)

New Jersey Power & Light Co._______________Bonds
(11:00 a. m. EDT) $6,000,000

July 26 (Tuesday)

Consumers Power Co.___________________Debentures
(Bids to be invited) $38,101,600

August 9 (Tuesday)

Southwestern Bell Telephone Co.______Debentures
(Bids to be invited) $100,000,000

September 13 (Tuesday)

Virginia Electric & Power Co.______________Bonds
(Bids to be invited) $25,000,000

September 27 (Tuesday)

Indianapolis Power & Light Co.______________Bonds
(11:00 a. m. N. Y. Time) $12,000,000

October 18 (Tuesday)

Louisville Gas & Electric Co._______________Bonds
(Bids to be invited) $16,000,000

November 3 (Thursday)

Georgia Power Co.__________________________Bonds
(Bids to be invited) $12,000,000

December 6 (Tuesday)

Northern States Power Co. (Minn.)________Bonds
(Bids to be invited) $35,000,000

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Continued from page 34

and fixtures thereon; and the balance to be added to working capital and be available for general corporate purposes. **Office**—400 38th St., Union City, N. J. **Underwriter**—Hill, Thompson & Co., Inc., New York. **Offering**—Expected in early June.

American Capital Life Insurance Co.
April 15 filed 96,450 shares of class "A" common capital stock. **Price**—$5.80 per share **Proceeds**—For general corporate purposes. **Office**—917 15th St., N. W., Washington, D. C. **Underwriter**—None.

American Convalescent Foundation, Inc.
March 31 (letter of notification) 60,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To pay the balance on new land, retirement of short-term bank loans, payment for additional equipment and furnishings and for working capital. **Office**—3267 Southeast Hawthorne Boulevard, Portland, Ore. **Underwriter**—Jerry A. Barfoot, Portland, Ore.

American Frontier Life Insurance Co. (5/31-6/3)
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 International Aluminum Corp. (5/31-6/3)**
April 13 filed 400,000 shares of common stock (par 25c). **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—4851 N. W. 36th Ave., Miami, Fla. **Underwriters**—Hardy & Co. and Filor, Bullard & Smyth, both of New York.

● **American Penn Life Insurance Co. (5/20-27)**
March 30 filed registration of 127,500 shares of capital stock (par $10) to be offered for subscription by stockholders of record on April 28, 1960 with rights to expire 30 days from offering date. Subscription rate on 105,000 shares of the stock will be three additional shares for each one share held. Of the remaining 22,500 shares the offering will be on the basis of nine shares for each 14 shares held, and all unsold shares of this block will be offered under warrants granted in accordance with the company's Agent's Stock Option Plan. **Price**—$28 per share. **Proceeds** — To increase capital and surplus. **Office**—203 S. 15th St., Philadelphia, Pa. **Underwriter**—None.

● **American Rubber & Plastics Corp. (6/20-24)**
May 11 filed 200,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — La Porte, Ind. **Underwriter** — Hornblower & Weeks, New York City.

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 Security Corp. (5/23-27)**
March 28 filed 100,000 shares of capital stock (par $2). The company is an affiliate of American Security & Trust Co. by reason of the fact that each of their stockholders owns the same number of outstanding shares of each entity. It is proposed to offer the 100,000 shares of American Security stock and a like number of shares of the $10 par capital stock of the Trust Company in units of one share of stock of each issuer; and the units are to be offered for subscription by stockholders of each issuer at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—American Security will use its proceeds in part to repay current indebtedness incurred incident to the purchase of the non-banking assets of The City Bank of Washington, with the balance added to working capital for general corporate purposes. **Office**—734 15th Street, N. W., Washington, D. C. **Underwriters**—Alex Brown & Sons, Baltimore, Md.; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. and Johnston Lemon & Co., Washington, D. C.; and Kidder, Peabody & Co., New York.

● **American Stereophonic Corp. (5/20-27)**
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—D. H. Victor & Co., Inc., New York, N. Y.

● **Anken Chemical & Film Corp. (5/20)**
April 7 filed 145,703 shares of common stock (par 20 cents), to be offered for subscription by holders of outstanding common stock at the rate of one new share for each six shares held. **Price**—To be supplied by amendment. **Proceeds**—$1,950,000 will be applied toward the purchase of certain properties and assets of the Sperry Rand Corp.; $140,000 will be used to retire short-term bank loans; and the balance for general corporate purposes. **Office**—1 Hicks Ave., Newton, N. J. **Underwriters**—R. W. Pressprich & Co. and Riter & Co., both of New York.

Arco Electronics, Inc.
May 10 filed 140,000 shares of class A common stock. **Price** — To be supplied by amendment. **Proceeds** — $350,000 for general corporate purposes and the balance for working capital. **Office**—New York City. **Underwriter**—Michael G. Kletz & Co., Inc., New York City.

★ **Arden Farms Co.**
May 13 filed $4,000,000 of 6% subordinate debentures, series due July 1, 1990 (convertible), 44,278 shares of preferred stock, and 149,511 shares of common stock. The debentures are to be offered for public sale at 100% of their principal amount. The company proposes to offer the preferred shares and common shares initially through subscription warrants. The holders of outstanding preferred stock will be entitled to purchase the new preferred at the rate of one new share for each ten shares held. Common stockholders will be entitled to purchase the additional common shares at the rate of one new share for each ten shares held. The record date is to be the effective date of the registration statements. **Office**—1900 West Slauson Ave., Los Angeles, Calif.

● **Arizona Public Service Co. (5/23)**
April 22 filed 333,400 shares of common stock (par $5), to be offered to holders of the company's currently outstanding common stock at the rate of one new share for each 10 shares held of record May 24, 1960 with rights to expire on June 14 at 3:30 p.m. (EDST). **Price**—To be supplied by amendment. **Proceeds** — For construction purposes and payment of loans incurred for such purposes. **Office** — 501 South 3rd Avenue, Phoenix, Ariz. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

★ **Arkansas Western Gas Co. (6/6-10)**
May 13 filed 50,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—Together with $1,500,000 to be received from a contemplated private placement of debentures, will be used to retire some $1,000,000 of term bank notes and to defray all or a portion of the cost of the company's anticipated 1960 program of property additions and improvements. **Office** — 28 East Center St., Fayetteville, Ark. **Underwriters**—Snow, Sweeney & Co. Incorporated, New York, and A. C. Allyn & Co., Inc., Chicago, Ill.

Atlas Bowling Centers, Inc. (6/27)
May 2 filed 100,000 shares of class A common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — For additional working capital. **Office** — 255 Huntington Avenue, Boston, Mass. **Underwriter**—Keller & Co., Boston, Mass.

● **Audion-Emenee Corp. (5/20)**
March 29 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New York City. **Underwriters**—Pistell, Schroeder & Co., Inc., and Bertner Bros., both of New York City.

● **Aviation Employees Corp. (5/31-6/3)**
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.

Bevis Shell Homes, Inc. (5/31-6/3)
March 30 filed $1,600,000 of 9% subordinated sinking fund debentures due 1985 and 1,000,000 shares of common stock, to be offered for public sale in units (200,000), at $15.50 per unit, each unit to consist of five common shares, one $8 par debenture, and warrants for the purchase of two additional units of one common share and one $8 debenture at $9.50 per unit. **Proceeds**—$2,000,000 will be used to increase the company's holdings of mortgages placed on the shell homes it sells; and $1,600,000 to be used to increase its holding of mortgages will be placed in escrow for that purpose; and the balance for general corporate purposes. **Office**—Tampa, Fla. **Underwriters**—G. H. Walker & Co., New York City and Beil & Hough, Inc. of St. Petersburg, Fla., as co-managers.

● **Big Laurel, Inc. (5/31-6/3)**
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

Bircher Corp.
March 29 filed $500,000 of 6% convertible subordinated debentures, due April 30, 1975. **Price**—At par. **Proceeds**—To pay bank loans incurred to augment working capital. **Office** — Los Angeles, Calif. **Underwriter** — Quincy Cass Associates, Los Angeles, Calif.

Bowers Battery & Spark Plug Co. (5/23-31)
March 29 filed 280,000 shares of common stock (no par), of which 250,000 shares will be offered for public sale at $6 per share and 30,000 shares will be offered to selected employees at $5.40 per share. **Proceeds** — Between $200,000 and $300,000 is expected to be expended before 1961 for starting up costs, including initial rents of the new plant in the southeastern portion of the United States which it hopes to obtain and open before the end of the year; an additional $250,000 is expected to be expended either by the company or through its subsidiaries for the improvement of certain of its manufacturing facilities, such as additional mechanization and material control handling and for experimental work in connection with beryllium; and the balance of the proceeds will be added to the company's general funds. **Office**—Reading, Pa. **Underwriter** — Dempsey-Tegeler & Co., St. Louis and New York.

Bruce National Enterprises, Inc. (5/31-6/3)
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George O'Neill & Co., Inc., New York.

Brush Beryllium Co. (5/31-6/3)
April 11 filed 410,206 shares of common stock, of which 260,000 shares are to be offered for the account of the issuing company and 150,206 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — For expansion. **Office**—Cleveland, Ohio. **Underwriters**—Kuhn, Loeb & Co., New York City, and McDonald & Co., Cleveland.

Byer-Rolnick Hat Corp.
May 9 filed 100,000 outstanding shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—601 Marion Drive, Garland, Tex. **Underwriters** — Dallas Rupe & Son, Inc., Dallas, Tex. and Straus, Blosser & McDowell, Chicago, Ill.

C. F. C. Funding Inc. (6/27)
May 6 (letter of notification) 75,000 shares of common stock (par 10 cents), **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—90 Broad St., New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

● **Cabana Pools, Inc. (5/31-6/3)**
March 31 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 640 Fifth Avenue, New York, N. Y. **Underwriter** — Mandell & Kahn, Inc., Time-Life Building, Rockefeller Center, New York, N. Y.

Capital Shares Inc., San Francisco, Calif.
May 3 filed 1,100,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To increase capital and surplus and for working capital. **Underwriter**—None.

★ **Central Charge Service Inc.**
May 2 (letter of notification) 4,000 shares of common stock (no par). **Price**—$12.50 per share. **Proceeds**—To go to a selling stockholder. **Office**—620 11th St., N. W., Washington 1, D. C. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

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. **Offering**—Imminent.

Chemical Packaging Co., Inc. (5/23-27)
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.

Chemo-Vive Processes, Inc. (6/6-10)
April 22 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To purchase machinery and equipment and the balance for working capital. **Office** — 609-11 Fourth Avenue, Juniata, Altoona, Pa. **Underwriter** — General Investing Corp., New York, N. Y.

Chemtree Corp. (6/6-10)
April 19 (letter of notification) 262,750 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington 99, Del. **Underwriter**—Havener Securities Corp., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

● **Coca-Cola Bottling Co. of New York (6/8)**
April 19 filed 298,204 outstanding shares of its common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Listing**—The company intends to apply for NYSE listing.

Cold Lake Pipe Line Co., Ltd.
Feb. 5 filed 200,000 shares of common stock. **Price**—At the market, at time of offering. **Proceeds**—For general corporate purposes. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—Michael Fieldman, New York.

● **Colorado Caterers, Inc.**
April 8 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—7626 Old Georgetown Road, Bethesda, Md. **Underwriter**—E. A. Burka, Inc., Washington, D. C. **Note** — The SEC has announced May 9 that an anti-fraud proceeding has been filed against Mr. Burka and his firm. The company is in the process of selecting a new underwriter.

Columbia Technical Corp. (6/20-24)
May 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 61-02 31st Ave., Woodside, L. I., N. Y. **Underwriters**—Diran, Norman & Co., Inc., V. S. Wickett & Co., Inc., and Cortlandt Investing Corp., New York, N. Y.

★ **Columbia View Manor Corp.**
May 2 (letter of notification) 600 first mortgage bonds (par $500) with 7% interest, due five years from date of issue. **Price**—At par. **Proceeds**—For renovation and repair of a building. **Office**—5001 Columbia View Dr., Vancouver, Wash. **Underwriter**—E. I. Hagen & Co., Inc., Portland, Ore.

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

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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.

Compressed Concrete Construction Corp. (6/13-20)
May 9 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 313 W. Jericho Turnpike, Huntington, L. I., N. Y. **Underwriter**—Capital Accumulation Corp., Franklin National Bank Bldg., Roosevelt Field, Garden City, N. Y.

Connecticut & Chesapeake, Inc.
April 29 filed $585,000 of 4½% promissory notes and 2,250 shares of common stock. It is proposed to offer these securities for public sale in units, each consisting of $260 of notes and one share of stock, provided that the minimum purchase shall be 10 units for a minimum consideration of $3,600 ($2,600 of notes and 10 shares of stock). **Price**—$360 per unit. **Proceeds**—For repayment of certain advances made to the company. **Office**—724-14th Street, N. W., Washington, D. C. **Underwriter**—Shannon & Luchs Securities Corp.

• Consolidated Edison Co. (6/14)
May 6 filed $50,000,000 of first and refunding mortgage bonds, series R, due June 1, 1990. **Proceeds**—To become part of the treasury funds of the company and will be applied toward retirement of some $55,000,000 of short-term bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on June 14, in room 1628, 4 Irving Place, New York City, up to 11 a.m. EDT. **Information Meeting** — By appointment on June 7 between 9:00 a.m. and 12 noon.

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

Constellation Life Insurance Co.
March 29 filed 1,350,000 shares of common stock, of which 350,000 shares will be reserved for stock options, 150,000 shares will be offered to holders of the outstanding common on a "first-come-first-served" basis at $3.25 per share, and 850,000 shares will be publicly offered. **Price**—$3.50 per share. **Proceeds**—To general funds. **Office** — Norfolk, Va. **Underwriter** — Willis, Kenny & Ayres, Inc., Richmond, Va.

Continental Capital Corp. (5/31-6/3)
April 19 filed 235,000 shares of capital stock (par $10). **Price**—$14 per share. **Proceeds**—For investment in small business concerns, and to the extent necessary may use a portion thereof to retire its outstanding subordinated debenture in the amount of $150,000 held by the Small Business Administration. **Office** — 120 Montgomery Street, San Francisco, Calif. **Underwriter** — McDonnell & Co., Inc., New York.

• Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock (par $1). **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. **Note**—Statement effective May 5. Name has been changed to Cetron Electric Corp.

Cosmopolitan Insurance Co.
March 30 (letter of notification) 58,000 shares of capital stock (Par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—4620 N. Sheridan Road, Chicago, Ill. **Underwriter**—Link, Gorman, Peck & Co., Chicago, Ill.

Country Club Corp. of America
April 29 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For repayment of outstanding debt, including payment of mortgages, taxes, notes, and miscellaneous accounts payable; for general corporate purposes and construction of new facilities. **Office** — 1737 H. Street, N. W., Washington, D. C. **Underwriter**—A. J. Gabriel Co., Inc., New York.

• Crawford Corp. (5/31-6/3)
March 28 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for public sale for account of issuing company and the balance, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be initially added to working capital and used for general corporate purposes, including but not limited to the reduction of short-term bank loans ($5,921,872 outstanding at Dec. 31, 1959, including $5,199,800 of bank loans made directly to an unconsolidated subsidiary). It is contemplated that the additional funds will be used to acquire land for development or resale to dealers, construction loans to builder-dealers, expansion of the company's market area, and the possible manufacture and erection, in cooperation with builders, of "shell" house packages for completion by the home owner on a "do-it-yourself" basis. **Office**—7111 Florida Boulevard, Baton Rouge, La. **Underwriter**—A. G. Becker & Co., Inc., of Chicago and New York.

• Custom Craft Marine Co., Inc. (6/20-27)
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Dalto Corp. (5/31-6/3)
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—None.

Dart Drug Corp.
March 30 filed 200,000 shares of class A common stock, of which 170,000 shares are to be offered for public sale on behalf of the issuing company and 30,000 shares, being outstanding stock, on behalf of the present holders thereof. **Price**—$5 per share. **Proceeds**—For repayment of corporate indebtedness and for working capital. **Office**—5458 Third St., N. E., Washington, D. C. **Underwriter**—Hodgdon & Co., Washington, D. C. **Offering**—Expected sometime in June.

Defense Electronics, Inc.
April 12 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For machinery and electronic test equipment, working capital and a reserve fund. **Address**—Rockville, Md. **Underwriter**—Balogh & Co., Inc., Washington, D. C.

• Deluxe Aluminum Products, Inc. (6/13-17)
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**— R. A. Holman & Co., Inc.

• Development Credit Corp. of Maryland (6/13-17)
March 29 filed 2,000,000 shares of common stock. **Price**—$1.10 per share. **Proceeds** — For general corporate purposes. **Office**—22 Light St., Baltimore, Md. **Underwriter**—None.

• Dial Finance Co. (5/23-27)
March 25 filed 300,000 shares of common stock (no par), including 150,000 shares which are outstanding and will be offered for public sale by the holders thereof, and the remaining 150,000 will be offered for the company's account. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and will be used initially to reduce short term debt. **Office**—207 Ninth St., Des Moines, Iowa. **Underwriter**—White, Weld & Co., Inc., New York.

Diversified Realty Investment Co.
April 26 filed 250,000 shares of common stock. **Price**—$5 per share (par 50 cents). **Proceeds** — For additional working capital. **Office**—919 18th Street, N. W., Washington, D. C. **Underwriter**—Ball, Pablo & Co., Washington, D. C.

• Doak Pharmacal Co. Inc. (5/23-27)
April 28 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—99 Park Avenue, New York, N. Y. **Underwriter**—Ross Securities, Inc., 99 Wall Street, New York 5, N. Y.

Drug Associates, Inc. (6/6-10)
May 6 (letter of notification) 100 units of $100,000 of 7% sinking fund debenture bonds and 10,000 shares of common stock (par $1) to be offered in units consisting of one $1,000 debenture and 100 shares of common stock. **Price**—$1,100 per unit. **Proceeds**—For general corporate purposes. **Office**—1238 Corlies Ave., Neptune, N. J. **Underwriter**—Fidelity Securities & Investment Co., Inc., Asbury Park, N. J.

Dubois Chemicals, Inc. (5/23-27)
March 30 filed 200,000 shares of common stock (par $1) to be publicly offered and 125,000 shares issuable under the company's Restricted Stock Option Incentive Plan for key employees. **Price**—To be supplied by amendment. **Proceeds**—To reduce a bank loan in the amount of $2,681,000. **Office**—634 Broadway, Cincinnati, O. **Underwriter**—Allen & Co., New York.

Durox of Minnesota, Inc.
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn. **Offering**—Imminent.

Dworman Corp.
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. **Note**—This offering has been postponed.

Dymo Industries, Inc.
April 11 filed 150,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Approximately $200,000 of the proceeds from the sale of the stock will be used for the purchase and installation of machinery and equipment in a new plant which the company is presently negotiating to lease; $400,000 will be used for the acquisition of tools, dies, jigs and fixtures; $100,000 for leasehold improvements; and the balance for working capital. **Office**—2546 Tenth St., Berkeley, Calif. **Underwriter** — William R. Staats & Co., Los Angeles, California. **Offering**—Expected in early June.

• Dynamic Films, Inc. (5/31-6/3)
March 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 405 Park Avenue, New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y.

• Dynatron Electronics Corp. (5/31-6/3)
April 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—178 Herricks Road, Mineola, N. Y. **Underwriter**—General Securities Co., Inc., New York, N. Y.

• Dynex, Inc. (5/20)
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. **Note**—This statement has been withdrawn.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

Edgerton, Germeshausen & Grier, Inc. (6/13-20)
May 5 filed 120,000 shares of common stock (par $1) of which 20,000 shares are now outstanding and are to be offered for public sale by the holders thereof and 100,000 shares are to be offered by the company. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 160 Brookline Ave., Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

Edwards Engineering Corp.
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl & Company, Inc., New York City and Newark, N. J.

Elco Corp. (5/31-6/3)
April 22 filed $1,000,000 of 6% convertible subordinated debentures due May 15, 1975, 82,065 common stock purchase warrants, and 87,809 shares of common stock reserved against the exercise of the warrants. **Price**—100% of principal amount plus accrued interest from May 15, 1960. **Proceeds**—For retirement of the company's indebtedness to The First Pennsylvania Banking & Trust Co., and for the purchase of machinery and equipment. **Location**—"M" Street below Erie Avenue, Philadelphia, Pa. **Underwriter**—S. D. Fuller & Co., New York.

• Electrada Corp. (6/27-7/1)
March 29 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisitions, debt reduction, and other corporate purposes. **Office**—9744 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Bache & Co., New York.

Electrosolids Corp.
April 25 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay borrowings, expand the company's facilities and for working capital. **Office**—13745 Saticoy Street, Van Nuys, Calif. **Underwriter**—Morgan & Co., Los Angeles, Calif.

• Englehard Industries, Inc. (5/31-6/3)
Mar. 30 filed 400,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to reduce outstanding amount of term notes, and the balance to reduce outstanding short-term indebtedness and increase working capital. **Office**—Newark, N. J. **Underwriters** — Dillon, Read & Co. Inc., and Lazard Freres & Co., both of New York City.

★ Equitable Leasing Corp.
May 9 (letter of notification) 50,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—246 Charlotte St., Asheville, N. C. **Underwriter**—Courts & Co., Atlanta, Ga.

Continued on page 38

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Continued from page 37

Espey Mfg. & Electronics Corp.
April 29 filed 80,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Saratoga Springs, N. Y. **Underwriter**—Sutro Bros. & Co., New York. **Offering**—Expected in mid-June.

● **Esquire Radio & Electronics, Inc. (5/31-6/3)**
March 30 filed 150,000 shares of common stock (par 10c). **Price**—$5 per share. **Proceeds**—$73,000 will be used to replace funds used by company for payment of subordinated notes; $50,000 to repay short-term bank obligations; and the balance of approximately $477,000 will be added to working capital and used for general corporate purposes, including financing of finished and raw material inventory. **Office**—39 Broadway, New York. **Underwriter**—Myron A. Lomasney & Co.

Ets-Hokin & Galvan, Inc. (5/31-6/3)
March 28 filed 250,000 shares of common stock (par $1). **Price**—$5.30 per share. **Proceeds**—To be added to company's working capital and will be used principally to reduce some $1,000,000 of its accounts payable. The balance will be used to reduce notes payable to the Bank of America National Trust & Savings Association. **Office**—551 Mission St., San Francisco, Calif. **Underwriter**—Van Alstyne, Noel & Co., New York.

● **FXR, Inc. (5/23-27)**
March 30 filed $2,000,000 of convertible subordinated debentures, due 1970. **Price**—To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term notes and up to $375,000 is to be invested in Micromega Corp.; the balance of the proceeds will be used to acquire new facilities, to maintain necessary inventory to meet current and anticipated sales requirements, to supplement working capital and for other general corporate purposes. **Office**—26-12 Borough Place, Woodside, N. Y. **Underwriter**—C. E. Unterberg, Towbin Co.

Family Fund Life Insurance Co.
March 30 filed 116,800 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each 5 shares held. **Price**—$9 per share; unsubscribed shares at $10.25 per share. **Proceeds**—To increase capital and surplus and expand the business. **Office**—1515 Spring St., N. W., Atlanta, Ga. **Underwriter**—J. H. Hilsman & Co., Inc., Atlanta, Ga.

Farmers' Educational & Cooperative Union of America
March 29 filed $2,500,000 of registered debentures, series D, maturing from 1969 to 1980. **Price**—To be offered in units of $100. **Proceeds**—To pay notes maturing before Dec. 31, 1963, with $1,107,000 to be contributed to surplus or loaned to subsidiaries. **Office**—Denver, Colo. **Underwriter**—None.

● **Farrington Manufacturing Co. (5/31-6/3)**
March 25 filed $6,000,000 of subordinated convertible debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to be applied to the payment of bank loans; $2,800,000 to the scanner program in 1960, including (a) $1,000,000 for expenditures by Farrington Electronics, Inc., a newly-formed date processing subsidiary, for inventory, 250,000 to purchase and test equipment for producting scanners and $250,000 as working capital; and (b) $1,300,000 for research and development. **Office**—77 A St., Needham, Mass. **Underwriters**—Cyrus J. Lawrence & Sons, New York City; and Brawley, Cathers & Co. Toronto, Ontario, Canada.

★ **Faultless Caster Corp. (6/20-24)**
May 13 filed 250,000 shares of common stock (par $1), of which 200,000 shares are to be offered for the account of the present holders thereof and 50,000 shares are to be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Proceeds**—$300,000 will be used to purchase new presses and other production equipment and the remainder will be used as working capital. **Office**—1421 North Garvin St., Evansville, Ind. **Underwriter** — Hayden, Stone & Co., New York City (managing).

Federal Steel Corp. (5/23-27)
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

Federated Electronics, Inc. (5/31-6/3)
April 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—139-14 Jamaica Avenue, Jamaica, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y.

Fidelity Acceptance Corp.
March 24 (letter of notification) 12,000 shares of class H 6% cumulative preferred stock. **Price**—At par (25) per share). **Proceeds**—For working capital. **Office**—820 Plymouth Bldg., Minneapolis, Minn. **Underwriter**—Ray F. Kersten, 3332 E. Orange Dr., Phoenix, Ariz.

Figurette, Ltd. (5/23-27)
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.

● **First National Realty & Construction Corp. (5/23-27)**
April 25 filed 150,000 shares of cumulative convertible preferred stock first series, $8 par, redeemable by the company on or after May 15, 1963 at $10 per share, and 150,000 shares of common stock (par 10 cents). It is proposed that these securities will be offered in units, each unit consisting of one share of preferred and one share of common. **Price**—To be supplied by amendment. **Proceeds**—$257,000 will be used to repay loans made by an officer and director of the company and a corporation controlled by him to provide funds for apartment house construction; about $500,000 will be used for the repayment of a portion of bank notes; and the balance will be added to working capital for use in the acquisition of new properties and for the company's construction program. **Office** — 630 Third Avenue, New York. **Underwriter**—H. Hentz & Co., New York.

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.

● **Florida Builders, Inc. (5/31-6/3)**
Mar. 30 filed 80,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Between $200,000 and $250,000 will be used to establish or acquire a Federal Housing Administration approved mortgage financing and service company; $200,000 will be used to pay off bank loans; and the balance for working capital. **Office**—700 43rd St. South, St. Petersburg, Fla. **Underwriter**—Jaffee & Co., New York.

Florida Home Insurance Co.
March 30 filed 17,500 shares of common stock to be offered to holders of the company's 85,995 outstanding common shares at the rate of one share for each five shares held. Unsubscribed shares will be offered to employees and officers of the company who are stockholders without further offering of such unsubscribed shares to other stockholders of the company. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to be held in cash or invested in securities. **Office** — 1335 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

Florida Power & Light Co. (5/31)
May 3 filed 400,000 shares of common stock. **Proceeds**—To provide additional electric facilities and for other corporate purposes. **Office**—Ingraham Building, Miami, Fla. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc. **Bids** — Expected to be received up to 3:45 p.m. (EDT) on May 31.

● **Food Fair Stores, Inc. (6/1)**
April 14 filed 168,833 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—2223 Allegheny Ave., Philadelphia, Pa. **Underwriters**—Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co., both of New York.

Forest City Enterprises, Inc. (5/23-27)
Mar. 29 filed 450,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for working capital. **Office**—17903 St. Clair Ave., Cleveland, O. **Underwriter**—Bache & Co., New York.

Foto-Video Electronics Corp. (6/10)
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—D. F. Bernheimer & Co., Inc., New York City.

● **Founders Mutual Depositor Corp. (5/23)**
March 25 (letter of notification) 60,000 shares of common stock, class A (no par). **Price**—$4.87½ per share. **Proceeds**—To go to selling stockholders. **Office**—2401 First National Bank Bldg., Denver, Colo. **Underwriter**—Hecker & Co., Philadelphia, Pa.

Franklin Corp.
April 26 filed 1,000,000 shares of common stock (par value $1). **Price**—$10 per share. **Proceeds**—For investment. **Office**—925 Hempstead Turnpike, Franklin Square, New York. **Underwriter**—Blair & Co. Incorporated, New York. **Offering**—Expected in early June.

★ **Franklin Discount Co.**
May 2 (letter of notification) $50,000 of 8% subordinated debentures due July 1, 1965. **Price**—At par. **Proceeds**—To be placed in the general fund for the purpose of purchasing conditional sales contracts and making loans. **Office**—105 N. Sage St., Toccoa, Ga. **Underwriter**—None.

● **Friendly Frost, Inc. (5/23-27)**
April 5 filed 150,000 shares common stock (par 10c). An additional 96,500 shares included in the registration statement are reserved for the company's Employees' Stock Option Plan. **Price**—$7.50 per share. **Proceeds**—For repayment of bank loans, for company's expansion program, and the balance for working capital. **Office**—123 Frost Street, Westbury, L. I., N. Y. **Underwriter**—None.

Futterman Corp. (5/31-6/3)
April 1 filed 660,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Office**—580 Fifth Avenue, New York. **Underwriter**—Reynolds & Co., New York.

Gamble Brothers
April 14 (letter of notification) 12,500 shares of common stock (par $5) of which 11,246 shares are to be offered for subscription to stockholders of record as of April 26, 1960 on the basis of one new share for each share held. **Price**—To stockholders, $18.50 per share; to the public, $22.50 per share. **Proceeds**—For an expansion program. **Office**—4601 Allmond Avenue, Louisville, Ky. **Underwriter** — Stein Bros. & Boyce, Baltimore, Md.

Garrett Corp (6/15)
May 5 filed 100,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To reduce presently outstanding indebtedness. **Office**—9851 Sepulveda Blvd., Los Angeles, Calif. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Gem International, Inc. (5/23-6/3)
Mar. 29 filed 150,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$125,000 to open, furnish and equip the new Wichita store being built for the company by others; $75,000 to open, furnish and equip the second store in St. Louis, similarly being built by others; $128,600 to purchase the assets of Embee, Inc., and Garrol, Inc., who now hold the basic lease on the premises used by the Kansas City operating company and who sublease the premises to that company: $208,000 for advance to the Honolulu subsidiary to enable it to purchase the assets of Honden, Ltd., Honla Ltd., and Dacat, Ltd., which now hold the basic leases on the store building; $105,000 for advance to Gem Stores, Inc., and Gem of St. Louis, Inc., to enable those corporations to repay loans; and the balance for general corporate purposes and as needed to expand existing facilities and to establish new locations. **Office**—418 Empire Building, Denver, Colo. **Underwriters** — Bosworth, Sullivan & Co., Inc., Denver, Colo.; and Scherck, Richter Co., St. Louis, Mo.

● **General Atronics Corp. (5/31-6/3)**
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 Drive-In Corp. (6/13-17)
April 29 filed 180,000 shares of common stock (no par) of which 50,000 shares will be offered for public sale by the company and 130,000 are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—480 Boylston St., Boston, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

General Sales Corp. (6/20-24)
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York.

● **General Shale Products Corp. (5/23-27)**
March 29 filed 220,605 shares of outstanding common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Johnson City, Tenn. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

● **Glass Magic Boats, Inc. (6/13-17)**
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.

Glass Marine Industries, Inc.
April 25 filed 200,000 shares of class A stock and 100,000 shares of common stock. The class A stock is to be offered at $2.25 per share and the common at 75 cents per share; and the class A and common shares are to be offered in units consisting of two class A and one common. **Price**—$5.25 per unit. **Proceeds**—To develop the necessary production facilities to produce the company's boats. **Office**—Humboldt, Iowa. **Underwriters**—Leason & Co., Inc., Chicago, Ill.; William B. Robinson & Co., Corsicana, Texas; and Bala William & Co., Wichita Falls, Texas.

● **Goelet Corp. (6/6-10)**
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.

● **Gorton's of Gloucester, Inc.**
March 22 (letter of notification) 10,402 shares of common stock (no par). **Price**—At-the-market, estimated at $24½ per share. **Proceeds**—To go to selling stockholders. **Office**—327 Main St., Gloucester, Mass. **Underwriter**—Kidder, Peabody & Co., Inc., Boston, Mass.

● **Great American Realty Corp. (6/6-10)**
April 8 filed $2,000,000 of 7% convertible debentures due July 1, 1975, together with 110,000 shares of outstanding class A stock. **Price**—For debentures, at 100% of principal amount. **Proceeds**—For additional working capital. **Office**—15 William St., New York. **Underwriter**—For debentures, Louis L. Rogers Co., 15 William St., New York City and Hilton Securities, Inc., 580 5th Ave., New York City.

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Gross Furnace Manufacturing Co., Inc.
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

● **Growth Capital, Inc. (6/6-10)**
April 14 filed 500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—To provide investment capital and management services. **Office**—Bulkley Bldg., Cleveland, Ohio. **Underwriters**—McDonald & Co., Cleveland, Ohio and Paine, Webber, Jackson & Curtis, N. Y.

● **Gulf-Tex Development, Inc. (6/27-7/1)**
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Hamilton Cosco, Inc.**
May 11 filed 300,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To members of the Hamilton family (company founders), selling stockholders. **Office** — Columbus, Ind. **Underwriters** — Smith Barney & Co. Inc., New York City, and City Securities Corp., Indianapolis, will co-manage the group. **Offering**—Expected in mid-June.

● **Hampshire Gardens Associates (5/23-27)**
April 1 filed $376,000 of Limited Partnership Interests, to be offered in units. **Price**—$500 per unit. **Proceeds**—For purchase of the fee title to a garden type apartment community (Hampshire Gardens) consisting of 14 buildings with a total of 134 apartments in Chillum, Md. **Office**—375 Park Avenue, New York. **Underwriter**—B. C. Morton & Company, Inc., New York.

● **Harburton Financial Corp.**
March 21 (letter of notification) 298,500 shares of class A common stock—non voting (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—56 Beaver Street, New York 4, N. Y. **Underwriter** — Simmons, Rubin & Co., Inc., New York, N. Y. The underwriter states that this statement has been withdrawn.

Harnischfeger Corp. (6/15)
May 3 filed 60,000 shares of convertible preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be applied to the repayment of a portion of the company's short term bank borrowings. **Underwriter**—The First Boston Corp., New York.

● **Harvey Aluminum (Inc.) (6/20-24)**
April 21 filed 750,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—Torrance, Calif. **Underwriters**—Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day, both of New York City.

● **Hawley Products Co. (5/23-27)**
Mar. 29 filed 90,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—333-39 North Sixth St., St. Charles, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

Henderson's Portion Pak, Inc. (5/31-6/3)
April 18 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4015 Laguna Street, Coral Gables, Fla. **Underwriter**—Burnham & Co., New York.

Hermes Electronics Co.
April 29 filed 751,924 shares of common stock. Of these shares 642,854 shares are outstanding and may be sold by the holders thereof from time to time in the over-the-counter market at the then-existing prices. 54,258 shares of the stock will be offered pursuant to options outstanding or to be granted to employees. The remaining 54,812 shares will be offered to holders of the company's outstanding convertible preferred pursuant to their conversion rights. **Office** — 75 Cambridge Parkway, Cambridge, Mass. **Underwriter**—None.

● **Holt, Rinehart & Winston, Inc. (5/20-24)**
March 29 filed 331,740 outstanding shares of its common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriters** — Goldman, Sachs & Co., Allen & Co. and Shearson, Hammill & Co., all of New York.

★ **Hotel Corp. of America (6/27-7/1)**
May 17 filed $1,500,000 of convertible collateral trust debentures, due July 1, 1972. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Office**—New York City. **Underwriters** — Bache & Co. and Bear, Stearns & Co., both of New York.

Howe Plastics & Chemical Companies, Inc.
Dec. 14 (letter of notification) 60,000 shares of common stock (par one cent). **Price**—$3 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.

● **Hudson Vitamin Products, Inc. (6/6-10)**
April 15 filed 212,500 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—89 Seventh Ave., New York. **Underwriter** — Bear, Stearns & Co., New York.

● **I C Inc. (6/27-7/1)**
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.

Illinois Beef, L. & W. S., Inc. (6/6-10)
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa.

★ **Illinois Bell Telephone Co. (5/27)**
May 12 filed 3,047,758 shares of common capital stock (par $20), to be offered for subscription by stockholders of record May 27, 1960, in the ratio of one new share for each ten shares then held, with rights to expire on June 30. **Price**—$20 per share. **Proceeds**—For general corporate purposes, including property additions and improvements, and repayment of advances to American Telephone & Telegraph Co. **Office**—212 W. Washington St., Chicago, Ill. **Underwriter**—None.

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 Properties, Inc.
April 20 filed 750,000 shares of common stock. **Price**—$1.65 per share. **Proceeds**—To meet financial and loan commitments of the company in connection with the purchase of certain property. **Office**—1487 Northwestern Bank Building, Minneapolis, Minn. **Underwriter**—Company or selected dealers.

● **Interstate Finance Corp. (6/16)**
May 11 filed 150,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For general funds and working capital. **Office**—Evansville 8, Ind. **Underwriter**—Goldman, Sachs & Co. (managing) New York City.

● **Ionics, Inc. (5/24)**
March 29 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Major portion of the net proceeds of sale of additional stock will be added to working capital to be applied toward financing an increasing volume of business and intensified sales efforts, and toward expanding and broadening research and development, including activities in the fuel cell field. The company expects to move to larger quarters near Waltham, Mass., and it estimates that requirements for new equipment and other costs, including moving expenses, will amount to at least $300,000. A portion of the proceeds of the stock sale may be applied to the cost of constructing the new building, but the company does not anticipate that in excess of $400,000 of the net proceeds of this offering will be used on a permanent basis for such purpose. **Office**—152 Sixth Street, Cambridge, Mass. **Underwriters**—Lee Higginson Corp., Shields & Co., and C. E. Unterberg, Towbin Co., all of New York.

★ **Insurance Bond & Share Corp.**
May 10 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office** — 2037 13th St., Boulder, Colo. **Underwriter**—None.

★ **Investors Mortgage Co., Inc.**
May 6 (letter of notification) 124,500 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To increase net assets to qualify as a Federal Housing Administration mortgage lender and for working capital. **Office** — 1308-20 Northern Life Tower, Seattle 1, Wash. **Underwriter**—None.

● **Itemco, Inc. (6/20-27)**
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceds**—For repayment of outstanding debt, for instrumentation and automation of laboratory equipment, for expansion of existing manufacturing facilities and the acquisition or establishment of additional facilities, and the balance for working capital. **Office**—18 Beechwood Avenue, Port Washington, N. Y. **Underwriters**—Morris Cohon & Company and Schrijver & Co., both of New York.

Jersey Central Power & Light Co. (5/24)
March 24 filed $10,000,000 of first mortgage bonds due 1990. **Proceeds**—$5,800,000 will be applied to the payment of a like amount of outstanding notes and the balance to 1960 construction expenditures (or reimbursement of the company's treasury thereof). **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). **Bids**—Expected to be received up to 11:00 a.m. (New York Time) on May 24 at the offices of General Public Utilities Corp., 67 Broad St., New York City. **Information Meeting**—Scheduled for May 20, between 10:00 a.m. and 12 noon.

● **Kenrich Petrochemicals, Inc. (5/31-6/3)**
March 29 filed $175,000 of 7% convertible subordinated debentures due 1970, and 55,000 shares of class A common stock. **Price**—For debentures, 100% of principal amount; and $3.50 per class A share. **Proceeds**—$10,000 will be applied towards the repayment of demand notes, $115,000 for new plant facilities and equipment; and the balance for general corporate purposes. **Office**—120 Wall St., New York. **Underwriter**—First Philadelphia Corp., New York.

● **Keystone Electronics Co., Inc. (5/20)**
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 (par 25 cents). **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.

Laboratory for Electronics, Inc. (6/20-24)
April 20 filed a maximum of 100,000 shares of common stock, to be initially offered to its stockholders. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and expansion, and the balance if any, to reduce bank loans. **Office**—1079 Commonwealth Avenue, Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston and New York.

Lamour (Dorothy), Inc.
March 30 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—65 E. 55th Street, New York 22, N. Y. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

★ **Lamtex Industries, Inc. (6/27-7/1)**
May 13 filed 100,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — Motor Ave., Farmingdale, Long Island, N. Y. **Underwriter**—Finkle, Seskis & Wohlstetter, of N. Y. City

Lasco Industries
April 29 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay for a new building. **Office**—2939 S. Sunol Dr., Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

Lee Motor Products, Inc. (6/27-7/1)
May 6 filed 167,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds**—$150,000 will be used to repay existing obligations to banks incurred in March of 1960 to retire trade accounts and for other working capital purposes; approximately $50,000 will be used to finance expansion of warehouse facilities; and the balance of $207,000 will be added to the company's general funds and used as working capital. **Office** — 4701 Gladstone Ave., Cleveland, Ohio. **Underwriter**—Godfrey, Hamilton, Magnus & Co., Inc., New York.

Liberty Records, Inc.
April 1 filed 150,000 shares of common stock (par 50c). **Price**—Approximately $8.00 per share. **Proceeds**—To be added to the company's general corporate funds, substantially to meet increased demands on working capital. **Office**—6920 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Expected mid to late May.

★ **Life Insurance Stock Fund, Inc.**
May 11 filed $2,000,000 of Investment Plans for the accumulation of shares in the Fund. **Office**—Dallas, Tex.

Litecraft Industries, Ltd. (5/23-27)
March 29 filed $750,000 of 6¼% subordinated sinking fund debentures, due 1980, and an undetermined number of common shares, to be offered in units. **Price**—$500 per unit plus accrued interest from May 1, 1960. **Proceeds**—For general corporate purposes. **Office**—Passaic, N. J. **Underwriter**—P. W. Brooks & Co., New York.

● **Lite-Vent Industries, Inc. (5/23-27)**
March 25 filed 100,000 shares of common stock (par $1). **Price**—$5.20 per share. **Proceeds**—To be added to company's general funds, of which $200,000 will be used for repayment of indebtedness, $45,000 to acquire additional roll forming machinery and equipment, $74,000 to repay advances by two officers, and the balance for working capital and other corporate purposes. **Office**—14637 Meyers Road, Detroit, Mich. **Underwriters**—Peter Morgan & Co., and Philips, Rosen & Appel, both of New York City.

Magnasync 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.

● **Magnin (Joseph) Co., Inc. (5/31-6/3)**
March 25 filed $1,250,000 of 15-year convertible subordinated debentures due May 1, 1975, and 78,000 shares of common stock (par $1). The debentures and 35,000 common shares are to be offered for public sale by the issuing company and the remaining 43,000 common shares by the present stockholders thereof. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of the Blum's interest in Specialty Shops, Inc., and the balance for general corporate purposes. **Office**—Stockton and O'Farrell Sts., San Francisco, Calif. **Underwriter**—F. S. Smithers & Co., New York City and San Francisco.

● **Majestic Utilities Corp.**
April 29 filed $300,000 of 6% convertible 10-year debentures, $250 face value, 30,000 shares of common stock, and options to purchase an additional 30,000 shares. It is proposed to offer these securities for public sale in units (1,200), each consisting of $250 face amount of debentures, 25 shares of common stock, and options to to purchase an additional 25 common shares. **Price**—$350 per unit. **Proceeds**—To be applied in part payment of a $250,310 bank loan and the balance to be added to working capital and used for general corporate purposes. **Office** — 1111 Stout Street, Denver, Colo. **Underwriter**—Purvis & Company, Denver, Colo. **Offering**—Expected sometime in July.

Continued on page 40

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Continued from page 39

★ Martin-Parry Marine Corp. (6/20-24)
May 10 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office** — 415 Madison Ave., New York, N. Y. **Underwriter**—Edward H. Stern & Co., 32 Broadway, New York 32, N. Y.

Maryland Credit Finance Corp. (5/23-27)
March 29 filed 28,250 common shares, of which 25,000 shares are being sold for the account of the issuing company, and 3,250 shares are being offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the reduction of short-term indebtedness. **Office**—Easton, Md. **Underwriter**—Alex Brown & Sons, Baltimore, Md.

Mattel, Inc. (5/31-6/3)
April 18 filed 300,000 shares of common stock, (par $1), of which 50,000 shares are to be offered for public sale for the account of the issuing company and 250,000 shares now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—5150 Rosecrans Avenue, Hawthorne, Calif. **Underwriter**—Bache & Co., New York.

● Mays (J. W.), Inc. (5/23-27)
March 29 filed 317,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — Brooklyn, N. Y. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

McCormick Selph Associates, Inc.
April 15 filed 130,000 shares of capital stock, of which 100,000 shares will be offered for public sale by the issuing company and 30,000 shares, being outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding indebtedness, to reduce accounts payable, and for additional working capital. **Office**—2308 San Felipe Rd., Hollister, Calif. **Underwriter**—Wilson, Johnson & Higgins, San Francisco, Calif.

McGowen Glass Fibers Corp. (5/31-6/3)
April 27 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 829 Newark Avenue, Elizabeth, N. J. **Underwriter** — Simmons, Rubin & Co., Inc., New York, N. Y.

● Medallion Pictures Corp. (5/31-6/3)
March 29 (letter of notification) $300,000 of 6½% convertible subordinated debentures due March 30, 1968. **Price**—At 100%. **Proceeds**—For general corporate purposes. **Office**—200 W. 57th Street, New York 18, N. Y. **Underwriter**—Hancock Securities Corp., New York, N. Y.

● Metalcraft Inc. (5/23-27)
March 28 (letter of notification) 85,700 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office**—8608-130th Street, Richmond Hill 18, N. Y. **Underwriters**—First Broad Street Corp.; Russell & Saxe; V. S. Wickett & Co., Inc. and Street & Co., New York, N. Y.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **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.

Michigan Wisconsin Pipe Line Co. (6/1)
April 20 filed $30,000,000 of first mortgage pipe line bonds, series due 1980. **Proceeds**—For construction program. **Office**—500 Griswold Street, Detroit, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EDST) on June 1, Suite 1730, 165 Broadway, New York. **Information Meeting**—Scheduled for 11:30 a.m. (EDST), May 31, 5th floor, 20 Exchange Place, New York City.

★ Midwest Technical Development Corp.
May 17 filed 561,500 shares of common stock, to be offered to holders of the outstanding common on a one-for-one basis. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Minneapolis, Minn. **Underwriters**—Shearson, Hammill & Co., New York City, and Piper, Jaffray & Hopwood, Minneapolis.

Midwestern Gas Transmission Co. (5/23-27)
April 22 filed $60,000,000 of first mortgage pipe line bonds, series due June 1, 1980, with attached warrants for the purchase of 240,000 shares of common stock (par $5). The bonds will be offered in denominations of $1,000 with attached warrants for the purchase of four shares of common stock at $15 per share on and after Jan. 1, 1964 through Dec. 31, 1973. **Price**—To be supplied by amendment. **Proceeds** — To finance construction of two natural gas pipe line systems. **Office**—Tennessee Building, Houston, Texas. **Underwriters** — Stone & Webster Securities Corp.; White, Weld & Co., and Halsey, Stuart & Co. Inc., all of New York.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) to be offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held. Offering expires on May 5, 1960. **Price**—$17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

★ Miles Laboratories, Inc. (6/24)
May 18 filed approximately $8,300,000 of convertible subordinated debentures due 1980. The company proposes to offer to the holders of its outstanding common stock of record on or about June 24, 1960, rights to subscribe for the debentures in the ratio of $100 principal amount of debentures for each 16 shares of common stock then held; the subscription offer will expire July 11, 1960. The new debentures which will be convertible into common stock until maturity, unless previously redeemed, will be entitled to an annual sinking fund commencing July 1, 1966, sufficient to retire approximately 93% of the debentures prior to maturity. **Proceeds**—For repayment of short-term debt. **Underwriter**—The First Boston Corp., New York, managing.

Miller & Van Winkle Co. (5/23-27)
April 7 (letter of notification) 75,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—155 Sherman Ave., Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York, N. Y.

● Missile Electronics, Inc. (7/5)
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.

● Monarch Tile Manufacturing, Inc. (5/23-27)
March 22 filed 58,337 shares of common stock (par $5) 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.

Monowall Homes, Inc.
April 22 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay an outstanding note, purchase of land, equipment and for working capital. **Office**—546 Equitable Building, Baltimore 2, Md. **Underwriter**—American Diversified Securities, Inc., Washington, D. C.

Montgomery Ward Credit Corp. (6/27-7/1)
May 5 filed $50,000,000 of debentures, 1980 series. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds and will be available for the purchase of deferred payment accounts from Montgomery Ward & Co., Inc. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter**—Lehman Brothers, New York.

★ Montreal (City of), Canada (5/25)
May 6 filed $14,000,000 of sinking fund debentures for local improvements, due 1980, and $14,000,000 of sinking fund debentures for public works, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For various public works projects and for repayment of some interim debt. **Underwriter**—To be determined by competitive bidding. Probable bidders: Shields & Co., Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler (jointly); Lehman Brothers, White, Weld & Co., Eastman Dillon, Union Securities & Co., and Blyth & Co. (jointly); Smith, Barney & Co. and Dominion Securities Corp. (jointly). **Bids**—Expected to be received on May 25.

● Movielab Film Laboratories Inc. (6/20)
May 4 filed 100,000 shares of class A common stock (par $1) including 62,500 shares to be offered for public sale by the company and 37,500 shares which are outstanding and will be offered by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—619 West 54th St., New York. **Underwriter**—Granbery, Marache & Co., New York.

Namm-Loeser's Inc. (5/31)
April 27 filed 217,278 shares of common stock (par $1). The company proposes to offer 108,000 shares of new common stock for subscription by holders of outstanding stock of record May 31, at the rate of one new share for each three shares held. Arebec Corp., of New York, which owns 109,278 common shares, has entered into an agreement to sell said shares to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—To be added to company's general funds and will enable it to use all or part of the proceeds in the reduction of bank indebtedness. **Office** — 2301 Woodward Ave., Detroit, Mich. **Underwriter**—Ladenburg, Thalmann & Co., New York.

National Cash Register Co. (6/2)
April 29 filed $40,000,000 of sinking fund debentures, due June 1, 1985. **Price**—To be supplied by amendment. **Proceeds**—To repay current bank loans and for working capital. **Office**—Main and K Sts., Dayton, Ohio. **Underwriter**—Dillon, Read & Co., Inc., New York. **Listing**—Application will be made to list the debentures on the New York Stock Exchange.

● National Lawnservice Corp. (6/6-10)
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.

● National Old Line Life Insurance Co. (6/6-10)
April 12 filed 128,329 shares of class BB (non-voting) common stock, of which 43,329 shares are to be offered for the account of the issuing company and 80,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

National Packaging Corp. (5/23-27)
March 30 filed 60,000 of common capital stock (par $1). **Price**—$6 per share. **Proceeds**—To retire $87,000 of indebtedness, to purchase $18,000 of additional machinery and equipment, to set up a small plant (at cost of $28,000) on the West Coast to service the fruit tray and vegetable tray business in that area, and for working capital. **Office** — 3002 Brooklyn Ave., Fort Wayne, Ind. **Underwriter**—First Securities Corp., 212 W. Jefferson St., Ft. Wayne, Ind.

National Union Life Insurance Co.
March 29 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For expenses in the operation of an insurance company. **Address**—Montgomery, Ala. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

★ Nebraska Consolidated Mills Co.
May 11 filed 111,951 shares of common stock, to be offered for subscription by holders of outstanding common, at the rate of one new share for each four shares held. **Price** — $10 per share. **Proceeds** — To be added to the general funds of the company and will be used to finance larger inventories and accounts receivable. **Office**—1521 North 16th St., Omaha, Neb. **Underwriter**—None.

★ New Britain Gas Light Co.
May 18 filed 16,000 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds** — To discharge bank loans, for construction, and for general corporate purposes. **Office**—New Britain, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

New Jersey Natural Gas Co.
March 29 filed $3,830,000 of convertible debentures, 5¼% series due 1970, being offered to holders of its outstanding common stock at the rate of $4 principal amount of convertible debentures for each share held of record May 6, to expire on May 27 at 3:30 p.m. (EDST). The debentures will be sold at principal amount in denominations of $50, $100, $500, $1,000 and multiples of $1,000, and will be convertible into stock beginning Jan. 1, 1961, at the rate of $22 of debentures for each share of common. **Proceeds**—To be applied to the partial payment of short-term bank loans outstanding in the amount of $5,000,000 and obtained in connection with the company's construction program. **Office**—601 Bangs Ave., Asbury Park, N. J. **Underwriter**—Allen & Co., New York.

North Central Co. (5/27)
March 11 filed 420,945 shares of common stock (par $1). 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.

North Washington Land Co.
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

★ Northwestern Bell Telephone Co. (6/6)
May 13 filed $45,000,000 of 38-year debentures, due 1998. **Proceeds**—The company intends to use a portion of the net proceeds of the sale of the debentures to repay some $24,600,000 of advances from its parent, American Telephone & Telegraph Co. and to deposit the balance in its general funds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be opened on June 6, up to 11:30 a.m., New York Time, at Room 2315, 195 Broadway, N. Y. City.

Nuclear Engineering Co., Inc.
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds**—To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

Obear-Nester Glass Co. (5/23-27)
April 14 filed 210,045 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Broadway and 20th, East St. Louis, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

OK Rubber Welders, Inc. (5/23-6/3)
Mar. 29 filed 50,000 shares common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds of a $1,100,000 insurance company loan and $700,000 realized from the sale of installment notes to its wholly-owned susbidiary finance company, OK Acceptance Corp., will be used to reduce bank loans in the amount of $1,300,000; to repay other indebtedness in the amount of $228,600; and the balance of approximately $800,000 will be added to working capital. **Office**—551 Rio Grande Avenue, Littleton, Colo. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver, Colo.

● Otarion Listener Corp. (5/25)
March 28 filed 141,750 shares of common stock (par 10c). **Price**—$4 per share. **Proceeds**—Company will apply $150,000 to repay existing short-term obligations to banks; $60,000 in payment for the net assets and name of Taconic Factors, Inc. ,the stock of which is presently owned by Leland E. Rosemond, President and Board Chairman of Otarion; $100,000 for dealer and consumer advertising of the company's new model hearing aids; $40,000 for the establishment of production and sales facilities of a

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low-cost hearing aid in the European common market; $35,000 for research and development of subminiature products; and the balance of approximately $100,000 to be added initially to working capital and used for general corporate purposes, including financing of finished and semi-finished inventory. **Office**—Scarborough Park, Ossining, N. Y. **Underwriter**—D. A. Lomasney & Co., New York.

Ott Chemical Co. (5/23-26)
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.

Oxford Manufacturing Co., Inc. (6/13-20)
May 3 filed 240,000 shares of class A common stock (par $1), of which 160,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and the remaining 80,000 shares will be offered by the issuing company. **Price** — To be supplied by amendment. **Proceeds**—$150,000 will be used for the purchase of additional machinery and equipment to be installed in certain new manufacturing plant facilities, construction of which has been completed; the balance of the proceeds will be used for general corporate purposes. **Office**—151 Spring Street, N. W., Atlanta, Ga. **Underwriters**—W. C. Langley & Co., New York; and Courts & Co., Atlanta and New York.

● **Pacemaker Boat Trailer Co., Inc.**
Feb. 29 (letter of notification) 300,000 shares of common stock (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. **Note**—The underwriters have withdrawn.

● **Pacific Coast Properties, Inc. (5/31-6/3)**
April 19 filed 2,682,801 shares of common stock (par $1), of which 917,835 shares will be offered at $10 per share to the holders of Food Giant Markets, Inc. common, preferred, and employee stock options. **Price**—For remainder of offering to be supplied by amendment. **Proceeds**—$906,000 toward cost of property acquisition and the remainder for general corporate purposes. **Office**—Beverly Hills, Calif. **Underwriter**—Bear, Stearns & Co.

● **Pacific Panel Co. (6/13-17)**
Feb. 8 filed 100,000 shares of class A common stock, subsequently increased to 150,000 shares (par 50 cents). **Price**—$3. **Proceeds**—For reduction of indebtedness, for working capital; for establishment of three additional outlets and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th Street, Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc.

★ **Pan American Envelope Co., Inc.**
May 10 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For payment of a loan, equipment mortgages, purchase of new folding and printing equipment, inventory, promotion and advertising, etc. **Office**—6700 N. W. 35th Ave., Miami, Fla. **Underwriter** — Merritt, Vickers, Inc., New York, N. Y.

Patrick County Canning Co., Inc. (5/31-6/3)
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York.

● **Pearson Corp. (7/11-15)**
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None.

Pioneer Metals, Inc. (5/31-6/3)
April 20 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loans, inventory purchases, expansion and for working capital. **Office**—1900 N. E. Miami Court, Miami, Fla. **Underwriter**—Hancock Securities Corp., New York, N. Y.

● **Piper Aircraft Corp. (5/24)**
April 15 filed 100,000 shares of common stock, (par $1). **Price**—To be related to the current market for outstanding shares at the time of offering. **Proceeds**—To repay a $1,000,000 short-term bank loan. **Office**—820 East Bald Eagle St., Lock Haven, Pa. **Underwriter**—The First Boston Corp., 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. **Note**—This issue is to be withdrawn, and a new filing will be made by Pearson, Murphy & Co., Inc.

Pyramid Electric Co.
April 1 filed 89,675 shares of common stock to be issued to holders of the company's outstanding stock purchase warrants at the rate of one share for each warrant at a price of $3.25 per share. The warrants were issued in and after May, 1954, in connection with a previous public offering and included 46,000 to the underwriter, S. D. Fuller & Co., and 46,000 to the company's officers and employees. At present there are 89,675 warrants outstanding. The warrants are exercisable until June 25, 1960. **Office**—52 Broadway, New York. **Offering**—Expected in late May.

● **Rajac Self-Service, Inc. (7/11-15)**
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.

★ **Rangeley-Saddleback Corp.**
May 10 (letter of notification) 25,466 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For ski lifts, equipment, working capital, etc. **Address**—Rangeley, Maine. **Underwriter**—None.

Raymond Corp.
March 22 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $20 per share. **Proceeds** — For general corporate purposes. **Office** — Village of Greene, County of Chenango, of New York. **Underwriter**—George D. B. Bonbright & Co., Rochester, New York. **Offering**—Imminent.

Reeves Broadcasting & Development Corp. (6/13-17)
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

Reliance Manufacturing Co. (5/23)
March 28 filed 150,000 shares of common stock (par $5), of which 40,000 shares are to be offered for public sale for account of company. The remaining 110,000 shares are now outstanding and are to be offered for sale by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For repayment of short-term bank debt. **Office**—350 Fifth Ave., N. Y. **Underwriter**—Glore, Forgan & Co., New York.

● **Renner, Inc.**
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. **Offering**—Imminent.

Republic Ambassador Associates
April 29 filed $10,000,000 of Limited Partnership Interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To purchase hotels in Chicago from a Webb & Knapp subsidiary. **Office**—111 West Monroe Street, Chicago, Ill. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Expected in late June.

Republic Graphics Inc. (5/31-6/3)
April 29 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 134 Spring Street, New York, N. Y. **Underwriters**—Theodore Arrin & Co., Inc., 82 Beaver Street, New York, N. Y.; T. M. Kirsch & Co., and Robert A. Martin Associates, Inc., New York, N. Y.

★ **Ridgeway Center Associates, N. Y.**
May 11 filed 457 units of limited partnership interests aggregating $2,285,000, to be offered for sale in units. **Price**—$5,000 per unit. **Proceeds**—To acquire by assignment of a contract the Ridgeway Shopping Center in Stamford, Conn. **Office** — 50 East 42nd St., New York. **Underwriter**—None.

Safticraft Corp., Patterson, La. (5/31-6/3)
April 29 filed 275,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—The company proposes to use $50,000 to expand its efforts in the sale of Safticraft boats nationally; $250,000 for reduction of short-term borrowings; and the remaining $293,500 to be advanced to du Pont, Inc. as additional working capital necessary in the financing of increased inventories and receivables incident to the increased sales volume of Dupont. **Underwriter** — George, O'Neill & Co., Inc., New York.

Saucon Development Corp. (6/27-7/1)
April 28 (letter of notification) an undetermined number of shares of common stock (par $1) not to exceed $300,000. **Price**—To be supplied by amendment. **Proceeds**—For mining expenses. **Office** — c/o Wallace F. McQuade, Pres., 246 Beaconsfield Blvd., Beaconsfield, Quebec, Canada. **Underwriter**—P. Michael & Co., 69 Passaic St., Garfield, N. J.

● **Savannah Electric & Power Co. (6/16)**
May 11 filed $5,000,000 of first mortgage bonds, due 1990, and $3,000,000 of debentures, due June 1, 1985. **Proceeds**—For payment of outstanding notes and for construction expenses. **Office**—Savannah, Ga. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—To be received on June 16 up to 11 a.m. EDT at 90 Broad St., New York City, 19th floor. **Information Meeting**—June 14 at 2:30 p.m. EDT.

Savannah Newspapers, Inc. (6/8)
April 20 filed 480,000 shares of common stock (par $1). **Price**—$5.25 per share in lots of 20,000 or more; otherwise $5.55 per share. **Office**—Savannah, Ga. **Underwriter**—Johnson, Lane, Space Corp., Savannah, Ga.

● **Schaevitz Engineering (5/24)**
March 29 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Address**—U. S. Route 130 and Schaevitz Boulevard Pennsauken Township, N. J. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

● **Sea-Highways, Inc. (6/20-24)**
May 9 filed 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—Pan-American Bank Bldg., Miami, Fla. **Underwriter**—John R. Maher Associates, of New York.

● **Security Industrial Loan Association (6/13-17)**
April 13 filed $500,000 of 7% convertible subordinated debentures due May 1, 1975, and 50,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—To be available for loans to customers. **Office**—Central National Bank Building, Richmond, Va. **Underwriter**—Lee Higginson Corp., New York.

● **Service Instrument Corp. (5/31-6/3)**
March 23 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Office** — 693 Broadway, New York, N. Y. **Underwriter** — Pearson, Murphy & Co., Inc., New York, N. Y.

● **Servonics, Inc. (5/31-6/3)**
Feb. 25 filed 76,600 shares of common stock (par $1) to be issued to stockholders. The company will issue transferable subscription warrants evidencing (a) rights to subscribe for one new share of common stock for each five shares held on the record date, and (b) the privilege of subscribing for such of the shares offered as are not subscribed for upon the exercise of rights, if any, subject to allotment. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** 822 North Henry St., Alexandria, Va. **Dealer-Manager**—Kidder, Peabody & Co., New York.

● **Shellmak Corp.**
May 2 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—To purchase land and equipment for chip-n-sand courses. **Office** 14702 Hawthorne Boulevard, Lawndale, Calif. **Underwriter**—Binder & Co., Inc., Los Angeles, Calif.

● **Sierra Electric Corp. (5/31-6/3)**
March 29 filed 100,000 shares of common stock, of which 80,000 shares are to be sold for the account of the issuing company and 20,000 shares are to be sold for the account of the present holder thereof. **Price**—$9 per share (par $1). **Proceeds**—To reduce bank loans and for working capital. **Office**—Gardena, Calif. **Underwriter**—Marron, Sloss & Co., Inc., New York City.

Simmonds Precision Products, Inc. (6/6-10)
March 30 filed 112,500 shares of common stock (par $1) constituting its first public offering, of which 100,000 shares are to be offered for public sale by the issuing company and 12,500 shares being outstanding stock, by Geoffrey R. Simmonds, president. **Price** — To be supplied by amendment. **Proceeds** — To be added to company's working capital, thereby reducing the amount of funds required to be borrowed under its revolving credit agreement and putting the company in a more favorable position to secure, through borrowings, such additional funds as may be required from time to time. **Office**—105 White Plains Rd., Tarrytown, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

● **Sire Plan of Normandy Isle, Inc. (5/31-6/3)**
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.

Skyline Homes, Inc.
April 15 filed 115,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital and used for general corporate purposes. **Office**—2520 By-Pass Road., Elkhart, Ind. **Underwriter**—Rodman & Renshaw, Chicago, Ill. **Offering**—Expected in mid-June.

● **Smilen Food Stores, Inc. (5/31-6/3)**
March 25 filed in association with Heritage Industrial Corp. 200,000 shares of Smilen common (par $1) and 200,000 shares of Heritage (par $1). It is proposed to offer these securities for public sale in units, each unit consisting of one share of Smilen and one share of Heritage stock. **Price**—To be supplied by amendment. **Proceeds**—Smilen will use $95,000 of its share of the proceeds for remaining payments under a contract for purchase of two supermarkets and commissary from Windmill Food Stores, Inc.; $300,000 for inventory and supplies for the opening of three new supermarkets; $300,000 to repay bank loans; and the balance for general corporate purposes. Heritage will use its share of the stock as follows: $175,000 for construction and equipping of a supermarket in Franklin Square, L. I., to be leased to Smilen; $500,000 to purchase fixtures and equipment to be leased to Smilen for use in the three supermarkets to be constructed for Smilen by others; $25,000 to pay an indebtedness due Smilen; and the balance for general corporate purposes. **Office** — 47-02 Metropolitan Ave., Brooklyn, N. Y. **Underwriter**—Federman, Stonehill & Co., New York City.

Continued on page 42

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Continued from page 41

● Southern Electric Generating Co. (6/2)
April 25 filed $40,000,000 of first mortgage bonds, series of 1960 due June 1, 1992. **Proceeds**—For capital expenditures. **Office**—600 North 18th Street, Birmingham, Ala. **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). **Information Meeting**—Scheduled for May 31, 1960, at the First National City Bank of New York, 5th floor, 20 Exchange Place, New York City at 3:00 p.m. (EDST). **Bids**—Expected to be received on June 2, or subsequently on such day and time as shall be designated by the company by telegraphic notice to prospective bidders. Bids are to be presented at room 1600, 250 Park Avenue, New York City.

Southwest Forest Industries, Inc. (5/23-27)
Jan. 29 filed $12,000,000 of 6¼% subordinated income debentures, due Jan. 1, 1985 and 360,000 shares of common stock (par $1), to be offered in units of $100 of debentures and 3 shares of common. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construction of new plant. **Office**—444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City.

Southwest Indemnity & Life Insurance Co. (6/1)
Mar. 29 filed 238,590 shares of common stock (no par). The company proposes to offer this stock for subscription by common stockholders of record May 1, 1960, at the rate of one new share for each 2½ shares then held. Unsubscribed shares will be offered to certain persons, some of whom are directors and stockholders of the company, together with stock purchase warrants for 23,859 shares, for purchase for investment. **Price**—To be supplied by amendment. **Proceeds**—To be used for the company's general insurance business, thus enabling the company to acquire additional reinsurance agreements with other insurance companies, service such agreements and meet legal reserve requirements with respect to additional insurance in force thus acquired. **Office**—2013 Cedar Springs, Dallas, Tex. **Underwriter**—None.

(A. G.) Spalding & Bros. Inc. (6/7)
May 2 filed 85,484 shares of common stock, to be offered for subscription on the basis of one new share for each 10 shares held of record June 7, 1960. **Price**—$20 per share. The Pyramid Rubber Co., the largest individual stockholder, owning 178,978 shares, has agreed to purchase at the offering price within five days after the expiration of the subscription offer (June 24, 1960), all of the stock not sold to the company's stockholders. Pyramid Rubber may within 30 days thereafter resell for investment at the offering price some of the stock it shall acquire to other persons (not exceeding 15) who may be stockholders, officers or directors of the company. **Office**—Chicopee, Mass. **Underwriter**—None.

● Spartans Industries, Inc. (5/24)
March 31 filed 120,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1 West 34th St., New York. **Underwriters**—Shearson, Hammill & Co., and J. C. Bradford & Co., both of New York.

Speed-Way Food Stores Inc.
April 27 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—847 E. New York Avenue, Brooklyn, N. Y. **Underwriter** — J. J. Krieger & Co., Inc., New York, N. Y.

★ Spokane Enterprises, Inc.
May 9 (letter of notification) 400,000 shares of common stock (par 50 cents). **Price**—75 cents per share. **Proceeds**—For organization expenses, plant construction, inventory and working capital. **Office** — Spokane Industrial Park, Spokane 69, Wash. **Underwriter**—None.

● Spring Street Capital Co. (5/24)
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.

● Stelma, Inc. (6/27-7/1)
May 10 filed 175,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Stamford, Conn. **Underwriter**—Amos Treat & Co. Inc., New York City.

● Straza Industries (5/23-27)
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.

Super Food Services, Inc.
May 10 filed 60,000 preferred shares-convertible series ($1.50 annual cumulative dividend), $1 par. The company proposes to sell 50,000 shares through a group of underwriters headed by Wm. H. Tegtmeyer & Co., Chicago, Ill. on a firm commitment basis; and by a preoffering subscription Central Securities Corp. has conditionally agreed to purchase 10,000 such shares. **Price**—$25 per share for public offering. **Proceeds**—To provide the funds to exercise an option to purchase 72,600 of the 113,003 issued and outstanding shares of common of Progressive Wholesale Grocery Co., at a maximum aggregate price of $1,333,333. **Office**—Chicago, Ill.

● Superior Electric Co. (5/26)
March 17 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Bristol, Conn. **Underwriter**—Lee Higginson Corp., New York City.

Swimming Pool Development Co., Inc. (5/31-6/3)
April 15 filed 250,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — Principally for additional working capital. **Office**—Florence, Ala. **Underwriter**—Marron, Sloss & Co., Inc., New York.

● Telecomputing Corp. (5/31-6/3)
April 11 filed 100,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — 915 North Citrus Ave., Los Angeles, Calif. **Underwriter** — Dean Witter & Co., New York City and Los Angeles.

● Telectro Industries Corp. (5/23-27)
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.

● Teleregister Corp. (5/31-6/3)
March 30 filed $6,000,000 of 6% subordinated sinking fund debentures, due May 1980 (with attached warrants) and 240,000 shares of common stock (no par). These securities are to be offered for sale in units, each consisting of a $1,000 debenture (with 5-year warrants to purchase 20 common shares initially at $15 per share) and 40 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For repayment of current credit agreement with bank and the balance will be applied to the company's construction program. **Office**—445 Fairfield Ave., Stamford, Conn. **Underwriters** — Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros., all of New York.

● Texas Capital Corp.
May 4 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be used to provide investment capital and management services to small business concerns. **Office**—705 Lamar Blvd., Austin, Texas. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected sometime in June.

Texas Eastern Transmission Corp. (5/25)
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., Nw York City.

● Thermal Industries of Florida, Inc. (5/23-27)
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.

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.

★ Transtates Petroleum Inc.
May 9 (letter of notification) 279,000 shares of common stock to be offered for subscription by common stockholders two for one and by preferred stockholders four for one. **Price**—30 cents per share. **Proceeds**—For working capital. **Office**—149 Broadway, New York 6, N. Y. **Underwriter**—None.

● Trans Tech Systems, Inc. (6/27-7/1)
March 29 filed 65,000 shares of common stock (par one cent). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office** — 5505 Wilshire Blvd., Los Angeles 48, Calif. **Underwriter**—Myron A. Lomasney & Co., New York.

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. **Underwriter**—Martinelli, Hindley & Co., Inc., New York, N. Y.

★ Triumph Storecrafters Corp.
May 18 filed 145,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Houston, Texas. **Underwriters**—Hardy & Hardy, New York City, and First Southeastern Co., Columbus, Ga.

★ Underwriters National Assurance Co.
May 12 filed 240,000 shares of common capital stock. **Price**—$7.50 per share. **Proceeds**—For general corporate purposes, including payment of operating expenses, the carrying on of the insurance business, and for working capital (and including $50,000 which will be certified to State authorities for investigation and examination by it to procure the certificate of authority to transact insurance business). **Office**—1939 North Meridian St., Indianapolis, Ind. **Underwriter**—David L. Johnson & Associates, Inc., Indianapolis, Ind.

United Components, Inc.
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 Financial Corp. of California (5/31-6/3)
March 30 filed $6,000,000 of convertible subordinated debentures due April 1, 1975, and 120,000 shares of capital stock, to be offered in units of $100 of debentures and two capital shares. **Price**—To be supplied by amendment. **Proceeds**—Approximately $1,000,000 will be used for general corporate purposes, and the balance will be distributed to holders of the capital stock prior to the issuance and sale of the units. **Office**—425 South La Brea Avenue, Inglewood, Calif. **Underwriter**—Lehman Brothers, New York City.

United States Boat Corp. (6/20-27)
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

● Uranium Reduction Co. (5/31-6/3)
March 31 filed 200,000 outstanding shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 557 First Security Bldg., Salt Lake City, Utah. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

Vector Manufacturing Co., Inc. (5/23-27)
April 14 filed 250,000 shares of common stock (no par). Of this stock, 100,000 shares are to be offered for public sale by the issuing company and 150,000 shares, now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For expansion. **Office** — Southampton, Pa. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

● Viewlex, Inc. (5/23)
April 12 filed 200,000 shares of class A common stock (par 25 cents). The offering will include 175,000 shares to be issued by the company and 25,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$4 per share. **Proceeds**—$100,000 will be used to purchase additional high speed automatic production equipment; $150,000 for research and development of new products; $75,000 to be reserved to cover the costs of moving present facilities into new and enlarged quarters; and the balance for working capital. **Office** — 35-01 Queens Blvd., Long Island City, N. Y. **Underwriter**—Stanley Heller & Co., New York.

● Vulcatron Corp. (5/25)
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.

Wallace Properties, Inc. (5/31-6/3)
April 5 filed $12,000,000 principal amount of 6% convertible subordinated debentures, due June 1, 1975 and 360,000 shares of common stock (par $2), to be offered only in units, each consisting of $100 principal amount of debentures and three shares of common stock. **Price**—To be supplied by amendment. **Office**—Dallas, Texas. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Waltham Precision Instrument Co., Inc. (5/31-6/3)
April 15 filed 700,000 shares of common stock (par $1). It is proposed that this offering will be on a subscription basis to the company's present common stockholders. **Price**—To be supplied by amendment. **Procceds**—$600,000 to pay the balance of the purchase price for Boesch Manufacturing Co., Inc. stock; $350,000 to pay the 5% chattel mortgage note held by the Secretary of the U. S. Treasury as assignee of the Reconstruction Finance Corp.; $200,000 to pay the 6% secured notes issued as part payment for the stock of Electro-Mec Laboratory, Inc.; and the balance for working capital and other corporate purposes. **Office**—221 Crescent St., Waltham, Mass. **Underwriter**—Schweickart & Co., New York.

Warren Industries, Inc. (6/13-20)
April 29 filed 275,000 shares of common stock (par $1), of which 175,000 shares are to be issued and sold by the company and 100,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$3 per share. **Proceeds**—$50,000 to purchase new equipment; $25,000 for research and development; $25,000 for advertising and promotion; $200,000 to acquire and open new facilities; $23,649 for payment of notes to stockholders, and $78,100 for working capital. **Office**—3701 N. W. 51st St., Miami, Fla. **Underwriter**—Merritt, Vickers, Inc., of New York City.

★ Washington Gas Light Co. (6/7)
May 12 filed $12,000,000 of refunding mortgage bonds, series due June 15, 1985. **Proceeds**—To be added to the company's general funds and applied in part to the company's 1960 construction program and to the retirement of $5,305,000 of long-term debt. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. **Information Meeting**—Scheduled for June 3 in Room 238, 43 Exchange Place, New York, at 11 a.m. (EDT). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on June 7, Room 1106, 1100 H Street, N. W., Washington, D. C.

● Wells Industries Corp.
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los

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Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City.

Westmore, Inc. (6/13-20)
May 9 (letter of notification) 150,000 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—137 South Ave., Fanwood, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

Whitmoyer Laboratories, Inc. (6/13-17)
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**—Equity Securities Co., 11 Broadway, New York City. **Offering**—Expected in June.

Win-Chek Industries, Inc.
April 26 filed 150,000 shares of class A stock to be publicly offered, 15,000 shares to be issued pursuant to a restricted stock option plan, and 21,500 shares being registered but not offered at this time. **Price**—$3 per share (par 25 cents). **Proceeds**—To purchase additional inventory and equipment and the balance to improve the company's working capital position. **Office** — Moonachie, N. J. **Underwriter**—Michael G. Kletz & Co. (managing).

Witco Chemical Co.
May 4 filed $8,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Office**—New York, N. Y. **Underwriters**—Smith, Barney & Co. Inc. and Goldman, Sachs & Co., both of New York. **Offering**—Expected in early June.

● **Yale Express System, Inc. (5/23-27)**
March 25 filed 300,000 shares of class A stock (par 25 cents) of which 150,000 shares are to be offered for public sale by the issuing company and the balance by the company's board chairman. **Price** — $5.50 per share. **Proceeds**—$400,000 to restore working capital expended to acquire American Freight Forwarding Corp. and for expansion of the freight forwarder operation; $150,000 to restore funds advanced in connection with the terminal recently constructed in North Bergen, N. J. and the balance for expansion and improvement. **Office**—460 12th Avenue, New York. **Underwriter**—Michael G. Kletz & Co., Inc., New York. **Offering**—Expected in late May.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

★ **American Sterilizer Co.**
May 17 it was reported that the company contemplates the filing of about 150,000 shares of common stock. **Underwriters** — Glore, Forgan & Co., New York, and Fulton Reid & Co., Inc., Cleveland, Ohio.

★ **Atlantic Coast Line RR. (6/8)**
Bids will be received by the Road on June 8 for the purchase from it of $4,665,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Avnet Electronics Corp.**
May 17 it was reported that the company contemplates the filing of about $2,000,000 of convertible debentures sometime in June. **Proceeds**—For expansion and general corporate purposes. **Office**—70 State St., Westbury, L. I., N. Y. **Underwriter**—Hemphill, Noyes & Co., New York.

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.

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.

Central Illinois Electric & Gas Co. (7/12)
Feb. 3 it was reported that about $10,000,000 of first 30-year 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). **Bids**—Expected to be received on July 12.

★ **Chicago, Burlington & Quincy RR. (6/7)**
Bids will be received by the Road on June 7 for the purchase from it of $2,550,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

City Gas Co.
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in June. **Underwriter**—Kidder, Peabody & Co., New York City.

Columbia Gas System, Inc.
March 11 it was announced that further debt financing is planned for later in the year. **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).

★ **Consolidated Edison Co.**
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stockholders may get rights to subscribe to convertible debentures or common stock in the Fall. This type of financing would be contingent upon the ability of the company to get its presently outstanding 4% debentures converted into common stock. Con Edison this year will spend about $225,000,000 on new construction compared with $222,000,000 in 1959 and $189,000,000 in 1958. For the five years through 1964, Mr. Forbes estimated that the utility would spend $1.2 billion for plant expansion. To finance the five-year program he said the company will have to issue some $800 million of securities of one kind or another.

Consumers Power Co. (7/26)
April 29 the company asked the Michigan Public Service Commission for permission to issue and sell securities with base value of $73,101,600. The company proposes to issue and sell first mortgage bonds in the amount of $35,000,000 maturing not earlier than 1990 for the best price obtainable but not less favorable to the company than a 5¼% basis. The mortgage bonds are expected in the last quarter of the year. It also proposes to issue and sell convertible debentures in amount of $38,101,600 maturing not earlier than 1975 at a price not less favorable to the company than a 5¼% basis. These debentures are to be offered to the company's common share owners of record July 26 for subscription on the basis of $100 principal amount of debentures for each 25 shares of common stock held with rights to expire on Aug. 12. **Proceeds** — To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Underwriter** — To be determined by competitive bidding. Probable bidders: For bonds — Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc. For debentures—Morgan Stanley & Co.

Deckert Dynamics, Inc.
March 16 it was announced that 100,000 shares of common stock are expected to be filed in early June. **Proceeds** — For general corporate purposes. **Office** — Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

★ **El Paso Electric Co.**
May 16 the Federal Power Commission authorized the company to issue 185,088 new shares of common stock and to reclassify 1,989,673 outstanding $5 par shares to no par value. The new stock, to be issued at no par value, will be distributed to common stockholders as a dividend or sold to employees under a company purchase plan. Of the total, 132,644 shares of the new stock will be distributed as a dividend on the basis of one new share for each 15 shares held. However, no fractional shares will be issued. A total of 52,333 of the new shares will be sold to employees, with proceeds going for construction expenditures.

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).

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

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.

● **Gulf States Utilities Co. (6/27)**
April 19 it was reported that the company will issue and sell $17,000,000 of 1st mtge. bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers. **Proceeds**—To pay short-term construction loans and for expansion purposes. **Bids**—Expected to be received on June 27 at 12 noon EDT. **Information Meeting**—Scheduled for June 15 at 10:30 a.m.

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.

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.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990. **Proceeds**—For capital expenditures, etc. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Illinois Bell Telephone Co. (7/6)
April 29 it was reported that the company plans the issuance and sale of about $50,000,000 of first mortgage bonds, maturity of which has not been set. **Proceeds**—For construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on July 6 up to 11 a.m. (EDST)

Indianapolis Power & Light Co. (9/27)
April 18 it was reported that the company will issue and sell $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. New York Time on Sept. 27. **Information Meeting**—Scheduled for Sept. 22 at 11:00 a.m.

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.

K.V.P. Sutherland Paper Co.
May 11 it was reported that a secondary offering of common stock is presently being discussed. **Proceeds**—To selling stockholders. **Underwriter** — Lehman Brothers, New York.

Laclede Gas Co. (7/14)
May 11 it was reported that a rights offering of $5,000,000 of common stock is contemplated, on the basis of one new share for each 14 shares held. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York, and Reinholdt & Gardner, St. Louis, Mo.

Laclede Gas Co. (7/11)
May 11 it was reported that the company contemplates the issuance and sale of $10,000,000 of 25-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Lehman Bros., Merrill Lynch, Pierce, Fenner & Smith Inc. and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11:00 a.m. (EDST) on July 11.

Lee Filter Corp.
May 9 it was reported that this company plans the filing of 10,000 shares of its common stock. **Price**—To be sup-
Continued on page 44

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Continued from page 43

plied by amendment. **Proceeds**—For expansion of business. **Office**—Edison, N. J. **Registration**—Imminent. **Underwriter**—Myron A. Lomasney & Co., New York.

Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on Oct. 18.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

• Missouri Pacific RR. (5/25)
April 27 it was reported that the Road plans to sell $3,975,000 of its equipment trust certificates on May 25. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler. **Bids**—To be received in St. Louis, Mo., up to 1:00 p.m. EDT.

Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in early May. The offering will consist of 75,000 common shares. **Price** — To be supplied by amendment. **Proceeds**—For expansion. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 38 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 up to 11:00 a.m. (EDST).

Northern Illinois Gas Co. (7/13)
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. April 5 it was announced that the company will sell $25,000,000 of first mortgage bonds. **Proceeds**—To finance a portion of the 1960-1964 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: A Halsey Stuart & Co. Inc. group. **Bids** — To be received on June 13, up to 11:00 a.m. EDT.

Northern States Power Co. (Minn.) (12/6)
May 11 it was reported that the company plans the issuance and sale of $35,000,000 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., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received by Dec. 6.

• Norwalk Co.
March 30 it was reported that the company plans to file an undetermined amount of common stock sometime soon. **Proceeds** — For expansion of business and general corporate purposes. **Office**—Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

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.

Panhandle Eastern Pipe Line Co.
April 19 it was reported that this company might sell about $65,000,000 of debentures, possibly in the third quarter of this year. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Peabody & Co., both of New York.

★ Pennsylvania Co.
May 16 it was announced that this wholly-owned subsidiary of the Pennsylvania RR. will market shortly an issue of 25-year collateral trust bonds to meet the Aug. 1 maturity of $35,000,000 of consolidated mortgage bonds. This issue will be secured by the stock of the Norfolk & Western Ry. and will have a substantial sinking fund.

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.
May 18 directors of this company took preliminary steps for the sale in September of $50,000,000 in first and refunding mortgage bonds with a maturity of not more than 30 years. **Proceeds**—To pay all or part of company's short-term indebtedness incurred for construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly).

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

San Diego Gas & Electric Co.
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly).

(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.

Sierra Pacific Power Co. (7/6)
April 18 it was reported that this public utility will issue and sell $3,000,000 of bonds, due 1990. **Underwriter**—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). **Bids**—Expected to be received on July 6.

South Carolina Electric & Gas Co.
March 25, S. C. McMeekin, President, informed this paper of plans to sell an undetermined principal amount of bonds, the timing of which will be subject to market conditions. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

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, an additional $55,000,000 to $60,000,000 will be needed to complete its estimated $123,000,000 construction program for 1960. This financing is dependent upon market conditions, and will probably be some type of debt security.

★ Southern Counties Gas Co.
May 16 it was reported that the company contemplates the issuance and sale of approximately $20,000,000 to $25,000,000 of first mortgage bonds, probably during this summer. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

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.

Southwestern Bell Telephone Co. (8/9)
March 28 directors of this company recommended a $100,000,000 debenture issue, subject to approval by regulatory authorities. **Proceeds**—To finance an expansion and improvement program over the next five years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 9.

• Steck Co.
May 4 it was reported that the company plans the filing of 60,000 shares of common stock. **Office** — Austin, Texas. **Registration** — Sometime in June. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

★ Tampa Electric Co. (6/28)
May 16 it was reported that the company plans the issuance and sale of $25,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Goldman, Sachs & Co. **Bids**—Expected to be received on June 28.

★ Telephone & Electronics Corp.
It was reported May 18 that a "Reg. A" filing of 52,980 shares of this firm's 25 cent par common stock, constituting the company's initial public financing, is expected shortly. **Office**—7 East 42nd St., New York City. **Underwriter**—Equity Securities Co., 39 Broadway, New York City 6, N. Y.

• Tennessee Valley Authority
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 sometime in the Fall. May 13 it was announced that about $50,000,000 of additional revenue bonds will be offered in the Spring of 1961. The type of bond issued will depend on market conditions. **Proceeds**—To finance construction of new generating capacity. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., First National City Bank of New York, Equitable Securities Corp. and Smith, Barney & Co. (jointly); First Boston Corp., Lazard Freres & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Chase Manhattan Bank and Morgan Guaranty Trust Co. of N. Y. (jointly); and Blyth & Co. and J. C. Bradford & Co. (jointly).

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

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.

Union Trust Co. of Maryland
April 21 directors of this bank announced plans to boost its capital stock by 100,000 shares to 500,000 shares, $10 par, by offering for subscription to present holders one new share for each four held. A special meeting of stockholders was called for May 25 to consider the plan. **Price**—To be set shortly before the offering. **Proceeds**—To increase capital and surplus. **Underwriter**—Alex Brown & Sons, Baltimore, Md. **Offering**—Expected in late May.

• Utah Power & Light Co.
April 12 it was reported that this company will ask stockholders at the annual meeting on May 16, to authorize 2,000,000 shares of $25 par preferred stock, part of which will be sold competitively. The company's quarterly report of April 15 stated that financing in the form of bonds and another as yet undetermined type of security is planned for September of this year. **Proceeds**—For construction purposes and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

Waldbaum, Inc.
May 11 it was reported that public financing is being contemplated by this supermarket chain. No confirmation was obtainable. **Office**—2300 Linden Blvd., Brooklyn, New York.

★ Winter Park Telephone Co.
May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. **Office**—132 East New England Ave., Winter Park, Fla.

Yardney Electric Corp.
May 9 it was reported that sometime in July this company expects to file an as yet undetermined amount of common stock. **Office**—40 Leonard St., New York City. **Underwriter**—To be named.

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STATE OF TRADE AND INDUSTRY

Continued from page 5

restraint on inventory accumulation. Last month, shipments were about equal to consumption. This month, the tide has turned.

"Steel" predicted that inventories will shrink by 1 million tons during the second quarter. Shipments to domestic customers will be about 20 million tons, including imports. But consumption will be about 21 million. The magazine estimated first half shipments of 43 million tons (vs. 48.2 million in last year's strike threatened first half).

Consumers will stop liquidating inventories by July and hold them at about 17 million tons until fall when there may be a moderate buildup.

Steelmakers are scraping the bottom of the backlog barrel, the magazine said. As backlogs diminish and consumers continue to live off their inventories instead of placing new orders, steelmakers are steadily reducing their output.

Last week, operations were at 73.8% of capacity; 1.2 points below the previous week's revised rate. Output: 2,102,000 ingot tons.

Export shipments last week buoyed scrap prices, notably in the East, but did not affect "Steel's" scrap price composite based on prices at Pittsburgh, Chicago, and eastern Pennsylvania. The composite on prime heavy melting steelmaking scrap stayed at $33.33 a gross ton.

The business outlook for 1960 is strengthening, "Steel" reported. The feeling is growing that 1960 is going to be a carbon copy of 1956 which started sluggishly but turned out to be a record year for metalworking.

To the chart watchers, 1956 was the year when eight leading business indicators went wrong. Those indicators gave what many believed was a clear indication of a weakening in the economy but it was a false storm warning. The latest indication from the same barometers tells the same story, but this time validity of the warning is being challenged because of bullish sentiment. For example:

In a check of the nation's business pulse, "Steel's" editors found a bullish attitude last week in the Chicago-Midwest area.

Businessmen are optimistic; some predict a record year. Prices have not firmed as much as managers believe they should, but sales are above year-ago levels. In most lines, price competition is fierce. The majority of companies face serious profit problems; earnings are not climbing as fast as sales volume.

There are weak spots: Order volumes in most capital goods lines are slightly above year-ago levels. Farm implement makers had a relatively slow first quarter.

This Week's Steel Output Based On 71.7% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *127.1% of steel capacity for the week, beginning May 16, equivalent to 2,042,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *130.9% and 2,102,000 tons in the week beginning May 9.

Actual output for last week beginning May 9, 1960 was equal to 73.8% 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 71.7%.

A month ago the operating rate (based on 1947-49 weekly production) was *139.3% and production 2,238,000 tons. A year ago the actual weekly production was placed at 2,644,000 tons, or *164.6%.

*Index of production is based on average weekly production for 1947-49.

Car Production in Latest Week to Set Three-Month High

Sharp increases in production by General Motors and Ford Motor Co. will establish passenger car production for week ended May 14 as a three-month high for the industry, "Ward's Automotive Reports" said.

In its weekly review of automotive operations, the statisical agency said estimated output of 150,338 units would be 6% greater than the preceding week (142,091) and the highest production since 153,501 cars were turned out the week ended Feb. 27.

Combined car and truck production of an estimated 178,781 units also would be a 12-week high, the best total since 185,198 vehicles were built during the week of Feb 27, "Ward's" said.

"Ward's" noted that compact car output for the latest week was expected to total about 38,000 units, compared with 42,000 last week. The drop in compact production, according to "Ward's" was the result of a week-long shutdown at Chrysler Corp.'s Valiant assembly line because of a shortage of engines.

"Ward's" indicated the engine shortgage would not interfere with Chrysler's increased production schedules for May and June, since its Trenton, Mich., engine plant is working on a three-shift basis.

Elsewhere in the industry, "Ward's" said, Saturday carbuilding was confined to American Motors Corp., seven Chevrolet plants, and Ford's Falcon and Comet facilities. Studebaker-Packard's assembly lines continued on four-day operations together with a few other plants, but the rest of the industry remained on five-day production schedules.

Ward's 1960 Automotive Yearbook Now Available

An urgent call for immediate removal or reduction of the Federal Excise Tax on motor vehicles to spare our government possible future international embarrassment and the industry severe economic loss is sounded by "Ward's 1960 Automotive Yearbook," just released.

Keynoting publication of its 22nd annual edition, the 260-page source book for the auto industry declares that "the dawn of the Era of the American Compacts and the consequent arrival of direct competition with their European counterparts make this (tax relief) imperative."

("Ward's Automotive Yearbook" is an associate publication of "Ward's Automotive Reports," the statistical and analyical weekly of the auto industry.)

"Ward's 1960 Automotive Yearbook" currently is being distributed as part of the regular weekly service of "Ward's" Automotive Reports." The Yearbook is available to non-subscribers for $7.50 per copy from the publisher, Ward's Automotive Yearbook, 550 West Lafayette Blvd., Detroit 26, Mich.

Carloadings Down 5.4% Below 1959 Week

Loading of revenue freight for the week ended May 7, 1960, totaled 641,703 cars, the Association of American Railroads announced. This was a decrease of 36,457 cars or 5.4% below the corresponding week in 1959 but an increase of 106,124 cars or 19.8% above the corresponding week in 1958.

Loadings in the week of May 7, were 1,568 cars or two-tenths of 1% below the preceding week.

There were 11,129 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended April 30, 1960 (which were included in that week's over-all total). This was an increase of 2,817 cars or 33.9% above the corresponding week of 1959 and 6,204 cars or 126.0% above the 1958 week. Cumulative loadings for the first 17 weeks of 1960 totaled 177,072 for an increase of 51,757 cars or 41.3% above the corresponding period of 1959, and 99,196 cars or 127.4% above the corresponding period in 1958. There were 52 class I U. S. railroad systems originating this type traffic in the current week compared with 47 one year ago and 40 in the corresponding week of 1958.

Lumber Shipments 5.5% Lower Than in 1959 Week

Lumber shipments of 461 mills reporting to the National Lumber Trade Barometer were 1.5% below production during the week ended May 7, 1960. In the same week new orders of these mills were 6.4% below production. Unfilled orders to reporting mills amounted to 33% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 18 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 5.3% below production; new orders were 7.2% below production.

Compared with the previous week ended April 30, 1960, production of reporting mills was 0.3% above; shipments were 3.3% below; new orders were 2.5% below. Compared with the corresponding week in 1959, production of reporting mills was 3.2% below; **shipments were 5.5% below**; and new orders were 16.5% below.

Electric Output 5.3% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 14, was estimated at 13,350,000,000 kwh., according to the Edison Electric Institute. Output was 211,000,000 kwh. above that of the previous week's total of 13,139,000,000 kwh. but showed a gain of 666,000,000 kwh., or 5.3% above that of the comparable 1959 week.

Business Failures Off Slightly in Latest Week

Commercial and industrial failures dipped to 304 from 327 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were slightly lower than the 311 occurring in the comparable week last year and were off from 327 in 1958. Some 5% fewer concerns succumbed than in prewar 1939 when the toll was 321.

Failures involving liabilities under $5,000 fell to 269 from 294 a week earlier and 275 a year ago. On the other hand, small casualties, those with liabilities under $5,000, edged up to 35 from 33 in the previous week and were almost even with the 36 of this size last year. Thirty-five of the failing businesses had liabilities in excess of $100,000, as against 28 in the preceding week.

Slight Decline in Wholesale Food Price Index

A slight decline occurred this week in the wholesale food price index, compiled by Dun & Bradstreet, Inc., and it was down moderately from a year ago. On May 10 the index stood at $5.93, compared with $5.97 a week earlier for a decline of 0.7%. It was 3.4% below the $6.14 of the corresponding period a year ago.

Commodities quoted higher in wholesale cost this week were flour, hams, lard, milk, cottonseed oil, and steers. Down in price were corn, rye, cocoa, eggs, potatoes and hogs.

The index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Close to Prior Week

With higher prices on corn, rye, hogs, lambs, rubber and tin offsetting declines on wheat, oats, lard, sugar and steers, the general commodity price level remained close to the prior week in the latest period. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 275.38 (1930-32=100) on May 16, compared with 275.15 a week earlier, and 276.52 on the corresponding date a year ago.

Reports of higher prospects of winter wheat production discouraged some buying, and wheat prices dipped somewhat from the prior week. Although prospects were improved for the new crop, rye trading was steady and prices were fractionally higher.

Offerings of corn were light and purchases were sustained at high levels during the week; corn prices were up fractionally. Oats prices were down somewhat, reflecting a moderate slackening in transactions. Increased supplies and a slight dip in volume resulted in a slight decrease in soybean prices.

Although domestic trading in flour was restricted to small replacement buying, export purchases picked up appreciably, especially by Indonesia and Bolivia; negotiations were underway for sizable shipments to go to Vietnam. Flour prices were unchanged from a week earlier.

Rice supplies were limited in some markets and further reductions were anticipated as a result of unfavorable weather in growing areas; this helped hold prices close to the prior week. Trading in rice moved up somewhat.

Transactions in coffee were sustained at a high level and prices were steady. There was a slight dip in cocoa prices during the week, reflecting a moderate decrease in volume. While volume in sugar was steady, prices were down somewhat.

A slight increase occurred in hog prices from the prior week, as volume was moderately higher. Hog receipts in Chicago showed a slight rise from a week earlier. Supplies of lambs were limited holding volume close to the prior week; lamb prices were fractionally higher. Although purchases of steers were steady, prices dipped somewhat.

Prices on the New York Cotton Exchange moved within a narrow range and finished unchanged from a week earlier. Exports of cotton for the week ended last Tuesday came to about 124,000 bales, compared with 306,000 a week earlier and 57,000 in the similar period a year ago. Exports for the season through May 10 amounted to about 5,719,000 bales, compared with 2,247,000 in the comparable period last year.

Retail Trade Up Fractionally From Year Ago

Despite a good last-minute response to Mother's Day sales promotions, over-all retail trade in the week ended this Wednesday fell somewhat from a week earlier, however, sales were up fractionally from a year ago. While volume in appliances, housewares, and linens was up slightly from last year, interest in both men's and women's apparel showed little change. Purchases of new passenger cars were sustained at high levels, and sales remained well over a year ago, according to scattered reports.

The total dollar volume of retail trade in the week May 11 was from 1% below to 3% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic and Mountain +2 to +6; Pacific Coast +1 to +5; New England and East North Central 0 to +4; South Atlantic and West South Central −2 to +2; East South Central −4 to 0; West North Central −6 to −2.

While cold weather discouraged the buying of Summer apparel and fashion accessories, interest in Spring suits and sportswear was steady; volume in fashion accessories and lingerie remained close to a year ago. Year-to-year gains in men's lightweight suits offset declines in furnishings and sportswear holding over-all volume in men's apparel at the similar year ago level. Retailers reported little change from last year in sales of children's merchandise.

There was a moderate rise from both the prior week and a year ago in purchases of air conditioners, television sets, and laundry equipment. While the call for dinnerware, glassware, and household utensils showed slight year-to-year gains, volume in furniture and draperies was down somewhat. Sales of linens and floor coverings were sustained at high levels and were up fractionally from a year ago.

Nationwide Department Store Sales Down 1% for May 7 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended May 7, 1960, decrease 1% below the like period last year. In the preceding week, for April 30, an increase of 7% was reported. For the four weeks ended May 7 a 6% increase was registered over the same period in 1959 while the Jan. 1 to May 7 period showed a 3% increase.

According to the Federal Reserve System department store sales in New York City for the week ended May 7 increased 8% over the like period last year. In the preceding week ended April 30 sales increased 18% over the like period last year. For the four weeks ending May 7 a 13% increase was reported over the 1959 period, and from Jan. 1 to May 7 showed a 3% increase over 1959.

Toronto Exch. Elects E. D. Scott

TORONTO, Canada—The election of Eric D. Scott as Chairman of the board of governors of the Toronto Stock Exchange has been announced. He succeeds C. P. Lailey, partner in the Toronto firm of Burgess & Co.

Mr. Scott is a partner in the Toronto brokerage firm of J. H. Crang & Co.; a director of Grace Canadian Securities, Inc., 25 Broadway, New York, and has served on the Toronto Stock Exchange board since 1948.

He has previously served as Vice-Chairman and as Secretary of the Toronto Exchange, and has been Chairman of the market's Listing Committee for the past several years.

Crocker in Cambridge

CAMBRIDGE, Mass. — Percy G. Crocker is now conducting his investment business from offices at 15 Fresh Pond Lane. He was formerly a partner in Percy G. Crocker & Co. of Boston.

Davis, Polk Opens

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Davis, Polk & Co., Inc., is conducting a securities business from offices at 926 J Building. Officers are Willard H. Davis, president; Donald A. Davis, vice president; and Wilbur D. Polk, secretary-treasurer.

Joins McDonnell Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Peter E. White has become affiliated with McDonnell & Co., Incorporated, Russ Building. He was formerly with Cruttenden, Podesta & Co., and McAndrew & Co. Incorporated.

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Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	May 21	§71.7	*73.8	78.5	93.4
Equivalent to—					
Steel ingots and castings (net tons)	May 21	§2,042,000	*2,102,000	2,238,000	2,644,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 6	6,771,210	7,014,310	7,028,410	7,200,225
Crude runs to stills—daily average (bbls.)	May 6	¶7,788,000	7,945,000	8,035,000	7,722,000
Gasoline output (bbls.)	May 6	26,924,000	27,507,000	28,680,000	27,003,000
Kerosene output (bbls.)	May 6	2,010,000	2,248,000	2,755,000	1,759,000
Distillate fuel oil output (bbls.)	May 6	11,636,000	12,012,000	12,638,000	11,995,000
Residual fuel oil output (bbls.)	May 6	5,657,000	6,622,000	6,913,000	6,517,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 6	218,772,000	219,524,000	224,995,000	208,419,000
Kerosene (bbls.) at	May 6	21,468,000	20,024,000	18,221,000	21,616,000
Distillate fuel oil (bbls.) at	May 6	83,501,000	81,375,000	74,419,000	87,655,000
Residual fuel oil (bbls.) at	May 6	38,705,000	39,320,000	39,373,000	55,553,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 7	641,703	643,271	598,384	678,160
Revenue freight received from connections (no. of cars)	May 7	551,838	558,395	549,252	587,773
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 12	$385,800,000	$530,400,000	$397,800,000	$415,600,000
Private construction	May 12	206,000,000	235,100,000	171,400,000	190,400,000
Public construction	May 12	179,800,000	295,300,000	226,400,000	225,200,000
State and municipal	May 12	140,600,000	209,700,000	196,200,000	168,200,000
Federal	May 12	39,200,000	85,600,000	30,200,000	57,000,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 7	8,275,000	8,300,000	8,310,000	8,457,000
Pennsylvania anthracite (tons)	May 7	278,000	306,000	260,000	318,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 7	156	*151	153	158
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 14	13,350,000	13,139,000	13,263,000	12,684,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 12	304	327	308	311
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 10	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	May 10	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	May 10	$33.17	$33.17	$33.50	$33.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 11	32.600c	32.600c	32.600c	31.175c
Export refinery at	May 11	30.550c	31.925c	31.125c	28.325c
Lead (New York) at	May 11	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	May 11	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	May 11	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	May 11	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig, 99.5%) at	May 11	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	May 11	99.250c	99.375c	99.375c	102.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 17	84.50	85.69	83.69	83.42
Average corporate	May 17	84.94	84.94	85.46	87.32
Aaa	May 17	89.51	89.51	89.51	90.48
Aa	May 17	87.32	87.45	87.86	89.37
A	May 17	84.43	84.55	84.94	87.18
Baa	May 17	78.90	78.90	80.08	82.77
Railroad Group	May 17	82.52	82.65	82.77	86.38
Public Utilities Group	May 17	85.33	85.33	86.24	86.51
Industrials Group	May 17	86.91	86.78	87.59	89.37
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 17	4.11	3.97	4.19	4.13
Average corporate	May 17	4.79	4.79	4.75	4.61
Aaa	May 17	4.45	4.45	4.45	4.38
Aa	May 17	4.61	4.60	4.57	4.46
A	May 17	4.83	4.82	4.79	4.62
Baa	May 17	5.28	5.28	5.18	4.96
Railroad Group	May 17	4.98	4.97	4.96	4.68
Public Utilities Group	May 17	4.76	4.76	4.69	4.67
Industrials Group	May 17	4.64	4.65	4.59	4.46
MOODY'S COMMODITY INDEX	May 17	382.0	378.9	380.7	386.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 7	345,576	321,258	299,289	332,434
Production (tons)	May 7	312,547	307,102	316,815	313,894
Percentage of activity	May 7	93	92	94	94
Unfilled orders (tons) at end of period	May 7	475,187	428,599	450,380	525,874
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 13	110.95	110.38	110.71	110.61
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 22	2,268,570	1,602,360	2,246,500	2,607,380
Short sales	Apr. 22	405,650	260,510	396,200	446,100
Other sales	Apr. 22	1,955,400	1,240,530	1,706,740	2,201,390
Total sales	Apr. 22	2,361,050	1,501,040	2,102,940	2,647,490
Other transactions initiated off the floor—					
Total purchases	Apr. 22	370,460	245,230	331,940	376,270
Short sales	Apr. 22	44,700	14,300	44,600	80,100
Other sales	Apr. 22	370,130	230,970	270,130	355,270
Total sales	Apr. 22	414,830	245,270	314,730	435,370
Other transactions initiated on the floor—					
Total purchases	Apr. 22	716,082	510,300	685,215	694,710
Short sales	Apr. 22	104,820	66,860	126,450	133,250
Other sales	Apr. 22	722,275	521,422	593,934	875,100
Total sales	Apr. 22	827,095	588,282	720,384	1,008,350
Total round-lot transactions for account of members—					
Total purchases	Apr. 22	3,355,112	2,357,890	3,263,655	3,678,360
Short sales	Apr. 22	555,170	341,670	567,250	659,450
Other sales	Apr. 22	3,047,805	1,992,922	2,570,804	3,431,760
Total sales	Apr. 22	3,602,975	2,334,592	3,138,054	4,091,210
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	Apr. 22	1,894,274	1,260,341	1,519,716	2,297,540
Dollar value	Apr. 22	$95,585,664	$64,930,707	$73,033,522	$38,508,521
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Apr. 22	1,643,615	1,140,057	1,298,812	1,967,040
Customers' short sales	Apr. 22	14,562	7,833	11,862	8,809
Customers' other sales	Apr. 22	1,629,053	1,132,224	1,286,950	1,958,231
Dollar value	Apr. 22	$80,079,227	$56,393,379	$61,557,659	$111,918,848
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 22	438,980	316,860	348,560	529,790
Short sales	Apr. 22	------	------	------	------
Other sales	Apr. 22	438,980	316,860	348,560	529,790
Round-lot purchases by dealers—Number of shares	Apr. 22	647,870	441,490	587,670	692,910
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	Apr. 22	692,620	426,880	709,660	737,780
Other sales	Apr. 22	14,745,520	10,366,290	13,341,240	17,619,350
Total sales	Apr. 22	15,438,140	10,793,170	14,050,900	18,357,130
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 10	119.9	119.8	120.0	119.7
Farm products	May 10	91.5	*90.7	91.2	90.7
Processed foods	May 10	107.3	*107.0	106.7	107.8
Meats	May 10	97.1	*96.2	95.6	102.8
All commodities other than farm and foods	May 10	128.4	128.4	128.7	128.1

*Revised figure. ¶Includes 868,000 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
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of March:			
New England	$23,513,930	$22,242,748	$81,039,758
Middle Atlantic	51,828,277	21,558,428	54,609,709
South Atlantic	63,580,208	39,604,291	44,528,905
East Central	90,942,023	74,344,911	96,522,747
South Central	109,396,294	90,851,161	111,701,397
West Central	28,878,541	19,941,676	49,578,040
Mountain	35,087,559	23,535,980	30,276,024
Pacific	156,176,768	124,424,146	146,148,637
Total United States	$559,403,600	$416,523,341	$614,405,217
New York City	133,454,537	55,674,725	96,589,327
Total including New York City	$692,858,137	$472,198,066	$710,994,544
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of March (Millions of dollars):			
Manufacturing	$54,700	$54,200	$50,600
Wholesale	12,900	12,700	12,000
Retail	25,800	24,600	24,700
Total	$93,400	$91,500	$87,300
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of March 31:			
Total consumer credit	$51,162	$51,021	$44,925
Instalment credit	39,648	39,408	34,234
Automobile	16,876	16,677	14,494
Other consumer goods	9,940	9,997	8,691
Repairs and modernization loans	2,706	2,695	2,338
Personal loans	10,126	10,039	8,711
Noninstalment credit	11,514	11,613	10,691
Single payment loans	4,222	4,151	3,755
Charge accounts	4,118	4,305	4,004
Service credit	3,174	3,157	2,932
CONSUMER PRICE INDEX—1947-1949=100—Month of March:			
All items	125.7	125.6	123.7
Food	117.7	117.4	117.7
Food at home	114.7	114.4	115.5
Cereal and bakery products	135.5	135.2	134.1
Meats, poultry and fish	107.2	106.2	111.3
Dairy products	116.4	116.5	113.8
Fruits and vegetables	125.0	125.9	120.7
Other food at home	103.4	102.9	107.3
Food away from home (Jan. 1953=100)	118.0	117.8	114.3
Housing	131.3	131.2	128.7
Rent	141.2	141.0	139.1
Gas and electricity	124.1	124.0	118.5
Solid fuels and fuel oil	137.2	139.0	140.3
Housefurnishings	104.7	104.3	103.8
Household operation	136.9	136.3	133.7
Apparel	108.8	108.4	107.0
Men's and boys'	108.9	108.7	107.8
Women's and girls'	99.6	99.3	99.0
Footwear	139.7	138.7	132.0
Other apparel	93.0	92.8	91.8
Transportation	146.5	*147.5	144.9
Private	134.9	*136.0	134.0
Public	199.4	199.3	192.0
Medical care	155.0	154.7	149.2
Personal care	132.7	132.6	129.7
Reading and recreation	120.9	120.6	117.3
Other goods and services	131.7	131.8	127.3
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of April:			
Industrials (125)	3.56	3.47	3.11
Railroads (25)	5.70	5.50	4.42
Utilities (not incl. Amer. Tel. & Tel.) (214)	3.97	4.01	3.87
Banks (15)	3.92	3.85	3.98
Insurance (10)	2.93	2.87	2.57
Average (200)	3.68	3.59	3.29
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Feb. (000's omitted):			
Savings and loan associations	$858,725	$777,492	$1,058,665
Insurance companies	102,583	107,132	115,908
Banks and trust companies	342,036	342,585	492,548
Mutual savings banks	103,527	114,847	112,091
Individuals	324,946	310,054	317,707
Miscellaneous lending institutions	416,987	427,312	488,920
Total	$2,148,804	$2,079,422	$2,585,839
RUBBER MANUFACTURING ASSOCIATION INC.—Month of March:			
Passenger and Motorcycle Tires (Number of)			
Shipments	8,578,397	8,903,922	9,258,079
Production	9,679,058	9,370,874	9,964,340
Inventory	24,144,386	22,971,526	20,204,319
Truck and Bus Tires (Number of)—			
Shipments	1,158,457	*1,275,433	1,304,042
Production	1,436,191	1,400,931	1,390,661
Inventory	3,777,038	3,501,888	3,680,472
Tractor Implement Tires (Number of)—			
Shipments	359,974	305,383	447,911
Production	327,486	307,364	407,408
Inventory	1,029,625	1,041,590	931,272
Passenger, Motorcycle, Truck and Bus Inner-Tubes (Number of)—			
Shipments	3,281,836	*4,010,910	4,435,391
Production	4,240,827	*4,042,697	4,459,094
Inventory	10,112,657	9,001,961	7,629,223
Tread Rubber (Camelback)—			
Shipments (pounds)	35,233,000	33,145,000	37,665,000
Production (pounds)	33,617,000	33,042,000	38,569,000
Inventory (pounds)	27,776,000	30,058,000	34,515,000
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of April 30	$288,919,076	$286,964,796	$285,459,964
General funds balance	6,294,154	5,189,029	5,969,072
Net debt	$282,624,922	$281,775,767	$279,490,892
Computed annual rate	3.325%	3.336%	2.824%
U. S. GOVT. STATUTORY DEBT LIMITATION—As of April 30 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$288,000,000
Outstanding—			
Total gross public debt	288,787,347	286,826,484	285,353,359
Guaranteed obligations not owned by the Treasury	131,729	138,311	106,604
Total gross public debt and guaranteed obligations	$288,919,076	$286,964,796	$285,459,964
Deduct—Other outstanding public debt obligations not subject to debt limitation	407,970	408,805	419,708
Grand total outstanding	$288,511,106	$286,555,990	$285,040,255
Balance face amount of obligations issuable under above authority	6,488,893	8,444,010	2,959,744

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Trevor Named V.P. Of Two Funds

Paul Trevor has been elected a Vice-President of Affiliated Fund, Inc. and American Business Shares, Inc., open-end investment companies with assets aggregating about $600,000,000, according to an announcement by H. I. Prankard, 2nd, President. Mr. Prankard stated that Mr. Trevor has also been made manager of the investment department of Lord, Abbett & Co., 63 Wall Street, New York City, investment advisor to the two investment companies. Robert S. Driscoll, a partner of Lord, Abbett & Co. will continue the general supervision of all of the firm's investment activities.

Paul Trevor

Mr. Trevor has been associated with Lord, Abbett & Co. as a senior security analyst for the past eight years.

Uris Bldg. Corp. Securities Off'd

An underwriting group managed by Kuhn, Loeb & Co., today (May 19) is offering sinking fund debentures, warrants and common stock of this corporation. The financing will mark the first public offering of securities of one of the leading companies engaged in building and operating office buildings.

The offering consists of $20,000,000 of the corporation's 6½% sinking fund debentures due 1975 (with warrants to purchase 800,000 common shares) and 400,000 shares of common stock. The offering is being made only in units, each unit comprising $100 principal amount of debentures (with an attached warrant to purchase four shares of common stock) and two shares of common stock. The price of each unit is $115 and accrued interest.

Each warrant, which will be detachable and exercisable commencing Aug. 16, 1960, entitles the holder to purchase four shares of common stock at a price of $12.50 per share through May 1, 1975, the maturity date of the debentures. Upon the exercise of warrants, the purchase price for the common stock is payable at the holder's option either in cash or by surrender of debentures at their principal amount.

The debentures will have the benefit of an annual sinking fund which will commence on May 1, 1963, and is designed to retire 90% of the issue one year prior to maturity. They will not be redeemable at the option of the company prior to May 1, 1965, on and after which date the debentures may be redeemed at prices decreasing from 104½% to 100%, plus accrued interest.

The company presently owns three office buildings, is constructing three additional office buildings, and will commence construction on a seventh office building in 1960. These buildings will have rentable area of approximately 4,587,000 square feet.

A substantial part, approximately $9,386,000, of the net proceeds from the offering will be available for general corporate purposes, including financing part of the cost of construction of the three structures now being built and the one scheduled for construction in 1960 and for the planning and assembling of land for other building projects. The balance of the net proceeds will be used largely to repay accounts and loans incurred by subsidiaries and to defray the cost of tenant improvements.

The three completed buildings owned by the company are Two Broadway, New York City, with 1,324,000 square feet of rentable area, and Three Penn Center Plaza and Two Penn Center Plaza, Philadelphia, with combined rentable area of 916,000 square feet. The buildings under construction, all in New York City, are: 320 Park Avenue, with 563,000 square feet; 350 Park Avenue, with 463,000 square feet; and 850 Third Avenue, with 471,000 square feet. The 60 Broad Street building, to be started this year and completed early in 1962, will have a rentable area of 850,000 square feet.

Forms Jayvee Co.

Frank Jayson is engaging in a securities business from offices at 160 Broadway, New York City under the firm name of Jayvee Company.

Sheppard Dir. of Bank of Montreal

G. Harry Sheppard was appointed a director of the Bank of Montreal at the first weekly board meeting of the bank to be held in Toronto. Mr. Sheppard is President of International Business Machines Co., Ltd., Toronto, and a director of Imperial Life Assurance Co. of Canada, Canadian Surety Co., and IBM World Trade Corp., New York. He began his career with IBM in 1929, and in 1941 became district manager for Eastern Canada. Mr. Sheppard served as director general of organizations and personnel in the wartime Department of Munitions and Supplies from 1942 until 1943, when he returned to IBM as general sales manager. He has been President of the company since 1945.

G. Harry Sheppard

Howell Joins Boothe

SAN FRANCISCO, Calif.—James B. Howell, Jr., widely known in regional business and financial activities, has been named administrative assistant to the President of Boothe Leaving Corp.

Prior to joining Boothe, Mr. Howell had served for three years as Vice-President and national sales manager of United States Leasing Corporation. He was a member of the San Francisco Stock Exchange and a partner in Howell, Douglass & Co., securities brokers, in 1939.

C. A. Cavanaugh Opens

BUFFALO, N. Y. — Connell A. Cavanaugh is conducting a securities business from offices at 110 Tudor Boulevard.

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles will hold their annual Spring Party at the Riviera Hotel in Palm Springs the week-end of June 3-5. The Riviera is Palm Springs newest hotel and will also be the site of the National Security Traders Association convention in 1961.

With the facilities of the Riviera and a lot of hard work by President Ralph Dahl, Evans MacCormack & Co., and his committee, chairmanded by William Ginn, Dean Witter & Co., the Association expects its best Spring Party in history.

Many out-of-town guests are expected this year as well as a record turnout of local members.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York Bowling League will hold their annual dinner Thursday, June 2, at the Coachman, 13 William Street, beginning at 5:30 p.m. Members wishing to attend should contact Sidney Jacobs, Sidney Jacobs Co.

DIVIDEND NOTICE

P. Lorillard Company

DIVIDEND NOTICE

Regular quarterly dividend of $1.75 per share on the Preferred Stock and regular quarterly dividend of $.55 per share on the outstanding Common Stock of P. Lorillard Company have been declared payable July 1, 1960, to stockholders of record at the close of business June 3, 1960. Checks will be mailed.

New York, May 18, 1960 G. O. DAVIES, *Treasurer*

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Little Cigars: BETWEEN THE ACTS, MADISON

Chewing Tobaccos: BEECH-NUT, BAGPIPE, HAVANA BLOSSOM

Turkish Cigarettes: MURAD, HELMAR

DIVIDEND NOTICES

The Board of Directors of CONSOLIDATION COAL COMPANY at a meeting held today, declared a quarterly dividend of 35 cents per share on the Common Stock of the Company, payable on June 14, 1960, to shareholders of record at the close of business on May 27, 1960. Checks will be mailed.

JOHN CORCORAN, *Vice-President & Secretary*

May 17, 1960.

Dividend No. 121

A Dividend No. 121 of Twenty-Five Cents ($.25) on the Common Stock has been declared, payable July 1, 1960 to stockholders of record June 15, 1960.

M. B. LOEB, President

Brooklyn, N. Y.

BRIGGS & STRATTON CORPORATION

DIVIDEND

The Board of Directors has declared a regular quarterly dividend of fifty cents (50c) per share on the capital stock ($3 par value) of the Corporation, payable June 15, 1960, to stockholders of record May 27, 1960.

L. G. REGNER, Secretary-Treasurer

Milwaukee, Wis.
May 17, 1960

CYANAMID

AMERICAN CYANAMID COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series D, payable July 1, 1960, to the holders of such stock of record at the close of business June 1, 1960.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of forty cents (40¢) per share on the outstanding shares of the Common Stock of the Company, payable June 24, 1960, to the holders of such stock of record at the close of business June 1, 1960.

R. S. KYLE, *Secretary*

New York, May 17, 1960.

DIVIDEND NOTICES

E. I. DU PONT DE NEMOURS & COMPANY

Wilmington, Del., May 16, 1960

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock—$4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable July 25, 1960, to stockholders of record at the close of business on July 8, 1960; also $1.50 a share on the Common Stock as the second quarterly interim dividend for 1960, payable June 14, 1960, to stockholders of record at the close of business on May 23, 1960.

P. S. DU PONT, *Secretary*

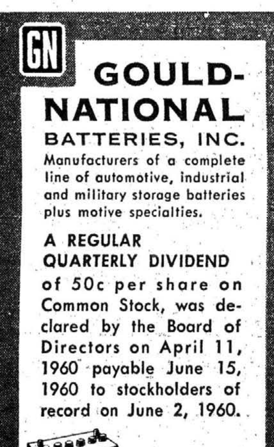
THE TITLE GUARANTEE COMPANY

DIVIDEND NOTICE

Trustees of The Title Guarantee Company have declared an increase in the dividend to forty (40) cents per share designated as the second regular quarter-annual dividend for 1960, payable May 20, 1960 to stockholders of record on May 6, 1960.

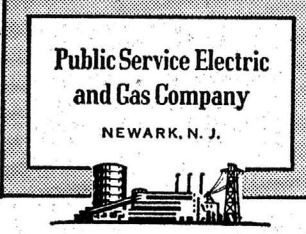
A further dividend of forty (40) cents per share has been declared for the third quarter of 1960, payable on August 18 to stockholders of record August 4.

WILLIAM H. DEATLY • *President*



Public Service Electric and Gas Company

NEWARK, N. J.



QUARTERLY DIVIDENDS

The Board of Directors has declared the following dividends for the quarter ending June 30, 1960:

Class of Stock	Dividend Per Share
Cumulative Preferred	
4.08% Series	$1.02
4.18% Series	1.045
4.30% Series	1.075
5.05% Series	1.2625
$1.40 Dividend Preference Common	.35
Common	.45

All dividends are payable on or before June 30, 1960 to stockholders of record May 31, 1960.

J. IRVING KIBBE
Secretary

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WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — Although Senator John F. Kennedy is acknowledged by both the professional and amateur politicians as the front running candidate for the Democratic Presidential nomination, this does not necessarily mean he will be the man tapped at Los Angeles to oppose Richard M. Nixon.

However, the 43-year-old New Englander is the candidate whom the other Democratic hopefuls must overtake. Regardless of whom the Democrat delegates nominate, the big question will remain in view of the serious international developments:

Can a Democrat win? Of course, the Democrat higherups both publicly, and privately as of now, think a Democrat will move into the White House next January after eight years of Republicanism at 1600 Pennsylvania Avenue, one of the most famous addresses in all the world.

There apparently is no doubt at all that the Senate will remain in control of the Democrats after the Nov. 8 general election. Even if the Democrats lost every doubtful Senate seat, which is unlikely, the Democrats would still have a majority and thus control the Senate. One-third of the Senate seats come up for election every two years.

At this time, however, a thousand and one different opinions are being advanced in the Nation's Capital about the Democratic Presidential picture. On Capitol Hill, in the Senate chamber and the Senate offices some colleagues of Senator Lyndon B. Johnson of Texas are stoutly maintaining that the Senate Majority Leader remains in the nomination picture.

Johnson's Backers

There are a few old "pros," including Speaker of the House Sam Rayburn of Texas, who assertedly believe that Senator Johnson will go to the Los Angeles Convention with 500 delegates. It will take a minimum of 761 to nominate.

Where are those 500 delegate votes coming from? Well that is another question. The Johnson people are not yet ready to do very much pin-pointing, but they say right off hand that he will have the Texas delegates, along with those from Oklahoma and Kentucky, plus the great majority from the Old South State of Virginia.

The Johnson people are even contending that they expect to get the delegates from West Virginia where Senator Kennedy not only triumphed over Senator Hubert H. Humphrey, but knocked the Minnesotan clear out of the contest for the nomination.

Of course, Senator Humphrey, an ultra liberal, apparently was one of only a handful of people who ever thought he had a chance of getting the nomination. When he failed to carry West Virginia (95% protestant), over Mr. Kennedy, a Catholic, he immediately abandoned his race.

Of all the Democrat candidates, no one doubts that Senator Humphrey was the easiest one to beat. Because he was the weakest candidate, the "Stop Kennedy" forces are saying in the wake of the Wisconsin and West Virginia popularity votes that "you can't beat someone with nobody."

In other words, Johnson, Symington and Stevenson lieutenants are contending that had their man been running against young personable Mr. Kennedy in West Virginia the story would have been different.

Await Oregon's Verdict

Just what they will say if Senator Kennedy triumphs over Senator Wayne Morse, in Morse's home state of Oregon, in the preference or popularity contest, is a matter of speculation. Although not of their choice, the names of Senators Symington and Johnson are likewise entered in the Oregon primary. Senator Morse's name is also entered, although he has no chance of getting the nomination for the presidency.

If reports out of Oregon are correct, Mr. Kennedy may very well make another impressive showing despite his running against Senator Morse.

Nixon's Views

There are many people in Washington, who make their living out of politics, directly or indirectly, who feel that the Kennedy bandwagon is rolling along. Among those feeling that the Senator from Massachusetts will be the nominee is none other than Vice-President Nixon. Mr. Nixon said all along that he thought Senator Kennedy had a good chance of carrying West Virginia, and if he did he would capture the nomination at Los Angeles.

"We will be considering Kennedy as our opponent," said a Nixon associate.

While Senator Kennedy's family and close associates spent considerable money in West Virginia, nevertheless, it was proved that a Catholic could carry a Protestant state.

Incidentally, there is speculation in Washington that if Kennedy should get the nomination, the Republican Vice-Presidential nominee will not be a Catholic. However, should the Democrats fail to nominate Kennedy on the ticket, chances are strong that the Republicans will name a Vice-Presidential nominee of the Catholic faith.

Religious Issue Weakened

There is no question that religion took a verbal thrashing in West Virginia. Only the most idealistic politico would acknowledge that religion has been eliminated entirely for the remainder of the Presidential election year. President Eisenhower expressed doubt at his last Washington press conference that it had been cast aside, but he wished that religion could be removed.

In 1928, the late Governor Alfred E. Smith of New York, the last Catholic to run on a major party Presidential ticket, carried West Virginia in the preference primary election that year. A few months later the Mountain State cast its majority votes for Herbert Hoover over the Old Warrior from New York.

Senator Symington's backers believe that former President Truman's endorsement gave the sagging Missourian's campaign a political shot in the arm. Only time will tell. Mr. Truman still believes that chances are good that Senator Symington will be the compromise candidate of the Democrats.

Simultaneously with his endorsement of Senator Symington, Mr. Truman said he had no objection to Senator Kennedy whom he described as a fine young man.

Johnson's Philosophy

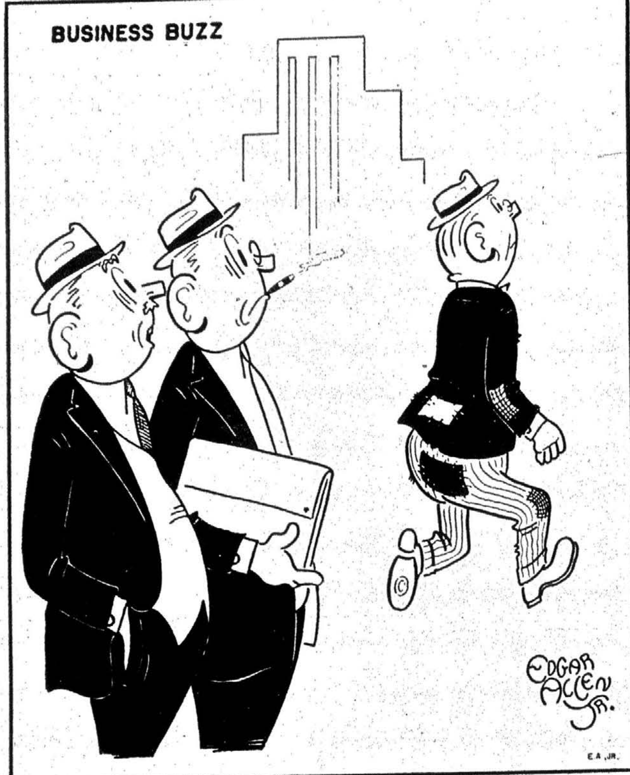
But no one who knows the political facts of life, doubted that Senator Johnson's unknown, but fairly sizable bloc of votes from the South and from the border states probably is the No. 1 barrier to the Kennedy candidacy. Such stalwarts as Senator Harry F. Byrd of Virginia and Senator Richard B. Russell of Georgia are rallying behind Johnson.

At the same time there is a sizable following, particularly in the East and scattered sections of the Mid-West for Adlai Stevenson, who twice lost to Dwight D. Eisenhower.

Senator Johnson, despite the fact that he is considered the most conservative of the Democrat hopefuls, was an ardent supporter of President Franklin D. Roosevelt and his New Deal philosophy. The Texan came to Congress as a young Congressman, and supported just about everything that President Roosevelt recommended. For this he has no apologies.

Critics of the New Deal legislation are asked in effect by him: Just what law or laws would you repeal? Obviously, he maintains that the New Deal legislation like REA, TVA, SEC, Federal Deposit Insurance Corporation, are good laws.

[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.]



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COMING EVENTS

IN INVESTMENT FIELD

May 19-20, 1960 (Chicago, Ill.)
Exempters annual Field Day May 20 at Nordic Hills Country Club, preceded by party May 19 at Sherman Hotel Downtown Club.

May 19-20, 1960 (Nashville, Tenn.)
Security Dealers of Nashville 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.

May 20, 1960 (Pittsburgh, Pa.)
Western Pennsylvania Group of Investment Bankers Association Meeting at Rolling Rock Club, Ligonier, Pa.

May 21, 1960 (New York City)
Security Traders Association of New York Glee Club dinner dance.

May 26-28, 1960 (Virginia Beach, Va.)
Bond Club of Virginia annual party at Cavalier Hotel.

May 28, 1960 (Dallas, Texas)
Dallas Security Dealers Association annual spring party at the Northwood Club.

June 2, 1960 (New York City)
Security Traders Association of New York Bowling League annual dinner at the Coachman, 13 William St.

June 2-5, 1960 (Ponte Vedra, Fla.)
Southern Group of Investment Bankers Association meeting.

June 3, 1960 (Baltimore, Md.)
Bond Club of Baltimore spring outing at Green Spring Country Club.

June 3, 1960 (Chicago, Ill.)
Bond Club of Chicago 47th annual field day at Knollwood Club.

June 3, 1960 (Connecticut)
Security Traders Association of Connecticut summer outing at Shuttle Meadow Country Club, New Britain, Conn.

June 3, 1960 (New York City)
Bond Club of New York annual Field Day at the Sleepy Hollow Country Club, Scarborough, N. Y.

June 3, 1960 (Detroit, Mich.)
Bond Club of Detroit spring golf tournament at Essex Golf & Country Club, Essex, Ont., Canada.

June 3, 1960 (Philadelphia, Pa.)
Philadelphia Securities Association annual outing at Aronomink Golf Club; tennis at Merion Cricket Club, Haverford, Pa.

June 3-5, 1960 (Los Angeles, Calif.)
Security Traders Association of Los Angeles spring party at the Riviera, Palm Springs.

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