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Editorial AS WE SEE IT

The Department of Commerce has just issued figures indicating that by the end of 1959 the total of both public and private debt in this country had reached the total of $846 billion on a net basis, that is with certain duplications eliminated. The increase during the year of some $67 billion is said to be higher than has ever been recorded in this country in a single year. Net public debt of both Federal and the other governments in the country ended the year at $299 billion, which is some $15 billion higher than at the end of 1958. Private borrowing rose some $51 billion to reach the total of nearly $548 billion, a record increase in any single year. Substantial increases are shown for nearly all types of private borrowers, both business and consumer. The time has evidently again arrived when we should do well to pause long enough to ponder the significance and the potentials of the debt that is piling up at such a rate.

There are doubtless many left among us who recall the controversy, rather pointless and futile, in the earlier days of the New Deal about how much national debt we could "stand." At the time the net Federal debt stood at around $40 billion. There were those among the followers of Franklin Roosevelt who said there was no limit to the amount of indebtedness of the Federal Government that could be "stood" by the American people. It was all debt, so they said, that we "owed one another" and hence was not a particularly serious matter how large it became. Of course, that was in peacetime. Soon World War II was upon us and the net indebtedness of the national government rose to over $252 billion. We "stood" these staggering amounts of debt and survived—but we had to accept a 110% rise in wholesale prices and a 100% rise in the cost of living, or at least we did accept them.

What We Can Stand

There has been no revival, so far as we know, of the rather inane talk about the total amount of debt that we, either government or private, (Continued on page 28)

This Is the Conservative Formula For Growth Without Illusions

By Maurice H. Stans, Director of the Bureau of the Budget Executive Office of the President, Washington, D. C.*

President's budget expert presents a vigorous case for fiscal conservation in rebuttal to an admittedly glamorous appeal of the liberal's "miracle theory of public spending as the panacea for growth." In pointing out no nation can be great without economic soundness, Mr. Stans warns against our domestic enemies which he describes as the "Four Horsemen of Economic Destruction" and spells out the conservative's formula of "growth without illusions." As an example of where we are heading, he totals our Federal mortgage on America's future as $750 billion without including built-in increases in existing spending bills.

Fiscal conservatism in government has been on the defensive so long that it has almost gone out of style. This, I think, is the wrong view. As Representative Graham Barden put it recently, "If it were not for us conservatives, what would the liberals have left to be liberal with?" There, in a single eloquent question, is a whole speech, and perhaps I ought to leave it at that.


Maurice H. Stans

The conventional caricature of the fiscal conservative shows him clinging to the present, unwilling to venture or to risk the unknown. By contrast, the so-called "liberal" in fiscal matters is sketched as the embodiment of enterprise, striving to escape his bonds and seek a better, brighter world for himself and his fellow man. It is a stark contrast, with all the glamour on the side of the liberal. But it is not really that simple. The one who is conservative about money matters has visions, too, but they are tinged with realism, and there lies a profound distinction. He not only knows where he wants to go, but where he stands now. He recognizes no incompatibility between idealism and a sense of responsibility. What he lacks in glamour, he more than makes up in endurance.

Today there is growing concern among thoughtful elements in our society, and in both political parties, with the fiscal predicament of the Federal Government. There is a greater understanding today than at any time in the past of the consequences of push-button budgeting, an increasing reluctance to face the morning-after hangover of the spending binge, and a respectful concern as to the hereafter when the bills will come due.

Ranged against them are all the powerful forces which represent short-run expediency, opportunism in the use of tax dollars, and irresponsibility in playing Russian roulette with inflation. Fiscal caution is confronted by well-trained and resourceful pressure-groups which are out to get from Government what they want when they want it, and not when the Government can afford it.

Conservatism and Growth

The issues are vividly brought out by the current discussion of economic growth. Now, there can be no disagreement here regarding the Nation's basic objectives. Everyone recognizes that the goal is economic growth as a means to higher living standards. But there is a great difference of opinion as to how to get it.

Our growth rate has been made an issue by the advocates of massive public spending as a rationalization for their demands and as a means to stampede public opinion. They are attempting to hypnotize the country into blindly following the cult of growth, without inhibitions about balanced budgets or big debts or inflation. At the same time they are doing their best to stigmatize the administration's concern over fiscal soundness as a formula for economic stagnation. They are preaching the miracle theory of public spending as the panacea for growth. The (Continued on page 30)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

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.

HERBERT E. HARRIS

Securities Dealer, Dayton, Ohio

Vapor Heating Corporation

There is a unique satisfaction in writing about good investments with strong potentials which are not generally known to the investing public. I have had that unique satisfaction several times in this column and it is a satisfaction that each "Security I Like Best" has confirmed my judgment. Once again I select a company not well known to investors but which has a long and successful history and, in my judgment, an even greater future.

Herbert E. Harris

Back in 1904 a company was formed to engineer and manufacture heating systems. It has developed and expanded over the years until the parent company now has six diversified subsidiaries, one division and an associated company (Canadian). Among the industries it serves here and in several foreign countries are: aviation, buses and trucks, chemical processing, marine, oil and gas, and railroads.

Its business is excellently diversified in areas served and products. Every railroad in the United States and Canada and in 25 foreign countries are customers. When the Union Pacific built a large laundry in Ogden, Utah, Vapor Heating Corp. was delegated to construct seven large boilers to handle the work. Other large customers include Kroger Co., Royal Dutch Petroleum Corp., Whirlpool Corp., and Electro-Motive Division of General Motors.

Among recent developments is a photo electric timer switch which automatically turns electric current on when it is dark and automatically turns it off in daylight. It can, however, be set to shut off current at any predetermined time by a timer switch. Its applications are broad and varied such as for electric signs, flood lighted areas, municipal lighting systems, etc.

Another important product is electronic and mercury control systems for jets, missiles and airplanes. Some of these indispensable products have been developed in cooperation with government engineers at Wright Field.

Two necessary factors for real industrial success is able and experienced management and a good research organization. Vapor Heating has both: its management is not only able and experienced but also aggressive; its research department is capable and progressive. It has contributed and will contribute substantially to the company's outstanding success.

In the first quarter of this year sales increased to $6,390,000, up 14%; consolidated earnings increased to $665,000, up 24%. Profits were adversely affected in 1959 by substantial expenditures for research and introductory field expenses which can be expected to more than compensate for their penalty to 1959 earnings which were $2.38 compared with $2.16 a share in 1958.

The company had no bonds, preferred stock or bank loans at the start of 1960 and current assets were more than three times current liabilities. Back orders were $5,100,000; $1,000,000 more than a year ago and business continues most satisfactory. This is an over-the-counter stock in short supply as most of the 775,000 shares are closely held. In my opinion this is an excellent investment for those seeking above average long-term investment.

G. D. SUTTON

Manager, Research Department
Nesbitt, Thomson & Company, Limited
Montreal, Canada

Members: Montreal Stock Exchange, Toronto Stock Exchange and Canadian Stock Exchange

Canadian Chemical Company Limited

It has been said that the most difficult thing in investment analysis is to discover a company with an unspectacular earnings record at approximately the point of time where the record suddenly changes markedly for the better. The cautious analyst may prefer to wait until this change in trend is proven beyond reasonable doubt, but by that time it may be too late. The situation I should like to discuss in this short article is one which I feel has many of the features that mark a company on the verge of a "break-out."

G. D. Sutton

Canadian Chemical Company Limited is a subsidiary of Chemcell Limited, which in turn is a wholly controlled subsidiary of Celanese Corporation of America administering most of Celanese's foreign companies. Canadian Chemical has a fully integrated chemical plant near Edmonton, Alberta utilizing as raw materials liquified petroleum gasses which are obtained as by-products from petroleum production of the Alberta oil fields. These are processed into a variety of chemical products and also acetate yarn, fibre and flake, using pulp produced by the company's affiliate, Columbia Cellulose Limited, in British Columbia. These acetate products are sold for the most part to affiliate companies in Latin America and Japan, although part are used in Canadian operations and sold domestically. Approximately a fifth of the output of acetate is as tow for cigarette filters.

Acetate products account for approximately half of the value of output of the Edmonton plant. The remainder consists of a wide range of chemicals, the most important of which is pentaerythritol, used primarily as an ingredient in the manufacture of alkyd resins. Approximately a quarter of the company's output of this product is exported to the U. S., where it supplies roughly a tenth of the total market. Demand is not expected to grow rapidly in the U. S. for "penta" in the future, but in Europe and other overseas markets, where the bulk of the company's output is sold, demand is growing extremely rapidly. Production costs are so low — they may well be the lowest in the world—that the company can ship this product to Europe and surmount tariff barriers and compete with domestic producers in such countries as the United Kingdom and Western Germany. Other chemicals such as acetone, isobutyl alcohol, methanol and formalin are marketed largely in Canada, while the company also distributes cellulose and other plastics produced by Celanese Corporation of America. The latter accounts for only around 5% of sales.

From the time the plant was built in 1951, the company went through a long and difficult period of development in which losses were larger and more frequent than profits. Emphasis was placed on developing markets by building up a world-wide sales organization, while at the plant the efforts of the research department were concentrated on increasing the volume of output and up-grading products wherever possible. In all three phases, the company has had conspicuous success. Last year, it was in a position to sell more than it could produce, even though the output of the plant was in some cases more than 50% above designed capacity, this increase having been achieved with relatively small outlays of additional funds. Some indication of the success achieved in upgrading products can be derived from the fact that this year approximately 28% of total sales will be of new products introduced during the last three years.

As a result, the company's sales last year rose well above its break-even point of approximately $20 million to reach $26.3 million, while net profit per share, which in 1958 was only 12¢, rose sharply to 66¢.

What interests me about this company is not so much the success achieved in recent years, however, as the future potential that arises from a number of leverage factors:

(1) **Leverage from expansion.** The original design incorporated certain auxiliary functions such as power capable of supporting a much higher rate of production than initially planned in order that subsequent expansion in output could be achieved at little cost. This imposed a burden during the early years, but the rewards of this foresight are now being realized. The company is increasing its chemical capacity by 40% at a cost of only $4 million (the original plant cost $75 million). Moreover, a further 40% increase can be subsequently achieved for the expenditure of another $4 million. Since operations are fully integrated and highly automatic, this additional capacity will not only entail very little in the way of additional fixed expenditures, but also very little in the way of variable costs. The marginal impact on the company's operating revenue is therefore extremely high.

(2) **Leverage arising from upgrading of products.** The company's location behind the Rockies and more than a thousand miles from the major Canadian markets in the east, necessitates a relatively high transportation cost. On a low value product, this can be a particularly heavy burden. By raising the value of the product, however, through up-grading this burden is reduced considerably. The Research and Development departments are therefore continually on the lookout for opportu-

Continued on page 16

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

This Week's Forum Participants and Their Selections

No Longer Can We Select A Calculated Safe Risk

By Sir Geoffrey Crowther*
Manager, Director of the London "Economist"

It is Sir Geoffrey's thesis that one of the prime motivational decision-making methods—i. e., the policy of the "calculated risk"—is now passe. The well known London economics editor finds we now must choose between dangers, all of them enormous and incalculable, for no longer is it possible to select a risk which provides a reasonable safety factor. In fact, he adds, to choose a middle course may not be the safe thing to do. Taking three dilemmatic examples, the well known risks of price inflation, in aid to underdeveloped poor countries and in trusting Soviet Russia, the editor asks: are we willing to give up defense and capital spending in order to avoid rising price level? Can we hang back, whether we like it or not, from helping underdeveloped countries? And can we run the risk of not trusting the Russians enough? The author's answer to these appalling choices is that if we have to gamble on something we should where we can "gamble on the enlargement of the human spirit."

I have spent more than twenty years in a position where it has been my duty to keep in touch with the economic and political affairs of the whole world. How grandiloquent that sounds. And how superficial one becomes in attempting to do anything of the sort. Recall the old jest that an expert is a man who spends his life learning more and more about less and less, while an amateur is a man who learns less and less about more and more. I, Sir, am an amateur. I would not venture to make a specific statement about hardly anything. On the other hand, I am a seasoned practitioner of sweeping generalisations. And there is one particular general reflection about the world's affairs that I want to discuss in this paper.

Sir Geof. Crowther

We used to hear a great deal a few years ago about the policy of the "calculated risk." I always thought it sounded very impressive. It sounded like an application of engineering principles to human affairs. It conjured up a picture of an alert figure in rimless glasses, fingering a slide rule or writing a few equations on a blackboard and coming up with a precise and accurate answer which would enable you to know exactly how far it was safe to go in providing defense armaments, or conciliating the Russians, or raising wage rates or extending credit, or whatever else the problem might be. It was like building a bridge. You calculated the risk of its falling down, you added a calculated safety factor and you knew exactly how much steel to put into it. Or, to take another example, it was like the calculated risks that every one of us takes every time we drive a car and decide just how fast it is safe to drive round a corner—the risk of skidding against the desirability of getting there quickly. The idea lying behind this doctrine of the calculated risk was that, in matters of public policy, there is a simple antithesis of danger and desire, a simple calculus of a defined risk. In building a bridge, it is the conflict between the desire to build it as cheaply as possible and the need to make sure it won't fall down. In driving a car, it is the desire to get home quickly against the danger of having an accident. In the Marshall Plan, it was the need to keep American taxes down against the risk of the economy of Western Europe collapsing. In each case the question was, How much of a defined risk is it worth eliminating at what cost in time or money or men? And if you were smart enough, you could do the calculation, and feel safe in taking a calculated risk. There was always something you could do that would make you reasonably safe.

Now I don't know whether human affairs were ever like that. I think perhaps they were. But not now. In so many of our public affairs today, it is not a simple calculus of risk against cost, of danger against desire, but a much more complex and incalculable affair. We can't nowadays decide how much of a risk it is safe to take. In so many instances all we can do is to choose which risk we will take, the only freedom we have is to choose between two or more dangers, all of them enormous and incalculable. The Calculated Risk now looks like a luxury of bygone days.

I will try to illustrate what I mean by three examples drawn from problems of the present day, and I will start with one that is purely economic.

Risk of No Inflation

Most of us are conscious of the risk of inflation. Never has anything been more vigorously publicized. We all know—and I am not being in the least ironic—we all know that inflation could rot away the fabric of our society. It breeds arbitrary injustice, it undermines the basis of sound business judgment by penalizing thrift and rewarding speculation, it is the friend of all the predatory elements in the community and the enemy of the sober. Inflation has the same effect on the social and economic structure that narcotic drugs have on the

Continued on page 20

CONTENTS

Articles and News Page

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Tobacco Road to Profits

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

A capsuled presentation of the durable values offered by equities of leading tobacco companies.

For those investors old-fashioned enough to consider such traditional investment criteria as book values, current assets, sustained earning power, decades of dependable cash dividends, reasonable (not astronomical) price/earnings ratios and rewarding yields, a look at leading tobacco shares is currently recommended.

At a time when steels are sagging, oils are soggy, motor cars (and earnings) are getting compact, drugs are being Kefauvered, and paper companies are coping with competition arising from some over-capacity, cigarette smoking is on the increase, and leading tobacco companies in 1960 will rack up the best results in their long and honorable history. So, particularly when you are asked to pay no premium for high yields, and due to rising trends in earnings and dividends, tobacco stocks deserve attention.

The over-all statistics are interesting. For 1959, American consumption was 453.7 billion cigarettes (up 4% over 1958), with annual per capita consumption (15 years-and-over age group) of over 3,800 units. This is a 2% rise over 1958. For the past five years research tending to link cigarette smoking with possible incidence of cancer, although inconclusive, did create a demand for filtration so that today 50% of industry output is in filtered cigarettes. Another swing away from the traditional is the increase in mentholated cigarettes, which now account for about 10% of total units produced. There is today a cigarette for every taste and temperament and it's nice to note that the advertising accent (courtesy of Federal Trade Commission) is now on taste and flavor rather than on the minuteness of the tar or nicotine content. (Tar has always been better for paving than smoking, anyway!)

So, since Sir Walter Raleigh's day, smoking has brought relaxation and contentment to hundreds of millions, and billions in profit to the great industry that brings tobacco from leaf to lip. The biggest factor in this industry is R. J. Reynolds Tobacco Company, so we'll talk about that company first.

R. J. Reynolds Tobacco Co.

In 1959, R. J. Reynolds achieved a new high in sales, and for the sixth year in a row increased its net earnings to record levels. A 12.2% increase in sales, over 1958, produced a vast total of $1,286.9 million. Reynolds now does about 30% of the total cigarette business and has the unique position of having the best selling brands in all categories except straight kings. Camel, a straight, is the national best seller (above 65 billion produced annually) Winston is the leading filter (around 46 billion) and Salem the leading menthol filter (over 28 billion).

At the 1959 year-end, Reynolds had a magnificent cash position, $478 million in net current assets. Reynolds has consistently led the industry in profit margins and reached a new high in that department last year, 15.8%.

Reynolds management is both aggressive and progressive. It has stuck to selling taste and flavor instead of health, a fact that has kept Camel on top for years. It spent $25½ million in capital improvements last year and will duplicate that amount this year. With its rich cash position it is definitely interested in diversified merger. (A deal was almost concluded with Warner-Lambert two years ago).

For 1960, Reynolds looks forward to another new high in sales, around $1,400 million, and per share net of around $4.85 against $4.45 in 1958. At 64 R. J. Reynolds Common sells about 13 times earnings — a reasonable enough ratio for so sound an equity. The present dividend of $2.20 will probably be increased this year. Reynolds Common is a quality stock, combining rising earning power with solid defensive characteristics. Unbroken record of cash dividends since 1901.

American Tobacco Co.

American Tobacco Co. is another durable dividend payer (since 1905) and its shares have long been favored in accounts where the accent is on income. This Company is second in size in the industry with 1959 sales of $1,161.4 million; and it produces the second cigarette in national popularity, Pall-Mall, king-sized (with annual domestic output of over 63 billion units). Lucky Strike, a long-time straight favorite, is still a big seller (44½ billion units), but it's the gains in Pall Mall and the two Tareyton brands that have been moving American Tobacco Co. forward.

Net per share earnings for 1959 were $9.23 against $8.55 for 1958. This year sales are expected to reach a new high of over $1,200 million. Due to this, and to savings developed from increased use of homogenized leaf tobacco, net per share may go above $10 (on the old stock). On April 7, a 2-for-1 split in AT Common was approved. The new shares sell around 54¼ with an indicated dividend of $2.80, yielding a little over 5%.

Liggett & Meyers Tobacco Co.

Liggett and Meyers, third in size in the industry showed, in 1959, a slight decline in total sales, from $556 million in 1958 to $554.9 million. Net income was about a million lower, due largely to expenses in introducing the new high-filtration Duke cigarettes. This brand is meeting favorable consumer acceptance. Of other brands, Chesterfield regular cigarettes have been in a moderate sales decline, partially offset by aggressive selling of the king-size Chesterfield. The L & M filter brand has moved ahead well, and Oasis, a mentholated filter, recorded a 57% gain last year.

Liggett & Meyers Common at 79 with a $5 dividend, yields over 6%. This is the best current yield among major tobacco equities and the dividend is comfortably protected by earnings which this year may rise to $8.00 a share.

P. Lorillard Company

This enterprise has now been in business for 200 years. A few years back it seemed undramatic and unimpressive but, in 1957, the company began a forward surge due importantly to effective research and smart merchandising of its Kent filter brand. Lorillard, which reported net sales in 1956 of only $203 million added $90 million to that figure in 1957; and 1959 sales zoomed past $490 million. In the same period net per share rose from 67c to $4.20. So you can see why Lorillard has been such a market favorite.

For 1959, Kent's 5.5% gain and an 84½% gain in Newports (menthol filter) more than offset the 22.8% decline in the three Old Gold categories (regular, kings, and filters).

Lorillard cannot be expected to continue its sensational growth rate of the past four years. It has, however, attained a new magnitude in earning power and the stock at 37 with a $2.20 dividend appears attractive. The yield is almost 6%, and shareholders are entitled to view the stock of a company so successfully managed with confidence. We would expect a 1960 per share net of around $4.40.

Philip Morris, Incorporated

Next to Lorillard, Philip Morris has shown the best recent sales increases among the majors. Its leading brands are filtered Marlboro (20.6 billion units annually), Philip Morris, kings and regulars, and Parliaments, the elite among filters.

More than others in the industry, Philip Morris has gone in for diversification. In 1957, it acquired the Milprint Co., makers of flexible packaging and, quite recently, has defined a merger with A. S. R. Products, producer of razors and blades, merchandised through many of the same sales outlets that distribute cigarettes.

Philip Morris Common sells at around 64 with an indicated dividend of $3.60. Its growth has been impressive and management is sedulously at work to improve profit margins.

While cigarette shares may lack the glamor of "space" stocks they do look pretty solid from the standpoints of sustained long-term growth, rewarding current yields and sensible price/earnings ratios.

IDAC Adds to Conv. Schedule

TORONTO, Canada—The Investment Dealers Association of Canada has planned a special trip to the Donohue Bros. Pulp and Paper Mills at Clermont near Murray Bay for the afternoon of Saturday, June 18th as part of the schedule for the annual Convention being held, at Murray Bay.

With Dominick Firm

(Special to The Financial Chronicle)

BOSTON, Mass. — Charles W. Lovejoy, Jr. is now associated with Dominick & Dominick. He was previously with the Boston office of Reynolds & Co.

OBSERVATIONS . . .

BY A. WILFRED MAY

MR. ROCKEFELLER'S WILL, PHILANTHROPY, AND TAXES

The filing of the 59-page will of Mr. John D. Rockefeller, Jr., while yielding nothing of interest to the scandal or gossip mongering columnists, entails some significant fiscal implications.

First, comment thereon confirms the continuation of the widespread illusion that wealthy individuals, particularly with the adroit use of philanthropic contributions, can avoid, if not evade, payment of taxes. (One news story's typical caption: "Rockefeller's Will Avoids Big Taxes.")

Such impression in this instance stems from the fact that the half of the approximately $150-million residuary estate that "goes to" the widow, Mrs. Martha Baird Rockefeller, in qualifying for a "marital deduction" is un-taxed to *her*. But this freedom from tax is only temporary. The principal which will be held in trust for her during her lifetime, with its ultimate disposition subject to her appointment, will be subject to tax at her demise. Meanwhile, of course, the *income* from the trust, excepting that coming from regularly tax-exempt assets or what is concurrently devoted to philanthropies of her choosing, will be fully taxed.

Thus, typically, the Government's tax bill is not eliminated, but merely *postponed*.

To Philanthropy—"Or Else"

A second attribute of the great philanthropist's will is its highlighting of the confinement of amelioration of the tax burden on the wealthy, their charitable contributions, along with denial of that glibly and widely voiced fiction to the effect that through the tax strategy it costs wealthy people nothing to make a charitable gift, or even that the donor actually "makes money" by giving it (including, specifically, works of art) away.

The Rockefeller will's third codicil (amendment) provided for distribution to various charitable organizations, of anticipated refunds of previously paid Federal *income* taxes for the years 1949 through 1953 under Public Law 408 passed in 1956. This amendment, retroactive back to 1939, permitted *unlimited deductions* from current taxable income, of charitable contributions, when in the taxable year and 8 of the 10 preceding years, the aggregate of the individual's contributions plus his income tax bill exceed 90% of the net income for such year. This relief provision has been further loosened by an amendment permitting the averaging of two consecutive taxable years, in arriving at the 90%—and over qualification.

"10-Cent" Giving Stimulated

The net effect of this amending is not to permit the wealthy individual to keep more net income (the effective rate of taxes on the New York State resident still goes up to 88.3%); but to increase the charitable giving of "10-cent" instead of "whole" dollars.

Thus, Mr. Rockefeller already on January 8, 1958, well before their receipt, provided for the outpayment to philanthropies ranging from Brown University to Colonial Williamsburg to New York's Lincoln Center for the Performing Arts, of the $22,689,735 in expected refunds (and actually received and distributed before his death; making the relevant codicil inoperative).

Conclusions

Thus, the public gets a reminder that (1) amelioration of the individual's tax burden is largely confined to the facilitation of charitable contributions; and (2) that the credo that through "strategic," but legitimate, tax avoidance money is "saved" or even "made" is a fiction.*

*Excepting in some instances where a substantial capital gain has accrued on the asset given away.

* * *

THE GREATER TRUTH

The *Theory of the Greater Lie*, a credo made effective by Adolf Hitler, held that any falsehood could be "sold" to the people, provided it was repeated often enough—and the bigger the lie, the better.

Operating conversely, this column repeats a *truth*, in the hope that it will eventually gain more than the usual lip-service in approval. So we again exhibit current data on the typical fluctuations of individual stocks to the investing community, ranging from those *market* technicians (including the never-say-die Dow Theorists) to commentators who keep on assuming the existence of a "the" market to talk about, and a *trend* to forecast.

In the interval from Jan. 1, last, to the week ending May 20, the Dow Jones Industrial Average showed a net loss of 9%; and Standard & Poor's 500-Composite Stock Average a net decline of 7%. Yet on each of the trading days of the following week a goodly number, ranging from 34 to 67, of N. Y. Stock Exchange-listed issues actually attained new highs for the year; with the new highs outnumbering the new lows in four of the week's five sessions.

Trading Day	—New 1960— Highs	Lows	Day's Net Change in D.J.I. Avg.
May 23	41	36	—0.25%
24	48	34	—0.36
25	34	46	—0.02
26	67	44	+0.24
27	66	54	+0.32

Fifty-nine different stocks attained *all-time* highs during the week.

During this same week, more of the N.Y.S.E.-listed issues declined (705) than rose (584).

So much for disposing of the illusion about a market (as distinguished from the issues) for forecasters to talk about, in any context. But even a further doubt is in order: regarding the instrumentality, namely the Average which is used to trace the past. For example, in the following table we show the net changes since the 1959 close, in the issues comprising the Dow Jones Industrial Average, which, together with the archaic Railroad Average, is "the indicator" employed by popular Dow chartists.

Net Change in the Stocks Used in Dow-Jones Industrial Average Jan. 1-May 27, 1960

Allied Chemical	—11%
Alcoa	—15
American Can	— 9
ATT	+10
American Tobacco	+ 1
Anaconda	—24
Bethlehem Steel	—19
Chrysler	—34
duPont	—22
Eastman Kodak	+13
General Electric	—10
General Foods	+ 9
General Motors	—20
Goodyear	—11
Int'l Harvester	—15
Int'l Nickel	+ 2*
Int'l Paper	—25
Johns Manville	+24*
Owens-Ill. Glass	0
Procter Gamble	0
Sears, Roebuck	+ 2*
Standard Oil (Cal.)	—20
Standard Oil (N.J.)	—20
Swift	— 4
Texaco	—20
Union Carbide	— 9
United Aircraft	— 3
United States Steel	—20
Westinghouse	+19*
Woolworth	+ 3*

*Stock made new 1960 high during past week.

Thus, a grave doubt is called for regarding the existence of both a *trend* itself as well as the "tool" that is supposed to measure it.

Tax-Switching vs. Divergent Value

Stressing the divergence of market price in correlation with value over the long-term, reminds us of the proclivity to supplant value criteria with arithmetic in *tax*-motivated switching. For example, a frequently recommended switch to register a loss for tax purposes near the end of 1957 was from Ford into General Motors. With both issues quoted about equally down in the thirties, this seemed like a propitious "out" time for the many Ford holders who, in 1955, had subscribed to the initial offering at 64. But, alas . . . now Ford is 66, General Motors down at 43—a differential more than completely extinguishing all tax advantage which the switchers had gained.

* * *

ON INVESTMENT BEING AN ART—AND ART AN INVESTMENT

(Scene One) At the latest of the spectacular Art Auctions (with coast-to-coast closed-TV hookup) staged at New York's famed Parke-Bernet Galleries, a contretemps slightly embarrassing to the attending coterie of the fashionable *Abstract* genre's addicts occurred. As the eager bidders on a Hans Hartung gem reached the auction ladder's $4,000 rung, one of them suddenly realized that it was being displayed upside-down.

The auctioneer, quite unperturbed, quickly explained that whether held upside down or right side up, the "esthetic reaction" was the same. Whereupon the sophisticated bidders, without standing on their heads, kept right on going to a knock-down price of $11,000.

(Scene Two, Offering solace to the art-devotee.) One of the main speakers before the Financial Analysts' Society a few days later started to discuss a master chart showing the relationship between corporate profits, the profit margin, and the two most widely used indices of business activity, namely the Federal Reserve Board Production Index and the Gross National Product. Soon a swelling chorus from the audience joined in a chorus "Your chart is hung upside-down."

P. S. In this instance, the lines were correctly hung — and this "auctioneer" remained unembarrassed.

N.B.—For the best moral to these two events offered by a reader, this column will present the choice of a full set of the U. S. Department of Labor's charts on employment, wages and prices; or one of the currently so popular abstract paintings created by the "strokes" of a bicycle tire instead of the archaic brush.

To Form R. B. Stearns, Gutman & Co.

On June 10th the firm name of Stearns & Co., 72 Wall St., New York City, members of the New York Stock Exchange, will be changed to R. B. Stearns, Gutman & Co., with the admission of Walter K. Gutman to partnership. Mr. Gutman was formerly with Shields & Co.

Also on the same date Muriel F. Siebert will become a partner in R. B. Stearns, Gutman & Co.

Eugene Greenberger and Richard D. Weinberg will withdraw from partnership in Stearns & Co. June 9th.

In Investment Business

(Special to The Financial Chronicle)

SAN JOSE, Calif.—Keystone Finance Co., Inc., is engaging in a securities business from offices at 251 O'Connor Drive. Officers are Peter R. Hodgkinson, Lewis H. Schulte, Donald L. Stone and David U. Stone.

The State of TRADE and INDUSTRY

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

The two bellwether industries—automobiles and steel moved in opposite directions in May, following three consecutive months of decline, says The First National Bank of Boston in the current issue of its New England Letter. Continuing, the Bank says, Steel production moved steadily downward, getting close to two million ingot tons weekly, the lowest nonstrike rate since late 1958. Automobile output advanced moderately last month, making it likely the industry achieved its announced May goal of 615,000 cars. The outstanding automobile trend continues to be the penetration of the growing array of domestic compact cars, accounting for one-fourth or more of sales, with the share showing rising tendencies. The impact of this trend in terms of reduced steel and material consumption, dollar sales, manufacturer and dealer margins, and use of credit, is assuming ever-larger proportions. More recently, attention has shifted to the potential unfavorable influence upon consumption of petroleum products, and upon the tax receipts of Federal and state governments.

Monetary policy which had been interpreted as "shifted to neutral" gave some signs of "erring on the side of ease." Average member bank borrowings declined along with the negative reserve position during the first three weeks of May, and were at the lowest level since the spring of 1959. While a part of this trend may be attributed to Federal Reserve operations related to the Treasury refinancing, it also seems clear that the need to deal with inflationary pressures and overexuberant business decisions had greatly diminished. There was even some discussion of the possibility of a reduction in the discount rate, in view of the drastically different credit conditions since last September's advance. Now with the change which could develop in credit, prices, and output as a result of a more tense international situation, any such action seems remote.

Bank Clearings for Week Ended May 28 Were 1.1% Above the 1959 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle," based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, May 28, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 1.1% above those of the corresponding week last year. Our preliminary totals stand at $24,667,-117,893 against $24,393,535,846 for the same week in 1959. Our comparative summary for the principal money centers for the week ending May 28 follows:

Week Ended May 28—	1960 (000 Omitted)	1959 (000 Omitted)	%
New York	$12,734,505	$12,478,426	+ 2.1
Chicago	1,198,355	1,251,897	— 4.3
Philadelphia	1,125,000	1,165,000	— 3.4
Boston	763,901	746,522	+ 2.3

Warns of Possible Dividend Reductions By Steel Companies

Steel earnings are likely to drop 15 to 20% in the current quarter, "The Iron Age" reports. The national metalworking weekly says the sharp decline in the steel market may place many steel companies in a squeeze between continuing the rate of dividend payments and keeping up with capital spending plans.

With the third-quarter outlook still a big question mark, some slowdown in future capital spending plans is likely. The alternative for some companies will be a cut in dividend payments.

However, because of commitments and the pressure for cost reduction, no sharp cutoff in capital spending is expected. Most mills say they are going through with all planned programs, but some stretchouts are likely.

To illustrate the dividend-spending squeeze, the magazine points out that the steel industry is carrying a long-term debt equal to 20% of its total investment. This makes it unlikely that any of the companies will take on added debt for expansion.

At the same time, a typical mill has paid out 80% of its earnings in dividends over the 1958-59 period. This leaves little cash for further capital programs. Another mill can meet its dividends and capital requirements with a rate of 70% of capacity. This is about what the current quarter will average, but with the rate still in a decline.

However, there is no uniformity in the second quarter earnings outlook. Some of the lower-cost mills can operate at an even lower rate and still show respectable earnings. But some high-cost mills' profits have fallen off fast.

Specialty mills are hardest hit of all. The demand for stainless and other specialty products was depressed earlier in the year and the profit pinch came early for producers of these steels.

In the general market outlook, "The Iron Age" reports that the drop in new orders has hit bottom, but there is no rapid upturn in sight for some weeks.

Seasonal factors, strict inventory control, and some slowdowns in steel consuming industries still dominate the market. The operating rate is likely to continue a sharp decline through June and into July.

But the magazine points out the possibility of a sharp jump in operations when the upturn comes. With consumer inventories at the lowest possible level, an upturn in buying is likely to result in a quick upturn in the operating rate in August.

Steel Operations to Hit Low of 60% in July 4 Holiday Week

Steelmaking operations will fall into the low sixties by the end of June and hit bottom for the year—about 60% of capacity—in the holiday week of July 4, "Steel," the metalworking weekly, predicted May 30.

After the July 4 holiday week (normally a slow period), the steel industry will see some upturn in shipments and orders because: (1) Excess inventories in some customers' plants will be depleted. (2) Some vacation periods will be over, and plants that put off ordering will be back in business. (3) Automakers will start ordering.

Production in May will average 71.5% of capacity (vs. 80% in April), "Steel" said. Output will be about 9 million ingot tons, bringing total output for the first five months to 53.5 million tons. During the corresponding period last year, production was almost identical: 53.4 million.

Last week's cutback of 4.4 points in steel operations was the second sharpest of the year (the Easter week curtailment was 6.7 points). Output of about 1.9 million ingot tons was equivalent to 66.9% of capacity.

Scrap is holding steady. "Steel's" price composite on the prime heavy melting grade of steelmaking scrap remained at $33.33 a gross ton for the fourth week.

Liquidation of excess inventories is continuing and may go into 1961. It started in May after a five month poststrike buildup. Traditionally, "down" cycles last as long as "up" cycles.

Major oil companies are carrying liquidation farther than expected now that labor peace is assured and there is surplus tube-making capacity. They used to carry a six month steel supply in normal times and an eight or nine month stock whenever there was a strike threat.

Since downriver stocks are completely rebuilt, steelmakers have no place to ship their tubing, casing, and drill pipe. Reasons: (1) Drilling activity remains low—worse, on the average—than in 1958. (2) Users have ample inventories and are dead set against increasing them.

Metalworking is having a record sales year, "Steel's" editors report. They just finished interviewing some 200 executives in 32 major metalworking cities. First half sales are heading for a peak, and many managers predict record dollar sales for 1960. New products and aggressive marketing are paying off.

But 1960 may not bring record profits. Price fighting prevails in almost every segment of metalworking. Many companies are churnings about in a state of profitless prosperity—others are taking jobs at cost to keep work

Continued on page 32

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

Holidays invariably detract from the volume of new issue flotation when they fall within the working week. Memorial Day was not an exception to the axiom. No large, important new issues have come into the market since our last column and none are scheduled for the balance of this week.

Without the impetus lent by the usually competitive bidding for general market new issues, the market for tax supported bonds is about unchanged from a week ago.

Yield Index Unchanged

The Commercial and Financial Chronicle's High Grade Bond Yield Index is unchanged at 3.46%. This market respite is desirable from both dealer and investor viewpoints. The return from tax exempt securities continues relatively favorable against other types of securities, and particularly from the individual and corporate tax angles. These segments of demand, however, are limited and cannot absorb the full volume of tax exempt securities, or even an increasing share, when other large investors are gradually priced out for one reason or another, as the market improves and net yields diminish.

Although investor demand has generally kept pace with the volume during the past few months, this has been accomplished largely through the coincidence of a light new issue calendar, a generous yield base, and considerable, if not unusual, demand on the part of a few large commercial banks.

With the gradual increase in volume and slowly lessening yields, the present market tone, although fairly good, lacks the robust quality to carry it through to higher prices unless there be greater inspiration induced from the government bonds market.

Reserve Board Wary of Business Trend

Treasury issues are firm and dealers report demand for almost all sections of the list, from bills to long-term bonds. Although the Federal's financing problems are considerably less than they were a year ago, it would appear that policy is being gradually directed toward an easier money situation. Inflationary dangers seem remote enough for the Federal Reserve to take some cognizance of the so-called soft spots in the general economy and the strenuous seasonal demands on the banking system. These are derived from June tax payments, the sizeable Treasury financing, as well as an expanding demand by the corporate and tax exempt bond markets.

Moreover, the traditional summer month lull continues as a background factor in the overall economic problem. It seems desirable under the circumstances that the Federal Reserve should move to offset any possible deterrent to the forward moving economy. In so doing, at this particular time, the bond markets seem likely to be benefitted.

California Reverts to King-Size Offering

We reported last week that the State of California plans to resume its borrowing late this June. Plans are now being readied for the sale of four issues on June 28. Included are $50,000,000 veteran's bonds, $25,000,000 school bonds, $15,000,000 harbor bonds and $3,000,000 small craft harbor bonds. All will be general obligations of the state and will mature serially.

The enlarged offering could mean that California may return to its policy of borrowing substantial amounts four times a year rather than attempting to do it in smaller amounts opportunistically. The volume of necessary financing involved better lends itself to the quarterly approach in order that investment bankers may suitably place the bonds in investment hands. There is no subtle approach to an underwriting problem of this magnitude.

Port Authority Unjustly Criticized

Periodically, one of our largest and best known Authorities receives headline attention. This is not unusual considering its magnitude and the nature of its status. Those that are thoroughly familiar with the Port of New York Authority, its operations, its growth and its problems, physically, financially, politically and otherwise, are impressed with the splendid performance exhibited by the Port, its directors and its competent personnel over the years of its operation.

Recently the Port Authority has been variously criticized by politicians, articulate organized commuting groups, so-called mass transportation experts, editors and others for resisting efforts that might place all commuter problems in the Port's hands. Most of these people assume that the Port Authority is set up to care for all port area problems. Were this the situation, the Port Authority would ultimately be the overall socialistic government for the port area. This it has no authority or desire to be.

The Correct Solution

The railroads themselves know their own problems best. Although they might like to be out of the commuter business, they would continue in it were it not dragging them to financial embarrassment. This situation could be most practically approached by a sensible consideration of tax relief. In throwing the problem to the Port Authority the gimmick would merely be a different approach to tax exemption, with the Port Authority, inexperienced in this terribly complex problem, substituted for the railroads and others.

It's about time that the governors and legislators of the states involved, faced the practical elements of this problem, along with municipal and railroad officials, and negotiated enough tax reduction to keep our present commuting facilities in operation. This is not a Port Authority problem. The Port Authority already has problems and should not be detracted from its manifold tasks from which it derives no profit.

The market for Toll Road and other revenue supported issues has been firm and active for the past few days. This recent improvement is not reflected in the Smith Barney & Company Turnpike bond yield index which last reported (May 26) at 4.03%. The week previous the average yield was 4.00%. Toll road revenues continue to show relative improvement.

New Business Calendar Expanding

The new issue calendar is gradually expanding. Last week's total of scheduled sales approximated $400,000,000. The figure currently is close to $575,000,000. New additions, besides the $93,000,000 California bond offering, mentioned above, are $20,000,000 Maryland State Roads Commission bonds for June 22; $16,800,000 Florida Development Commission (Pinellas County Bridge Revenue) bonds on June 29; and $17,000,000 Puerto Rico bonds on June 15.

Bond Inventory Not Excessive

The secondary market volume of State and Municipal bonds as indicated by the "Blue List" is $350,687,820 as we go to press. A week ago it was $364,607,980. The market appears to be in fairly good technical balance and the increased volume ahead seems likely to be absorbed without any drastic market fluctuation. There have been no recent additions to the negotiated new issue calendar.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.00%	3.80%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.50%	3.35%
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%	3.30%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.90%	3.75%
New York City, N. Y.	3%	1980	3.90%	3.85%

June 1, 1960 Index=3.46%

Phila. Secs. Assn. Names Committees

PHILADELPHIA, Pa.—Albert A. R. Wenzel, of Francis I. duPont & Co., President of the Philadelphia Securities Association, announced the appointment of various committees of the association to serve for the ensuing year.

William A. Webb of DeHaven & Townsend, Crouter & Bodine was named Chairman of the program committee. The other member is William A. Lacock of E. W. Clark & Co.

The arrangements and outing committee consists of Henry McK. Ingersoll of Smith, Barney & Co., Chairman; Frederick T. J. Clement of Drexel & Co., Robert T. Arnold of Suplee, Yeatman, Mosley & Co., Inc., Rubin J. Hardy of The First Boston Corp., Robert S. March of Schmidt, Roberts & Parke, F. Stanton Moyer of Kidder, Peabody & Co., Edwin J. Pearson of Smith, Barney & Co. and Robert G. Rowe, Jr. of Paine, Webber, Jackson & Curtis.

Membership committee: Franklin L. Ford, Jr. of E. W. Clark & Co., Chairman, Arthur S. Burgess of W. H. Newbold's Son & Co., William R. W. Aiken of Thayer, Baker & Co. and Jack I. Foard of the Girard Trust Corn Exchange Bank.

Directory committee: Forrest E. Sovring of Francis I. duPont & Co. Chairman and George W. Fellows of Francis I. duPont & Co.

E. Howard York, 3rd of Doremus-Eshleman Co. is Chairman of the public relations committee.

Form Mutrusco Mgt. Corp.

KANSAS CITY, Mo. — Mutrusco Management Corporation has been formed with offices at 4722 Broadway, to engage in a securities business. Officers are Gus D. Welch, president; Edward G. Mader, vice president, assistant secretary and treasurer; Edward J. Stonner, vice president; William C. Hisey, vice president and assistant secretary; and John H. Collett, secretary and treasurer.

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.

June 2 (Thursday)			
Ithaca, New York	1,420,000	1961-1988	3:00 p.m.
Lexington, Kentucky	4,750,000	1962-1989	11:00 a.m.
North Texas State College, Board of Regents, Texas	2,902,000	1961-2000	10:00 a.m.
Oyster Bay Central School District No. 2, New York	4,443,000	1961-1989	11:00 a.m.
Riga, Ogden, etc., Central School District No. 1, New York	2,208,000	1960-1988	3:00 p.m.
Stamford, Connecticut	2,379,000	1961-1980	11:00 a.m.
West Slope Sanitary Dist., Oregon	1,250,000	--------	8:30 p.m.
June 3 (Friday)			
Florida Development Commission, Florida	3,375,000	1964-1990	11:00 a.m.
June 6 (Monday)			
Hempstead Union Free Sch. Dist., No. 11, New York	2,973,000	1961-1989	11:30 a.m.
Linda County Water District, Calif.	1,200,000	--------	2:00 p.m.
June 7 (Tuesday)			
Albuquerque Municipal Sch. Dist., New Mexico	3,500,000	1961-1965	10:30 a.m.
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.
Bloomfield, Connecticut	1,550,000	1961-1980	11:30 a.m.
Dothan, Alabama	1,500,000	1961-1970	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.
Norwich, Connecticut	2,500,000	1960-1980	Noon
Ogden, Gates, etc., Central School District No. 1, New York	2,180,000	1960-1989	2:00 p.m.
Pennsylvania General State Auth., Pennsylvania	25,000,000	--------	Noon
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.
Greenville, Ohio	1,645,000	1961-1982	11:00 a.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	1961-1990	11:00 a.m.
Pennsylvania State University, Pennsylvania	8,500,000	--------	11:00 a.m.
Reading, Ohio	1,000,000	1961-1982	Noon
June 9 (Thursday)			
Bethlehem, Pennsylvania	1,500,000	1961-1985	10:30 a.m.
Bloomington, Minnesota	3,000,000	1963-1986	5:00 p.m.
Calcasieu Parish School District No. 30, Louisiana	2,000,000	1961-1980	10:00 a.m.
Waterford Township School Dist. No. 30, Michigan	2,500,000	1962-1986	8:00 p.m.
West Virginia State Armor Board, West Virginia	1,475,000	1962-1990	11:00 a.m.
June 13 (Monday)			
Corpus Christi, Texas	3,810,000	1961-1984	2:00 p.m.
Des Moines, Iowa	2,000,000	1961-1970	7:00 p.m.
University of Illinois, Illinois	5,000,000	--------	--------
June 14 (Tuesday)			
Farmington, New Mexico	1,690,000	1961-1975	7:30 p.m.
Grand Forks Ind. Sch. Dist., N. D.	1,200,000	--------	--------
Kentucky	30,000,000	1962-1971	1:00 p.m.
Michigan	25,000,000	--------	--------
Milwaukee, Wisconsin	15,000,000	--------	--------
Pasadena City Jr. College District, California	5,000,000	1961-1980	9:00 a.m.
Philadelphia School District, Pa.	10,000,000	1962-1985	11:00 a.m.
Pinellas County, Florida	3,300,000	1993-1998	2:00 p.m.
St. Paul, Minnesota	2,495,000	--------	--------
University of Illinois, Board of Trustees, Illinois	5,000,000	--------	11:00 a.m.
Washoe County, Nevada	3,000,000	--------	8:00 p.m.
June 15 (Wednesday)			
Puerto Rico	17,000,000	--------	--------
Struthers, Ohio	1,200,000	1961-1980	Noon
June 16 (Thursday)			
Honolulu, Hawaii	2,000,000	--------	--------
University of Tennessee, Tenn.	1,800,000	--------	11:00 a.m.
June 17 (Friday)			
Fort Lewis Agricultural and Mechanical College, Colorado	1,308,000	--------	10:00 a.m.
June 20 (Monday)			
Manitowoc, Wisconsin	1,650,000	1961-1980	3:00 p.m.
Maricopa County School District No 210, Arizona	5,000,000	1961-1976	11:00 a.m.
June 21 (Tuesday)			
Alabama	50,000,000	--------	11:00 a.m.
Broward County, Florida	3,600,000	1961-1970	11:00 a.m.
Chula Vista, California	1,250,000	1961-1980	7:00 p.m.
Jersey City, New Jersey	2,000,000	1961-1980	--------
Norfolk, Virginia	9,000,000	1961-1985	11:00 a.m.
Ohio	15,000,000	1960-1970	Noon
Oxnard Union High Sch. D., Calif.	1,750,000	1961-1975	11:00 a.m.
Passaic, New Jersey	1,418,000	--------	--------
Paterson, New Jersey	3,080,000	--------	--------
West Orange, New Jersey	1,132,000	--------	8:15 p.m.
June 22 (Wednesday)			
Eastchester, New York	2,538,000	--------	3:00 p.m.
Maryland State Roads Commission, Maryland	20,000,000	1961-1975	--------

Investment Merits of Utility Common Stocks

By Frederick W. Page,* *Partner, J. W. Seligman & Co., and Vice-President, Tri-Continental Corp., New York City*

What makes utility stocks attractive to investors and how can utilities successfully raise capital through common stock financing? The answers to this reflect Mr. Page's 27 years expert conversancy with one of the largest portfolios of common stocks. The author comments on investor's willingness to select, and thereby push up, high price-earnings ratios of issue that promise higher earnings in the future, and the ways a utility can produce earnings-growth despite rate of return regulatory limitations. The latter includes: (1) advice on where and how much common should be issued; (2) inadvisability of stock dividends and pre-emption rights; (3) importance of selling new stock at a premium over book value; and (4) need for broad market for firm's stock. Mr. Page deplores use of current earnings in computing cost of common stock capital in rate proceedings and argues for 1% to 2% spread above cost of prior capital.

There is not much doubt that the utility industry is going to be relatively more dependent on the capital markets over the foreseeable future than any other single industry in America. If one projects trends in demand for the next ten years, the amount of capital required to build the capacity to meet this demand becomes staggering. This is true for all segments of the industry — electric, gas, telephone and water. Technological developments requiring proportionately heavy capital expenditures will also have an effect on overall capital requirements. Consequently it appears that the problem of raising new capital will be with utilities for many years to come, and it will be one of their major problems.

Frederick W. Page

Obviously, to be successful in meeting this problem, securities must be made attractive to investors who have many areas in which they can invest their savings. To make them attractive and to keep them attractive is not a one-shot operation requiring only occasional thought and attention. As I hope to develop a little later, it takes years of efforts to compile a record which will give securities investment appeal.

Although there are many types of securities which utilities can sell to raise their capital, I would like to limit my remarks to common stock financing. Not only is this highest cost capital, but the cost will vary considerably, both from year to year and between companies, and if utilities can make these securities attractive, they will find that they have added to the investor appeal of their prior securities. Moreover, my knowledge of bonds and preferred stocks leaves much to be desired, but having spent 27 years as a student of the industry, and being largely responsible for one of the largest portfolios of utility common stocks in the country, I feel that I can speak with some authority about common stocks and what gives them investor appeal.

Our four investment companies — Tri-Continental, Broad Street Investing, National Investors, and Whitehall Fund — have been particularly partial to utility common stocks, and these holdings have served us well over many years. As of March 31, 1960, we held approximately $155,000,000 of these stocks, and they constituted the largest single industry investment in each of the companies.

Basic Investment Philosophy

What attracts investors to common stocks generally and causes them to select particular stocks from the supply of thousands of issues? Some invest to obtain income, some invest to obtain capital appreciation, others emphasize safety, or there can be a combination of objectives with varying weights given to these objectives. But over a period of time it is possible to detect in the market an investment philosophy that predominates.

Recently I read in a brokerage letter a statement expressing the belief that basic investment philosophy changes only about four times in a generation. The more I thought about this, the more I was inclined to agree. By "basic investment philosophy" I do not mean fads such as the popularity of the uranium stocks which quickly come and go. Rather I mean the main investment theory that greatly affects the flow of a substantial segment of the country's savings. This basic investment philosophy is slow to change, and changes are usually brought about only by some substantial shock.

Following World War I and continuing throughout the 1920s, the basic investment philosophy was to make a quick fortune by borrowing funds and taking other undue risks. In the utility field this was reflected in the highly pyramided holding companies. In the stock market it was reflected in substantial purchases of common stocks on high margins by individuals who knew little about stocks and relied largely on market tips. You were crazy not to take the opportunity of making a fortune by borrowing money to buy stocks recommended by your barber.

This era was brought to an end by the stock market crash of 1929 and the subsequent deep and lengthy depression. Fortunes were lost and people were badly in debt. The public decided almost to the man that it would never touch the stock market again. Savings mostly went into life insurance, savings accounts, or bonds. When common stocks were bought, they were purchased almost solely on the basis of safety and yield. Retained earnings were deeply discounted because a dollar in the corporation's treasury was not worth as much as a dollar in the stockholder's hands. There was to be no growth, for the economy had matured and the prospects were for recurring depressions. This philosophy prevailed throughout World War II and the early post-war period. The expected post-war depression was always just around the corner, and corporate earnings were appraised at very low values. The popular form of investment continued to be life insurance, savings accounts, war bonds, and other fixed income securities.

The shock that brought this era to and end was the outbreak of the Korean War. This event convinced the public that the United States would have to maintain a large military establishment on practically a permanent basis. This meant continued high tax rates, and with the political philosophy of full employment, it meant continuing inflation. At about this time, war bonds in large volume matured and the investing public was dramatically shown how poorly bonds treated holders in terms of purchasing power during an inflationary period. The continuance of high tax rates detracted from the appeal of current income, and capital gains with their limited tax rate became more desirable. With inflation detracting from the appeal of bonds, and with capital gains becoming more attractive than current income, the public in increasing numbers turned to stocks as a haven for their savings.

Upon studying long term charts of the stock market, the public discovered that the market was in a strong long-term upward trend. Of course, there were periods of decline, but generally these were minor relative to the long term results and they usually were of short duration. If stocks were properly selected and the holder was not in the position of being forced to sell, he was sure to realize a gain eventually. Two lessons of the 1920s were kept in mind. Buying on margin was held to a minimum, and instead of relying on tips, the public sought professional advice and management. This resulted in the extraordinary popularity and growth of the mutual funds and pension funds, with the latter investing an increasing proportion of their assets in common stocks.

There is not much doubt that the popularity of common stocks increased enormously during the 1950s. It is evident that the public both directly and indirectly through legislation puts its stamp of approval on common stocks. Legislation in many states permitted life insurance companies and savings banks to invest in common stocks, and New Jersey is to have variable annuities. All of this would have been unthinkable in the 1930s. This change was the result of loss of favor on the part of fixed income securities, even though interest rates rose from 3% to 5%, and the premium placed on capital gains. With the surge in population and the great technological developments, the economy was sure to grow. To capitalize on this, one should buy common stocks and avoid fixed income securities.

A refinement of this basic investment philosophy crept into the picture to an important degree in 1957, and it has become more pronounced in the last two years. This refinement does not change the basic philosophy but affects selectivity. The public is now seeking stocks in companies that show the fastest growth in per share earnings. With confidence in the future, they are willing to pay many times current earnings in order to obtain higher earnings in the future. It is through this growth that they hope to get their capital appreciation and eventually higher income.

Investors' Recognition of Future Earnings

To illustrate why growth in per share earnings has become so important in the investor's mind, and to show the results he expects to obtain, I will give the example of two utility stocks we hold in our portfolio. If measured by capital structure, Company A is sounder financially than Company B since it has only 41% debt and 49% common equity, as contrasted to Company B's 50% debt and 33% common equity. In spite of its capital strength, Company A sold at only 14.6 times earnings and yielded 4.9%, whereas Company B sold at 18.4 times earnings and yielded 3.7%. Was the market wrong in its appraisal of these two stocks? I do not believe so, and a projection of the earnings of the two companies will show why.

Throughout the 1950s, the earnings of Company A had grown at the compound rate of 1% a year which permitted only an occasional slight increase in the dividend. Company B, however, had shown a growth rate of 9% compounded annually, and had increased its dividend somewhat every year. Assuming that Company A could expand its growth rate to 3% and determining that there was no reason to expect a decline in Company B's growth rate, we projected earnings for the former to rise 3% per year, and for the latter to continue its trend of 9% per year. Using the resulting projection of earnings for 1963, we found that Company A's price-earnings ratio had declined from 14.6 to 13.3, and that these earnings with a normal payout would permit a dividend that yielded 5.2% on the present price. Company B's projected 1963 earnings resulted in a price-earnings ratio of 14.4 as compared to the current ratio of 18.4, and the estimated dividend for that year produced a yield of 5.2%. Projecting just a little further to 1965, we found that on these earnings, Company A was selling at a ratio of 12.5 as compared to Company B's 12.2, and Company A's stock yielded 5.2% compared to 5.9% for Company B's stock. Thus, for anyone able and willing to look three to five years ahead, Company B's stock represents a better investment than that of Company A even though it is higher priced relative to current earnings and dividends.

This points up the fact that the investing public is looking ahead to what earnings will be and not what they are. It is for this reason that they are willing to buy Company B's stock on a 3.7% yield basis even though Company B's mortgage bonds yield 5%. They expect the yield on the stock to rise above the bond yield in the next three years. This emphasis on future earnings is why many electronic and other growth stocks sell at more than 40 times current earnings and yield less than 1%. It is obvious the buyers are looking to the future, and are seeking growth in per share earnings. Current yields are more or less ignored and a dollar of earnings is no longer considered to be worth less than a dollar in the stockholder's hands. As a matter of fact, a premium is placed on the reinvested earnings because they will earn additional dollars, undiminished by a tax bite.

As earlier stated, basic investment philosophies are slow to change, and changes are normally brought about only by some sub-

Continued on page 26

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Brewing Industry—Survey—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Business In Brief—Review—Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y.

Defense Stocks—Review—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

Equipment Leasing—Analysis—Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y.

Foreign Exchange Quotations—Listing exchange rates of currencies of 182 countries—Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

Growth Stocks—Discussion in June "Investment Letter"—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. In the same letter is a discussion of **ABC Vending** and an analysis of **Fiber Glass** stocks with particular reference to **Owens Corning Fiberglas, Gustin Bacon, H. I. Thompson Fiber Glass** and **Ferro Corp.**

High Yield Tax Exempts—Bulletin—H. Hentz & Co., 72 Wall St., New York 5, N. Y.

Investment Outlook In 1960—Study—The Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

Japanese Automotive Industry—Analysis in current "Investor's Digest"—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. In the same issue are review of the **Bearing Industry, Industrial Instrument Industry** and Japanese Economic structure. Also available are bulletins on **Mitsubishi Chemical Industries Ltd.** and **Toyo Rayon Co. Ltd.**

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

Profitable Trading in Puts and Calls—Richard Whiting—Trading methods for utilizing characteristics of puts and calls—"Puts & Calls," R. H. M. Associates, Dept. FC-100, 220 Fifth Avenue, New York 1, N. Y.—$5 (free descriptive folder on request).

Research: An Investment in Tomorrow—Review of growth companies strong in basic research—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reports on **Emery Air Freight, Mercantile Stores, Atchinson, Topeka & Santa Fe Railway, Burroughs Corp., Chromalloy Corp., Globe Union, Missouri Pacific, New York Air Brake, Simplicity Pattern Co.,** and data on the **Aluminum, Food, Chemical, Drug** and **Airline industries.**

Savings & Loan Industry—Analysis—Sartorius & Co., 39 Broadway, New York 6, N. Y.

Standard Oil Company (Indiana)—1959 annual report—Standard Oil Company, 910 South Michigan Avenue, Chicago 80, Ill.

Treasury Notes—Bulletin—New York Hanseatic Corporation, 120 Broadway, 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).

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American Greetings Corporation—Analysis—McDonald & Company, Union Commerce Building, Cleveland 14, Ohio.

American Machine & Metals—Memorandum—Francis I. duPont & Co., 1 Wall Street, New York 5, N. Y.

American Ship Building—Memorandum—Westheimer and Company, 322-326 Walnut Street, Cincinnati 2, Ohio.

Bendix Corporation—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Benson Manufacturing Co.—Memorandum—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Chain Belt Company—Review—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is a review of **William H. Rorer, Inc.**

Chrysler—Memorandum—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Clarkstown (N. Y.) Central School District Bonds—Bulletin—Tilney & Company, 70 Pine Street, New York 5, N. Y.

Clevite Corporation—Review—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis. Also in the same circular are reviews of **R. J. Reynolds Tobacco Co., American Machine & Foundry** and **Eastman Kodak.**

Cohu Electronics—Analysis—Du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also available is an analysis of **Mergenthaler Linotype.**

Colgate Palmolive—Survey—Abraham & Co., 120 Broaway, New York 5, N. Y. Also in the same circular are surveys of **Kelsey Hayes Co.** and **Southern Railroad.**

Craig Systems—Data—Purcell & Co., 50 Broadway, New York 4, N. Y.

Denver Airport Revenue Bonds—Bulletin—The Illinois Company, Inc., 231 South La Salle Street, Chicago 4, Ill.

Detroit Edison Co.—Memorandum—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich. Also available is a memorandum on **K V P Sutherland Paper Co.**

Eastman Kodak—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available in the same booklet are reviews of **Tennessee Corporation** and **Illinois Power.**

Fansteel Metallurgical—Review—Cooley & Company, 100 Pearl St., Hartford 4, Conn.

Fansteel Metallurgical Corp—Analysis—Penington, Colket & Company, 70 Pine Street, New York 5, N. Y.

Fastline, Inc.—Analysis—David Morris & Co., 52 Wall Street, New York 5, N. Y.

Federated Purchaser Inc.—Memorandum—Maltz, Greenwald & Co., 1441 Broadway, New York 18, N. Y.

Fisher Governor Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **Kirsch Company.**

Ford—Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. In the same circular are reviews of **AMP Inc.** and **Granite City Steel.** Also available are reprints of an address by Armand G. Erpf on the "Stock Market—Thoughts and Observations" given at the annual convention of the National Federation of Financial Analysts.

Garden Land Company Ltd.—Analysis—Hill, Darlington & Co., 40 Wall St., New York 5, N. Y.

General Public Service Corporation—Analysis—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Great American Insurance Co., New England Electric System, Fairchild Camera, Haveg Industries,** and **Heli Coil Corporation,** and an analysis of **Raytheon Company.**

Georgia Pacific Corporation—Review—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y. Also in the same circular are reviews of **Long Island Lighting Co., R. H. Macy & Co., National Biscuit Company,** and **Pure Oil Company.**

Gertsch Products Inc.—Memorandum—Woolrych, Currier & Carlsen, 210 West Seventh Street, Los Angeles 14, Calif.

Hunt Foods—Memorandum—Norman C. Roberts Company, 625 Broadway, San Diego 1, Calif.

Huntington Park First Savings & Loan Association—Memorandum—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

International Nickel Company of Canada—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on interesting **Convertible Bonds.**

Magnavox Company—Analysis—Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Magnavox Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is a bulletin on **Aztec Oil and Gas Company.**

Massey Ferguson—Memorandum—G. W. Nicholson & Co., Ltd., 67 Richmond Street, Toronto, Ont., Canada.

National Aeronautical Corp.—Memorandum—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available is a memorandum on **Air Shields Inc.**

Northrop—Memorandum—Walston & Co., 74 Wall Street, New York 5, N. Y.

R. J. Reynolds Tobacco—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Ryan Aeronautical—Memorandum—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

St. John Del Rey Mining Company—Data—Winslow, Cohu & Stetson, Incorporated, 26 Broadway, New York 4, N. Y.

Seacrest Industries Corporation—Report—A. J. Gabriel Co., Inc., Time & Life Building, New York 20, N. Y.

Shulton Inc.—Analysis—Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Ga.

Smith Douglas Company—Analysis—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

Sperry Rand—Report—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

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

Standard Financial Corporation—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Standard Gilsonite Company—Analysis—Carothers & Company, Inc., Mercantile Bank Building, Dallas 1, Texas.

Standard Register Co.—Memorandum—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Underwood—Memorandum—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Unilever—Analysis—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is an analysis of **Fairmont Foods Co., Heyden Newport Chemical Corp.** and a study of **Electric Utilities.**

United States Rubber Co.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Long Island Lighting Co.**

Vornado, Inc.—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Waterman Pen Company Ltd.—Report—Peter Morgan & Co., 149 Broadway, New York 6, N. Y.

Wesco Financial Corporation—Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

Western Natural Gas—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are reviews of **Crowell Collier Publishing Company** and **Collins Radio.**

Western Union—Analysis—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

COMING EVENTS

IN INVESTMENT FIELD

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 (Detroit, Mich.)
Bond Club of Detroit spring golf tournament at Essex Golf & Country Club, Essex, Ont., Canada.

June 3-5, 1960 (Los Angeles, Calif.)
Security Traders Association of Los Angeles spring party at the Riviera, Palm Springs.

June 3, 1960 (Los Angeles, Calif.)
Bond Club of Los Angeles annual field day at the Oakmont Country Club, Glendale, Calif.

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 (Philadelphia, Pa.)
Philadelphia Securities Association annual outing at Aronomink Golf Club; tennis at Merion Cricket Club, Haverford, Pa.

June 9, 1960 (Des Moines, Iowa)
Iowa Investment Bankers Silver Anniversary field day at the Wakonda Club.

June 10, 1960 (New York City)
Municipal Bond Club of New York annual field day at the Westchester Country Club, Rye, N. Y.

June 10, 1960 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at Overbrook Country Club, Radnor Township, Pa.

June 10, 1960 (Pittsburgh, Pa.)
Pittsburgh Securities Traders Association spring outing at Shannopin Country Club.

Can't Keep on Selling The Same Steel Products

By Leslie B. Worthington,* President, United States Steel Company
New York City

A blunt primer on the need for, and what is, an "intensive" and "comprehensive" selling program to meet substitute and foreign competition facing steel is layed down by Mr. Worthington. Calling for a more imaginative product application, greater emphasis on innovation—to serve existing and potential markets better—the steel head urges individuals be made specifically responsible for broad strategy and detailed tactics to meet the selling challenge. It is not sufficient, he adds, to hold someone responsible for being informed about competitive materials, nor to confine customers' contact to purchasing agents when it should go beyond them to engineering departments, research organizations and anyone else connected with the purchase of steel. He concludes by listing the selling weapons which are effective against foreign steel, and the ways to sell more steel.

The steel industry still has many challenging problems confronting it, but I think the keystone in our progress as a vital, growing industry in the years to come is the sale of our products in ever greater volume against some of the toughest, most resourceful competition we have ever faced.

L. B. Worthington

True, this need has always been with us. For instance, the problems of competitive materials and imported steel have always been present in varying degrees, and we have long known they would be with us in the future. The only trouble is that the future is getting here sooner than it used to.

A few writers of financial columns have been intimating recently that steel is no longer a growth industry. This is completely incomprehensible to me. Perhaps if we closed down our sales offices, called a halt to our research and development, and just sat back and hoped that sympathetic people would continue to order some of our products, we would fail to grow. But we are not about to do that.

Obviously there *are* matters for serious consideration in connection with our future growth. For instance, just how fast *will* we grow? What *other* materials will claim some of our markets and in what amounts? What new markets can *steel* claim? Just how *basic* will steel continue to be in an expanding American economy? Yes—these are matters for profound thought . . . and *vigorous* action.

In the Old Testament we read: "The *wise* man's eyes are in his head; but the *fool* walketh in darkness." That, if you will, is my text for this paper. I want to talk seriously about some of the problems of selling steel. If we do not understand these problems or if we fail to do something constructive to solve them, we do walk in darkness, and that would be the height of folly for our vital industry.

Meeting New Selling Challenges

Ofttimes in life we are inclined to be content with gradual changes and slow improvements. Yet we know from the lessons of history —now more sharply defined than ever before—that real progress very often stems from radical changes and new departures. We have *new* selling challenges in the steel industry, and I say that, as individual companies, we need *new* insight and *new* approaches to meet them. Ours is a dynamic industry, and what served yesterday as the driving force of progress may tomorrow be only a hitching post of stagnation.

What ever misunderstandings a few people in Washington may have about competition and steel, the fact is that a roaring market battle among the sellers of various materials goes on in boom times and in slack times. This battle can result only in new kinds of selling effort on the part of each steel company. It is a contest which involves jobs and the profit on which jobs depend. Here, as in other forms of competition, the best defense is a good offense; and for us that offense is aggressive selling of the products that our best in research and technology can and does provide.

There is a fable which has found its way into the folklore of more than one European country. It runs like this:

Once there was a rabbit who was hopping along a marshland road when he heard cries for help. Looking about, he found a place beside the road where a horse's hoof had made a deep hole in the soft earth, and in the hole he saw a frog.

"Help me," cried the frog—"I can't get out."

Replied the rabbit, "I have urgent business down the road, but I'll be back in half an hour to help you out."

True to his promise, the rabbit did return—but to find the frog hopping contentedly about upon the road.

"I thought you said you couldn't get out," said the rabbit.

"So I did," said the frog, "but a snake got in the hole and I *had* to get out."

Each of us has to get out of any sort of sales hole he may be in. The battle among materials makes it *urgent* for each company in this industry. The national need for sound economic growth *demands* it. The battle of opposing ideologies raging around the world makes it *imperative*. If we fail, there won't be any friendly rabbit to pull us out.

Let the wise man turn this necessity into *opportunity* — opportunity to improve products . . . opportunity to serve the world market better . . . opportunity to grow . . . opportunity to make adequate profits.

To capitalize on this opportunity, we have a tremendous asset —steel itself, for steel is the world's most versatile and lowest-cost material for most applications. Furthermore, the potential for improving its strength, its corrosion resistance, its hardness and toughness, and its aesthetic properties, is enormous.

In Ayn Rand's latest book, *Atlas Shrugged*, a novel about an earth-shaking struggle between economic concepts, we read about the invention of Reardon Metal, a metal far superior to any the world had known. The implication in the story is that this metal could be the key to the achievement of a superior *way* of life.

I say that we already have something more exciting, more useful, more versatile than the fictitious Reardon Metal. *New* steels, and just as importantly, *existing* steels, used with greater engineering efficiency—creatively —with imagination can give us the means to achieve greater material progress than we have ever known . . . provided they are *used* properly — and this means *sold* properly.

So our sales challenge is one filled with excitement and great expectations.

Not Selling Pudding

Steel is not prosaic. To the man whose eyes are in his head, wide flange beams are visualized as a graceful bridge, a sinew of commerce, a vital link in communications. Sheet steel is viewed as a finely designed automobile. Stainless, exquisitely refined, is the steel which carries man into outer space.

Do we sometimes forget these truths as we struggle with our day-to-day problems? Have we lost just a little of our zeal? We have a glamorous, inspiring product. We aren't selling pudding. Someone has to, I suppose, but for me that wouldn't be very exciting.

Imagine for a moment a society in which there is no steel . . . a world devoid of much of the industrial progress we know. Then suppose steel suddenly were invented and became obtainable in volume. All other news would be pushed off the front pages for weeks, if indeed we had front pages at all.

Let's not take steel for granted. Let's sell it with the "leaping lightning" of enthusiasm which something new and different and better deserves.

But enthusiasm alone — important as it is—isn't enough to do the job, and if it's our only selling resource, we are in great danger of substituting mere talk for effective action.

Let there be no mistake about it—what lies before us is no fancy Utopia built of airy phrases. We can't just tell ourselves to get out and sell. We must face up to the truth about our selling needs.

Optimism by itself can be dangerously misleading. It has been said that an optimist is a man who thinks that his wife has given up cigarette smoking because he finds cigar ashes strewn on the carpet.

This is delusion indeed.

Keen Substituting Competition

Let me speak now about one of the most pressing sales problems we all face — competition from other materials.

Other metals, and nonmetallic materials such as plastics, glass and good, are banging away at our markets. Some of us have learned, the hard way, that for some applications, these materials are potent competitors. We can't afford to underrate them.

While the competitive materials situation is disconcerting for steel, it is true at this time that nothing can replace steel in the majority of its tonnage markets. Availability, superior technical properties, and cost considerations, if sold intelligently and intensively, will prevent any wholesale replacement of steel in the foreseeable future.

But do not be deluded by this. As we all know, profit success or profit failure in business rests on a razor's edge. This thin margin of victory can readily be shaved away.

Competitive materials have made inroads into steel markets partly because their suppliers have an aggressive promotion and selling philosophy. Frankly, many steel producers haven't had this in meeting the challenge of other materials.

Then there is the basic human trait of identifying what is new with what is good, and what is old with what is not so good. Some of the major materials which compete with steel are by and large "new" while steel, in the absence of a fresh presentation of its constantly more diversified properties, seems "old"—and this operates against steel products.

Everyone ought to read the American Iron and Steel Institute's excellent first report on "Competitive Materials . . . Problems and Opportunities." It tells this story clearly and concisely in terms of how to look at the problem and what steps should be taken now. But this is only report number one — other studies will follow.

The whole framework of the battle between materials is indicative of something that is good for America—namely, rapidly advancing technology. We can look back, though I hope not complacently, upon 60 years of this 20th Century as years filled with miracles of achievement. But today, more revolutionary and more wonderful things are upon us, and more are coming. New forces and new ideas are taking shape. The future is rushing down upon us—dismaying or inspiring, depending upon how we choose to meet it.

We can and we must meet the future with courage and intelligence. One good and forthright step has been the action of this Institute's Board of Directors and Executive Committee in forming the Committee to Promote the Use of Steel. This Committee will play an increasing role in steel's battles with other materials.

What the Use Committee Can Do

Let me make it perfectly clear that there is a sharp distinction between what a trade association can and should do, and the role best played by individual companies.

In the policy role of the Use Committee, there would be appropriate areas like these:

First — collect information on major developments in competing materials so as to define clearly the product and selling challenges posed for the steel industry.

Next — provide broad promotional approaches . . . themes . . . and messages on which member companies can build.

Then—stimulate member companies to undertake effective promotional and other activities to meet the new challenges from materials which compete with steel.

Finally and *very importantly*— utilize the product committees of the Institute to foster the program.

Although this policy group is small, the product committees, which draw widely from the individual companies for their membership, will provide ample op-

Continued on page 28

Successfully Accomplishing A Change of Eras This Time

By Elliott V. Bell,* *Editor & Publisher, Business Week Magazine*

The re-emergence of the term "new era" after 30 years prompts Mr. Bell to describe the tough, stubborn problems said to require realistic solution if we are to achieve, this time, the promises of our era of great economic progress. The time is ripe, the business news publisher concludes, for us to take the lead in calling a new world economic conference, comparable in scope to the London Economic Conference of 1933 except for the results, to make certain the strength we helped build in the free world and in our economy endures. The author fears there may be an economic battle royal shaping up between the free world countries; recommends our foreign economic aid be confined to underdeveloped countries; calls on our European allies to take on a bigger share of joint defense costs; and questions whether we can be a strong leader with a chronic deficit in our balance of payments.

Back in the late 1920s there was a good deal of talk about a "new era." It was to be an era of widespread and lasting prosperity. A chicken in every pot and two cars in every garage was the way politicians described it. We had emerged from the Great War with a new understanding of America's industrial might, with high and rising living standards and the knowledge that modern industrial and agricultural know-how had created a productive capacity adequate to provide all the people with all the necessities and many of the luxuries of life.

Elliott V. Bell

Currencies had been stabilized and restored to the gold standard, budgets balanced and inflation (at least in the commodity market) checked. The United States as the new financial and industrial leader of the world was lending large sums to Europe, Japan and Latin-America. The Federal Reserve had demonstrated its ability to prevent minor recessions from developing into big ones and the opinion was widespread, although not universal, that we had licked the business cycle and would never again experience the major economic collapses which characterized our past history.

It all sounds a little familiar, doesn't it?

We know what happened. A new era came; but it was a frightful time of economic blight: A decade of chronic unemployment, not ended until the Second World War began; a long powder-train of bankruptcies, currency collapse and grinding deflation.

It was 30 years after 1929 before anyone had the courage again to talk about "a new era."

Now in recent months that phrase has again become widespread. There is a rather general opinion that we are at one of those significant turning points in history where one chapter ends and another begins.

Tempers "New Era" Outlook With Realism

The question is what will the new era be like? Will it be a period of endless prosperity such as the optimists of 1929 predicted or a nightmare such has actually followed 1929?

We've had a spate lately of speeches and articles about the soaring 60s. It must be that every high school sophomore can recite the story of the coming "population explosion"—how we are going to have more young people of marriageable age than ever before and how they are going to get married, have babies and consume houses, washing machines, refrigerators, automobiles, etcetera, like crazy. We all know too that American industry is also pregnant—pregnant with new inventions, new skills, fertile with the seeds of research and development.

We have been assured that in the glorious time ahead we will all consume more, work less and rise to higher and higher standards of living, chiefly by having more leisure and more babies—a fascinating prospect, especially for the young. We've had a large portion of pie-in-the-sky. And lately it's been just a little indigestible.

Now let me be very serious. I believe we can have an era of great economic progress. I believe we can continue to provide a good, and constantly improving life for our people. I believe that much of the rest of the world can share in the kind of good life America has. I believe we can avoid another Great Depression. . . . But I do not believe it will be done by feeding each other modern economic fairy tales of pie-in-the-sky. I do not believe it will be done by ignoring the lessons of the past or by trying to ignore and minimize the problems of the future. We are entering a new era but the chief characteristic of that era is that it brings back into the foreground some of the toughest, most stubborn problems of the past — problems we failed before to solve—with disastrous consequences.

There is a grim saying by the eminent Harvard philosopher and skeptic, George Santayana, that: "Those who do not remember the past will be condemned to repeat it."

In the past, every great war has been followed by a great depression. The pattern has been consistent. War and postwar inflation results in roughly doubling the price level. There is a period of booming prosperity. Then the bubble bursts; depression sets in and prices ultimately return to where they were before the war. This pattern has held true throughout modern times, not merely for the United States, but for Great Britain. It occurred after the Napoleonic Wars and after our Civil War, just as it did after World War I.

The end of the last war found the world with an enormous backlog of needs to make up—a backlog that had accumulated not just in the war period but during the long depression. We needed houses, autos, television sets and all the paraphernalia of the good family life.

The rest of the world needed not merely all these things but in the first years even food to support life. It needed also to rebuild its shattered roads, factories and cities. Demand was limitless.

And there were the means to finance this great demand. At home we had the enormous carryover of liquid assets from the war and a greatly expanded money supply, augmented by an explosion in mortgage debt, consumer debt and state and municipal debt.

Abroad, the United States financed recovery and reconstruction by one of the most remarkable examples of statesmanship and generosity in the history of nations. Since 1945 we have made available to the world—our erstwhile enemies as well as our allies—nearly $80 billion, net, of loans, gifts, grants-in-aid and other forms of assistance.

So urgent was the world's need for products only the United States could supply that the demand for dollars seemed insatiable. The theory was widely accepted of a permanent shortage of dollars in the world—a so-called dollar gap, between what other countries needed to buy from us and what they were able to sell to us.

It was said that world trade was like a poker game in which the United States consistently held all the winning cards. The idea was we would have to keep giving away chips to prevent the other players from being frozen out of the game.

The Situation Has Suddenly Changed

Now we have suddenly realized that the situation is reversed: There is no longer any shortage of dollars in the world—no dollar gap. Instead the rest of the world as a whole is acquiring more dollars than it is willing to spend. The poker game has shifted. Now it is the United States whose pile of chips is sinking. In economic language, the United States has a deficit in its international balance of payments. This means that the total amount of money we are paying to the rest of the world—for goods and services (including tourist spending), for military and economic aid, for remittances and pensions, for making investments abroad, for all purposes—is greater than the amount the rest of the world pays us.

The truth is we have had a deficit in our balance of payments for the past ten years, excepting for 1957, when our large sales of oil and coal to Europe following the Suez crisis gave us a very substantial one-year surplus.

During the years between 1949 and 1958 the deficit in our balance of payments averaged about $1.5 billion but in 1958 it suddenly jumped to $3.4 billion and in 1959 to $3.7 billion. The deficit for this year will be a little smaller due to some special factors (including some large European purchases of American-made jet planes) but it is nevertheless expected to reach $2.5 billion, perhaps even $3 billion. No nation, however rich, can continue indefinitely to run a deficit of this magnitude in its international balance of payments.

This one circumstance—the appearance of a large United States payments deficit — would be enough, in my judgment, to justify us in saying that a new and critical era lies ahead.

Consider for a moment the economic consequences of this change.

The United States program of international assistance has been, in effect, like a huge pump-priming program, conducted on a global scale. It has financed a tremendous foreign demand for American goods, and it has made possible the rebuilding of Europe's industrial plant.

Obviously when this great outpouring of dollars comes to an end, world trade will lose something that has been a prolonged and powerful stimulus. There will, I think, no longer be room for doubt that the era of world-wide postwar inflation is over; the big question will be whether deflation must inevitably follow?

Ending Global Pump-Priming

Now, why must our great global pump-priming program that has done so much good be ended?

No country, not even the United States, can keep on giving away its money to foreigners forever without reaching the bottom of the barrel. How soon the bottom of the barrel is reached depends on two factors: one, the willingness of foreign central banks and governments to keep on accumulating dollar balances without asking for gold; two, the reserves of gold available should it be asked for.

At present we have left about $19 billion gold, a very large sum, and far more than any other country has. However, foreigners now hold just about $19 billion of short-term dollar assets for which they could demand gold.

This brings us to the most important reason why our balance of payments deficit is disturbing. Any substantial conversion of foreign dollar balances into gold would have a restrictive effect upon our economy. Under the workings of our money system, gold withdrawals tend to reduce the money supply, tighten credit and bring about inflation. This is the discipline of the gold standard. Under the gold standard, nations which pursued loose fiscal policies, had persistently un-balanced budgets or persistent deficits in their international balance of payments, soon found themselves losing gold and had to mend their ways promptly or risk being forced off gold.

In the period of world-wide depression in the 1930s, this gold standard discipline proved insupportable and country after country abandoned the gold standard and adopted "managed money" policies. They were willing to let the external, foreign-exchange value of their currencies fluctuate in order to be free to take whatever steps they wished to maintain economic stability at home.

Now all of the principal countries of Europe have stabilized their currencies. In effect, the world has returned to a gold exchange standard. Since the United States has maintained from 1934 a fixed price for gold at which it will sell to foreign central banks and governments, most countries keep only part of their reserves in gold and a large part they keep in dollars. The dollar has thus become the principal reserve currency of the world. As such it will be narrowly watched and there must be absolutely no question about our ability to meet instantly in gold, all demands that may be made on us.

Notes Emergence of International Gold Standard

The practical consequence of this is that, for the first time in a quarter century, the United States has lost the freedom to take whatever fiscal or monetary measures it sees fit to maintain domestic economic stability. For the first time since the early 1930s we are subject to the discipline of the international gold standard.

Let me spell that out. Since the end of World War II, we have had four recessions. Each has been comparatively mild and short-lived. In each case the government has taken steps to combat the recession by reducing interest rates or running a budgetary deficit or both. In the recession of 1958, for example, interest rates were sharply reduced and the Federal budget went into the red for $12.5 billion.

If a new business recession were to start next month, it is highly unlikely that the Federal authorities would feel free to follow again the same anti-recession policy of drastically cheapening money and unbalancing the budget. To do so would almost certainly result in a substantial outflow of gold as foreign central banks, governments and others withdrew some of their balances from this market in fear of dollar depreciation.

There is another aspect to this problem. A nation cannot be a strong leader of other nations if it is the victim of a chronic deficit in its balance of payments.

We saw this poignantly illustrated in the late Twenties and early Thirties in the case of Great Britain. Sterling had been restored to gold at too high a level. It was under constant pressure in the foreign exchange market. Each time Britain tried to reflate in order to meet unemployment at home, she was faced with a run on sterling from abroad. Beyond that, it seemed as though each time there was an international conference or a difference of opinion among nations, there would be fresh withdrawals of gold from London, weakening and embarrassing the British Government.

Some Britons accused France of practicing "financial frightfulness" by deliberately withdrawing balances from London to put pressure on Britain. The French said: Nonsense. It was simply that every time Britain pursued policies the French didn't like, French people naturally lost confidence in sterling and regretfully withdrew their money from London.

There can be no sentiment in the realm of international exchange. If our allies disagree with some of our policies, there will be "distrust of the dollar." If foreign central banks and governments get the idea in their heads that the dollar is overvalued or that we are not going to take effective steps to deal with the long-standing deficit in our balance of payments, they will ask for gold, no matter how well disposed they may be.

There are those who would like to brush aside the dollar deficit as a matter of no importance or as just a temporary imbalance that will cure itself. It is feared that calling attention to this persistent large deficit may arouse a new wave of isolationism or protectionism — bring forth a new Smoot-Hawley tariff.

There is no retreat to isolation open to us in today's world. A reversion to high tariffs would rip apart our political alliances and mark a crushing defeat in the struggle between the free world and Communism. Moreover, United States business has gone heavily international. International trade is in and of itself a powerful force for growth and efficiency. The answer to our problem will not be found in trying to shut our markets to foreign goods. Neither, in my opinion, will the whole answer be found, as the State Department and Commerce Department seem to hope, in a vast expansion of our exports.

Look at the figures. Even in 1959, when our over-all deficit was $3.7 billion, we had a surplus on merchandise trade of over $1 billion. To overcome our current rate of deficit solely by increasing exports would require a merchandise trade surplus of more than $4.5 billion.

Given the present policies in the United States on the one hand and those of Western Europe and Japan on the other, it is most unlikely that this country can expand its export surplus in the next two or three years to any such startling extent.

Such a course, if successful, might only result in seriously disrupting the economies of Europe and Japan, creating new international problems as bad as the one it seeks to solve. Bear in mind that at this moment Europe is unwilling to spend all the dollars she is earning, preferring the money to the goods. The countries that need and want more American goods are the underdeveloped countries of Asia and Africa—and they do not have the money to buy.

Time Has Come for Plain Speaking

The point is our adverse balance does not come from merchandise trade or from normal

Continued on page 45

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Iowa Power & Light Company

Iowa Power & Light Co. supplies electricity and natural gas to a population of about 433,500 in Des Moines, Council Bluffs and some 200 other communities in central and southwestern Iowa. The original predecessor company, Des Moines Gas Co., was formed 103 years ago; dividends have been paid for over 50 years. Twenty-six years ago the present corporate entity was organized, and ten years ago Iowa Power's common stock, then owned by United Light & Railways, was distributed to the latter's common stockholders.

While Iowa is noted for its rich farmland and big production of corn, livestock and other farm products, nevertheless industry in the state now produces twice as much revenue as agriculture, while in the company's own area, farming as an industry now ranks fourth in dollar volume. Thus the economy has become better balanced in the past decade. Des Moines is a major jobbing center, and area industries include printing and publishing, food processing, farm implements and light consumer goods, together with coal mining.

Five private utilities now serve about three-quarters of the state population while scattered municipal and REA plants serve the other fourth. The private utilities have set up a statewide grid system to provide emergency power reserves and permit construction of larger and more efficient generating units than each company would be able to build "on its own." There has been some discussion of mergers in the past, but no plans have developed.

Iowa Power & Light's revenues are 65% electric and 35% gas. Residential sales provide 35% of electric revenues, rural 12%, commercial 25% and industrial 22%. Domestic business, including househeating, accounts for 60% of gas receipts. While there is naturally competition between the two services, it is interesting to note that the company has set up a promotional rate of 1.75c for electric heating even though the annual cost to a householder would run about two or more times that of using gas.

The company now has ample generating capacity, four new generating units totalling 250,000 kw having been installed since 1950, more than tripling the previous capacity. The last unit of 90,000 kw, placed in operation at the Council Bluffs Station in December 1958, is the largest unit in the state of Iowa. Peak load last year approximated 297,000 kw and is expected to reach 319,000 kw this summer, with a 15% generating reserve.

The company has two gas suppliers, Northern Natural Gas and Natural Gas Pipe Line Company of America, each of which has important storage facilities. To service the Des Moines area, Iowa Power itself has a propane peak-shaving plant with a capacity of 20 million cubic feet. The company has requested additional supplies from both pipelines and this is expected to be available by the next heating season.

Iowa Power & Light has enjoyed very rapid growth—revenues have nearly tripled since 1948. However, the company's net earnings have suffered somewhat because of a declining rate of return. Thus only 5.5% was earned on net property last year, according to Standard & Poor's, compared with 7.3% in 1948. Earnings in 1948 were $2.09 a share and in 1959 $2.06, in the meantime having fluctuated between $1.74 and $2.08.

The company's major difficulty has been obtaining higher rates from the city councils of the municipalities which it serves, or from the state courts on appeal—there is no state regulatory commission. The company has however obtained two electric rate increases in 1951 and 1958, and two gas rate increases in 1954 and 1959.

There have been a number of price increases by the company's gas suppliers and while these have not been finally approved by the Federal Power Commission, they have remained in effect under bond and reduced the company's earnings from the gas business. However, last winter the company obtained an increase in gas rates amounting to 23% of gas revenue—subject to refund if the FPC does not allow the various increases put in effect by the pipelines. With this increase the company was able to make a better showing, and for the 12 months ended March 31, 1960, earnings increased to $2.31 compared with the $2.06 reported in calendar 1959. For the calendar year 1960 about $2.35 is estimated.

Iowa utilities are now obtaining some benefits from the Fort Dodge decision by the Supreme Court of Iowa, which established a fair value rate base. However, Iowa Power & Light has not yet obtained the full benefit of this decision, as it is currently earning only an estimated return of 4.7% on a fair value rate base.

President Thompson in a recent talk before the New York Society of Security Analysts was optimistic regarding the future trend of earnings. He anticipates a reduction in the operating ratio (excluding income tax) from about 74% this year to 71% in five years.

Iowa Power & Light has been selling recently around 35, and pays $1.60 to yield 4.6%. Based on the earnings for 12 months ended March the price-earnings ratio is 15.2.

* * *

CORRECTION

In the article on American & Foreign Power Co. in this column in the May 19 issue, the reference to the settlement in Argentina was partially incorrect. We quote as follows from the company's annual report recently issued, which describes the contract accurately:

"Under this contract [dated Nov. 28, 1959], the Chief Justice of the Supreme Court of Argentina is to determine the price for the properties, which is to be evidenced by negotiable promissory notes payable in dollars over a period of 15 years. The net payments made on account of principal are to be reinvested in Argentina. Subject to the purchase price being at least $62 million—the estimated cost of a new 300,000 kw power plant—and subject to the negotiation of a satisfactory agreement for sale of its output to the government power agency, the proceeds are to be used to build the plant and the companies are committed to reinvest in Argentina an additional amount equal to 25% of the net purchase price. If the price to be paid for the properties is less than $62 million, the companies will invest the proceeds in other enterprises in Argentina, outside the electric power industry . . . The companies have received, thus far, a down payment of 150 million pesos at the time of signing the contract and subsequent payments of 172 million pesos relating to materials and supplies."

Form Investment Co.

ORLANDO, Fla. — Southern Securities Specialists, Inc. has been formed with offices at 25 South Main Street to engage in a securities business. Officers are William Q. Lockwood, Jr., President; Henry J. Brett, Vice-President; and Mrs. Lucilee G. Showker, Secretary-Treasurer. Mr. Lockwood was formerly with Merrill Lynch, Pierce, Fenner & Smith and Goodbody & Co.

Jos. Banks With Ira Haupt & Co.

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, announced that Joseph S. Banks is now associated with the firm's Municipal Bond Trading Department. Mr. Banks has recently been with Blyth & Co., Inc.

Exchange Firms Governors Meeting

The next meeting of the Board of Governors of the Association of Stock Exchange Firms will be held September 12th and 13th at the Statler Hilton Hotel, Hartford, Connecticut, instead of at the Fisher's Island Club, Fisher's Island, New York, as previously announced.

Jennings Now With Eastman Dillon

PHILADELPHIA, Pa. — Eastman Dillon, Union Securities & Co., Philadelphia National Bank Bldg., announce that William F. Jennings has become associated with them as Manager of the Pennsylvania Division of their Mutual Funds Sales Department and Thomas C. Egan, Jr., has joined the firm as a registered representative.

Mr. Jennings has been active in the investment securities business for the past 10 years and prior to joining Eastman Dillon, Union Securities & Co., was associated with H. A. Riecke & Co., Inc.

Gittlin Secs. Opens

NEWARK, N. J.—Gittlin Securities Corporation has been formed with offices at 850 Freylinghuysen Avenue to engage in a securities business. Officers are B. Morton Gittlin, President; Fay L. Gittlin, Secretary; and Ruth M. Gittlin, Treasurer.

Form Kurz-Liebow

Kurz-Liebow & Co., Inc., is engaging in a securities business from offices at 19 West 44th St., New York City. Officers are Herbert Kurz, president; Harold H. Liebow, secretary-treasurer.

Now Corporation

MIAMI, Fla. — A. B. Morrison & Co. Inc., a corporation, is continuing the investment business of A. B. Morrison & Co. Officers are A. B. Morrison, President and Treasurer; N. M. Seaber, Vice-President and Secretary.

Cruttenden Taking Charge of Firm's Floor Operations

CHICAGO, Ill. — Robert A. Podesta, managing partner of Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, announces that James R. Cruttenden, partner, has assumed full charge of the firm's floor operations on the Midwest Stock Exchange.

James R. Cruttenden

Mr. Cruttenden, son of the Chicago-based firm's founding partner was admitted to partnership in January of 1959, and has served as MSE floor broker and co-specialist since that time.

As partner in charge of the firm's MSE floor operations, Mr. Cruttenden succeeds his brother, Walter, who resigned his partnership last week to become associated with the newly formed Midwest Exchange-member firm of Wheeler & Cruttenden, Inc., Los Angeles.

Customers Brokers Quarterly Dinner

The Association of Customers Brokers will hold their quarterly dinner and business meeting on June 8th at 15 William Street. The business meeting will begin at 4:30 p.m. with a reception at 5:15 p.m. and dinner at 6. Reservations should be made by June 3rd.

The Hon. Paul Windels, Jr., regional administrator of the Securities and Exchange Commission and former Assistant U. S. District Attorney will be guest speaker. His subject will be "The Customers' Broker and the S.E.C."

Form J. Ezra Co.

Joseph Ezra & Co., Inc. has been formed with offices at 176 Broadway, New York City to conduct a securities business. Officers are Joseph Ezra, President; V. Ezra, Secretary; and Philip Trager, Vice President.

Form Selected Investors

BROOKLYN, N. Y.—Selected Investors, Inc. has been formed with offices at 1812 Cropsey Avenue, to engage in a securities business. Officers are Joseph Kirchmar, President and Secretary, and Bernard Asher, Vice-President.

Value of Communication to Get Public Understanding

By T. F. Patton,* *President, Republic Steel Corp., Cleveland, Ohio*

Head of the third largest steel works charts the securance of employee and public understanding of its policies and problems as one of the surest ways to obtain labor peace. Mr. Patton lists 10 Commandments of Communications for management and relates results obtained from their usage in his company. He points out that this program involves everyone, from the President and Chairman on down, and not just the industrial relations, public relations and advertising departments. Concerned with the lesson learned in the past strike, i.e., attitudes do not change overnight, Mr. Patton urges the communications program be used for prevention and putting out fires as well as achieving an understanding of the basic vocabulary.

In the early days of the steel industry, communications was a chore that nobody liked, and few people bothered about. Today, I think we would all agree that communications is not only a need, but an obligation to our stockholders, our employees, our customers and the public at large. It may even be the price of survival of our our free enterprise system.

T. F. Patton

We **must** communicate, because we **must** create broad understanding of business policies and problems. If we fail, we will find ourselves on the defensive in the future even more than we have in the past. Our right to manage will come under even heavier attack, and in effect we will be throwing the American economy open again to the destructive tinkering of the bureaucrat and the exploitation of the labor leader.

Finds Progress Made

Some people feel pessimistic about our chances. I have been told that during the last labor negotiations we did not reach the steelworkers, the public or the officials in the government; that the 1959 experience was a disastrous defeat for the steel industry. I do not share that pessimism. On the contrary, the events of the strike convinced me that the steel industry has learned how to get the facts to the people—that when we spend the time and the money to build a good program, we can create a solid foundation of understanding.

In Republic, for example, we engaged in the most intensive communications effort in our history.

As a result we were not only able to do what we considered to be an effective job in areas in which we had considerable previous experience, but we tackled new media—radio, TV and motion pictures—and came out confident that we were communicating in ways which our employees and the public would make an effort to see or hear, and hopefully, to understand.

Many of the companies were equally hard at work, and I would like to point out again that by our combined efforts we **sold** the facts on inflation, and on the effect of wage pressure in making inflation a threat to the economy. We **sold** the facts on foreign competition, and its effect on jobs and earnings. We sold them so well that we were able to bring the union down to earth in its demands on wages and cost-of-living. We failed only where we failed to communicate, in the complex area of local working conditions — and even there we made notable progress.

Convinced Public Understanding Can Be Gained

I don't see any Utopias in the offing, but I am convinced that if we try hard enough we can achieve a much broader understanding of the facts of business and economic life in the minds of our employees, the public, and the politicians.

Lists Ten Ideas

We believe this so strongly in Republic that we have followed Moses' example and worked out a set of Ten Commandments of Communications for Republic management. I am going to list them, and then comment briefly on some of the thoughts which led up to them.

(1) Communications must be a part of the job of every man on the management team.

(2) Seek to improve your communications with your employees every day in the year, not merely when trouble is brewing.

(3) Do not underestimate the intelligence of your employees, or their desire to be loyal to the company.

(4) Accept your employees' labor union as a fact of life.

(5) Seek to understand the fears and aspirations of your employees, for out of understanding comes wisdom in industrial relations.

(6) Seek to promote public understanding of your policies and problems, for if you do not, you will regret it at bargaining time.

(7) Strive to educate your employees and the public in the basic facts of economics and business practice, otherwise your words will fall on barren ground.

(8) Communicate in simple language, understandable to all of those to whom your words are directed, otherwise you will be talking to yourself.

(9) Do not speak only with words, but with deeds, also; for if your words say one thing and your deeds another, your words will not be believed.

(10) Listen as well as speak, otherwise you will be talking to yourself and those who already agree with you.

These ideas may seem pretty obvious to the dyed-in-the-wool communicators, but I would like to make a few comments on the experiences we have had which led up to these commandments.

In the early days of our communications program in Republic, we made the common error of letting the men in industrial relations, public relations and advertising carry the entire responsibility of telling our story to our employees and the public. We found that this was a serious mistake, and we have gradually broadened and deepened the participation of all management in the communications program. Today, our Communications Committee, made up of top representatives from all principal departments of the company, ties the program together and guarantees good communications stemming from the top management level. Key men in every department are kept informed of communications problems and progress, and departmental briefings spread the word on down whenever events make it necessary. District and plant managers carry the ball locally, and work through their supervisory personnel to get the message to the men, and from the men upward, as well. We always try to remember that good communications is a two-way street.

By the time the 1959 crisis arose, every department in the company had an important job to do in getting the story across, and every supervisor in those departments was on call if he was needed. Nobody was excused, not even the Chairman and the President.

When you get everybody in the management team pulling together, a program **moves.**

Lesson of the Last Strike

The strike experience taught us another lesson, too. **Attitudes don't change overnight.** It takes time, and hard work — constant work—to correct an error in the way a man **feels** about something. If a reasonable man is wrong about a fact, and you can give him proof that he is wrong, he will change his mind about that fact. But if he **feels** that his company is being unfair, even if he is dead wrong, that is another matter. You have to show him the facts, and repeat them with variations, and pound them home over and over again until the attitude slowly, reluctantly begins to change.

And that is where we have been making a bad mistake—and we think the entire industry has been guilty of the same mistake. We have used our communications program primarily to put out fires, rather than prevent them. This has been particularly true in the field of labor relations, but it applies to public relations as well.

But no more. In Republic—and I am sure all of you have come to the same conclusion about your own company—communications is now and will continue to be a job for every working day in the year.

One of the most heart-warming discoveries that came out of 1959 was the confirmation of something that we have long suspected: our employees have a deep desire to identify themselves with the company, and a strong tendency to be loyal to it, union efforts to the contrary notwithstanding.

As we came closer to our employees through our communications program, we realized ever more clearly that their fears, as well as their aspirations, are powerful motivators in their attitudes toward the company.

The unseen rabble rouser in the 1959 crisis was fear: fear of layoffs, the speedup, the loss of seniority, the loss of dignity and personal freedom, and a hundred and one other spectres out of the past.

We found that we were dealing with the fear of the company itself — that same company that provided their jobs in the first place, that paid their wages last year, that has given them more and more benefits, that offers them their best chance of stable, profitable employment in the years ahead.

Little by little we are finding out why they are afraid, and how to combat fear with understanding. For one thing is clear. Only when men understand the **reason** behind company policies are they likely to support those policies, instead of blindly following the union line.

It is equally important to understand their aspirations. A man's ambition for himself and his family is his proudest possession. It is what can make him a hard worker and a cooperative employee. But it can also make him a rebellious worker and a militant union man if he feels that his just aspirations have been thwarted or ignored.

If we can tie the ambitions of our employees to the company and not the union, we will have gone a long way in solving the basic problem of modern labor relations.

Republic had come a long way down the road to more forthright communications, but when we found ourselves faced with the continued deadlock in 1959, we were forced to make a fundamental decision. How far should we go in taking our audience into our confidence—should we push ahead to the very limits of frankness, or should we stand still and wait it out?

Our decision was to push ahead, and in every medium open to us we spoke as frankly to our employees and to the public as good business practice would allow. Obviously we were not going to give away trade secrets, or throw our books open wide to our competitors, but short of these extremes, we pretty well laid it on the line.

We think it was a wise decision. As I said before, our mail was substantial, and by far the greater part of it was favorable. As a result, we are more determined than ever to get across to as many people as possible the reasons behind our policies, the goals toward which we are striving, and the obstacles that stand in our way. We think this is one of the surest ways to help bring about labor peace, and a favorable climate for business.

A Problem of Semantics

But while we were encouraged on one hand, we were forced to a sobering conclusion on the other. In some areas, real understanding is going to be hard to achieve. In talking about productivity, and depreciation problems, and the wage push factor in inflation, for example, we are severely handicapped by the lack of understanding on the part of the audience of even the basic **words,** let alone the basic concepts.

One of the most constructive findings we made in 1959 was that the barrier to understanding may not always be ignorance. It may be a language barrier, instead.

It is not easy to find this common language. It will require a great deal of research, and a great deal of diligence on our part, but the results will be well worth the effort.

We have to remember, too, that we communicate not only with words, but with everything we do—with our own attitudes and actions as well as with statements and annual reports. More than ever before we are on a stage with a huge and unseen audience watching our every move. The audience is slightly less critical of our actions than it used to be, but it is more powerful. In some ways it has become judge and jury for industry—passing judgment on us at the ballot box, and trying each "case" of labor-management conflict in the press and on the airwaves.

We have no alternative. We must plead our case constantly and with every communications tool we can put to use.

Must Listen and Observe

Finally, we must learn to listen and to observe, as well as to communicate. We have been concentrating too much on what industry needs, and what management thinks. We know too little about the union—its true objectives, its weapons, its weaknesses and strengths.

We need to listen with analytical interest to union propaganda. We need to exert a greater effort to find out what our employees are saying and thinking. We need to have a clearer picture of **their** picture of management and management policies. We need to know why they distrust the company and its policies—particularly its economic policies—and regard the union as their champion.

We are beginning to get these answers, and as we learn to know our employees better, and devote increased effort to improving their understanding of business policies and practices, the great barrier between employee and manager will narrow. Employees will begin to appreciate the fact that management has harnessed capital, science and engineering to the task of raising steel industry productivity, and that it is rising productivity — not union pressure—that enables companies to pay better wages. They will come to understand, too, that good management—not union pressure—is responsible for the record of improvement in steel industry job security and working conditions. Once they realize these things, peace and cooperation between labor and management becomes a practical goal.

I also feel optimistic about our chances for improving the public's understanding of the industry's problems and policies. If we can get across the facts on other controversial subjects as well as we did on inflation we have nothing to worry about. And if the public is with us, the politicians will be with us, too.

The only thing that could stop us would be our own lethargy. In the months ahead I expect to see a steadily mounting effort on the part of all the companies to keep the facts before our employees and the public. That is certainly our plan in Republic, and I know that each of your companies has similar plans under way.

It is going to be a difficult job, but if we do it well we are in sight of the twin goals of labor peace, and a favorable, **dependable**, climate for business growth.

*An address by Mr. Patton before the Industrial Relations-Public Relations Group at the 68th General Meeting of the American Iron and Steel Institute, New York, May 26, 1960.

Attractiveness of Bonds in The Cold or Colder War

By Roger W. Babson

Conservative investors are advised by Mr. Babson on what they should take into consideration in preparing for a continued cold—and possibly colder—war. Convinced that inflation has been generously discounted in bonds for the time being, the financial advisor calls attention to the attractiveness of bonds and suggests a non-hasty comparison be made between current yields of good stocks and bonds.

My ideas on the international situation have been covered in in the last two weeks. I especially refer to the reaction of other countries to the U-2 spy incident—particularly those countries in which we have bases—and the subsequent collapse of the Summit Conference. I now want to suggest what conservative investors will take into consideration in preparing for a continued cold—and perhaps a "colder"—war between Russia and the United States.

What Should Be Done About Equities

With few exceptions, most investors will think it risky to buy equities at this time. Money in the bank will appear to them better just now than stocks or possibly undeveloped real estate. It looks as if Mr. Khrushchev may be calling a turn in the bull market. It is a good time to take advice from some banker or an investment counselor in whom you have faith. Sensible people will not get panicky and rush either to buy or sell stocks; but will play safe to avoid unnecessary worry. There will be no war this year.

Bonds may be a good purchase, at least they will give good security, perhaps better than good stocks will give. Of course, some people will advise against buying bonds for fear of inflation. However, I believe that inflation has been anticipated for the time being by the considerable discount at which bonds are selling. This discount has primarily been due to the increase in money rates. These higher money rates, however, have been largely offset by the discount at which many good bonds are selling. If you have any doubts, compare their current yields with the yields on good stocks.

A Few Bond Illustrations

American Telephone & Telegraph Co. 2⅝% coupon due 1986. These are selling around 72 and yielding about 3.65%.

Chicago, Rock Island & Pacific Railroad 2⅞% coupon due 1980. These are selling around 75 and yielding about 3.80%.

Northern Pacific Railroad Company 3% coupon due 2047. These are selling around 60 and yielding about 5.00%.

Commonwealth Edison Company 2⅞% coupon due 2001. These are selling around 70 and yielding about 4.10%.

Cleveland Electric Illuminating Company 2¾% coupon due in 1985. These are selling around 71 and yielding about 3.85%.

The above examples include the leading telephone company, two railroad companies, and two excellent utility companies.

Personally, I would rather buy the bonds of an electric power company which serves smaller communities than one which is primarily located in a large city that might be bombed in case of World War III. As investors usually buy bonds to keep for a considerable length of time, it is well to give some consideration to the possibility that World War III could start before most good bonds mature.

Other Attractive Considerations

The properties of the telephone company, and also of certain railroads, are so well diversified over large areas, and in many cases own such valuable mineral and oil rights, that they should be attractive possibilities for investment. Even if their terminals were temporarily disrupted, or even destroyed, they would be quickly restored. Hence, I again cite the American Telephone & Telegraph and the Northern Pacific bonds as offering excellent security and add as further impartial examples a number of other railroad and utility issues.

These are listed according to Moody's rating, by which most banks rate their bonds. All are selling at substantial discounts from par:

	Rating	Price	Current Yield
American Tel. & Tel. 2⅝s of 1986	AAA	72	3.65%
Illinois Bell Tel. 2¾s of 1981	AAA	76	3.62%
Socony-Vacuum 2½s of 1976	AAA	78	3.21%
Southern Bell Tel. 2¾s of 1985	AAA	73	3.77%
Virginian Railway 3s of 1995	AAA	73	4.11%
Metropolitan Edison 2⅞s of 1974	AA	76	3.78%
Niagara Mohawk Power 2¾s of 1980	AA	75	3.67%
Northern States Power 2⅝s of 1977	AA	75	3.50%
Ohio Edison 2¾s of 1975	AA	78	3.53%
Pacific Gas & Electric 2¾s of 1981	AA	75	3.67%
Cities Service 3s of 1977	A	80	3.75%
Southern Pacific 2¾s of 1996	A	59	4.66%
Northern Pacific 3s of 2047	BB	60	5.00%

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

During the fiscal year 1958 the 64 District Directors of the Internal Revenue Service made approximately 2,500 jeopardy assessments. As a result of these assessments approximately 2,500 taxpayers had their bank accounts seized and their assets frozen so that no funds were available for the defense of action against the assessment. Thus, the taxpayers were unable to continue their businesses in a normal manner. The action of freezing the assets of the taxpayer prevents him from paying fire insurance, premiums on his property, making necessary repairs, paying real estate taxes and from using his funds for the protection of his property and for ordinary living expenses. It is obvious that a jeopardy assessment has far-reaching and often disastrous effects upon the taxpayer.

This information comes from Michael Gould, Washington lawyer and former assistant to the Attorney General.

The action of the 64 District directors in making the jeopardy assessments was unilateral. It was done without any hearing or notice to the taxpayer and the taxpayer had no opportunity to present his side of the case before the assessment and levy was made.

A series of questions immediately arises in the mind of the taxpayer against whom a jeopardy assessment is made—can the Government do this to me without a hearing? Is such action in violation of my constitutional rights of due process? How does the Internal Revenue Service acquire such tremendous power? What can I do about it?

The authority for making jeopardy assessments is found in Section 6861 (a) of the Code. This section provides that if the Secretary, or his delegate, believes that the assessment or collection of a deficiency will be jeopardized by delay, he shall immediately assess the deficiency, together with any interest, and shall make notice and demand for payment therefor. The authority for making jeopardy assessments, while originally resting in the Secretary of the Treasury, has through the process of delegation been given to 64 Directors throughout the country. In effect now, if a District Director believes that the assessment or collection will be jeopardized by delay, he may make the assessment.

The 64 District Directors may differ as to the reasons which led them to believe that the assessment or collection of tax is in jeopardy because of delay. Thus, it is quite likely that taxpayers in different parts of the country will be afforded different treatment depending upon the "belief" of their particular District Director.

Section 6861 (b) of the Code requires that when the jeopardy assessment is made, a 90-day deficiency letter must be mailed to the taxpayer within 60 days after making the assessment. This is to enable the taxpayer to file a petition in the Tax Court to determine the actual tax liability. It would seem, therefore, that if the District Director failed to follow the provisions of the statute and did not issue the deficiency letter within 60 days from the assessment the jeopardy assessment would be void. However, that is not the case. There is no prohibition in the Code against the Director's issuing another jeopardy assessment in the event he has failed to issue the deficiency letter within 60 days. He may within the period of the statute of limitations make more than one jeopardy assessment covering one income tax liability.

Jeopardy assessments of taxes other than income, estate or gift taxes are provided for in Section 6862. This section provides for immediate assessment if the Secretary or his delegate believes that the collection of any tax (other than income, estate or gift tax) under the provision of the Internal Revenue laws will be jeopardized by the delay. This would cover all types of miscellaneous taxes.

Section 6863 provides that when a jeopardy assessment has been made, the collection of the whole or any amount of the assessment may be stayed by filing with the Secretary or his delegate, a bond in an amount equal to the amount of the tax to which the stay is desired. Previous to the 1954 Code, the bond had to be twice the amount of the tax assessed under jeopardy assessment.

Chas. Hahn With Scherck, Richter

ST. LOUIS, Mo.—Charles W. Hahn has rejoined Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange. Mr. Hahn was recently an officer of Crerie & Company of Houston and prior thereto was Manager of the trading department of Rauscher, Pierce & Co. in Houston.

Charles W. Hahn

Flenniken Joins Southwick Firm

SEATTLE, Wash. — Southwick-Campbell & Co., Inc., Dexters Horton Building, has announced the appointment of James A. Flenniken as an investment representative with their firm. The new appointee retired from the United States Navy as a Rear Admiral and is a graduate of the U. S. Naval Academy, Class of 1932.

Following an early career in battleships and destroyers, Admiral Flenniken entered the submarine service in 1935 where he served until the end of World War II. Following World War II he was with the amphibious forces, U. S. Atlantic Fleet, and during the Korean War commanded a Navy oiler in the Far East, engaged in fueling carrier task forces at sea off the coast of Korea. He has been connected with Naval Intelligence both in Alaska and the 13th Naval District for six years. His last tour of duty before retirement was Captain of the Port, Balboa, Canal Zone, where he took an active part in the operation of the Panama Canal.

He has conducted comprehensive studies of investment since 1953.

Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John R. Coutts has been added to the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Coutts was formerly with Walston & Co., Inc.

The American Depositary Receipt for Foreign Equities

By Edward Marcus, *Associate Professor of Economics, Brooklyn College, Associate, G. H. Wittman Inc.*

Described here is the relatively simple access to foreign securities provided by American Depositary Receipts affording protection similar to an American stock certificate. In tracing the mechanism of the ADR procedures, Dr. Marcus lists several advantages including the possibilities for arbitrage. He explains the functions performed by the Depositary bank, points up the similarities of ADR's "American Share Certificates" and "American Shares," and answers such puzzling questions as voting rights, foreign taxes, and rights. An extensive table lists over 125 shares and their Depositaries.

The boom in common stocks over the past decade has been educating the American public to a more sophisticated level, financially comparable to the more experienced European investor. Increasingly, especially within the past year or two, as American stock prices soared to new peaks, there have been nibbles at foreign securities. Buyers who were once vague about the merits of General Motors or Standard of New Jersey are now heard comparing Pirelli's possible gain from the European Common Market with the favorable impact of the recent British election on English steel stocks.

Prof. Edward Marcus

Most Americans are unaware that there are differences in the mechanism covering the purchase or sale of such securities. Since Canadian stocks tend to be traded on the same exchanges or in the same Over-the-Counter Market as the American equities, it is only natural to reason that other foreign stocks are to be regarded similarly. Actually, it is the Canadian issue that is the exception; most non-American securities are on a quite different level, and the unwary investor may well be in for an unpleasant surprise if he overlooks the "fine print."

Fortunately, for many of the foreign stocks the investor has available a form known as the American Depositary Receipt (ADR), which reduces the differences between the domestic and other shares. However, not all foreign stocks are so covered, and even some of the more popular ones could be the source of costly misunderstandings.

Origin of ADR

The ADR, as it is popularly called, arose out of the basic difference in stock ownership registration that is the characteristic of foreign shares. In many European countries the popular form is "bearer"—the owner is not registered on anyone's books. This, incidentally, could never be true of a New York Stock Exchange listed stock, where the requirement is for a certificate registered in the name of the holder. All American stock certificates are in this form. But abroad, the more anonymous form is preferred. Alternatively, where registration is more common, as in Great Britain, the registration and transfer process is quite lengthy—often several months, since it is customary to wait for approval at the meeting of the company directors — and often quite costly, because of government taxes, perhaps equal to six months' dividends.

The need for assimilating the foreign procedures more closely to our own first was noticed in the late twenties, as the stock boom of that period spread to foreign securities. In 1927, in an effort to meet this problem, the Guaranty Trust (now Morgan Guaranty Trust) originated the American Depositary Receipt. The boom in the foreign field during the past ten years revived interest in it, and now the Chemical Bank New York Trust, Irving Trust, Chase Manhattan are also active, as well as several other banks in a less important way.

Over 125 ADR's

At present well over 125 securities are covered by ADR's. They are identified at the end of this paper. In 1955, a reverse move started: foreign bearer receipts were issued abroad on American equities, thus altering our registration preference to the foreign anonymous certificate.

The mechanism of the ADR procedure can be best explained by first tracing a hypothetical purchase. John Smith in New York City decides to buy British Equities. He telephones his broker in this city, who then transmits the order to London. After execution, notice is given to deposit the shares with the London office (or correspondent office) of the New York bank handling the company's ADR's. The New York bank then issues the ADR in John Smith's name (or street name, if so desired). Normally, the

Continued on page 15

Foreign Company and Nature of Its Business	Bank Issuing A D R
AKU (Algemene Kunstzijde Unie) Dutch synthetic textile manufacturer	Chase Manhattan Bank
Allgemeine Elektricitaets Gesellschaft (AEG) West German electrical equipment mfr.	Chemical & Morgan Guaranty
American Israel Paper "B" Israeli paper and paper products mfr.	Bankers Trust Co.
Ampol Exploration Oil exploration in Western Australia (in association with Caltex)	Irving Trust Co.
Ampol Petroleum Australian petroleum distributor. Controls Ampol Exploration	Irving Trust Co.
Anglo American Corp. Holding company — South African and Rhodesian gold, diamond, copper, other mines	Morgan Guaranty Trust Co.
Anglo-Ecuadorian Oilfields Oil lands in Ecuador	Morgan Guaranty Trust Co.
Associated Electrical Industries British electrical engineering company	Morgan Guaranty Trust Co.
Associated Television "A" Provides television programs for commercial British broadcasts	Morgan Guaranty Trust Co.
August Thyssen-Huette A.G. West German iron and steel producer	Chemical Bank N. Y. Trust Co.
Badische Anilin-& Soda Fabrik West German chemical manufacturer	Chemical Bank N. Y. Trust Co.
Bancroft Mines Northern Rhodesia copper mine. Associated with Anglo-American	Schroder Trust Co.
Bayerische Vereinsbank West German commercial bank in Bavaria	Chemical Bank N. Y. Trust Co.
Beecham Group British proprietary drug and cosmetics mfr.	Chemical & Morgan Guaranty
Birmingham Sound Reproducers British manufacturer of phonographs	Morgan Guaranty Trust Co.
Blyvooruitzicht Gold Mining South African gold and uranium mine	Irving Tr. & Morgan Guaranty
Boots Pure Drug British pharmaceutical and chemical mfr.	Irving Trust Co.
Borax (Holdings) British holding company—mines in Europe, United States, South America	Morgan Guaranty Trust Co.
Bowater Paper Paper and paper products manufacturer throughout British Commonwealth & U. S.	Morgan Guaranty Trust Co.
British Aluminium British aluminum company	Morgan Guaranty & Irving Tr.
British-American Tobacco British tobacco products manufacturer	Morgan Guaranty Trust Co.
British Motors British motor vehicle manufacturer—"Morris," "Austin"	Irving Trust Co.
British Oxygen British Commonwealth producer of oxygen and other industrial gases	Morgan Guaranty Trust Co.
British Petroleum British oil producer and distributor	Morgan Guaranty Trust Co.
British South Africa Owns mineral and surface rights in Africa	Irving Trust Co.
Burma Mines 50% control of Burma Corp., a non-ferrous mining and processing company in Burma	Morgan Guaranty Trust Co.
Burmah Oil Through subsidiaries owns oil properties in India, Pakistan, and Burma	Morgan Guaranty & Irving Tr.
Canadian Pacific Railway 4% preference non-cum. Canadian railway; 50% ownership of Consolidated Mining & Smelting	Irving Trust Co.
Carreras "B" British tobacco products manufacturer	Morgan Guaranty Trust Co.
Central Mining & Investment Investments, mainly in South African gold mines	Irving Trust Co.
Cie. Financiere Suez Holding company for the assets of the former Suez Canal Co.	Morgan Guaranty Trust Co.
J. & P. Coats British thread manufacturer and merchant	Irving Trust Co.
Commerzbank German commercial bank	Chemical Bank N. Y. Trust Co.
Consolidated Gold Fields of South Africa Worldwide interests in non-ferrous metals	Irving Trust Co.
Consolidated Tin Smelters Tin smelters in England, Australia, Malay peninsula	Irving Trust Co.
Courtaulds British manufacturer of chemicals and synthetic textiles	Morgan Guaranty Trust Co.
Crown Mines South African gold mine	Irving Trust Co.
Daggafontein Mines South African gold and uranium mine	Irving Trust Co.
De Beers Consolidated Mines (Deferred) South African diamond mine	Morgan Guaranty & Irving Tr.
Decca Records British manufacturer of phonograph records and navigational aids	Irving Trust Co.
Deutsche Bank West German commercial bank	Chemical Bank N. Y. Trust Co.
Deutsche Erdoel West German oil and coal producer	Chemical Bank N. Y. Trust Co.
Distillers Co., Ltd. British distiller	Morgan Guaranty Trust Co.
Dorman, Long & Co. British iron and steel manufacturer	Morgan Guaranty Trust Co.
Dortmund-Hoerder Huettenunion West German steel producer	Chemical Bank N. Y. Trust Co.
Dresdner Bank West German commercial bank	Chemical & Morgan Guaranty
Dunlop Rubber British rubber manufacturer	Morgan Guaranty Trust Co.
Electric & Musical Industries British manufacturer of electrical appliances and household goods—radios, TV	Morgan Guaranty Trust Co.
Elliott Automation British manufacturer of automatic equip't	Morgan Guaranty Trust Co.
Fairey Co. British aircraft manufacturer	Chemical & Morgan Guaranty
Farbenfabriken Bayer West German chemical manufacturer	Chemical Bank N. Y. Trust Co.
Farbwerke Hoechst West German chemical manufacturer	Chemical & Morgan Guaranty
Fiat Italian manufacturer of transport equipment—"Fiat" auto	Schroder Trust Co.

Foreign Company and Nature of Its Business	Bank Issuing A D R
Ford Motor (ordinary and 4½% pref.) British auto manufacturer	Morgan Guaranty Trust Co.
Free State Geduld Mines South African gold mine	Morgan Guaranty & Chemical
Free States Saaiplaas South African gold mine	Morgan Guaranty Trust Co.
Furness, Withy Worldwide shipping company	Morgan Guaranty Trust Co.
Gaumont-British Pictures "A"	Irving Trust Co.
Ordinary British theater chain	Irving Trust Co.
Gelsenkirchener Bergwerks West German coal mines	Chemical Bank N. Y. Trust Co.
General Electric Co. British electrical equipment manufacturer	Morgan Guaranty Trust Co.
General Mining & Finance South African mining finance company	Irving Trust Co.
General Tin Investments Holding company of certain British and Far Eastern tin companies, some of which were formerly part of the Bolivian Patino enterprise	Chase Manhattan Bank
Gestetner "A" and Ordinary British manufacturer of office equipment	Morgan Guaranty Trust Co.
Glaxo Laboratories British proprietary drug manufacturer	Morgan Guaranty Trust Co.
Great Universal Stores "A"	Morgan Guaranty Trust Co.
Ordinary British mail order and retail chain	Morgan Guaranty Trust Co.
Hadfields British steel producer	Morgan Guaranty Trust Co.
Hawker Siddeley Group British aircraft manufacturer	Morgan Guaranty Trust Co.
Hoesch AG West German iron, steel, & coal producer	Chemical Bank N. Y. Trust Co.
Hoogovens en Staalfabrieken N.V. Dutch iron and steel producer	Morgan Guaranty Trust Co.
Ilseder Huette West German holding company for iron, steel, and coal	Chemical Bank N. Y. Trust Co.
Imperial Chemical Industries British chemical producer	Morgan Guaranty Trust Co.
Imperial Tobacco British tobacco products manufacturer	Morgan Guaranty Trust Co.
Industria Elec. de Mexico Mexican electrical equipment manufacturer	Chase Manhattan Bank
Jaguar Car "A" British automobile manufacturer	Morgan Guaranty Trust Co.
Johannesburg Consol. Invest. Investments in South African gold & other mining companies	Irving Trust Co.
R. Karstadt West German department store chain	Chase Manhattan Bank
KLM (Royal Dutch Airline) Dutch international airline	First National City Bank
Kloeckner-Werke West German coal and iron producer	Chemical Bank N. Y. Trust Co.
La Consolidada Ord. & Preference Mexican steel fabricator	First National City Bank
Lancashire Steel British holding company for iron and steel	Morgan Guaranty Trust Co.
Lobitos Oilfields Oil producing properties in Peru and refinery in England	Morgan Guaranty Trust Co.
London Tin Corp. Investments, mainly in tin industry	Irving Trust Co.
Mannesmann West German coal and steel producer	Chemical & Morgan Guaranty
Marconi International Marine British transportation communications supplier	Morgan Guaranty Trust Co.
Middle Witwatersrand (Western Area) South African gold producer and holding company	Irving Trust Co.
Montecatini Italian chemical and oil producer	Morgan Guaranty Trust Co.
Nchanga Consolidated Copper Northern Rhodesian copper mine	Irving Trust Co.
Orange Free State Investment Investments in South African gold mines	Irving Trust Co.
Pirelli Societa per Azioni Italian rubber products manufacturer	Chemical Bank N. Y. Trust Co.
Plessey Company British manufacturer of components for electronics and aircraft industries	Morgan Guaranty Trust Co.
Potgietersrust Platinums Investment company in So. African minerals	Chemical Bank N. Y. Trust Co.
President Brand Gold Mining South African gold and uranium mine	Morgan Guaranty Trust Co.
Randfontein Estates South African gold mine	Chemical Bank N. Y. Trust Co.
Rand Mines South African holding company—gold mines	Irving Trust Co.
Reichhold Chemicals British chemical manufacturer	Morgan Guaranty Trust Co.
Rheinische Stahlwerke W. German holding company—iron & steel	Chemical Bank N. Y. Trust Co.
Rheinisch-Westfaelisches Elecktrizitaetswerk West German Public Utility	Chemical Bank N. Y. Trust Co.
Rhodesian Anglo-American Holding company—mainly Rhodesian copper	Schroder Trust Co.
Rhodesian Broken Hill Northern Rhodesia lead, zinc, and cadmium mine	Irving Trust Co.

Continued on page 16

The American Depositary Receipt for Foreign Equities

Continued from page 14

number of shares represented by the ADR is the same as the original purchase, though occasionally, there may be one ADR for several foreign shares of several ADR's for one foreign share. The London custodian for the New York bank has the actual shares, either in bearer or registered form, depending on the customary handling in that center.

It should be noted that Mr. Smith could have bought an already outstanding ADR in New York, with the bank acting as a depositary. But originally this ADR would have arisen in the manner described in the preceding paragraph.

Advantages of ADR's

The advantages of the ADR show up more clearly after the purchase. Had the American bought a foreign bearer security, he would not be on any registration record, of course. Instead, he would get a certificate with coupons attached, similar to our bearer bonds. It would then be necessary for him to watch the financial papers in the country of domicile of his equity, turning in his coupon when he saw an advertised notice of a dividend or other right. Obviously, if he lost the coupon or the share certificate he would have no protection.

The ADR avoids these unpleasant aspects. The Depositary keeps the watchful eye out, and thus can notify him of any action affecting his interest. If a dividend is declared, the custodian abroad will collect the amount, and, after receiving these funds, transmits them to the Depositary, who will then send the American stockholder the appropriate check. Loss of an ADR, of course, would be processed in a manner similar to the loss of a domestic stock certificate. Since foreign dividends are usually payable immediately, there being no need for time between transfer and registration as in this country, the American Depositary must arbitrarily establish a delay to take care of the registration of its ADR's. Thus, as compared with the dividend payable abroad, there could be two — slight — delays, the transmission of the funds and the time from transfer to new registration of the ADR.

A complication is introduced if the foreign company issues rights to purchase additional shares. Since the SEC requires that any new issue for which value is given be registered under the 1933 Securities Act, and since few foreign companies wish to proceed with the complicated registration law, the American in most cases cannot exercise his right to subscribe to additional shares. Instead, the Depositary sells the right abroad and gives him the pro rata distribution. His alternative is to turn in his ADR, arrange to have the original shares delivered to him abroad, and then exercise the right to subscribe in the foreign market (or arrange to withdraw his rights and exercise them).

Possibility of Arbitrage

The reader will note that this exchange—of shares for an ADR or reverse—permits arbitrage operations. If the price spread between the U. S. market and the foreign quotation warrants it, an American could buy an ADR here, sell the corresponding shares abroad, making delivery by turning in the ADR in New York and getting delivery of the underlying shares abroad. The reverse is also possible—buying abroad and selling an ADR in the United States.

Two questions that may puzzle the American is the treatment of voting rights and foreign taxes. Although rarely exercised, the Depositary will vote the underlying shares in conformity with the ADR holder's instructions. Usually the Depositary will request instructions, and only if the ADR owner indicates a preference will the Depositary instruct the foreign correspondent. As for foreign taxes, these are governed by the tax conventions; usually the American ADR owner can claim a credit if he uses the "long form" and itemizes his deductions; the Depositary generally supplies the necessary data for completion of forms 1116 or 1118, as the case may be. The Depositary, it should be noted, transmits only the dividend paid; if tax has been withheld abroad, the net amount is the sum the ADR holder receives.

The Depositary performs other functions for the ADR holder that the investor would have to do for himself if he purchased the foreign stock itself. The annual report of the foreign company will be furnished on request, for example, at the office of

Continued on page 16

The American Depositary Receipt for Foreign Equities

Continued from page 15

the appropriate Depositary; otherwise the shareholder would have to write for it to the foreign company. In addition, it keeps abreast of any new factors that affect the ADR as a stockholder, and notifies him if his interest is affected.

Obviously, for all these services the Depositary gets a fee. Generally, this is collected from the ADR buyer or seller, since the foreign issuer rarely absorbs the charges. Each transfer of an ADR gives rise to a charge, as well as the original creation and final cancellation. The dividend procedure must also be recompensed, and the fee is therefore deducted before calculating the net amount due per share.

Minor SEC Role

Unlike the procedures for American securities, the role of the SEC is relatively minor. Since the ADR is created by the deposit of already existing stock—that is, a new issue does not occur—the SEC requirements are quite simple. Form S-12 is used; and the required prospectus is represented by the ADR certificate; thus delivery of the certificate is delivery of the prospectus. This simplicity is limited to unsolicited orders; a general distribution of foreign shares covered by ADR's would require a more detailed registration.

The Depositary, as already indicated, acts as the transfer agent on the ADR. A separate registrar is necessary only for ADR's listed on the New York Stock Exchange, and, of course, must be in the Wall Street area.

A word of caution, already hinted at, is necessary at this juncture. Not all foreign stocks are covered by ADR's. Indeed, for many the New York market trades both the ADR and the original stock. Hence, the prospective buyer should specify which he desires. In the overwhelming majority of cases, however, this would be a preference for the ADR, if available.

On the other hand, although there are other types of foreign shares in the New York market, many are no different in practice from the ADR described is this article, although their names may differ. In particular, "American Share Certificates" and "American Shares" are sometimes synonymous with the "American Depositary Receipt." So far, under these various names, procedures have been established for trading in the leading stocks of the United Kingdom, Germany, France, the Netherlands, Italy, Belgium, Australia, and the Union of South Africa. Exchange complications have postponed efforts to add Japanese stocks.

Finally, it should be noted that in the case of the deceased holder of ADR's there is no necessity of having the will probated in a foreign country. On the other hand, where an estate includes original foreign securities there is the possibility that the will may have to be probated, not only in the United States, but also abroad.

In summary, it can be said that for the average American investor, the American Depositary Receipt gives him access to foreign securities on a basis virtually identical with the protection he has in an American stock certificate. While he is somewhat restricted in the exercise of rights to purchase additional shares, he does have the same ease with regard to cash dividends, sale and purchase. His main concern should be that he knows the type of share that he is ordering.

In the accompanying tabulation we show name of the foreign corporation as well as the nature of its business, along with the banking institution which has issued the appropriate American Depositary Receipt covering the shares of the respective companies. It should be noted that the bulk of the trading in foreign securities, via ADR's, is done in the Over-the-Counter Market.

Continued from page 15

Foreign Company and Nature of Its Business	Bank Issuing A D R
Rhodesian Selection Trust Holding company — Northern Rhodesian copper mines	Morgan Guaranty Trust Co.
Rhokana Corp. Northern Rhodesian copper mines	Irving Trust Co.
Rio Tinto Holding company—mainly Northern Rhodesian copper mines	Morgan Guaranty Trust Co.
Roan Antelope Northern Rhodesian copper producer	Irving Trust Co.
Rolls Royce British automobile & aircraft manufacturer	Morgan Guaranty Trust Co.
Royal Dutch "NY Shares"	Chase Manhattan Bank
Royal Dutch Fl. 20 Dutch worldwide oil producer and distributor, jointly with Shell Transport	†Chase Manhattan Bank
Saint-Gobain (Compagnie de) French producer of glass	Morgan Guaranty Trust Co.
St. John D'el Rey Mining Brazilian gold mine	Morgan Guaranty Trust Co.
Santos Ltd. Oil properties in Australia	Irving Trust Co.
Selection Trust Investm't company—base metals, diamonds, gold, oil	Morgan Guaranty Trust Co.
Shell Transport & Trading	*Chase Manhattan Bank
Shell Transport & Trading British member associated with Royal Dutch	†Irving Trust Co.
Siemens & Halske West German electrical equipment mfr	Chemical & Morgan Guaranty
SIMCA—Society Industrielle de Mecanique et Carrosserie Automobile French automobile and truck manufacturer	First National City Bank
Singer Manufacturing British sewing machine manufacturer	Morgan Guaranty Trust Co.
Snia Viscosa—Societa Nazionale Industria Applicazioni Viscosa Italian synthetic textile manufacturer	Chemical Bank N. Y. Trust Co.
Societa Edison Italian producer and distributor of gas, electricity, and chemicals	Chemical Bank N. Y. Trust Co.
Stanhill Holdings Invest't company in Australian real estate	Irving Trust Co.
Steel Company of Wales British steel and tinplate producer	Morgan Guaranty Trust Co.
Stewarts and Lloyds British steel producer	Morgan Guaranty & Chemical
Sub Nigel South African gold mine	Irving Trust Co.
John Summers & Sons British steel manufacturer	Morgan Guaranty Trust Co.
Tanganyika Concessions Investment company in Central African mining properties	Irving Trust Co.
Tate & Lyle British sugar refiner	Irving Trust Co.
Tobacco Securities Trust Investment in tobacco securities	‡ **Morgan Guaranty Trust Co.
Trinidad Petroleum Development Co. Ltd. Oil business	Morgan Guaranty Trust Co.
Tube Investments British steel fabricator	Morgan Guaranty Trust Co.
Ultramar Company Holding company—oil properties in North and South America	Irving Trust Co.
Unilever Ltd. British member of worldwide manufacturer and distributor of household consumer goods and foods	Irving Trust Co.
Unilever N.V. Dutch member of Unilever	Morgan Guaranty & Irving Tr.
Union Corporation Investment in South African gold and other mining companies	Chemical Bank N. Y. Trust Co.
Union Miniere du Haut-Katanga Belgian Congo non-ferrous metals producer, especially copper and uranium	Belgian American Bk & Tr. Co.
United Molasses British trading company in molasses	Morgan Guaranty Trust Co.
United Steel Companies British Commonwealth iron & steel producer	Morgan Guaranty Trust Co.
Vickers Ltd. British heavy equipment manufacturer—aircraft, ships, rolling stock	Morgan Guaranty Trust Co.
Virginia Orange Free State Gold Mining South African gold and uranium mine	Irving Trust Co.
Welkom Gold Mining South African gold and uranium mine	Irving Tr. & Morgan Guaranty
West Driefontein Gold Mining South African gold and uranium mine	Chemical & Morgan Guaranty
Western Holdings South African gold mine	Morgan Guaranty Trust Co.
Western Stockholders Investment Trust General investment company	Morgan Guaranty Trust Co.
West Rand Consolidated Mines South African gold and uranium mine	Chemical Bank N. Y. Trust Co.
West Rand Investment Trust Investment in South African gold mining companies	Irving Trust Co.
Woolworth Ordinary and 6% pref. British variety store chain	Morgan Guaranty Trust Co.
Worldwide Helicopters Air carrier for oil companies, mainly in Far East	Marine Midland Trust Co.

*American Over-the-Counter. †New York Stock Exchange Trading ‡Ordinary. **Deferred.

The Security I Like Best

Continued from page 2

nities to up-grade products. In addition to its own research facilities, the company has access to those of its U. S. parent, Celanese Corporation of America.

(3) **Leverage arising from the premium on the Canadian dollar.** Since a large proportion, approximately two-thirds, of the company's chemical output is exported, operating revenues have been adversely affected by the high premium prevailing on the Canadian dollar in the past year or so. A decline in the premium, which has already occurred to some extent this year, will bring about a substantial improvement in the company's operating position if, for example, it went far enough to bring the Canadian dollar back to par with the U. S. dollar.

(4) **Leverage arising from fixed charges.** Of the company's total capitalization of $76 million, a little over half is comprised of funded debt, the interest on which amounts to little over $2 million a year. Total fixed charges last year amounted to $5.4 million out of a total operating profit of $8.6 million.

The effect of the foregoing can be summarized as follows: within the next two years there is a better than even chance that the company's sales will increase by close to 25%. The effect of this would be to produce a 50% increase in operating profit and a doubling in net profit before tax.

The question of income tax deserves some comment. Hitherto, the company has not paid any because of losses incurred in the earlier years. This loss carry-forward will expire halfway through 1960, but thereafter the company can take advantage of the Canadian laws which permit depreciation to be charged on a straight-line basis. By employing this device, the company will avoid paying income tax for some years to come, although it may well make provision in its operating accounts.

Canadian Chemical cannot be considered by any means as a blue chip. It is a relatively new company which is just finding its feet, and must still be classed as a speculative situation. But I believe it is an interesting situation for the investor who is willing to take a calculated risk. Is this the right time to buy? Only the future can answer that question, but at the present time the shares are selling at approximately $6.00, only 9.1 times 1959 earnings of 66¢ a share. The stock is listed on the Toronto Stock Exchange and is also traded in our Over-the-Counter Market.

Stabler Feted

On the occasion of his resignation from the New York "Herald Tribune," C. Norman Stabler was honored on Tuesday, May 31, at a buffet supper, attended by 50 writers and other members of the Wall Street Community, at the home of Mr. and Mrs. Donald I. Rogers in Douglaston, L. I. (Mr. Rogers is the "Tribune's" Business and Financial Editor.)

Joining the "Tribune" in 1925, Mr. Stabler had served the paper's financial news department as reporter, editor and columnist. His new association will be formally announced on July 1.

Diversified Income

ALLENTOWN, Pa. — Diversified Income Planning, Inc. is engaging in a securities business from offices on West Hamilton Boulevard, R. D. No. 2. Officers are Alan W. Graham, President and Treasurer; Thomas J. Heslop, Vice President; and Robert M. Blair-Smith, Secretary.

Capital Counsellors Opens

Capital Counsellors, Inc. is engaging in a securities business from offices at 50 Broad St., New York City. Officers are J. Irving Weiss, President; Abraham B. Weiss, Vice President; and Eve Weiss, Secretary-Treasurer. J. Irving Weiss was formerly with Shields & Co.

Wm. Miller Co. Opens

WASHINGTON TOWNSHIP, N. J. —William P. Miller is engaging in a securities business from offices at 109 Honeysuckle Drive under the firm name of William Miller & Company. Mr. Miller was formerly with Merrill Lynch, Pierce, Fenner & Smith Incorporated.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Industrial stocks continued to find opposition in the 625-30 area for their average this week. High hopes that a cut in the margin requirement, currently 90%, would come over the long holiday week-end to give the list at least a temporary boost, proved premature.

In its recovery swing the industrial average closed only once before above 625 and this week worked ahead to 628 before new selling moved in to drop it back to the lower limit of the resistance area.

Rails Still Drab

The story in the rails was a drab one. Mild selling kept them depressed even when there was selective demand elsewhere. For several weeks the hopes had been that the carriers could return to favor and take over market leadership. But they showed little inclination to do so and, in fact, eased into minus-ground by a slim margin for the month of May, to make it five down months in a row for their average.

With the rails in no mood to confirm the recovery in the Industrial Average, the debate was "hot" over whether the worst is over for the general list. And the arguments were only muted somewhat as Memorial Day passed, which is the traditional date that marks the beginning of the summer rally. June is one of the better months for the market historically when it comes to winding up with a plus sign. But with the business picture scrambled, there were few flat predictions either way as far as the short-term movement of the averages was concerned.

Selective Demand

Where there was demand, the gains were spectacular and, despite occasional profit-taking, fairly persistent with such as International Business Machines, Vendo, Universal Match, Owens Corning Fiberglas, Addressograph, General Foods and a few others making the new-highs lists repeatedly.

* * *

In the electronics, Motorola and Texas Instruments were having some troubles with their previous highs which gave them an erratic tone at times.

* * *

Steels moved narrowly despite the continued decline in the operating rate to below 62% with some predicting that the rate will be down to half of capacity finally in the summer doldrums. The motors were also a key section where caution was the big watchword, and little in the way of determined price action showed. Industry sources as well as outside spectators were still predicting unit sales at the second-highest level in history. On the other hand, mitigating this seemingly good news is the fact that the low-profit compacts are taking over a large share of the market and there is little demand for the high-profit frills to be installed on them. The pinch, consequently, is a double one.

High-Yielding Motors vs. "Growth"

It leaves a colossus like General Motors, with a long-term record of profit-making ability, selling at little better than 12-times earnings and yielding 4½% on a dividend that could be larded with a year-end or other extra. And this is in odd contrast with the no-yield, 50 or more times earnings items where "growth" is the magic word.

* * *

General Instrument, for instance, dipped into red ink in 1950, 1952 and 1955. But then earnings increased progressively from 21 cents, 93 cents, and $1.37, so the apparent growth outweighs a 15-cent dividend payout on which the yield is less than one-half of 1% and the issue is among those that keeps posting new highs.

Expanding Electronics Items

To its credit, General Instrument has been busily expanding its participation in the electronics field via development and merger; including a pending acquisition of General Transistor. Whereas supplying radio and TV makers with components was its major business a few years ago, this activity is now down to only half of total sales and the company is building up its more profitable business of developing complete systems and devices.

* * *

Like the old Glenn Martin Co., Ryan Aeronautical is rapidly moving out of the aircraft field and turning to electronics and anticipates an eight-fold increase in sales of its electronic division this year over last year when it contributed less than 5% to gross. Its work in electronic gear is chiefly in navigation equipment. Without widespread appreciation of its electronic work, Ryan has been available at less than 10-times estimated earnings for this year, where the other electronic skyrockets are selling at 60 or more times earnings.

Lagging Rubber Issue

United States Rubber is an item that has been a pedestrian one for the most in recent markets, despite management predictions that it will reach the billion sales level for the first time in its history this year. It is selling at a shade over 10-times earnings, at a 17% discount from last year's peak, and offers a return of close to 4% on a dividend covered two and a half times over by conservative estimates of its earnings for this year.

* * *

Like enterprises linked with the auto industry, U. S. Rubber has not been obviously in favor. Yet only about a fifth of its sales come from the car makers where the ups and downs of auto production are a factor. Its more important work is in industrial rubber goods, rubber chemicals and plastic products, even participates in the running of a nuclear reactor for research work. Its latest announced venture is a joint one with Borden Co. to build chemical plants to broaden its chemical business.

Pair of Interesting Laggards

Colgate Palmolive is another old-time name in the trade that has had little investor interest since its stock split last year. Since then the shares have had a range of less than 10 points although the company has reported record sales and earnings each year for the last four and anticipates posting another peak this year.

Colgate's domestic business has been relatively static, although profit margins have been improved. Its key factor in its new records is a boost of nearly two-thirds in foreign sales in the last five years, to where last year the foreign operations produced half of sales and two-thirds of the company's income. The promise in the future is its acquisition of an ethical drug firm early this year, as well as a hospital supply firm. These are small operations currently but do pave the way for future growth.

* * *

The electronic item that has not participated in the recent popularity is Raytheon which at the low this year was approximately half of last year's peak. The company expanded too rapidly to handle two missile projects and had to cut back to size later so that despite a fat jump in sales, earnings were static and the inherent growth nature of the company was obscured. With the straightening out of its internal situation, the company now could be at the turning point where expanding earnings can be realized. If so, it would probably be able to participate with the other electronics in investor interest to make up some of the ground lost by the stock marketwise.

* * *

Rails as a group stir up little enthusiasm but not all the roads, like the eastern ones, are in continuing troubles. Southern Railroad continues to add to its business, the rate of growth in the last decade running more than twice that for rails generally. In the meantime, it has trimmed its labor force by 40%, lowered its wage ratio significantly and kept profits up well. Helping along was the move of industry to the South which added more than 100 new industries to the area Southern serves. Its amply covered dividend offers a yield of about 6%.

[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.]

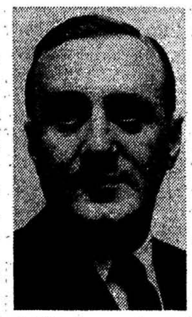
Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Robert F. Clayton has been added to the staff of Walston & Co., Inc., Denver, U. S. National Center. He was previously with Harris, Upham & Co.

Cruttenden & Wheeler Forming New Coast Firm

Walter W. Cruttenden, Jr. will become associated with the newly formed investment firm of Wheeler & Cruttenden, Inc., Los Angeles, on July 1. His resignation as a partner of Cruttenden, Podesta & Co. becomes effective May 31.



W.W. Cruttenden, Jr.

Mr. Cruttenden's associate in the new firm is John E. Wheeler, a former Chicagoan and member of the old Chicago Stock Exchange, more recently Vice-President in charge of floor brokerage and specialist at Hill Richards & Co., Los Angeles. Wheeler & Cruttenden, Inc. will conduct a specialist operation on the Pacific Coast Stock Exchange. The firm is also a member of the Midwest Stock Exch.

Mr. Cruttenden, 37, is the oldest son of the founding partner of Cruttenden, Podesta & Co. He joined the Chicago-based, coast-to-coast investment firm as a trainee in 1946, following combat-Infantry service in World War II. He became a partner in November of 1950, and has represented the firm, as floor broker and specialist, on the floor of the Midwest Stock Exchange since that time.

G. C. Haas Co. 50th Anniversary

G. C. Haas & Co., 65 Broadway, New York City, members of the New York Stock Exchange, is currently observing the fiftieth anniversary of the founding of the firm.

Partners in the firm are George C. Haas, Richard W. Ince, Theodore Weshsler, Donald C. Appenzellar, Jr., Edgar T. Mead, Jr., all general partners, and Isle H. Levinger and G. Hinman Barrett, Limited partners.

Forms Roebuck Funds

Melvin L. Roebuck is engaging in a securities business from offices at 575 Lexington Avenue, New York City, under the firm name of Roebuck Funds.

New Horizons for Steel And How to Reach Them

By Benjamin F. Fairless,* *President, American Iron and Steel Institute*

Taut appraisal of the steel industry's viability is made by Mr. Fairless who depicts a new approach to bettering labor-management relations as the foremost problem facing the industry. Moreover, he warns competition (within the industry, with substitutes and with foreign producers) will become more intense than ever. In order to meet these problems, and to attract needed capital for essential improvement, Mr. Fairless prescribes a six-point program so steel can reach its new horizons in this new decade.

Every one of the six decades in this historic century has brought new problems and great changes to our industry. There have been two world wars, a great depression and periods of tremendous recovery and expansion.

Benjamin F. Fairless

It is only natural now that, in this first year of a new decade, we should be wondering what is in store for our industry in the '60's.

Obviously, I cannot answer that question. But of this I am sure: we are living in a changed and changing world — a world of breathtaking advances in science and technology, and of profound uncertainties in political and economic life. The 1960's will present to our industry new problems, new conditions, new challenges—as well as the promise of continued growth and expansion.

1960's Problems Outlined

Of the problems, I would suggest four as being the most urgent, basic and plainly visible today. They are:

(1) Finding a way to achieve labor peace in the industry;

(2) Continuing the present program designed to improve the efficiency of steel plant operations;

(3) Offsetting the steadily rising competition from other materials and from low-cost steel produced abroad; and,

(4) Maintaining a fair level of profits, and a fair allocation of the benefits of productivity increases, so as to attract the capital needed for essential improvements and expansion.

All of these problems are closely related. Their common denominator is competition.

In considering them, it is well to remind ourselves that, while we are living in a world of bewildering change, there are some things that remain unchanged.

The multiplication table has not changed one iota since the beginning of time. Two times two is four, and all the electronic computing machines in the world can give no other answer. Nor have certain laws of economics been altered. The buyer in the market place now as always will buy the best and most he can get for the least.

These are some facts of life which too many people would like to pretend do not exist.

The steel industry, dealing with its problems, must keep its feet planted firmly on the solid ground of reality. And certainly, this will be true of the problem I have placed at the forefront—the achievement of labor peace.

One of the great changes in American life has been the rise of huge labor unions, and one of the most powerful of these is the Steelworkers Union. Since the end of World War II, as you well know, there have been five major steel strikes. These strikes cost America over 80 million tons of steel. The aggregate cost of these strikes to employees in lost wages has been calculated at over one and a half billion dollars.

The longest and most costly of all was the 116-day strike of 1959. You know the story of that struggle and I will not dwell on it here. It belongs to history. But I am sure all of us here today agree that neither our industry nor the steelworkers, nor the nation's economy can continue to support the senseless extravagance of these recurring strikes. We have learned from bitter experience that no one wins a war; both sides lose.

How can peace be achieved? This is a basic problem to which all of us must devote our utmost attention, if the industry is going to survive and prosper.

I do not know the solution to this problem but I do know that the answer does not lie in any effort to turn back the clock. Unions are here to stay, and no one in the steel industry wants, or believes it possible to destroy the union. It is needed both by the employees and the companies.

Making Collective Bargaining Work

No, the question is not how to break the union, but how to make the collective bargaining process work better for all concerned. Many factors are involved in this effort, but one thing is clear: the companies will need to do a more effective and convincing job of explaining their problems to the employees, to their unions, to the communities in which they operate and to the country.

Not only will they need to communicate more effectively and more convincingly, they will need also to communicate continuously. True understanding of the kind of problems that confront our industry is seldom achieved overnight, or by short-term or high pressure programs. We must keep everlastingly at it.

It is important for the employees and their unions to understand how and why the interests of the worker and the company are not in conflict, but are identical. The employee cannot prosper if the company does not. It is equally important for them to understand that the employees lose in the end when they get a wage increase beyond the amount justified by productivity increases.

I firmly believe the steelworkers want to know the facts that bear on their jobs and their security. They are sick and tired of strikes and of the inflation which robs them of the benefits of wage increases unjustified by higher productivity. The problem is to find a cure for both needless strikes and destructive inflation.

Mutual understanding and cooperation between management and union leaders will be necessary to achieve these ends. I devoutly hope that the efforts of both parties to achieve such cooperation will be more successful in the future than they have been in the past.

The aim now should be for both sides to search their souls to find ways to avoid repeating in the future any mistakes that may have been made in the past. The country expects a new approach in labor-management relations in steel—one which will lead to a long era of industrial peace. That is our number one goal of the new decade.

The need is for a greater degree of industrial statesmanship than ever before on both sides of the bargaining table — a statesmanship which will give even more serious thought to the public interest and to the welfare of the whole economy. The new labor agreements provide new avenues of approach to this problem, and I hope that this work will show more constructive results than our similar efforts in the past. We are making progress, too, in employee communications. . . .

I have put as our industry's number two problem that of increasing the efficiency of operations beyond the present point. Here, we know is a two-fold requirement. It is for real cooperation on the part of the union and employees and for constant improvement in the technology of production. Only by the unity of these means, in full measure, can productivity be increased while costs are held in check.

At the heart of this problem is the fact of ever-mounting competition.

Over the years past, competition has been a vital force in the advancement of the steel industry. In the years ahead, it will be more intense than ever—competition within the industry, with other products, and with steel producers in other countries.

I believe our people—including many thousands of our own steelworkers—do not understand the critical nature of the competition faced by the industry, especially foreign competition. They do not understand what is happening, or why it is happening, or how vitally it affects *them*. It is our responsibility to see that they are better informed.

Meeting Foreign Competition

This problem of foreign competition is not peculiar to our industry alone. But in steel it is becoming more and more critical. Some industries, in growing numbers, are trying to meet the problem by building plants overseas. In effect, they are exporting jobs. This is an ominous trend for American workers.

Even if we were of a mind to do so, such a move is hardly feasible for the American iron and steel industry. We can't very well scrap our existing plants, representing an investment of many billions of dollars, and spend more billions to build new plants overseas.

The major cause of the influx of foreign steel, as we all know, is our steadily rising employment costs as compared with the much lower wage costs of foreign producers.

Our wage costs are as much as seven times higher than theirs. As a result, of course, they have a wide margin on which to invade our markets and undersell us on many products.

Solutions to the problem which assume the American steel industry is self-contained are no longer valid—if they ever were.

Consider our imports of iron ore. Last year we imported almost 40 million tons, an all-time record. That was 28% above such imports in 1958. And in 1950, the record for the time was only some nine million tons.

We are scouring the world in search of raw materials. That is a major reason I say and say again: the answer to our problem of foreign competition is not in high tariff barriers. That's a political game any number can play. If we raise trade barriers against other countries, they can retaliate by raising them against us. We need the rest of the world as it needs us.

We hear it often said — and many people believe — that we can compensate for the wage differential with superior technology. I believe we are still the most efficient producers of mass materials and goods in the world.

But we must face reality. American industry has no monopoly on modern efficiency. We have no corner on ingenuity or research. Many of our neighbors in this world community are already fully capable of competing with us in techniques and facilities. Therefore we must do everything in our power — management, employees and union — to hold our own against this competition.

In our favor is the fact that, in competition with foreign steel, price alone is not the only factor. Quality of material, promptness of delivery and service are also important considerations for the buyer. And on these points American steel has the edge.

We cannot—and of course we would not—seek to lower the wages of American steelworkers to the levels of workers in other countries. Nor do we have any control over raising the wages in other lands.

But we do know that wages will not remain permanently fixed in other countries. All over the world, the great march toward higher standards of living is going forward, and over the years this will tend to bring foreign wage more in line with our own.

Getting the Facts Across

However, if our production costs continue to soar far above any rising levels abroad, the gap will not be narrowed—and our problems can only grow more severe.

We must work constantly for an understanding of these facts. Our employees and their unions must realize that this competitive challenge is theirs as well as management's; that job security and employee welfare depend on the industry's ability to compete at home and abroad.

On the whole front of competitive effort, we must continue to make real progress. We cannot close our eyes to the gains which other materials have been making.

A great forward step was the launching early this year of the steelmark symbol. This industry-wide program is designed to help merchandise steel and steel products. It will help to make the public more conscious of steel's good name and its value. It is being coordinated through our Institute, and deserves the wholehearted support of every member company.

The purpose of success in competition is to maintain a profitable industry. And herein lies the fourth problem to be faced in this decade.

Depicts Need for Capital

The opportunities for growth to which we look can be realized only if capital is available for taking advantage of them.

More money will be needed than in previous decades we have known. It follows that the industry will have to set itself more diligently than ever to the task of obtaining that money.

The key, of course, will be the same as it has always been in this free country of ours. There must be adequate earnings, to attract and hold investors who want a fair return on their investment. If steel does not meet his requirement, they will invest their money elsewhere.

Every company therefore must not only achieve an efficiency which provides a sound profit, it must also preserve its own fair share of the returns from that efficiency. And, further, it must keep its position clear to its employees and the public, so that its intentions and decisions are understood.

This industry has many advantages, as well as problems as it enters the seventh decade of the 20th Century in a completely new world. It has a good plant, a superior product, sound management and a fine working force. I believe the problems will be solved if the indsutry will concentrate on these points:

(1) Work earnestly with our employees and their unions and the public in an effort to achieve lasting industrial peace.

(2) Increase productive efficiency through every means possible.

(3) Intensify our research program developing new steels and new processes, and opening new markets.

(4) Maintain our leadership in every area of competition.

(5) Expand our export markets and develop new export opportunities.

(6) Step up our efforts in public relations, promotion and advertising — to insure greater appreciation of steel's use and value, and its contributions to the economy.

Every part of that program comes naturally to a steel man. Our great industry in fact owes its growth to our consistent and effective efforts in those directions over the years. By continuing and intensifying those efforts we should be able to improve not only our technology and our products, but also develop better understanding of the basic principles of our political and economic life.

There are indeed, new horizons for steel in this new decade. And steel will reach them. It will surely do so because men with vision, experience, and ability are determined to keep steel out in front.

*An address by Mr. Fairless before the 68th General Meeting of the American Iron and Steel Institute, New York City, May 26, 1960.

Metalcraft, Inc. Stock Offered

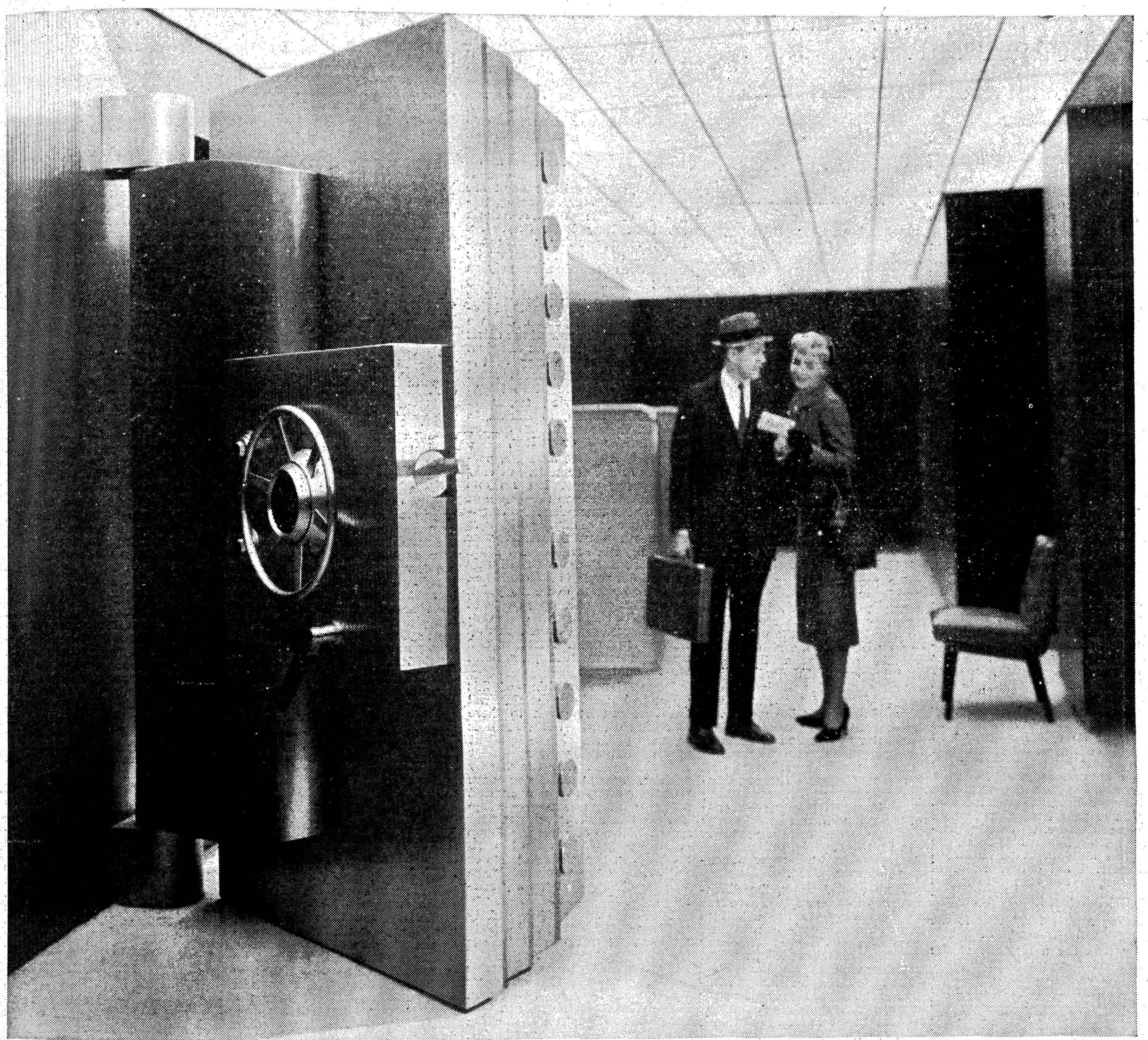
First Broad Street Corp. and associates offered on May 31, 85,700 shares of Metalcraft, Inc. common stock at a price of $3.50 per share.

Net proceeds from the sale of the common shares will be added to the general funds of the company and used for additional machinery, equipment and replacements; moving expenses; electrical installation, furniture and building fixtures for new offices and plant and for general working capital.

Metalcraft, Inc., of New Hyde Park, Long Island, New York, and Rego Park, N. Y., is a contract manufacturer of a wide variety of precision products in the metalworking field, produced in response to orders for specific items. The precision products are parts or assemblies which have been produced by Metalcraft by means of metal fabrication, welding and assembly. These parts or assemblies are made for such articles as communications consoles, radar and standard metal cabinets, vibration test fixtures, power supply boxes, electronic chassis, instrument panels, frames and enclosures.

For the 11 months ended Dec. 31, 1959, the company had net sales of $1,003,597 and net profit from operations, of $151,392, equal after Federal income taxes, to .411 cents per share. Upon completion of the current financing, outstanding capitalization of the company will consist of 275,700 shares of common stock.

Associates in the offering are: Russell & Saxe, Inc., Street & Co., Inc., V. S. Wickett & Co., Inc. and Sandkuhl & Co., Inc.



Steel for Strength . . . Economy . . . Versatility

Steel plates protect your savings from everything but inflation

Billions of dollars in cash and securities—even the nation's gold at Fort Knox—rest secure behind steel vault doors. Because they protect most of the country's liquid assets, bank vaults must be impervious to fire, flood, and earthquake. Yet 30-ton giants like the one above can be swung open with the flick of a secretary's finger.

Vault engineers have solved such knotty problems as controlling inside temperatures, so that when a fire is raging outside, the contents of the vault are protected from charring and blackening, remaining in perfect condition. High-quality steel plates, welded together in layers, reduce heat pass-through to a minimum.

If you should be locked inside by mistake, it's rather easy to get *out*, but just about impossible to get in — unless, of course, you have the combinations. And bank robbery — when the steel vault doors are shut and locked—belongs strictly to the world of television.

Vault doors like the one shown above are made from steel plates rolled by Bethlehem at Sparrows Point, Md., the country's largest steel plant, and at Johnstown, Pa.

Plates have other important uses in shipbuilding, bridges, large-diameter pipe, storage tanks, freight cars, and heavy machinery.

BETHLEHEM STEEL

BETHLEHEM STEEL

BETHLEHEM STEEL COMPANY, General Offices: Bethlehem, Pa. *STEEL PLANTS*—Bethlehem, Pa.; Johnstown, Pa.; Lebanon, Pa.; Steelton, Pa.; Williamsport, Pa.; Lackawanna, N. Y.; Sparrows Point, Md.; So. San Francisco, Calif.; Los Angeles, Calif.; Seattle, Wash. *SHIPBUILDING AND SHIP REPAIR YARDS*—Quincy, Mass.; Boston, Mass.; Brooklyn, N. Y.; Staten Island, N. Y.; Hoboken, N. J.; Sparrows Point, Md.; Baltimore, Md.; Beaumont, Texas; San Francisco, Calif.; San Pedro, Calif.

No Longer Can We Select A Calculated Safe Risk

Continued from page 3

human frame and spirit. If you do not think this denunciation of inflation is strong enough, then multiply it by five and it will still be true. We ought not to run any risk of inflation running away and becoming a permanent feature of our society.

I take it we are all agreed on that. But then look at the appalling risks we run if we **don't** have inflation. What causes inflation? The two strongest causes — not perhaps the only ones, but the strongest — are excessive Government spending, and too fast a rate of capital expenditures by industry. If Government expenditure runs ahead of tax collections, or if industry's capital spending runs ahead of the community's savings—then in either case you get that condition of too much money chasing too few goods for which the short name is inflation.

Would We Cut Out Defense Spending?

Now I think we all know what is causing excessive spending by Governments. Each one of us no doubt could easily nominate a category of spending to be cut out, whether it be farm aid or foreign aid or pensions or welfare or something else. But each one of us also knows that it is not these things that create the problem of excessive Government expenditures. They are all chicken feed compared with the costs of defense. Can we **afford** to cut defense spending—either in your country or in mine? I hear very few voices raised in public in favor of an actual reduction in our preparations for defense. Even those who think they are large enough seem to be in a minority, and there is a great deal of logic behind the doctrine that we have been neglecting certain areas of defense. You will understand that I am not trying to express an opinion on this controversy. I am only mindful of the fact that anyone who makes up his mind to cut out this element of the risk of inflation is running a very large risk to the safety of the free world.

Or look for a moment at the other great cause of inflation, the tendency in recent years for capital expenditures to outrun the available supply of savings. It is not very difficult to cut back the rate of capital expenditure. Indeed, that is what happened, in a small way, in 1958. But can you feel happy about the result? There was a time—I can just remember it—when booms and slumps were thought to be as much outside the bounds of human control as the weather. We didn't like slumps, any more than we liked blizzards, but there was nothing to do about it except sit down and wait for a change in the weather. Nowadays, we flatter ourselves that we can exert some control. I remain a pretty obstinate skeptic about that. But in any case we are very conscious of the risks we are running if we don't at least do whatever can be done to ward off the threat of depression. We run great risks at home—rising unemployment, falling sales, industrial unrest, perhaps even—horror of horrors—a return of the New Deal. And we run even greater risks abroad if we cannot keep up in the race of economic progress. Growth has become a categorical imperative in our world, and we are all very well aware of the risks we run if we endanger it.

Says There Is No Safe Choice

Well, there you have my first dilemma. On the one hand the risk of inflation. On the other hand, the risk of endangering national safety or of stopping economic growth. Of course I am not suggesting that it isn't possible to pursue a middle course and have a bit of each. Indeed, that is obviously the sensible thing to do. But it isn't a **safe** thing to do. That isn't calculating a risk and staying within the safety margin. It is mixing the risks, in unknown quantities, and hoping that the mixture isn't explosive. Any way you turn, you have to take some gamble. What would you like to gamble with? The soundness of the dollar? Or national defense? Or economic progress? Take your choice. I shan't criticize whichever choice you make. I criticize only the man who pretends that there is a safe choice, the man who preaches about the dangers of inflation without saying what he could do about defense and growth, or the man who clamors for more armaments without stopping to ask whether the resulting inflation would weaken the nation more than the arms would strengthen it, or the enthusiast for growth who doesn't know the difference between an economic weed and a useful plant.

Dilemma of Foreign Aid

Let me move to my second example, which is partly economic, partly political. I find it in the great puzzle, which faces all of us in deciding on the proper relations between the rich and developed countries of the world and the poor and underdeveloped countries. This is sometimes called the problem of the Haves and Have-Nots among the nations. It has recently been neatly christened the "North-South" problem to distinguish it from the familiar "East-West" cleavage. I recall that it is a problem to which Mr. Benjamin F. Fairless, President of the Steel Institute, gave a great deal of thought and attention a year or two ago, when he was asked by the President of the United States to report on the proper dimensions of foreign aid.

Here also, I think, the dilemma is clear enough. There are obvious limits to the extent to which the richer and more mature countries can go in exporting capital to other countries, whether it goes on loan or as a gift. I cannot mention this subject without pausing to pay tribute to the enormous achievements of the United States in the past decade and a half in sustaining the economy and strengthening the defenses of the free world. The other mature countries, themselves now restored, are taking up the load — and doing so, I would remark parenthetically, to a greater extent than perhaps Americans realize. We in Western Europe are so much smaller than the United States in economic terms that even a major effort on our part looks small beside the States. Aid to the underdeveloped, by the North to the South, is no longer a matter for America alone. But however many participants there may be, there are obviously limits to what it is safe to do. The perils of an unsettling of the balance of payments, under the shadow of which we in England have lived for many years, are now becoming apparent even in this citadel of international wealth. If we overstrain ourselves, then we shall do no good either to ourselves or to the under-developed countries.

Cites India as an Example

But there are also enormous risks if we hang back. Whether we like it or not, there has been in the world what has been called a revolution of expectations. Whether we believe they can do it or not, all these countries are determined to raise their standards of living and are set on making the attempt. What a calamity it will be for all of us if they fail! Contemplate for a moment the case of India. There is a country which has thirty thousand more mouths to feed every day. While eating our dinner, a number of indians greater than the number of people in a large ballroom will have been born, all wailing for food. By the next morning there will be many more new Indians than the whole population of the Waldorf-Astoria Hotel in New York City. Yet India is a country where the survival of the free democratic institutions depends absolutely on being able, not only to feed this exploding population but to raise the pitifully low standards of living of the whole people. Can we afford to run the risk of the effort failing? If you think we can, just take a look at the map of the world, and imagine what it would mean if the whole of that vast sub-continent, giving access to the Indian Ocean, to Africa, to Australasia, were to be colored Communist red, or yellow,

That is only one example, perhaps the most dramatic, but only one among many. Let no one imagine that, if the revolution of increased expectations is disappointed we can simply go back to where we were before. Neither politically nor economically could we afford it. Perhaps I need only to mention what is happening in Latin America to make my point. Again, which risk do you want to run? The risk that we will overstrain ourselves? Or the risk that Africa and Latin America and Southern Asia will fail, and think we failed them?

I have been speaking of this dilemma in terms of the financial aid that can be given to these emerging countries. But there is a purely political side to it, about which I should like to speak for a few minutes. One can hardly open a newspaper these days without reading of a new African nation that has attained sovereign independence. Some of them bear names that no one but the stamp collectors had heard of until recently. In another two years or so, virtually the whole of Africa will be divided into wholly self-governing states.

I often wonder if we fully realize what that means. Anybody who has grown up in America is tempted to think of Africa and African independence in terms that are a mixture of Uncle Tom's Cabin and George Washington. But the American Negro has been a member of Western civilization for three hundred years or longer. But in parts of Central Africa, the grandfathers of the men who are now forming governments had never even seen a wheel. Now please do not think that I am opposing this rush to independence. On the contrary, since we have no alternative, let us do it as gracefully and as quickly as we can. But I cannot help asking myself whether these emergent governments, so fierce in their nationalism, will be able to sustain the standards of living of their peoples, and what will happen if they can't. I cannot help asking myself whether they will give Africa civilized government, and what will happen if they don't. One of these new countries —I won't mention its name—is inhabited by two separate peoples, a relatively sophisticated, largely urban population at one end, and a very primitive people, of different race and religion at the other. The white men went into that country, within the memory of men still living, for the primary purpose of stopping the slave trade, the first people enslaving the second. Now, in the name of independence and nationalism, this savage people is, in substance, put back under the control of the first.

What appalling risks we are taking! And yet what appalling risks we should run if we attempted even to slow the process down, let alone bring it to a stop. How can you calculate these risks? How can you do more than choose which set of risks you want to run, and then go forward blindly.

Atttitude to Take Toward U. S. S. R.

The North-South dilemma was my second example. For my third, I take one that is in all our minds —the dilemma of the attitude we should adopt towards Soviet Russia and World Communism. Now the essence of this dilemma can be very easily stated. It is this— can we trust the Russian Communists? That has been the question ever since the end of Hitler's war. It used to be possible to think of it in "calculated risk" terms—that is to say, we will trust them just so far, and for the rest we will have enough arms to be safe. But if I read tne history of the last three years correctly, it means the end of calculated risks in foreign policy. We cannot any longer trust the Russians up to the point where real risks begin, and then stop. We have either got to trust them quite a lot, or not at all.

Now the risks of trusting the Russians too much are very well known in the United States. They are spread across the newspapers at very frequent intervals. If we are too trustful, if we let down our guard too much, then we may be opening the door to the world-wide success of the Communist conspiracy. I would not like to say anything to minimize the scale of the risks that a policy of trust would run.

But I sometimes wonder whether Americans sufficiently realize the opposite risk, the risk of not trusting them enough. Suppose it is true that the dominant party in Russia wants peaceful co-existence. Suppose it is true that they want to devote their energies to raising the standard of living of their people. Suppose it is true that they are getting a bit scared of the Chinese and would like to come to terms with the West. Suppose, finally, that, wanting all these things (as we want peace), they are nevertheless nervous about the extent to which they can afford to trust the capitalist imperialist West. I am not suggesting that these suppositions are correct. But they are not unreasonable; they **might** be correct. Then, if we do not show enough trust to meet them half way, we are throwing away the best chance we have of avoiding World War III. And if one tenth part of what the scientists tell us about total nuclear war is true, this risk is even greater than the other.

Well, which do **you** regard as the greater risk—Communism or destruction? Of course, I'm not trying to say that we have to have one or the other, still less that we have to choose between them tonight. I thank God that that burden does not rest upon me, and I shall never cease to marvel at the fact that there are men who, by running for public office, ask for the crushing burden of final choice to be put upon their shoulders. But I do say that we have to run some risk either of being "soft to Communism" or of going to the brink of total war, or perhaps of both together. Not only some risk, but a very big risk.

Now some will think that my only purpose has been to frighten. Not at all. For one thing, all thinking men must be pretty scared already. If they are not, they are not thinking men. And for another, every time I prove to myself that we live in a very dangerous world, I also go on to reflect that I really don't regret it. Indeed, I think I positively prefer it that way. One has often read that the people who live on the slopes of a volcano lead very happy lives and wouldn't for the world exchange their homes for safe ones in the valley. We are all living high up on the slopes of the most dangerous volcano the world has ever known. But for me, if you ask me whether I wouldn't prefer to have been born in the security of 1860, I say "No, thank you very much."

Yet, Views Future Cheerfully

Now I have no doubt that this is an instinct, and it may be a vanity. Perhaps we all instinctively cling to our birthdays, just as we all like our own names best. Nevertheless, I can give you three reasons why, in spite of all that I have said, I still look to the future with cheerfulness. To the first I will give only a sentence, since it would be an impertinence to say more. It is in times like these that every man most needs a faith to live by.

My second reason is perhaps only the secular version of the first. It really is true, as the philosopher put it, that the secret of happiness is to live dangerously. A totally secure world would be one that posed no challenge to human courage and human resourcefulness. Even bankers must sometimes get tired of security. Once you realize that, as in riding a bicycle, you can stay upright only by keeping moving, it is possible to get an enormous zest out of going to see what there is round the next corner.

And, thirdly, in these appalling choices that we have to make, there is sometimes a fundamental criterion to assist us. If you've got to gamble on something, whenever you can, gamble on the enlargement of the human spirit. You know the old gag; that the only lesson you can learn from history is that you can't learn anything from history. I don't know if that is true — I think probably not. I will give you another epigram—the chief thing to be learnt about man is that he does learn.

I won't weary anyone by going all through the examples I have been giving to illustrate how this thought illumines the choice. I will refer it only to my middle example, the emergence of the under-developed peoples of the world. Basically, our dilemma there is the old one of liberty. Liberty without responsibility can be disastrous. Should one wait until there is proof of responsibility before granting the freedom? Or go ahead at once in the confidence that freedom will breed responsibility? There are risks either way. But for myself I prefer to gamble on the teachability of man.

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*An address by Sir Geoffrey at the 68th General Meeting of the American Iron and Steel Institute, May 26, New York City.

Schroder Banks Appoint Three

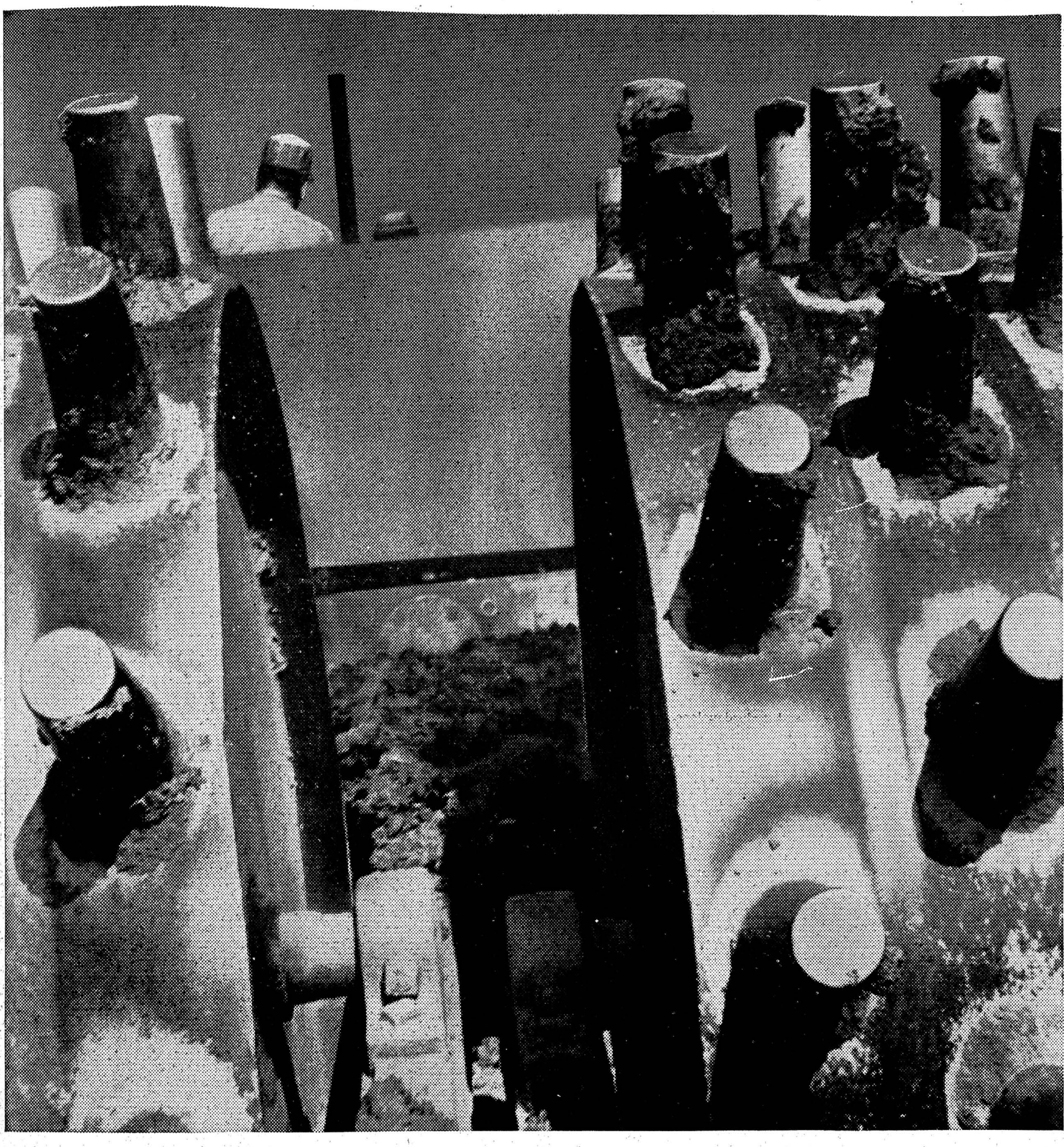
The Directors of J. Henry Schroder Banking Corp. and Schroder Trust Co. have announced the appointment of Peter C. A. Carpenter, R. Canon Clements and John I. Howell, formerly Vice-Presidents, to Senior Vice-Presidents of both banks.

All three officials have been with Schroder Banks for a number of years. Mr. Carpenter is in charge of Latin American business while Mr. Clements is in charge of the Domestic Banking Division and is Chairman of the Credit Committee. Mr. Howell is in charge of European business and is also Secretary of the two banks.

Joins Courts Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—James E. Bennett has joined the staff of Courts & Co., 11 Marietta Street, Northwest, members of the New York Stock Exchange. He was previously with the Citizens & Southern National Bank.

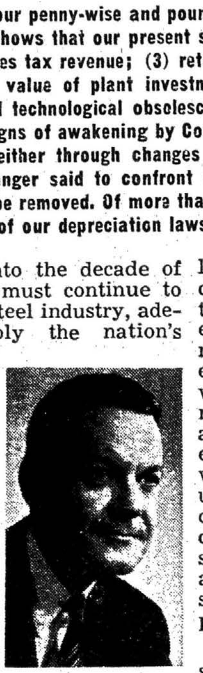


Removing the Danger to Our Future Industrial Growth

By Joel Hunter, President, Crucible Steel Company of America New York, N. Y.*

Critical of "our penny-wise and pound foolish" tax depreciation laws, Mr. Hunter shows that our present system: (1) exaggerates income; (2) diminishes tax revenue; (3) retards industrial development; and (4) permits value of plant investment to be jeopardized by price inflation and technological obsolescence. The industrialist notes encouraging signs of awakening by Congress and CPA organization and hopes that either through changes in our accounting rules or tax rules the danger said to confront our future industrial health and growth will be removed. Of more than passing interest is Mr. Hunter's comparison of our depreciation laws with those of foreign countries.

As we move into the decade of the sixties, we must continue to have a healthy steel industry, adequate to supply the nation's commerce and provide for its defense. This means a profitable industry, capable of generating through its own operations most of the funds required for its own maintenance and for such enlargement as the country's growth might require. This is not merely a concern of the men who make and sell steel, every citizen has an interest, because steel is so truly basic to our whole economy. Profits must be realized, in spite of steadily rising cost levels and limits on prices which can be placed on the goods we sell. These limits are imposed by competition: among ourselves; from other materials which are increasing in importance and displacing steel; and finally, there is the steel from revitalized foreign plants which have captured a considerable part of the markets we formerly enjoyed. While we have long been producers of one of the lowest-price structural materials, we have now come to understand that the rate at which steel prices will increase in the future must be substantially less than in the past.



Joel Hunter

Cost Reduction Spending Plans

In consequence, I venture to say there has never been a time when the American steel industry has given more attention to the reduction of costs of all kinds. At every level of management, the drive is on to reduce costs. Our industry has scheduled $1.6 billion for plant improvement in 1960—second only to the $1.7 billion spent in 1957. According to public reports, little increase in capacity is expected from this spending. The greater part is for the purpose of reducing costs. Spending of this kind is necessary to modernize our plants, reduce man-hours and speed production. Enlightened labor union leadership recognizes the urgency of cost reduction from the standpoint of labor and, indeed, national welfare. All thinking people recognize the importance of our having efficient, low-cost steelmaking facilities. Over a century of industrial history demonstrates conclusively that saving of human labor is the way to improve the lot of the common man.

Steel companies are certainly willing to spend for new equipment; in fact, the problem is to choose the particular things that will bring the most return with the limited capital funds available. This return is a calculated speculation which depends on production levels, markets and many other things for a long period of time. The expected return must be considerably more than the outlay, because the outlay is certain and will affect our costs for years to come. A decision today to install a new piece of equipment which costs $1 million results in additional charges to expense for depreciation which will average $40,000 a year for the next 25 years. I would like to talk about property depreciation as an economic fact, because the way we now take it into account is unrealistic, and becoming increasingly so. In accumulating costs and publishing income statistics, our dollars are disappearing more rapidly than we seem to be able to show.

Low Ratio of Sales to Investment

Depreciation is important in steel because steel plants cost so much and last so long. Industry sales in recent years range from $0.80 to $1.20 for each dollar of plant investment; 1959 was $1.01. Few other industries are this low. Paper, for example, was $1.40 last year, chemicals $1.51, textiles $2.59 and electrical machinery $3.67.

Any industry which has a large investment in properties which last a long time has a problem. People get tired of hearing about inflation. It is one of those nagging things that simply won't go away. It is a very real problem to the steel industry, and its influence is felt in a number of ways. One of the most subtle is its effect on depreciation expense. The theory of accounting depreciation, as we practice it today, is that the cost in original dollars of the million-dollar property we spoke of will be allocated to each year's operations over a period of 25 years by successive writeoffs to expense. Theoretically, the next generation will find that at the end of the 25-year period, the original cost of this property has been thus wholly expensed. At the end of the 25-year period, the facility will suddenly collapse. As the professional accountants are careful to point out, accounting theory ends at this point without regard to what happens next. The business manager would be inclined to go further and say that having gotten its money back through the charges for depreciation over the years, the company has or should have the $1 million necessary to go out and buy a replacement. It is just as simple as that.

If we can assume, for the moment, that there have been no changes in the art, and that the identical machine bought 25 years ago will be replaced, the management has this problem. The cost of the new machine, which is just the same in all respects as the machine bought 25 years ago and now completely worn out, is not $1 million—but about $2.5 million. But the company has gotten back only its original investment, which is $1 million. If it intends to stay in business, it must come up with $2.5 million, and it is $1.5 million short. Where is the extra money coming from? It can only come, of course, from retained earnings or from the outside, either borrowing or equity money.

Complicating Issues

At this point, the stockholders are likely to say, "Why should we invest any more money in this business? We put up the money to build a complete steel plant and now you tell us the plant can't be complete unless we put up more money. Did the management suddenly lose a million dollars at the end of 25 years of successful operation? Why did you not set aside enough money to take care of replacements of property which you knew were coming?

What kind of answers are we prepared to give to these pointed questions? For the time being at least, we are saved because the issue is never isolated in such a fashion. The whole matter is obscured by other changes, the number and diversity of the facilities in our plants in various stages of useful life, and also by another consideration of a different kind.

The assumption that we would replace a 25-year-old piece of equipment with an identical facility is, of course, absurd. This simply does not happen. Changes in the art have produced better equipment which operates at less cost and produces more. The old equipment is obsolete, which is to say that while it may be mechanically as good as ever, it simply isn't good enough any longer for today's competitive economy. So we never buy the same thing to replace something that wears out. We always buy something better. Incidentally, this helps to confuse the shareholder and perhaps prevent him from asking such questions. It should not, however, confuse us—nor, for that matter, anyone else.

Another factor which tends to complicate the issue is the growth of research in industry, particularly in the steel industry. We have been privileged to observe improvements in technology in the past few years which outstrip the developments of the preceding generation. We will not stop with this. Our research activities are continuing and accelerating, and it is certain that these efforts will bear fruit in still better ways of producing iron and steel, of heating, forming, and all of the activities that take place in our plants. As this process goes on, as we learn more about the scientific basis of the things that we are doing every day, we will inevitably find that much of our present equipment is no longer the best tool for the job. The direct reduction of iron ore is an endeavor to eliminate the blast furnace and coke ovens. Oxygen converters threaten open hearth melt shops. And so it goes, with no man courageous enough to predict the final outcome except, we will all agree, many and great changes are coming. We will surely be making steel differently within the next generation from the way we make it now.

And so we have these two factors which jeopardize the value of plant investment: the decline in value of the dollar and technological obsolescence of both plants and processes. They directly affect our plant values, and the annual recognition of depreciation should take both into account.

Law Prevents Faster Writeoff

What is to prevent us from writing off our million-dollar property addition at a faster rate than $40,000 a year? Why should we not say that 25 years is too long a time? Even though the facility might reasonably be expected to have a physical existence of 25 years, we can have no assurance that we will have any use whatever for it 25 years later. Neither can we expect our currency value to be the same 25 years from now.

Suppose we should say to ourselves, "This equipment ought to continue to be the best tool for the job for the next 12 years. It will neither wear out nor be superseded by something better in that time, as best we can guess." We therefore double the amount of depreciation we write off each year in order to come to zero net property value at the end of 12 years. We might then say that because 12 years later our dollar will be worth only half of what it is now, if history repeats itself, we must provide an additional million dollars through annual depreciation writeoffs in order to get our money back in terms of spending power. We therefore double the amount again and now have $160,000 instead of $40,000 annual cost of ownership of this property.

This is fine; this might do very well to cover both obsolescence and inflation, but unfortunately we cannot do it. We cannot do it because the rules say we cannot. What rules? Who made the rules? First of all, the income tax rules. When corporation income tax rates are 52% for the Federal, and more for the states, accounting practices are very strongly influenced by the rules which govern the taxability of income. It is said with some logic: "Why write off more depreciation if it is not allowed as a deduction for tax purposes?" In theory, the income tax is imposed on net income. In practice, income is very narrowly and strictly defined by Treasury Department rules and a great body of statutory and judicial law. What is income to the Treasury Department is not necessarily income to the economist or to the owner.

Federalistic Bulletin F

One of these Treasury Department rules is known as Bulletin F, a rather remarkable document, in which the useful lives and depreciation rates are set out for a large number of different kinds of property. This Bulletin grew out of an event back in 1934 when Congress was searching for new revenue to help out the government's depression-afflicted budget. A proposal was made in Congress to reduce depreciation allowed to all taxpayers by a flat 25%. Treasury Secretary Morgenthau proposed, instead, to give his Internal Revenue Department the job. This was done, and the Revenue Department did reduce depreciation allowances by making the taxpayer prove he was entitled to the amount he claimed Since the depreciation is almost impossible to prove conclusively until after the property is retired, it was not too difficult to cut the allowances down and collect more taxes. Bulletin F came a few years later as a codification of this earlier experience in reducing tax depreciation and is remarkable because it is official and yet is isn't. The Treasury Department says it is only a "guide;" but Revenue agents, being only human in spite of what some people may be inclined to think at times, seem to use it as a bible. After all, the Bulletin lives are long and the rates are low, and there is nothing else in official print. Fortunate is the taxpayer who can get shorter lives approved. I go back into history only because the same theory still prevails: the taxpayer is required to carry the burden of proof.

Aside from the tax collector, there is another influence on depreciation which arises from the fact that basic steel companies are large enough to have a number of shareholders and be registered with the Securities and Exchange Commission. Most steel company stocks are listed on security exchanges, and the accounts must be audited by certified public accountants who must certify to their annual reports.

Accountants are governed by what is known as "generally accepted accounting principles" in their certification of financial statements. This does not always coincide with the income tax rules. The accounting rules which have been formally stated over a period of 25 years or so are somewhat like the common law. A rule has been issued from time to time to cover particular situations which seemed to require it, but no comprehensive official code exists which is expressive of all generally accepted accounting principles. This may have been a wise approach, but the result has been varied with incomplete coverage of the issues; sometimes fundamental inconsistency seems to result from the application of the rules. A similar comment can be made with respect to all case law, even decisions of our highest tribunal.

Using the Lifo Principle

Lifo accounting for inventories is a method of matching current cost of inventory replacement against current revenues from sales. It is specifically sanctioned by the rules, and the underlying principle has wide support in the literature and practice. The use of current value dollars instead of historical cost depreciation is also a means of matching current costs with revenues; the identical principle which is the basis of lifo. Yet a specific rule explicitly forbids the use of current value depreciation in excess of cost. Rules accountants must follow are made by their professional society. Since the SEC and stock exchanges require the accountants' opinion to state the financial statements, reflect the application of generally accepted principles, the rules are given the force of law, for all practical purposes.

While by no means identical, the rules defining taxable income and accounting rules for determining income have had considerable influence, each upon the other. Generally accepted accounting principles have governed the determination of taxable income in the absence of special laws or regulations to the contrary. On the other hand, lifo and accelerated amortization under Certificates of Necessity are instances where changes in the tax law influenced general accounting in practice if not in strict theory.

The Government Certificate of Necessity program was a wartime measure designed to encourage the building of industrial plants. The incentive was the right to deduct from taxable income a greater portion of the cost, more rapidly than ordinary tax depreciation allowances. The objective was certainly achieved. In the eight years since 1952, the steel industry added 40 million tons of ingot capacity—an expansion of more than 37%. This was made possible, with the finishing capacity to go with it, by the $2 billion of additional tax deductions for rapid amortization.

This was a very good thing for the country and our industry. It is too bad the program came to an end. Less than one-third of our total United States industrial plant is modern, in the sense of being installed since 1950, according to a McGraw-Hill survey. Under these circumstances we could use the extra funds to advantage.

Faster Depreciation Abroad

The United States is not the only country which has used greater depreciation allowances to stimulate industrial development. Canada did the same thing and doubled its ingot capacity in 15 years. If we compare the 19 more industrialized countries of the world with the United States, we find the laws of eight countries permit shorter lives while seven allow accelerated rates of depreciaton above our rates. Ten permit an additional writeoff in the first few years of the life of the property, as an incentive for modernization. In Great Britain, Belgium, Holland and Sweden, this amount is between 30 and 33⅓%, and in Argentina it is as high as 50%. In eight nations, the entire plant was revalued to correct for inflation which had occurred, and in five, depreciation is permitted to exceed cost in the aggregate without revaluation or above the revalued cost. These numbers do not add up to 19 because most of the 19 countries have more than one of the features I have mentioned. But the facts add up to the sad conclusion that the United States' tax depreciation laws are the most restrictive in the world.

It is unfortunate that the extra writeoff available under our Certificates of Necessity must reduce ordinary depreciation of the future. If covered by a Certificate, the imaginary $1 million tool we spoke of might have been the source of $800,000 in writeoffs by 1959. Under present rules, we would have only $200,000 remaining historical cost value to spread over the next 20 years. The annual writeoff thus goes from $160 000 for five years down to $10,000 for the next 20 years. It is not entirely coincidence that the writeoff of $160,000 permitted under the Certificate is exactly the same amount required if straight line depreciation of $40,000 were corrected for obsolescence and inflation in the illustration I used a moment ago.

Whatever the reasons or background may be, it is difficult to explain how we can have $160,000 in expense one year and $10,000 the next, for the very same thing. There has been no physical change, the machine is there, running just as it did a year ago, but the figures come up with this surprising difference. One is tempted to say they can't both be right and yet hundreds of companies are saying they are right, in effect, by printing income statements in which are embedded thousands of instances of this kind. These income statements are certified by the CPAs and accepted by the SEC and stock exchanges, and distributed to our shareholders and general public.

There is again, the dilution of the single transaction in the large body of the whole. Nevertheless, industry is now in the unhappy position of being forced by the historical cost rule to recognize less than an adequate amount of depreciation in 1960 and the future. I tried to show that we were prevented from recording real depreciation expense with the $1 million property addition and its $40,000 annual average writeoff. The faster writeoffs under Certificates of Necessity have served only to correct the error for five years at the expense of a much more serious understatement for the ensuing 20. Even though tempered by somewhat liberalized depreciation permitted under the Revenue Act of 1954, this is a poor heritage for our successors.

Income Is Exaggerated and Taxes Reduced

The dollars invested in our plants are disappearing and we are reporting more income than we actually have, because the tax and accounting rules require it. Reporting more than our economic income is a serious matter. Taxes are greater than they should be, dividends tend to be too high, and there is less available for plant improvement.

Our disappearing dollars are lost to the steel industry and the national economy. Even the Treasury benefits only in the short run. Every dollar spent for new plant produces more than $0.25 in taxes on corporate and personal incomes, and the new plant gives rise to income which is taxed as long as the plant lasts. It can be proven statistically that, instead of diminishing tax revenues, more liberal depreciation allowances will actually increase them by encouraging the building of new income-producing plant. Any loss in the initial period is more than offset rather quickly by the enlarged tax base.

While I have been speaking particularly about the steel industry, the problem is not ours alone. It affects in some degree every corporation, partnership and individual that pays income tax and has depreciable property. Small business can be hurt more than big business because small business may have more difficulty in financing property replacements. All business is affected in more or less degree. The tax burden rests more heavily upon those which require larger plant properties and lighter upon those with little or no depreciable property.

Is Washington Awakening?

There are signs of increasing recognition in Washington of our penny-wise and pound-foolish tax depreciation rules. Hearings before Congressional committees have developed abundant evidence that industrial development is being retarded, and individual members of Congress have shown growing concern. I am told a questionnaire on depreciation will soon be sent by the Treasury Department to a selected list of taxpayers, including all of the larger corporations. This is an important development and can only mean the Department recognizes the necessity of reviewing the subject. Those of us who receive this questionnaire will have the opportunity of contributing information which will certainly have an influence on the official attitude of the Treasury Department toward tax depreciation allowances. We should try to bring out the facts as we may be affected by the present tax rules. It is not often we are given such an opportunity.

Certified public accountants may also change their views. There are indications an increasing number of CPAs are unhappy with the effect of the present accounting rules on their clients' affairs. The American Institute of CPAs has recently restructured its rule-making machinery and a broader approach, including reconsideration of existing rules, is expected to result. Irrespective of whether the accounting rules or the tax rules will be overhauled first, a change of one will most probably influence the other.

An economist would say we are not being altogether truthful in our financial statements. Our dollars are disappearing without full recognition of the loss. Should this go on long enough, it would become less a matter of debate and more an evident and unpalatable truth. There is too much at stake here for this to happen, and I cannot believe it will. We will surely find our way out of this muddle and hopefully before too much longer. There are too many able, dedicated people in government, the accounting profession, and industry, to allow a problem of this magnitude to remain unsolved, once the danger to our future industrial health and growth is clearly and generally apprehended.

***An address by Mr. Hunter before the 68th General Meeting of the American Iron and Steel Institute, New York City, May 26, 1960.**

NEWS ABOUT BANKS AND BANKERS

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

Election of M. J. Rathbone as a member of the Board of Directors of **Morgan Guaranty Trust Company of New York** was announced today by Henry C. Alexander, Chairman of the Board.

M. J. Rathbone

Mr. Rathbone is President and Chief Executive Officer of Standard Oil Company (New Jersey). He is also a Director of American Telephone and Telegraph Company and of Prudential Insurance Company of America, and Chairman of the American Petroleum Institute.

* * *

Chase Manhattan Bank, New York will open a branch in Nassau, Bahamas, June 7.

The Chase office brings the number of banks and branches in the Bahamas to 27.

* * *

The eighth Argentine branch of **The First National City Bank of New York** was opened May 31 in Lomas de Zamora. This opening represents the bank's 86th overseas branch.

The opening of this branch marks First National City's 32nd banking office in South America. Other branches in Argentina are located in Buenos Aires, Rosario, Cordoba, and Mendoza.

Carlos Juan Wulf is manager of the Lomas de Zamora branch.

* * *

The election of Hollister B. Cox as a Vice-President of **The Marine Midland Trust Company of New York** has been announced by George C. Textor, President. Mr. Cox will be associated with the Middle Atlantic States Division. He was, until recently, an Assistant Vice-President of the **First National City Bank of New York.**

* * *

James B. Bernstein has been elected Executive Vice-President of the **Central Industrial Bank, Brooklyn, N. Y.,** according to James A. Farley Jr., President. Mr. Bernstein formerly was first Vice-President of the **Merchants Bank of New York.**

* * *

Frank J. Kenney, 63, Vice-President and manager of the Waterbury Trust office of the **Connecticut National Bank,** died May 26.

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By the sale of new stock, the common capital stock of **The First National Bank of West Orange, West Orange, N. J.,** was increased from $350,000 to $450,000 effective May 20, (Number of shares outstanding—22,500 shares, par value $20).

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The common capital stock of **The Union National Bank and Trust Company at Mount Holly, Mount Holly, N. J.,** was increased from $200,000 to $400,000 by a stock dividend and from $400,000 to $500,000 by the sale of new stock effective May 18, (Number of shares outstanding — 10,000 shares, par value $50).

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The Board of Directors of the **Pittsburgh National Bank, Pittsburgh 30, Pa.,** at its meeting on May 17, voted in favor of a two-for-one split in the capital stock, subject to the approval of the shareholders at a special meeting to be held on June 23.

At this meeting there will be submitted to the shareholders an appropriate amendment to the bank's Articles of Association providing for a reduction in the par value of the bank's stock from $20 to $10 per share, and a corresponding increase in the number of outstanding shares from 1,513,070 to 3,026,140.

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Mellon National Bank and Trust Company, Pittsburgh, Pa., announced that Robert A. Maier, Assistant Vice-President, has been assigned to the Marketing Division of the Bank's Metropolitan Department. He was formerly Manager of the Bank's Canonsburg Office. Kenneth B. Cook, formerly Manager of the Bank's Perry Office was named Canonsburg Manager. The announcements were made by Frank R. Denton, Vice Chairman of the Bank.

Mr. Maier, started his banking career in 1929 with the **Forbes National Bank.** He joined Mellon Bank in 1947 when the Forbes National became part of Mellon National Bank and Trust Company. He was appointed Assistant Vice-President of Mellon Bank in 1958.

Mr. Cook, started his banking career in 1942 at the **Bellevue Savings and Trust Company.** He joined Mellon Bank in 1947, when the Bellevue Savings became the Bellevue Office of Mellon National Bank.

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The Peoples National Bank of Charlottesville, Charlottesville, Va., increased its common capital stock from $2,193,960 to $2,413,355 by the sale of new stock effective May 16, (Number of shares outstanding — 482,671 shares, par value $5).

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Charles W. Shostran was made a Vice-President of the **Michigan Avenue National Bank, Chicago, Illinois.**

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By a stock dividend the common capital stock of the **Moline National Bank, Moline, Ill.,** was increased from $800,000 to $1,000,000 effective May 18 (Number of shares outstanding—40,000 shares, par value $25).

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Columbia National Bank, Kansas City, Mo., elected Edward T. Reidy a Director.

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The Farmers National Bank of Princeton, Ky., with capital stock of $100,000 was converted into a State Bank under the title **Farmers Bank and Trust Company, Princeton, Ky.,** effective as of May 1.

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The Office of the Comptroller of the Currency issued a charter on May 13 to **"The Chamblee National Bank," Chamblee, DeKalb County, Ga.** The President is Hubert L. Harris and the Cashier is William H. Fallaw. The bank has a capital of $300,000 and a surplus of $112,500.

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The Bank of Nova Scotia, Toronto, Canada, announced plans to broaden the senior management of its operations in the Bahamas.

William F. Ellis, formerly Manager of the bank's operations in Port of Spain, Trinidad, will become Manager of BNS banking operations in the Bahamas.

E. Leslie Hammond, Managing Director of **The Bank of Nova Scotia Trust Company (Bahamas) Ltd.,** a BNS subsidiary, will devote full time to expanding trust operations.

Pearson, Murphy Offers Com. St'k Of Pacemaker

Public offering of 200,000 shares of the common stock of the Pacemaker Boat Trailer Co., Inc., Glenolden, Pa. was made on June 1, 1960 at $1.50 per share by Pearson, Murphy & Co., Inc. The shares are being offered as a speculation.

Net proceeds from the offering will be used for the purchase of raw materials and equipment and to augment the working capital of the company. Balance of the proceeds will be applied towards the expansion of the company's sales program.

Pacemaker Boat Trailer is engaged in the manufacture and distribution of boat trailers for the pleasure boat industry. Production facilities and executive offices of the company are located in Glenolden, Pa.

Upon completion of the current financing, the outstanding capitalization of the company will consist of 386,667 shares of common stock.

Municipal Bond Club Outing

The Annual Field Day of the Municipal Bond Club of New York will be held Friday, June 10 at the Westchester Country Club, Rye, N. Y.

Activities planned for the day will be golf, tennis, swimming, horseshoes and bridge. Also a feature is the yearly publication of the "Bond Crier" the Club's humorous publication. Extra copies will be available at $1 per copy June 9 at the office of Weeden & Co., and may be obtained from William Simon, Weeden & Co.

Members of the field day committee are:

Committee Organization—Theodore P. Swick, White, Weld & Co.

Chairman's Committee—Jerome J. Burke, Dean Witter & Co.

Arrangements—Alfred J. Bianchetti, J. A. Hogle & Co., Chairman; Harry W. Faath, Jr., Marine Trust Company; and Donald Breen, Glore, Forgan & Co.

Announcements Committee — Arthur R. Guastella, Bond Buyer, Chairman; James F. Reilly, Goodbody & Co., and William P. McKay, Blue List Publishing Co.

Finance Committee — John G. Thompson, Morgan Guaranty Trust Company, Chairman; Berger Egenes, Merrill Lynch, Pierce, Fenner & Smith; and Eugene E. Kelly, Jr., Carl M. Loeb, Rhoades & Co.

Prizes and Venture Committee—Charles V. Smith, Clark, Dodge & Co., Chairman; Joseph B. Wise, J. A. Hogle & Co.; Paul L. Sipp, Jr., Stern, Lauer & Co.; Chester W. Viale, L. F. Rothschild & Co.; Wilson D. Lee, Rand & Co.; and William E. Simon, Weeden & Co.

Sports Committee — Robert A. Schlicting, Kidder, Peabody & Co.; Joseph F. Meyers, Spencer Trask & Co.; Richard G. Murphy, B. J. Van Ingen & Co., Inc.; Alan N. Weeden, Weeden & Co.; William M. Durkin, First National Bank of Chicago, and William M. Marlin, Bache & Co.

Daily Bond Crier — Frank P. Gallagher, Jr., W. H. Morton & Co.; Eugene E. Kelly, Jr., Carl M. Loeb, Rhoades & Co.; Bergener Egenes, Merrill Lynch, Pierce, Fenner & Smith, Inc.; John P. Byram, Northern Trust Company; William E. Simon, Weeden & Co., and Thomas E. MacNiven, Kuhn, Loeb & Co.

Now American Service

LOS ANGELES, Calif.—The firm name of Keystone America, 3757 Wilshire Boulevard, has been changed to American Service and Fidelity Co.

The Forward Dollar Puzzle

By Paul Einzig

Last week Dr. Einzig's column dealt with the inexplicable depreciation of sterling following the Summit Meeting's collapse. This week's report from London deals with the puzzling persistent undervaluation in recent weeks of the forward dollar compared to its interest parities in relation to sterling. The author notes that the American investors prefer to forego extra yield for the sake of avoiding what they think is a complicated transaction. He berates, however, the British financial press for failing to take an interest in the perplexing undervaluation of the forward dollar.

LONDON, England—The perplexing depreciation of sterling that followed the failure of the Summit Meeting has proved to be a three-day-wonder, even though to this day sterling has not recovered all that it lost as a result of that fiasco. There is, however, another Foreign Exchange puzzle of a more permanent character which has exercised the brains of Foreign Exchange experts on this side of the Atlantic. It is that during recent months the forward dollar was frequently undervalued compared with its interest parities in relation to sterling. In other words, even though forward dollar has been at a premium, its premium was for a long time smaller than would be justified on the basis of the differential between Treasury Bill rates in London and New York.

The decline of U. S. Treasury Bill rates to a remarkably low level on a number of occasions during March, April and May was not followed by a corresponding appreciation of the Forward dollar. Even though from time to time the differential with British Treasury Bill rates was something like 1½% per annum and more, the premium on Forward dollars remained all the time under 1% so that there would have been a profit of well over a ½% in transferring American funds to London. Yet judging by the persistence of the undervaluation of the Forward dollar there have been no such transfers on a sufficient scale to restore the Forward Exchange to its interest parity.

If the situation had been the other way round it would be quite understandable. For very long periods Forward sterling remained substantially undervalued in relation to the dollar at various times between the restoration of the London Foreign Exchange market in 1951 and the beginning of the "dollar scares" in 1958. In theory there was for many months an appreciable profit on transferring funds from London to New York for interest arbitrage. In practice this could not be done on a sufficiently large scale to restore the Forward Exchange to its interest parity because of the limits imposed by the Bank of England on the amount of British banking funds that could be used for that purpose.

On the other hand, the use of American funds for interest arbitrage in London is subject to no limitations whatsoever. American banks are free to take full advantage of any profit margin. This should mean that while Forward sterling can be substantially undervalued over a prolonged period, in theory it could never be overvalued in relation to the dollar except purely temporarily. And yet during the spring of 1960 Forward sterling was overvalued for weeks on end on several occasions.

Capital Flows Do Not Depend On Bill Rates

The answer to this puzzle is that interest parities do not depend entirely on the differential between Treasury Bill rates in London and New York. If U. S. Treasury Bills decline considerably it does not necessarily mean that there must be a heavy flow of funds to London. There are many other forms of short-term investment available for holders of funds in New York. Interest rates on such investments remained well above U. S. Treasury Bill rates on occasions when the latter underwent abnormal declines.

Moreover, the decline of U. S. Treasury Bill rates on various occasions during the spring was due to special circumstances. It is attributable to doubts about Wall Street prospects as a result of which many American investors chose to keep part of their capital in a liquid form. Holding U. S. Treasury Bills became a favorite temporary employment for such funds. The idea was to keep the funds available so as to be able to reinvest in Wall Street as soon as this appears to become advisable. The holding of British Treasury Bills with the Forward Exchange covered was not considered as convenient as the holding of American Treasury Bills.

It is true it would always be possible to sell the British Bills at a moment's notice and to reverse the swap transaction in order to recover the dollars. To the majority of American investors, however, this would be rather complicated. They are not accustomed to such operations and prefer to forego the extra yield for the sake of avoiding complications. It was mainly for this reason that higher British Treasury Bill rates were unable to attract U. S. funds on a sufficient scale to restore the Forward dollar to its interest parity as represented by the Treasury Bill rate differential.

Criticizes British Financial Press

The above explanation seems to be simple enough. It is all the more remarkable that none of the British financial commentators thought of putting it forward. This is typical of the remarkable lack of interest in Foreign Exchange on the part of the London financial press. While the British business world has become much more Foreign Exchange minded since the war and many British theoretical economists have taken an active interest in technical Forward Exchange problems in recent years, the London financial press hardly ever comments on matters relating to Forward Exchange. Although interest rates in the London money market are commented upon regularly, the experts on the subject who write about it appear to be unaware of the influence of Forward rates on interest rates. That perplexing undervaluation of the Forward dollar failed to arouse sufficient active interest on this side to lead to an explanation is an indication of the general lack of interest in such fascinating technical problems.

Credit Division Elects

The Credit Division of the Association of Stock Exchange Firms has reelected Joseph J. Price, Newborg & Co., as President. Other officers named were Albert M. McGovern, Hayden, Stone & Co., Vice-President; Francis Hanophy, Goodbody & Co., Treasurer; James F. Connolly, Bache & Co., Secretary, and Charles Johnson, W. E. Hutton & Co., Assistant Secretary.

MUTUAL FUNDS

BY ROBERT E. RICH

Fund Notes on Recent Developments

At latest report the open-end companies had net assets of about $15.2 billion, a decline of $610 million in the course of a year. This shrinkage — although not severe considering the behavior of the general stock market — is not unsubstantial, considering that in the meantime sales of new shares have been outrunning redemptions (on average of $100 million a month in the last two months reported). Moreover, the unfavorable comparison with a year ago becomes even more depressing since the 1960 figures are based on 157 mutual-fund members of the National Association of Investment Companies — one more than a year ago.

Fund managers, of course, have the painful duty of reporting to stockholders that net asset value per share has declined. Many of them, however, have taken to offering consolation — usually to the effect that while there had been a setback, still it was not nearly so severe as the slide in the Dow-Jones averages. Sometimes the Standard & Poor's averages are used.

And as for those fund managers who can actually show a gain in net asset value, the gloating is understandable. Thus, Wellington Equity Fund tells shareholders: "Net asset value per share has increased from $12.03 to $12.86 during the semi-annual period ended April 30, 1960. This is an increase of 6.9%, exclusive of dividend income. This increase is especially significant since it was achieved during a period which saw a significant decline in the general level of stock prices. The widely-used Standard & Poor Index of 500 common stocks, for example, declined by some 5.5% in the past six months."

Wellington did it by reducing or completely eliminating investments in such basic industries as autos, metals, oil, steel and tire & rubber. This money was shifted into drugs, office equipment, photography and "miscellaneous growth stocks."

While Wellington has been latching onto the glamorous likes of Texas Instruments, Transitron, International Business Machines and Polaroid, others have been staking out positions in "situations that are greatly undervalued in the current market." Thus, Rittenhouse Fund explains its purchase of over 9,000 shares of Eastern Airlines, a leader in a deeply troubled industry, and 8,000 shares of United Biscuit, a deeply troubled company in a leading industry.

Delaware Management Co. is yet another that is in quest of undervalued situations. Its choice is the untroubled banks. It raises this question: Why are American bank stocks available on such comparatively attractive bases when industrial shares are still intrinsically high? The Delaware Fund, which it advises, has 5.5% of assets in bank stocks. Bank stocks, of course, have had a few friends among this generation of individual investors. It may be that the people are ignorant, but the banks, with their refusal to make full disclosure and withdrawing their listings from the New York Stock Exchange, have done little to contribute to an enlightened investment community. But for the mutual funds, with their superior ability to analyze investment values, it's a reasonable assumption that bank stocks would be showing an even greater lag.

People feel better just knowing the facts are available, even if they don't take time to read and analyze information. Probably one of the few people who are not too much concerned about the facts is that fellow in Norwalk, Conn., who wound up with $30,000 worth of Dividend Shares. He got his stock by entering a picture-puzzle contest in April, sponsored by Wheaties. He won the grand prize. The trouble is that the rest of us don't get our stocks for box tops.

The Funds Report

Graham-Paige reports that on March 31 net assets were $16,115,933, equal to $2.08 a share, against year-earlier figures of $11,571,223 and $1.91. The 1960 figures of this closed-end fund do not reflect the merger of Madison Square Garden Corp. into Graham-Paige in April.

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Puritan Fund reports as of April 30 net assets of $72,476,420, or $7.64 a share, compared with $66,998,088 and $8.12 a share a year ago.

Puritan Growth Fund shows over the same period a rise in net assets to $26,732,300, the equivalent of $12,47 a share, from $11,048,500 and $11.19 a share.

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Total net assets of the **National Securities Series** of mutual funds at the end of the April 30 fiscal year amounted to $449,520,870, or $6.06 on each of the 74,198,865 shares outstanding. This compares with $465,604,584, or $6.79 on each of the 68,621,515 shares outstanding a year previous. Henry J. Simonson Jr., President of the National Securities & Resources Corp., sponsor of the fund, said the decline reflected the general setback in prices of holdings.

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Dividend Shares, Inc. had total net assets amounting to $254,701,160 on April 30, and net assets per share were $2,80, Hugh Bullock, President, told shareholders in a report covering the first six months of the mutual fund's 28th fiscal year. At Oct. 31, 1959, total net assets were $267,612,897 and net assets per share were $2,96.

Substantial investments in Government securities and groups of defensive stocks have tended materially to moderate the decline in net asset value of the fund's shares which resulted from the sharp decline in stock market prices in the early weeks of the calendar year and again even more recntly, Mr. Bullock said.

"Shareholders will be interested to note," Mr. Bullock said, "that the holdings of Dividend Shares, Inc. in these four groups: public utilities, food, banks and finance, and retail trade, which have gone counter to the general trend of stock prices in recent months, constituted approximately 33% of the company's assets as of Apr. 30, 1960."

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On June 20, **Financial Industrial Fund, Inc.** will distribute over $1,100,000 in investment income dividends to its approximately 100,000 shareholders, according to an announcement made by President Charles F. Smith. This 98th consecutive quarterly dividend continues the unbroken record of dividend payments to shareholders every three months since the fund was established in 1935. The dividend is to be paid on shares of record May 31 at the rate of 2 8/10 cents per share.

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Net assets of **National Investors Corp.**, the growth stock mutual fund of the $358 million Broad Street Group, have topped $150 million for the first time. At the latest calculation, it was reported, the value of the corporation's assets was $156,410,651. This was up $22.1 million, or 16%, from the start of the year and $44.5 million, or 40%, from 12 months ago.

Assets per shares stood at $14.12 compared with $13.41 at Dec. 31, 1959. Net asset value since the beginning of the year was accounted for by about $13,000,000 in net new money and about $9,000,000 in gain in the value of the company's investment portfolio.

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Boston Fund, in the first three months of its fiscal year to Apr. 30, registered an increase in the value of the its shares and saw its total net assets reach the highest quarter-end mark in its 28-year history.

The net asset value per share increased to $16.47 from $16.18 three months earlier on Jan. 31. Total net assets climbed to $220,937,856 from $211,907,980. Henry T. Vance, President, said that because of a sharp cutback in its equity position late last year and an increase in bond holdings, Boston Fund was in an excellent position to weather the period of unsettlement in the stock market. The fund, he explained, profited from rising bond prices and also from certain of its equity holdings.

At the fiscal year end, Boston Fund had a 54% position in common stocks and 46% in fixed income securities. Mr. Vance said that no marked change was made during the first three months in either the fund's portfolio or in the balance as between equity holdings and fixed income securities.

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Net assets of **Commonwealth Stock Fund** were $14,455,884 on April 30 Chairman S. Waldo Coleman and President Robert L. Cody told stockholders in the mid-year report. This compared with net assets of $13,300,770 on Oct. 31, 1959 and of $11,677,171 on Apr. 30, 1959.

Net assets value per share on Apr. 30 was $14.81, compared with $14.92 on Oct. 30, 1959 and $15.70 on Apr. 30, 1959.

The increase in net assets in the past six months was due primarily to continuing investment of additional money by both new and old shareholders, the Commonwealth officers reported. Among the stocks added to the Commonwealth Stock Fund portfolio in the past six months were: American Broadcasting-Paramount, Arkansas Louisiana Gas Co., Corning Glass Works, Ford Motor Co., Gimbel Bros., Inc. and Square D Co.

Among the stocks eliminated from the portfolio were: Boeing Airplane Co., Dictaphone Corp., Gerber Products Co., Reynolds Metals Co. and Weyerhaeuser Co.

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The Putnam Growth Fund reports for the six months ended Apr. 30, that the asset value per share, adjusted for the 50% stock distribution made on Apr. 29, 1960, increased to $12.47, compared with $11.29 on Oct. 31, 1959 and $11.19 a year ago. This represents an increase of 10.5% for the six-month period and 15.6% for the 12-month period, after adding back the capital gains distribution paid last November.

In addition, the trustees' letter to shareholders notes that since the end of the reporting period the asset value per share continued to rise and reached an all-time high of $12.70 on May 9.

New additions to the fund during the past three months included 40,000 shares California Financial Corp., 5,500 Donnelley (R. R.) & Sons Co., 5,397 Financial Federation, Inc., 6,600 Government Employees Insurance Co., 6,000 Petrolane Gas Service, Inc., 3,000 Ryder System, Inc., 10,000 Scott & Fetzer Co. and 12,000 Tampa Electric Co.

Eliminations included 6,900 shares Atlas Sewing Centers, Inc., 5,500 Copperweld Steel Co., and 2,800 National Fire Insurance Co.

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Samson Convertible Securities and Capital Fund, Inc., the only investment fund specializing in the field of convertible securities, reported net asset value per share rose to a new high of $26.01 as of May 20, a gain of 6.2% over the $24.50 per share figure as of July 2, 1959. At March 31, the close of the first nine months of the fund's operation, the net asset value per share was $24.60.

Mirek J. Stevenson, President, attributed the showing of the fund to its policy of investing in selected common stocks and convertible securities of companies which engage in extensive scientific research. Mr. Stevenson added that it was the opinion of the fund's management that investments in such securities are more likely to result in the fund achieving its stated objective of long-term capital growth.

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Television-Electronics Fund, Inc. reported total net assets at a record high of $328.7 million at the close of its fiscal midyear April 30.

Chester D. Tripp, President, told shareholders that new records were also established in number of shareholders and shares outstanding, and that the Fund's asset total reflected "record gross sales of new shares amounting to $43,500,000 while portfolio values were mainly down in keeping with the general market trend."

Total net assets of the Chicago-based mutual fund on April 30 showed an increase of 6.7% over resources reached at the close of the Fund's last fiscal year, Oct. 31, 1959. Net asset value per share at the fiscal midyear was $7.58, down 0.6% for the six-month period ended April 30.

During the quarter ended April 30, the Fund added 15,360 Systron-Donner Corp. common to its portfolio and converted $150,000 Litton Industries convertible subordinate 5% debentures into 22,777 common shares. Common stocks eliminated from the portfolio included Barry Controls "B," Clark Controller, Consolidated Edison Co. of N. Y., and Indiana General.

Principal common stock additions included 9,200 Air Reduction, 6,000 du Pont, 35,000 General Railway Signal, 8,600 General Telephone & Electronics, 32,500 General Tire & Rubber, 28,000 Goodyear Tire & Rubber, 1,400 International Business Machines, 20,000 Otis Elevator, 11,800 Reliance Electric & Engineering, and 11,700 Texaco.

Reductions were effected in common stock positions in Addressograph-Multigraph, American Machine & Foundry, Central Hudson Gas & Electric, Cutler-Hammer, Eastman Kodak, Emerson Electric, International Telephone & Telegraph, Magnavox and Radio Corp. of America.

Investment Merits of Utility Common Stocks

Continued from page 7

stantial shock. The current philosophy can be summarized as follows. With a continuing high tax rate and an inflationary economy, common stocks are better investments than fixed income securities. From a long range point of view, properly selected common stocks are almost sure to show appreciation in the absence of a forced sale during a low market. A key factor in proper selection is the rate of growth in per share earnings and the faster the rate of growth, the higher will be the price-earnings ratio. Obviously this philosophy is predicated on confidence in the future of the economy. I believe this philosophy will continue to dominate the market until some shock occurs to undermine this confidence. Shock by its very definition is unpredictable, so no one can say how long the current philosophy will dominate the market. However, with our population surge, an ever increasing standard of living, and great technological developments, it is difficult to see the economy failing to expand over the foreseeable future. Therefore, companies should strive for growth in per share earnings in order to make their securities attractive to investors. If they succeed, their stocks are almost sure to sell at an expanded price-earnings ratio.

How can utilities obtain a growth in earnings when their rate of return is restricted by regulation, and why should they be interested in a high price-earnings ratio for their stock, are natural questions to be asked at this point.

Growth in Per Share Earnings

Reputation of earnings growth is neither easily earned nor quickly lost in the stock market. Such reputation is based either on a long-term earnings record or on factors which lead the investor to believe that there will be future earnings growth. As examples, reason indicated that utilities even though they had strong growth in terms of physical units could not have strong growth in earnings because earnings were limited by regulation. It took actual earnings results for many years to convince the market that there were utilities such as Florida Power & Light, Texas Utilities, Houston Lighting & Power, Florida Power, Atlantic City Electric, and Virginia Electric & Power, which had an earnings growth comparable to that of the faster growing industrials. In determining the growth rate, the investor usually determines the rate at which earnings grew over the past five or 10 years, and then reasons whether or not there is likely to be any change in this rate. This is why a reputation of growth is not easily earned but requires continuing efforts over a long period of years. And once acquired, the reputation is not quickly lost as is indicated by Houston Lighting & Power's record. From 1950 through 1956 its earnings expanded at the compound rate of about 16% annually, but for 1957 through 1959, the growth rate was a very mediocre 2%. Still Houston has the reputation of being a growth company and its stock sells at a healthy 25 times earnings.

The market place will also put a growth reputation on stocks that have very little earnings record if reasoning indicates prospective future growth. This is the present situation for many electronic companies whose stocks sell at very high price-earnings ratios even though they have a very limited earnings record. In the case of utilities though, reasoning will not give these results. The market has to be shown by actual results extending over a period of years.

Return limited by regulation narrows opportunities for producing earnings growth. However, although the rate of return is very important, it is not the only factor affecting earnings. For example, Company B, previously cited as having a growth rate of 9% compounded annually for the decade of the 1950s actually showed a decline on its return on invested capital between 1950 and 1959. In 1950 its operating income amounted to 6.7% of its invested capital, whereas in 1959 it was only 5.9%. Still its per share earnings more than doubled from 1950 to 1959. This is cited to indicate the importance of "below the line" financial factors.

In addition to rate of return, other "below the line" factors affecting per share results are reinvested earnings, capital structure, cost of prior capital, and the price obtained from sale of common stock relative to book value. This latter factor can have a most important bearing on earnings as will be shown a little later.

Reinvested earnings can have an important, even though relatively slow, effect on the growth of earnings of a utility. Not only do you have the earning power on this added capital, but the increase in equity permits a firm to sell a proportionate amount of prior securities. If the cost of these prior securities is less than the allowable return, the company can obtain additional earnings for the common stock. The resulting compounding of earnings can be quite attractive depending on the allowable return and the cost of prior money. Actually, if many stockholders did not need the income, it would be best from their long term point of view to reinvest all earnings. I can think of no other industry where a compounding of earnings could be so effective with the same amount of certainty over a period of years. However, since many stockholders do require income on their investments, dividends must be paid. There has been much discussion in financial and academic circles about dividend payout, and it has often been said that a payout of about 75% is proper for utilities. My own feeling is that such a generalization is meaningless. The payout should vary by companies and should be geared to the risk involved or stockholders' requirements if they can be determined. I would consider 75% pretty much of a maximum unless there was no likelihood of growth in earnings. If earnings do show a good growth trend, some small annual increment in dividends is an effective way of proving to the market that you do have growth. With a five to ten year record of a constant growth in dividends, even though it is not substantial, investors will calculate yields on future expectations depending on their state of confidence rather than on the basis of current dividends. Once again, it is anticipation that really counts in the market value of a stock.

Under certain market conditions, changes in capital structure can have an important effect on the trend of earnings. Back in the early 1950s when bonds could be sold on a 3% basis and preferred stocks could be sold on a 4% basis, the industry had a most unusual opportunity to build a record of growth which would have added to the market appraisal of its earning power. Capital added at this low cost contributed enormously to future earning power. But many utilities missed this opportunity and built up equity positions instead. The proportionately large sales of common stock at that time not only were made at low prices relative to earnings, dividends and book value, but they tended to dilute the per share earnings, thus obscuring the trend in net income. While this extraordinary opportunity no longer exists, still it is possible to add to the common stock's earning power if prior securities can be sold at a lower cost than what utilities are allowed to earn on their overall investment.

Tailoring Capital Structures

Whether or not utilities should take this route to increased earnings depends on a number of factors. Can they reasonably expect to earn the full allowable rate of return over a period of time? What is their present capital structure, and will it permit the addition of prior securities without taking away all flexibility on future financing? How costly is the alternative of common stock financing? What is the likely trend in the cost of prior securities? There are no general answers to these questions, for they depend on a company's specific situation and requirements. However, I would like to make a few comments on capital structure. As in the case of dividend payout, there has been much discussion of standards for capital structures. I feel here, too, there is danger in generalization. Capital structures should be tailored to the inherent risks which means that they will vary not only by industry but by companies within the industry. Certainly a company with a very stable earnings experience does not require as large an equity position as a company with volatile or uncertain earnings. In addition, capital structures should vary from year to year depending upon markets for various classes of securities. During periods of low interest rates and preferred stock costs, they should rely relatively heavily on this type of financing and not be influenced to any important degree by the resulting effect on their capital ratios. Conversely, when interest rates are high, common stocks are likely to be in favor. Under such conditions they should rely more heavily than normally on common stock financing, especially if their stock is selling at a good premium over its book value. However, offerings of common stock should not be so large or so frequently made that per share earnings are completely diluted. The ideal time to offer common stock is during a year when they foresee a large enough gain in earnings to more than offset the added number of outstanding shares so that per share results will show a gain. This type of flexibility, which can mean so much to the earnings record and, therefore, the cost of financing, becomes valueless if management or regulatory bodies prescribe capitalization ratios without a great deal of give in them. A federal agency setting capital structure standards for an entire industry would add unnecessarily to the cost of financing for many companies.

The rising cost of prior capital is almost sure to have a negative effect on the growth record under current market conditions. If prior securities can be sold at a lower cost than the average cost of existing outstanding prior securities, a company will increase earnings on the common stock through this type of financing. Conversely, if the cost of new prior capital exceeds the average cost of outstanding issues, per share earnings will be diluted, everything else being equal. To illustrate how this works, we will take a hypothetical utility with $100,000,000 of invested capital which requires $50,000,000 of new capital for expansion purposes. In order to show the effect of the cost of prior capital, we will keep all other factors affecting earnings constant. Thus we assume that there is no change in the rate of return, there are no reinvested earnings, capital structure ratios are kept constant, and all sales of common stock are made at book value. The only factor to show a variation is the cost of prior capital, with the new capital costing 5½% as compared to a 4% average cost on existing issues. The allowable rate of return is 6%, the capitalization is 70% prior capital, and 30% common stock surplus. It has outstanding 1,000,000 shares of common stock with a book value of $30 a share.

The 6% return on the present $100,000,000 of capital produces operating income of $6,000,000. From this is deducted the 4% charges on its $70,000,000 of prior capital or $2,800,000. This leaves $3,200,000 for the common stock or $3.20 a share. The $50,000,000 of new capital is raised through the sale of $35,000,000 of prior securities and $15,000,000 of common stock to preserve the 70-30 capital ratios. The common stock being sold at the book value of $30 requires the issuance of 500,000 shares and the sale of prior capital at a 5½% cost increases fixed charges by $1,925,000. Under these conditions, the per share earnings work out as follows: The 6% return on the $150,000,000 of invested capital would produce operating income of $9,000,000. Deducting the new fixed charges of $4,725,000 leaves $4,725,000 available for the common stock. This on 1,500,000 shares gives earnings of $2.85 a share—an 11% decline from earnings prior to the expansion. If there were no escape from these results, management would soon be under pressure to hold capital expenditures to a bare minimum, and service would then deteriorate. If this continued over an extended period of time, utilities would have financial problems similar to those of the railroads.

Offsetting Factors

However, there are some other offsetting factors. First of all, there would be some retained earnings. Assuming that the 50% expansion was spread over a five year period, and the company paid out 75% of earnings, retained earnings would amount to $4,000,000, making it necessary to raise only $11,000,000 instead of $15,000,000 of new common stock money. The sale of this amount at the book value of $30 a share would require the issuance of 366,667 shares, so that there would be 1,366,667 shares outstanding after the expansion. The net income available for common on this number of shares would give earnings of $3.13 a share, which would still be slightly less than earned before the expansion. Under these conditions, stockholders still would not be happy. Instead of the growth that they are seeking, they would see some deterioration in spite of having reinvested $4,000,000 of their earnings. With the stock out of favor, new shares would be difficult to sell except at sacrifice prices, and the tendency would be to curtail capital expenditures.

There would remain only two factors that could give the common stock investor appeal. One would be a higher rate of return which commissions are reluctant to give, and the other would be selling the new common stock at a premium over book value. This latter factor is not fully appreciated by many investors, utility managers, or regulators. To show its effect, we will carry our calculations on the hypothetical utility a step further.

First, we will assume that in raising the $11,000,000 of new common money the company is able to sell the stock at a 50% premium over book value, or at $45 a share. This would require the issuance of only 244,444 shares, so that at the end of the expansion there would be 1,244,444 shares outstanding. On this basis, earnings would work out to $3.43 a share. The stock is now becoming somewhat more attractive, but still leaves something to be desired.

Now we will assume that the new stock can be sold at a 150% premium over book value, which is very possible in the present market. At a price of $75, only 146,667 shares would have to be sold. Pro forma earnings would then be $3.73 a share as compared to the $3.20 earned before the expansion. This illustrates how important the premium over book value can be. The premiums are largely the result of a high price-earnings ratio, and this is why the utility and the commission should be interested in the price-earnings ratio of the stock.

Price-Earnings Ratios

With high price-earnings ratios contributing to the premium at which stock sells over its book value, and this premium being such a strong stimulant to earnings growth, the utility should continuously do whatever it can to attain a maximum ratio for its stock. This will give lowest cost common stock financing which helps to offset higher cost prior security financing, and even in connection with the latter it will have a beneficial effect.

As has been stressed earlier in this paper, growth in per share earnings is the greatest single contributor to high price-earnings ratios. And as was stated, the rate of growth for a particular stock is determined by its past record, particularly in the case of a utility stock. This is one strong reason why I feel that stock dividends are by and large undesirable. Statistical services, security analysts, and most stockholders do not adjust the earnings record for stock dividends unless they are substantial. If a comany has a growth rate of 6%, which is slightly above average, and pays an annual 3% stock dividend, the historical growth record will show a 3% trend which is somewhat below average. Because of the apparent difference in growth rates, the price-earnings ratio will be adversely affected. The initial market response to a stock dividend may be favorable, but over the long run the better earnings record that will be shown where there are no stock dividends will have a more favorable effect on the market price of the stock.

Frowns on Stock Dividends and Rights

It is true that there are many investors who like to receive the additional shares that go with a stock dividend. They feel that they are receiving something for nothing and that the proceeds from the sale of the new shares are the equivalent of an extra dividend. Actually it does not work out this way. Although they have received additional pieces of paper that are impressively engraved, their proportionate interest in the company is actually unchanged. If they sell these shares, their interest is actually reduced. Thus, such a sale really results in a reduction in capital, and in no way does it produce income as an "extra dividend." If this extra "income" is essential to the stockholder, the very same results can be obtained by the sale of a proportionate number of shares of his present holdings. The issuance of shares through a stock dividend is expensive, creates considerable bookkeeping for all concerned, actually gives the stockholder nothing, and obscures the growth in earnings with a resulting adverse effect on the price-earnings ratio. By and large, stockholders are hurt rather than benefited by stock dividends over the long run.

The effect of preemptive rights in the sale of common stocks is quite similar to that of stock dividends. Although many stockholders, not understanding the long-term implications, are in favor of rights, actually they are hurt by such an offering. The sale of stock through a rights offering, by its very nature, requires that the stock be sold well below the market price in order to give a value to the rights. When this is done, the premium over book value which the company receives and which is so important to low cost financing, is greatly reduced. Moreover, more shares must be sold to produce the same number of dollars than would have to be sold if the stock were priced at its full market value. This unnecessary dilution, if repeated often, can slow down the rate of growth in earnings. With the slower growth, the price-earnings ratio is likely to suffer so that even the stockholder who subscribes does not realize the full potential of a better price-earnings ratio. But experience indicates that most stockholders either are unable financially or are unwilling to increase their investment in the company, so sell their rights in the market. The market price of the rights is based on the market price of the stock which is normally under pressure during the rights period. As a result, most stockholders sell their rights in a poor market and are happy to receive a few extra dollars because they do not understand the longer-term implications. Actually, they would be better off if the company sold stock at the maximum premium over book value and avoided the unnecessary dilution that is implicit in a rights offering. The added earnings and the probable improvement in the price-earnings ratio resulting from the better growth would far outweigh the few extra dollars obtained from the sale of rights.

Importance of Management

Although growth in earnings is the largest single factor in price-earnings ratios under present market conditions, there are other factors. Management is a very important factor. The investor wants to feel that the officers are working in the interest of the owners of the enterprise. It is amazing how many managements give the impression that their first concern is maintaining themselves in office. Still others give the impression that they are working for the consumers or the employees. Indications of this are often portrayed in annual reports, conversations, speeches, and most importantly in the earnings record and the financial policy pursued. Another important factor is the political risk. Is the utility vulnerable to subsidized government competition? What about the regulatory climate? Many commissions either through attrition of the rate base, regulatory lag, unrealistic rates of return, or the usurping of managerial prerogatives on financial matters, have made it impossible for a company to compile a record of growth. Stocks of utilities operating under this type of regulation usually sell at relatively low price-earnings ratios. There are a number of states in which we refuse to invest funds because of a regulatory climate that makes earnings growth next to impossible.

There are other factors which have a bearing on the price-earnings ratio but are not as important as growth, management, and regulation. Does the stock have a broad market? This is important to large investors who not only may want to buy large quantities of the stock, but also want to know that they can dispose of the stock if circumstances change. A company's efforts in keeping investors and the financial community informed about its operations is another factor with some bearing on the price-earnings ratio of its stock. Full information not only gives an investor confidence, but it often clears up preconceived, erroneous opinions. When Atlantic City Electric first became independent of its holding company, it was amazing how many sophisticated investors thought that it was nothing but a boardwalk company. It takes a continuous effort to keep the financial community educated, but the effort is usually worthwhile in its contribution to lower financing costs.

The economy of the firm's territory and the population growth are given weight in the market price of its stock, as is its capital structure. In my opinion the importance of the latter has been greatly exaggerated by many financial people in the past. An overly strong capital structure often indicates to me that the management is more interested in maintaining the prestige of its office than it is in obtaining maximum earnings for its common stockholders. The conditions that make me interested in a utility with a high common stock equity ratio are (1) the stock is selling at a tremendous premium over its book value, or (2) there are indications that financial policy has changed and that the equity ratio will be allowed to decline, thus adding earnings to the common stock if the cost of prior money is less than the return on investment.

Cost of Capital

There is one final subject on which I would like to offer a few comments. This has to do with the cost of capital theory in determining the allowable rate of return in regulatory proceedings. This poses the greatest danger which the utility industry faces from both the consumers and the stockholder's point of view. If not very carefully applied, it could prove chaotic for the entire privately financed industry. The strict adherence to the cost of capital theory in which the cost of common stock capital is calculated on the basis of current earnings would definitely result in a higher cost of overall capital. Utility securities and particularly the common stock would become unattractive and a company would have difficulty in obtaining sufficient capital to meet its increasing demands, not to mention new capital required for improvement in service.

The cost of capital theory is difficult to apply, and there is great risk that the rate will be incorrectly calculated. The cost of prior capital can be determined within a slight degree of accuracy, but even here there is room for some argument. However, when it comes to calculating the cost of common stock money, I do not see how it can be done with any degree of accuracy. As has been pointed out throughout this paper, the market price of stock is determined not by its present earnings but by what the investing public believes its earnings will be some time in the future. How far into the future they are willing to look depends upon their degree of confidence. Consequently to accurately measure the cost of common stock money, one would have to know what level of earnings was being estimated and how far into the future these earnings were being projected. With these two unknowns being subject to dispute, the tendency is to use current earnings which is definitely inaccurate. Thus calculated, a stock selling at 20 times earnings would be considered to have a capital cost of 5%, but actually the stock is selling at 20 times earnings only because investors looking at past history believe it will have higher earnings in the future. It is very unlikely that a stock with a record of no growth would sell at this high a ratio, but more likely would sell at about 10 times earnings.

The use of current earnings in this calculation by its very nature would eventually contribute to a low price-earnings ratio, for as the price-earnings ratio rose, the cost of common stock money thus calculated would decline and result in a lower allowable rate of return. This lower rate of return would minimize earnings growth if not eliminate it, and without growth the stock would lose favor. It would sell at a much lower premium over book value and, as was shown earlier, either this premium or a higher rate of return is required to offset the higher cost of prior capital. This ability to sell common at or above book value is essential to a financially healthy industry with a growing demand. To sell stock below book value would have an opposite diluting effect on existing stockholders who would become reluctant to authorize the sale of new shares. The railroad industry seldom raises new capital through the sale of common stock.

If cost of capital must be used in rate proceedings, the cost of the common stock component should be based on some estimate of future earnings and then the overall results should be used merely as a rough guide rather than an accurate measure of the cost to the company. In my opinion a much more satisfactory way for all concerned would be to allow some spread ranging from 1% to 2% above the cost of prior capital. To stay financially healthy the utility industry must be able to raise this type of money profitably and show a growth in per share earnings on the common stock.

*An address by Mr. Page before the New Jersey Utilities Association, Absecon, N. J., May 12, 1960.

Named Directors

Century Chemical Corporation, 60 East 42nd Street, New York City, announces the election of two additional directors. Appointed to the Board are:

Emmons Blodgett, Vice-President, Stone and Webster Securities Corporation, New York City, and Arnold Dom, partner in the law firm of Cahill, Gordon, Reindel and Ohl, New York City.

Buckeye Corp. In Exch. Offer

The Buckeye Corp. pursuant to a prospectus dated May 20, offered to exchange 296,236 shares of its common stock for 888,708 shares of the capital stock of King Bros. Productions, Inc. at the rate of one share of the corporation's common stock for each three shares of capital stock of King Productions.

The Marine Midland Trust Company of New York, 120 Broadway, New York 5, New York has been appointed by the corporation as Agent to accept delivery of certificates representing shares of capital stock of King Productions which are surrendered by stockholders of King Productions in acceptance of the Exchange Offer. The fees and expenses of the Exchange Agent will be paid by the corporation.

The Exchange Offer will expire at three o'clock P. M., Eastern Daylight Saving Time, on June 30, 1960. The corporation may, however, extend the Exchange Offer one or more times by giving written notice of such extension to the Exchange Agent who will thereupon mail or publish written notice thereof to stockholders of King Productions.

Stockholders of King Productions may accept the Exchange Offer by mailing or delivering to the Exchange Agent, at its address set forth above, prior to the Expiration Date, their certificates representing full shares of capital stock of King Productions accompanied by properly executed Exchange Instructions, in the form furnished by the corporation. Such certificates should be endorsed in blank with signatures guaranteed by a bank or trust company or by a member organization of the New York Stock Exchange or of the American Stock Exchange Securities Clearing Corporation. Additional copies of the Exchange Instructions may be obtained from the Exchange Agent.

No fraction of a share of the corporation's common stock will be issued pursuant to the Exchange Offer. Any stockholder of King Productions who deposits with the Exchange Agent a number of shares of capital stock of King Productions which would entitle him to a fractional share of common stock of the corporation will have the option either to sell such fractional share or to purchase an additional fractional share sufficient to entitle him to one additional full share of common stock of the corporation. Such stockholder may exercise his option by so indicating in the Exchange Instructions. In the absence of such indication, such stockholder will be deemed to have authorized the Exchange Agent to sell any fractional share to which he might otherwise be entitled. The Exchange Agent may, as agent for stockholders of King Productions, offset buy and sell orders or may execute such orders through the facilities of the American Stock Exchange, in either case at currently prevailing market prices for shares of common stock of the corporation on such Exchange. In order to conform with the requirements of the Internal Revenue Service respecting tax-free reorganizations, it is necessary that stockholders of King Productions who buy or sell fractional shares of common stock of the corporation be charged for brokerage and transfer tax expenses attributable to such purchasers or sales.

The Exchange Offer is contingent upon the deposit with the Exchange Agent, on or before the Expiration Date, of certificates (properly endorsed, with signatures guaranteed, and accompanied by properly executed Exchange Instructions) for shares of capital stock of King Productions constituting a majority of the then outstanding shares thereof.

C. F. Moore Opens

LAS VEGAS, Nev. — Clarence F. Moore is conducting a securities business from offices at 1234 Las Vegas Boulevard, South.

AS WE SEE IT

Continued from page 1

can "stand." In point of fact, it would appear that the rank and file have been rather indifferent to the way that the total of our debt has been on the rise for a long while past. It is little short of remarkable that the net debt of the national government as late as the end of 1959 was upward of $243 billion, or some $13 billion more than it was when the war came to an end and certain postwar adjustments of debt and cash balances had been made. A persistently mounting national debt seems to have become a national policy, or at all events nothing effective has been done to prevent it from following an upward course. And let us never forget that many obligations of one sort or another do not figure at all in the published total of national debt. As a matter of fact, that "present value" of future Old Age and Survivors obligations itself about equals published figures of the national debt.

But as was to be expected the chief increase in debt since the war has occurred in the obligations of private individuals and businesses. This type of debt, as is well known, declined considerably after 1929, and, naturally did not recover during the war years. At the end of the war, it amounted to only $140 billion or thereabout on a net basis, very much smaller than the debt of the national government. Since 1945 it has, however, been the sensation of debt statistics. By the end of the Truman regime it had reached the staggering total of about $307 billion. By the end of 1958 it was but a little short of $500 billion, and now the Department of Commerce says it reached $547.5 billion by the end of last year.

Too Much Debt?

We certainly need not argue among ourselves about how much of this sort of debt we can "stand." We can, however, ask ourselves—and it would be a good thing if we did—whether or not we have reached a point where the general economic good is endangered. How much debt can be assimilated without injury depends, naturally, upon a number of factors. Debt which is incurred to obtain funds for purposes which can reasonably be expected to produce revenue at all times to service it and ultimately to repay it is one thing; debt which does not provide in any way for its own servicing can not but be a burden upon some other type of activity and lies in a quite different category. There can be little question that the debt that we have been acquiring in late years lies in part in both of these categories. How much in one and how much in the other is a question no one at this moment can well answer. It is a matter, though, that we all should not lose to sight.

Rather closely related to this phase of the matter is the question as to the economic status of individual borrowers. There can, of course, be very little doubt that there are individuals and businesses aplenty in this country that could safely borrow a good deal more than they now owe—so adequate are their assets, their income or their earning power. There are many others who without doubt are already overindebted and should not add to their load—and, as a matter of fact, could not add to their load of debt without risk both to themselves and to the general public welfare. There is almost no information available about the economic status of individual borrowers, whether they be mortgage borrowers, installment borrowers, or emergency borrowers, or in some instances all three kinds in one. One can not well take note of the campaigns now constantly under way to persuade individuals to go into debt for the most trifling causes without wondering whether or not we are building real trouble for ourselves in the future.

Loss of Flexibility

After all, it must not be forgotten that a debt is a commitment, and that if too many commitments are made for too large a total amount, a dangerous loss of vital flexibility in the economic system may well be suffered. We fear that all too often government lends its support directly or indirectly to these campaigns to encourage continuous borrowing on the part of individuals and corporations. This is, of course, particularly true of mortgage borrowing—as witness the various devices the national government has created to encourage and to make easy extended borrowing by a great many individuals. It is likewise true that our tax system encourages over-borrowing on the part of businesses—since interest is tax deductible while dividends are not. It seems to us that these statistics which the Department of Commerce now releases should cause many of us to pause to inquire about the wisdom of the debt trend in this country.

It is true that during the months that have elapsed this year there has been some slowing down in the rates of debt increase in some instances, but the change seems to be more a reflection of a somewhat altered business situation than any change in basic policy. In any event, we are still moving upward at a rate that should not escape attention.

Can't Keep on Selling The Same Steel Products

Continued from page 9

portunity for each company to participate in activities of the type just described.

One of the outstanding first steps of the Use Committee has been sponsorship of "Steelmark," our trade symbol, which identifies for consumers products made of modern, high quality, reliable steel.

So all of us are most fortunate to have this Committee whose formation is due to materials which compete with steel. It will be of great help to the member companies of the Institute. But the Committee can't do the job alone.

In the final analysis, it is positive action by individual member companies fighting competitive materials that will count most. Just what can they do?

What Companies Must Do

First, member companies must organize—sometimes reorganize—to do this job. Please remember how I stress this point. It isn't enough just to hold someone in the organization responsible for being *informed* about competitive materials. There must be responsible individuals who are specifically charged with the broad strategy and the detailed tactics to meet this competition.

Individual companies should hit competition from other materials head-on, application by application, and customer by customer.

Finally, steel companies should establish and maintain contact with customers beyond the purchasing agents — with design groups . . . engineering departments . . . research organizations . . . even with the styling studios —in fact, everyone who has something to do with the purchase of steel.

This is the best way to sell any material against other materials. It is the route by which other materials are being sold against you. It is the route by which steel must sell itself. Let's take the offensive by better understanding the range of possible properties of our material—by more imaginative product application—greater emphasis on innovation, the better to serve existing and potential markets—by specific, informative, promotional programs, and by *intensive* and *comprehensive* selling of our services and products.

Again, I urge you most earnestly to meet the threat of competitive materials as they attempt to invade markets that can be well served by steel . . . to do this realistically, with energy, and with promptness, I'm not worried about small amounts of aluminum or plastics going into places where these materials, and only these materials, can do the best job. But I am concerned that steel does not get outsold, outpromoted, outadvertised and — yes, outfoxed in applications where steel is the right material from an engineering, economic, and aesthetic point of view.

Beating Foreign Competition

Now a brief word about another serious aspect of the competition against the steel we produce—imported steel.

Foreign competition is likely to be with us from now on. It may hurt a little less one year than another, but it won't go away like a bad dream and it will make itself felt in more and more steel products. We will be under pressure from more and more foreign producers.

No one with sense thinks that meeting and beating foreign competition is an easy job. It isn't. The foreign product is almost always priced less than the American product, even though an opportunistic price put on it may occasionally be higher than the domestic price, as during the recent strike. *Some day*, wage rates abroad may approach ours—but we shouldn't count on that for years to come.

Having emphasized how tough a problem foreign competition is, let me say just as forcefully that I think we are equal to it.

Let us begin by selling much harder those things that the foreign producer *cannot* offer: service, quality, availability.

First, *metallurgical* service. What foreign producer does anything in this line? Can our customers call up Dusseldorf and have a man sent right out to solve a problem in heat treating, or of sheets that are tearing in the press?

Then, *quality*—the strongest of all possible sales features, and we have it in our domestic steel products. But are we selling it as hard as we can? Have customers grown so accustomed to receiving and working with our quality steels that they simply do not remember how valuable quality and product improvement are to them in terms of high production rates and reduced downtime?

As a general statement, I believe it is a fact that we couldn't sell in the market today most of the exact products we made 15 years ago. And this will be true of today's products 15 years from now. We must face up to this stimulating and challenging fact. And we must have greater insight into what the requirements will be in *another* 15 years.

One factor in these requirements will be the need for higher quality steel as American industry moves to more and more mechanization in producing items made from steel. Why? Because the individual operator on a machine can adjust for minor differences in such qualities as thickness or hardness. But usually the automatic machine cannot cope with these variations.

The third obvious selling weapon against foreign steel is *availability*. Of course, I know the delivery situation earlier this year was loaded with problems. But deliveries from foreign sources take longer and are a lot less certain. I'm not going to belabor this point, but certainly we should not fail to use the availability argument in dealing with customers who show signs of going extensively to foreign steel. The point is this: The need for continuity over an extended period of time is the single most important consideration in the buyer-seller relationship in steel.

Remember: Service, Quality, Availability—our triple line of attack against competition from foreign producers. Notice I have said nothing about tariff protection, because this does not, in my opinion, provide a permanent or basic solution for the problem which confronts us. That problem is competition, and we can meet it only by our being prepared to compete successfully in a society where every individual — and every business enterprise—has the right to choose freely in the market place the product which serves the buyer best.

I wouldn't have it any other way, and I know you wouldn't. I am sure of our industry's ability to provide products and services which can and will win in the market place where freedom of choice prevails.

Selling More Steel

I should like to close with a few remarks directed toward the overall problem of selling *more* steel, of insuring that ours is an industry that grows and contributes its best to America's economic life. Steel, the once precious metal, laboriously made only a few pounds at a time, is now produced in such abundance that each of us is surrounded and served from morning till night with countless things made of steel.

While all of us live in a vast, familiar world of steel today, on drawing boards throughout the nation, designers and engineers are creating an even greater *future* age of steel.

Or are they?

Don't be too sure. Let's use the eyes in our heads to look at some of the facts.

In America we have a bigger, more mobile economy than the world has ever known. But as the culture of our society develops, we are going to do more and more things that do not necessarily consume steel. Ours isn't the problem of a China or an India—to build the railroads—to build the basic factories — to provide the bare bones of industrial life. In part, as we go forward in *our* society we write more books, we paint more pictures, we make more music, and we have more leisure. This is all good. But these things don't necessarily take much steel.

But let's not forget—while we have our eyes glued on the domestic market and the foreign competition here at home—that rising standards of living in other countries of the world will mean tremendous demand for manufactured goods. This will also mean steel to build factories and equipment, for railroads, highways and transportation, for schools and houses and public buildings, for food processing equipment, and the entire range of commercial development such as we have seen in our nation for the past century or so.

Let's not forget, in this connection that no other nation in the world produces steel of better quality, of greater variety, and stricter adherence to the customers' specifications, than we do. Let's not hide the light of American steel production under a bushel, so that the rest of the world can't see it.

Let's not get so preoccupied with the *problem* of foreign competition that we don't see, with "the wise man's eyes," the *potential* of rising markets for steel in the rest of the world.

So the challenge is to sell more steel in more places, in applications which improve efficiency, which ease the drudgery of life, which promote a higher standard of living, new and better machines, new and better vehicles, new and better structures. John Roebling sold the Brooklyn Bridge not just as so much steel, but as a way to move people efficiently from place to place.

The way to sell all steel is to sell it as the superior engineering material, which it is. Don't just sell the customer steel. Sell tensile strength. Sell superior hardness. Sell ease of fabrication. Sell tremendous impact resistance. Sell corrosion resistance. Sell hardenability. And to the designer, sell beauty. Sell all these qualities which are so low in cost and in those places where they really count.

Sell an engineering function, not just some pounds of steel, and sell the customer the *profit he makes* with your material.

Our economy has always moved in the direction of technical and engineering advancement. Many developments are just now coming to mass market fruition. These range all the way from metal curtain wall construction for buildings, to startling developments in thermoelectric refrigeration. They open up new outlets for materials. Let's do the things that will make them *markets* for steel.

If a man comes to your company with a new idea for a product, can you tell him how best to make it out of steel? Or more importantly, do you *go* to him and show him how to use steel to capitalize on his idea? I hope we have the imagination and the talent to do this, because assuredly, producers of other materials are pushing new uses for their products every day.

And when was the last time your organization tried something really new in the way of a sales approach? I hope it was today. And I hope the next time will be tomorrow.

As vigorously competing companies, we all worry *most* about ourselves, not our industry. So where does all this urging to sell more steel with better methods leave your company or my company? If carried out successfully, this renewed emphasis on selling will leave your company in a sounder, more profitable position, and it will do the same for my company, because no one firm can be successful in an unsuccessful industry, for any length of time.

Am I saying to go out and sell and forget our problems of building more efficient capacity, fighting inflation, finding enough raw materials, and improving our industrial relations? Am I saying it is only the salesman who really counts? Obviously the answer is no, for successful selling is the greatest team effort on earth. Every department, every manager, and every worker has a part. With employment costs of some $5 billion annually in steel, there are a lot of people who are staking their livelihoods on the job ahead.

"The *wise* man's eyes are in his head; but the *fool* walketh in darkness." There is no excuse for walking in darkness. Our sales problems are daily becoming more clear. I am sure the companies represented in this audience have the insight, the imagination and, most importantly, the *high resolve* required to meet them, and to meet them successfully.

*An address by Mr. Worthington before the 68th General Meeting of the American Iron and Steel Institute, New York City, May 26, 1960.

Basis Club Will Hold Outing

DETROIT, Mich.—The Basis Club, an association of young men active in the municipal bond field in Detroit, will hold their Third Annual Summer Outing on Aug. 12, 1960, at the St. Clair Inn and Country Club, St. Clair, Michigan.

Activities will include golf, swimming and cards. A cocktail party and dinner for members, guests and their wives will follow the awarding of golf and door-prizes.

Arrangements and reservations may be made with Peter Whitman of Watling, Lerchen & Co., Detroit 26, Michigan.

Now With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William L. Goldman is now with Paine, Webber, Jackson & Curtis, Union Commerce Building. He was formerly with Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Miss Heckel Secy. Of Wm. St. Sales

Nancy Jane Heckel has been elected Secretary of William Street Sales, Inc., 1 William Street, New York City, it was announced by Edward B. Burr, President. Miss Heckel has been responsible for the shareholder correspondence program of the company, which is national distributor of The One William Street Fund, Inc. and Scudder Fund of Canada Ltd. She will continue to supervise this activity as well as other areas of the company's public and shareholder relations programs.

Nancy Heckel

A graduate of Goucher College, Miss Heckel was formerly associated with the National Association of Investment Companies and the Institute of Life Insurance.

Aero Ind., Inc., Com. Stk. O'ffd.

Myron A. Lomasney & Co., of New York City, on June 1 commenced the public offering of 250,000 shares of Aero Industries, Inc. common stock (par 25c) at $3.30 per share.

Aero Industries, Inc. was organized in Delaware on Jan. 7, 1960 to acquire directly or indirectly all the outstanding stock of four corporations and 80% of the stock of a fifth corporation (all now "subsidiaries" of the company) which are engaged in a variety of businesses, and to engage directly or through said subsidiaries in additional new businesses relating to the projected manufacture and distribution of gas turbine engines, the leasing of light aircraft and packaging machinery for use by commercial concerns and the development of certain real estate. The company and its subsidiaries are small organizations with a total of approximately 42 officers and employees and have only a minor position in the various businesses in which they are engaged. Such facts, including the limited financial resources, must be considered in relation to the ability of the company and its subsidiaries to carry out the foregoing program. The subsidiaries are:

Atlantic Aviation Corp., organized in Pennsylvania in 1953;

Montgomery Enterprises Inc., a wholly-owned subsidiary of Atlantic, organized in Pennsylvania in 1957;

Wellington Packaging Machinery Inc., an 80% subsidiary of Atlantic, organized in Delaware in 1960;

Jacobs Aircraft Engine Co., organized in Delaware in 1957, and

Penn Airways, Inc., organized in Pennsylvania in 1959.

Two With J. B. Henri

(Special to THE FINANCIAL CHRONICLE).

DENVER, Colo. — Herman Batchelder and John M. Kennedy III are now connected with J. B. Henri Co., Guaranty Bank Building. Mr. Batchelder was formerly with Phillip J. Clark Investment; Mr. Kennedy was with G. R. Harris & Co.

With David A. Noyes

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Philip D. Volkman is now connected with David A. Noyes & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was previously with Reynolds & Co.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

CROCKER-ANGLO NATIONAL BANK—

Management of Crocker-Anglo National Bank, the fourth largest commercial bank in California and the fifteenth largest in the United States, recently has announced a step-up of its branch expansion plans. From an initial goal of seven new offices for 1960 the number is now set at twelve. Excluding mergers, twenty-seven new offices have been opened since the beginning of 1956. Permits presently are held for approximately 20 offices.

At the end of 1959 Crocker-Anglo's offices numbered 85 in 54 California communities. Six of the 12 new offices are being opened during the first half of 1960. The bank's first *regional* office is expected to be located at Sacramento in the near future.

Now in its ninetieth year of operation, Crocker-Anglo is a result of the consolidation of Crocker First National Bank and Anglo California National Bank in 1956. Crocker-Anglo was the first commercial bank in the nation to open a department to finance the purchase of automobiles, and the first to pioneer property improvement loans.

Management has been alert to profitable expansion opportunties for serving the swiftly growing population of California and the rapid rise of economic development. The business outlook in California continues to be superior to that of most other states. Personal incomes more than doubled from 1950 through 1959 to about $40 billion. During the next ten years population growth alone is projected at approximately 33%. The population of California represented 7.0% of the national total in 1950 and 8.7% in 1959. In 1950 California's share of personal income in the nation was 8.6%, compared with 10.5% in 1959.

Although the bank's present branches service primarily northern and central California areas the May, 1959 merger into Crocker-Anglo of the County National Bank & Trust Co. of Santa Barbara provides southern California representation. In September, 1959 The First National Bank of Monterey, The First National Bank of Pacific Grove and The Bank of Carmel were merged into Crocker-Anglo. Assets arising from the four banks in 1959 amounted to $79 million. These mergers were executed through the issuance of 265,000 shares of stock. Presently there are 5,306,625 shares outstanding.

Statement of Condition
(In millions of dollars)

	Dec. 31, 1959		Dec. 31, 1958		Dec. 31,1957
ASSETS—					
Cash	$317.7	17.3%	$282.9	16.7%	17.6%
U. S. Governments	397.1	21.7	448.2	26.5	21.3
Other securities	90.9	5.0	98.2	5.8	6.4
Loans	971.6	53.0	814.9	48.2	52.0
(Real Estate)	(380.5)	(39)	(313.4)	(38)	(34)
Other assets	54.2	3.0	47.3	2.8	2.7
Total Assets	$1,831.5	100.0%	$1,691.9	100.0%	$1,527.4
LIABILITIES—					
Capital funds	$125.3	6.8%	$117.8	7.0%	6.8%
Deposits	1,656.7	90.5	1,527.0	90.2	90.9
(Time deposits)	(664)	(40.1)	(617.1)	(40.4)	(39.7)
Reserves	11.1	.6	18.1	1.1	.6
Other liabilities	38.4	2.1	29.0	1.7	1.7
Total Liabilities	$1,831.5	100.0%	$1,691.9	100.0%	$1,527.4

Selected Per Share Statistics

Year	Net Operating Earnings	Dividends	Book Value	% Earned on Book Value	Approx. Bid Price Range
1959	$2.49	$1.20	$23.60	10.6%	38—32
1958	2.30	.96	23.37	10.5	40—22
1957	2.19	.96	20.64	10.7	25—20
1956	2.06	.96	20.44	10.4	28—25
1950	1.59	.60	18.10	8.8	16—12

During 1959 total deposits increased 8.5%, time deposits—7.6%, total loans—19%, assets—8.3%, and capital funds—6.4%. Further gains were registered during the first quarter of 1960. Sizable time deposits allow an above average return on loans, amounting to 6.11% in 1959 and 5.87% during 1958.

Over two-thirds of earnings are derived from loans. Net operating earnings increased 14.3% during 1959. Due to the increased shares outstanding, the per share gain was 8.3%. A 25% stock dividend was paid in 1958. At least a 10% gain in earnings presently is estimated for 1960. First quarter earnings were $0.69 a share, a gain of 17% over the $0.59 for the like period in 1959. Although a net loss in 1959 was realized on securities sold, such loss will be more than offset by future profits, at maturity, on bonds purchased below par in 1959. The taking of security losses is of course in line with sound banking practice. At the close of 1959 the average maturity of investments was 4.6 years, in comparison with 5.1 years at the end of 1958.

In April, 1959, a new Checkway Credit plan was introduced. It extends to borrowers the convenience of an available personal line of credit by merely writing a check. Among the bank's aims in recent years is the promotion of its International Department to customers.

The common shares of this leading bank at the current price of 33 provide a 3.6% yield on the present $1.20 dividend rate. The book value of $23.76 at March 31, 1960 excludes the Bad Debt reserve which approximates $3 a share. With important internal consolidation steps largely completed and a strong capital funds base for new business, the shares of Crocker-Anglo are believed to represent a sound banking network.

Stifel, Nicolaus Absorbs Theis Co.

ST. LOUIS, Mo.—Announcement has been made that the entire personnel of Albert Theis & Sons, Inc., member of the Midwest Stock Exchange, has joined the investment banking firm of Stifel, Nicolaus & Company, Incorporated, 314 North Broadway, members of the New York and Midwest Stock Exchanges, effective June 1, 1960.

Theis & Sons was organized in 1914 by the late Albert Theis. Harry Theis, son of the founder, joined the firm in 1918 and became President in 1940 following his father's death. Stifel, Nicolaus & Company was established in 1890.

Mr. Theis has been prominent in the financial community for many years having served on many national and local committees of the Investment Bankers Association, as Chairman of the Mississippi Valley Group, and member of the National Board of Governors.

Mr. Theis will become Vice-President of Stifel, Nicolaus & Company. Other members of the Theis organization who are joining Stifel, Nicolaus and Company are: Albert Theis, A. Shapleigh Boyd, Jr., Fred F. Farrow, Charles W. St. Denis, Lee G. Shuey, Leland (Bud) Boogher.

Wallace, Geruldsen Branch in Cleve.

CLEVELAND, Ohio — Wallace, Geruldsen & Co. has opened a branch office in the Union Commerce Building under the direction of Lawrence W. Simon. Mr. Simon was formerly an officer of Ross, Borton & Co.

John Reinhart Joins The Marshall Company

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis. — John C. Reinhart, Sr. has become associated with the Marshall Company. Mr. Reinhart was formerly local manager for Link, Gorman, Peck & Co. with which he had been associated for many years.

Also joining the Marshall staff are Otto J. Koch III, John C. Reinhart Jr., and Carlton Stritzel. Mr. Reinhart and Mr. Stritzel were with Link, Gorman, Peck & Co. Mr. Koch was with Dempsey-Tegeler & Co.

This Is Conservative Formula For Growth Without Illusions

Continued from page 1

point is this: If we adopt reckless Government spending to force up our score in an international contest measured solely in terms of a statistic defined arbitrarily and called the Gross National Product, we could find that we have paid a stiff price through inflation, budget deficits, and growing debt, in addition to having sacrificed our traditional freedoms. Then we would discover that the growth we have been pursuing was more apparent than real.

We must not be charmed by the notion that Government is a wiser manager of our economic fortunes than is private enterprise.

We must understand that the formula for adequate growth is not for Government to displace private capital formation.

We must be alert to challenge the panacea of the "crash" approach as a rationalization for colossal spending in the name of growth.

These are the illusions that—instead of advancing our economy—can slow down and ultimately destroy our capacity to build our economy well and securely. I suggest that our watchword be "Growth Without Illusions."

The goal of growth must be more solidly grounded than on economic wishfulness. We have a complex, delicately-structured economic system, in which investment and productivity and monetary policy play key roles. We certainly cannot take for granted the expectation that our economy has a built-in immunity to inflation. In the past ten years almost half of the free-world countries—29 out of 67—have had price increases of 50% or more. Let's not buy another illusion—that it can't happen here.

The Soviet Drive for Growth

But we are asked—"If the Government doesn't force our national growth by more spending, how do we answer Khrushchev's threat to bury us economically?"

Of course we want to continue to be stronger than Russia, but let's not make serious mistakes by over-stressing the meanings of recent Soviet growth. It is very easy to discover a new rationalization for big spending under the slogan of "keeping up with the Khrushchevs." It is true that, the Soviets have made rapid strides in industrial output. But there are vast differences between the two systems. It would be more astonishing if they had not found a way to take advantage of the tremendous technological progress of Western countries and by that method gained years of time. It's much easier, for a while at least, to add 6% a year to a scale of 40, than to add 3% to a scale of 100. But we need not be stampeded by their boasts, nor hypnotized by alarms that are not grounded in realism. The Soviets are a long way from approaching us in their economic development and their standard of living. I don't believe they will catch up in seven years or 27 years unless we play into their hands by moving farther and farther from conservative, national, fiscal policies.

I submit that in Government finances there is no acceptable alternative to conservatism. Anything else works out to speculation; and in plainer language that means gambling with the country's fiscal strength which is essential to our security. There still can be ample room, under conservative fiscal policies, to be dynamic to take up new ideas, to move ahead as we can afford to do so.

But the great danger is that we may be so distracted by the clamor for growth—growth of any kind, just so long as it is growth—that we forget to keep our minds on where we are heading. Certainly we can't afford to ignore the hard facts that must enter into governmental fiscal policy as we chart our future economic expansion. I'd like to describe what some of those hard facts are.

Getting Down to Cases

If we project the history of the last 10 years, we will come up with a budget of 160 billion dollars by 1970. Impossible? Well, it's no more impossible than the progression of spending from 3 billion dollars in 1930 to 9 billion dollars in 1940, to 40 billion dollars in 1950 and now to nearly 80 billion dollars in 1960. There you see a 25-fold increase in Federal budget levels in just three brief decades.

Do we want to accept this progression as our formula for the 1960's? It's what is involved in the demands for forcing economic growth through governmental fiscal policy. It's what some people seemingly would have us do.

But it's noticeable that in the extravagant forecasting by the advocates of big spending, little or nothing is being said about the debts that have been piling up—and about the load we've already taken on. This, too, has a meaning as we measure the strengths of the American economy and as we think about how much the Federal budget can deliberately take on in fostering sound growth. Let me give you some idea of the magnitude of the Federal Government's outstanding obligations, with just four big facts which you can't afford to ignore:

Fact Number One is that the Federal Government is piling up C. O. D.'s faster than most people realize. Here are just a few:

Merchant marine subsidies and ship replacement costs constitute a Federal obligation of 4.3 billion dollars.

The Federal Government is committed to contribute 5.5 billion dollars for the future for public housing.

Federal civil public works projects already started will require expenditures after 1961 of about 7 billion dollars before they are completed — and there is a backlog of 13 billion dollars of projects that have been authorized but not yet begun.

It will cost over 30 billion dollars to complete the interstate highway program.

These and a variety of other obligations, coupled with huge unexpended balances in the defense program, total 100 billion dollars of commitments or C.O.D.'s for future spending.

It is true that this has a brighter side, in that many of these expenditures will add to our assets. We can absorb them through the years as the economy expands. But this isn't all.

Fact Number Two is this: Even if this session of the Congress doesn't add any new programs or increases to the budget, the level of Federal spending will go up. The reason is that there are built-in increases in existing programs which are now producing and will continue to produce an up-curve in expenditures. The catalog of built-in increases covers such programs as outer space, civil aviation, public works, merchant shipping, urban renewal, science education, medical research, public assistance, loans abroad, and veterans' pensions. The farm program may become even more costly unless the Congress can find solutions faster than the farmers can increase their crop production.

Now, for 1961 alone, these built-in increases came to over 2 billion dollars. That's why this budget is up from 1960. And for 1962 there are already in sight similar built-in increases of another billion dollars or more. Of course, there are few built-in decreases, since Government programs once begun are usually incapable of being turned off. A year ago the President in his Budget Message listed 18 programs which should be revised or ended to bring about future savings. The Congress acted on only three, and when we came to do the arithmetic, we found that instead of reducing future expenditures, they had increased our commitments by about 9 billion dollars.

Fact Number Three is that our national debt of 290 billion dollars is a long way from being all that we owe for the past. Here are some things it doesn't include: Our already accrued liability for military retirement is about 30 billion dollars, and our unfunded accrual for civil service retirement is another 28 billion dollars; on top of these, the future bill for veterans' pensions, compensation, and other benefits will come to about 300 billion dollars. These are obligations we've taken on for past services.

Now, the 290 billion of public debt, plus 360 billion for past services, plus 100 billion dollars of C.O.D.'s adds to the almost unbelievable total of nearly 750 billion dollars.

That is the magnitude of the Federal Government's mortgage on America's future. That's what we have to reckon with when we hear glib promises of all that Government can be expected to do by boosting future spending to force economic growth.

Just consider this: If every process and action of the Federal Government were to stop right now, and if we went on collecting taxes at present levels, it would be 10 years before we could pay off what we now owe in interest-bearing debt and in obligations for past services and other C.O.D.'s.

And **Fact Number Four** comes next. We all know that the pressures for new spending are increasing in intensity. A table in the Congressional Record showed that in the last session of Congress alone, 20 major spending bills in the Senate along with another 20 introduced in the House, for new programs, altogether priced out at more than 326 billion dollars, over a five-year period. While there may be some duplication among them, if these and other bills were passed as their sponsors would like, they would add 50 to 60 billion dollars a year to what we are now spending.

Looking Ahead

In the face of these fiscal facts of life, what choices do we have for the future and what do they signify?

There are two ways of looking at the future, one pessimistic and one hopeful. The important thing is that the American people can decide which route they want to take.

On the pessimistic side, there is a mortgage of 750 billion dollars that will have to be paid. Built-in increases will push expenditures up, year after year. Pressures are mounting to have the Federal Government take over more and more of local government's responsibilities, and to meet demands for more spending on many fronts. Unless we pick our way carefully through these proposals, we could soon have 100 or 150 billion dollar budgets, along with higher taxes or bigger deficits, debasement of our money, and weakening of our economy.

But it need not be that way. On the optimistic side, the real possibility of reducing Federal spending lies in what happens in the world. If we could reduce and ultimately remove tensions in international relations, with a secure disarmament agreement, we could get by with much less spending for defense. We would not have to continue to spend 54 cents of every tax dollar for national security.

Beyond this, we can expect that if normal economic growth continues, it will carry our Gross National Product close to the 750-billion-dollar mark by 1970, without risky artificial stimulants. That kind of growth spells more wealth, more income, greater well-being. It means that we could make conscious decisions as to what share we want to take in taxes. For example, if budget receipts were to continue at 16% of GNP, the Federal Government would be taking 120 billion dollars in 1970, or 40 billion more than now. It is not too soon to plan what we want to do with that potential added income. Unless we let it go by default to Parkinson's second law, which is that spending rises to meet income, we have the opportunity to take care of real national needs and at the same time to reduce the debt or relieve the tax burden, or to do some of both. But we must begin to plan the course right now because the spenders have their eyes on every dollar of that 40 billion.

As I said, the American people will choose which of these routes they wish to take. I hope the choice will be the right one.

Summary

Now, let me sum up the problem and spell out a three-point solution.

I think it is plain that in communism's aims we have a resolute enemy abroad. But here in our own midst we have enemies, too, and I call them the Four Horsemen of Economic Destruction: Compulsive Spending, Cancerous Taxation, Government by Credit Card, and Inflation;

—Compulsive Spending, which has helped multiply the Federal budget by 25 in just 30 years;

—Cancerous Taxation, that erodes initiative;

—Government by Credit Card, that piles up unending accumulations of debt;

—and the final destroyer, Inflation, which if allowed to ride unchecked, would wipe out the values of savings, pensions, and insurance.

These enemies, if we don't control them, can destroy our national vigor much easier than it would succumb to Soviet attack.

We must decide now where our priorities lie, and in my view they are three:

First, to provide for a strong national defense, with the fervent hope that this necessity will be temporary and rapidly decreasing;

Next, to work for a strong economy and a sound currency, because these are essential to healthy growth, and the maintenance of our position in the world. This means balanced budgets, a start on debt reduction and tax reform, a continuing fight against inflation, and a realization that compulsive spending under any motivation can sooner or later exhaust our capacities for sound economic growth.

And lastly, to work for the most effective use of our resources for domestic purposes, to find the right priorities, to end the old and advance the new, to recognize the competition among purposes and keep them in proportion, to build on partnership between Government and the private enterprise economy in seeking our goals.

This is the conservative formula—and the only safe formula—for relating sound economic growth and governmental fiscal policy. We cannot afford to project our Nation's growth on the basis of illusions any more than we can afford to do so in our private lives. Nor can we afford to dress up the old doctrine of "spending ourselves into prosperity" in new clothes and pass it off as the formula for economic growth. Above all, let us learn from history that economic soundness does not guarantee national greatness, but that, without it, no nation can be great.

If we have the realism to see it this way, the courage to be conservative, and the self-discipline to act on our convictions, the American economy will respond and grow and continue to reward in strength and in security the people of this free and fortunate Nation.

*An address by Mr. Stans before the 40th Annual Conference of the National Association of Mutual Savings Banks, Washington, D. C., May 9, 1960.

Jr. Achievement Award Banquet

Youth today must "learn and accept the important responsibilities of our private enterprise system through enlightened citizenship" United States Senator Jacob K. Javits told 500 guests at a Junior Achievement Banquet.

Teen-age business executives from Brooklyn, Queens, and Manhattan shared honors for achievement with the American Bankers Association at the dinner which was held in the Grand Ballroom of the Commodore Hotel.

The young people—three from Queens, two from Brooklyn, and one from Manhattan — received recognition for outstanding performance in Junior Achievement in which teen-agers organize and operate small-scale business of their own with the guidance of adult advisers from business.

John W. Remington, President of the American Bankers Association and President of the Lincoln Rochester Trust Co., accepted an "Achievement Award" for the "vital role played by banks in America and Canada in the continuing development of Junior Achievement." The Award was presented to Mr. Remington by E. H. Mosler, Jr., President of the Mosler Safe Co., and President of Junior Achievement, Inc.

There were 49 Junior Achievement companies in New York City this year. Reporting on their progress, Clifford Stewart, 17, President of the New York Achievers Association said:

"Facts and figures are poor indicators . . . they do not accurately report the full measure of what is gained by a teen-age executive in Junior Achievement. However, of our 49 companies in New York City . . .

. . . 29 were financially successful

. . . 20 suffered financial losses

. . . All profited immeasurably from the experience."

George Alpert, President of the New Haven Railroad and Chairman of the Junior Achievement Advisory Board of New York, introduced the award presentation. Arthur B. Langlie, President of the McCall Corporation was Banquet Chairman and Toastmaster.

Irwin Ross Opens Own Investment Firm

BROOKLYN, N. Y.—Irwin Ross is engaging in a securities business from offices at 1866 East 26th Street under the firm name of Irwin Ross Co. Mr. Ross was formerly a stock trader for Capper & Co.

Form G. K. Scott Co.

OCEANSIDE, N. Y.—G. K. Scott & Co., Inc. has been formed with offices at 2846 Oceanside Road to engage in a securities business. Officers are George Kevorkian, President and Treasurer, and Alice Kevorkian, Secretary. Mr. Kevorkian was formerly with David Blau & Co., Inc.

Purchasing Agents Bullish About Second Half of 1960

Though the Purchasing Agents' Survey Committee uncover increased bearishness in the current business conditions they do not see any extension of this trend in the last half of the year. In fact, 47% predict the last six months of 1960 will be better than the first half.

The latest report of the National Association of Purchasing Agents' Business Survey Committee stated that the year 1960 looked better in 1959 than it does after five months of 1960. This, in itself, is no startling pronouncement, because few would argue this point. It is significant, however, that a large group—39%—of the members report that, to date, 1960 has completely measured up to their expectations. A small minority of 8% say it actually exceeded their expectations, and 53% say that it failed to meet their earlier predictions.

In view of the diminishing optimism about current business conditions, the critical question probed by the Business Survey Committee is, "what is the trend likely to be for the balance of 1960?" The N.A.P.A. Committee members do not look for any serious slump. In fact, 47% believe the second half of 1960 will be better than the first half, 39% see no change, and only 14% predict it will be worse.

However, this improvement will evidently have to occur without the benefit of any inventory build-up program, for 36% of the members say they have definite plans to further reduce their inventories. Only 6% state that they will increase their stocks on hand.

In looking at May's statistics, the Survey Committee finds that both production and new orders have deteriorated in the last 30 days. Only 18% of the members say their production has increased, while 22% report reductions. Not since the Spring of 1958 have their production figures been so bearish. The new order situation has also worsened in the last month, with 24% reporting improvement, 49% no change, and 27% a reduction.

The employment figures continue to be depressing, with the number of members reporting fewer employees more than twice as many as those who tell of additions to their work force.

Over-all prices continue to be stable; but, there are more and more instances of competitive situations that result in discounts from so-called "book prices."

Foreign competition is receiving greater recognition. There are some who strongly favor foreign buying, and others who violently oppose it; 12% of our members say foreign sources will become more important in their buying activity for the balance of this year, and 8% state they will reduce their purchases from abroad. The large majority—80%—do not plan to alter their present policy.

Caution is the watchword in buying policy. With the ready availability of all materials, Purchasing Executives continue to shorten their forward commitments.

Commodity Prices

A slight increase here, and a better discount there, typifies the present price situation. While list, or book prices, on the average are trending slightly upward, some of these increases are being offset by "good buys."

It is not possible to categorically state that prices are up or down. Balanced on the whole, prices are on a plateau, held down by adequate domestic productivity capacity and the threat from foreign manufacturers and held up by high materials costs and increasing labor rates. This month, 19% say prices are higher, 5% say they are lower, and 76% report no change.

Inventories *

A rather sharp drop in inventory position is again reflected in the May reports. The number of Purchasing Executives indicating higher inventories is at 17% for May, only two percentage points above the October, 1959, low in this category, when steel inventories were almost depleted. Likewise, those reporting lower inventories, 30%, rose four percentage points from last month. Noticeable is the absence of any comments expressing a desire to increase inventories. There are many, however, who still plan to make further reductions.

Employment

Last month's employment situation appeared rather depressing. Optimism was expressed for some improvement later on in the year. Some encouragement was hoped for this month and actually the number reporting lower employment did drop to 21% from April's 26%. On the other hand, only 11% report higher employment than April, as against 13% reporting higher employment last month; 68% report no change.

Buying Policy

A summarization of buying policy as of today looks something like this:

a. On most production items: 30—60 days.
b. On MRO supplies: Hand-to-mouth—30 days.
c. On capital goods items: 90 days—1 year.

The trend is definitely toward shortening and most Purchasing Executives are keeping forward commitments on as current a need/use basis as possible.

	Per-Cent Reporting— Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
May					
Production Materials	8	37	34	16	5
MRO Supplies	29	51	14	5	1
Capital Expenditures	11	5	13	25	46
April					
Production Materials	6	33	40	14	7
MRO Supplies	23	46	22	8	1
Capital Expenditures	10	6	13	21	50

Specific Commodity Changes

Not much movement of prices in any specific item is reported this month. Such changes as are noted seem to be largely restricted to limited areas; and, in the main, reflect either local conditions or recent entries into the market by the buyers so reporting.

On the **up** side are: Cutting tools, jute, burlap, calcium chloride, multiwall paper bags.

On the **down** side are: Steel scrap; and, again this month, a number of reports mention better buys in electrical apparatus and equipment.

In short **supply** are: Phthalic and maleic anhydrides show up again as in short supply. This situation has existed for some months now.

*NOTE: These current inventory figures should not be confused with the figures for future inventory plans reported under General Business Conditions.

Pacific Coast Properties, Inc. Rights Offering

Pacific Coast Properties, Inc. is offering to the holders of the common and preferred stock of Food Giant Markets, Inc. and to holders of Food Giant employee stock options, rights to subscribe for 917,835 shares of Pacific Coast Properties at $10 per share. One right will be issued for each common and for each two shares of Food Giant preferred stock held on May 26. Two rights are required to subscribe for one share of Pacific Coast Properties common stock. The rights will expire on June 10. Bear, Stearns & Co. is Manager of the underwriting group.

The company was incorporated in Delaware on Nov. 23, 1959, and has its principal office at 9744 Wilshire Boulevard, Beverly Hills, Calif. The conception underlying its formation was that of a diversified and well-financed real estate company which, while emphasizing the ownership and development of commercial (shopping center) properties, would also acquire and develop industrial properties and residential properties of both the single home and apartment house type. It was also planned that the Company would, through its initial acquisitions, commence business with some properties already in operation, some scheduled to commence operation in the near future, and others to be held for later development.

To implement this plan, the company entered into an agreement pursuant to which it will acquire a number of properties in Southern California, varying both in character and in stage of development. The various properties are merely summarized as follows:

(a) Nine commercial (shopping center) properties, comprising over 270 acres. Two shopping centers are in operation, with further construction in process; two more, presently under construction, are substantially leased and are scheduled to commence operating by the Fall of 1960; four are planned for construction in late 1960 and in 1961; and one other is planned for construction in late 1961 or in 1962.

(b) 76 acres of industrial property, to be held for future development.

(c) Portions of several properties, comprising 27 acres, which are presently zoned for apartment house or single home construction, but about 10 acres of which may be rezoned for commercial use upon showing need therefor.

(d) A single tract of 1,120 acres, near the Vandenberg Air Force Base, to be held for residential (single home and apartment house) and commercial (shopping center) development.

(e) Several miscellaneous properties, including a residential subdivision under construction; a master lease and a $2,000,000 Trust Deed (mortgage) on a downtown Los Angeles office building; and some milk plants which are leased and held for income.

In addition, the company will acquire a general construction company which is engaged in both commercial and residential building in California. It is anticipated that this concern will perform a substantial portion of the company's construction work, in addition to seeking independent contracts.

F. H. L. B. Notes Offered at Par

Offering June 1 of $252,000,000 principal amount of Federal Home Loan Banks 4.45% non-callable notes dated June 15, 1960 and due Mar. 15, 1961 is being made June 1 by the Federal Home Loan Bank Board through Everett Smith, Fiscal Agent of the Home Loan Banks, and a nation-wide group of security dealers. The notes are priced at 100%.

Part of the proceeds from the sale of the notes will be used to retire $181,000,000 notes maturing June 15, 1960. The remaining $71,000,000 will be added to funds available to members of the Home Loan Bank System to meet the demand for mortgage money.

Mr. Smith said that while June 1 offering of notes will increase the Banks' indebtedness $71,000,000 outstanding obligations have been very substantially reduced in 1960 and at the close of business on June 15, 1960 will have been reduced by over one-half billion dollars to $1,262,240,000 from $1,773,660,000 on Dec. 31, 1959. The reduction, he said, was effected by retirement of maturing debt from cash resources during earlier months of 1960 when the inflow of cash into the Banks was seasonally large because of repayment by member institutions of loans from the Banks; in addition mortgage loans were seasonally lower during these months of slower construction activity.

Lionel Corp. Names Deering

Raymond C. Deering, Senior Vice-President and member of the General Administrative Board of Manufacturers Trust Company, has been named Chairman of the finance committee of The Lionel Corporation it was announced by Roy M. Cohn, Chairman of the Board.

Mr. Deering, who has been a Lionel director since January 1960, joined Manufacturers Trust in 1929 and served as Assistant Secretary, Assistant Comptroller, Comptroller and Vice-President. He has been in his present post, which includes supervision of the bank's 116 branch offices, since 1954.

Serving on Lionel's finance committee with Mr. Deering are: Roy F. Duke, Chairman of the Board of Fidelity Union Trust Company; Herbert W. Marache, a partner of Granbery, Marache & Co.; David B. Chase, partner in J. K. Lasser & Co., and John M. Foley, President of the Airex Corporation, a division of Lionel. All are members of the company's Board of Directors.

N. Y. Analysts Elect Officers

The New York Society of Security Analysts has elected Edward S. Wilson, Theodore Tsolainos & Co., President. Other officers elected were Donald B. Macurda, F. S. Smithers & Co., Vice-President; Gerald L. Wilstead, Hallgarten & Co., Secretary; and Edward R. Holt, Newburger, Loeb & Co., Treasurer.

Mutual Fund Services

(Special to The Financial Chronicle)

LACKAWANNA, N. Y.—Joseph C. Mills is engaging in a securities business from offices at 376 Sudbury Road, under the firm name of Mutual Fund Services.

Form Southland Secs.

HOUSTON, Texas — Southland Securities Company has been formed with offices at 5723 H. M. C. No. 10 to engage in a securities business. Officers are Eugene Coleman, President, and J. A. Coleman, Secretary-Treasurer.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

When You Recommend Speculations!

As it looks from where I sit, the emphasis today among the rank and file is on speculative PROFITS. Never before have I received so many offers of market letters, charting services and particularly "Science Stock" tipster sheets. My dentist is a dedicated young man who bought his first investment from me. It was a three thousand dollar purchase of a growth type, Mutual Fund. When he bought it I explained to him that he would be better off practicing dentistry and leaving the stock buying to experts. He agreed.

Last week, as he finally finished a six weeks session trying to save an aching tooth, he gave me a lecture (along with the drill) of resistance areas, support levels, objectives, buying and selling climaxes, and something he called "pop-ups." He is paying $500 for a direct mail course in charting stocks, replete with tape recordings and charts. He is playing the market on paper and he is serious about it. He said he once bought Central at 34 and sold it at 25 and he doesn't want to do that again. He promised to buy a certain stock through me if it hits 41 on a selling climax when the market has a 5,000,000 share day and panic is hitting the street.

Another customer tells me that the odd lot fellows are now turning—the buying and selling has about evened up. Several months now the odd lot indexes have been bearish—possibly we are coming to a turn. I never knew this man very well but I had no idea that he was following odd lot trading and other market indices. He used to buy good insurance and bank stocks for investment.

Certain market letters are making the rounds of large brokerage firms and branch offices keep them on file. Off beat electronic stocks that some service will recommend as an attractive purchase for price appreciation will not only attract the buying of the novice but even partners of some member firms. It seems like almost everyone is dipping into the treasure chest of the speculative venture type science stocks and many are making it pay.

The New Issue Market

Meanwhile, the new issue calendar is jammed with every type of offering that one can ask for. The SEC states that it is so busy trying to expedite registrations that the delays of from one to several weeks in the offering date of new issues is now normal procedure. Come one, come all, and the security salesman is receiving telephone calls from complete strangers who hope to get in on some fast moving over-subscribed hot issue.

Last week I had a telephone call from some man whom I had never heard of before in my life. He must have made calls to every stock brokerage firm in town. He told me he was from Boston, he gave me some impressive local references; he gave me the name of another broker (a fine firm) and he promised me business if I could get him 200 shares of each of six issues. Everyone of them turned out to be so closely allocated that I didn't have a chance to take care of regular clients let alone assist strangers who were only looking for some easy, quick turn, profits. A lady I had not done business with in three years called me long distance, collect. What did she want? Only 200 shares of an issue that was so tight there wasn't even a selling group.

Every security salesman could tell of such incidents that are happening to him day in and day out. The speculative pot is boiling but it is doing so on only one part of the stove. The new issue activity, the jam up of new issues in registration, the great public interest in short-term trading profits, and in highly speculative, venture type, issues is evident everywhere except in the great body of good quality common stocks that represent the basic industries. The dividend payers, the solid earners, the companies that are the backbone of America are in the main the neglected issues of this bull market that exists only in glamour, science, brains (we hope) and tips. The 1929 stock buying craze was indiscriminate; this one is specific. It is the era of mystery and companies that defy the analysis of the lay public. We don't understand it, so this company must have something. A stock keeps going up; GET ME ONE THAT I CAN BUY BEFORE IT STARTS TO RISE, OR JUST AFTER A RISE HAS STARTED, so says the fellow who buys ten shares or 10,000 shares. And you, Mr. Security Salesman, are elected to do it!

If You Want to Be a Roman Be a Smart One

So we are in Rome and we do like the Romans do. Certainly there is no sense in recommending stocks that are without a following, without glamour, without a "go" to them. The other day I heard the head analyst of a large firm explain that brains and growth are being capitalized at a ratio that takes into consideration what a company will earn (or should earn) on its stock five years hence. The old yardsticks are out. If so there is little we can do about it, and if you are in this busy business to make money for your customers (and for yourself) certainly you should buy the stocks that are popular and not neglected.

But there is one thing you can do along with all this hullabaloo in order to keep your record straight and your clients heads from going completely haywire—you can maintain your own equilibrium. When you are speculating for a "turn" in the stock market make sure that your customer understands that you have no crystal ball. Don't oversell. Don't over promise. In fact, point out that if you are wrong you want to run and run fast. Expect some losses, and make this point clear. Try to limit losses. Try and be right 50% of the time but tell your customer if you are lucky enough to hit a few winners not to expect the impossible. Explain that the times you are right you want to let the profits ride so that he will have enough to cover his losses. Be grown up about this thing — there are no "Free Lunches" in Wall Street.

When it comes to trying to pick winners in one of the most fantastic "bull markets" we have ever seen in miracle, mystery, science, glamour and many undercapitalized and often understaffed, and underbrained companies, you had better have a strong hand on the rudder and plenty of "know how" because you may need it. This isn't the time for the security salesman to pose as an expert analyst, or an expert at trading—you may be able to make some money out of this particular market but you will need the understanding and cooperation of some very adult customers.

Twin City Bond Club Golf Tournament

MINNEAPOLIS, Minn. — The Twin City Bond Club will hold its 39th annual golf tournament and picnic June 16th at the White Bear Yacht Club. Tariff for bond club members will be $3 for the cocktail party; $8 for non-golfing members; and $12 for golfing members. Guest registration fee is $30. Reservations should be made with Richard McFarland, Kalman & Co., Inc.

In addition to the golf tournament there will be horseshoes, tennis, bridge and gin rummy, and boating.

Members of the 1960 picnic committee are Kenneth Joas, Smith, Barney & Co., general chairman; Leo L. Quist, Harold E. Wood & Co., St. Paul, bridge and gin rummy; Alphonse J. Grun, First National Bank, registration; Stanley R. Manske, First National Bank of St. Paul, publicity; Lawrence E. Shaughnessy, Jr., Shaughnessy & Co., Inc., St. Paul, golf; George A. MacDonald, First National Bank, prizes; J. D. McCarthy, Jamieson & Co., boating; Albert J. Berglund, First National Bank, special prizes; Oscar Bergman, Allison-Williams Co., Minneapolis, and Guybert M. Phillips, Caldwell, Phillips Co., St. Paul, prize solicitation; William G. O'Connor, Dean Witter & Co., Cocktail Party; Charles J. Rieger, Merrill Lynch, Pierce, Fenner & Smith Inc., entertainment; William H. Thayer, Woodard-Elwood & Co., transportation; Leighton H. Borin, National Securities & Research Corp., tennis and horseshoes.

Fellowship Fund By N Y Bond Club

The Bond Club of New York has voted to establish a fellowship at the Graduate School of Business Administration of New York University, it was announced by William B. Chappell, First Boston Corp., President of the club.

It will be known as "The Bond Club of New York Fellowship" and will be given to a full time student majoring in finance who is a candidate for a Master's or Doctor's degree. The fellowship will be in the amount of $2,500 and will be effective initially in each of the school years 1960-61 and 1961-62. It is contemplated that recipients of the fellowship, upon graduation, will be available to assist financial institutions in research and to teach financial subjects in colleges and universities.

The Bond Club of New York was formed more than 40 years ago as an outgrowth of a Wall Street bond group which was active in the sale of Liberty bonds during the first World War. It now has over 750 members representing investment banking firms and major financial institutions.

Now With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Thomas W. Smith is now affiliated with Reynolds & Co., 425 Montgomery Street. He was previously with Francis I. du Pont & Co.

Form First Western

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — First Western Corporation has been formed with offices in the Northwestern National Bank Building to engage in a securities business.

Form Merit Investors

FLUSHING, N. Y.—Merit Investors Corporation is conducting a securities business from offices at 59-08 Kissena Boulevard.

STATE OF TRADE AND INDUSTRY

Continued from page 5

forces intact and overhead paid. Still others are being pressured by dealers to lower prices.

Managers mention two solutions for the profitless prosperity: (1) Wait hopefully for a boom to strain the industry's capacity so that price increases can be put through and made to stock. (2) Trim costs.

This Week's Steel Output Based On 61.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *109.9% of steel capacity for the week, beginning May 30, equivalent to 1,765,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *116.4% and 1,870,000 tons in the week beginning May 23.

Actual output for last week beginning May 23, 1960 was equal to 65.6% 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 61.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *133.0% and production 2,137,000 tons. A year ago the actual weekly production was placed at 2,653,000 tons, or *165.2%.

*Index of production is based on average weekly production for 1947-49.

Estimated Auto Production for June May Top 631,000 Cars, Highest Monthly Volume Since 1955

Production of more than 631,000 cars during June will be the highest volume for any similar month since 1955 and the third-best June total since the auto industry set an all-time record of 721,000 cars in 1950, "Ward's Automotive Reports" stated.

The reporting service said the June estimate, if achieved, would be nearly 16,000 units or 3% more than this month's estimated production of 615,600 cars and a 13% improvement over 557,995 assemblies in June a year ago.

Estimated May-June production, combined with output in the first four months of the year would figure to a first-half total of about 3,800,000 cars. This, "Ward's" said, would form a solid base for estimated calendar year, 1960, production of about 6,500,000 cars—a five-year annual high.

"Ward's" revealed that for week ended May 28, estimated auto output (144,027) dipped 7% under preceding week's 154,755 units, which had been a 13-week high for the industry.

The lower production volume followed a work week that was dotted by only a few overtime plant schedules.

Ford Motor Co.'s Falcon and Comet assembly lines continued their Saturday work plan, but the rest of the industry maintained a predominantly five-day program. Week-long shutdowns were in force at Studebaker-Packard and Chrysler Corporation's Los Angeles facility. Three Ford assembly sites and a Buick-Olds-Pontiac plant were reduced to four days operating time.

Electric Output 6.2% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 28, was estimated at 13,572,000,000 kwh., according to the Edison Electric Institute. Output was 104,000,000 kwh. above that of the previous week's total of 13,468,000,000 kwh. and showed a gain of 794,000,000 kwh., or 6.2% above that of the comparable 1959 week.

Car Loadings for Week Ended May 21 Decreased 7.2% Under Corresponding Week in 1959

Loading of revenue freight for the week ended May 21, 1960, totaled 636,808 cars, the Association of American Railroads announced. This was a decrease of 49,344 cars or 7.2% below the corresponding week in 1959 but an increase of 66,383 cars or 11.6% above the corresponding week in 1958.

Loadings in the week of May 21, were 3,146 cars or five-tenths of 1% below the preceding week.

There were 11,297 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended May 14, 1960 (which were included in that week's over-all total). This was an increase of 2,589 cars or 29.7% above the corresponding week of 1959 and 6,213 cars or 122.2% above the 1958 week. Cumulative loadings for the first 19 weeks of 1960 totaled 199,176 for an increase of 56,687 cars or 39.8% above the corresponding period of 1959, and 111,402 cars or 126.9% 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.

Intercity Truck Tonnage for May 21 Week was 4.8% Below The 1959 Week

Intercity truck tonnage in the week ended May 21, was 4.8% below the volume in the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was 1.3% behind that of the previous week of this year.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Slight Dip in Business Failures In Week Ended May 25

Commercial and industrial failures dipped to 299 in the week ended May 26 from 313 in the preceding week, reported Dun & Bradstreet, Inc. Despite this decline, casualties exceeded the 264 occurring in the similar week last year and the 278 in 1958. However, they remained 1% below the prewar level of 303 in the comparable week of 1939.

Failures involving liabilities of $5,000 or more fell off to 259 from 275 a week earlier although they continued above the 232 of this size last year. On the other hand, small casualties, those with liabilities under $5,000, edged up to 40 from 38 in the previous week and 32 last year. Thirty-three of the failing businesses had liabilities in excess of $100,000, rising from 29 in the preceding week.

The toll among retailers dropped to 131 from 150, while milder declines prevailed in construction, down to 48 from 55, and in manufacturing, off to 46 from 49. Contrasting increases lifted wholesaling casualties to 36 from 28 and commercial service to 38 from 31. More concerns succumbed than a year ago in all lines except manufacturing and retailing; in the latter group, tolls were about even with the 1959 level.

Five of the nine major geographic regions reported declines during the week. The most noticeable downturns took place in the Pacific States, where casualties fell to 55 from 74, and in the New England States, where they dropped to nine from 21. In contrast, Middle Atlantic failures climbed to 105 from 86 and East North Central to 55 from 46, while mild increases occurred in the West South Central and Mountain States. Business mortality exceeded last year's level in six regions, dipped in two and held steady in one.

Wholesale Food Price Index Unchanged in Latest Week

Although the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., was unchanged this week from the prior period, it was down somewhat from a year ago. On May 24 it remained at $5.94, and was down 2.6% from the $6.10 of the corresponding period last year.

Higher in wholesale price this week were corn, beef, bellies, coffee, cottonseed oil, eggs and potatoes. Lower were flour, wheat, rye, oats, hams, lard, sugar, cocoa, 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 Dips From Prior Week

There was a moderate decline in the general commodity price level this week, reflecting lower prices on wheat, hides, rubber and steel scrap. These decreases offset slight increases on corn, oats, hogs and steers. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 273.86 (1930-32 = 100) on May 27, compared with 274.40 on May 23 and 276.41 on the corresponding date a year ago.

On reports that yields in some areas were exceeding expectations, trading in wheat slackened somewhat during the week and prices were somewhat below the prior period. Rye prices finished unchanged at the end of the week after slipping earlier in the period. Rye offerings in some markets were light and supplies were limited.

Reflecting an appreciable pick-up in buying, corn prices moved up moderately from a week earlier. The increased volume was a result of unfavorable weather conditions in some growing areas which delayed planting. Trading in oats was steady and receipts were light which helped prices edge up. Soybean prices dipped from the preceding week as receipts moved up and transactions lagged.

Flour buying was confined to scattered fill-in orders and prices showed no change from the preceding week. Export sales of flour dipped at the end of the week after commitments were made to Vietnam, Indonesia, and Norway early in the week. Domestic buying of rice was up moderately, but prices were unchanged from a week earlier.

Volume in sugar matched that of the preceding week and prices were steady. Although trading in coffee subsided somewhat at the end of the week, prices remained close to the prior period. A slight rise occurred in cocoa prices, reflecting a moderate expansion in purchases. Arrivals of cocoa to United States ports to date came to 1,628,979 bags, compared with 1,506,654 in the similar 1959 period.

There was a moderate increase in hog trading at the end of the week, and prices finished slightly higher than the prior period. Steer prices edged up fractionally during the week, but transactions remained close to the week earlier; cattle receipts in Chicago were down slightly. Trading in lambs was steady and prices were unchanged.

Although trading on the New York Cotton Exchange dipped somewhat, prices were close to the preceding week. Exports of United States cotton for the season through May 24 came to about 6,014,000 bales, compared with 2,355,000 bales during the corresponding period last season.

Retail Trade Fractionally Below Year Ago

More unpleasant weather in many areas held consumer buying this week close to the prior period, and over-all retail trade was down fractionally from the similar period a year ago. While volume in men's apparel, outdoor furniture, some appliances, and new passenger cars showed year-to-year increases, sales of women's apparel, indoor furniture television sets, and floor coverings were down somewhat.

The total dollar volume of retail trade in the week ended May 25 was from 3% below to 1% 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: Mountain +3 to +7; South Atlantic 0 to +4; East South Central —1 to +3; New England and Middle Atlantic —2 to +2; West South Central —3 to +1; East North Central and Pacific Coast —4 to 0; West North Central —5 to —1.

Nationwide Department Store Sales Down 1% for May 21 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended May 21, 1960, show a decrease of 1% below the like period last year. In the preceding week, for May 14, a decrease of 2% was reported. For the four weeks ended May 21, a 1% increase was registered over the same period in 1959 while the Jan. 1 to May 21 period showed a 2% increase.

According to the Federal Reserve System department store sales in New York City for the week ended May 21 no change was reported over the like period last year. In the preceding week ended May 14 sales increased 1% over the like period last year. For the four weeks ending May 21 a 7% increase was reported over the 1959 period, and from Jan. 1 to May 21 showed a 6% increase over 1959.

Investment Firm's Stock Offered

Craig-Hallum, Inc. and associates on May 26 sold 110,000 shares of First Midwest Small Business Investment Co. common stock (par $5) at $7.50 per share, without benefit of a selling group.

The company will use the proceeds for investment in and lending to small businesses.

First Midwest Small Business Investment Co. is a licensee under the Small Business Investment Act of 1958, is the second licensee under the Act and the first in the Midwest. Originally licensed in March, 1959, First Midwest is qualified to do business in Minnesota, Wisconsin, North Dakota, South Dakota and Iowa. Application will be made for qualification in Montana, Illinois, Indiana and Michigan.

Form Banner Securities

Banner Securities, Inc. has been formed with offices at 1451 Broadway, New York City (care of Gettinger), to engage in a securities business. Officers are Frank Ebner, President; Jacob Levine, Secretary-Treasurer. Both were formerly with J. A. Winston & Co.

Joins Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George A. Briggs has joined the staff of Hayden, Stone & Co., 5657 Wilshire Boulevard. Mr. Briggs was previously with Paine, Webber, Jackson & Curtis.

National Cash Register Co. Debs. Offered

Dillon, Read & Co., Inc. heads a nationwide underwriting group which is offering publicly today (June 2) an issue of $40,000,000 The National Cash Register Co. 4¾% sinking fund debentures, due June 1, 1985, at 100%.

The debentures are entitled to a sinking fund, beginning June 1, 1965, sufficient to retire 75% of the issue prior to maturity. They are not redeemable prior to June 1, 1965 at an interest cost of less than 4.75%. Otherwise, they are redeemable at the option of the company at prices ranging from 104.75% during the year ended June 1, 1961 to 100% for the last year prior to maturity.

The net proceeds from the sale of the debentures will be used in part to repay current bank loans of approximately $5,000,000 which were incurred for working capital purposes, and the balance of the proceeds will be used to increase the general funds of the company for use primarily in financing the projected expansion of the company into the electronic business machine field.

The company and its subsidiaries are engaged in the production, distribution and servicing of business machines, including cash registers, accounting and bookkeeping machines, adding machines and electronic data processing systems, together with supplies for use in its machine products. The company and its subsidiaries employ approximately 49,000 people of whom about 23,000 are outside the United States. Principal manufacturing plants are located in the United States. Subsidiaries have manufacturing plants in Canada, Great Britain, Germany, Brazil, Japan and Switzerland and maintain smaller assembly and manufacturing operations in other foreign countries.

Net sales and other income of the company in 1959 amounted to $427,568,000 and net income to $19,076,000 compared with $400,079,000 and $15,512,000, respectively, in 1958.

Giving effect to the sale of the sinking fund debentures, capitalization of the company as of March 31, 1960 was: $40,854,000 in sinking fund promissory notes; $40,000,000 in sinking fund debentures; and 7,956,515 shares of common stock, par $5.

Bawl St. Journal On Stands Today

Copies of the "Bawl Street Journal," published annually by the Bond Club of New York, will go on sale at 10 a.m. today at the newsstand at 11 Wall Street, New York City. Howard Dean, Harris, Upham & Co., has been in charge of the make-up of the 1960 "Bawl Street Journal." Advance orders are already running well ahead of last year.

With Francis I. du Pont

BAKERSFIELD, Calif.—George Buell has become associated with Francis I. du Pont & Co., 1412 17th Street. He was formerly with Bailey & Company.

D. W. Collins Opens

BUFFALO, N. Y. — Donald W. Collins is conducting a securities business from offices in the Rand Building under the firm name of D. W. Collins & Co.

Form Foresight Inv.

Foresight Investors Co. has been formed with offices at 140 Nassau St., New York City, to engage in a securities business. Isaac Nachman is sole proprietor.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

For the first time since the final week of January 1959, the nation's banking system last week reported net free reserves. For the period ended May 25 the weekly average amounted to $21,000,000. Whether this shift from modest negative reserves to a moderate amount of free reserves is the start of a trend which will result in the member banks having token positive reserves will be known in time. The size of the net free reserves over a period should be the answer as to how much money market conditions are going to ease. This is important and should be watched closely.

The heavy movement of funds into the short-term Government market will be tested very shortly since corporations, the largest buyers of these securities, will have income tax payments to meet on the 15th of the month. If this demand should persist in spite of payments to the Treasury for taxes, it would indicate that corporations are well fixed for funds. The deposit banks also have more funds to work with.

Summit's Effect on Spending

The spending policy of the present and future Administrations for defense will have a marked influence on the money market. It is evident that the ill-fated Summit Conference is going to bring about changes in our defense spending and the important question now is whether or not there will be increases of such proportions as to throw the budget sharply out of balance. A sizable step-up in outlays for defense could bring about a large enough deficit in the budget so that the Treasury would have to raise new money in the open market to the tune of several billions. An increase in funds for defense purposes of such a magnitude as would completely unbalance the Federal budget would mean that the Government would have to resort again to deficit financing. This might bring to life again the inflation fears which in the past have resulted in a flight from fixed income bearing obligations.

In addition, the cost of obtaining this money through deficit operations of the Treasury would have a tightening effect on the money market unless the powers that be are inclined to ease money and credit conditions to meet such a new demand. However, in the past the monetary authorities have kept money and credit on the tight side when there is peace time deficit financing by the Treasury and the inflation psychology is strong.

On the other hand, only a modest increase in spending by the Government for defense purposes, which would not have too much of an effect upon the budget, could most likely be taken in stride. This would have little or no influence on the money market since there would still be a balance or nearbalance between income and outgo. There are not a few money market specialists who are inclined to go along with this idea since they believe that a step-up in defense spending will not be too large and the additional funds will be used mainly for the kind of defenses which will be much less expensive than would be the heavy kind of hardware.

Treasury Bills in Demand

The demand for Treasury bills has been and still continues to be sizable since the amount of funds seeking a short-term temporary haven continues to grow. Not only the uncertain international situation but also the domestic picture is resulting in purchases of the most liquid Government securities. The demand for these bills has been spilling over in some measure into the middle-term issues although these purchases so far have not been more than modest commitments.

The long-term Governments are still in the "professional" classification in spite of a moderate pick-up in demand from private and state pension funds. There is nonetheless an apparent lack of liquidating pressure in these bonds, since the holders of these securities are not inclined to be sellers at this time.

4% Rate for Savings Banks?

The savings banks in order to meet competition for funds want to go to 4% on savings deposits. And the current feeling is that they will be allowed to go that high in their pay-out rates to savers, although it is not likely to come over-night. There is no question but what the savings and loan associations are giving the mutual savings banks plenty of competition for the savers funds.

N. Y. Chamber of Commerce Elects

Ralph T. Reed, Chairman of the Executive Committee of American Express Co., has been elected President of the New York Chamber of Commerce. J. Wilson Newman, Board Chairman and Chief Executive Officer of Dun & Bradstreet Inc., was elected Chairman of the Chamber's Executive Committee. Both will serve until May, 1961.

Ralph T. Reed

Mr. Reed succeeds Isaac B. Grainger, director of the Chemical Bank New York Trust Co. He is the 57th President in the 192-year history of the Chamber, the nation's oldest organization of businessmen.

Mr. Newman succeeds Walter E. Sachs, senior partner of Goldman, Sachs and Co., who was named a Vice-President of the Chamber. Also chosen Vice-Presidents were Benjamin Strong, Board Chairman of United States Trust Co., and Robert Lehman, partner of Lehman Bros.

The Chamber's membership of 2,000 includes representatives of many of the nation's largest business, industrial and financial organizations.

E. W. Stewart Forms Own Investment Co.

MIAMI, Fla. — E. W. Stewart & Co., Inc. has been formed with offices in the First National Bank Building to engage in a securities business. Officers are Edward W. Stewart, President, William L. Deam, Vice-President, and Leonard Osheroff, Secretary-Treasurer. All were formerly with Plymouth Bond & Share Corporation, of which Mr. Stewart was Vice-President.

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. (6/6-10)
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.

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.

Alberta Municipal Financing Corp. (6/16)
May 19 filed $30,000,000 of sinking fund debentures, due June 15, 1985, and to be unconditionally guaranteed by the Province of Alberta. **Price** — To be supplied by amendment. **Proceeds**—To be applied, after conversion into Canadian funds, to the reduction of short-term bank loans amounting to approximately $1,700,000 incurred to provide working capital and to the purchase of securities of municipalities, cities, towns and villages within Alberta, Canada, as loan applications are appproved. **Underwriters**—The First Boston Corp. and Wood, Gundy & Co., Inc., both of New York.

• Ald, Inc. (6/13-17)
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.

★ Alderson Research Laboratories, Inc. (6/20-24)
May 26 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—48-14 33rd St., Long Island City, N. Y. **Underwriter** — Morris Cohon & Co., New York, N. Y.

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.

• Alside, Inc. (6/15)
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.

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.

Ameco Electronic Corp. (6/27- 7/1)
May 19 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 37 E. 18th Street, New York, N. Y. **Underwriter**—Palombi Securities Co., New York, N. Y.

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 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.

Continued on page 36

NEW ISSUE CALENDAR

June 3 (Friday)

Chemical Packaging Co., Inc. ______ Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Englehard Industries, Inc. ______ Common
(Dillon, Read & Co., Inc. and Lazard Freres & Co.) 400,000 shares

FXR, Inc. ______ Debentures
(C. E. Unterberg, Towbin Co.) $2,000,000

Viewlex, Inc. ______ Class A
(Stanley Heller & Co.) $800,000

June 6 (Monday)

A. K. Electric Corp. ______ Common
(Hilton Securities, Inc.) $300,000

American Stereophonic Corp. ______ Common
(D. H. Victor & Co., Inc.) $100,000

Cabana Pools, Inc. ______ Common
(Mandell & Kahn, Inc.) $300,000

Certified Credit & Thrift Corp. ______ Stock
(Commonwealth Securities Corp.) $5,050,000

Continental Capital Corp. ______ Capital
(McDonnell & Co.) $3,290,000

Crawford Corp. ______ Common
(A. G. Becker & Co., Inc.) 200,000 shares

Doak Pharmacal Co., Inc. ______ Common
(Ross Securities, Inc.) $300,000

Drug Associates, Inc. ______ Common
(Fidelity Securities & Investment Co., Inc.) 10,000 shares

Drug Associates, Inc. ______ Bonds
(Fidelity Securities & Investment Co., Inc.) $100,000

Dubois Chemicals, Inc. ______ Common
(Allen & Co.) 200,000 shares

Dymo Industries, Inc. ______ Capital
(William R. Staats & Co.) 150,000 shares

Dynamic Films, Inc. ______ Common
(Morris Cohon & Co.) $300,000

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

Equitable Leasing Corp. ______ Common
(Courts & Co.) $100,000

Esquire Radio & Electronics, Inc. ______ Common
(Myron A. Lomasney & Co.) $750,000

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

Friendly Frost Inc. ______ Common
(No underwriting) $1,125,000

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

Hampshire Gardens Associates ______ Units
(B. C. Morton & Co., Inc.) $376,000

Howe Plastics & Chemical Companies, Inc. ___ Com.
(Hilton Securities, Inc.) $180,000

Liberty Records, Inc. ______ Common
(Crowell, Weedon & Co.) $1,200,000

Lite-Vent Industries, Inc. ______ Common
(Peter Morgan & Co.) $520,000

McGowen Glass Fibers Corp. ______ Common
(Simmons, Rubin & Co., Inc.) $300,000

Mattel, Inc. ______ Common
(Bache & Co.) 300,000 shares

Medallion Pictures Corp. ______ Debentures
(Hancock Securities Corp.) $300,000

National Lawnservice Corp. ______ Common
(Fund Planning Inc.) $300,000

National Old Line Life Insurance Co. ______ Common
(Equitable Securities Corp.) 128,329 shares

North Central Co. ______ Common
(No underwriting) 420,945 shares

Northwestern Bell Telephone Co. ______ Debentures
(Bids 11:30 a.m. EDT) $45,000,000

Ott Chemical Co. ______ Debentures
(Offering to stockholders—underwritten by H. M. Byllesby & Co., Inc.) $450,000

Pennsylvania Co. ______ Bonds
(The First Boston Corp.; Glore, Forgan & Co. and Salomon Bros. & Hutzler) $35,000,000

Pioneer Metals, Inc. ______ Common
(Hancock Securities Corp.) $300,000

Reliance Manufacturing Co. ______ Common
(Glore, Forgan & Co.) 150,000 shares

Simmonds Precision Products, Inc. ______ Common
(Shearson, Hammill & Co.) 112,500 shares

Speed-Way Food Stores Inc. ______ Common
(J. J. Krieger & Co., Inc.) $300,000

Telecomputing Corp. ______ Common
(Dean Witter & Co.) 100,000 shares

Thermal Industries of Florida, Inc. ______ Common
(Peter Morgan & Co.) $720,000

Tri-Point Plastics, Inc. ______ Common
(Martinelli, Hindley & Co., Inc.) $300,000

United States Boat Corp. ______ Common
(Richard Bruce & Co., Inc.) $700,000

West Ohio Gas Co. ______ Common
(Offering to stockholders—No underwriting) $753,340

Yale Express System, Inc. ______ Class A
(Michael G. Kletz & Co., Inc.) $1,650,000

June 7 (Tuesday)

Chicago, Burlington & Quincy RR. ______ Equip. Trust Ctfs.
(1:00 p.m. EDT) $2,550,000

Food Fair Stores, Inc. ______ Common
(Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co.) 168,833 shares

Growth Capital, Inc. ______ Common
(McDonald & Co. and Paine, Webber, Jackson & Curtis) $10,000,000

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

Pan American Envelope Co., Inc. ______ Common
(Merritt, Vickers, Inc.) $300,000

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

Washington Gas Light Co. ______ Bonds
(Bids 11:30 a.m. EDT) $12,000,000

June 8 (Wednesday)

Atlantic Coast Line RR. ______ Equip. Trust Ctfs.
(12 noon EDT) $4,665,000

Bowers Battery & Spark Plug Co. ______ Common
(Dempsey-Tegeler & Co.) $1,500,000

Brush Beryllium Co. ______ Common
(Kuhn, Loeb & Co. and McDonald & Co.) 410,206 shares

Savannah Newspapers, Inc. ______ Common
(Johnson, Lane, Space Corp.) $2,520,000

United Financial Corp. of California ______ Debentures
(Lehman Brothers) $6,000,000

United Financial Corp. of California ______ Capital
(Lehman Brothers) 120,000 shares

Vector Manufacturing Co., Inc. ______ Common
(Paine, Webber, Jackson & Curtis) 250,000 shares

Witco Chemical Co. ______ Debentures
(Smith, Barney & Co., Inc. and Goldman, Sachs & Co.) $8,000,000

June 9 (Thursday)

Baltimore Gas & Electric Co. ______ Bonds
(Bids 11 a.m. EDT) $25,000,000

National Packaging Corp. ______ Common
(First Securities Corp.) $360,000

June 10 (Friday)

American International Aluminum Corp. ______ Common
(Hardy & Co. and Filor, Bullard & Smyth) 400,000 shares

Foto-Video Electronics Corp. ______ Class B
(D. F. Bernheimer & Co., Inc.) $500,000

Laboratory For Electronics, Inc. ______ Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 100,000 shares

Vulcatron Corp. ______ Common
(P. de Rensis & Co., Inc.) $300,000

Waltham Precision Instrument Co., Inc. ______ Common
(Offering to stockholders—underwritten by Schweickart & Co.) 700,000 shares

June 13 (Monday)

Airport Parking Co. ______ Common
(L. F. Rothschild & Co. and Murch & Co., Inc.) 42,574 shares

Ald, Inc. ______ Common
(Dean Witter & Co.) 335,880 shares

Alterman Foods, Inc. ______ Common
(Kidder, Peabody & Co.) 230,000 shares

American Penn Life Insurance Co. ______ Capital
(Offering to stockholders—no underwriting) $3,570,000

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

Chemo-Vive Processes, Inc. ______ Common
(General Investing Corp.) $150,000

Chemtree Corp. ______ Common
(Havener Securities Corp.) $262,750

Coca-Cola Bottling Co. of New York, Inc. ___ Com.
(Eastman Dillon, Union Securities & Co.) 298,204 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

Florida Builders, Inc.---Common
(Jaffee & Co.) 80,000 shares

Franklin Corp.---Common
(Blair & Co., Inc.) $10,000,000

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

Henderson's Portion Pak, Inc.---Common
(Burnham & Co.) 200,000 shares

Hudson Vitamin Products, Inc.---Common
(Bear, Stearns & Co.) 212,500 shares

Midwest Technical Development Corp.---Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co. and Piper, Jaffray & Hopwood) 561,500 shares

Obear-Nester Glass Co.---Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 210,045 shares

Oxford Manufacturing Co., Inc.---Common
(W. C. Langley & Co. and Courts & Co.) 240,000 shares

Reeves Broadcasting & Development Corp.---Com.
(Laird & Co. Corp.) $2,336,960

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

Security Industrial Loan Association---Debentures
(Lee Higginson Corp.) $500,000

Security Industrial Loan Association---Common
(Lee Higginson Corp.) 50,000 shares

Sierra Electric Corp.---Common
(Marron, Sloss & Co., Inc.) $900,000

(A. G.) Spalding & Bros. Inc.---Common
(Offering to stockholders—no underwriting) $1,709,680

Swimming Pool Development Co., Inc.---Common
(Marron, Sloss & Co., Inc.) $1,250,000

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

Long Island Trust Co.---Capital
(Offering to stockholders—No underwriting) $1,412,599

June 15 (Wednesday)

Alside, Inc.---Common
(Reynolds & Co., Inc.) 300,000 shares

American Frontier Life Insurance Co.---Capital
(Union Securities Investment Co.) $1,600,000

Garrett Corp.---Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 100,000 shares

General Atronics Corp.---Common
(Harrison & Co.) $544,810

Harnischfeger Corp.---Preferred
(The First Boston Corp.) 60,000 shares

Monowall Homes, Inc.---Common
(American Diversified Securities, Inc.) $300,000

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

Thurow Electronics, Inc.---Common
(Donald V. Stabell) $600,000

Uranium Reduction Co.---Common
(A. C. Allyn & Co., Inc.) 200,000 shares

June 16 (Thursday)

Alberta Municipal Financing Corp.---Debentures
(The First Boston Corp. and Wood, Gundy & Co., Inc.) $30,000,000

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)

Alderson Research Laboratories, Inc.---Common
(Morris Cohon & Co.) $300,000

American Rubber & Plastics Corp.---Common
(Hornblower & Weeks) 200,000 shares

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

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

E S C Electronics Corp.---Common
(Laird, Bissell & Meeds) $300,000

Fairmount Finance Corp.---Common
(J. T. Patterson & Co., Inc.) $290,000

Farrington Manufacturing Co.---Debentures
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000

Faultless Caster Corp.---Common
(Hayden, Stone & Co.) 250,000 shares

Federated Electronics, Inc.---Common
(J. B. Coburn Associates, Inc.) $300,000

General Drive-In Corp.---Common
(Paine, Webber, Jackson & Curtis) 180,000 shares

General Sales Corp.---Common
(B. Fennekohl & Co., Inc.) 90,000 shares

Kenrich Petrochemicals, Inc.---Common
(First Philadelphia Corp.) $192,500

Kenrich Petrochemicals, Inc.---Debentures
(First Philadelphia Corp.) $175,000

Martin-Parry Marine Corp.---Common
(Edward H. Stern & Co.) $300,000

Movielab Film Laboratories, Inc.---Common
(Granbery, Marache & Co.) 100,000 shares

OK Rubber Welders, Inc.---Common
(Bosworth, Sullivan & Co., Inc.) 50,000 shares

Sea-Highways, Inc.---Common
(John R. Maher Associates) $300,000

Service Instrument Corp.---Common
(Pearson, Murphy & Co., Inc.) $300,000

Talcott (James), Inc.---Common
(F. Eberstadt & Co. and White, Weld & Co.) 150,000 shares

Talcott (James), Inc.---Notes
(F. Eberstadt & Co. and White, Weld & Co.) $20,000,000

June 21 (Tuesday)

Oslo (City of) Norway---Bonds
(Kuhn, Loeb & Co.; Harriman Ripley & Co.; Lazard Freres & Co. and Smith, Barney & Co.) $10,000,000

June 22 (Wednesday)

Harvey Aluminum, Inc.---Common
(Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day) 750,000 shares

June 24 (Friday)

Miles Laboratories, Inc.---Debentures
(Offering to stockholders—underwritten by The First Boston Corp) $8,300,000

Northwest Natural Gas Co.---Preferred
(Lehman Brothers) 60,000 shares

June 27 (Monday)

Ameco Electronic Corp.---Common
(Palombi Securities Co.) $300,000

Arkansas Western Gas Co.---Common
(Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc.) 50,000 shares

Atlas Bowling Centers, Inc.---Common
(Keller & Co.) 100,000 shares

C. F. C. Funding Inc.---Common
(Darius, Inc.) $150,000

Cellomatic Battery Corp.---Units
(Willis E. Burnside & Co., Inc.) $300,000

Electrada Corp.---Common
(Bache & Co.) 400,000 shares

Gem International, Inc.---Common
(Bosworth, Sullivan & Co., Inc. and Scherck, Richter Co.) 150,000 shares

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

Gulf States Utilities Co.---Bonds
(Bids 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

Illinois Beef, L. & W. S., Inc.---Common
(Amos Treat & Co., Inc.) $2,000,000

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

Navigation Computer Corp.---Common
(Drexel & Co. and Townsend, Crouter & Bodine) 50,709 shares

Polycast Corp.---Debentures
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) $400,000

Polycast Corp.---Common
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) 20,000 shares

Powertron Ultrasonics Corp.---Common
(No underwriting) $410,000

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

Triumph Storecrafters Corp.---Common
(Hardy & Hardy and First Southeastern Co.) 145,000 shares

Win-Chek Industries, Inc.---Class A
(Michael G. Kletz & Co.) $450,000

June 28 (Tuesday)

Bausch & Lomb Inc.---Debentures
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) $6,657,900

Tampa Electric Co.---Bonds
(Bids to be invited) $25,000,000

July 1 (Friday)

Dalto Corp.---Common
(No underwriting) 134,739 shares

July 5 (Tuesday)

American Sterilizer Co.---Common
(Glore, Forgan & Co. and Fulton, Reid & Co., Inc.) 150,000 shs.

Arco Electronics, Inc.---Common
(Michael G. Kletz & Co., Inc.) 140,000 shares

Futterman Corp.---Class A
(Reynolds & Co.) 660,000 shares

Itemco, Inc.---Common
(Morris Cohon & Co. and Schrijver & Co.) $500,000

Namm-Loeser's Inc.---Common
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares

July 6 (Wednesday)

Illinois Bell Telephone Co.---Bonds
(11:00 a. m. EDT) $50,000,000

Sierra Pacific Power Co.---Bonds
10:30 a.m.EDT) $3,500,000

July 7 (Thursday)

Gulf Power Co.---Preferred
(11:00 a.m. EDT) $5,000,000

Gulf Power Co.---Bonds
(11:00 a.m. EDT) $5,000,000

Mississippi River Fuel Corp.---Debentures
(Eastman Dillon, Union Securities & Co.) $24,000,000

July 8 (Friday)

Laclede Gas Co.---Common
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and Reinholdt & Gardner) Offering to stockholders—243,600 shares

New Britain Gas Light Co.---Common
(Offering to stockholders—underwritten by Putnam & Co.) 16,000 shares

July 11 (Monday)

Brockway Glass Co., Inc.---Common
(Lehman Brothers & Blyth & Co., Inc.) 162,000 shares

Consolidated Research & Mfg. Corp.---Units
(Bertner Bros.) $6,325,000

Pauley Petroleum Inc.---Debentures
(William R. Staats & Co.) $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

Sav-A-Stop, Inc.---Common
(Pistell, Crow Inc.) $450,000

July 12 (Tuesday)

Central Illinois Electric & Gas Co.---Bonds
(Bids to be invited) $10,000,000

July 14 (Thursday)

Varian Associates---Capital
(Offering to stockholders—underwritten by Dean Witter & Co.) 216,645 shares

July 18 (Monday)

Astrotherm Corp.---Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $616,000

July 19 (Tuesday)

New Jersey Power & Light Co.---Bonds
(11:00 a.m. EDT) $5,000,000

July 26 (Tuesday)

Consumers Power Co.---Debentures
(Bids to be invited) $38,101,600

Southern Counties Gas Co.---Bonds
(Bids to be invited)

August 1 (Monday)

Kings Electronics Co., Inc.---Units
(Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co.) $800,000

August 9 (Tuesday)

Southwestern Bell Telephone Co.---Debentures
(11 a.m. EDT) $100,000,000

August 23 (Tuesday)

Michigan Bell Telephone Co.---Debentures
(Bids to be invited) $35,000,000

Southern California Edison Co.---Bonds
(Bids to be invited) $60,000,000

September 13 (Tuesday)

Virginia Electric & Power Co.---Bonds
(Bids to be invited) $25,000,000

September 20 (Tuesday)

Public Service Electric & Gas Co.---Bonds
(Bids to be invited) $50,000,000

September 27 (Tuesday)

Indianapolis Power & Light Co.---Bonds
(11:00 a. m. N. Y. Time) $12,000,000

October 4 (Tuesday)

Alberta Gas Trunk Line Co.---Bonds
(No underwriting) $65,000,000

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

Continued from page 34

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 Frontier Life Insurance Co. (6/15)**
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. (6/10)**
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 Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds** —To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

● **American Penn Life Insurance Co. (6/13-17)**
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.
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 being offered for subscription by stockholders of each issuer of record May 25 at the rate of one new share for each five shares held with rights to expire on June 14 at 3:30 p.m. EDT. **Price** — $55 per unit. **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. (6/6-10)**
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.

American Sterilizer Co. (7/5-8)
May 20 filed 150,000 shares of common stock (par $3.33⅓). **Price**—To be supplied by amendment. **Proceeds** —Of the net proceeds from the sale, approximately $600,000 will be available to AMSCO Laboratories, Inc., a wholly-owned subsidiary, as an additional advance for the completion of a new manufacturing plant. The balance will be used to reduce short-term bank borrowings and for additional working capital. **Underwriters**—Glore, Forgan & Co., New York and Fulton, Reid & Co., Inc., Cleveland, Ohio.

Anken Chemical & Film Corp.
April 7 filed 146,555 shares of common stock (par 20 cents) being offered for subscription by holders of outstanding common stock of record May 20 at the rate of one new share for each six shares held, with rights to expire on June 6 at 3:30 p.m. (EDT). **Price**—$30 per share. **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.

★ **Appalachian Oil & Mineral Development Co., Inc.**
May 23 (letter of notification) 40,000 shares of common stock of which 15,000 shares will be offered to various persons in exchange for certain properties and services. **Price**—$1 per share. **Proceeds**—For expenses for exploration of oil and gas resources. **Address**—Gate City, Va. **Underwriter**—None.

★ **Aquavee Corp.**
May 25 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** —For general corporate purposes. **Office** — 1010 Third Street, East Northport, L. I., N. Y. **Underwriter**—None.

● **Arco Electronics, Inc. (7/5-8)**
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.
April 22 filed 333,400 shares of common stock (par $5), being 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**—$36.50 per share. **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. (6/27-7/1)**
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.

Arnoux Corp.
May 23 filed 133,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—11924 W. Washington Blvd., Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York. **Offering** — Expected sometime in August.

★ **Associated Grocers' Co. of St. Louis**
May 23 (letter of notification) 3,000 shares of common stock to be offered for subscription by member-stockholders or prospective member-stockholders. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office** — 5030 Berthold, St. Louis, Mo. **Underwriter** — None.

★ **Associated Testing Laboratories, Inc.**
May 25 filed 75,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** —To retire $100,000 of short-term bank loans, to provide additional facilities and equipment for plants at Wayne, N. J., and Winter Park, Fla., and the balance will be added to working capital. **Office**—Clinton Road, Caldwell, N. J. **Underwriter**—Drexel & Co., New York and Philadelphia.

● **Astrotherm Corp. (7/18-22)**
May 24 filed $308,000 of 8% subordinated convertible debentures, due July 1970, 154,000 shares of common stock, and 46,200 common stock purchase warrants. The company proposes to offer these securities in units, each unit to consist of $100 of principal amount of debentures, 50 common shares, and 15 warrants exercisable initially at $2 per share. **Price**—$200 per unit. **Proceeds**—To repay loans, purchase new equipment and the balance for working capital. **Office**—Indianapolis, Ind. **Underwriters** —Ross, Lyon & Co., Inc., Glocus, Inc., and Harold C. Shore & Co., all of New York City.

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.

★ **Automatic Merchandising, Inc.**
May 25 (letter of notification) $250,000 of 10-year, 7% debentures to be offered for subscription by stockholders on the basis of a $10 debenture for each 12 shares of common stock owned. **Price**—At face amount. **Proceeds** —To repay short-term indebtedness, buy merchandise, and for working capital. **Office**—217 N. Willow Avenue, Tampa, Fla. **Underwriter**—None.

● **Aviation Employees Corp.**
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C. **Note**—Ralph B. Leonard & Sons, Inc., of New York City is no longer involved in the underwriting.

★ **Bahams Caribbean Corp. Ltd.**
May 25 filed 4,500 shares of common stock, to be offered for sale at $5 per share, and 600 units of 6% promissory notes, to be offered for sale at $212.50. **Proceeds** — To develop a 100 acre tract of land located on Grand Bahama Island in the Bahamas. **Office**—5008 Dodge Street, Omaha, Neb. **Underwriter**—None.

● **Baltimore Gas & Electric Co. (6/9)**
May 23 filed $25,000,000 of first refunding mortgage sinking fund bonds, series due 1980. **Proceeds**—For general corporate purposes, including proposed construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Harriman Ripley & Co. Incorporated and Alex Brown & Sons (jointly). **Bids**—Expected to be received on June 9 up to 11:00 a.m. EDT. **Information Meeting**—Scheduled for June 6 at 3:00 p.m. EDT.

★ **Basic Inc.**
May 26 filed 123,808 outstanding shares of common stock, of which 81,161 shares are institutionally held. All shares result from conversion of convertible preference shares placed in 1958. **Price**—Related to the current market price on the American Stock Exchange at time of offering. **Proceeds** — To selling stockholders. **Office**—845 Hanna Building, Cleveland, Ohio. **Underwriter**—The First Boston Corp., New York.

Bausch & Lomb Inc. (6/28-7/13)
May 19 filed $6,657,900 of convertible subordinated debentures due 1980. It is proposed that these debentures will be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 13 common shares held. **Price**—To be supplied by amendment. **Proceeds**—About $5,000,000 will be used to construct new facilities in Rochester and the balance will be used for working capital and other corporate purposes. **Office** — 63 St. Paul Street, Rochester, N. Y. **Underwriter**—Stone & Webster Securities Corp., New York.

● **Bevis Shell Homes, Inc. (6/20-24)**
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 comanagers.

● **Big Laurel, Inc. (6/13-17)**
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

Birtcher 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. (6/8-15)**
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.

Brockway Glass Co., Inc. (7/11-15)
May 19 filed 162,000 shares of common stock (par $5), of which 32,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and 130,000 shares are to be offered by the issuing company. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward the cost of building and equipping a new glass container plant at Rosemount, Minn., near St. Paul and Minneapolis, estimated at $5,750,000. The balance of the cost of the plant will be paid from the company's funds. **Office**—1200 Wood Street, Brockway, Pa. **Underwriters** — Lehman Brothers and Blyth & Co., Inc., both of New York.

● **Bruce National Enterprises, Inc. (6/13-17)**
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 corpo-

rate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George O'Neill & Co., Inc., New York.

• Brush Beryllium Co. (6/8)
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. (6/6-10)
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.

★ Cambridge Financial Corp.
May 25 (letter of notification) 299,700 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**— For general corporate purposes. **Office** — 161 William Street, New York, N. Y. **Underwriter**—None.

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.

★ Cellomatic Battery Corp. (6/27-7/1)
May 20 (letter of notification) $270,000 of 6% guaranteed 5-year convertible notes and 6,000 shares of common stock (par 10 cents) to be offered in units consisting of a $90 note and two shares of common stock. **Price** —$100 per unit. **Proceeds**—For working capital. **Office**— 300 Delaware St., Archibald, Pa. **Underwriter**—Willis E. Burnside & Co., Inc., New York, N. Y.

★ Central Illinois Electric & Gas Co. (7/12)
June 1 filed $10,000,000 of first mortgage bonds series due 1990. **Proceeds**—To be used to provide a portion of the funds required for present and contemplated construction program of the company and to provide for the payment of some $5,000,000 of bank loans incurred or to be incurred for such purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co. Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected to be received on July 12.

Certified Credit & Thrift Corp. (6/6-10)
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.

• Chemical Packaging Co., Inc. (6/3)
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. (6/13-17)
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. (6/13-17)
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 (6/13-17)
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.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

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.

★ Consolidated Research & Manufacturing Corp. (7/11-15)
May 27 filed 50,000 shares of class A and 50,000 shares of class B stock (par 10 cents). The company proposes to offer these shares in units of one share of each class. **Price**—$6.50 per unit. **Proceeds**—For equipment, sales expansion, increased advertising and marketing program budget, and working capital and general expansion. **Office** — 1184 Chapel Street, New Haven, Conn. **Underwriter**—Bertner Bros., New York.

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. (6/6-10)
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.

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. (6/6-10)
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. (7/1)
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.

★ Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

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.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

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, Inc. (6/6-10)
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. (6/6-10)
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

Continued on page 38

Continued from page 37

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.

● 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 statement has been withdrawn.

● Dymo Industries, Inc. (6/6-10)
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.

● Dynamic Films, Inc. (6/6-10)
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.
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.

E. S. C. Electronics Corp. (6/20-24)
May 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 534 Bergen Boulevard, Palisades Park, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

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.

★ Ebsco Industries, Inc.
May 23 (letter of notification) 100,000 shares of common stock (par $1) to be offered to certain key employees of the company and its subsidiaries on a first subscriber's basis. **Price**—$2.55 per share. **Proceeds**—For working capital. **Office**—1230 First Avenue, N., Birmingham 3, Ala. **Underwriter**—None.

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. (6/6-10)
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.

★ Elja Oil Corp.
May 20 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Office**—203 Elsby Building, New Albany, Ind. **Underwriter**—None.

● Englehard Industries, Inc. (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. (6/6-10)
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.

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 late June or early July.

Esquire Radio & Electronics, Inc. (6/6-10)
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.

● FXR, Inc. (6/3)
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.

Fairmount Finance Co. (6/20-24)
May 6 (letter of notification) 58,000 shares of class A common stock (par $5). **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—5715 Sheriff Road, Fairmount Heights, Md. **Underwriter**—J. T. Patterson & Co., Inc., 40 Exchange Place, New York, N. Y.

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. (6/20-24)
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. (6/6-10)
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. (6/20-24)
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. (6/6-10)
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.

★ Filmways, Inc.
May 27 (letter of notification) 16,000 shares of common stock (par 25 cents). **Price**—At market price on the American Stock Exchange at the time of sale. **Proceeds**—To go to a selling stockholder. **Office** — 18 E. 50th Street, New York 22, N. Y. **Underwriter**—None.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co., Inc., New York and Philadelphia. **Offering**—Delayed.

First National Realty & Construction Corp. (6/6-10)
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.

● Florida Builders, Inc. (6/13-17)
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.

● Food Fair Stores, Inc. (6/7)
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.

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.

● Franklin Corp. (6/13-17)
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.

● Friendly Frost, Inc. (6/6-10)
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. (7/5-8)
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 being offered for subscription to stockholders of record as of June 2, on the basis of one new share for each share held with rights to expire on June 16. **Price**—To stockholders, $18.50 per share; to the public, $22.50 per share. **Proceeds**—For an expansion program. **Office**—4601 Allmond Ave., 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. (6/27-7/1)
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** — Bos-

worth, Sullivan & Co., Inc., Denver, Colo.; and Scherck, Richter Co., St. Louis, Mo.

● General Atronics Corp. (6/15)
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. (6/20-24)
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 Meters, Inc. (6/15)
May 11 (letter of notification) 104,703 shares of common stock (par $1) to be offered for subscription by stockholders of record for a seven day period on the basis of ¾ of a share for each share held. **Price**—$1.50 per share. **Proceeds**—For construction, purchase of equipment and working capital. **Office**—287-27 Road, Grand Junction, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

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.

★ Gibbs & Hill, Inc.
May 25 (letter of notification) 3,500 shares of common stock (par $5). **Price**—$39.90 per share. **Proceeds**—For general corporate purposes. **Address** — Pennsylvania Station, N. Y. **Underwriter**—None.

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. (6/27-7/1)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp. **Offering**—Indefinitely delayed.

Great 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.

Greenbelt Consumer Services, Inc.
April 28 filed 40,000 shares of series A common stock and 160,000 shares of series B common stock. **Price**—$10 per share. **Proceeds**—$400,000 will be used in payment of bank loans made in January to finance the purchase of equipment for two new supermarkets which are planned to be opened in May and June, 1960. Approximately $200,000 will be used for the purchase of inventory for the two new stores. The company contemplates opening four additional supermarkets within the next two and one-half years. Approximately $1,200,000 of the proceeds of the offering will be used to finance the purchase of equipment and inventory for such stores. The balance of approximately $182,000 will be added to general working capital. **Office**—10501 Rhode Island Ave., Beltsville, Md. **Underwriter**—None. **Offering**—Expected in July.

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. (6/7)
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.

★ Guild Films Co., Inc.
May 31 filed 17,664,891 shares of common stock. It is proposed that 2,400,000 shares will be issued to creditors of the company in satisfaction of their claims against the company. It is also proposed to offer 12,515,000 shares to various corporations comprising the Vic Tanny Gymnasium System pursuant to an agreement for the acquisition of said System by the company. Under an agreement with Victor A. Tanny the company will acquire all the assets and liabilities of the Vic Tanny Gymnasium System in exchange for the 12,515,000 shares of stock. **Office**—New York City.

★ Gulf Power Co. (7/7)
May 27 filed $5,000,000 of first mortgage bonds, due 1990. **Proceeds**—Together with other funds, will be used for property additions and improvements and for payment of $3,092,800 of bank loans. **Office**—75 North Pace Boulevard, Pensacola, Fla. **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 at 3:30 p.m. New York Time, at the office of the Chase Manhattan Bank, Room 238, 43 Exchange Place, New York City. **Bids**—Expected to be received at the office of Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time on July 7, 1960.

★ Gulf Power Co. (7/7)
May 27 filed 50,000 shares of cumulative preferred stock (par $100). **Proceeds**—Together with other funds, will be used for property additions and improvements and for payment of $3,092,800 of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co., Incorporated; 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 at 3:30 p.m. New York Time, at the office of The Chase Manhattan Bank, Room 238, 43 Exchange Place, New York City. **Bids**—Expected to be received at the office of Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time on July 7, 1960.

★ Gulf States Utilities Co. (6/27)
May 25 filed $17,000,000 of first mortgage bonds, series due 1990. **Proceeds**—To pay some $15,000,000 of short-term notes issued under revolving credit agreements to provide funds for construction purposes, and the balance will be used to carry forward the construction program and for other corporate purposes. **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). **Bids**—Expected to be received on June 27 at 12 noon (EDT). **Information Meeting**—Scheduled for June 15 at 10:30 a.m.

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 late June.

● Hampshire Gardens Associates (6/6-10)
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.

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.) (6/22)
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.

★ Helicopters, Inc.
May 19 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For purchase of equipment, tools, inventory and working capital. **Office**—Heliport, Stapleton Airfield, Denver 2, Colo. **Underwriter**—Insurance Stocks, Inc., Denver, Colo.

● Henderson's Portion Pak, Inc. (6/13-17)
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.

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. (6/6-10)
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. (6/13-17)
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. (6/27-7/1)
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.
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.

● Itemco, Inc. (7/5-8)
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—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.

● Kenrich Petrochemicals, Inc. (6/20-24)
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.

★ Kings Electronics Co., Inc. (8/1-5)
May 26 filed 200,000 shares of common stock (par 10 cents) and 100,000 common stock purchase warrants.

Continued on page 40

Continued from page 39

The company proposes to offer these securities for public sale in units, each consisting of one share of common stock and one-half common stock purchase warrant. **Price**—$4 per unit. **Proceeds**—$165,000 will be applied to the repayment of certain loans, $75,000 for development and design work by a subsidiary in the field of infra-red instrumentation, $100,000 for continued research in the design, development and production of components for microwave instruments, and the balance for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriters** — Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co., all of New York City.

● Laboratory for Electronics, Inc. (6/10)
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.

★ Laclede Gas Co.
June 1 filed $10,000,000 of first mortgage bonds. **Proceeds** — Together with the proceeds from the sale of common stock, will be applied towards the repayment of bank loans incurred in connection with the company's construction program for additions to the company's working capital, to be used for construction and general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith Inc. and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co.

★ Laclede Gas Co. (7/8)
June 1 filed a maximum of 243,600 shares of common stock (par $4), to be offered to stockholders on the basis of one additional share for each 14 shares of common stock held of record at the close of business on July 8, 1960. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the proposed sale of the first mortgage bonds will be applied toward repayment of bank loans incurred in connection with the company's construction program and for additions to the company's working capital, to be used for construction and other corporate purposes. **Underwriters** — Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York, and Reinholdt & Gardner, St. Louis, Mo.

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 Filter Corp.
May 27 filed 110,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—About $250,000 will be used to discharge bank loans, the proceeds of which were used to provide additional working capital and to discharge other short-term indebtedness; $100,000 for construction and purchase of additional tools, dies and machinery and additions to raw material inventory; and the balance for general corporate purposes. **Office**—191 Talmadge Road, Edison, N. J. **Underwriter**—Myron A. Lomasney & Co., New York.

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.

Liberian Iron Ore Ltd.
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $20,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $20,000,000 of 6¼% subordinated debentures due 1985 of Lio, and unspecified number of shares of Lio capital stock, to be offered in units. Also included in the registration statement are $20,000,000 of 6¼% secured promissory notes, series A, of Lamco and $20,000,000 of 6¼% subordinated debentures of Lamco. **Price**—For units, to be supplied by amendment. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S. **Underwriter**—White, Weld & Co., Inc., New York.

Liberty Records, Inc. (6/6-10)
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.

● Lite-Vent Industries, Inc. (6/6-10)
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.

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 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.

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.

Mattel, Inc. (6/6-10)
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.

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. (6/6-10)
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. (6/6-10)
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.

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.

Midwest Technical Development Corp. (6/13-17)
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. (6/7)
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. **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.

★ Mississippi River Fuel Corp. (7/7)
June 1 filed $24,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward the reduction of outstanding bank loans. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

★ Model Finance Service, Inc.
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

● Monowall Homes, Inc. (6/15)
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.

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.

Mustang Lubricant, Inc.
May 9 filed 80,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Denver, Colo. **Underwriter**—To be supplied by amendment.

● Namm-Loeser's Inc. (7/5-8)
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 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. (6/9-10)
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.

Navigation Computer Corp. (6/27-7/1)
May 18 filed 50,709 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Office**—1621 Snyder Ave., Philadelphia, Pa. **Underwriters**—Drexel & Co. and De-Haven & Townsend, Crouter & Bodine, both of Philadelphia, Pa.

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. (7/8)
May 18 filed a maximum of 16,000 shares of common stock (par $25), 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 Britain Machine Co.**
May 20 (letter of notification) 3,000 shares of common stock (par $10) to be offered to employees. **Price**—At the over-the-counter market price determined by mean between bid and ask price for the week ending May 28, 1960. **Proceeds**—To purchase stock. **Address**—New Britain, Conn. **Underwriter**—None.

● **New Jersey Power & Light Co. (7/19)**
May 24 filed $5,000,000 of first mortgage bonds, due 1990. **Proceeds**—For construction and reduction of indebtedness. **Office**—Denville, N. J. **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 a.m. EDT.

★ **Newton Fund, Inc.**
May 26 filed 245,000 shares of capital stock. **Price**—$20 per share. **Proceeds** — For investment. **Office** — 759 N. Milwaukee St., Milwaukee, Wis. **Manager and Investment Adviser**—Newton & Company. **Underwriter**—None.

● **North Central Co. (6/6)**
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.

★ **Northern Illinois Gas Co. (7/13)**
May 27 filed $30,000,000 of first mortgage bonds due 1985. **Proceeds**—To be applied to the retirement of not to exceed $5,000,000 of bank loans to be obtained for temporary financing of part of the company's new construction and to increase working capital for application to construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc. group. **Bids**—To be received on July 13, up to 11:00 a.m. EDST.

● **Northwest Natural Gas Co. (6/24)**
May 25 filed 60,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To retire $5,000,000 of bank loans and the balance for construction purposes. **Office**—Portland, Ore. **Underwriter**—Lehman Brothers, New York City.

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. (6/13-17)
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.

Oil Shale Corp.
March 30 filed 300,000 shares of common stock, to be offered to the holders of its outstanding common stock. The subscription date and record date will be supplied by amendment. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—9489 Dayton Way, Beverly Hills, Calif. **Underwriter**—None.

● **OK Rubber Welders, Inc. (6/20-24)**
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.

● **Oslo (City of) Norway (6/21)**
May 24 filed $10,000,000 of sinking fund external loan bonds due June 15, 1975. **Price** — To be supplied by amendment. **Proceeds** — To be advanced by the City's Loan Fund to the Oslo Electricity Works, the Oslo Harbor Authority and the municipal tramway companies for capital expenditures to be undertaken by these municipal enterprisse. **Underwriters**—Kuhn, Loeb & Co., Harriman Ripley & Co., Lazard Freres & Co., and Smith, Barney & Co., all of New York.

● **Ott Chemical Co. (6/6-10)**
March 17 filed $450,000 of convertible subordinated debentures due June 1, 1970. The company proposes to offer the debentures for subscription by common stockholders of record June 1, 1960, at the rate of a $100 debenture for each 3.11 shares then held with rights to expire on June 10. **Price** — 100% of principal amount. **Proceeds** — For retirement of a note, for additional 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, Ill.

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.

● **Pacific Coast Properties, Inc.**
April 19 filed 917,835 shares being offered at $10 per share to the holders of Food Giant Markets, Inc. common, preferred, and employee stock options on the basis of one right for each share of Food Giant common held or subject to option of record May 26. One right will be issued for each 2 shares of Food Giant preferred of record May 26, with all rights to expire at 3:30 p.m. EDT. on June 10. **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.**
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. **Note**—This statement was withdrawn on May 26.

● **Pan American Envelope Co., Inc. (6/7)**
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.

Parker (A. J.) Co.
May 11 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay a loan, expansion of sales, personnel, advertising, development and research and for working capital. **Office**—1238 Belmont Avenue, Philadelphia, Pa. **Underwriter**—Metropolitan Securities, Inc., Philadelphia, Pa.

● **Patrick County Canning Co., Inc.**
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. **Offering**—Expected sometime in August.

★ **Pauley Petroleum Inc. (7/11)**
May 27 filed $10,000,000 of subordinated debentures (convertible) due 1976. **Price**—To be supplied by amendment. **Proceeds**—$7,000,000 will be applied to the payment of bank borrowing incurred in connection with the company's Mexican Tidelands operations and to the reduction of current liabilities. The balance will be added to the general funds of the company and will be available for general corporate purposes. **Office**—717 No. Highland Avenue, Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

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.

Pennsylvania Company (6/6)
May 23 filed $35,000,000 of collateral trust bonds, due 1985. The bonds are to be secured by the pledge of 1,400,000 shares of common stock of Norfolk & Western Ry. and are entitled to a sinking fund calculated to retire 92% of the issue prior to maturity. **Price**—To be supplied by amendment. **Underwriters** — The First Boston Corp.; Glore, Forgan & Co. and Salomon Bros. & Hutzler, all of New York.

Peoples Telephone Corp.
March 29 filed 15,250 shares of common stock (par $50) being offered to stockholders of record on May 13, 1960, at the rate of one additional share for each two shares then held with rights to expire at 3:30 p.m. (EDT) on June 15. **Price**—$75 per share. **Proceeds**—$1,100,000 will be used to repay in part short-term bank loans of $1,600,000 incurred during 1959 to provide funds for the company's continuing program of modernization, improvement and expansion; the balance of the proceeds will be added to its general funds. **Office**—218 South Washington Street, Butler, Pa. **Underwriter**—None.

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. (6/6-10)**
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.

● **Polycast Corp. (6/27-7/1)**
May 19 filed $400,000 of 6½% convertible subordinated debentures and 71,364 shares of common stock, of which the debentures and 20,000 shares of common stock will be offered publicly; 15,000 shares are issuable upon the exercise of warrants and the remaining 36,364 shares are issuable upon conversion of the debentures. **Price**—For debentures, 100%; price for common stock will be supplied by amendment. **Proceeds**—To be used in part ($325,000) to purchase equipment, and the balance will be used for working capital purposes. **Office**—69 Southfield Ave., Stamford, Conn. **Underwriters**—M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc., both of New York.

● **Powertron Ultrasonics Corp. (6/27-7/1)**
May 19 filed 205,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of outstanding indebtedness, and the balance will be used for working capital. **Office**—Roosevelt Field Industrial Park, Garden City, L. I., N. Y. **Underwriter**—None.

Provident Fund for Income, Inc.
Dec. 23 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—3 Penn Center Plaza, Philadelphia, Pa. **Underwriter**—Provident Management Corp., same address. **Offering**—Expected in late June.

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 sometime in June.

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.

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. (6/6-10)**
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.

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. (6/13-17)**
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.

Roller Derby TV, Inc.
March 30 filed 277,000 shares of common stock, of which 117,000 shares are to be offered for public sale by the issuing company, and the remaining 145,000 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For

Continued on page 42

Continued from page 41

general corporate purposes relating to the production and sales of motion picture films of the Roller Derby, and the balance for working capital. **Office**—4435 Woodley Ave., Encino, Calif. **Underwriter**—To be supplied by amendment.

★ Roto American Corp.
May 27 filed 75,000 shares of common stock (par $1) to be offered for cash sale to the public, and 44,283 shares to be issued in exchange for common and preferred shares of four subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—To be used largely for reduction of accounts payable, as well as for new tooling, research, repayment of an officer's loan, and general corporate purposes. **Office**—93 Worth Street, New York. **Underwriter**—Morris Cohon & Co., New York. **Offering**—Expected in mid-July.

S.A.F., Ltd.
May 6 filed $303,000 of partnership interests, to be offered for sale in units. **Price**—$500 per unit. **Proceeds**—To acquire fee title to certain land in St. Augustine, Fla., upon which will be constructed a 54-unit Howard Johnson Motor Lodge and restaurant, swimming pool and related facilities. **Office**—60 East Coral Center, Fort Lauderdale, Fla. **Underwriters**—Radice Securities Corp. and Jerry Thomas & Co., Inc., Palm Beach, Fla.

● Safticraft Corp., Patterson, La. (6/13-17)
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.

★ Sav-A-Stop, Inc. (7/11-15)
May 27 filed 100,000 shares of common stock (par 10 cents). **Price**—$4.50 per share. **Proceeds**—For working capital. **Office** — 2202 Main Street, Jacksonville. Fla. **Underwriter**—Pistell, Crow Inc., of New York City, formerly Pistell, Schroeder & Co.

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.

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.

● Seaway Shopping Centers, Inc.
May 20 filed 90,000 shares of $.50 cumulative convertible preferred stock, ($.01 par) and 90,000 shares of class A common stock ($.01 par). It is proposed to offer these shares in units, each consisting of one share of preferred at $7 per share and one class A share at $3 per share, or $10 for the unit. **Proceeds**—To complete construction of new shopping centers. **Office** — 619 Powers Bldg., Rochester, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected mid-to-late July.

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. (6/20-24)
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.
Feb. 25 filed 76,600 shares of common stock (par $1) being offered 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 May 24, 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 with rights to expire on June 10. **Price**—$7 per share. **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. (6/13-17)
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.

★ Sierra Pacific Power Co. (7/6)
May 26 filed $3,500,000 of debentures due July 1, 1985. **Proceeds**—To pay some $2,300,000 of outstanding bank loans and for construction expenditure. **Office** — 220 South Virginia St., Reno, Nev. **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, at 49 Federal St., 8th floor, Boston, Mass., up to 10:30 a.m. EDT. **Information Meeting**—Scheduled for July 1 at 11:00 a.m. EDT. at 90 Broad St., 19th floor, 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 Normandy Isle, Inc. (6/15)
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

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.

★ Smith, (Herman H.) Inc.
May 24 (letter of notification) 82,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2326 Nostrand Ave., Brooklyn, N. Y. **Underwriters**—First Broad Street Corp.; Russell & Saxe, Inc. and V. S. Wickett & Co., Inc., all of New York.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

Southern Union Gas Co.
May 24 filed $12,000,000 of sinking fund debentures, due 1985. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the repayment of $4,000,000 of bank borrowings for construction purposes, and the balance will be used for further construction expenditures in 1960. **Office**—Fidelity Union Tower, Dallas, Texas. **Underwriters**—A. C. Allyn & Company, Incorporated, New York and Chicago, and Snow, Sweeney & Co., Inc., New York. **Offering**—Expected in late June.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

● (A. G.) Spalding & Bros., Inc. (6/13)
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 13, 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 30, 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.

Speed-Way Food Stores Inc. (6/6-10)
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.

Standard Carriage Works, Inc.
May 5 (letter of notification) 100,000 shares of 6% convertible preferred stock. **Price**—At par ($3 per share). **Proceeds**—To purchase machinery, inventory and for working capital. **Office**—4120 E. Bandini Boulevard, Los Angeles 23, Calif. **Underwriter**—John J. Keenan & Co. Inc., 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.

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 pre-offering 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.

● Swimming Pool Development Co., Inc. (6/13-17) (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.

Talcott (James) Inc. (6/20-24)
May 19 filed $20,000,000 of senior notes, due June 1, 1980 and 150,000 shares of common stock (par $9). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and be available for general corporate purposes. **Office**—225 Park Ave., South, New York. **Underwriters**—F. Eberstadt & Co. and White, Weld & Co., both of New York.

● Tampa Electric Co. (6/28)
May 19 filed $25,000,000 of first mortgage bonds, series due July 1, 1990. **Proceeds**—To be used to pay some $24,000,000 of bank loans and for 1960 construction expenditures. **Office**—111 North Dale Mabry Hwy., Tampa, Fla. **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 up to 11 a.m. on June 28 at 90 Broad St., 19th floor, New York City. **Information Meeting**—June 24 at 11:00 a.m.

● Telecomputing Corp. (6/6-10)
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.

● Teleregister Corp. (6/7)
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.

★ Tempromatic Corp.
May 19 (letter of notification) 16,000 shares of common stock (par $10). **Price**—$11.50 per share. **Proceeds**—To repay a loan, purchase equipment and for inventories and working capital. **Address**—Highway 92, Deland, Fla. **Underwriter**—McCarley & Co., Inc., Asheville, N. C.

● 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 in late June.

Texas Eastern Transmission Corp.
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., New York City. **Note**—This offering has been indefinitely postponed.

● Thermal Industries of Florida, Inc. (6/6-10)
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.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. **Price**—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65.000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. **Office**—Fairfield, N. C. **Underwriter**—Participating dealers will receive 15 cents per share.

Thurow Electronics, Inc. (6/15)
March 28 filed 200,000 shares of class A common stock, (par $2.50) of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price**—$3 per share. **Proceeds**—To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla.

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.

★ **Tree Top, Inc.**
May 23 (letter of notification) 30,000 shares of preferred stock and 2,000 shares of common stock. **Price**—Of preferred, at par ($5 per share); of common, at par ($1 per share). **Proceeds**—For working capital. **Address**—Selah, Wash. **Underwriter**—None.

● **Tri-Point Plastics, Inc. (6/6-10)**
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. (6/27-7/1)
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., Atlanta, 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 (6/8-9)**
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. (6/6-10)**
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.

Universal Marion Corp.
April 15 filed 435,120 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each four shares or fraction thereof. The record date is to be supplied by amendment. Common stock has no par value. **Price** — To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for use in developing the company's tract of land near Tampa, Fla., for working capital and for possible acquisition of other properties. **Office** — 602 Florida Theatre Bldg., Jacksonville, Fla. **Underwriter**—None.

Universal Marion Corp.
March 29 filed 31,361 shares of 4½% cumulative preferred stock ($100 par). **Price**—To be offered for sale in the over-the-counter market, or otherwise by public or private sale at $95 per share, or such lesser price or prices which may be obtained. **Proceeds**—To selling stockholders. **Office**—602 Florida Theater Bldg., Jacksonville, Fla. **Underwriter**—None.

● **Uranium Reduction Co. (6/15)**
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.

● **Varian Associates (7/14)**
May 24 filed 216,645 shares of capital stock to be offered for subscription by stockholders of record July 14, at the rate of one new share for each 15 shares held. **Price** — To be supplied by amendment. **Proceeds** — For construction, new machinery, the retirement of outstanding bank loans, and the balance for working capital. **Office**—Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

● **Vector Manufacturing Co., Inc. (6/8)**
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. (6/3-10)**
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. (6/10)
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.**
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. **Offering**—Expected sometime in June.

● **Waltham Precision Instrument Co., Inc. (6/10)**
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.

● **West Ohio Gas Co. (6/6)**
May 19 filed 43,048 shares of common stock. The company proposes to offer this stock for subscription by its common stockholders of record June 6, 1960, at the rate of one new share for each 10 shares then held with rights to expire on July 7. **Price**—$17.50 per share. **Proceeds**—To be added to the company's general funds and will be used for property additions and improvements. An additional $300,000 is to be provided through long term financing during the current year. **Office** — 319 West Market St., Lima, Ohio. **Underwriter**—None.

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.

Wheeler Fibre Glass Boat Corp.
May 19 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—$35,000 for purchase of machinery and equipment; $18,000 for required deposits on the company's lease, insurance and utilities; $185,000 for working capital and the balance for expansion of production facilities. **Office**—450 Zerega Avenue, Bronx, N. Y. **Underwriter**—Morris Cohon & Company, of New York. **Offering**—Expected in late June.

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) 80,890 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., 39 Broadway, New York City. **Offering**—Expected in June.

Win-Chek Industries, Inc. (6/27-7/1)
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. (6/8)**
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.

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

Yale Express System, Inc. (6/6-10)
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.

Yardley Water Co.
May 11 (letter of notification) 4,000 shares of common stock to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$25 per share. **Proceeds**—To repay a debt, for construction of a pipe line, and for repayment of developers' loans. **Office**—50 W. College Ave., Yardley, Pa. **Underwriter**—None.

Yuscaran Mining Co.
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None.

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.

★ **Alberta Gas Trunk Line Co. (10/4)**
June 1 it was announced that the company is planning to offer in October four security issues totaling $110,000,000. $65 million first mortgage bonds will be sold in the United States and the balance of the financing in Canada.

● **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. **Bids**—Expected to be received on June 8 up to 12 noon EDT.

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.

★ **Brooklyn Union Gas Co.**
May 10 it was announced that thecompany plans no more financing this year, but there would be some in 1961, although the form it is to take has not as yet been determined.

● **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. **Bids** — Expected to be received on June 7 up to 1:00 p.m. EDT.

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.

Consolidated Edison Co.
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stock-

Continued on page 44

Continued from page 43

holders 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.

★ Control Data Corp.
June 1 it was reported that the company contemplates early registration of about 125,000 shares of its common stock. **Office**—Minneapolis, Minn. **Underwriter**—Dean Witter & Co., New York and Chicago.

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 & Light Co.
June 1 it was announced that the company anticipates further financing in 1960 approximating $25,000,000 and estimates that in 1961 it will require approximately $50,000,000 of new money. This company on May 31 floated a 400,000 common share offering through Merrill Lynch, Pierce, Fenner & Smith Inc. and associates at a price of $59.125 per share.

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.

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.

Hydrometals, Inc.
May 25 it was reported that the company plans to file a rights offering of $2 million to $2½ million of convertible debentures. **Office** — Chrysler Bldg., New York. **Proceeds** — For working capital. **Underwriter** — H. M. Byllesby & Co., Inc., Chicago, Ill.

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 sometime in the fall. **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.
May 10 it was announced that in addition to the $15,000,000 of new capital expected to be provided by the July bond-equity financing, $33,000,000 will come from later sale of securities other than common stock and from retained earnings.

★ Long Island Trust Co. (6/14)
May 26 the directors of this bank voted to recommend the issuance of 61,413 new shares of capital stock (par $5). Subject to the approval of the stockholders at a special meeting to be held at 8 p.m. on June 14, 1960, the new shares will be offered to stockholders on June 14, 1960, on the basis of one new share of stock for each eight shares then held. **Price**—$23 per share. **Proceeds**—To increase capital and surplus. **Office** — 82 Seventh Ave., Garden City, L. I., N. Y. **Underwriter**—None.

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.

Mac Panel Co.
March 23 it was reported that negotiations are still pending regarding the filing of an issue of common stock. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Mercantile Discount Co. of Chicago
May 25 it was reported that this company plans the filing of 128,000 shares of its common stock. **Office**—Chicago, Ill. **Proceeds**—For working capital. **Underwriters**—H. M. Byllesby & Co., Inc. and Rodman & Renshaw, both of Chicago, Ill.

Michigan Bell Telephone Co. (8/23)
May 23 it was announced that the company plans to come to market in August for the sale of $35,000,000 of debentures. **Proceeds**—For construction, costs of which are currently about $103,000,000 per year. **Office**—Detroit, Mich. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

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.

Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in June. 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.

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 Dillion, 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 Lighting Corp.
May 11 it was announced that this company, in order to finance additional pipeline distribution systems, plans to sell $50,000,000 of first mortgage bonds and debentures later this year.

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 Kidder, Peabody & Co., both of New York.

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 Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined.

Public Service Electric & Gas Co. (9/20)
May 18 directors of this company took preliminary steps for the sale 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). **Bids**—Expected to be received on Sept. 20 up to 11 a.m. **Information Meeting** — Scheduled for Sept. 15 at 11:00 a.m. in New York.

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.

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. (8/23)
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. (7/26)
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. **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. **Bids**—Tentatively expected on July 26.

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.

• 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 up to 11:00 a.m. EDT.

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.

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. The bank is offering for subscription to present holders of record May 31, 100,000 shares on the basis of one new share for each four held with rights to expire on June 20 at 3:30 p.m. EDT. **Price**—$46 per share. **Proceeds**—To increase capital and surplus. **Underwriter**— Alex. Brown & Sons, Baltimore, Md.

• Utah Power & Light Co.
June 1 it was reported that $18 million of debt securities and $9 million of common stock is expected to be sold sometime in the third quarter 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. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. **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.

Successfully Accomplishing A Change of Eras This Time

Continued from page 10

commercial transactions. It comes from the following, using the figures for 1959: Net military spending abroad, nearly $3 billion ($2.9); Government grants (excluding military aid grants) $1.7 billion. Here is a total of nearly $5 billion of American money, spent or given away abroad.

Here is the source of our deficit and it is in these items that we will have to look for a prompt solution.

The time has come for some plain speaking. This problem has been developing for ten years. It has been serious for two years. It is still serious. It will not go away by itself. It is real. It is urgent. If we temporize, delay, or neglect it, we shall do so to our great peril. If our friends abroad try to ignore or evade it, they will find that they too have done so to their peril.

There are, of course, certain steps we must take. The efforts now being made to stimulate our exports are good. To this end, we must make our people understand that keeping costs — including wage costs—in line with economic reality has now become a matter of national urgency. American prices must be kept competitive. Credit restraint and budgetary conservatism are no longer a matter of free choice—our creditors will insist upon them. If we are slack, they have the means to discipline us by pulling out gold.

When we have done all we must do in this respect, there still remains a stark choice—either we must have from our friends and allies in the free world the same sort of cooperation we have given them or we probably shall be forced to take drastic unilateral action to protect the dollar.

The United States is providing substantial sums for military aid to Western Europe and spending very large amounts there for our own military forces. The time has now clearly come when our European Allies must take a bigger share of these joint defense costs. The fact that Europe is accumulating dollar reserves at such a high rate is proof that at least some European countries could pay for a larger share of the costs of common defense without hardship. Why, for instance, should the United States military expenditures in West Germany add $600-million or more a year to our balance of payments deficit, while Germany is in so strong a surplus position?

Would Confine Economic Aid to Poor Lands

Our program of foreign economic aid should be confined to the under-developed countries and here, too, certain of the European nations, notably Germany and Italy, ought to be able to take up some of the burden.

Nations that we have aided should now accelerate the repayment to us of loans we made them in their time of need. Great Britain has already done something along this line.

The division of Western Europe into two trading blocs also is a matter that affects our balance of payments position. Six nations of the Continent, led by France and Germany, have established a Common Market, while seven other nations, including Great Britain and the Scandinavian countries, have formed a rival free trade area. These are moves toward political and economic integration such as we have advocated; but they have provoked a good deal of tension among some of the countries involved, especially Britain on the one hand and Germany and France on the other. There is the danger of Europe becoming divided into rival trading blocs that might discriminate against each other and against us. In an effort to avert this, we are planning with Canada, to join a new 20-nation organization embracing both the so-called Inner Six and the Outer Seven. But when this organization will be in operation and what it may cost in concessions of our own freedom of action is still unknown.

The far-reaching character of these newly emerging economic problems suggests the danger that the free nations, committed as they are to an economic cold war with the Soviet bloc and its state trading system, may become inadvertently involved in an economic battle royal among themselves.

Calls for World Economic Conference

Under the circumstances, the time is ripe, it seems to me, for the United States to take the lead in calling a new world economic conference.

The kind of conference I have in mind would be comparable in scope with the London Economic Conference of 1933. But I devoutly hope that its outcome would be different. It was to that conference, you will remember, that President Roosevelt sent his famous message rejecting currency stabilization and the gold standard as "old fetishes of so-called international bankers." This threw the talks into confusion, and the conference broke up without reaching any agreement.

It is important to realize that in the quarter-century since 1933, the world has become almost universally committed to the welfare state. And yet it has returned, almost inadvertently, as it were, to a gold standard. It has done this without any certainty that the people are prepared to accept gold standard discipline. We must now face up to the problems that are inherent in this situation. We must, in short, bring the knowledge that we have gained in the past quarter-century to bear on the problems that the London Conference failed to solve. And we would be very wise—I may add—to do this while the world is still riding the flood tide of prosperity instead of waiting for an international economic crisis to force our hand.

A conference such as I have suggested should ask whether there is need for a fundamental reform of the International Monetary Fund, or for some new device by which the liquidity of the international system can be expanded without continuously increasing foreign holdings of key currencies such as the dollar and the pound. Short of this, it might consider whether we need merely a better means for coordinating policies betwen key currency centers, particularly New York and London, and whether this should be done through the IMF.

Such a conference would do well to face up to the question whether European currencies have been stabilized at too low a level, leaving the dollar permanently over-valued. It has not escaped notice that the deficit in the United States balance of payments dates almost from the moment in 1949 when the pound sterling and other European currencies were devalued.

There are other questions:

Raises Other Questions

Do we need coordination aimed not just at dealing with balance of payments strains or capital flight, but also at interest rates and monetary policies — so that one nation does not take counter-cyclical action to the detriment of others?

What do we do about the problem of trade liberalization? The United States has gone far toward liberalizing its trade policy *vis-a-vis* the rest of the world. Other nations, particularly some whose payments position now is stronger than ours, have not kept up. Discussion of commercial policy in all its aspects would be an important item on the agenda. Incidentally, this discussion should be concerned with Europe's liberalization not only toward United States goods but also toward Japanese goods.

Declining commodity prices and the consequent falling income of raw material producers at home and abroad pose still another problem that needs careful consideration by a world economic conference.

By means of such a conference, we could guard against the possibility that deflation, rather than inflation, may be our major problem. We could examine carefully the adequacy of international monetary reserves and the possible need for new devices to economize on gold and to strengthen central banks and governments in the event of a liquidity crisis. We could face up to the fact that thus far the United States has acted both as pump-primer and stabilizer for the free world and that it is time to share this job with others.

I certainly do not wish to appear in the role of prophet of gloom. On the contrary, I am confident that the knowledge we have acquired and the strength we have built into the national economies of the free world will make it possible for us to deal with our problems without repeating the disastrous experiences of the past. I have great confidence in the ability of intelligent men to find a way out of any difficulties that present themselves. I fear only the very human tendency to keep applying yesterday's solutions to today's problems.

The policies of the past 15 years have succeeded brilliantly in restoring the productivity of war-torn Europe and Japan. They have helped to bring about the greatest and most widespread prosperity in history. Now the problem is no longer reconstruction and recovery. It is the seemingly less dramatic but, in fact, far more challenging question of economic stability, of making certain this hard-won prosperity endures. On the solution of this tough, stubborn problem will ride all the free world's hopes. We must bring to bear upon it the highest wisdom, imagination and generosity of spirit our age can command.

***An address by Mr. Bell before the Copper and Brass Research Association, Hot Springs, Va., May 17, 1960.**

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)	June 4	§61.9	*65.6	75.0	93.7
Equivalent to— Steel ingots and castings (net tons)	June 4	§1,765,000	*1,870,000	2,137,000	2,653,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 20	6,864,010	6,793,810	6,982,610	7,215,975
Crude runs to stills—daily average (bbls.)	May 20	§7,935,000	8,034,000	7,967,000	7,891,000
Gasoline output (bbls.)	May 20	27,262,000	27,964,000	28,246,000	27,569,000
Kerosene output (bbls.)	May 20	2,218,000	2,496,000	2,105,000	1,488,000
Distillate fuel oil output (bbls.)	May 20	12,097,000	11,762,000	12,678,000	12,114,000
Residual fuel oil output (bbls.)	May 20	6,188,000	6,065,000	6,164,000	6,614,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 20	214,128,000	216,059,000	221,552,000	203,610,000
Kerosene (bbls.) at	May 20	22,922,000	21,947,000	19,113,000	23,212,000
Distillate fuel oil (bbls.) at	May 20	87,972,000	85,533,000	78,408,000	94,088,000
Residual fuel oil (bbls.) at	May 20	38,875,000	38,263,000	38,813,000	54,484,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 21	636,808	639,954	625,374	686,152
Revenue freight received from connections (no. of cars)	May 21	541,238	541,622	538,164	586,687
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 26	$389,100,000	$498,000,000	$493,100,000	$679,700,000
Private construction	May 26	173,200,000	289,200,000	273,300,000	335,600,000
Public construction	May 26	215,900,000	208,800,000	219,800,000	344,100,000
State and municipal	May 26	175,900,000	178,200,000	161,500,000	165,500,000
Federal	May 26	40,000,000	30,600,000	58,700,000	178,600,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 21	8,365,000	*8,255,000	8,600,000	8,499,000
Pennsylvania anthracite (tons)	May 21	290,000	296,000	275,000	320,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 12	138	134	146	139
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 28	13,572,000	13,468,000	13,300,000	12,778,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 26	299	313	325	264
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 24	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	May 24	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	May 24	$32.50	$33.17	$33.50	$35.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 25	32.600c	32.600c	32.600c	31.125c
Export refinery at	May 25	29.800c	29.575c	33.075c	29.575c
Lead (New York) at	May 25	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	May 25	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	May 25	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	May 25	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	May 25	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	May 25	100.000c	99.875c	99.375c	103.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 31	85.02	84.15	83.92	83.77
Average corporate	May 31	84.68	84.68	85.07	86.51
Aaa	May 31	89.09	89.23	89.37	89.78
Aa	May 31	87.18	87.18	87.32	88.40
A	May 31	84.17	84.17	84.68	86.11
Baa	May 31	78.90	78.90	79.49	82.03
Railroad Group	May 31	82.52	82.40	82.52	85.59
Public Utilities Group	May 31	85.07	85.20	85.72	85.46
Industrials Group	May 31	86.65	86.65	87.05	88.54
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 31	4.06	4.15	4.17	4.10
Average corporate	May 31	4.81	4.81	4.78	4.67
Aaa	May 31	4.48	4.47	4.46	4.43
Aa	May 31	4.62	4.62	4.61	4.53
A	May 31	4.85	4.85	4.81	4.70
Baa	May 31	5.28	5.28	5.23	5.02
Railroad Group	May 31	4.98	4.99	4.98	4.74
Public Utilities Group	May 31	4.78	4.77	4.73	4.75
Industrials Group	May 31	4.66	4.66	4.63	4.52
MOODY'S COMMODITY INDEX	May 31	377.2	380.6	379.2	389.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 21	296,404	303,573	291,909	297,960
Production (tons)	May 21	325,053	311,066	291,076	317,985
Percentage of activity	May 21	95	94	86	95
Unfilled orders (tons) at end of period	May 21	441,637	468,803	413,884	468,806
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	May 27	110.29	110.29	110.26	110.30
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 6	2,209,910	2,107,250	2,309,270	3,031,490
Short sales	May 6	445,740	396,730	421,380	474,190
Other sales	May 6	1,795,100	1,753,490	1,830,720	2,546,041
Total sales	May 6	2,240,840	2,150,220	2,252,100	3,020,231
Other transactions initiated off the floor—					
Total purchases	May 6	279,320	347,180	385,710	468,400
Short sales	May 6	65,600	63,550	63,000	87,900
Other sales	May 6	255,840	375,050	315,200	480,183
Total sales	May 6	321,440	438,600	378,200	568,083
Other transactions initiated on the floor—					
Total purchases	May 6	673,030	697,700	864,555	835,594
Short sales	May 6	120,830	125,120	128,100	130,590
Other sales	May 6	575,955	681,124	789,115	863,625
Total sales	May 6	696,785	806,244	897,215	994,215
Total round-lot transactions for account of members—					
Total purchases	May 6	3,162,260	3,152,130	3,619,535	4,335,484
Short sales	May 6	632,170	585,400	612,480	692,680
Other sales	May 6	2,636,895	2,809,664	2,915,035	3,889,849
Total sales	May 6	3,259,065	3,395,064	3,527,515	4,582,529
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	May 6	1,744,393	1,743,783	1,686,362	2,278,440
Dollar value	May 6	$83,966,716	$81,603,149	$85,698,984	$125,781,158
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 6	1,454,606	1,477,449	1,495,955	1,933,379
Customers' short sales	May 6	17,543	17,408	10,082	14,167
Customers' other sales	May 6	1,437,063	1,460,041	1,485,873	1,919,212
Dollar value	May 6	$68,802,558	$69,299,389	$76,255,342	$104,855,472
Round-lot sales by dealers—					
Number of shares—Total sales	May 6	368,700	419,560	395,960	495,180
Short sales	May 6				
Other sales	May 6	368,700	419,560	395,960	495,180
Round-lot purchases by dealers—Number of shares	May 6	646,040	612,180	613,770	774,890
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	May 6	806,430	739,730	759,470	1,173,650
Other sales	May 6	13,693,380	14,700,580	14,793,770	18,311,340
Total sales	May 6	14,499,810	15,440,310	14,953,240	19,484,990
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 24	119.7	119.8	119.8	119.5
Farm products	May 24	89.9	90.7	90.1	91.0
Processed foods	May 24	107.1	107.3	106.7	107.6
Meats	May 24	96.8	97.4	95.7	101.9
All commodities other than farm and foods	May 24	128.4	128.4	128.6	127.8

*Revised figure. ¶Includes 1,175,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN TRUCKING ASSOCIATION, INC.— Month of March:			
Intercity general freight transported by 437 carriers (in tons)	7,011,647	6,804,908	6,464,724
BUILDING CONSTRUCTION — U. S. DEPT. OF LABOR—Month of April (in millions):			
Total new construction	4,009	3,696	4,284
Private construction	2,854	2,734	2,999
Residential buildings (nonfarm)	1,536	1,460	1,799
New dwelling units	1,176	1,114	1,370
Additions and alterations	291	278	372
Nonhousekeeping	69	68	57
Nonresidential buildings	736	745	627
Industrial	207	213	150
Commercial	300	305	276
Office buildings and warehouses	161	162	150
Stores, restaurants, and garages	139	143	126
Other nonresidential buildings	229	227	201
Religious	75	74	67
Educational	45	45	41
Hospital and institutional	46	47	45
Social and recreational	47	44	36
Miscellaneous	16	17	12
Farm construction	125	113	131
Public utilities	438	397	429
Telephone and telegraph	90	75	78
Other public utilities	348	322	351
All other private	19	19	13
Public construction	1,155	962	1,285
Residential buildings	58	57	95
Nonresidential buildings	363	331	385
Industrial	29	29	30
Educational	216	199	229
Hospital and institutional	34	31	38
Administrative and service	45	37	50
Other nonresidential buildings	39	35	38
Military facilities	75	60	119
Highways	390	265	419
Sewer and water systems	121	117	116
Sewer	74	72	71
Water	47	45	45
Public service enterprises	43	37	39
Conservation and development	90	82	91
All other public	15	13	21
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of April:			
Manufacturing number	215	224	202
Wholesale number	140	143	132
Retail number	674	607	671
Construction number	220	241	166
Commercial service number	121	120	121
Total number	1,370	1,335	1,292
Manufacturers' liabilities	$18,483,000	$19,170,000	$16,501,000
Wholesale liabilities	11,420,000	9,671,000	13,950,000
Retail liabilities	18,563,000	14,116,000	22,839,000
Construction liabilities	13,661,000	19,427,000	8,623,000
Commercial service liabilities	7,065,000	7,809,000	9,994,000
Total liabilities	$69,192,000	$70,193,000	$71,907,000
COAL OUTPUT (BUREAU OF MINES)—Month of April:			
Bituminous coal and lignite (net tons)	34,685,000	38,200,000	34,931,000
Pennsylvania anthracite (net tons)	1,231,000	1,680,000	1,503,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of April 30 (000's omitted)	$888,000	$805,000	*$821,000
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of April:			
Sales (average monthly), unadjusted	139	114	118
Sales (average daily), unadjusted	137	107	116
Sales (average daily), seasonally adjusted	144	126	130
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on April 30	19,957,000	19,969,000	20,402,000
Spinning spindles active on April 30	17,599,000	17,602,000	17,945,000
Active spindle hours (000's omitted) April 30	8,989,000	11,126,000	8,776,000
Active spindle hrs. for spindles in place April	449.5	445.0	438.8
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION) Month of April:			
Contracts closed (tonnage)—estimated	344,944	342,639	294,806
Shipments (tonnage)—estimated	286,884	276,977	290,623
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of April (000,000's omitted):			
Ordinary	$4,300	$4,573	$4,412
Industrial	609	570	575
Group	838	1,013	770
Total	$5,747	$6,156	$5,757
NEW YORK STOCK EXCHANGE— As of April 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,151,000	$3,145,000	$3,567,000
Credit extended to customers	113,000	117,000	166,000
Cash on hand and in banks in U. S.	354,000	366,000	359,000
Total of customers' free credit balances	940,000	988,000	1,205,000
Market value of listed shares	283,381,312	287,416,163	294,255,796
Market value of listed bonds	109,006,810	109,655,449	106,004,286
Member borrowings on U. S. Govt. issues	614,000	539,000	556,000
Member borrowings on other collateral	2,322,000	2,219,000	2,332,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of April (in billions):			
Total personal income	$397.4	*$394.0	$379.0
Wage and salary receipts, total	271.3	*269.4	257.3
Commodity producing industries	113.0	*112.2	108.6
Manufacturing only	88.4	88.7	85.4
Distributing industries	70.6	*70.1	66.9
Service industries	39.4	*39.1	36.8
Government	48.3	48.1	45.0
Other labor income	10.5	10.4	9.9
Business and professional	35.6	35.4	34.3
Farm	10.9	10.3	12.2
Rental income of persons	12.2	12.2	12.0
Dividends	13.6	13.6	12.9
Personal interest income	24.9	24.6	21.8
Transfer payments	28.2	*27.9	26.9
Less employees' contribution for social insurance	9.8	*9.8	8.3
Total nonagricultural income	382.3	*379.5	362.7
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of March (000's omitted):			
Savings and loan associations	$983,016	$858,725	$1,058,665
Insurance companies	119,371	102,583	115,908
Banks and trust companies	376,567	342,036	492,548
Mutual savings banks	104,387	103,527	112,091
Individuals	354,843	324,946	317,707
Miscellaneous lending institutions	467,377	416,987	488,920
Total	$2,405,561	$2,148,804	$2,585,839

D. R. Tubbs Joins Collins Radio Co.

CEDAR RAPIDS, Iowa—Deane R. Tubbs, who for the past eight years has been associated with Blyth & Co., Inc., Chicago, in institutional sales, has joined the financial staff of Collins Radio Company, Cedar Rapids, Iowa. He will be engaged in investor relations at Collins.

With Lee Higginson

Lee Higginson Corporation, 20 Broad Street, New York City, investment bankers and members of the New York Stock Exchange, announces that Albert F. Briggs and Lawrence C. Magennis have become associated with the firm as registered representatives.

Join Westheimer

CHICAGO, Ill. — Westheimer and Company, 134 South La Salle Street, have announced the association with them of Mrs. Beatrice S. Fox, Angela Teschner, Jacob Gordon, Dennis Snyderman, Michael Burnstine, Charles Abramson and David Tamarkin.

Forms Hollen & Co.

Vincent J. Hollenstein is engaging in a securities business from offices at 410 East 81st Street, New York City under the firm name of Hollen & Company.

Coast Exchange Member

Election of Edward Calin, General Partner of Mitchum, Jones & Templeton, to membership in the Pacific Coast Stock Exchange, effective May 16, 1960, through an intra-firm transfer of membership, has been announced by William H. Jones, Chairman of the Board.

Mr. Calin, formerly a member of the Exchange for many years prior to becoming a General Partner of Mitchum, Jones & Templeton in October, 1958, recently returned from the East where he represented his firm on the New York Stock Exchange. He will operate a Specialist's Post on the Los Angeles Division, Pacific Coast Stock Exchange.

Tsai Named Vice-Pres. Of Fidelity Fund

BOSTON, Mass.—Gerald Tsai, Jr., has been appointed a Vice-President of Fidelity Capital Fund. Mr. Tsai, formerly an assistant vice-president with Fidelity Capital Fund, and associated since 1952 with Fidelity Management & Research Company, the Fund's investment adviser, is also assistant vice-president of Fidelity Fund.

Form Investment Co.

(Special to The Financial Chronicle)

TAMPA, Fla.—The Florida-Americana Investment Corporation has been formed with offices at 312½ Twiggs Street to engage in a securities business. Officers are Frank A. Deaton, President and Treasurer; R. C. Jackson, III, Vice-President, and R. D. Flemings, Secretary.

Bank Women Elect

The Metropolitan New York Group of the National Association of Bank Women has elected Mrs. Ruby L. Walters, Assistant Secretary of the Manufacturers Trust Company, chairman for 1960/61 year. She held many posts with the N.A.B.W. during the past years. She also has served on the American Institute of Banking Women's Committee of Los Angeles.

Before joining Manufacturers Trust Company in 1948, she had been affiliated with the Bank of America, National Trust and Savings Association in Los Angeles, where she was secretary to the chairman of the board. At Manufacturers Trust Company's Fifth Avenue and 43rd Street office, Mrs. Walters manages the executive floor composed of offices for the chairman of the board, visiting bank officials and customers.

Wm. Hanley Joins Stanley R. Ketcham & Co.

William J. Hanley has joined the customer relations staff of the investment securities firm of Stanley R. Ketchum & Co., Inc., 76 Beaver Street, New York City. Mr. Hanley has had many years of experience as a management consultant.

DIVIDEND NOTICES

CSC

COMMERCIAL SOLVENTS *Corporation*

DIVIDEND NO. 102

A dividend of ten cents (10¢) per share has today been declared on the outstanding common stock of this Corporation, payable on June 30, 1960, to stockholders of record at the close of business on June 3, 1960.

A. R. BERGEN
Secretary.

May 23, 1960.

ANACONDA

DIVIDEND NO. 208

May 26, 1960

The Board of Directors of THE ANACONDA COMPANY has today declared a dividend of Fifty Cents ($.50) per share on its capital stock of the par value of $50 per share, payable June 27, 1960, to stockholders of record at the close of business on June 6, 1960.

R. E. SCHNEIDER
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

AMPHENOL ★ BORG ★

Dividend Notice

Broadview, Illinois—At a meeting of the Board of Directors of Amphenol-Borg Electronics Corporation held today a quarterly dividend of thirty-five cents (35¢) per share was declared payable June 30, 1960, to the stockholders of record at the close of business June 16, 1960.

FRED G. PACE, Secretary.
May 24, 1960.

DIVIDEND NOTICES

ELECTRIC BOND AND SHARE COMPANY

New York, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty cents (30¢) a share on the Common Stock, payable June 29, 1960, to shareowners of record at the close of business on June 8, 1960.

B. M. BETSCH,
Secretary and Treasurer

May 26, 1960.

LONG ISLAND LIGHTING COMPANY

QUARTERLY DIVIDEND

PREFERRED STOCK

The Board of Directors has declared the following quarterly dividends payable July 1, 1960 to holders of Preferred Stock of record at the close of business on June 6, 1960.

Series	Per Share
Series B, 5%	$1.25
Series D, 4.25%	$1.0625
Series E, 4.35%	$1.0875
Series F, 4.35%	$1.0875
Series G, 4.40%	$1.10

VINCENT T. MILES
Treasurer

May 25, 1960

THE **West Penn** *Electric Company*

(Incorporated)

Quarterly Dividend on the COMMON STOCK

42½¢ PER SHARE

Payable June 30, 1960
Record June 10, 1960
Declared June 1, 1960

WEST PENN ELECTRIC SYSTEM
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On May 24, 1960 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable July 1, 1960 to Stockholders of record at the close of business June 17, 1960. Transfer books will remain open. Checks will be mailed.

JOHN R. HENRY, *Secretary*

TC TENNESSEE CORPORATION

TENNESSEE CORPORATION

May 17, 1960

A dividend of thirty-one and one-quarter (31¼¢) cents per share was declared payable June 24, 1960, to stockholders of record at the close of business June 9, 1960.

JOHN G. GREENBURGH
Treasurer.
61 Broadway
New York 6, N. Y.

YALE & TOWNE

289th Quarterly Dividend

37½¢ a Share

Payable: **July 1, 1960**

Record date: **June 14, 1960**

Declared: **May 26, 1960**

Elmer F. Franz
Vice President and Treasurer

THE YALE & TOWNE MFG. CO.
Lock and Hardware Products since 1868
Materials Handling Equipment since 1875
Cash dividends paid every year since 1899

SERVING HOME AND INDUSTRY WITH ESSENTIAL BASIC PRODUCTS

EASTERN GAS AND FUEL ASSOCIATES

EASTERN GAS AND FUEL ASSOCIATES

DIVIDENDS

COMMON STOCK — A regular quarterly dividend of 40 cents a share, payable June 28, 1960 to shareholders of record June 6, 1960.

4½% CUMULATIVE PREFERRED STOCK — A regular quarterly dividend of $1.12½ a share, payable July 1, 1960 to shareholders of record June 6, 1960.

E. H. BIRD, *President*
250 Stuart St., Boston 16, Mass.
May 26, 1960

Our stock is listed on the New York Stock Exchange. Symbol is EFU.

DIVIDEND NOTICES

153RD DIVIDEND

CIT FINANCIAL CORPORATION

A quarterly dividend of $0.65 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable July 1, 1960, to stockholders of record at the close of business June 10, 1960. The transfer books will not close. Checks will be mailed.

C. JOHN KUHN,
Treasurer

May 26, 1960.

AMERICAN BANK NOTE COMPANY

PREFERRED DIVIDEND No. 217
COMMON DIVIDEND No. 207

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1960 and a dividend of 30¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1960 to holders of record June 6, 1960. The stock transfer books will remain open.

LOUIS T. HINDENLANG
Secretary and Treasurer

May 25, 1960

The American Tobacco Company

223RD PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on July 1, 1960, to stockholders of record at the close of business June 10, 1960. Checks will be mailed.

© A. T. Co.

HARRY L. HILYARD
Vice President and Treasurer
May 31, 1960

QUALITY

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The story of the burdened United States taxpayer is an old one, but at this time of the year it has renewed and important meaning. There is no doubt that the taxpayers of this nation are making more and more sacrifices.

From the Federal tax standpoint the $41 billion-plus for the Department of Defense, and the foreign aid program, which has grown and spread year after year, are the principal reasons for such sacrifices.

One of the major pieces of legislation before Congress is the foreign aid bill, which has travelled under numerous names since it was launched as the Marshall Plan in the late 1940's. Now it is called the Mutual Security Program, managed by the International Cooperation Administration.

The White House has requested $4,175,000,000 for Mutual Security for the 1961 fiscal year. It is unlikely that Congress will provide the total amount that the President is advocating, but there seems to be no doubt on Capitol Hill that Congress is going to appropriate a tremendous sum.

The stepped-up cold war that has gripped most of the world, directly or indirectly, will result in Congress providing nearly everything that President Eisenhower seeks. Incidentally, the President abhors the description of foreign aid, and declares emphatically that it is a program of mutual assistance by freedom-loving countries against the Communist forces of the world.

There are more than 20 categories of expenditures, including seven separate lending institutions that are involved in our Mutual Security Assistance Program.

Bitter Critic

One of the bitterest critics of the program in Congress is the Chairman of the House Appropriations Subcommittee on foreign aid funds, Representative Otto E. Passman of Louisiana. By virtue of his position, he wields substantial power relative to the Mutual Security appropriations.

In the past five years he has spearheaded fights that have reduced foreign aid by more than $4 billion over the recommended amounts by the White House. The other day he flatly charged that the program is marked with international corruption, scandal and blackmail.

At the same time, he served notice that his Subcommittee intended to slash more than $1 billion from the $4,175,000,000 that the Administration is seeking. However, Congress will not cut that much out of the appropriation, it appears certain at this time.

Under Secretary of State, C. Douglas Dillon, sounded the keynote of the Eisenhower Administration's appeal. He maintains that any substantial reduction in the Administration request would increase right away the chance of war.

$10 Billion Yearly Cost

A few weeks ago Mr. Passman supplied each member of Congress with a schedule of foreign assistance funds for expenditure during the 1960 fiscal year. He listed unexpended funds on June 30, 1959, at $4,837,708,750, new funds appropriated for fiscal year 1960 at $3,225,813,000, and new funds available from other sources at $48 million, or a total of $8,111,521,750.

The Congressman, who is a strong advocate of Federal fiscal solvency, declares that from these figures the total foreign assistance cost, "including the interest on what we have borrowed to give away, now exceeds $10,000,000,000 a year."

There is no question at all that the Mutual Security Program is a great drain on our economy. The Communist leaders, of course, would be delighted, if not downright happy, if the United States would spend itself into bankruptcy.

At the same time the people of this country are demanding a strong national defense, but neither do they want bankruptcy. However, with a Federal debt of about $290 billion, the wisest counsel in fiscal affairs is needed in our government at this time.

Today there are 43,000 employees, plus thousands of trainees of the Mutual Security program scattered in 76 nations of the world. The number of employees and the number of activities are increasing from year to year.

Many Pressure Groups

Representative Passman has traveled many thousands of miles delving into the spending of United States dollars abroad through Mutual Security. His Committee includes seven Democrats and four Republicans. Most of the committee members share his philosophy anent the foreign aid spending.

Several weeks ago Chairman Passman, who has a penchant for expensive suits, and giving away quality neckties to friends, wrote a letter to every member of the House of Representatives.

"Our committee," he said in his letter, "is working against tremendous odds in an endeavor to write a reasonable bill. The pressure and propaganda from many quarters are shocking. The 43,000 employes and 10,000 trainees of the Mutual Security program scattered in the 76 nations of the world; the White House and its prestige; the State Department and its prestige; the Defense Department; scores of large manufacturers who profit from the program; colleges and universities which also profit from the program; church organizations; much of the press and radio, and literally hundreds of other organizations which have been misinformed, are whipping it up for foreign aid.

"Your committee will continue to resist the unwarranted propaganda and pressure for an excessive amount of foreign aid. Your support of the Committee's efforts to bring this grandiose, worldwide spending program under control will be appreciated. With your cooperation, the Committee will report a bill that will provide adequate funds, one based on need and not on desire.

"The Comptroller General has stated that the weakness of the program is too much money, not too little."

Some Plus Marks

Out of the Mutual Security Program are more technical assistance programs going on in the various recipient countries in all history. Engineers and scientists and consultants are visiting the various countries and sitting in on conferences for developing highways, railways, power plants, cement plants, and numerous other things. Many of our foremost agricultural scientists likewise are visiting the undeveloped countries and teaching the leaders how to produce more and more food and fibre on less acreage and with less effort.

Despite all the weaknesses in the program and there obviously are many, the Mutual Security Program has a whole series of plus marks.

Nevertheless, the other day Brigadier General Bonner Fellers, United States Army, retired, made a pertinent observation when he appeared before the House Appropriations Subcommittee. He declared that never do the proponents of foreign aid face the facts that the 250 overseas bases now available to us may not and probably would not be available to us in war.

Intercontinental ballistic missiles, armed with nuclear warheads, could make New York or Moscow another "Hiroshima," in a matter of a couple of hours or minutes apart. Technology has made isolation impossible for any country.

No one disputes the fact that the Soviets have the missile and bomber strength to absolutely destroy any of our Allies who offer us the use of their bases for war. The probability is that more of our Allies are going to ask us to give up bases on their shores because of Russian threats, particularly in the wake of the U-2 spy plane incident.

[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.]

"He's the talk of the whole financial world—he actually read a prospectus!"

Businessman's BOOKSHELF

Action Research Program for Organization Improvement (in Esso Standard Oil Company)—Foundation for Research on Human Behavior, 1141 East Catherine Street, Ann Arbor, Mich. (paper), $3.00.

Algeria's Development 1959—Information Service, Delegation General of the French Government in Algeria (paper).

Alternative Methods of Financing Old Age, Survivors and Disability Insurance — John J. Carroll—University of Michigan Institute of Public Administration, 3564 Administration Building, Ann Arbor, Mich., $3.50.

Barriers to Trade Between Canada and the United States — Francis Masson and J. B. Whitely—National Planning Association (paper), $2.00.

Engineers Wage Adjustment Case—Testimony and exhibits by J. Elmer Monroe on "The Inability of the Railroads to Bear Employment Cost Increases—Association of American Railroads, Transportation Building, Washington 6, D. C.

Gold and the Dollar Crisis—Robert Triffin — Yale University Press, New Haven, Conn. (cloth), $4.75.

Keeping Your Money Healthy—16 page illustrated primer about the working of the Federal Reserve System—Publications Division, Federal Reserve Bank of New York, 33 Liberty Street, New York 45, N. Y. (on request).

Profitable Trading in Puts and Calls—Richard Whiting—Trading methods for utilizing characteristics of puts and calls—"Puts & Calls," R. H. M. Associates, Dept. FC-100, 220 Fifth Avenue, New York 1, N. Y.—$5 (free descriptive folder on request).

Relationship of Government to Real Estate Financing—A Statement of Policy — Mortgage Bankers Association of America (paper).

Revolution in Transportation—Kar M. Ruppenthal, Editor—Graduate School of Business, Stanford University, Stanford, Calif. (cloth), $4.75.

Safety Analysis of Enriched Uranium Processing — Office of Technical Services, U. S. Department of Commerce, Washington 25, D. C., $3.00.