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## *Editorial* AS WE SEE IT

"The critics of our present economic policies say that the Soviets are achieving their objectives of overtaking us. They claim that we are falling behind and in the foreseeable future will become second to the Soviet Union in economic strength. * * * The critics argue that if we would just adopt their pet economic philosophy we too would grow like the Soviets. They invite us to join them in playing what is rapidly becoming the most fashionable political parlor game of our time—a game we might call 'growthmanship'."

With these words, the Vice-President and Presidential hopeful, Mr. Nixon, launches what seems to us to be a devastating attack upon the preachments of those (including Governor Rockefeller) who have apparently become victims of the growth school of thought. This faith was founded by the New Deal after it had for a very considerable period preached the doctrine of "economic maturity" which held that no further growth, or only limited further growth at most, was in the cards for us, and that we must concern ourselves chiefly with a redistribution of the wealth that we already possessed or of the income that accrued from that wealth. It is a fad, and Mr. Nixon proceeds to set forth some of the broad fallacies embodied in most of the ideas of economic growth, particularly as they relate to comparisons with the performance of the economy of Soviet Russia.

**Not Likely**

He takes a rather rapid glance at the figures and concludes that "by any projection that can be applied there is no possibility that the Soviet economy will overtake our own at any time in this century." Meanwhile, the Central Intelligence Agency has joined the large number of current projectors, presenting a sort of forecast of future growth of the Soviet economy. It does not undertake to say what the Soviet economy will be like by the end of the century, but it does come up with a "projection" of what is known as the gross national product of that economy a decade (Continued on page 27)

# Clouds in the 1960 Market Picture—Clearer Sailing in Decade Beyond

*By* Arthur Wiesenberger,* *Senior Partner of Arthur Wiesenberger & Company, New York City; Members of New York Stock Exchange*

**Well-known investment company authority ascribes the market's unexpectedly fast rise at the end of the past decade to a favorable situation in money, earnings, and sentiment elements. Maintaining that these same factors, along with sales slumps and narrowing profit margins are now adverse, Mr. Wiesenberger advocates buying reserves of 35% to 50%. Concludes long-term prosperity still lies ahead, with an ultimate "stratospheric" level above 1,000 probable for the Dow-Jones Industrial Average; but that the market "projectile" must first come down to a "launching pad" of around 500.**

One thing I've observed over the years in market forecasting is that the current situation always appears the most difficult ever faced and the present is no exception. Still, it is usually possible and, as an investment adviser, virtually expected to have some conviction regarding those factors which may influence the market and what the net result may be.

Arthur Wiesenberger

In early 1954 there was little doubt that stock prices could move quite a bit higher and they did. In 1956, in contrast, risks were accumulating and the time approaching when one should take in sail.

By early 1958, the pendulum had reversed; the Dow-Jones Industrial Average was around 460 and the yield from that average up around 5%. I then here mentioned the three major factors that determine the level of stock prices—money, earnings and sentiment. All three were favorable and I suggested that the DJIA might sell on a 3% basis or at a level around 700, and guessed the top might come in February, 1962.

The average was kind enough to go to a 3% basis. (The low yield was 2.92%) and to approximate the 700 level. The actual high was 688.21 on the first trading day of 1960. But instead of taking 44 months to reach that level, that is, February, 1962, the average made its run in only 18 months. Apparently the stock market, too, has switched to jet propulsion.

**Three Dominant Factors**

But that's history. What you want to know is not what the market has done and where it has been, but what it may do and where it may go. I would like to be able to say that in view of the 92-point decline suffered by the Dow-Jones Industrial Average after recording its early-January high, the way has been paved for resumption of the major advance, but I do not yet see reasons for such an assumption.

As I mentioned before, there are three variables that determine the level of stock prices — money, earnings and sentiment. All presently tend to be adverse rather than favorable, so far as the outlook for most stock prices is concerned.

Money rates are relatively high and promise so to continue at least until, and unless, business activity eases considerably, or the monetary authorities deem the U. S. economy needs stimulus. The recent reduction in the discount rate does not, I believe, indicate a change in money policy. As I left New York, rumors were rife that the Federal Reserve Board would reduce margin requirements. They are currently 90%. But even a reduction to 70% would still leave a tight money situation.

The profit picture generally and especially in many leading industries is worsening. Sales are diminishing in many lines, costs rising and profit margins narrowing. Figures recently released by the Federal Trade Commission and the Securities and Exchange Commission show that the net profit per dollar of sales in all (Continued on page 16)

**PICTURES IN THIS ISSUE: Candid photos taken at the Annual Outing of the Investment Association of New York, appear in today's PICTORIAL SECTION.**

# The Security I Like Best . . .

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

## This Week's Forum Participants and Their Selections

**American International Bowling**—Charles S. Friedlaender, Security, Analyst, Ross & Hirsch, New York City (Page 2)

**Bangor and Aroostook Railroad Company** — L. Roy Mabrey, Investment Dept., A. W. Benkert & Co., Inc., New York City. (Page 2)

CHARLES S. FRIEDLAENDER

*Security Analyst*
*Ross & Hirsch, New York City*

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

### American International Bowling

An attractive capital gains vehicle can be found in American International Bowling, an operator and manager of modern bowling centers. This is a rapidly growing company operating in one of the most dynamic industries. The organization should expand from the present 450 lanes, to a minimum of 1,500 by the end of 1960 and the company plans to continue the rapid construction of centers in future years.

C. S. Friedlaender

The bowling industry has witnessed extraordinary growth in the postwar years, particularly in the past decade. The introduction of automation in the early 1950's was undoubtedly the leading factor in developing bowling. This facilitated the operation of the game and greatly enhanced the profit potential. As bowling moved from its unattractive surroundings into modernized centers, and television introduced it to a widely diversified audience, it became one of the leading family sports. Even with the rapid development of bowling, there still remain segments of the country, notably New England and the South, where ten pin bowling has hardly penetrated. Foreign markets are relatively untapped and also offer considerable potential.

The company was incorporated on Sept. 11, 1958 to engage in the business of managing and operating modern bowling centers. The first center was opened December, 1958 in Ramsey, N. J., and since that time the company has become one of the leading publicly owned by corporations of its kind.

The company's operation provides common stockholders with a tremendous degree of leverage. Rather than tying up capital in real estate and buildings, the company leases both with the centers constructed to their exacting specifications. The Brunswick pinsetters are purchased with a $500 downpayment and payments of 12 cents per line. After an average of 5½ to 7 years the pinsetters are paid for in full and the company is not burdened with continual rental fees. The other facilities, including lanes, cocktail lounges and restaurants take an average of only three years to be purchased, at which time cash flow increases substantially. The leverage factor is evident in this operation when it is noted that 1500 lanes will entail debt of about $22 million, and after five years this alone should develop net cash flow of $4 per share.

An important aspect of the business is the selection of favorable sites. Bowling centers are picked after detailed study by management and are then thoroughly checked by a Brunswick staff member. The company has been entering areas with dense population but with relatively little competition. That is why they have built centers in areas such as Tuscaloosa, Ala. and Chattanooga, Tenn., rather than the competitive Mid-West.

The capitalization of the company consists of 1,540,000 shares of common stock outstanding with 125,000 options, exercisable over a 10 year period. As of Dec. 31, 1959 current assets exceeded current liabilities by better than a 5 to 1 ratio. The company's profits per lane, including income from food, liquor, and bowling equipment, presently are averaging around $2,000 per year, net after taxes. At this rate of operation they should show earnings of $3.0 million or close to $2 per share in the fiscal year ending June 30, 1961. As centers are completed, earnings should increase substantially and by fiscal 1962 could approach the $4 per share level. Thus, I believe that the common stock of American International Bowling is an unusually attractive capital gains situation. It is traded in the Over-the-Counter Market.

L. ROY MABREY

*Investment Dept., A. W. Benkert & Co., Inc., New York City*

### Bangor and Aroostook Railroad Company

A rare value, atypical of its industry and in process of a voluntary revamping of its corporate structure which promises a diversification of activities and an expansion of earnings potential is Bangor and Aroostook Railroad common. Well known to railroad analysts is the fact that Bangor earnings swing with the amount of potato shipments which usually account for about 35% of revenues. During the January-May, 1959 shipping season very low prices for potatoes prevailed because of national overproduction. Maine potato growers shipped much of the crop to the local starch factories. This year's shipments to markets (made up of the excellent crop harvested in the fall of 1959) have been much heavier. Uncommonly severe winter weather in western and southern potato growing areas damaged crops and produced high prices for Maine potatoes. Aroostook County has never suffered a crop failure due to adverse weather. Historically, Bangor and Aroostook has earned about half of its annual income in the first third of the year. This year's improvement is due mainly to the heavier potato shipments and compares with a depressed figure: Four months through April, 1960 earnings $3.25 per share; four months 1959 earnings $1.50 per share. Losses late in 1959 reduced earnings to $1.39 per share, the poorest showing since 1940.

Leon Roy Mabrey

Shipments of newsprint and pulp normally account for 24% of revenues but loadings which were below normal in 1958 because of curtailed paper production (recession influenced) fell further in 1959 because of inventory reduction. Thus the sharp and unusual decline in loadings of the main revenue producers summed up a year of adversity. But for the sizable net rental income of $1,356,000 arising from summer earnings of the large refrigerator car fleet a deficit would have been sustained.

Bangor and Aroostook operates 600 miles of rail entirely in the State of Maine. The main line of 259 miles extends from Van Buren on the St. John River at the Canadian boundary south through the rich potato growing area of Aroostook County in northeastern Maine; through extensive wooded areas, down through the Millinocket area where the Great Northern Paper company—by far the most important industrial shipper to the Bangor and Aroostook — maintains a huge plant with a daily capacity of 1,800 tons of newsprint. The main line continues south through Bangor (near which a connection is made with the Maine Central at Northern Maine Junction) to Searsport where the company owns tidewater terminal, pier, warehouses and extensive yard facilities.

B. & A. pays $900,000 annual fixed charges and $200,000 in contingent interest on its long-term debt of $25,000,000 including $13,000,000 of equipment obligations —high figures for a road with average annual operating revenues of $14,000,000. But purchase of the large refrigerator car fleet has resulted since 1955 in an annual net rent income in excess of $1,300,000. There is no preferred stock and in this capital structure the 179,810 common shares are highly leveraged. An increase of 50% in 1959 net operating income would increase net income by 250 to 300%.

Such increase is quite attainable. Potato shipments this year have already been much higher. Paper product shipments are running higher upon termination of the pulpwood inventory adjustments. An out of pocket passenger service deficit in 1959 of $270,000 may be reduced by changed methods of operation to $100,000 in 1960.

An increase of close to $200,000 in rental income may well be realized, aided by an 8% increase in the milage rate of refrigerator cars. There is no deferred maintenance; the bad order car ratio of 3.8% at the end of 1959 compares with a national average of 7.2%. Sixty-five percent of the freight car fleet is less than ten years old. At April 30, 1960 net working capital of $3,413,957 equalled 25% of annual gross revenues and cash items of $2,576,486 were nearly double all current liabilities. Depreciation charges cover maturing equipment obligations.

Five year average earnings equal $5.29 per share. Before the sharp earnings decline late in 1958 dividends were being paid at the annual rate of $2.40. Currently the rate is only 80 cents and at the recent price of 29 (New York Stock Exchange) yields only 2.8%. I shall not conjecture about the Board of Directors' near term dividend policy.

Of greatest interest to me for the long term is B. & A.'s potential in new business areas. Since a railroad may not, under present law, borrow money or issue securities for non-carrier purposes, if Bangor and Aroostook is to ac-

*Continued on page 23*

*(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.)*

# Monetary Expansion Will Not Solve Canada's Problems

By Hon. J. E. Coyne,* *Governor of the Bank of Canada*

**A top Canadian official plainly warns his countrymen they are committing their country irreversibly to the vassalage of the United States by continuing the capital inflow and import trend. Labeling false the belief that any reversal of this trend will deleteriously affect economic growth and employment, the central banker argues that the present course has resulted in misdirected capital spending and in an economic structure incapable of producing goods that are needed and requiring the borrowing of funds to meet external interest and dividend payments. The Governor raises the spectre of currency depreciation; excoriates the notion that money-credit expansion is a panacea; deplores municipal and provincial dollar borrowings; and offers a solution, not without cost and effort in the short run, that promises prosperity, real growth, full employment and Canadianism—instead of a choice between poverty-stricken independence and some form of economic colonialism.**

I shall probably not make myself popular by remarking that all is not gold that glitters. It is not a pleasant task to talk about economic problems rather than successes, about difficulties and dangers rather than achievements and enjoyments, yet I suppose that at times this must be the function and the duty of a central banker. If we do not see the dangers and pay heed to them, we shall never reach the goal "The Golden Sixties" that shines so invitingly.

J. E. Coyne

During the past nine months inflationary psychology has abated considerably in Canada and the United States, although there have been some signs of difficulty in this regard in certain European countries. Monetary sobriety and reduction of government deficits, coupled with the evidence of greater stability in the price level, particularly basic commodity prices and wholesale prices, have given us some reason for confidence that inflation can be contained if the will to contain it is strong. We know that economic growth, the conversion to human benefit of the inexhaustible resources of scientific discovery, can go forward, if we wish, in an environment of stability and orderly development. In Canada, however, we still have a major economic problem to overcome if we are to live within our means and avoid the dislocations and setbacks which grow out of trying to do too much too soon with the aid of large-scale foreign borrowing.

### Monetary Policy Will Not Restrict Canada's Growth

Growth in the Canadian economy on a sound and sustainable basis will never be restricted by inadequate bank credit nor by a restrictive monetary policy. So far as the central bank is concerned, the objective of monetary policy is to encourage economic growth and the expansion of employment opportunities, not for short spurts followed by setbacks, but over the long run. Monetary policy will ensure an adequate total supply of money for carrying on an increasing volume of transactions year after year, and an adequate availability of bank credit, in conjunction with other forms of credit, to finance an increasing volume of Canadian production and distribution of goods and services.

For some 18 months in Canada we have had no significant increase in the total quantity of currency plus bank deposits. There has nevertheless been a substantial increase in the volume of bank loans, which was made possible in part by the very large increase in the quantity of money during the latter part of 1957 and the first nine months of 1958. Last year the banks financed a rapid expansion in various categories of their loans by selling off government bonds which they had acquired a year earlier. When it became apparent that the demand for bank credit was growing more rapidly than the amount of credit which could prudently be made available, the banks took steps to bring their loans under control. It soon became evident that a good deal of the demand for bank credit had been anticipatory or unnecessary or could find alternative sources of finance. This is apparent in the statistics of chartered bank loans. The banks' general business and personal loans rose by $1,000 million between the end of September 1958 and mid-August 1959, and declined by roughly half that amount in the following six months. Part of the decline was of a normal seasonal character and the increase of $170 million since mid-February this year is also no doubt partly seasonal.

A number of earlier bank loans have now been retired, in some cases out of the proceeds of bond issues by governmental or corporate borrowers. The high level of bank lending for consumer credit purposes has slowed down and as repayments of past loans accumulate, the total volume of loans of this character may well decline, thus releasing further funds for general business purposes. The banks have also put a limit on the amount of funds they will lend to financial institutions specializing in the business of consumer credit, institutions

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# Bendix Corporation

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

**A descriptive account of the broad and unique Bendix organization with special emphasis on its major stature in electronics, missiles and navigation in space**

Bendix Corporation is the recently shortened and more generalized corporate title for the enterprise known for decades as Bendix Aviation Corporation. While products for aviation constitute an important part of its business, Bendix today should be regarded as a broadly diversified and technically talented enterprise majoring not only in aviation, but in electronics, missiles, rockets and space ships, automotive and marine products, acoustics, ultrasonics and instrumentation. Where top flight scientific skills, and laboratory invention and initiative are essential, and where precise finely engineered technological volume productions are required, Bendix is a brilliant performer.

### Electronics

In order to convey the diverse magnitude of Bendix operations we'll touch upon its major activities one at a time. First, electronics. If some little company gets a big order for several thousand potentiometers or diodes, chances are the stock of that company will zoom. But Bendix gets big electronic orders all the time, yet investors, generally, have not accorded Bendix common the price/earnings ratio now customary among electronic equities. Bendix has achieved outstanding eminence in electronics. Its range of products covers everything from connectors and semi-conductors to complete aviation flight control, sonar and radar systems. Radar used to be just a depth finder. Now, with micro-waves, it's everything. Bendix Doppler air navigating radar supplies constant and accurate readings of positions and ground speeds. For our defense program there's ESAR, a radar system which can track hostile missiles that may be launched against us. There's SAGE a complete ground based radar system to warn and guard against air attacks. Electronic communications, antennae, direction finders, telemetering systems and computers round out one of the most complete and sophisticated lines of electronic products in the business.

### Aviation

Bendix was among the first to perceive the major transition in the industry from manned aircraft to guided missiles and space ships, and it has pioneered in the new space technology. It has developed and produced major components for missiles and complete systems for their operating control and guidance. Products include seekers, computers, auxiliary electric and hydraulic power units, guidance systems, auto-pilots, servo-control systems and ground support and missile handling elements.

Specifically, Bendix is importantly identified with some of our most exciting and significant celestial projects. Bendix is part of the Western Electric team working on communications and tracking systems for Project Mercury (man-in-space). Bendix produces components and sub-systems for some of our best known missiles — Atlas, Minuteman, Polaris, Nike-Hercules, Tartan and Titan. Bendix is prime contractor for the Navy's long-range surface-to-air missile, the Talos. Further Bendix is developing a new world-wide radio system, and has in operation two effective systems for the tracking of satellites.

Bendix, with its leadership in all these defense technologies has not neglected its traditional aviation business. It produces carburetors, wheels, starters, brakes, magnetos for standard aircraft; and for the new turbo-props and jets it has a whole series of auto-pilots, automatic control systems, navigational instrumentation, non-magnetic compasses, engine control, and fuel metering systems.

### Automotive Business

The Bendix name is a widely respected one in the motor trade. General Motors, Chrysler, Ford as well as the smaller producers are served with the specialized products for which Bendix has become famous — carburetors, starting drives, fuel injection systems, radios, brakes (standard and power driven) and power steering elements. No longer do frail little women have to tug and haul at the steering wheel to angle the family car into a curbside parking position. Now they park with a flick of the wrist, thanks to Bendix power steering.

For 1959 (fiscal year ends September 30th), Bendix business was divided 68% military and 32% commercial. Other commercial business, not catalogued above would include a new line of data-processing equipment, the G-15 broad range computer, and the G-20 high speed transistorized one. Bendix has some ultrasonic products including cleaning systems, weather bureau instruments, and a line of gauge and measuring machines and elements for automated production lines, produced by the Sheffield Corp. division.

### Research

It is quite obvious that Bendix is no ordinary company. It is out front in several new fields of technology, and keeps there by virtue of an extensive and effective research and development program. A staff of about 12,000 (about 40% of whom are engineers or scientists) and about 7½% of annual sales is devoted to research and development, constantly improving existing products and creating new ones.

### Earnings

The year 1957 was the peak year for sales—over $711 million. For the fiscal year 1959, sales were $689.7 million and per share net was $5.37. For the six months ended March 31, 1960 sales had increased by 23.4% over the preceding year. For fiscal 1960 perhaps a new high in sales may be reached and a per share net of above $5.50 is expected.

In financial position Bendix has been consistently strong, with net working capital (Sept. 30, 1959) of over $141 millions. For the past nine years capital expansion outlays have averaged about $13 million annually. These plant additions have been financed, for the most part, internally, supplemented by a revolving credit accommodation under which there were $47½ millions in borrowings as of Sept. 30, 1959.

Capitalization is unusually simple consisting of $1,210,000 in long term debt, followed by 5,366,624 shares of common listed on NYSE. Price range for 1960 has been between 57½ and 74½, with the current quotation around 64½.

How should we regard this Bendix common in today's market? Is it a good value? By the standard yardstick of price/earnings it looks underpriced. Bendix sells about 12 times 1960 indicated net. This is an all right ratio for an automotive supply company, but it seems a meagre appraisal for a company where such a large portion of business is in the romantic and sophisticated technologies of electronics and space. Representative equities of companies in those fields usually sell at from 30 to 50 times net earnings.

Then too, Bendix has been a good dividend payer. Present rate of $2.40 provides a 3.7% yield. In addition, there was a stock dividend last January of 5% and a 2-for-1 stock split in 1955. Dividends have been paid without interruption since 1939.

Another favorable factor in Bendix has been its ratio of earnings on invested capital. For the past five years, Bendix has earned, each year, about 13% on invested capital. So, we conclude, that while Bendix may not soar spectacularly it should have a lively market, based on the quality of its management, indicated rise in per share net, and the fact that Bendix is, in fact, a glamor stock that has not been sufficiently recognized as such.



# Young to Be V.-P. Of Hooker, Fay

SAN FRANCISCO, Calif. — On July 7 Raymond M. Young will become a Vice-President of Hooker & Fay Inc., 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

# The State of TRADE and INDUSTRY

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

Business has continued to move ahead throughout the spring period, the Office of Business Economics of the U. S. Commerce Department reports in the June issue of its monthly *Survey of Current Business.*

Final demand for the output of the economy, OBE notes, has continued to forge ahead, paced by demands for both consumption and investment goods. This advance has been in part offset by the slackening in inventory requirements from the very high post-strike rate of the initial 1960 quarter, so that the expansion in total GNP has as expected been dampened when compared with the rapid rise in the opening quarter.

The OBE notes in its summary that business fixed investment is a continuing strong element. This basic indicator of trends is expanding during the current quarter and the rise is expected to extend throughout the year.

Industrial output has been steady over the past several months. Retail sales have fluctuated, but have displayed a rising tendency. Exports have advanced. The total of government purchases of goods and services has remained about the same.

The flow of personal income, at an annual rate close to $400 billion in May, topped the first quarter volume by $6 billion—and the year-ago figure by $18 billion, or 5%.

### Buying By Consumers Upward

Consumer buying has been a major element of strength, in final purchases, and has contributed the major impetus to rising business. April buying was unusually strong, in part reflecting the removal of retarding influences which had dampened March sales and while the April spurt was not sustained fully in May, the combined results for the two months showed a significant growth in sales as compared with the first quarter of the year. This indicates a substantial increase in the consumer portion of the GNP, which has resulted from the rise in income and in new consumer debt.

New car purchases, though somewhat lower in May than in April on a seasonally adjusted basis, were for the two-month period the best since 1955, notably above the first quarter and one-tenth higher than at this time last year. The improved spring purchases of automobiles and the sales push of manufacturers has resulted in either maintained or increased production schedules; dealer stocks have been kept at a high point. A wide selection of cars is now available to the public and promotions, which include price inducements, have helped maintain new car sales—including foreign makes—at close to a seven million annual rate during the spring period.

### Employment Income Higher

Compensation of employees has risen during the second quarter, giving a lift to buying power. The average workweek at factories rose in May, after having declined for several months, and has contributed recently to the payroll advance.

The number of workers on non-farm payrolls was virtually unchanged from April to May, with the seasonally adjusted total above the first quarter average. Compared with the spring of 1959, the principal increases have been in trade, services, and state and local governments. The remainder of the year-to-year gain represented small but rather widely dispersed increases. With recent cut-backs in durable goods manufacturing, industrial employment has been running well below the highs reached last summer.

### Money Markets Ease

The rise in activity has proceeded at a lesser pace recently as compared with the upsurge earlier in the year, and financial requirements of business have been more readily accommodated. The Federal Reserve Banks, taking cognizance of easier money market conditions, moved their discount rate on loans to member banks down one-half point in early June, the first such reduction since 1958. Commercial banks have reduced their borrowings from the Federal Reserve to a point where, on net balance, the banking system is currently out of debt to the central bank. This is in contrast to $500 million of net borrowed reserves prevailing in the more straightened market of 1959.

The changed money market conditions are portrayed in the cost of short-term borrowed funds. The discount on three-month Treasury bills has recently been in the 2-3% range as compared with a high of over 4½% last

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# OBSERVATIONS...

BY A. WILFRED MAY

## FUMIGATION AND OTHER FACTORS DETERMINING STOCK VALUE

In this year of the "growthmanship" fetish ("if a stock is selling at 8 times earnings, it must be a speculation; but if it sells at 40 times earnings, it is a growth stock and a sound investment"), reports of revived interest in some of the few classic volumes concerned with the basic determinants of *value* is great news!

One of these books, "STOCK GROWTH AND DISCOUNT TABLES" by S. E. Guild of Boston, published in 1931, has sold more copies this year than in its previous 28 years of existence. In fact, so "sticky" were the sales in the long years since 1931, that the author stored copies in an old barn, where some book-worms "of the wrong kind" were attracted to the bindings. Thus, to satisfy the revived demand, the publisher, the Financial Publishing Company of Boston, has enterprisingly engaged in a unique *Operation Fumigation*, and is offering the limited number of de-loused volumes at one-half the original $25 price tag.

Roughly summarized: Mr. Guild attempts, with mathematical approximation, to discount the returns from growth in a stock. Such estimation differs from the precision available for the calculation of the interest expectable from a bond. As in the case of practically all methods of value appraisal, assumptions must be made about the future per share earnings.

### Capitalizing the Dividend Pay-Out

Using the technique of Mr. Guild's volume: In a typical case you estimate that the earnings of a stock will grow 10% annually, and that this growth will continue for 10 years. At the end of 10 years, with further growth doubtful, you can count on selling out at only 10 times earnings. During the 10-year period you estimate a dividend pay-out of 40% of earnings.

From these assumed estimates, the tables go to work for you. Suppose you feel that 8% on an issue is a proper return on your money. The tables show that you can pay 16.4 times the stock's present earnings, to give you the 8% return.

Suppose the stock is selling at 20 times earnings, then you swing over to a 5% return, and find that you could pay 21.1 times earnings and get a 5% return.

### The Present Worth of Future Dividends

Also most heartening, as a ripple of reason against the present era's glamour-based quotations, is an indicated revival of interest, by some concerned observers of our currently haphazard market-pricing, in John Burr Williams' "THE THEORY OF INVESTMENT VALUE," a doctoral dissertation first published in 1938 by the Harvard University Press. Williams was a pioneer in the approach of *present worth*. As with Guild, this method of appraisal is keyed to pay-out. But, although you have been reimbursed for your original investment when the dividends received have totaled the purchase price, since the dividends cannot be reinvested until they are collected, at the outset they must be discounted to calculate their present worth.

"A stock is worth the present value of its future dividends, with future dividends dependent on future earnings," says Dr. Williams. "Value thus depends on the distribution rate for earnings, which rate is itself determined by the reinvestment needs of the business."

### Other Constructive Approaches

Other constructive straws (partly offsetting the lay public's and gossip column's excitement over the "how-to-make millions" tomes) include the special recognition being given to the disciplined methods of evaluation suggested in Arnold Bernhard's "THE EVALUATION OF COMMON STOCKS" (published by Simon & Schuster); also to published lectures on the Capitalization of Income by R. M. Soldofsky of the State University of Iowa; again to Dr. Nicholas Molodovsky in the form of his "Stock Values and Stock Prices" in a current two-issue feature of THE FINANCIAL ANALYSTS JOURNAL; to continued interest, although perhaps tempered by lip-service, in Graham and Dodd's "SECURITY ANALYSIS" (and even to citation, in the current ANALYSTS JOURNAL, of your author's long-repeated proposals to gear purchase price to the probability of recovering, via *amortization* technique, the principal, together with its investment return and a profit increment, within a reasonable time).

### Uncertainties, of Course

Of course, all of these methods contain variables, imponderables, and uncertainties, particularly in the future estimates on which the necessary assumptions are based. But this approach is (1) Consistent with hard-boiled **investment** aims, and (2) **furnishes realistic meaning to the multiplier** (that is, the factor applied to the earnings or the dividends to determine the price), in lieu of the prevalent practice of lifting ratio and yield out of thin air, or of basing them on comparisons with their past record or the present ratios of other issues, all in a kind of score-keeping game.

Any objective scrutiny of current market commentary must reveal the exploitation of "growth" blandly to justify (as was "hidden earnings" in the nineteen twenties) *any* desired price-earnings ratio (ranging anywhere from 30 to 60).

### Vitamin-Growth

The uncertainty—if not actually haphazard nature—of Wall Street's present pricing is dramatically demonstrated in last week's initial offering of one-third of their 100% common stock interest in the Hudson Vitamin Products, Inc., by two brothers who founded the company.

With the benefit of their expert advisers' counsel coupled with their first-hand knowledge of the business, these "selling stockholders" (insiders) accepted $12.50, less underwriting discounts and commissions, as their satisfactory price. And this price was, of course, deemed fair to the investing public by the expert bankers. (The annual net earnings per share since 1955 have been: $0.19, $.03, $.09, $.26, $.79, and $1.11 for the nine months to Feb. 29, 1960. Cash dividends in 1959 totalled $0.53.)

The first public trading in the issue, taking place over-the-counter, at higher than double the 12½ offering price, followed by a further great advance to 34¼ as we go to press.

In setting a price tag that turned out to be just one-half the public's market "valuation," were the bankers and sellers correct, in appraising the value and possibly deliberately refraining from exploiting the public's proclivity to include this issue in the "glamour" or "growth category"? Or, on the other hand is "the market is always right" slogan the answer? Whatever the cause of the disparity between offering and market price, the need is demonstrated for the recognition of some reasonably definite and logical concept of value to be embraced by both these sets of the market's participants.

* * *

## THE GATE'S ADVANCING TIME-TABLE

In our Note on "INVESTING BY THE CALENDAR" in this space on June 9, we cited the market's so-called "Summer Rise" as exemplifying the public's increasing acceptance of an apparently recurring event as a market "system." We pointed out how this entails ever-accelerating investor anticipation in his effort to outsmart the other market players with the same thought (i.e., the "Theory of the Greater Fool", which assumes that you will always be able to find other speculators dumber than yourself on whom to unload)—thus pressing for ever earlier opening and closing of the market's entrance and exit gates.

Confirmation of this conclusion now comes along in the form of a comprehensive 50-year analysis of Summer Rises in the WIESENBERGER INVESTMENT REPORT (June 10 issue). A half century average shows the seasonal peak advancing steadily over the years. Back in the 'teens, the market made its seasonal high in October, with the highs coming successively earlier as the decades progressed, with an advance to July in the nineteen fifties.

(Has Sun Spot Theory undergone the same "anticipatory" trend? And if so, will it be upset by the satellite-ry and orbit-ry of the Space Age?)

## Quist Joins Wm. P. Harper

SEATTLE, Wash.—Wm. P. Harper & Son & Co., 1504 Third Avenue, announces that Albert J. Quist, who retired last year from Glore, Forgan & Co., New York, has become associated with their firm.

## Putney Joins Eaton & Howard

BOSTON, Mass.—Charles M. Putney has become associated with Eaton & Howard, Inc., 24 Federal Street. Prior to 1957, Mr. Putney was associated with The First National Bank of Boston and with The Old Colony Trust Company as a security analyst.

# TAX-EXEMPT BOND MARKET

*BY DONALD D. MACKEY*

The tax-exempt bond market has been easier since last week's report, due to several confusing events affecting the general credit situation. The action of the Bank of England in raising the bank rate from five to six per cent seems to us to have been the most disturbing element in a complex of bond market factors. The relevance of this action to our domestic bond market is actually remote, but its impact psychologically has been upsetting in some degree to all of our financial markets.

### Inventory Very High

There was an extraordinary heavy volume of new issues brought to market last week. As anticipated by many dealers, there was a likelihood that secondary market volume would sizably increase as a result of unsold balances. Such a condition developed and the street float, as measured by the "Blue List," on Tuesday, June 28, stood at $429,053,200, which is a record high going some years back. This circumstance, too, was a market deterrent and has had its effect, particularly on institutional investors who follow the market's technical aspects from day to day. This circumstance in itself placed buyers generally in a favorable trading position.

The market for Treasury issues eased off considerably and exerted its customary effect on all other phases of the bond market. Some anxiety relative to the manner of borrowing about three billion in new money (details expected today, June 30) was the apparent cause, and, moreover, at the same time Federal market interest seemed to be absent. All of these reasons, plus the obvious one that the bond market had enjoyed a lively betterment over the previous week, led to the general reaction that set in late last week and early this week. Whereas the *Commercial and Financial Chronicle's* average yield Index was reported last week at 3.384%, this week the average yield increased to 3.423%. This represents an average market decline of about one-half point.

### Another Negative Factor

Moreover, it is interesting to note that the municipal bond market suffered somewhat because of the poor investor reception given the $62,000,000 Oroville-Wyandotte Irrigation District California serial and term bond issue. This well secured issue was brought out with much general investor interest attendant. However, the negative market conditions cited above, combined with a more than moderate price cover, contributed to the detriment of the otherwise auspicious offering. Some interested investors deferred their buying and a "wait and see" attitude has since prevailed. This large undigested block of high grade bonds has been a decidedly negative market factor.

There was a free market in the term 4¼s due 2010 at the opening of business on Tuesday and, from an original offering price of 104¼, the market declined to 102-102½. Improvement has developed and, at this writing, the over-all market seems to be 102¾-103, and investor interest seems to be regenerating. The Pacific Gas and Electric Company's obligation to continue the fixed payments pledged to these bonds whether or not the project continues to be capable of operation, places these District bonds in a uniquely well secured class.

Treasury issues began to show some improvement on Tuesday and it seemed to be contagious to the Municipal market in an attenuated sort of way. Dollar quoted issues were perhaps a quarter better and some modest sales seemed to be made from recent new issue accounts.

Fortunately the week's only king-sized issue involved $93,000,000 State of California various general obligation serial bonds, for which the several bidding groups were merged in order to make a representative bid. Were there to have been competing bidders, it seems doubtful that a successful underwriting could have been effected. Moreover, the bidding would likely have been less favorable to the state.

### Avid Demand for California Bonds

As it worked out, California accepted the Bank of America merged group bids for $75,000,000 of the $93,000,000 bonds bid for. The group bids for the $15,000,000 Harbor bonds and $3,000,000 Small Craft Harbor bonds were rejected. The bonds awarded mature serially from 1962 to 1986 and are scaled and priced to yield from 3.50% to 4.00%. Allotments against orders are being made sometime today.

It is reliably indicated that there has been a splendid reception for the offering, with orders from retail accounts and members of the group totaling about $285,000,000. With this sort of oversubscription, allotments are likely to be scanty.

The successful placement of this large offering at this turn of the market again emphasizes the importance of intelligent cooperation between the issuer and the underwriters. Despite the over-all breadth of the tax-exempt bond market, timing is necessitous, and usually difficult, because of national and international political repercussions that create "on again, off again" bond markets.

### Other Recent Awards

Yesterday (June 29) another important Pennsylvania Authority came into the market for substantial funds. The Pennsylvania State School Authority awarded $25,260,000 school lease revenue serial (1960-1999) bonds to the large group headed by Halsey, Stuart & Company, C. J. Devine & Company, Goldman, Sachs & Company, Glore, Forgan & Company and others. The bonds were scaled to yield from 2.20% to 4.20% for the 1998 maturity. The last installment due 1999 was priced to yield 4.50% for 1% bonds. The Drexel & Company group was runner up in the bidding. The reception on reoffering is not as yet known.

A large and interesting Florida issue was bid for by a merged group on Wednesday. The Florida Development Commission (Pinellas County Road and Bridge revenue) awarded $16,800,000 serial (1965-1990) bonds to the group headed by B. J. Van Ingen & Company, John Nuveen & Company, Merrill Lynch, Pierce, Fenner and Smith, A. C. Allyn & Company and others. The offering yields run from 3.75% to 4.70%. This high yield offering should attract considerable investor interest.

The markets for the dollar quoted municipal and state revenue and authority bonds have been mixed this past week. They are generally off about one-half point from the highs reached a week ago. The Smith, Barney & Company Turnpike bond yield Index was at 3.94% when last reported on June 23. The week previous it was 3.92%. This represents a less than one-half point decline.

### Calendar of Pending Sales Still Substantial

The new issue calendar is now moderate as related to the volume that prevailed a week or two ago. However, from a seasonal aspect, the calendar, now totaling over $300,000,000 for the weeks ahead, is fairly heavy. With bids for new issues generally improving, and with the trend toward easier money considered reassuring by borrowers, the summer months may witness more underwriting activity than is usual. New issue volume still lags behind a year ago to date. Despite this fact, the aggregate for the year is likely to markedly exceed the volume of 1959.

### MARKET ON REPRESENTATIVE SERIAL ISSUES

| | Rate | Maturity | Bid | Asked |
|---|---|---|---|---|
| California (State) | 3½% | 1978-1980 | 4.00% | 3.85% |
| Connecticut (State) | 3¾% | 1980-1982 | 3.50% | 3.35% |
| New Jersey Highway Auth., Gtd. | 3% | 1978-1980 | 3.40% | 3.30% |
| New York (State) | 3% | 1978-1979 | 3.15% | 3.05% |
| Pennsylvania (State) | 3⅜% | 1974-1975 | 3.20% | 3.05% |
| Vermont (State) | 3⅛% | 1978-1979 | 3.20% | 3.10% |
| New Housing Auth. (N. Y., N. Y.) | 3½% | 1977-1980 | 3.50% | 3.35% |
| Los Angeles, Calif. | 3¾% | 1978-1980 | 3.90% | 3.75% |
| Baltimore, Md. | 3¼% | 1980 | 3.50% | 3.40% |
| Cincinnati, Ohio | 3½% | 1980 | 3.40% | 3.30% |
| New Orleans, La. | 3¼% | 1979 | 3.60% | 3.45% |
| Chicago, Ill. | 3¼% | 1977 | 3.80% | 3.65% |
| New York City, N. Y. | 3% | 1980 | 3.95% | 3.90% |

June 29, 1960 Index=3.423%

## James Richardson New N. Y. Office

James Richardson & Sons, Inc., have announced the relocation of the New York office to the 19th floor, 14 Wall Street, New York City. The firm's new telephone number is Digby 9-2850.

The firm is an affiliate of James Richardson & Sons of Canada, established in 1857.

## Kahn Partner in Abraham & Co.

Abraham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Irving Kahn will join their firm as a general partner as of July 1. Leslie A. Taylor, William F. DeLuca and Alan R. Kahn who have been associated with Mr. Kahn will so continue at Abraham & Co.

Mr. Kahn was formerly a partner in J. R. Williston & Beane.

### With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ernest C. MacLean has become associated with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. MacLean, who has been in the investment business for many years, was recently with Shearson, Hammill & Co.

### New Witter Branch

HONOLULU, Hawaii—Dean Witter & Co. has opened a branch office at 111 Kaiulani Avenue under the management of G. Richard Cronin.

## 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 30 (Thursday)** | | | |
| Dallas Ind. School District, Texas | 15,000,000 | 1961-1980 | 8:00 p.m. |
| El Paso, Texas | 9,000,000 | 1961-1985 | 10:00 a.m. |
| Guilderland, Bethlehem & New Scotland Cent. S. D. No. 2, N. Y. | 1,860,000 | 1961-1989 | 11:00 a.m. |
| Kileen, Texas | 1,120,000 | 1961-1989 | 2:00 p.m. |
| Nederland Ind. School Dist., Texas | 1,500,000 | 1961-1988 | 11:00 a.m. |
| North East Ind. Sch. Dist., Texas | 1,000,000 | 1961-1984 | 8:00 p.m. |
| Randolph, Massachusetts | 1,000,000 | 1961-1980 | 11:00 a.m. |
| **July 5 (Tuesday)** | | | |
| Alameda Co. Flood Control and Water Conservation Dist., Calif. | 2,250,000 | 1961-1990 | 10:00 a.m. |
| Appleton, Wisconsin | 1,925,000 | 1961-1980 | 1:30 p.m. |
| **July 6 (Wednesday)** | | | |
| Brookhaven Union Free School District No. 32, New York | 1,600,000 | 1960-1988 | 2:00 p.m. |
| Charlotte County Special Tax School District No. 1, Florida | 1,000,000 | 1962-1982 | 11:00 a.m. |
| Florence State College, Alabama | 1,365,000 | 1963-2000 | 9:00 a.m. |
| New Rochelle City Sch. Dist., N. Y. | 1,095,000 | 1961-1987 | Noon |
| North Carolina | 10,695,000 | 1961-1980 | 11:00 a.m. |
| Orleans Levee District, La. | 1,500,000 | 1961-1970 | 11:00 a.m. |
| Salt River Project Agricultural Imp. & Power District, Arizona | 19,000,000 | 1963-1992 | 10:00 a.m. |
| **July 7 (Thursday)** | | | |
| Chicago, Illinois | 37,000,000 | 1962-1979 | 10:00 a.m. |
| Dist. of Columbia, Armory Board | 19,800,000 | -------- | -------- |
| Elko County, School Dist., Nevada | 1,350,000 | 1963-1980 | 8:00 p.m. |
| Newton, Massachusetts | 1,400,000 | 1961-1980 | 11:00 a.m. |
| St. Petersburg, Florida | 5,000,000 | 1961-1985 | 11:00 a.m. |
| Sedalia School District, Missouri | 1,665,000 | 1961-1980 | 7:30 p.m. |
| Yorktown, New Castle & Cortlandt Central School Dist. No. 2, N. Y. | 4,536,000 | 1961-1989 | 2:30 p.m. |
| **July 11 (Monday)** | | | |
| Santa Maria Joint Junior College District, California | 1,000,000 | 1961-1980 | 10:00 a.m. |
| University of Pennsylvania | 3,180,000 | 1962-1999 | 10:00 a.m. |
| **July 12 (Tuesday)** | | | |
| Anne Arundel County, Maryland | 9,750,000 | 1962-1985 | 11:00 a.m. |
| Anne Arundel County Sanitary Commission, Maryland | 4,400,000 | 1962-1990 | 11:00 a.m. |
| Ball State Teachers College of Indiana, Indiana | 2,500,000 | 1962-1989 | 10:00 a.m. |
| Beloit, Wisconsin | 1,950,000 | 1961-1980 | 11:00 a.m. |
| Denton, Texas | 2,300,000 | 1962-1990 | 10:30 a.m. |
| Escanaba Area Sch. Dist., Michigan | 2,800,000 | 1961-1989 | 8:00 p.m. |
| Grand Rapids, Michigan | 1,000,000 | 1961-1975 | 3:00 p.m. |
| Greece Central S. D. No. 1, N. Y. | 1,570,000 | 1960-1077 | 2:00 p.m. |
| Hamilton County, Tennessee | 2,000,000 | -------- | 11:00 a.m. |
| Henderson State Teacher's College, Arkansas | 1,384,000 | 1960-1999 | 11:00 a.m. |
| Lindbergh School Dist., Missouri | 1,000,000 | 1961-1980 | 9:00 a.m. |
| Montebello Unified Sch. D., Calif. | 4,800,000 | 1961-1980 | 9:00 a.m. |
| Nassau County, New York | 35,596,000 | -------- | -------- |
| New Orleans, Louisiana | 6,200,000 | 1962-1990 | 10:00 a.m. |
| Redondo Beach, California | 8,750,000 | 1963-1980 | 10:00 a.m. |
| Sacramento, California | 6,000,000 | 1962-2000 | -------- |
| Santa Ana School District, Calif. | 5,100,000 | 1961-1980 | 11:00 a.m. |
| Santa Clara County, California | 11,498,000 | 1961-1985 | 11:00 a.m. |
| Seymour, Connecticut | 1,872,000 | 1961-1979 | 2:00 p.m. |
| University of Texas | 5,000,000 | -------- | 10:00 a.m. |
| **July 13 (Wednesday)** | | | |
| Birmingham, Alabama | 8,500,000 | 1961-1990 | 11:00 a.m. |
| North Hempstead & Oyster Bay U. F. S. D. No. 3, New York | 2,111,000 | -------- | 11:00 a.m. |
| **July 14 (Thursday)** | | | |
| University of Puerto Rico | 5,440,000 | -------- | Noon |
| **July 19 (Tuesday)** | | | |
| Erie County Institution Dist., Pa. | 2,925,000 | 1961-1990 | 11:00 a.m. |
| Eugene, Oregon | 25,000,000 | 1965-2004 | -------- |
| **July 20 (Wednesday)** | | | |
| Bernards Township Sch. Dist., N. J. | 1,532,000 | 1961-1980 | 8:00 p.m. |
| Broward County, Florida | 4,000,000 | 1966-1990 | Noon |
| Quincy Comm. School Dist., Mich. | 1,425,000 | 1961-1989 | 8:00 p.m. |
| **July 21 (Thursday)** | | | |
| Davis & Salt Lake Counties Sewer District, Utah | 1,750,000 | -------- | 8:00 p.m. |
| **July 26 (Tuesday)** | | | |
| Lake County Special Tax School District No. 1, Florida | 5,600,000 | 1962-1979 | 11:00 a.m. |
| Thibodaux, Louisiana | 1,500,000 | 1963-1990 | 3:00 p.m. |
| **July 27 (Wednesday)** | | | |
| Assumption Parish S. D. No. 1, La. | 1,400,000 | 1963-1985 | 2:00 p.m. |
| **July 29 (Friday)** | | | |
| Farmington School District, Mich. | 1,500,000 | 1962-1986 | 8:00 p.m. |
| **Aug. 1 (Monday)** | | | |
| Seattle, Washington | 4,500,000 | -------- | 10:00 a.m. |
| **Aug. 3 (Wednesday)** | | | |
| Wichita School Dist. No. 1, Kansas | 2,500,000 | 1961-1980 | 9:00 a.m. |
| **Aug. 10 (Wednesday)** | | | |
| Terrebonne Parish, Louisiana | 1,300,000 | 1961-1980 | 10:00 a.m. |
| **Aug. 23 (Tuesday)** | | | |
| Iberville Parish, Louisiana | 1,000,000 | -------- | 2:30 a.m. |
| San Mateo Jr. College Dist., Calif. | 5,900,000 | -------- | -------- |

# The Consumer Credit Growth Potential in the 60's

*By* Arno H. Johnson,* *Vice-President and Senior Economist*
*J. Walter Thompson Company, New York*

**Yardsticks used by alarmed critics of our consumer debt level to prove such indebtedness is dangerously high is controverted by Mr. Johnson. By employing such measures as discretionary income, changed income distribution, decline of debt to production and increased net financial equity of individuals, the writer is able to show considerable room for consumer credit expansion exists. Moreover, he finds here an important source for our growing prosperity and depicts a $35 billion backlog of potential consumer needs that augurs well for the future. Mr. Johnson pointedly avers that our major task is to expand consumption to match our increased productive ability and envisions credit expansion potential of $107 billion, or over double our present $51 billion level, as grist for our economic mill.**

Consumer credit today could be at a $65 billion level, or 27% above the $51.2 billion of March 1960, and still not be out of line with the present national level of **discretionary** spending power.

Arno H. Johnson

Consumer credit could expand 64% in the next five years to $84.0 billion to keep up with the probable growth in discretionary spending power — and by 1970, assuming a minimum of $750 billion of total national production, we should gear ourselves to a potential consumer credit of about **$107 billion**, or more than **double** the 1960 total.

Such a growth in consumer credit could play an important part in raising our standard of living fast enough to utilize our growing productive ability, and in offsetting the inflationary pressures that develop when our productivity is slowed down through inadequate demand.

Those who view with alarm the present level of consumer credit point to the following as dangers:

(1) The high level of consumer credit in dollars—the $51 billion outstanding now is over six times the prewar total of $8 billion in 1940.

(2) The rapidity of the increase doubled in the last 10 years from $21.5 billion in 1950 to $51 billion in 1960.

(3) The use of consumer credit, prewar, never exceeded 11% of disposable personal income after taxes. It was 11% in 1940 and 10% in 1950—now consumer credit is approximately 15% of disposable income.

(4) Expansion of consumer credit is feared by some as inflationary—on the basis that it stimulates consumer demand.

These fears do not take into account some very basic changes that have taken place since prewar in our productivity, distribution of income and purchasing power and in the resulting opportunity for further substantial advances in our standard of living. In particular, there has been little recognition of the spectacular change in **discretionary** spending power of our population. This **discretionary** spending power is a better yardstick of ability to utilize consumer credit than the usual yardstick of **disposable** personal income after taxes.

Since 1940 there has been a **7½-fold increase** in the total of discretionary spending power — from $26.9 billion in 1940 to $205.2 billion in the first quarter of 1960.

Discretionary spending power is here considered to be the amount of personal income after taxes that remains as **surplus spending power** over and above what would be needed to provide a 1940 per capita standard of living for such necessities as food, clothing, and shelter at present prices.

In relation to this discretionary spending power, the amount of consumer credit outstanding has dropped from 31% in 1940 to 25% in 1960. To reach even the 1940 relationship of 31% would indicate that present consumer credit outstanding should total about $65 billion, or some $14 billion possible expansion over the first quarter level of $51 billion. And why should the 31% relationship in 1940 necessarily be accepted as the ceiling? There has been no substantial evidence of dangerous overextension of consumer credit in either 1940 or today.

Just seven years ago—April 8, 1953—I presented a similar analysis of consumer credit potential before the National Consumer Credit Conference at New York University. My statement then that consumer credit could safely expand by 75% to a level of $42 billion and still not be out of line with discretionary spending power was greeted with widespread skepticism and alarm. But the total of consumer credit actually reached $42.5 billion as early as 1956 and has continued to grow to well over $50 billion without "creating serious difficulties by its further expansion."

**Expansion of Total Consumption The Important Need of the 60's**

Expansion of total consumption — encouraging a rapid improvement in **our standard of living**— must characterize our economy if we are to reach the production and employment goals so widely quoted for 1970. We must prepare for a velocity of change in marketing and marketing concepts to cope with the task of selling an additional $165 billion of personal consumption annually above the 1955 level to a total of over $475 billion by 1970. That's an increase of over 52% in our total standard of living!

That level of consumption will mean that retail stores must add about $115 billion to bring their volume in 1970 to over $330 billion compared with $216 billion of retail trade in 1959. It means taking a new look at consumer credit as an important influence in expanding consumption and encouraging a higher standard of living.

**$750 Billion of Production by 1970**

By 1970 our total production of goods and services in the United States should grow to over $750 billion in terms of June, 1959 prices compared with the $485 billion level in mid-1959.

$750 billion by 1970 is a conservative measure of our productive ability since it allows only for a gain of 2.0% per year in per capita productivity — well below the rate we have demonstrated since prewar. Actually, in the 19 years between 1940 and 1959, total physical production per capita (in terms of constant dollars) increased by 58% or about 2½% per year. Bureau of the Census projections indicate a possible growth of population to 220 million by 1970 from the level of 177 million in 1959. So $750 billion of productive ability for 1970 should be looked upon as a minimum level for long-range planning. If the actual rate of growth in per capita production experienced in our last 19 years (2½% per year) were continued over the next decade our productive ability by 1970 would be $790 billion to $800 billion.

To support the $750 billion production economy, which we can and must have by 1970 to avoid general unemployment and underutilization of our productive ability, we must add to our level of sales to consumers the huge amount of about $165 billion (up to a total personal consumption of over $475 billion by 1970 compared with the $311.2 billion level in mid-1959).

**Discretionary Spending Power Now Seven and One-Half Times Greater Than Prewar**

Total discretionary spending power for our entire population, which reached a level of $205.2 billion in the first quarter of 1960, was over 7½ times as great as the $26.9 billion in 1940. Discretionary spending power is defined here as the surplus spending power over and above what would be required to supply a per capita standard of living for the basic necessities of food, clothing, and shelter equivalent to the **1940** actual standard of living after taking into account present prices. This could reach $225 billion in 1961 and $270 billion in five years —by 1965. And, on the basis of the $750 billion production goal, in 1970, the discretionary spending power could reach $345 billion or an increase of 68% above the 1960 level.

In 1940 when our total disposable personal income after taxes was $76.1 billion, our population used $49.2 billion of this for basic living costs—the necessities of food, clothing, and shelter—the remaining $26.9 billion was available for all other items making up the 1940 standard of living or savings. $4.2 billion of this represented personal savings in 1940.

To maintain the **same** standard of living per capita for food, clothing, and shelter in 1960, at the inflated prices, would require $140.2 billion instead of $49.2 billion because of the increased prices of these necessities and because of the increased population to feed, clothe, and shelter. This $140.2 billion would, however, provide for the same consumption in physical units per person and of the same quality as in 1940.

But disposable personal income in 1960 (first quarter) was at the annual rate of $345.4 billion even after the increase in personal taxes, so the consuming public had $205.2 billion or 7½ times as much in the form of discretionary buying power over and above what is needed to provide the necessities for a 1940 standard of living. This 7½-fold greater discretionary buying power is available at the discretion of the individuals to provide for increased savings, additional items not enjoyed before, or improvement in the basic standard of living in the form of more or better quality items of food, clothing, and shelter.

At no time in history have we experienced any such volume of discretionary spending power. The amount in 1929, for example, was only $27.5 billion and was even lower in the period between 1929 and 1939.

**Changes in the Composition of Disposable Income Make It Misleading As a Yardstick for Consumer Credit**

Disposable income (personal income after Federal and local taxes) has frequently been used as a national yardstick of the amount of consumer credit that the economy can carry safely. In the period from 1929 to 1939 consumer credit outstanding ranged between 7% to 10% of disposable income. In 1940 it was 11% then dropped to as low as 3½% during the war peak of 1943-44. The 1940 relationship of 11% has somehow gained acceptance as the "ceiling" beyond which it would be dangerous to allow consumer credit to expand. As of the first quarter of 1960, the $51 billion of consumer credit, or approximately 15% of the $345 billion rate of disposable income, is far above the mythical ceiling.

Relating consumer credit to consumer income at least has the value of using something as a measuring rod, but nobody goes on to determine whether the prewar relationship of 11% or the 1950 relationship of 10% were valid and can serve as a proper proportion now.

It can be argued, however, that consumer disposable income is not a proper yardstick for consumer credit because it has changed in character as a result of our increased productivity and rapid change in the income distribution of families. As families have moved up from one income group to the next there has been a disproportionate change in their "discretionary" income—in their ability to save or to buy things beyond the bare necessities.

These changes have resulted in a change in the proportion of disposable income that is "discretionary." In 1940 only $26.9 billion or 35% of the $76.1 billion of disposable income was available for other than necessities. Currently, of the $345 billion of disposable income, $205 billion or 60% is discretionary income over and above what would be required to supply our population with the same per capita standard of food, clothing, and shelter as in 1940.

The excess of discretionary

*Continued on page 30*

# DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

**Boat Stocks**—Review—Batten & Co., 1835 K Street, N. W., Washington 6, D. C. Also available is a bulletin on **Saber Boats, Inc.**

**Bread and Butter Stocks**—Review — Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

**Canadian Copper Shares**—Analysis—Annett Partners Limited, 220 Bay Street, Toronto, Ont., Canada.

**Carrying on Business in Canada** — Booklet on incorporation of business in Canada, taxes applicable, tax rates, etc.—Royal Bank of Canada, Business Development Department, 360 St. James Street, West, Montreal, Que., Canada (New York agency, 68 William Street, New York 5, N. Y.)

**Cement Stocks** — Review — Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

**Chemical & Pharmaceutical Industry**—Survey—Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

**Cuban Sugar Quotas**—Bulletin—Lamborn & Co., 99 Wall Street, New York 5, N. Y.

**Dow Jones Industries**—Comparative figures — Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Georgia.

**Electric Utility Industry**—Review with particular reference to **Boston Edison Company, Commonwealth Edison, Niagara Mohawk Power Corp., Pacific Gas & Electric Company, Philadelphia Electric** and **Southern Company** — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reviews of **ACF Industries** and **American Zinc, Lead & Smelting Co.**

**Equities for Investment**—Bulletin —Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

**Fire & Casualty Insurance Stocks** —Comparison & Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**Franklin Letter** — Bi-monthly review of economic conditions in Nassau and Suffolk Counties, Long Island, New York, including business index and quarterly survey of business conditions—The Franklin Letter, The Franklin National Bank of Long Island, P. O. Box 47, Franklin Square, N. Y.

**Gold and the Dollar Crisis**: Proposals to revolutionize the critical debate on international monetary policy—Robert Triffin—Yale University Press, New Haven, Conn. —$4.75.

**Guide to Business in Canada** — Including a survey of major Canadian taxes affecting business or personal interests in Canada — Bank of Montreal, Montreal, Que., Canada (New York office, 2 Wall Street, New York 5.)

**Hospital Suppliers** — Report — A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are reports on **Carter Products Inc.** and **American Book Co.**

**Indian Textile Industry**—Analysis — Harkisondass Lukhmidass, 5 Haman Street, Bombay, India.

**Investor's Digest** — Monthly bulletin on Canadian securities — Wills, Bickle & Company, Ltd., 44 King Street, West, Toronto 1, Ont., Canada.

**Japanese Copper, Lead & Zinc**—Review — Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are data on **Mitsui Mining & Smelting Co., Ltd., Mitsubishi Metal Mining Co.,** and **Nippon Mining Co.**

**Japanese Equipment Industry**—Analysis—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are analyses of the **Cement Industry, The Japanese Bond & Stock Markets,** and data on **Nippon Sheet Glass Co., Kubota Iron & Machinery Works, Fuji Electric Manufacturing** and **Oki Electric Industry 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.

**Rail Stocks**—Bulletin on six attractively priced issues — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available is a selected list of **Industrial Preferred Stocks,** and data on **Middle South Utilities, Caterpillar Tractor, AMP, Inc., Phillip Morris** and **Missouri Pacific.**

**Rubber Fabricators** — Bulletin — Bache & Co., 36 Wall Street, New York 5, N. Y.

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

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**Aetna Finance Co.** — Analysis — Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Missouri.

**Allied Paper**—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

**American Crystal Sugar**—Memorandum — Pitman & Company, Milam Building, San Antonio 5, Texas.

**American Greetings Corp.**—Memorandum — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

**American Water Works** — Data — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are data on **Delta Air Lines.**

**Arkay International Inc.** — Bulletin — Don Buchholz, Inc., 32 Broadway, New York 4, N. Y.

**Atlantic Coast Industries** — Bulletin — Edwards & Hanly, 100 North Franklin St., Hempstead, N. Y.

**Augsburg College and Theological Seminary**—Memorandum on first mortgage serial bonds — B. C. Ziegler and Company, Security Building, West Bend, Wis.

**Beneficial Finance Company** — Review — Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y. Also available is a review of **Great Northern Paper.**

**Beneficial Standard Life Insurance Company**—Study—Robert H. Huff & Co., 210 West Seventh St., Los Angeles 14, Calif.

**Black & Decker Manufacturing Company**—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y. Also available is an analysis of **Towmotor Corporation.**

**Cary Chemicals Inc.**—Analysis—Jesup & Lamont, 26 Broadway, New York 4, N. Y.

**Cascade Natural Gas Company**—Analysis—Zilka, Smither & Co., Inc., 813 Southwest Alder, Portland 5, Ore.

**Cessna Aircraft Company**—Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

**Columbia Broadcasting** — Review —Hardy & Co., 30 Broad Street, New York 4, N. Y.

**Consolidated Water Power & Paper Company** — Analysis — Loewi & Co., Inc., 225 East Mason Street, Milwaukee 2, Wis. Also available is a review of **Ryder System, Inc.**

**Cooper Bessemer**—Analysis—Auchincloss, Parker & Redpath, 1705 H. Street, N. W., Washington 6, D. C.

**Dentists Supply Co.** — Bulletin — Weingarten & Company, 551 Fifth Avenue, New York 17, N. Y.

**Diebold, Inc.**—Analysis—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

**Electric Autolite** — Data — Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y. Also available are data on General Plywood.

**Elliott Automation Ltd.**—Memorandum—Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

**Fairmont Foods Company**—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

**Fruehauf Trailer Company** — Analysis— Carreau & Company, 115 Broadway, New York 6, N. Y.

**Goddard, Inc.** — Special Report—Hardy & Hardy, 11 Broadway, New York 4, N. Y.

**Harn Corporation** — Report — Street & Company, Inc., 44 Wall Street, New York 5, N. Y.

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

**Hooker Chemical Corp.** — Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

**Howard Industries, Inc.**—Analysis —Webber-Simpson & Company, 208 South La Salle Street, Chicago 4, Ill.

**Inter City Gas Limited**—Analysis —Osler, Hammond & Nanton, Limited, Nanton Building, Winnipeg., Man., Canada.

**International Petroleum**—Memorandum—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

**Island Creek Coal** — Data — du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also available are data on **Natus Corporation** and **Monterey Oil.**

**Kusan Incorporated** — Analysis — Greene and Company, 37 Wall Street, New York 5, N. Y.

**Lancer Industries** — Memorandum —D. A. Davidson & Co., Steele Building, Great Falls, Mont.

**Levy Industries Limited**—Review —Ross, Knowles & Co. Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

**Lily Tulip Corporation**—Analysis —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Indiana General Corporation.**

**R. H. Macy & Co., Inc.**—Analysis —T. L. Watson & Co., 25 Broad Street, New York 5, N. Y.

**R. H. Macy & Co.** — Review — Hornblower & Weeks, 40 Wall Street, New York 5, N. Y. Also available is an analysis of **Amphenol-Borg Electronics Corp.**

**Majestic Specialties, Inc.**—Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y.

**Minute Maid Corporation**—Report —Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

**Montana Power**—Memorandum—Shields & Company, 44 Wall Street, New York 5, N. Y.

**Morton Manufacturing Corporation** — Analysis — Robert Garrett & Sons, Garrett Building, Baltimore 3, Md.

**Norris Thermador Corporation**—Analysis—Lester, Ryons & Co., 623 South Hope Street, Los Angeles 17, Calif.

**Oroville Wyandotte Irrigation District** — Bulletin — The Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

**Raytheon Company** — Analysis — Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y. Also available is an analysis of **F. W. Woolworth Company.**

**Reliance Insurance** — Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

**Rexall Drug & Chemical Company** — Analysis — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available is an analysis of **North American Aviation,** data on **Eastman Kodak, Hilton Hotels** and the **Railroads.**

**Ruberoid Co.**—Analysis—Joseph Walker & Sons, 30 Broad Street, New York 4, N. Y.

**Ryder System, Inc.** — Memorandum—Oscar E. Dooly & Co., Ingraham Building, Miami 22, Fla.

**Schlumberger, Ltd.** — Memorandum—Wineman, Weiss & Co., 61 Broadway, New York 6, N. Y.

**Scott Aviation Corporation**—Analysis—The First Cleveland Corporation, National City East Sixth Building, Cleveland 14, Ohio.

**Southam Company Ltd.**—Analysis —McLeod, Young, Weir & Company, Limited, 50 King Street, West, Toronto, Ont., Canada.

**Standard Packaging**—Data—McDonnell & Co. Incorporated, 120 Broadway, New York 5, N. Y. Also available are data on **Bobbie Brooks, Leeds & Northrup, Crown Aluminum Industries Corp., General Aviation** and **Transistron Electronic Corp.**

**Steel Company of Canada Limited** — Detailed analysis — W. C. Pitfield & Co., Inc., 30 Broad Street, New York 4, N. Y.

**Struthers Wells Corporation** — Analysis—Morris Cohon & Co., 19 Rector Street, New York 6, N. Y.

**Symington Wayne** — Review — H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a report on **United Merchants & Manufacturers.**

**Telechrome Manufacturing Corp.** — Report — De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

**Torrington Company** — Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Pacific Lighting Corp.**

**Torrington Company**—Analysis—Sprayregen, Haft & Co., 26 Broadway, New York 4, N. Y.

**United Biscuit Company of America**—Analysis—Hallgarten & Co., 44 Wall Street New York 5, N. Y.

**United Gas**—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

**Universal Match Corporation** — Analysis—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

**Vinco** — Memorandum — Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y. Also available are memoranda on **Stanray** and **Torrington.**

**Waters Manufacturing** — Memorandum—Stroud & Company, Incorporated, 123 South Broad St., Philadelphia 9, Pa.

**Whitin Machine Works**—Analysis —New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

## Century Securities

BEVERLY HILLS, Calif. — Century Securities Company has been formed with offices at 8421 Wilshire Boulevard to engage in a securities business. Partners are Fred Colton, David T. Fleischman, and Sidney Dauer. All were formerly with Samuel B. Franklin & Co.

# What Britain's Resistance To Inflation Means

By Paul Einzig

**Dr. Einzig explains why Britain's recent hike in the bank rate to 6% and the credit squeeze is expected to bring banks to their senses and to check higher wage drive. Moreover, he notes the favorable reaction of sterling and the removal of any cause for a run on the pound during the seasonal autumn pressure. Nevertheless, Dr. Einzig prefers that instead of the above disinflationary measures Government spending had been cut. This step, he says, would have raised the price of Government loans instead of depressing them, and would have removed this source of inflation. Dr. Einzig agrees, however, this is better than nothing; that the measures taken are not premature; and Government economy can be added to the measures taken.**

*LONDON, England*—The increase of the bank rate to 6% on June 23, and the simultaneous decision to call up from the banks and immobilize another £73 million of special deposits, is welcomed by anti-inflationists as yet another indication of the Government's determination to resist inflation. These latest disinflationary measures have aroused, on the other hand, much more criticism than any previous measures did in recent years. While many measures in the past had been criticized on the ground of being "too late and too little," the present steps are criticized on the opposite ground — that they are "too soon and too much." The autumn pressure is nowhere here yet, so that the authorities are accused of "screaming before they are hit." And the actual extent of the overload on the economy, on the basis of the known figures does not appear to justify such drastic steps.

### Step Is Not Premature

Even so, the authorities have never been more right than they are in taking steps before inflation has got into its stride. Had they taken such steps in 1957 it would not have been necessary in September to raise the bank rate to 7%. Whether they have chosen the right measures may be open to argument. But the indications of a deterioration of the trade balance and the reappearance of overfull employment in the South of England and in the industrial Midlands called for corrective measures before the situation got out of control. And if the measures erred on the side of undue severity they erred on the right side.

Nevertheless, the Chancellor of the Exchequer, Mr. Amory, has been criticized not only by those who would have preferred if he allowed inflation to develop but also by those who are strongly against inflation. Many of them feel that he ought to have tackled the situation from a different angle. Excessive Government spending is blamed for a large part of the inflationary trend that has been developing this year. The Budget of 1960-61 provides for an increase in expenditure of over $1,000 million. While the Government is doing its best to discourage private expenditure both on consumer goods and capital goods, it does not practice what it preaches. One of the Conservative Members of Parliament, Mr. Ridsdale, remarked in the House of Commons following on Mr. Amory's promise to cut down the Government's capital expenditure that, had that been done this year instead of next year, the increase of the bank rate would not have been necessary.

One of the advantages of disinflation through cuts in public spending over disinflation through high bank rate and credit cuts would have been that a further fall in Government loans would have been avoided. The increase of the bank rate was followed by a fall of 3½% War Loan to 60. Having regard to the fact that the purchasing power of the pound is only about one-third of what it was when the War Loan was issued during the first World War, this depreciation means that original holders or their heirs lost something like four-fifths of their money. Had the Chancellor sought to defend sterling by an economy drive it would have raised the price of Government loans instead of depressing them further.

The Chancellor's promise not to increase next year the Government's expenditure on capital investment projects beyond this year's figure does not go far enough to satisfy the critics. It does not foreshadow any administrative economies. All it means that some of the too ambitious schemes will be slowed down. Nothing has been said about trying to force the spending departments to curtail their current expenditure. And cynics remember that when in 1958 Mr. Amory's predecessor, Mr. Thorneycroft, tried to implement his undertaking not to increase expenditure beyond the previous year's level he encountered such a degree of resistance that he had to resign.

### Anything Is Better Than Doing Nothing

Needless to say, even though sterling is defended in the wrong way it is much better than not to defend it at all. The higher bank rate and the credit squeeze will, it is hoped, bring the banks to their senses. During the last year or so they have been simply thrusting credit on their customers, inviting them to ask for more and to bring their friends, too. And industrial employers will have to think twice before conceding excessive wage demands on the comfortable assumption that anyhow they would be able to pass on the increases to the buyers of their goods. The main reason why the Government decided in favor of the latest drastic measure was the decision of the Confederation of Engineering and Shipbuilding Unions to ask for a substantial wage increase. If this demand and other pending demands were conceded it would be impossible to prevent an increase in the cost of living, after its remarkable stability for two years.

Sterling responded favorably to the disinflationary measures, and there can be no doubt that they do inspire confidence as indications of the Government's determination to defend the pound. For this reason there is no cause to expect another run on the pound in the autumn. But in order to remove all fears the Government should show that it is willing to cut its own current expenditure. There is ample scope for an economy drive. There has not been one for years, and unnecessary increases must have taken place in all departments. Administrative economies would be infinitely more impressive than a high bank rate.

# Chemical Bank Names 3 Vice-Pres.

**The promotion of three Assistant Vice-Presidents to the rank of Vice-President by Chemical Bank New York Trust Company has been announced by Harold H. Helm, Chairman. They are: Nor-**

N. Berkeley, Jr.

Walter P. Moran

A. W. Van Gelder

**borne Berkeley, Jr., National Division; Walter P. Moran, and Albert W. Van Gelder, Metropolitan Division.**

**Mr. Berkeley was admitted to the New York Bar in 1950 and later that year began his banking career with Chemical Bank. He became Assistant Secretary in 1955 and Assistant Vice-President in 1957, representing the bank in the States of Illinois, Michigan, Minnesota and Wisconsin.**

**Mr. Moran began his career in 1919 with the former Liberty National Bank which later merged with The New York Trust Company of which he became Assistant Vice-President in 1954. New York Trust was merged into Chemical Bank New York Trust Company last September.**

**Mr. Van Gelder began his banking career in 1925 with Corn Exchange Bank Trust Company and in 1946 became Assistant Treasurer of Continental Bank and Trust Company. Both of these institutions subsequently joined with Chemical Bank where he became Assistant Vice-President in 1954.**

### Deane Director

Thomas C. Deane, pioneer Los Angeles banker, has been elected to the board of directors of Biochemical Procedures, Inc., of North Hollywood, Calif., it was announced by S. Louis Gaines, Board Chairman. Mr. Deane has also been appointed to the board's executive committee.

Mr. Deane retired last year after 46 years with the Bank of America. At the time of his retirement, he was Vice-President and Manager of the bank's main Los Angeles branch.

### Potts & Finchell

MIAMI, Fla.—Potts and Finchell Incorporated has been formed with offices in the Olympia Building to engage in a securities business. R. Frazier Potts is a principal of the firm.

### Named Directors

Peter Darlington, a partner of Hill, Darlington & Company, New York Stock Exchange member, and John J. Leighton, who is associated with the law firm of Ehrich, Stocks, Valicenti, Leighton and Holland, have been elected to the Board of Directors of Shattuck Denn Mining Corporation, Thomas Bardon, company President, announced.

# Canada Faces the Problem Of Changing Circumstances

By Hon. Robert H. Winters,* *President, Rio Tinto Mines, Toronto, Canada*

**Mr. Winters' review of his country's economic performance takes in the radically changed circumstances affecting its future and the need to overcome today's difficult market conditions compared to years following World War II until this decade. According to the author, "successful marketing will be the key to Canada's further progress in the years ahead." Canada cannot, he adds, rely on capital imports ad infinitum nor impose restrictions on imports in place of a better balanced visible trade.**

According to statistics the rubber industry in Canada is one of the leading manufacturing industries, a symbol in itself of the progress this country has made in recent years toward the point where it is now one of the leading industrialized nations in the world. I would also surmise that an obvious "growth" industry, like the Canadian rubber industry, will continue to grow as population and industrial development increase, notwithstanding the extraordinarily keen competition which at times must make it seem that it is engaged almost in a struggle for survival.

R. H. Winters

But with the assured growth of a society that moves on rubber tired wheels, I am sure we can look forward with confidence to an increasing demand for this commodity.

### Strength Based on Natural Resources

In any concept of a developing future for Canada, our natural resources loom large because they constitute our basic underlying assets. They are our producers of new wealth. It is a pleasant fact that we are well endowed in this respect; and it is a fact that fortunately cannot be altered by interpretation, as in the case of the vagrant who stood before the judge and said "Your Honor, as God is my witness I did not steal the money." The judge who had another slant replied, "He isn't, I am and you did."

Because of the strength and importance of our resources I would like to deal briefly with two aspects of them—the material and the human. Both are interdependent.

As an indication of our material growth, our Gross National Product has risen from nearly $12 billion in 1945 to $35 billion in 1959. Over the same period, our population has grown from 12 million to 17½ million, through large-scale immigration and the increase in the birthrate. This means that each man, woman and child produced $2,000 worth of goods and services in 1959, as contrasted with $1,000 worth in 1945—a substantial achievement even allowing for the erosion of the dollar through inflation.

Those of us living in Canada today have the privilege of witnessing at first hand, and participating in, the development of this country's resources. The experience is a special one, not given to many nations, especially those older nations whose basic natural resources have already been largely exploited. A citizen of Britain, West Germany, Japan and even parts of the United States, does not have the opportunity to see and take part in such imaginative and vast developmetn projects as Kitimat, Knob Lake and the St. Lawrence Seaway. The basic foundations of many industrial nations are already set. We Canadians are still in the position of privileged potters with almost unlimited quantities of virgin clay at our disposal, which we can mold as we see fit.

### Opportunity for Well Planned Growth

This privilege of ours also carries with it responsibilities. As foundation-layers, so to speak, it is up to us to do a good job and leave behind a sound legacy of creative achievement for future Canadians. We are in a position to learn a great deal from the misakes of other, older nations. By and large, for example, we have avoided the creation of industrial slums on the scale reached in Europe during the industrial revolution of the 19th century. On the other hand, while we have avoided the exessive congestion and bad sanitary arrangements of some of the older cities in the world, the explosive growth of many of our own cities and towns has not been achieved without sacrifice.

Far too many of our urban centres have been permitted to grow with little planning and poor taste, to the extent that they are neither inspiring to their present inhabitants nor much of a legacy to the future. Here, surely, we can profit by the experience of others. Industrial expansion is inevitably accompanied by the growth of existing and new urban centres. We have a duty to ensure that the further urban development which will undoubtedly take place during the present decade is carried out with foresight and with a greater sense of both practical and aesthetic needs. Although much more needs to be done to achieve these ends, the efforts that have been made to create a public awareness of the problem are bearing fruit and we are moving in the right direction.

The town of Elliot Lake, which may not be an entirely felicitous example under the present circumstances of the uranium industry, does at least represent a case of a completely planned urban centre designed to serve specifically a major resource development. With its tastefully laid-out streets, sidewalks, underground sewage system and underground hydro lines, it compares most favorably with many of the suburban developments of our big cities.

### Growth Not Sufficient in Itself

One of the phenomena of mid-20th century thought, particularly in North America, has been our emphasis of the concept of "growth." Now growth for growth's sake, like art for art's sake, is nonsense; there must be some higher motive. Moreover, growth has to be defined in relation to many economic and social activities. Some countries need to grow industrially, but certainly not in terms of population. India is a case in point. Other countries with an established industrial base, need to develop better industrial techniques, in order to compete in world markets and to increase domestic living standards, but again without appreciably increasing their populations. Many Western European countries are in this situation. In the social field many countries need to develop their welfare services and seek to ensure a more equitable distribution of weath. The absence of a large, vigorous, and economically secure middle class in many Latin American countries is one of the main causes of their relatively slow, and often erratic, progress on the road towards higher living standards for the majority.

Canada is in the rather unique position of being able to grow in most directions. We can support many more basic resource and manufacturing industries and a very much larger population. Moreover, if our manufacturing industries are to continue to grow, they need a growing population to buy their wares. I am sure that all manufacturers dream of the day when they will be able to achieve the long, low cost, production runs that the large population of the United States permits many American plants to enjoy.

The object of growth, of course, must be to improve living standards; otherwise there is little point in growing at all. We have already proven in Canada, through steady increases in real, per capita, income that growth in resource development, manufacturing and population has led to higher living standards for Canadians.

There has also been a tremendous growth in the various social services, reflected in no small measure in the fact that Government in Canada now spends one out of every five dollars earned by Canadians. This particular change in our economic pattern reflects a universal trend, and not only in Canada towards, ever-increasing services for government. It also reflects a growing social conscience, on the principle that certain fundamental services are needed by the population as a whole and should be made available on a broad basis, from taxpayers' money. Continuation of such services, and the size of them, depend of course, on the continued underlying health of the economy as a whole. We get into difficulty only when we reach for services which we cannot afford.

Keeping up with the Joneses in this field is not easy—and perhaps not practical—when the Joneses are our neighbors to the South whose average earnings per family are several hundred dollars per annum higher than ours are. It is asking too much, even from our abundant resources, to produce the wealth to support us on an artificially high level.

### The Economic Basis for Further Growth—Markets

A condition of improving our living standards broadly is, of course, the continued existence of a healthy underlying economy. I believe that we have the means to assure ourselves of further economic growth and higher living standards; on the other hand, it is becoming increasingly evident that the conditions under which growth can take place are considerably different from what they were 10 or 15 years ago.

At the end of the Second World War, Canada had barely emerged as a new industrial power. At that time the industries and economies of nearly all the industrial nations outside North America lay shattered. Among the world currencies, the dollar was supreme. The inflation engendered everywhere by the conditions of the worst war in history, and the effects of rationing of most goods, put accumulated purchasing power in the hands of masses of people and organizations who were anxious to buy goods, equipment and housing which were largely unavailable. The unscathed industries of the United States and the new ones of Canada were able to take advantage of this situation and supply what was needed.

At the same time it is fair to remind ourselves that we did take positive action to restore and augment the productive capacities of Europe and the Far East through loans and outright gifts, to get their industries and economies in order. The Marshall Plan for aiding Europe's recovery will undoubtedly go down as one of the most statesmanlike acts in history. The Canadian contribution to Europe's recovery and to the Colombo plan, though considerably smaller, was also significant.

While Europe and Japan were making the beginnings of a recovery, pent-up demand in the United States and Canada provided an additional basis for spectacular further growth on this continent. The demand for raw materials for industrial expansion in North America, and for reconstruction elsewhere, provided the basis for a rapid expansion of Canadian resource industries.

This development was assisted by a number of other factors. The United States, traditionally, until the Second World War, a net exporter of many raw materials, moved into a position of being net importer of many such materials which could be supplied by Canada. The emergence of the Cold War, and United States stockpiling programmes, added to the demand for Canadian raw materials. The Korean War further increased this demand. Widespread emigration of people to Canada from countries in war-shattered Europe provided us with the manpower enabling us to meet the additional demands on our resource industries, and also provided us with an additional consumer market for our own manufacturing industries.

In a politically troubled post-war world Canada appeared to many foreign investors an attractive place to invest money, and as interest rates were relatively low throughout most of the period there was no shortage of investment funds for purposes of developing new Canadian prospects.

Perhaps under the impetus of all these factors we have let Canada become a bit oversold in the eyes of investors abroad; but it is against this background that our material living standards have risen during the last 15 years and I think a brief review of this kind is worthwhile in order to assess our prospects of further economic progress under present conditions.

The first thing that strikes me in such a review is the number of factors, favorable to Canada's economic growth, which were outside the control of Canadians. A comparison with today's conditions shows that a large number of them no longer exist. The pent-up demands of wartime have, of course, long disappeared. There has been a partial thaw in the Cold War, and defense budgets appear to be stabilizing. American stockpiling of strategic and other raw materials has dwindled considerably.

### Europe a Serious Competitor

Far from needing further economic aid, European and Japanese industries have now recovered, and expanded, to the point where they pose serious competitive threats to North American industry. In a serious attempt to control inflation and the steady erosion of currencies, monetary authorities in most western countries have established interest rates considerably higher than in more recent years. With increased prosperity in Europe and the recent more rapid industrial expansion there than in the United States, Europe has become a strong competitor with Canada for the foreign investment dollar. The emergence of the European Common Market as a competitive force is highly significant in this context. Moreover, increased prosperity in Europe has led to a dwindling of the supply of our traditional source of immigrants.

North America has been virtually a vast island of production sustained by our own high standards of living and brisk demand from abroad. These circumstances have made high tariffs generally unnecessary. With centres of demand and production shifting to Europe where manufacturing costs are lower it will take all the statesmanship we can muster on this continent to chart the trade courses that are in the best interests of our overall economies in the years ahead.

### Resources in Good Supply

It is worthwhile to consider our basic resource industries against this background of changed circumstances. Until comparatively recently almost all our raw materials have benefited from rapidly expanding demand accompanied by varying degrees of shortage. It is now difficult to point to any for which supply does not equal—or more than equal—demand, and this situation exists, not against a background of world recession, but of continued economic expansion, even though the overall rate may have slowed a little from the accelerated pace of the immediate postwar years. There are now ample supplies available of wheat, wood pulp and paper, oil, asbestos, copper, lead, zinc, aluminum, nickel, uranium and iron ore, all commodities which account for a major proportion of Canadian foreign exchange earnings.

As little as three years ago, nickel was being rationed to consumers and premium prices were being paid for outside supplies. As recently as three years ago, the possibility of a uranium shortage was causing considerable concern. Our concern is now quite different as we proceed to close down uranium mines. For most of these commodities the reason is not that we are being priced out of the market because generally speaking our raw material costs are competitive. Some of the oversupply is attributable to a realignment of world economy coupled with nationalist urges on the part of some countries to be self-sufficient even when it would be more economic to buy abroad.

All this does not add up to disaster for Canada, but it does underline a radical change of circumstances as we enter a new decade. It is also apparent, that where as many external circumstances, beyond our control, have helped us to develop in the past these circumstances either exist no longer, or are not as favorable today. While we have had the benefit on many fortuitous circumstances and doubtless will have some in the future we shall be obliged from now on to look more to our own native resources of ingenuity and determination, if we are to continue to prosper.

**Market Conditions More Difficult**

The world is a much tougher and competitive marketplace than it was 15, 10, or even five years ago. As the fourth largest trading nation we are vitally affected by any changes in the condition of international markets. Our foreign trade deficits have increased uncomfortably in recent years, and we cannot count indefinitely on imports of foreign capital to redress the balance. Moreover, foreign capital imports are no real solution to trade deficits. They merely put off the day of reckoning.

Foreign debt has to be serviced, and eventually repaid, in foreign exchange, and this can only be earned by exports and the returns on foreign investments owned by Canadians. Covering, or masking, our foreign trade deficits by means of foreign capital imports is a process which cannot proceed ad infinitum. A point can be reached when foreign debt servicing places an intolerable burden on our export industries in terms of their ability to earn foreign exchange.

Every effort must be made to bring our visible trade account into better balance. Short of controlling imports, which is a two-edged weapon for a major trading nation, and which would run strictly counter to current trends toward greater freedom in international trade, the only effective solution, and certainly the most desirable one, is to increase our exports. Ability to achieve this end presupposes a highly realistic approach to the conditions and problems of the international market place, coupled with the recognition that present conditions are far more competitive than they have been for many years.

Basically, there is much in our favor. Industrial expansion is continuing throughout the world, and while there is no longer any shortage of most raw materials, the demand for them continues to grow and we enjoy a greater abundance than most other countries. Moreover, we frequently have geographic and other advantages as a supplier of such materials to the expanding industries of the United States. In the light of growing international competition now more than ever, successful marketing will be the key to Canada's further progress in the years ahead.

**Development of Human Resources**

I should like to conclude by referring briefly to our human resources. Firstly, in terms of quantity, we shall certainly need a larger population if the economy is to continue to expand and if our manufacturing industries are to be given a chance to produce for a greater domestic market. Immigration must continue to provide a large portion of our growing manpower needs while at the same time augmenting our demand for goods and services of all kinds. In order to encourage further immigration it must be recognized that we can no longer "sell" Canada to Europeans entirely on economic grounds. Rising prosperity in Europe itself is now a powerful deterrent to emigration. If we are to maintain a flow of immigrants in the quantity and of the qualifications we require it may be necessary for Canada to offer special incentives as has been done from time to time both here and elsewhere.

We must also see to it that our educational institutions are attuned to the times so that in competition with other and powerful countries we can develop the kind of people domestically who will be well equipped and trained to tackle and solve the unique problems that lie ahead of us; for as was so well said by a prominent Canadian recently, the 60s will have to be the age of the **"Uncommon Man."**

In conclusion, I believe that the present must be a time for reflection and re-appraisal by all Canadians. There is certainly room for the economy to grow and for living standards to continue to rise, but we must recognize that the achievement of these ends will require from all of us greater effort, imagination and ability than ever before.

*An address by Mr. Winters before the Rubber Association of Canada, Toronto, Canada.

## W. L. Hart With Funk, Hobbs

SAN ANTONIO, Texas.—Creston H. Funk, Hobbs & Co. are pleased to announce W. Lewis Hart, formerly a partner of Austin, Hart

W. Lewis Hart

and Parvin, has been elected a Vice-President and director of the company and the firm's name has been changed to Funk, Hobbs & Hart, Inc. The firm, located in the National Bank of Commerce Building, is a member of the Midwest Stock Exchange.

## Frank Mullen Opens

SEA CLIFF, N. Y.—Frank Mullen is conducting a securities business from offices at 154 Maine Avenue.

# FROM WASHINGTON ...Ahead of the News

*BY CARLISLE BARGERON*

With the Democratic convention less than two weeks away, Senator John F. Kennedy seems headed for the nomination. Barring the unexpected he will be nominated on the first three ballots. If the balloting goes beyond that, he is in trouble.

The Republicans are reconciled to the fact that he will be the Democratic nominee and they profess to believe he will be the easiest man to beat. Vice-President Nixon goes out of his way to give the Kennedy candidacy a boost on every occasion he gets.

The Republican National Committee in its "Fact Sheet" is distributing a telling joke on Kennedy's youthfulness.

His father asked him, according to the story, what career he would like to follow.

"Why, I want to be President," the son is reported as answering.

"Oh, I know," said the father. "But I mean after you grow up."

Kennedy is only 43 years old, and while Theodore Roosevelt became President at that age, he looked more mature than Kennedy. It is Kennedy's boyish appearance that goes against him. When he makes a speech he gives the impression of a young college graduate reciting his graduating speech. He tells of the problems facing the next President. He says that the times call for great, dynamic leadership and as you listen to him, you wonder how high boyish ambitions can soar in the human breast.

To imagine him as the President of the United States surrounded by secret service men one has to let the imagination soar into fanciful dimensions. He undoubtedly has a brilliant mind and there is no getting around the fact that he has vote appeal among the women. They seem to want to mother him. Until his campaign got underway in earnest, he wore a cowlick on his forehead which made him look even more boyish and mischievous. But he changed that and now has a more mature hair-do.

Kennedy discusses his Catholicism everywhere he goes. If nobody else brings it up, the question will be injected by one of his sisters or other devotees in the audience. There is no doubt that he expects his religion to be an asset to him instead of a drawback. His calculations call for taking the big states and bypassing the so-called Bible belt states. He doesn't expect to get a single nominating vote from the South which is pretty much in the bag for Lyndon Johnson.

Some of the Democratic bosses, notably Governor Dave Lawrence of Pennsylvania, a Catholic himself, are doing some tall soul searching as to whether religion won't be a serious factor. Lawrence skimmed through Pennsylvania in his gubernatorial contest by only 30,000. He is convinced that his religion hurt him. Kennedy, however, would be satisfied to carry that state by only 30,000 votes. That is enough to win the state. He believes he will carry New York State which has a heavy Catholic population in New York City and in such upstate cities as Buffalo, Rochester and the like.

There was no indication in the primaries that Kennedy's religion worked against him. It helped him in Minnesota and Maryland and certainly did not work against him in West Virginia.

However, West Virginia voted for Al Smith in the primaries of 1928 but in the ensuing election it was a hot bed of Ku Klux Klanism.

To Kennedy's advantage in getting the nomination is the fact that he has no very formidable opposition—Lyndon Johnson has a sizable bloc of delegates but when the kingmakers get to work at the convention they are likely to cast him aside. When the arguing begins in the smokefilled rooms it will develop that organized labor and the Negro vote are against him and on these two groups the Democrats rely heavily. In reply to the argument that Kennedy's religion should not be held against him, Johnson can argue that his geographical position should not be held against him. It is though. This is being used just as strongly against Johnson as Kennedy's religion is being used against him.

Some people argue that a Johnson-Kennedy ticket would be hard to beat. It might be, if Johnson could but get a ticket arranged that way.

## Manley, Bennett To Admit Moons

DETROIT, Mich.—Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, on July 7 will admit Robert J. Moons to partnership. Mr. Moons who has been with the firm for some time will make his headquarters in the Bloomfield Hills office, Bloomfield Center.

# Appraising the Second Largest Financial Center

*By* Charles Prince, Ph.D.,* *Financial Counselor, Los Angeles, Calif.*

**The essential criteria that make up and support the contention that California ranks second to New York as a financial center are delineated by Dr. Prince. In his appraisal the author describes the extent of financing activities; details the various economic regions of the country; and notes the lessened importance of aircraft-missile-space in the expansion and diversification taking place. All in all, the author accepts as a healthy omen for further growth the "remarkable resiliency and buoyancy of the California economy."**

California showed the greatest gain among the states since 1956 in total shareowners, and is now second only to New York as the financial center. Individual shareowners of publicly owned corporations are in excess of 1,500,000 or 12% of the total shareowners in the Nation. The unprecedented increase in population, the continuing dynamic economic growth and its diversifying industrial structure symbolize California's roots of capital funds, sources of money and credit, and its strength to create wealth for its own consumption as well as for export.

Dr. Charles Prince

The creation of Pacific Coast Stock Exchange in January 1957 has demonstrated the effectiveness of this growing coastwide financial organization. Actually, this consolidation of the San Francisco Stock Exchange which was founded in 1882, and the Los Angeles Stock Exchange which was founded in 1899, brings together the two principal investment security markets on the West Coast into an integrated single operating financial organization. Each former Exchage is now a Division of the Pacific Coast Stock Exchange. Each Division brought to the Pacific Coast Stock Exchange historic cornerstones — one of more than 75 years, the other of almost 60 years. Management is vested in a Board of Governors of eight members, four from each Division, under a chairmanship that alternates annually between the San Francisco and Los Angeles Divisions.

With 156 memberships, 80 in the San Francisco Division and 76 in the Los Angeles Division, and with more than 560 common and preferred stocks traded, the share volume for the year 1959 was 47,762,824 with a dollor volume of $1,007,642,363. Additionally, California ranks first in total value of open end investment company (mutual fund) shares purchased, and first in the amount of dividends and interest received by individuals.

Indications are that the current forward planning and direction of the Pacific Coast Stock Exchange is destined to make continuing constructive contributions toward the vitality and integrity of California's capital markets with its ever increasing investing public. Clearly, the Pacific Coast Stock Exchange bids a most encouraging omen to the increasing significance of the scope and operations of the securities investment markets in the Nation. Indications are that under present leadership the Pacific Coast Stock Exchange will broaden its perspective and widen its scope of activity still further commensurate with the growing dynamic economy in the 11 Western States and as the reflective bellwether of the second largest financial center in the country.

With Bank of America, largest in the country, headquartered in San Francisco, and with Security-First National Bank, fifth largest in the country, headquartered in Los Angeles, as well as four other major commercial banks in the State, California has most ample banking sources and facilities for its continuing phenomenal industrial and economic growth, as well as facilities for concurrent growth throughout the West Coast.

### Recounts Industrial Growth

Suffice it to note the expansion and diversification program currently being effectuated in Northern California by many giant industrial organizations, particularly in the electronics industry: Aerojet General, Fairchild Semiconductor, Eitel-McCullough, Damo-Victor, Lenkurt Electric, Ampex, Shockley Transistor, General Electric, Heulett-Packard, Varian Associates, Sylvania Electric, Philco Corporation, United Aircraft, the Missile and Space Division of Lockheed Aircraft.

Similarly, with the current industrial development in Sacramento County and the announced plans for further expansion, Sacramento appears to have the basic ingredients to eventually become a large industrial city complex in California. It has land, water, and location. It is a railroad hub and a major distribution center. Also, with the completion of the deep water channel from San Francisco Bay, it will have superb port facilities.

Finance, insurance, wholesaling and shipping are the backbone of San Francisco's business activities. Moreover, the University of California in Berkeley and Stanford University in Palo Alto have been a major catalyst behind much of the Bay area's recent industrial growth.

Los Angeles is the only major metropolitan area in the Country to record unprecedented and sustained industrial growth and economic development since the Second World War. It represents 6,800,000 people, or 25% of the estimated 27 million population in the 11 Western States. Concurrently, the scope and magnitude of this accelerated and diversified growth complex has also established Los Angeles as the largest industrial and commercial center in the West and as the second largest retail trade market in the country. Moreover, the remarkable resiliency and bouyancy of the California economy are healthy omens for further growth.

This entrenched pattern provides basic sources of economic and financial horizons with continuing sound expansion, and of emerging business opportunities not only in California but throughout the West.

In the Los Angeles Metropolitan Area alone, the aircraft-missile-space industry's current backlog of unfilled orders exceed $3,000,000,000. Authenticated basic facts and analyses reveal that even prior to the launching of the Sputniks by the Russians in October 1957, the ownership management groups with their respective business and financial administrators in the defense industry have been making concerted efforts in the direction towards basic reorientation of the entire defense complex. As a consequence, the aircraft-missile-space industry in this area has been undergoing far reaching changes in its financial structure, organization set-up, product diversification, expansion into civil (industrial) programs, and depth in management development.

### Changing Climate of the Southern California Economy

Suffice it to record that California enjoys the highest engineering-scientific personnel per capita in the country. This is one of the potent factors in the accelerated transition from aircraft-missile-space to commercial electronics. The composite balance sheet of California's electronic concerns in 1958 indicate: Net fixed assets $278 million, current assets $862 million, or a total of $1,140; Long term capital $550, current liabilities $590 million, or a total of $1,140 million. Where, when, by whom and how has this electronics development been financed? Some clue or insight might be gleaned from an examination of California's airframe new capital investments during the years 1954-1958: Retained earnings $326 million, new long-term capital $188 million, or a total of $514 million. In the light of the scope and magnitude of tnis growth, it is worth noting the current transition-expansion programs in this area by these corporations: Lockheed, Northrop, American Electronics, Kaiser Industries, North American, Hughes, Hoffman Electronics, Beckman Instruments, Packard-Bell, Collins Radio, Thompson Ramo-Wooldridge, Convair, General Precision, Garrett, Hycon, Aerojet, Litton Industries, RCA, Aeronutronics (Ford Motor), Raytheon, A-C Electronics (General Motors), Chrysler Missile, Bendix, Clary, Firestone Tire and Rubber, Summers Gyroscope, and the major insurance companies.

These exemplifications highlight the methodologies and practices in consonance with the changing economic climate on the Pacific Coast. Recognizably, it is difficult to delineate precisely the sources of mortgage funds emanating from Eastern institutions as distinguished from those originating in California. Substantive capital formation has resulted in flow of capital funds Eastward, and, in turn, invested by Eastern financial institutions in California real estate. Indicative of this unprecedented dynamic growth trend are these figures for the year 1959: Dollar volume of real estate loans recorded in Southern California exceeded $6,151,000,000, an increase of 36% over those in 1958: Total volume of building and constructions in Southern California aggregated $3,482,000,000 as compared with $3,036,000,000 in 1958.

Similarly, during the past decade California has ranked first in the growth of its savings and loan institutions. In 1959, the total mortgage portfolio of the savings and loan associations aggregated $7,629,954,000; combined assets $9,080,929,000, savings accounts $7,351,850,000 and new loans $2,968,005,000. As of Dec. 31, 1958, there were 239 savings and loan associations in California. Of the total, 170 were state-chartered and 69 were Federally chartered and under the supervision of the Federal Home Loan Bank System, and hence their mortgages are insured and refinanced accordingly. Over 80% of California's savings and loan assets are located in the 10 southern counties.

Moreover, the resources of money and credit generated on a continuing basis are also reflected in the condition items and statements of all member banks of the Twelfth Federal Reserve Bank District. At year-end 1959, these banking and credit statistics were recorded: Loans and Discounts $16,537 million; United States Government Securities $6,673 million; Demand Deposits Adjusted $13.375 million; Total Time Deposits $12,452 million.

### Investment Securities Underwritten

Recognizably, it is not possible now to cite definitive figures reflecting the aggregate total of investment securities underwritten in behalf of industrial and commercial corporations headquartered in California. The primary reason is that there is no governmental agency currently charged with the responsibility to compile these data on a continuing basis. Moreover, securities sold to bona fide residents in California need not register with the Securities and Exchange Commission because they are exempt from the Securities Act of 1933. Suffice it to note the recent distribution and sale of securities aggregating about $10,000,000 in behalf of only three corporations that were **not** registered:

Standard Motels, Inc., Vandenburg Inn and Hotel, Inc., and Wonderbowl-Downey, Inc.

Applications filed with the California Corporations Commissioner for permits to sell securities in this State aggregated $3,026,513,299 in 1958 and $3,704,038,923 in 1959. Equally impressive were the dollar values of securities cleared for sale in California by the filing of prospectus offerings during the past two years: $8,470,382,122 in 1958 and $7,274,960,542 in 1959. Our on-the-spot investigation of the currently accelerated transition from manned aircraft to missile-space and to industrial electronics indicates that the investment banking machinery of underwriting or syndicating of securities in behalf of major economic sectors of Southern California is likely to experience significant trends upwards. In 1958, registered securities offered and underwritten in behalf of business enterprises headquartered in California aggregated $1,000.000.000.

### Sources of Funds for Investment in Mortgages

Public statements by responsible commercial bankers, private financiers, and investment bankers testify to the fact that Eastern money and institutional investors have been serving the biggest mortgage demand in California this Nation has ever witnessed. During **each** of the last six years, California has been the leading State in terms of housing starts; having accounted for about 16% of the national housing starts. To finance this large volume of building it has been necessary to rely heavily upon funds from mutual savings banks, savings and loan associations, and life insurance companies. During the past six months there appears a lessened activity in the mortgage market on the part of Eastern institutional investors with a correspondingly greater effort by local lenders and investors to finance the continuing high level of building activity.

Indicative of this mortgage debt, apart from other types of long-term obligations, is the aggregate valuation of building permits in the Los Angeles Metropolitan Area alone during the past two years: $1,513,000,000 in 1958 and $1,220,000,000 in 1959. The supply of funds available for investment in real estate mortgages may be restrained in the months ahead due to rising costs of money and increasing fluctuations in interest rate levels.

Having assumed the characteristics of a contra-cyclical industry nationwide, the construction industry in California is likewise subject to the changing money market conditions. Thus, as funds and resources flow into other sectors of the economy in Southern California, construction activity may temporarily recede from the peaks reached in recent years. Relatively high levels are likely to be maintained if for no other reasons than the continuing large influx of population.

**Increasing Importance of the Electronics Industry**

The dynamic industrial growth in Los Angeles County is continuing unabetted parallel to the unprecedented growth in population. Capital investments for new and expanding manufacturing industries in 1958 aggregated $185 million and in 1959 exceeded $156 million. New equity financing and generated investments are equally impressive.

The transition from manned aircraft to missile-space and to electronics industries is also reflected in the current employment figures in the Los Angeles Metropolitan Area. The decreasing airframe employment is offset by the increasing electronics employment. In February 1960, employment in the electronics industry increased to 130,000 people, in contrast, employment in the airframe industry decreased to 170,000 workers.

In terms of people currently employed, the electronics industry ranks second in the Los Angeles Metropolitan Area, and in dollar volume it represents one of the major sectors in the national economy. The electronics industry anticipates manufacturers' sales will approach eleven billion dollars in 1960, as compared with the ten billion dollar volume reached last year. All segments of the electronics industry will contribute to this year's sales gain. Indications are that accelerated military emphasis on space exploration and missile defense will result in a big increase in electronic research and development expenditures. Thus defense procurement for electronics will probably total more than six billion dollars, including an estimated one billion dollars to be spent on the Pacific Coast. Similarly, industrial electronics, accounting for almost one-fifth of total industry sales, appears to be a two billion dollar market in 1960, with the proportionate market share in California.

# Hornblower & Weeks, Revel Miller To Consolidate

Hornblower & Weeks, with headquarters in New York City and Revel Miller & Co., Inc., of Los Angeles will consolidate their operations on July 1, 1960, according to an announcement made today (June 30) by Howard E. Buhse, chairman of the executive committee of Hornblower & Weeks, and Robert Revel Miller, President of the West Coast firm.

Under the proposed agreement, Robert Revel Miller and Richard A. Miller will become general partners of Hornblower & Weeks, and it is expected that all key personnel of Revel Miller & Co., Inc., will become associated with the firm. Established in 1926, Revel Miller & Co., Inc. is a member of the Pacific Coast Stock Exchange and conducts a general brokerage and investment banking business. In addition to its principal office in Los Angeles, the company has branch offices in Santa Monica and Glendale, Calif.

Hornblower & Weeks, which was established in 1888, has 21 offices in 19 cities. It is a major brokerage and investment banking firm and is a member firm of the New York Stock Exchange and other principal security exchanges.

# The Problems of Inflation And Productivity in U. S. A.

*By W. W. Rostow,* Professor of Economics, Massachusetts Institute of Technology, Center for International Studies, Cambridge, Mass.*

**The economic problems facing us are reduced into two, inflation and productivity, and a reflective diagnosis and series of thought-provoking proposals are made to rectify them. Professor Rostow avers that our high productivity level is not enough if we are to meet our domestic and international challenges, and that our present practices perpetuate a vicious circle of inflation which must be broken. The author says his proposals "for dealing consciously and purposely with our domestic economy" would widen, not narrow, the free market process, replace uneven with even-handed government intervention policy, strengthen the private sector, and at the same time assure full employment and rapid growth with price stability.**

I sense that there are four major issues on the minds of American businessmen which I would define as follows. First, the problem of inflation; and particularly the continued upward creep of prices in an interval when farm and raw material prices have been falling and the economy was experiencing quite high levels of unemployment. Second, the problem of unemployment itself — and of idle industrial capacity — which this year takes the form of a somewhat disappointing boom; that is, a boom which has not moved rapidly to full employment. In mid-1960 we face a situation where it is hard to see precisely which sectors of the economy are likely to achieve the momentum necessary to replace the waning impulses from the automobile industry and from housing construction, which saw us through the 1920's and the first postwar decade, as the pillars of prosperity. (It is, of course, possible that an increase in arms expenditure may push us closer to full employment, but that will only heighten the danger of inflation.)

Walt W. Rostow

Third, the problem of foreign competition and of our weakened balance of payments. In one field after another, we can observe Western Europe and Japan catching up with the United States in technology at a rate faster than labor costs are rising in those areas.

Fourth, a sluggish rate of American growth which, in recent years, has fallen below our 3% historical average. This sluggishness sets a limit not merely on the increase in American private consumption but also on the resources which can be raised from existing tax schedules to support the nation's military and foreign policy and our tasks of government at home. If, as I happen to believe, our position abroad as well as at home requires an increase in such outlays, the effect on tax receipts of a sluggish rate of growth must be judged a serious matter.

I am aware that a great deal of constructive as well as troubled thought is being given by the business community to these four issues. It is the purpose of my paper to contribute to this dialogue from the perspective of an economic historian and economist.

I shall try to be as concrete and specific as I can; for these are not matters which are much advanced by vague generalizations or by old slogans. Nevertheless, let me say straightaway, that what I am trying to present is a possible new approach to this mixture of problems rather than a set of dogmatic answers. I would not pretend to have all the answers; but it may be useful to pose my questions in the form of a set of proposals.

**Two Problems That Must Be Solved**

I shall focus this discussion around two problems: the problem of inflation and the problem of American productivity. I take it that our common objective would be an American policy which would solve the problems of inflation, while permitting higher levels of employment than at present and a higher rate of growth; and I take it also that we would agree that the fundamental answer to the problem of our balance of payments difficulties, as well as to the requirement of a higher growth rate, lies in an accelerated increase in productivity, which, if achieved, would also ease inflationary pressures.

**The Basic Cause of Inflation**

First, then, inflation. What is the problem?

In my view the heart of the inflation problem lies in these three circumstances.

First, businessmen assume that money wages will tend steadily to rise, and that they cannot afford to lower prices, as productivity increases, without endangering the profits it is their legal duty to protect. Price competition —the heart of a vital capitalism—has radically decreased in American industry.

Second, labor leaders, assuming that prices will rise, and under heavy competitive pressure among themselves, strain for extreme money wage bargains — beyond the nation's average increase in productivity—which will guarantee a steady increase in real wages, in the face of an inflationary creep of prices.

Third, as a society, we have no agreed norm for wage and price policy. Thus, when the government finally intervenes, as it has done in one after another of the major wage negotiations of recent years, the government brings with it no criterion except to find a bargain which will get the negotiators out of the hotel room and the men back to work. Given the assumption that businessmen and labor leaders bring to these negotiations, the net effect can only be government sanction of inflationary settlements.

As an economist I am, of course, aware of the particular supply and demand situations that frame the negotiation of particular wage rates and the setting of individual prices; and I am familiar with the general analysis of the level of effective demand in relation to capacity and employment that frame the whole process of wage and price setting. But I am asserting that a large component of the specific inflationary pressure we face lies outside these familiar terrains of formal economics. I am asserting that a part of our problem lies in attitudes and institutional arrangements which must be changed if we are to master inflation. And quite specifically my proposition is this: by assuming that inflation is the normal condition of our economy, business, labor, and government now act to perpetuate inflation, to the cost of the national interest.

**The Object and Method of the Proposal**

The object of the proposal I shall outline is to break this vicious circle. I believe it possible to break this vicious circle by creating a new environment within the economy, but this will require a concerted effort in which government, industry, and labor must each play a creative and cooperative role. I do not believe that these proposals will require detailed government management of wage and price policy.

The method I would propose for achieving this objective is a series of six interrelated moves. Taken together I think there is a fair chance, at least, that these six moves could create a new national economic environment which would achieve the common objective and would do so with a high degree of flexibility for industry and labor and with minimum administrative intervention by government.

**A Six-Point Program**

The six proposed measures are the following.

First, the formulation by the government, after consultation with business, labor, and farm interests, of a statement of national policy which might be incorporated in a Congressional resolution or act, along the lines of the Employment Act of 1946. That policy should state that the increase in the real wages of labor should approximate the average increase in labor productivity for the economy as a whole over some period which would iron out short period variations; and that this goal should be achieved in an environment where the price level is stable or falling. The resolution should recognize that flexibility in wage levels as among industries and within industries must be permitted as the structure and technology of the economy changes. It should be accompanied by an agreed definition of an appropriate average labor productivity index, much as a cost of living index was agreed at an earlier time in our history; provision shoulld be made for the regular publication of productivity data in terms of the agreed definition. The resolution would also provide for the possibility of

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# A Proposal to Prorate International Oil Production

*By* Abdulla H. Tariki,* *Director General of Petroleum & Mineral Affairs, Jeddah, Saudi Arabia*

**A sounding is taken by Mr. Tariki regarding his proposal to prorate Middle East oil, based on Texas Railroad Commission and other United States experience. The aim is to prevent over-production and remove oil-revenue uncertainty upon which net exporting countries' governments and economies are said to depend. The elder statesman of Arab Oil Diplomacy, who earned a masters degree at the University of Texas, states no monopoly would be created since the proposal limits itself to prevent price cuts and not to causing price increases and because of the realities of substitute competition and the existence of domestic oil supply in many importing nations. It is Mr. Tariki's belief that "exported oil should supplement—not supplant—the importing nations' domestic oil industry."**

The discovery of great petroleum reserves in the Middle East, in a period of slightly more than two decades, has made the area one of major importance in the production of this vital resource. These discoveries, without exception, have taken place in underdeveloped countries with agrarian and pastoral economies of the simplest type. The impact of the petroleum industry for better or worse, and whether it is pleasing or displeasing to them, is changing the basic economies and the way of life of their peoples. Inevitably, and to an ever increasing extent they are becoming dependent upon the petroleum industry and its subsidiaries for their livelihood and a better standard of living. The changes are resulting in the development of an industrial economy, and such forces, once set in motion, cannot be halted without dire results.

Let us consider briefly the importance of petroleum revenues to the governments' income in the countries which are the major net exporters of petroleum. Briefly stated in percentages, the available statistics for these countries indicate the following:

| | |
|---|---|
| Iran (est. 1959) | 27% |
| Iraq (1958) | 47% |
| Saudi Arabia (1958-59) | 81% |
| Venezuela (1959) | 60% |

### Middle East Dependence On Oil Revenue

When these figures are compared to those of the United States with its tremendous oil industry contributing only a relatively small percentage of the government income, it is obvious that the economies of the net exporting countries are substantially and critically dependent on one major resource and industry. It is also obvious that price fluctuations in the market can easily upset the delicate balance between their income and budgeted expenditures, resulting in serious disruptions in the general economy. This is illustrated by the losses in government income sustained by the Middle East countries as a result in the reduction of posted prices in February, 1959. These losses, roughly were:

| | |
|---|---|
| Iran | $27,000,000 |
| Iraq | 24,000,000 |
| Kuwait | 46,000,000 |
| Saudi Arabia | 35,000,000 |

When it is realized that these losses in some cases represent over 10% of government income, it is small wonder that the oil exporting countries of the Middle East are seeking a means of stabilizing an industry—and conserving a resource—so vital to their economies and future development.

### Objectives

It was from the necessity for finding a method of stabilizing the economies of the Middle East oil exporting countries that the concept of proration on an international basis first developed. It was recognized that with productive capacity far exceeding demand the conditions existed for the development of destructive competition in the form of "dumping" or price wars, which could result in disaster for the exporting countries. Such a condition would be intolerable today, for the consequence would be both serious and far reaching.

In view of experience in the United States, the prevention of over-production today logically points to proration, in this instance on an international instead of a state or national basis. There are no concealed motives behind the concept of international proration, and its objectives can be simply stated, as follows:

(1) **The stabilization of markets** by the prevention of production in excess of the market demand. This will in turn exert a stabilizing influence on the economies of the exporting countries by providing a definite and predictable income for their governments, which will provide a basis for the sound budgeting of expenditures.

(2) **The prevention of "economic waste"** caused by the unnatural depression of prices resulting from over-production. The precedent for the control of this form of waste—and it is surely waste—was established by the Texas Railroad Commission during the crisis in the East Texas Field in 1931.

(3) **The conservation of an irreplacable natural resource** for the benefit of the particular countries and for future generations.

It is quite natural that the most controversial point in the proration plan will undoubtedly be the stabilization of the markets, or if you will, the control of prices. In my concept of international proration, it is the prevention of the unnatural and unnecessary depression of prices due to over-production that is to be prevented; it is not the purpose to develop monopolistic control of the market for making indiscriminate price increases. Actually there will be no monopoly because the domestic petroleum industries of many importing nations will continue to be a potent force in the determination of the price structure. It is my sincere belief that all exported oil should supplement — not supplant — the importing nations' domestic oil industry. In other words, imported oil should come into an importing country only when needed, and then only at a competitive price.

### Refers to Potent Force of Substitute Competition

For those who may still doubt the purpose of the international proration of oil, let us take a brief look at some of the latent forces which will deter any naive attempts to tamper with the economic "facts of life." We know that in the United States and Canada there exist petroleum reserves measured in the trillions of barrels in the form of oil shales. We know also that methods are being developed for the recovery of this oil, which even today may be competitive in cost with the present production; we are confident that even more efficient methods will be developed with additional research. All that is lacking is the capital investment necessary to exploit these resources, and that, too, will be available when needed. Therefore, would it not be the height of economic folly to either encourage or even force, through the economic abuse of proration, the development of resources which conceivably could supplant the present sources? Let us also not overlook the potential of nuclear energy as a deterrent to abuse of international proration. Historically, the fuels from which energy has been obtained have changed either for reasons of economy or of efficiency, and they can assuredly do so again. It is in the best interests of the exporting countries to prevent such a change by keeping petroleum in a favorable competitive position with all other forms of energy.

### Organization and Administration

The initial step towards international proration of oil will be of course, agreement between the interested countries on the principle and subsequently on method of execution. Such an agreement would be limited to those countries whose exports exceed their imports, or in other words to "net exporting" countries. This requirement will limit participation to only those countries whose direct interests are involved, and will also make for a more workable organization by limiting the number of participants.

Once agreement in principle has been reached, the development of an equitable proration formula should not present any particular difficulties. Such a formula could be developed by competent technical personnel, who would certainly take into consideration these factors:

(1) **The proven reserves of each country.** This would be the basic factor in any formula, and uniform methods of reserve estimation would be used.

(2) **The encouragement of good conservation practices by the participants.** The control and operation of a participating country's fields will remain an internal matter, but the commission should act in an advisory capacity on conservation matters and encourage good practices by all known means.

(3) **A provision for future discoveries**, either within a participating country or in new oil producing countries when they become eligible to participate;

(4) **A correction factor for the participants current market position.** This factor would prevent any undue loss of revenues during the early stages of proration. However, the future increases in demand would be allocated in such a way as to eliminate or minimize this consideration.

Any such formula would necessarily require constant revision of the various elements to be maintained on a current status. Provisions would also be necessary for possible exceptions made necessary or desirable by conditions which may develop in the future.

### A Bicameral Body

The administration of an international proration plan would logically be the function of a commission or committee formed for the purpose. Such a body could conceivably consist of two divisions; first a policy making group composed of representatives from each of the participating countries; and secondly, an administrative group composed of permanent employees. The first group would formulate the high-level and operational policies, consider all problems of a policy nature, and exercise general direction of the administrative division. The latter group would consist of the necessary supervisory, technical, administrative and clerical personnel for the execution of the proration agreement. A commission so organized should be able protectively to carry out the program.

Because of the importance of their oil resources to economic and social development, exporting countries have cause to desire and create a form of economic unity. When the nations engage in such economic unity, whatever its form, they are establishing a means of avoiding damaging competition, of utilizing their resources jointly, effectively and efficiently, and of standardizing economic practice. Actually proration is a form of economic unity that has all the justifications of the European economic blocs or of the International Coffee Convention. What makes international proration even more important is the fact that it is protective of a wasting resource of tremendous importance to the world.

*An address by Mr. Tariki before the 14th Annual Meeting of Texas Independent Producers and Royalty Owners Association, Tyler, Texas.

# E. H. Austin Co. In San Antonio

SAN ANTONIO, Texas—Edward H. Austin will head a new company, bearing his name, which will engage in corporate underwriting and the retailing of investment securities, effective July 1. The new E. H. Austin & Co. will have as partners Mr. Austin, Elmer W. Dobbins and Bobby L. Walcowich.


Edward H. Austin

Mr. Austin, who has been in the investment business for almost 30 years, was formerly a partner of Dewar, Robertson & Pancoast, and later of Austin, Hart & Parvin, both of San Antonio. He is a former Vice-Chairman of the National Association of Securities Dealers.

Mr. Dobbins has been in the investment business since 1951, and was formerly Vice-President of Texas National Corporation, and a partner in Austin, Hart & Parvin.

Mr. Walcowich, a relatively recent arrival in the investment business, was also previously with Austin, Hart & Parvin.

The new firm, with offices in the National Bank of Commerce Building, San Antonio, will be a member of the Midwest Stock Exchange.

## Forms Terrio Associates

WASHINGTON, D. C. — Thomas G. Terrio Associates, Inc. has been formed with offices in the Tower Building to engage in a securities business. Officers are Thomas G. Terrio, President and Treasurer; Joseph Snyder, Vice-President, and Phyllis Borghese, Secretary. Mr. Terrio has been associated with the Stamford Co.

# Petroleum Worldwide Supply And the Demand Outlook

*By* Stewart P. Coleman,* *Vice-President, Standard Oil Co. (N. J.)*

**A swift recapitulation of the supply and demand situation confronting the petroleum industry, now and in the future, leads Mr. Coleman to believe that prosperous growth unquestionably lies ahead for the industry in the 1960s. His appraisal of the prospects for oil takes into consideration the reasons for the present state of excess capacity, the replacement of tankers with larger, less costly ships, and the competitive entry of Soviet oil. Mr. Coleman presents an optimistic outlook for demand to grow at a healthy pace not only in the United States but also, at even a more pronounced pace, in the free world.**

There is no more appropriate subject than petroleum in a discussion of international commodities. It comprises in value about 5% of all international exchange — double that of the next closest items. In tonnage it alone equals the tonnage of all other items in international trade. Petroleum has enjoyed a spectacular growth. It has become a most important raw material source for the production of specialities and a host of chemicals. In fact, petrochemical tonnage now amounts to 30% of all U. S. chemical production, and still only 2% of U. S. crude oil is sufficient for the production of this immense quantity of chemicals. The vast bulk of petroleum finds an outlet as a source of energy.

Oil and gas, of course, are only two of several sources of energy. Thus, in evaluating potential petroleum demand we must first appraise the potential for total energy requirements as well as petroleum's competitive position.

### Outlook for Energy

Energy has been aptly described as "the go of things" and the struggle for existence has been defined as "the struggle for the energy with which to do work." The need for energy to lighten man's burdens has increased incessantly. In the last 10 years, the Free World's total energy consumption has increased 50%. This year it will reach approximately 45 million barrels per day of oil equivalent.

Over the next decade Free World total energy demand is expected to grow at an average rate of 3% per year. This increase, expressed as oil equivalent, will amount to an average annual growth of 1,700,000 barrels per day. Actually, this estimate may well be on the low side since it implies only a slight improvement in the Free World's average per capita energy consumption. Currently per capita energy consumption in all Free Foreign nations is only one-tenth of that in the U. S.; in Asia and Africa it is only one-twenty-fifth. This disparity gives an idea of the potential which is available. If economic activity and standards of living in these foreign areas are improved beyond the modest degree assumed here, the impact on total energy demand will be tremendous.

### Outlook for Growth of Petroleum

The question of importance to the petroleum industry is just how much of this energy demand will be supplied by petroleum. Oil and gas have inherent qualities of efficiency, cleanliness, convenience, economy, and ease of transportation which enhance their competitive position. In the past decade these two sources have increased their combined percentage share of the world's energy market from 43% to 56%.

Looking to the future, oil, of course, will remain the primary source of energy for transportation for many years to come. As a source of energy for stationary installations, the advantages of oil and gas over coal in many locations will persist. Reassessments of the cost keep delaying the widespread use of nuclear energy. All these factors point to petroleum supplying about two-thirds of incremental energy demand in the coming decade, thus raising its market position to nearly 60% (16% supplied by natural gas and 44% by oil).

For the entire Free World gas could conceivably increase from 36 to 54 billion cubic feet per day and oil from 19,000,000 to 26,000,000 barrels per day. We look for the Free World's combined oil and gas growth in demand over this period to average about the same as experienced thus far in the post-war period. This will amount to an annual increase of nearly 800,000 barrels per day of oil, and 2 billion cubic feet per day of gas. Naturally the percentage growth rates will be somewhat abated because of the ever increasing base.

Are these forecasts of growth optimistic? Not at all. Let us first consider the United States. Many of us who live in congested areas are apt to assume that motor fuel consumption has reached its peak. This is not true. First of all about one-quarter of the families of this nation do not own a car. In addition, our population is growing at about 1.5-2% per year which will mean millions of new motorists. Also, we are rapidly becoming a nation of families having more than one car. Today, 17% of all car owning families have two or more cars, compared to 7% in 1950.

Although demand for home heating oil is now growing slowly due to natural gas competition, the demand for similar products for use as automotive diesel and jet fuels is increasing rapidly.

### Visualizes Increasing Consumption Here and Abroad

Overall, we expect the U. S. demand to continue at a healthy pace —resulting in an increase of about 270,000 barrels per day each year. Since we are working from a very high base, the percentage rate will be less than we have experienced in the past.

The opportunity for improvement in petroleum demand is even more pronounced abroad. Many factors, such as common markets and foreign aid programs, are working to stimulate economic activity and raise the standard of living. This requires energy and, in particular, petroleum energy.

Anyone who travels abroad quickly notices the need for better transportation. European visitors to the United States are usually amazed to see the tremendous parking lots which adjoin our American factories. Some who come here for the first time have trouble believing that ordinary workers own those modern cars and drive to their jobs. In the U. S. there is now one passenger automobile for every three persons, whereas in Western Europe there is only one for each 18 persons. Should Europe attain our automobile saturation, it is obvious that demand for motor gasoline would increase tremendously.

Take the example of central heating for homes and the need for more of it in northern Europe. A Central heating system is so commonplace in the U. S. that most of us have forgotten the inconvenience of a pot-bellied coal stove or a kerosene space heater.

In Europe and the U. K. there are some 71 million dwelling units of which only 8 million, or 11%, have central heating systems. And of these only 3 million, or 4%, are heated by oil. Here is a great opportunity for oil to expand. Other opportunities such as for the mechanization of agriculture and industry exist in most nations.

The average annual per capita consumption of all the Free Foreign nations is only a fraction of that of the U. S.—1.6 barrels per person per year, compared to 19 here. Even in the highly developed Western Europe the consumption is only 3.8 barrels per person per year.

This means that a tremendous potential market for petroleum exists abroad. Raising the per capita oil consumption of the free Eastern Hemisphere to an appreciable fraction of the U. S. level would require staggering quantities of oil. If the 1.5 billion people of the free Eastern Hemisphere used even one-fourth as much oil per person as we do in the United States, their consumption would amount to about 20,000,000 barrels per day—substantially more than the entire world consumption last year.

### Supply

Now looking to the supply side, there certainly is no need to fear that we will run out of petroleum for many, many years to come. Estimates of proved reserves in the Free World today exceed 260 billion barrels. This represents an inventory amounting to 40 years' supply at current production levels. During the post-war period the Free World has consistently added more to reserves each year than it has withdrawn by production, so that the "supply ratio" has been successively improved. In 1948, for example, we had only a 21-year supply and this was based on a production level only 50% as great as today's.

It should be noted that these are **proved reserves** only; in other words, they are a conservative estimate of the volume of oil discovered to date by actual drilling and known to be recoverable under today's conditions of price and technology. They are by no means the limit of our supply, and it should not be inferred that the Free World will exhaust its reserves in 40 years. Ultimate reserves—those believed to exist but not yet discovered—are the basic source of supply. In the U. S., for example, proved reserves are currently carried at 38 billion barrels, whereas estimates of ultimate remaining reserves run in the neighborhood of 400 billion barrels, with several times that amount abroad.

Two things serve to make our reserve position even better. For one thing, these estimates of recoverable oil are based on an expectation of being able to recover only 25 to 30% of the oil in a given pool. The industry is currently developing new methods which will improve this rate substantially.

Secondly, there are roughly one trillion barrels of oil available in sedimentary deposits of oil shale in the U. S. alone—almost four times current Free World proved reserves. Also, there are further staggering amounts of oil available in the Canadian tar sands. To date both of these sources have remained untapped because of the high costs of recovery and processing. However, work is currently going on to develop more economic techniques and these supplies might be an economic reality before the decade is past.

### Explains the State of Excess Capacity

Now I am certain that many are aware of the talk going on today to the effect that the oil industry is in a serious state of excess capacity. To be sure, currently there is more capacity than is actually required for flexible operations. The industry entered the post-war period with virtually no spare capacity in any of its three principal functions. This was certainly an undesirable position for an industry such as ours. Consequently, a program or rapid expansion was undertaken and through 1956 the industry was barely able to keep up with the requirements of an ever increasing demand. Today we are overbuilt. In 1959 some 26% of Free World producing capacity was shut in; refineries ran at 83% of capacity; and in transportation some 350 tankers were tied up, representing 13% of the available fleet.

These figures may be misleading, however, and I believe it is necessary to look more thoroughly at each one in order to see the true picture. The pace with which we have recently developed our producibility is certainly not without purpose. For one thing, the expansion of producibility is quite different from expansion of refining or transportation capacity. We can design and build tankers or refineries of exactly, or at least very close to, the level which we estimate we need. In producing, however, it is not that simple. The success of exploration and development ventures is erratic and unpredictable. Thus, we must each year carry on enough exploration programs so that with probable success ratios we will discover sufficient reserves to meet our needs. In the past few years these operations have been more successful than normally expected so that we have added more producibility than actually required. Equally important, it is imperative that the Free World have proved reserves located strategically and in volumes which are consistent with military and "emergency" requirements. The existence of some shut-in wells is the price we must pay for this necessary flexibility.

In transportation, idle tankers are primarily the result of improved technology which permits the operation of vessels three to five times as large as the 16,000-ton T-2. Since the cost savings are large, operators are forced to build these new, larger ships even though present ships have many years of useful life. By constructing these new super-tankers we are lowering cost, thus enhancing the competitive position with re-

*Continued on page 31*

# Great New Inventions Just Around the Corner

*By* Roger W. Babson

**Surveyed are today's research-development projects to harness hydrogen for peaceful uses; to synthesize food directly from sun, air and water; to communicate by microwaves; to rearrange molecules which among other things may mean creation of anti-gravity perpetual motion machines; to develop "thinking" electronic machines.**

While the papers are adequately covering space developments such as circling the moon, etc., I would like to come down to earth and tell you of some very wonderful things which are now under development. From my point of view, any one of these may be more important than sailing around the solar system.

### Control of Fusion

Readers are acquainted with references to the atomic bomb and the hydrogen bomb. The atomic bomb dropped on Hiroshima had the explosive force of over 20,000 tons of TNT, whereas the old "blockbusters" had the force of only one ton. Yet the newer *hydrogen* bombs may have a thousand times the power of the *atomic* bomb. These are important things to consider in connection with the possibility of World War III. But in looking to the future, there is this difference: Atomic energy has already been harnessed for the development of electricity; but no practical method has been found for harnessing hydrogen energy for peace purposes. Considering that hydrogen energy may be found in every pond of water, while atomic energy can be secured only from uranium and similar substances, the industrial future is locked up in the discovery of means of safely harnessing hydrogen energy, commonly produced by fusion. There also may theoretically be a third bomb which emits radiation that kills people but does not destroy property.

One of the world's greatest miracles is how sunshine, air, water, and the minerals of the earth can directly develop corn, wheat, potatoes, spinach, and every other kind of vegetable. Today, we raise foods only by planting seeds, cultivating the sprouts, and waiting several weeks for maturity. Even then we eat only a small portion of the properties which have been used to develop a kernel of corn. Surely some day the secret will be solved whereby this sunshine, air, water, and minerals will make food directly without the waste of farm land, human energy, and vegetable residue. This process is technically known as synthesis.

### Methods of Communication

The time is coming when there will be no telephone wires on our streets. Communications will be by microwaves. The Bell Laboratories are already applying these waves to long-distance communications. Whether or not new methods of transporting electric power without wires will be developed, I do not know. I am, however, certain that there will be a most radical change in all means of communications, including radio, television, and other discoveries yet to come. Even now, antennae and vacuum tubes are no longer necessary to transmit unseen electric waves through the walls of any home or factory.

### Rearranging the Molecules

I am tremendously interested in the work of Dr. S. W. Herwald of the Research Department of Westing house Electric Corp. By the rearrangement of molecules, certain minerals may do the work of other minerals and combine into almost new minerals. Gallium, boron, phosphorus, arsenic, and other elements are used in these experiments. By rearrangements of molecules, strips of metal an eighth of an inch wide and a few thousandths of an inch thick present great industrial potential.

Since the days of Sir Isaac Newton, physicists have been seeking a partial insulator of gravity. Our metallurgists have been watching for some alloy (millions of untried possible alloys exist) to act as such an insulator. It is now hoped that this will be accomplished by a rearrangement of the molecules of some existing mineral. Such a discovery could well result in "perpetual motion" for small irrigation pumps and other industrial uses without consumption of oil or electricity. I am confident that such a discovery will some day be announced by the Gravity Research Foundation of New Boston, N. H.

### Machines Which Think

If space permitted, I would like to discuss the new developments in analytical and computing machines. These are now manufactured at great cost; but some day they will be as common as adding machines. None of these are as yet able to think, but can only rearrange and report on information previously fed into them. With the rearrangement of molecules, some day we may have a machine which "thinks."

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# Cloudy 1960 Market Picture —Clearer Sailing in Decade

*Continued from page 1*

manufacturing corporations in the U. S. came down from above 7% in 1950 to under 5% in 1959. I believe this trend will persist, at least for a further period, in view of the large productive capacity built up in the U. S. as well as abroad in virtually every industry, field, commodity and service. This capacity seems ample to satisfy all potential near-term demands.

Financial sentiment has sobered over recent months. We consider the Market Price of $1 of Dividends—that is the stock price level divided by the dividend rate—the best measure of sentiment.[1] This figure came down from a high of $34.24 last year to a recent low of $28.25. We expect it to decline further, somewhere between $25 and $20, so that the stock market should again reflect a yield between 4% to 5%. If the current dividend rate on the DJIA of around $21 holds, this would suggest a stock price average in the range bounded by 525 and 420 or well below the current 645 level.

Last year as we saw these trends develop—as we saw money tighten, as we saw sentiment move up to levels that in the past had flashed danger signals, and as our projections of corporate profits showed less and less in the way of potential gains and more and more in the way of potential declines, we cut back risks in the accounts managed and serviced by our firm. We built up buying reserves, in the form of cash equivalents or senior securities, of 35% to 50%. This policy we have not changed to date, simply because we do not yet see the basis for thinking the situation will soon reverse.

### Three Markets

Probably no market in history—certainly no market within my recollection and long association with Wall Street—has shown more cross-currents, more confusion and counter-trends than the market of recent months. In the past, we have had bull markets that fed on optimism and moved up, and bear markets that fed on pessimism and moved down, but this is the first time that I have seen a schizophrenic market feeding on bewilderment and confusion.

Actually, we have not one market, not two markets, but three markets. Not only do we have a market with Doctor Jekyll and Hyde personalities, but also one in between. First, the strongest, most prominent, and actively traded stocks have been the technological glamour stocks, the office equipment, camera and electronic issues. These have moved up in the face of a declining market. The Dow-Jones Industrial Average came down 9% in the first five months of 1960, but ten such stocks advanced no less than 19%. At recent prices (May 31), these stocks sold an average 56.2 times their last reported 12-month earnings. Their total capitalization commanded a dollar figure equal to 4.6 times their latest reported annual sales.

Next come the typical, mature, good-quality, well-known, standard-type of issue. A group of 10 such stocks declined 11% in the period January through May. At recent prices, they sold 14.4 times their latest 12-month earnings and the ratio of total capitalization to sales was 1.1.

Last, and this comprises a large number of the individual issues listed on the New York Stock Exchange, are the stocks representing apparently static, lack-luster, negative-growth companies that are quite ignored and neglected by institutional investors and subjected to erosion of interest and price by the investing public generally. A representative 10 of these stocks also came down by 11% in the first five months of 1960. They recently sold at 9.8 times their latest 12-month earnings and the ratio of their capitalization to sales was 0.7.

So, when one asks for a market comment or opinion today he should specify what portion of the market he has in mind.

### A Sign of Danger

But be that as it may, history shows that the popular glamour stocks of the moment in a high and risky market deserve close scrutiny and attention by all investors, because once they fall from their perch, they take the market with them. There is nothing new about growth stocks; they have always been with us.

Back in 1929, the public utility stocks were the growth darlings of the day. They commanded fantastic multiples of earnings and dividends and returned less than ½ of 1%. But far more billions were lost in the subsequent decline in the utility list than were made in the previous advance. Even at recent highs, the public utility average (Dow-Jones) had recovered to only 65% of its 1929 high while the market in general has nearly doubled in value.

In 1933, with the imminent repeal of our prohibition laws, liquor stocks were bid up to fantastically high levels from which the subsequent fall was great and sharp.

In 1937, it was railroad shares and railroad bonds. In a few weeks many lost half or more of their price. In the middle 1940s department store issues and air transport issues were bid up to high levels from which they tumbled. In the early '50s, the aircraft stocks were the market favorites and they never recovered from their declines. Later, in 1955, it was uranium stocks. Many of these no longer exist.

The sequel to the mad rush to buy the fads of the moment at high prices in every case was a fall and decline that came out of the blue, without warning. There are, of course, exceptions to every rule, but the risks presented by such stocks should properly be undertaken only when general risks are not high and that is not true of the current market.

When and as the market sells off, these avidly sought glamour stocks will probably suffer several times the percentage decline shown by the averages.

### Three Investment Aims

Just as there are three markets and three variables affecting the market, there are three separate objectives that we keep constantly in mind regarding an investment account. These are the basic rudiments of investing we learned from our British friends and clients many years ago. The first is the preservation of capital. The second is to obtain what income one can, consistent with reasonable assurance of capital preservation. The third is to obtain what growth of capital one can, in the light of the first two objectives. And, of course, the last becomes increasingly important in a period of long-range inflation.

We consider preservation of capital paramount because all investment involves risk. No investment, no matter how high grade, can be devoid of risk. U. S. Treasury 2½s, of 1972-'67, for instance, sold as high as 109 in early 1946, but in early 1960 sold at 79. There was a decline of 30 points in 14 years. This represented a loss of 2.15 points per year—almost equal to the yield on these bonds at the high, of 2.29%.

A study by the National Bureau of Economic Research some years ago showed that of all corporate bonds issued between 1900 and 1943, at least 20% suffered default. The actual yield on these bonds after deducting losses was less than half the yield based on offering price.

Income is important, not only because of the actual return, but because income considerations, in turn based upon earnings considerations are an important determinant of the prices of stocks. Thus, in a sense, income overlaps capital conservation as well as capital growth.

Growth of capital in an inflationary period is not only important but essential. The dollar of 20 years ago is worth only 52¢ today and who can say what it may be worth 5, let alone 10 or 15 years from now?

Because of what we have regarded as greater-than-average risks in the stock market, we have built up substantial liquid reserves; because of income considerations, we have placed a fair portion of our funds in liberal-yielding securities. Some measure of capital appreciation may be achieved in any market, providing one's selections are good, but in markets such as the present, and those of recent months, the bull's eye becomes very small indeed in relation to the whole target. To qualify for capital growth, a security today should, we believe, be a very special situation.

### Three Steps Up and Three Steps Down

Just as there are usually three steps upward in a major bull market, to wit: (1) recovery from panic, (2) further advance based upon solid business improvement and (3) a culminating frenetic advance based upon exaggerated hopes for the future, there typically are three steps down in a bear market or market decline. These may be described as: (1) disillusionment, (2) disappointment and (3) despair.

Recently we have been going through a period of disillusion. Late last year, optimism was rampant and articulate, but the Soaring Sixties to date appear to be starting out as the Sagging Sixties. Expectations regarding steel, autos and building, to mention a few industries, were exaggerated. It's this disillusionment that has caused the many declines in steel stocks, motor shares, metal stocks and capital goods stocks generally.

Now if we read our business barometers aright, we may soon enter a period of disappointment, which would involve not only cancellations of previous hopes, but realization of something worse than expected. Steel production has already declined for six straight weeks and in 11 out of the last 12 weeks. Housing starts thus far in 1960 have been 21% behind 1959. Unfilled orders of manufacturers have declined for five months in a row. Commodity prices have tended to decline since mid-1958 and look as though they could go lower.

Stock markets seldom decline in the summer months so that we may witness some firming of the stock price structure in the weeks ahead, but on average, over a period of some months, I would expect the business news might be such as to prove a further depressant to the level of stock prices.

The big question is whether we must go through the third step of despair, which is, of course, the reverse of the enthusiasm and over-optimism shown at peaks. Frankly, I doubt it. I do not believe we are in a bear market. Although there is little in the economic, financial, political and international situations about which to enthuse at the moment, this is the era of the Welfare State and I believe enough ammunition is in the hands of our Federal Government and enough disposition to use that ammunition to prevent what might otherwise be a serious slump in business activity and stock prices.

### Long-Range Outlook Favorable

As a matter of fact, I am inclined, in retrospect, to doubt that the great 1958-1959 rise we saw in stock prices constituted the typical, inflationary, third-phase culminating step of the long bull market we have inhabited since 1942. Rather, do I think that still lies ahead awaiting elimination, correction, or at least reduction, of the many stresses and strains our economy has developed over recent years.

I do not think the Soaring '60s were stillborn. I still believe a brilliant financial period for the U. S. and the world at large lies ahead. I still think a Dow-Jones Industrial Average of above 1000 well within the realm of probability, but I am inclined to think that if the stock market projectile is to reach that stratosphere, it must first come down to a launching pad of something around 500 before taking off.

Timing economic events is always difficult, but in view of the jet speed with which this market is proceeding, it could be that this take-off might be arranged within a year.

[1] This is more fully described and charted in the WIESENBERGER SENTI-GRAPH.

*An address by Mr. Wiesenberger at a luncheon tendered by Sir Denys Lowson, Bt., at Estate House, London, E.C.2., England, June 7, 1960.

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## Now Skousen Financial

MONTROSE, Calif. — The firm name of Skousen Investment Service, Inc., 2339½ Honolulu Avenue, has been changed to Skousen Financial Management Service, Inc.

# THE MARKET . . . AND YOU

*BY WALLACE STREETE*

With a long holiday week-end making for an extended trading shutdown, stocks naturally did little decisive this week to indicate either what is ahead, or that the consolidation phase following the spirited rally of early June is over.

The downhill drift has about wiped out half of the ground covered in the rally from late April to early June, which still leaves it within the bounds of a normal correction. There was, consequently, little dismay over the performance. Then, too, the bulk of the summer is still ahead and there is plenty of time for one of the stronger seasonal rallies to assert itself once more.

### Steel Let-Down Heeded

The fact that steel operations are about down to a low for a couple of years was not exactly a surprise since just that action had been predicted for the summer. But it was taken as an excuse to lighten steel commitments once more which had a chilling effect on the rest of the market.

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Rails weren't overly soft and moved narrowly with the spotlight dwelling on Baltimore & Ohio for the most. B&O is the central figure in a tug of war between Chesapeake & Ohio and New York Central. The original offer of a share of C&O for each 1¾ shares of B&O was about in line with the market prices at this week's standings, while Central's bid of 1½ Central shares plus $9 cash for each B&O share was well over the competing bid. On the surface the odds seemed to favor Central's offer unless C&O comes up with an amended plan.

### Auto Uncertainty

Autos found little to cheer about, particularly since the new model years have been pushed ahead by around a month or so. The shutdown for these changeovers will add an additional note of uncertainty until it is more clear how the new versions are accepted by the public. The early showings, however, will mean that the heavy new orders for steel will be speeded up, too, to give the general economy a good push for the fall.

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The stepped-up highway program was shrugged off pretty much by the market, which concentrated more on the overall economy and on the fact that it is holding level at a high plane when constant expansion is the desired aim. Many areas of the market have already discounted some of the future industrial growth and obviously would call for reappraisal if general business is merely going to hold steady.

### Offsetting Gains by Utilities

This nervousness over the fall business picture was translated into a sturdy utility section which, despite some hesitation early this week, was still toying with its 1960 high which was set in last week's final session. As the defensive section the fact that it is the only average in plus ground for 1960, and nudging higher, is eminently logical.

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The highly-favored electronic and vending machine items had their occasional troubles which has happened before. But it couldn't stop them from good representation on the list of new highs, including such as Zenith, Beckman and General Instruments in the electronic and Automatic Canteen in the vending sections.

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A new candidate for better action in the office machine group was Smith-Corona after it unveiled a photocopy machine which gives it entry into a new field. International Business Machines, which had carried the ball for so long as the solo star of the section, was given to restrained action for a change.

### Snagged Merger Flurries

There were some upsets in a rather busy merger flurry, notably Beaunit Mills when its talks with Hercules Powder broke off. It was off nearly a fifth in value on the news. Standard Brands was far more restrained when its negotiations to take over Planters Nut & Chocolate, already in something of a snag, bumped into a mysterious counter offer from another food company.

Standard had seemed on a sure road to taking over Planters but at the last minute several trusts that hold the stock had blocked delivery of the shares to Standard. The case was headed for a court determination when the new note of uncertainty arose.

Standard, on its own, is a quality investment with good defensive qualities and a return of slightly above average at around 3½%. Unlike some of the high-flying items in the list, it has been a mundane item since the shares were split last year and in that time has only wandered over a range of around 15 points.

### Neglected Electronics Items

The somewhat neglected item in the electronics where all the recent play has centered could be Amphenol-Borg which has been available at around 17-times anticipated earnings for this year where others in the group show multiples of 40, 50 and more. As it exists today, the company is a rather new one, the result of a merger between Amphenol Electronics and George W. Borg Corp. late in 1958. It is a supplier of quality electronic equipment to many diverse lines including the computer field. And where many of the electronic items that have been in such persistent favor eschew any dividend burdens, Amphenol has increased its payment in four of the last five years and is a candidate for even more largesse via an extra or stock dividend this year in view of the high expectations for 1960 earnings.

The bulk of Amphenol's business is electronics products, but it is somewhat diversified with about a fifth of its sales coming from timing devices and deep pile fabrics, the latter the newer venture and employing a new production method that shaves costs and has made it a source of profit to the company despite the depressed state of the textile business generally.

### Expected Pick-up in Papers

Like the textiles, the paper business has been plagued by overproduction and price competition with some signs that the worst may be over. Crown Zellerbach, for one, reported increased demand for paper and that the industry had worked back to some 90% of capacity. For Crown itself, its product lines are all close to capacity yet the stock is still available at some 15 points under last year's high.

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Oxford Paper is also believed in some quarters to have made a turn after several years of unsatisfactory results. Oxford's specialty is high-grade printing papers, and its customers are all long associated with the company. It was able to boost prices last year when demand increased and post even higher schedules early this year. Meanwhile, some start-up expenses that were a drag on earnings are over. Its profits showing in this year's first quarter was the best since 1957 when its troubles began. At its low this year it was at about half the peak price posted in 1956 when it posted its record earnings.

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West Virginia Pulp is another well-depressed item, down nearly a third in price this year, but its record is not quite as bad as the market action in the generally depressed paper group would indicate. It posted record sales last year and since has posted some price increases that will bolster the profit showing this year. Its peak profit was scored in 1956 and indications are that this could be eclipsed in a year or two if the present uptrend holds.

### Values in Cements

Cement shares have been shunned for a couple of years just like the paper stocks, starting with a slowdown in the Federal highway program. But now that moves have been made to step up the program, the cement shares have shown little inclination to hail the action. Lehigh Portland, third largest of the independent producers, has been available at less than 10-times earnings and with an indicated yield running well into the 4% bracket. This also is a stock selling at half of its 1956 peak with a good earnings outlook to cover its dividend requirement more than twice over.

*[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.]*

## W. C. Langley To Admit Sands

W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange, on July 7 will admit John K. Sands to partnership.

## Higgins Officer Of Gairdner Co.

Bayne A. Higgins has been elected Secretary-Treasurer of Gairdner & Company Inc., 60 Wall Street, New York City.

# What Has Been Happening To Personal Consumption?

*By* Reuben E. Slesinger, *Professor of Economics, University of Pittsburgh, Pittsburgh, Pa.*

**Economist directs attention of businessmen to an upset in the generally accepted relationship between consumer spending and income during the last decade. Data computed show that the former did not decline as the latter rose leaving personal consumption expenditures, as a result, relatively stable. The significantly marked volatility of durable goods spending, and that of non-durable goods and services, are compared to changes in personal income.**

Since personal consumption expenditures constitute the most important classification of outlays—by dollar value at least—that make up the gross national product (the market value of all the goods and services produced by an economy during a given time period such as a calendar year) it is well to examine into the behavior of this account during recent years. It is convenient to analyze personal consumption outlays in accordance with three groupings, namely outlays for durable goods, for non-durables and for services.

Dr. R. E. Slesinger

As a first approximation, it is possible to state that personal consumption expenditures do not increase in proportion to the increase in disposable personal income—the income that remains to the individual after paying all taxes and is his to consume or to save. Thus, as disposable income decreases, personal consumption expenditures become an increasingly greater percentage of the disposable income itself. Furthermore, expenditures for non-durables tend to account largely for this increasing proportion, while the relative position of durables declines. Conversely, with the exception of war years, as disposable income increases, the outlays for consumer expenditures lag the increase in income with spending for non-durables decreasing as a relative portion of the total but with outlays for durables and services rising in percentage. This all is in keeping with the general belief that the marginal propensity to consume declines with increase in income and increases with decreases in income. Thus, people will maintain a greater consumption ratio with decreased income, and vice versa. Further, within the consumption account, there are differences in experience as between durables, non-durables and services. People tend to maintain a greater percentage of expenditures for non-durables such as food, clothing and fuel as income declines and total consumption outlays come to constitute a greater proportion of disposable income.

When the gap between consumption expenditures and disposable income widens, consumers do not generally increase their relative expenditures for non-durables, but will tend to expend proportionately more for the purchase of durable goods such as household appliances, automobiles, furniture and the like. This experience was distorted during the war years because of the limited availability of these goods, rationing and other controls. An unusually high rate of personal savings resulted.

Table I depicts the relationship between disposable personal income, personal consumption expenditures and percentage changes among these for the years 1929-1958. The dollar items are in current dollars since the interest is in percentages of the total going into consumption rather than comparing the consumption of one year with that of another.

This table shows that from 1929 to 1933, disposable personal income showed a steady decline, dropping by approximately 46.2% over this short period. Personal consumption expenditures, to be sure, also declined; but their proportion of disposable income rose from 93.9 to 101.7. The latter figure, being over 100%, indicates no savings and even some dis-saving in 1933. As soon as disposable income rose in 1934, so did consumption expenditures, but not in the same proportion. Income went up by 13.8% but outlays increased by the smaller amount of 11.8%. Consumption accounted for 99.8% of disposable income and savings just re-appeared. With the increase in income until 1938, consumption continued to increase but not in proportion so that by 1937, consumption outlays were accounting for only 94.8% of disposable income. A sudden drop in income in 1938 of 7.4% witnessed a decline in consumption of only 3.9% so that the percentage of disposable income accounted for by consumption rose to 98.4. The percentage relationships were distorted somewhat during the war and post war years because of the unavailability of goods and the later pressure to satisfy pent-up demands. The Korean conflict helped produce similar results during the early 1950's. The proportion of consumption to disposable income has remained relatively stable during the last six or seven years, ranging from a low of 92.2% in 1953 to a high of 93.6% in 1955. This is somewhat interesting in view of the fact that disposable income has not shown the same comparative stability during the period 1953-1958, showing year to year increases varying from 1.7% to 6.8% during the period. Personal consumption outlays during some of these years when recessionary influences were in existence rose at a more rapid rate than income which continued to increase in spite of the overall decline in business and gross national product.

As to groups of consumer expenditures during this period, several interesting results appear. From 1929 to 1933 when the total of consumer expenditures showed a constant decline on a year to year comparison, non-durables, as a per cent of the total of all consumer expenditures, remained relatively constant until 1932. In 1933 they took an increasingly greater percentage of the total, and continued this trend until the approach of World War II. This is in keeping with the lesser sensitivity of these outlays to changes in incremental income. Even within non-durables the record varies as among commodity groupings. Outlays for food and alcoholic beverages, accounting for slightly over half of the total of non-durable expenditures have been largely responsible for the relatively consistent rise in non-durable totals and percentages. Expenditures for clothing and shoes, with the exception of the war years, hovered between 10 and 12% of consumer outlays from 1929 to 1952. This percentage has declined steadily since 1952 and reached a low of 8.8% in 1958. Gas and oil outlays have been relatively constant in percentage importance although a slow but steady increase has manifested itself since 1948. At present these outlays account for 3.6% of all consumer expenditures.

**Contrasts Volatility of Durable to Non-Durable Spending**

The greater sensitivity of consumers to incremental changes in income is revealed for consumer durable goods. For example, between 1929 and 1933, while consumer spending declined approximately 41%, outlays for durables dropped some 62%. From 1929 to 1932, as a percentage of total consumer spending, outlays for durables dropped from 11.6 to 7.4 (a drop of 36.2%) whereas expenditures for non-durables fell only from 47.7% to 46.3%, or a decline of only about 3%. This is significant, for in later recessionary periods there occurred no year to year decrease in personal consumption expenditures, in total, but durable goods outlays, especially for such big ticket items as automobiles and household appliances, declined. Durable goods outlays are highly volatile and react quickly to changes in business income and consumer earnings.

Non-durables, especially food, on the other hand, remain relatively constant and are less sensitive. This was quite apparent in the most recent recession of 1957-58 when expenditures for non-durables increased from 48.2% of the total to 48.5% but outlays for durables dropped from 14.4% to 12.8%. This difference in type of reaction by durables and non-durables points up the necessity for separating these components when analyzing gross national product and the status of the health of the economy. Grave errors in forecasting can occur if the totals for consumption outlays are used in which divergent movements among the parts may produce a relatively stable total that covers up significant variations.

The recession of 1948-49 was one in which the above-described reactions did not hold true to form. Disposable income rose by only 0.2% between these two years, but consumer expenditures advanced by 1.6%. As a per cent of the total for all consumption outlays, durable goods expenditures rose from 12.7 to 13.6 and non-durable expenditures dropped from 55.4% to 53.3%. Food, beverage and clothing percentages all dropped but automobile outlays increased. The explanation could be in the still unsatisfied demand for automobiles and parts as a result of the war and the backed up purchasing power available to make the purchases, as well as the easing of credit means with which to purchase durables. As a further anomaly during this period, even though disposable income increased, personal savings declined.

The third component of consumer expenditures — services — consisting mainly of housing and household operations, transportation and personal services, have demonstrated a steady rise since 1946, advancing from 31.7% of the total in that year to 38.7% by 1958. One of the most important components of this group is housing that accounts for about one-third of all service outlays. It appears that this force will continue for some time in view of the tremendous expansion that has taken place in private home ownership since 1946 and the easing of financing provisions for home building and ownership.

**Notes Change in Traditional Pattern**

Much of the generally accepted relationship between consumer expenditures and income has been upset by consumer reactions during the last decade. Prior to the 1950's there was a rather clear relationship between incremental changes in disposable income and marginal changes in consumption. Year-to-year changes in disposable income usually elicited a substantially smaller corresponding change in income, on the increasing side, and vice versa for a decline. Since 1950, however, people seem to be increasing their consumption expenditures almost in equivalent with increases in income so that personal consumption expenditures have become relatively stable. It appears that the consumers have accepted a sort of confidence in the ability of the economy to recover rapidly from adverse conditions and that there is less worry about providing for the future. Also, because of the nature of many fixed outlays that are forced upon the consumer because of so many credit commitments, he has less ability to juggle his outlays as income changes. With this in mind, it becomes increasingly important that any analysis of consumer outlays that is to have meaning for the businessman must keep the differences between expenditures for durables, non-durables and services apart. Indeed, there is much to argue that the outlays for durables take on more of the characteristics of gross private domestic investment than they do of consumption expenditures and show a closer affinity for changes in that account. Cyclical downturns have been less severe in recent year because of the reaction of consumer expenditures and the fact that they have acted as a sort of stabilizer.

**DISPOSABLE PERSONAL INCOME AND PERSONAL CONSUMPTION EXPENDITURES AND PERCENTAGE CHANGES FROM YEAR TO YEAR, 1929-1958**

(in current billions of dollars)

| (1) Year | (2) Disposable Personal Income | (3) Personal Consumption Expenditures | (4) % of P.C.E. to D.P.I. (2)/(3) | (5) Year-to-Year % Change in D.P.I. | (6) Year-to-Year % Change in P.C.E. |
|---|---|---|---|---|---|
| 1929 | $ 83.1 | $ 79.0 | 93.9% | --- | --- |
| 1930 | 74.4 | 71.0 | 95.5 | —10.5% | —10.1% |
| 1931 | 63.8 | 61.3 | 96.1 | —14.2 | —13.5 |
| 1932 | 48.7 | 49.3 | 101.1 | —23.7 | —19.6 |
| 1933 | 45.7 | 46.4 | 101.7 | — 6.2 | — 5.9 |
| 1934 | 52.0 | 51.9 | 99.8 | 13.8 | 11.8 |
| 1935 | 58.3 | 56.3 | 96.8 | 12.1 | 8.5 |
| 1936 | 66.2 | 62.6 | 94.7 | 13.5 | 11.2 |
| 1937 | 71.0 | 67.2 | 94.8 | 7.2 | 7.2 |
| 1938 | 65.7 | 64.6 | 98.4 | — 7.4 | — 3.9 |
| 1939 | 70.4 | 67.6 | 96.2 | 7.2 | 4.5 |
| 1940 | 76.1 | 71.9 | 94.4 | 8.1 | 6.4 |
| 1941 | 93.0 | 81.9 | 88.1 | 22.2 | 13.9 |
| 1942 | 117.5 | 89.7 | 76.3 | 26.3 | 9.6 |
| 1943 | 133.5 | 100.5 | 75.3 | 13.6 | 12.0 |
| 1944 | 146.8 | 109.8 | 74.8 | 9.9 | 9.2 |
| 1945 | 150.4 | 121.7 | 80.9 | 2.4 | 10.8 |
| 1946 | 160.6 | 147.1 | 91.8 | 6.8 | 20.9 |
| 1947 | 170.1 | 165.4 | 97.3 | 5.3 | 12.4 |
| 1948 | 189.3 | 178.3 | 94.3 | 11.3 | 7.7 |
| 1949 | 189.7 | 181.2 | 95.6 | 0.2 | 1.6 |
| 1950 | 207.7 | 195.0 | 93.9 | 9.5 | 7.6 |
| 1951 | 227.5 | 209.8 | 92.3 | 9.6 | 7.6 |
| 1952 | 238.7 | 219.8 | 91.8 | 4.9 | 4.7 |
| 1953 | 252.5 | 232.6 | 92.2 | 5.8 | 5.8 |
| 1954 | 256.9 | 238.0 | 92.8 | 1.7 | 2.3 |
| 1955 | 274.5 | 256.9 | 93.6 | 6.8 | 7.9 |
| 1956 | 292.9 | 270.0 | 92.3 | 6.7 | 5.1 |
| 1957 | 307.9 | 284.8 | 92.7 | 5.1 | 5.5 |
| 1958 | 316.5 | 293.0 | 92.5 | 2.8 | 2.9 |

Source: *Survey of Current Business* plus calculations by writer.

# Lehman Bros. Heads Mont. Ward Debens. Offering

Public offering of $50,000,000 Montgomery Ward Credit Corporation 4⅞% debentures due July 1, 1980 was made on June 28 by a nationwide underwriting group managed by Lehman Brothers. The debentures are priced at 99½%, plus accrued interest.

The corporation was organized in February, 1960 for the purpose of financing deferred payment accounts of Montgomery Ward & Co., Inc., one of the world's large retail merchandising organizations with net sales of over $1,000,000,000 in the fiscal year ended Feb. 3, 1960. The latter company owns all of the outstanding stock of Montgomery Ward Credit Corporation, representing an investment of $25,000,000.

The net proceeds from the offering of debentures will be added to the general funds of Montgomery Ward Credit Corp. and will be available for the purchase of deferred payment accounts from the parent company. Until so employed, the proceeds may be used in whole or part temporarily to reduce bank loans incurred to finance the purchase of such accounts.

The debentures are not redeemable prior to July 1, 1968. On and after that date they will be redeemable at prices ranging from 102½% to 100%, plus accrued interest.

Capitalization as of May 2, 1960, adjusted to give effect to the sale of the debentures, comprised the $50,000,000 debentures offered today and 250,000 shares of common stock, par value $100 per share. Also outstanding on May 2 were short-term bank loans aggregating $40,800,000 and commercial paper in the principal amount of $18,336,000.

# Hamilton Cosco Stock Offered

An offering of 300,000 shares of common stock of Hamilton Cosco, Inc., (Columbus, Ind.) is being made by an underwriting group headed by Smith, Barney & Co., Inc. and City Securities Corp. The stock is priced at $21.25 a share.

The offering does not represent new financing by the Company but a sale by the Hamilton family, founders of the Company, of a part of their substantial holdings of Hamilton Cosco stock.

The company manufactures a broad line of products in the housewares field, including folding card tables and chairs; juvenile products such as high chairs, play pens and cribs; metal kitchen stools; utility tables and serving carts. It also manufactures an extensive line of office chairs, metal frame upholstered furniture and occasional tables for home and commercial use. Plants are located at Columbus, Ind. and Weirton, W. Va.

Sales during 1959 totaled $25,414,949 and net income was $2,206,263, equal to $1.27 a share on the 1,738,551 common shares presently outstanding. Quarterly cash dividends have been paid on the common stock since 1948; in addition the company has paid stock dividends of 20% in 1956 and 10% in 1957 and 1958.

## S. M. Probst Joins Hinkley & Co., Inc. Staff

(Special to The Financial Chronicle)

DENVER, Colo.—Sue M. Probst has joined the staff of Donald J. Hinkley & Co., Inc., 215 Denargo Market. Miss Probst was formerly cashier for Amos C. Sudler & Co.

# Why We Must Soon Have a National Mortgage Market

By Dr. Kurt F. Flexner,* *Director, Mortgage Finance, American Bankers Association, New York City*

**Parting the curtains slightly on an A.B.A. study now taking place on how to create an adequate secondary market for secondary mortgages, Dr. Flexner underscores the pressing need to develop such a market in order to meet the future challenging demand for housing without government intervention. He warns that imperfections and inefficiencies in private enterprise must be solved so they do not serve as a road for government entry. He contrasts VA/FHA with conventional mortgages, and runs down the problems that remain to be solved in order to make conventional mortgages a competitively desirable credit instrument—in yield, safety, liquidity and marketability.**

According to a report recently published by the Subcommittee on Housing, Senate Banking and Currency Committee, the demand for housing during the next 10 years will be considerably greater than it was during the decade of the 1950's. During the last decade housing starts averaged 1,200,000 annually reaching twice nearly 1,400,000. Upon what assumptions is the expected increase in the demand for housing based? Perhaps the most important is the expected population increase, which according to present indications will add 35,000,000 human beings by 1970. Perhaps equally important, however, is the fact that Gross National Product is expected to increase by 50%, or to $750 billion in 1970. This means that there will not only many more families in 10 years from now, but it means that the average family will have an income of over $9,000 annually, with a rise in its expenditure for housing from $800 annually today to $1,200 annually in 10 years from now.

Kurt Flexner

The mortgage debt which exceeds $185 billion today is expected to reach well over $300 billion by 1970. It is already the largest single private debt in the United States. Its share of the total debt will be even larger 10 years from now.

### An Important Challenge

It is quite likely that the demand for housing in the future will develop into an important political and economic challenge for this nation, and it is equally important that this challenge be faced squarely. The demand for housing, however, is only one of the many demands households and business make upon an economy. Even at the level of full employment the Gross National Product is, of course, limited by our physical ability to produce. As our population grows and as we advance scientifically and technologically, we produce more; but the total amount is always limited and must be allocated among the great multitude of demands which always exist. Unless there is significant unemployment, it is not possible at any given time to increase output in housing without reducing output in one or more other industries.

In the American economy, what we produce is determined by private, business, and public demands and is allocated generally via a free market mechanism except for that sector of the economy which is more or less planned as a result of federal or local government intervention. When an economy operates in a relatively free market atmosphere under conditions of fairly stable prices, each sector of the economy will bid according to its conditions of demand for the available supply of goods and services. The price mechanism and the interest rate serve to equate supply and demand. The increase in the demand for housing during the next decade, therefore, will have to be met out of the supply of goods and services we produce during that time. As we have seen in the past, however, the government sometimes intervenes by attempting to increase the supply in a particular industry, such as housing, because for one reason or another that is thought desirable.

In the most advanced economies, including the United States, a certain amount of government intervention in the different areas of the economy has been accepted and already is taken for granted. Housing has become a major issue in American politics; and in order to avoid excessive government intervention, it is extremely important to make the housing industry as efficient as possible. In the field of finance, this means that the mortgage as an instrument of credit should be made as desirable as any other instrument of credit. Every effort should be made to make it appeal to every type of investor so that it can compete effectively with every other type of credit instrument. There is no reason why a mortgage cannot offer in terms of yield, safety, liquidity, and marketability the same advantages enjoyed by any other credit instrument now purchased by investors who still discriminate against mortgages. In other words, if housing is to be financed privately without increased government intervention, certain weaknesses now found in the mortgage market must be eliminated.

### Contrasts Today's Mortgages

Government insured and guaranteed mortgages do possess a fair degree of national marketability, but the rigidities found in the interest rates discourage investment in such mortgages at the very time when the demand for housing is likely to be greatest. One need only look at the record to substantiate this. Conventional mortgages, on the other hand, which are not subject to the same interest rate rigidities suffer from an equally serious handicap—that is, they lack national marketability, a handicap which discourages many potential investors.

Although the conventional mortgage is considered to be too personal an instrument of credit to appeal to such institutional investors as pension funds, I believe that it is only a matter of know-how to convert these mortgages into credit instruments that will prove attractive to such investors. On the other hand, FHA and VA mortgages which have been made impersonal through insurance or guarantees are often still considered cumbersome investments by such institutional investors as pension funds and trust funds, and by others. These characteristics of mortgages are technical rather than generic, however, and with imagination and effort, whatever handicaps now exist can be eliminated.

If private enterprise can meet the challenge of increased demands in the next decade or two, it will contribute much to economic stability as a whole. An improved secondary market for mortgages will attract, if necessary, additional funds to the mortgage market to meet increased demand. This will not prove inflationary if it is done via a free market mechanism in which all industries compete equally for the available supply of credit. The price of money will determine the direction of the flow of credit. On the other hand, if private enterprise permits certain shortcomings to continue in the area of mortgage financing, it may lead to greater government intervention. This often contributes to economic instability since the additional funds coming into the mortgage market via government intervention are usually in addition to all other outlays which at the level of near full employment is inevitably inflationary.

The development of a strong secondary market will do much to build a strong foundation for private enterprise in the housing industry. American business enterprise has been financed on the whole without the benefit of government insurance or guarantees and largely as a result of the existence of a highly developed secondary market. Corporate stocks and bonds are freely traded across the country. A mortgage differs, of course, initially from a corporate bond. Conventional mortgages, as I have pointed out, are too personal an instrument of credit to lend themselves to nationwide trading. Even FHA and GI mortgages are too difficult to handle in the opinion of many potential investors. These handicaps, however, can be overcome in any number of ways.

### Refers to ABA Example

The American Bankers Association currently is studying the problems involved in creating an adequate secondary market for conventional mortgages. We are still in the stage of analysis, and no definite conclusions have been reached on major points. It is possible, however, to give a general example to show how the conventional mortgage can be given national marketability. In general, an organization could be created, privately owned, which would issue debentures backed by mortgages. Investors such as pension funds consequently would buy the debentures rather than the mortgages. Naturally, there are many questions and problems that arise in connection with such a plan. Ownership, capital, and management are merely some. Other problems are standards to be applied for selecting the mortgages which will serve as collateral for the bonds and the type of insurance or guarantee to be applied to the mortgages or the bonds. This is not to be taken as the plan that ultimately will be proposed by the American Bankers Association, for that plan is still under consideration. It merely is intended to serve as one example of how a mortgage can be given national marketability.

The mortgage debt is the largest private debt in the United States. The housing industry is the largest industry which serves all the people in every economic group. There is no real reason why that industry more than any other needs to depend upon special privileges or special aid from the government if weaknesses which now exist in private financing can be eliminated. Corporate bonds are purchased by investors because they are impersonal and marketable across the country and not because they are insured or gauranteed by the government.

I think it is a mistake to take it for granted that the mortgage lacks the liquidity or national marketability or ease of handling of other instruments of credit or government bonds. A more constructive approach I think would be to make the mortgage so desirable an instrument of credit for every type of investor that the question of government intervention would be reduced to a minimum. Imperfections or inefficiencies in private enterprise should never be the road through which the government enters into economic activity; for with some effort and imagination, inefficiencies and imperfections can be eliminated.

*An address by Dr. Flexner before the American Bankers Association's 3rd Regional Mortgage Workshop, Chicago, Ill.

## Waddell With Quinn Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Richard A. Waddell has become associated with Quinn & Co., American National Bank Building. Mr. Waddell formerly conducted his own investment business in Albuquerque.

Richard C. Luby has also been added to the firm's Denver staff.

## Now Corporation

JACKSON, Miss. — Allen Securities Co., Inc. has been formed to continue the investment business of Allen Securities Company, Plaza Building. Officers are Bryant M. Allen, President, and Jesse A. Jett, Secretary and Treasurer.

# Mintkeski Pres. Of Munic. Forum

Eugene A. Mintkeski, Treasurer of The Port of New York Authority, was elected President of The Municipal Forum of New York for the fiscal year 1960-61 at the annual meeting of the membership held June 24. He succeeds David H. Callaway, Senior Vice-President of the First of Michigan Corporation. George R. Waldmann, of Mercantile Trust Company of St. Louis, was elected Vice-President; Leonard Stebbins Allen, of Chemical Bank New York Trust Company, Secretary; P. Hurley Bogardus, of Morgan Guaranty Trust Company of New York, Treasurer; and William F. Morgan of Blyth & Co. Inc. and William Sanders Shanks of *The Bond Buyer*, members of the Board of Governors.

Eugene A. Mintkeski

# Thompson Agency Names Strouse

Norman H. Strouse, President since 1955, has become Chief Executive Officer of J. Walter Thompson Company, succeeding Stanley Resor who continues as Chairman, it was announced following a meeting of the Board of Directors. Henry C. Flower, Jr., and Samuel W. Meek continue as Vice-Chairmen.

## Mason & Lee Branch

CHARLOTTESVILLE, Va. Mason & Lee, Inc. has opened a branch office in the National Bank Building under the management of Harold M. Burrows. Mr. Burrows was formerly local manager for Francis I. du Pont & Co.

## Pyramid Investors Corp.

DOUGLASTON, N. Y. — Pyramid Investors Corp. has been formed with offices at 5229 Douglaston Parkway to engage in a securities business. Officers are Stephen Rosenbaum, President, and Michael Laviani, Secretary-Treasurer.

# NEWS ABOUT BANKS AND BANKERS

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

Ralph S. Stillman, President of **Grace National Bank of New York,** announced June 27 the promotion of Joseph G. Burrough from Cashier to Vice-President and Cashier. Mr. Burrough has been associated with the Bank for over 36 years.

Ralph S. Stillman

Mr. Stillman also announced that John R. Wetzel, Jr., was promoted from Assistant Cashier to Assistant Vice-President. Thomas J. Gallagher, Matthew J. Ladolcetta and Edward J. Simmons were named Assistant Cashiers.

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Assistant Vice-Presidents Norborne Berkeley Jr., Walter P. Moran and Albert W. Van Gelder have been promoted to Vice-Presidents of the **Chemical Bank New York Trust Company, New York.** Mr. Berkeley is with the national division. Mr. Moran and Mr. Van Gelder are with the metropolitan division.

Mr. Berkeley joined the **Chemical Bank and Trust Company, New York** in 1950. He was elected an Assistant Secretary in 1955 and an Assistant Vice-President in 1957.

Mr. Moran was an Assistant Vice-President of the **New York Trust Company** before it merged with the Chemical Bank last September.

Mr. Van Gelder joined the **Corn Exchange Bank Trust Company in New York** in 1925 and became Assistant Treasurer of the **Continental Bank and Trust Company, New York,** in 1946. When the banks merged with the Chemical Bank, Mr. Van Gelder became an Assistant Vice-President in 1954.

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Kenneth N. Bacon has been appointed an Assistant Vice-President of **The Bank of New York,** according to an announcement by the Chairman, Albert C. Simmonds, Jr. Mr. Bacon will supervise the activities of the Public Relations Department and manage the advertising program of the bank.

* * *

Four promotions and two new appointments were recently announced by Albert C. Simmonds, Jr., Chairman, **The Bank of New York.**

Thomas F. Troxell, Jr. and James Wood, both of the Security Research Department, have been promoted from Assistant Secretary to Assistant Vice-President.

William F. Bell, Security Trading, and Quentin C. Johnson, Security Research, have been promoted to Assistant Secretaries. They formerly served as managers in their respective departments.

Victor R. Farhi and Frederick R. Lansmann, Security Research, have been appointed Assistant Secretaries in their departments.

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The Directors of the **First National City Trust Company, New York,** announced that Mr. Gilbert G. Browne, died June 23, at the age of 71.

In 1928, Mr. Browne was appointed a Director of the then **City Bank Farmers Trust Company, New York,** and Chairman of its executive committee.

Wilfred Wottrich, Chairman of the Board, **The Lincoln Savings Bank, Brooklyn, N. Y.,** announced that the retirement of Arthur C. Fox, Vice-President and Manager of the Bank's Brighton Beach office, will become effective July 1.

Associated with The Lincoln for 36 years, Mr. Fox has been in charge of Brighton since that office opened in 1942.

Succeeding Mr. Fox as Brighton Manager is Paul F. McGuirk, Vice-President and formerly Manager of the Bank's Marlboro office at Avenue X and West 2nd Street. He will be assisted by Francis A. Clements, Assistant Vice-President.

Edward J. Puttre, Assistant Vice-President, will become Manager of the Marlboro office, succeeding Mr. McGuirk.

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Mr. Russell Sillery, Executive Vice-President of **The Bank for Savings in the City of New York** is retiring at the end of the month, after 38 years of service.

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W. Freel Hudkins, Manager of the Securities Department of the **Bank of Montreal — New York Agency,** has been named Assistant Agent, according to an announcement by Gordon V. Adams, Senior Agent. He will continue to be in charge of securities.

Mr. Hudkins joined the New York Agency of the Bank of Montreal in 1936. He is a member of the Cashiers' Division of th Association of Stock Exchange Firms.

* * *

Sixty-four-year-old J. Bertram Kelly, President of the **City Savings Bank of Brooklyn, Brooklyn, N. Y.,** died June 26.

Mr. Kelly joined the City Savings Bank of Brooklyn in 1919 and became President in 1950. He was also a Trustee of the bank.

* * *

Frank E. Karelsen, Chairman, announced that John E. Shea has been appointed President of the **State Bank of Long Beach, Long Beach, N. Y.** After Mr. Shea retired in February, finishing 30 years' service with the **First National City Bank of New York, New York,** he became administrative adviser to the **Dania Bank, Dania, Fla.**

* * *

The Board Chairman of the **Union Savings Bank of Patchogue, Patchogue, N. Y.,** Mr. Edwin Johanknecht, Jr., died June 29 at the age of 80.

Mr. Johanknecht had been with the bank 59 years, was its President for 16 years when he became Chairman last Dec. 31.

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It was announced that the **Auburn Trust Company, Auburn, N. Y.,** would be merged into **Marine Midland Trust Company of Central New York, Syracuse, N. Y.** The Marine Midland Corporation, Buffalo, N. Y. State, owns 98% of the stock of Auburn Trust Company and 94% of the shares of Central New York's bank stock. The merger is subject to approval by bank regulatory authorities.

Under the merger the Board of Directors of Auburn Trust would become an advisory board for Auburn area. Floyd J. Winter, President of Auburn Trust, would become Vice-President, while Eugene C. Donovan, Chairman of the Auburn Trust Company would become Chairman of the Advisory Board, a Director and Vice-President in the larger bank. The banks would merge Central New York's $146,000,000 of assets with Auburn Trust's $22,000,000 of assets.

* * *

The transferred $10,000,000 from undivided profits to surplus by the **First National Bank of Boston, Boston, Mass.,** increased the combined capital and surplus of the bank from $150,000,000 to $160,000,000.

* * *

**The Commercial Trust Company of New Jersey, Jersey City, N. J.,** has offered to acquire the **Weehawken Trust Company, Union City, N. J.,** according to Harry C. Zimmer, President of the Commercial Trust. Stockholders of the Weehawken Trust will consider the offer at a meeting soon.

At the end of last year the **Commercial Trust Company** had deposits of $124,908,000 and total resources of $139,248,000. **The Union Trust Company** had $25,820,000 in deposits and $27,974,000 in total resources.

* * *

Dallas D. Parker has been appointed Assistant Auditor at **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** Frank R. Denton, Vice-Chairman of the bank announced.

Mr. Parker began his banking career in 1926 with **The Union Trust Company of Pittsburgh, Pa.** He joined Mellon Bank in 1946, when The Union Trust Company became the Union Trust Office of Mellon National Bank and Trust Company.

* * *

A two-for-one split in the capital stock of **Pittsburgh National Bank, Pittsburgh, Pa.,** was approved by stockholders at a special meeting June 23.

Pittsburgh National Bank stockholders effected the split through an amendment to the Bank's Articles of Association to provide for a reduction in the par value of the capital stock from $20 to $10 per share, and a resulting increase from 1,513,070 to 3,026,140 in the number of shares outstanding.

Both actions were recommended by Pittsburgh National Bank directors at their regular meeting on May 17.

The $20 par value shares currently outstanding will automatically become $10 par value stock and will be supplemented by new certificates representing one new share for each share now held, Mr. Agnew, President, said.

* * *

As of June 27, the **Fidelity-Baltimore National Bank, Baltimore, Md.** and the **Maryland Trust Company, Baltimore, Md.,** have merged into the **Baltimore National Bank.** The merger was delayed for 30 days because of the passage of the new Federal bank merger law. The former Chairman and Chief Executive Officer of Fidelity-Baltimore, Hooper S. Miles, is now Chairman of the consolidated bank. Robert D. H. Harvey, now Vice-Chairman, was the President of the Maryland Trust Company, while Tilton H. Dobbin, still President, was President of Fidelity-Baltimore.

With more than $29,000,000 and total assets in excess of $400,000,000 Baltimore National is now the largest bank in Maryland.

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Jay K. Buck, William H. Bye, Thomas F. Duffy, Robert P. Kline, Lynn H. Miller and Frederick C. Pullman, of the banking department; Kenneth P. Kinney, of the international banking department; Benjamin C. Korschot and Carl T. Lambrecht, in the trust department and William A. Stenson in the investment research department were elected Vice-Presidents of the **Northern Trust Co., Chicago, Illinois.**

* * *

**The Second National Bank of Belvidere, Belvidere, Illinois,** increased its common capital stock from $200,000 to $300,000 by a stock dividend effective June 17. (Number of shares outstanding—6,000 shares, par value $50.)

**"The Second National Bank of Belvidere," Belvidere, Illinois,** has changed its name to **"First National Bank of Belvidere"** effective June 17.

* * *

Former Trust Officers, Alfred B. Drouot and Charles H. Storm, were named Vice-Presidents of the **National Bank, Tulsa, Okla.**

* * *

**The Second National Bank, Ashland, Kentucky**

| | June 15,'60 | Dec. 31,'59 |
|---|---|---|
| Total resources | $33,049,582 | $30,749,167 |
| Deposits | 30,020,438 | 27,794,606 |
| Cash and due from banks | 8,210,005 | 6,482,101 |
| U. S. Govt. security holdings | 8,638,430 | 8,485,370 |
| Lns. and Discnts | 12,851,917 | 12,465,580 |
| Undivided profits | 421,683 | 444,993 |

* * *

**The Planters National Bank & Trust Company of Rocky Mount, Rocky Mount, N. Car.,** has increased its common capital stock from $660,000 to $726,000 by a stock dividend and from $726,000 to $759,000 by the sale of new stock effective June 15. (Number of shares outstanding — 151,800 shares, par value $5.)

* * *

Harold F. Osborn and F. J. Fogarty were elected Vice-Presidents of the **Bank of America, San Francisco, Calif.**

* * *

The elected successor to E. C. Sammons as President of the **United States National Bank, Portland, Ore.,** was Edward J. Kolar. Mr. Sammons has been named Chairman, but will remain Chief Executive Officer.

# Home Financing Costs Lower in N. Y. Than in Other Parts of Country

**Official of Dime Savings Bank of Brooklyn cites, among other yardsticks, very large discounts on which veterans' loans are made on West Coast.**

In spite of tight money conditions that have prevailed for several months throughout the nation, the cost of financing a home in New York is considerably less than in other parts of the country, it was stated by Frederick W. Jackson, Vice-President of The Dime Savings Bank of Brooklyn.

Frederick W. Jackson

Mr. Jackson's remarks were contained in a speech prepared for delivery at a mortgage finance symposium during the mid-year conference and directors' meeting of the New York State Home Builders Association, at Binghamton, N. Y. on June 17.

On the West Coast, according to Mr. Jackson, loans to veterans at the maximum permitted interest rate of 5¼% additionally carry discounts of as much as 12%. FHA-insured mortgages at 5¾% interest, plus the ½ of 1% mortgage insurance fee received by the FHA, are discounted by as much as 6% additionally. Builders' construction loans in the far West generally are commanding a 7% interest rate, plus 3% service fee.

In contrast, the Brooklyn banker said that "here in New York discounts are at nowhere near those levels;" that virtually no New York lender requires a discount on conventional mortgages, and "money is available here for conventional loans at 6%."

Conventional mortgage lending, without government backing, is increasing steadily in New York, Mr. Jackson said, "because the far-sighted New York legislature has led the way in enacting banking law amendments that benefit every home buyer and builder in the State."

He explained that these amendments, enacted at the urging of savings banks and the New York State Home Builders Association, permit 90% 30-year mortgages up to $25,000 without the encumbrances of governmental red tape and delays.

"Thanks to our legislators," Mr. Jackson declared, "New York now has the most comprehensive and liberal home mortgage lending laws of any state in the Union. "So desirable are these laws," he continued, "that 39 other states have followed the lead of New York and have enacted or are considering the enactment of similar legislation."

Discussing the scarcity of mortgage money that has plagued New York home buyers and builders, Mr. Jackson said that individuals—not savings banks—have been sending money to Western institutions which pay 4½% interest on thrift accounts. Therefore, he explained, thrift accounts in New York are not building up in a normal manner because 3¾% is the maximum dividend rate that New York savings banks are permitted to pay depositors. Likewise, money that normally would go into thrift accounts in mortgage lending institutions in New York is going into the stock market and also is being spent for consumer goods, he said.

Because of this siuation, the banker explained, "it is difficult for a lender to make extensive advance mortgage loan commitments when he cannot foresee with any degree of accuracy how many dollars his institution will have in thrift accounts several months hence. Normally, projections can be made and advance commitments given to builders on that basis. But conditions are not normal now.

"Nevertheless," Mr. Jackson added, "commitments are being made to builders, and home mortgage money is being made available in fairly substantial volume. Most of us in the mortgage lending industry are somewhat more optimistic than a few weeks ago."

## Form Reading Securities

NORTH READING, Mass.—Arthur D. Mills and Walter J. Azwacki have formed Reading Securities Co. with offices at 213 Main Street to engage in the securities business. Both have been associated with Eastern Investment Corp.

## R. H. Shaw Opens

SALT LAKE CITY, Utah—Raymond H. Shaw is conducting a securities business from offices at 2644 East 2940 South Street.

## Vincent, James Opens

BROOKLYN, N. Y. — Vincent, James & Co., Inc. has been formed with offices at 2075 East 16th Street to engage in a securities business. Officers are Vincent J. Agostino, President; M. Richard Agostino, Secretary-Treasurer, and D. Agostino, Vice-President.

## Amibec-Southern Region

NORFOLK, Va.—Albert Zeno is engaging in a securities business from offices in the Law Building, under the firm name of Amibec-Southern Region.

### Dr. Genachte Named

Dr. Kennard Morganstern, President and Chairman of the Board of Radiation Dynamics, Inc., Westbury, L. I., New York, has announced the appointment of Dr. Paul F. Genachte as a Director of the Corporation.

Dr. Paul F. Genachte

Dr. Genachte, Vice-President and Director of Atomic Energy of the Chase Manhattan Bank, joined the bank in 1954 after 20 years in public utilities work in Belgium and Mexico.

A United States citizen, Dr. Genachte was born in Brussels, Belgium, July 9, 1909. He received his B. S. at Brussels University; obtained his M. S. in Electrical Engineering from Massachusetts Institute of Technology, and his Ph. D. from California Institute of Technology.

Dr. Genachte is a Director of Firth Sterling, Inc., Homestake Mining Company, and of Nuclear Science and Engineering Corporation; Chairman of the Nuclear Industry Committee of the Investment Bankers Association, Vice-Chairman of the Nuclear Energy Committee of the National Association of Manufacturers, and Vice-Chairman of the International Affairs Committee of the Atomic Industrial Forum.

In 1956, Dr. Genachte represented the International Chamber of Commerce at the organizational meetings of the International Atomic Energy Agency held at the United Nations Headquarters in New York, and also at the General Conference held in Vienna in 1957 and 1958. Also, as a delegate of the International Chamber of Commerce, he attended the United Nations Conferences on the Peaceful Uses of Atomic Energy in Geneva in September, 1955 and again in 1958.

### Gribble, Shepherd

DENVER, Colo.—Gribble, Shepherd and Company has been formed with offices in the Denver Club Building to engage in a securities business. Officers are Harry T. Shepherd, President; Jack I. Gribble, Secretary-Treasurer; and B. A. Shepherd and I. M. Gribble, Vice-Presidents.



# MUTUAL FUNDS

*BY ROBERT E. RICH*

## The Educative Role

"Get-togetherness" of the public for mutual benefits is counted on heavily to turn the $16-billion mutual fund field into a $100-billion Colossus in the next 20 years. This is the lively expectation of Arthur Wiessenberger, whose contribution to the growth of the funds is second to none. While the investment community is understandably skeptical of long-range projections, the sixfold expansion of fund assets over the next two decades appears modest considering that 20 years ago total assets were less than a half billion.

Inflation, of course, has been a sizable factor in spurring investment — mutuals, closed-ends and individual stocks — by 13,000,000 Americans. As Mr. Wiessenberger says: "Over the last 20 years, the dollar lost about half of its purchasing power. . . . History shows that in a long-term sense, a nation once embarked on a program of inflation, must politically, economically and financially follow it to some kind of bitter end. Reasons are lacking for believing this generation will do better than the last." Coupling denigration of the dollar with an expanding economy, he says this "should eventually result in a doubling in the price of many common stocks." While history may confirm his judgment, the responsible investment leaders have an educative role to play in safeguarding the community against inflation.

If inflation were a man, it would be one of the 10 most wanted criminals in the land. But being an economic force, whose plundering proclivities are no less real, its arrest is no less urgent. For it is no respecter of persons as it digs its hands into the purse of breadwinner, housewife, pensioner, manager of commerce and the investor. Admittedly, shrewd investments have served until now as an inflation offset. But we lay ourselves open to all manner of economic, political, and social ills if a relative few alone manage to escape the ravages of inflation. Even the rewards from doubled stock prices can be lean under such conditions. As the Queen told Alice: "It takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that."

"Our disappearing dollars," is the capsule commentary of one industrialist, who notes that the inflationary spiral has left his depreciation account woefully unable to buy replacement machinery. Surveys show that about one-third of the productive plant and equipment of the United States is obsolete.

Our investment leaders are fully aware of the situation. It goes a long way to explain why they've been turning increasingly to investments abroad. They've seen a record volume of products made abroad compete with our own, often forcing the closing of domestic plants. And overseas our own products frequently have been pushed out of the market altogether by foreign manufactures. A common reaction of Americans was — and still is: "Cheap labor."

And there's no denying that workers who get as little as one-tenth the wages of Americans have been a sizable factor. But throughout this century, workers in Europe and the Far East have been ill paid by U. S. standards, yet our industry was little troubled by foreign encroachment at home and abroad. If the overturn can not be brushed aside merely as "Cheap labor," then what did change the situation?

The answer is to be found in the industrial structure abroad, altered drastically in the years since World War II, often with the help of the very American taxpayers who are feeling current competition so keenly. Europe and Japan, devastated by war, have emerged with bright new plants and technology. And while all this was happening Americans, supremely confident that they had the equalizer in a contest with "Cheap labor" in their superior plant and technology, were dissipating these assets.

As one mutual fund manager noted: "Mr. Wiessenberger's projection of a $100 billion mutual fund industry is reasonable enough. It would take that kind of money right now just to replace obsolete plants." Of course, companies shouldn't have to depend on sale of additional stock, retained earnings or borrowing for their plant-modernization programs. But it is impossible to finance capital investment through depreciatioin allowances that do not take into account the inflation factor.

Our investment leaders, fulfilling the educative role, might well bring home to the millions of people whom they serve as trustees that liberalized depreciation allowances could be used by the Government to stimulate industrial development. Countries which have attained new peaks of prosperity with our help have used this very approach.

Meanwhile, dollars invested in our plants are disappearing. And with them go the soundness of investments, job opportunities and high-level prosperity, all of which hinge on up-to-date facilities. Even the Treasury loses, for every dollar spent for new plant produces about 25 cents in taxes on corporate and personal income. Every American—not least the investor—has a stake in plans of U. S. companies to keep facilities competitive. These expenditures have averaged over $28 billion annually the past five years and a sharp rise is counted on right now to give the economy a lift.

The Treasury is about to ask some 9,000 investors to indicate preferred methods of liberalizing depreciation allowances. It's a fair guess that corporations would have had depreciation reform long ere this if only the 13,000,000 stockholders — and the 66,000,000 employees — of our corporations understood the terrible urgency.



## The Funds Report

**Energy Fund's** sales of shares in the first half of June set a record. The 519,174 shares outstanding on June 16 were up 3.3% from two weeks earlier and 38.6% higher than a year ago.

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**Distributors Group, Inc.,** sponsor and investment adviser of Group Securities, Inc., reports that research expenditures in the chemical industry indicate that field will grow at a greater rate than industry in general.

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**Massachusetts Investors Growth Stock Fund** showed record highs in net asset value per share, total net assets, shareholders and shares outstanding on May 31, according to the fund's quarterly report. The fund's shares were valued at $14.64 at the quarter-end. When adjusted for a capital-gain distribution of 36 cents per share paid last December, the share value was at $15, compared with $14.14 a year ago. Three months earlier, on Feb. 29, the net asset value per share was $13.38.

The total net assets increased by 32% in the 12-month period to May 31 to $362,000,042 from $273,357,459. On Feb. 29, assets totaled $329,561,378.

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Net asset value of the **United Corp.** as of June 17 amounted to $109,195,427 or $7.76 per share, compared with $105,288,517 or $7.48 a share on March 31, the close of the fiscal year, William M. Hickey, President, told the annual meeting of stockholders in Wilmington, Del. Mr. Hickey said that net investment income of the company for the three months to end June 30, the first quarter of the current fiscal year, is estimated at $745,000 of 5.3 cents a share. In addition, profits have been realized on the sale of securities. Comparisons with the like quarter of 1959 would not be entirely accurate, Mr. Hickey said, because the company in the meantime changed its fiscal year to one ending on March 31 from one ended on Dec. 31.

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**Calvin Bullock's** monthly publication, *Perspective*, says competition between steel and aluminum is likely to increase during the next several years.

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**Supervised Shares, Inc.** reports an increase in its holdings of Foremost Dairies, General Dynamics and National Biscuit. Holdings in Reynolds Metals and St. Joseph Light & Power were decreased.

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**American Business Shares, Inc.,** reporting for the first six months of its fiscal year, announced a decrease of one cent a share in the value of the capital stock after adjustment for the 29-cent capital-gains distribution paid in December. At the end of May, net assets were $25,018,929, equal to $4.09 for each of the 6,124,127 shares outstanding. This per-share value, together with the 29-cent capital-gains distribution, is equal to $4.38 as compared with the Nov. 30, 1959, value of $4.39.

During the period the company added the common stock of McCall Corp. and F. W. Woolworth. It eliminated the common stock of National Biscuit, Standard Brands and Stauffer Chemical.

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**Financial Industrial Fund of Denver** reports that during the quarter ended May 31 it added shares of American Express, Firstamerica and Public Service Electric & Gas. Consolidated Freightways represented a new company holding. Dispositions during the period included Allis-Chalmers, Babcock & Wilcox, Detroit Edison, Eastman Kodak, Georgia-Pacific, Idaho Power, Eli Lilly, Merck, Chas. Pfizer, South Carolina Electric & Gas and Western Union.

## Wellington Names Vice-Presidents

Wellington Management Company has anonunced the appointment of four members of its investment management division to the position of Vice-President — Investment Research, according to A. Moyer Kulp, Senior Vice-President. The company and its affiliates are investment advisers and national distributors of Wellington Fund and Wellington Equity Fund.

Robert I. Cummin Edmund A. Mennis

John Birmingham, Jr. Edwin W. Crysler, Jr.

The new Investment Research Vice-Presidents are John M. Birmingham, Jr., Edwin W. Crysler, Jr., Robert I. Cummin, and Edmund A. Mennis. All are presently members of the Investment Committee of the Company.

Mr. Birmingham has been with the Wellington organization for the past 10 years. He is responsible for the security analysis of the Funds' chemical and oil investments, and is President of The Chemical and Drug Analysts Group of New York.

Mr. Crysler served as analyst for a leading life insurance company from 1948 through 1950, and has been with Wellington since 1951. His primary responsibility is supervision of the bonds and preferred stocks held by Wellington Fund. He is President of the Financial Analysts of Philadelphia.

Prior to coming with Wellington in 1958, Mr. Cummin was manager of an industrial pension fund, and has also served as manager of investment research for a New York Stock Exchange member firm.

Mr. Mennis is Director of Research for Wellington Management Company. He has been a security analyst since 1945, and with the Wellington organization since 1950. His present duties include the supervision of general economic research, and investments in the steel and automobile industries.

### Income Growth Council

BROOKLYN, N. Y. — Income Growth Council Inc. is conducting a securities business from offices at 49 Kingston Avenue. Officers are Stanley S. Merritt, President; Alfred J. Rivera and Robert L. Horowitz, Vice-Presidents.

# The Security I Like Best

*Continued from page 2*

complish anything significant in the direction of corporate expansion it will have to be done through the medium of a corporation which is not a carrier but a regular business corporation.

To serve this purpose there has recently been organized a new corporation called "Bangor & Aroostook Corporation." It is proposed that eventually the new corporation will offer to railroad stockholders two shares of its common stock in exchange for each share of railroad stock held. The new corporation will then own the stock of the railroad and the present stockholders will own the stock of the new corporation. Stock of the corporation will be listed on the New York Stock Exchange. B. & A. hopes that preliminaries will have been cleared away so that the offer of exchange to stockholders can be made around Labor Day.

Since December 30, 1959 net working capital has increased by $1,165,000 and the financial position is largely liquid. Such a sharp cash buildup suggests that the B. & A. will be ready for action when the new corporate structure is approved.

I do not know precisely the direction in which diversification plans will move, but some kind of timber operations seem probable. B. & A. already owns 67,789 common shares of St. Croix Paper (a Maine company) having a market value over $2,000,000 and on which dividends totaling $1.25 per share were paid in 1959. Curtis Hutchins, former President of B. & A. is now President of St. Croix Paper. Although we cannot at present estimate the earnings which may be achieved through corporate expansion, we may be confident that the changes being undertaken by management will broaden the earnings base and open new areas of profit potential.

# Linear Economic Models Theory

*The Theory of Linear Economic Models*, by David Gale, recently published by McGraw-Hill Book Co., Inc., presents a complete, rigorous, and unified treatment of the theory of those topics in mathematical economics which depend essentially on the properties of linear equations and inequalities.

The book covers linear programming; the theory of two-person games; static and dynamic theory of linear exchange models including problems of equilibrium prices and dynamic stability; methods of play, optimal strategies, and solutions of matrix games; and much more. The information is a ready source of reference for individuals in the fields of applied mathematics, engineering, mathematical economics, industrial administration, operations research, management science, and other areas.

In the book linear economic models are described and illustrated fully. The assumptions based on the models are translated into mathematical relations, and the properties of each model are derived as mathematical theorems. New to a book of this type are the chapters on linear exchange and production models, and a special treatment of the important class of integral linear programs based on the theory of flow in networks.

All the mathematics needed for a complete understanding of linear economic models and matrix games is developed within the book itself. *(The theory of Linear Economic Models—350 pages, 25 illustrations—$9.50 per copy.)*

## Form Investment Funding

CHICAGO, Ill.—Investment Funding Corporation has been formed with offices at 141 West Jackson Boulevard to engage in a securities business. Officers are Marvin Greenberg, President and Treasurer; Sigmund H. Lindner, Vice-President; and Richard H. Levin, Secretary. Mr. Greenberg was formerly with H. Hentz & Co. and Alexander Kleine & Co. Mr. Lindner was with Bear, Stearns & Co.

## Form Lloyd Securities

REGO PARK, N. Y.—Lloyd Securities has been formed with offices at 93-24 Queens Boulevard to engage in a securities business. Bruce W. Grocoff is sole proprietor.

# Lee Motor Prod. Stock Offered

Public offering of 167,000 shares of Lee Motor Products, Inc. class A common stock at a price of $3 per share was made on June 29 by Godfrey, Hamilton, Magnus & Co., Incorporated and associates.

Net proceeds from the financing will be used by the company to repay existing bank loans incurred for general corporate purposes, and to finance expansion of physical warehouse facilities. The balance of the proceeds will be added to the company's general funds and utilized as required for working capital and other corporate purposes.

Lee Motor Products, Inc., originally organized as a partnership in 1932, was incorporated under Ohio law and adopted its present name in February, 1955. Since its organization, the company has been engaged principally as an independent warehouse distributor of functional automotive components. The company distributes a wide range of product lines at wholesale levels to jobbers and distributors, who in turn service the requirements of ultimate consumers for automotive replacement parts. Among the product lines distributed by the company are exhaust systems, ignition systems and engine components, suspension systems, and braking systems.

Sales of the company for the three months ended March 31, 1960 aggregated $570,506. For the year 1959 sales were $2,533,274. Upon completion of the current financing, outstanding capitalization of the company will consist of $38,933 of sundry debt; 182,000 shares of class A common stock, $1 par value; and 300,000 shares of class B common stock, $1 par value.

Other members of the offering group are: Robert L. Ferman & co., Roman & Johnson, Frank Karasik & Co., Inc.

## Forms Hiner & Co.

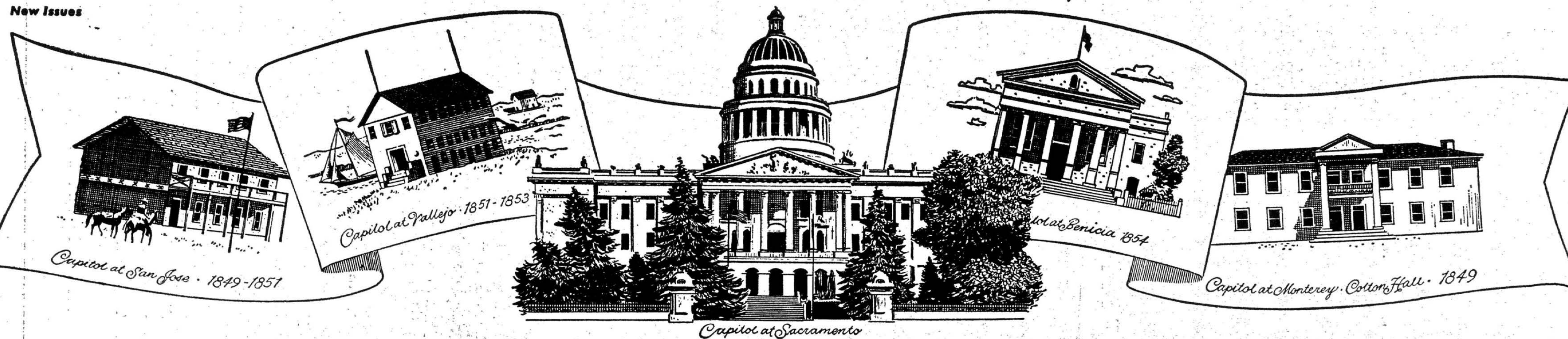
WASHINGTON, D. C.—Donald M. Hiner is engaging in a securities business from offices at 1757K Street, N. W. under the firm name of Hiner & Company. Mr. Hiner was previously with Sutro Bros. & Co.

## George O'Neill Branch

FT. LAUDERDALE, Fla.—George, O'Neill & Co., Inc. has opened a branch office at 2831 East Oakland Park Boulevard under the direction of Richard L. Margraf.

*All of these bonds having been sold this advertisement appears as a matter of record only.*

**New Issues**




# $75,000,000 State of California

## 5%, 4½%, 3½%, 3¾% and 4% VETERANS' AND STATE SCHOOL BUILDING AID BONDS

### ISSUES, AMOUNTS, RATES, MATURITIES AND YIELDS OR PRICES

(Accrued interest to be added)

**$50,000,000**
**5%, 3½%, 3¾% and 4%**
**Veterans' Bonds**
**Act of 1958, Series Y**
**Dated: July 1, 1960**
**Due: Feb. 1, 1962-86, incl.**

**$25,000,000**
**5%, 4½%, 3½%, 3¾% and 4%**
**State School Building Aid Bonds,**
**Law of 1958, Series W, Second Series**
**Dated: March 1, 1960**
**Due: Sept. 1, 1962-86, incl.**

| $50,000,000 Veterans' Bonds | $25,000,000 School Bonds | Coupon Rate | Due | Yield or Price |
|---|---|---|---|---|
| $1,300,000 | $ 800,000 | 5% | 1962 | 2.50% |
| 1,300,000 | 800,000 | 5 | 1963 | 2.75% |
| 1,300,000 | 800,000 | 5 | 1964 | 2.90% |
| 1,500,000 | 800,000 | 5 | 1965 | 3.05% |
| 1,500,000 | 800,000 | 5 | 1966 | 3.15% |
| 1,500,000 | 900,000 | 5 | 1967 | 3.25% |
| 1,600,000 | 900,000 | 5-4½ | 1968§ | 3.35% |
| 1,600,000 | 900,000 | 5-3½ | 1969¶ | 3.45-3.40% |
| 1,600,000 | 900,000 | 3½ | 1970 | 3.45% |
| 1,700,000 | 900,000 | 3½ | 1971 | 100 |
| 1,700,000 | 1,000,000 | 3½ | 1972 | 3.55% |
| 1,700,000 | 1,000,000 | 3¾ | 1973 | 3.65% |
| 2,000,000 | 1,000,000 | 3¾ | 1974 | 3.70% |
| 2,000,000 | 1,000,000 | 3¾ | 1975 | 100 |
| 2,000,000 | 1,000,000 | 3¾ | 1976 | 100 |
| 2,300,000 | 1,100,000 | 3¾ | 1977 | 3.80% |
| 2,300,000 | 1,100,000 | 3¾ | 1978 | 3.85% |
| 2,300,000 | 1,100,000 | 3¾ | 1979 | 3.90% |
| 2,500,000 | 1,100,000 | 3¾ | 1980 | 3.90% |
| 2,500,000 | 1,100,000 | 4 | 1981 | 3.95% |
| 2,500,000* | 1,200,000‡ | 4 | 1982 | 100 |
| 2,800,000* | 1,200,000‡ | 4 | 1983 | 100 |

**Payment and Registration**

Principal and semi-annual interest (February 1 and August 1 for the Veterans' Bonds, March 1 and September 1 for the State School Building Aid Bonds) payable, at the option of the holder, at the office of the Treasurer of the State of California in Sacramento, California, or at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York, N. Y. First coupon on the Veterans' Bonds payable February 1, 1961. Coupon bonds in denomination of $1,000 registrable only as to both principal and interest.

**Redemption Provision**

Veterans' Bonds maturing on and after February 1, 1982, are subject to redemption at the option of the State, as a whole or in part, on February 1, 1981, (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. State School Building Aid Bonds maturing on and after September 1, 1982, are subject to redemption at the option of the State, as a whole or in part, on September 1, 1981, (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two successive weeks not less than 30 days nor more than 90 days prior to said date of redemption, in each of the Cities of San Francisco, Sacramento and Los Angeles, California. If less than all of the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not less than all the bonds maturing in any one year.

**Tax Exemption**

**In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.**

**Legality for Investment**

**We believe these bonds will meet the requirements as legal investments for savings banks and trust funds in New York, California and certain other states and for savings banks in Massachusetts and Connecticut and will be eligible as security for deposits of public moneys in California.**

**Purpose and Security**

Veterans' Bonds, issued under the Veterans' Bond Act of 1958 (Article 5g, Chapter 6, Division 4, Military and Veterans Code) for Veterans purposes, in the opinion of counsel are general obligations of the State of California payable in accordance with the Veterans' Bond Act of 1958 out of the General Fund of the State. The full faith and credit of the State of California are pledged for the punctual payment of both principal and interest. The bonds were authorized by the electorate on November 4, 1958, for the purpose of assisting California war veterans to acquire farms and homes, the cost of which must be repaid to the State on an amortized purchase basis.

State School Building Aid Bonds, issued under provision of State School Building Aid Bond Law of 1958 (Statutes First Extraordinary Session 1958, Chapter 98) and Section 19 of Article XVI of the Constitution of the State of California for school purposes, in the opinion of counsel are valid and legally binding general obligations of the State of California payable in accordance with their terms out of the General Fund of the State and the full faith and credit of the State of California are pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as the same become due. ... November 4, 1958, for the purpose of providing aid for school construction in the State, the amounts thereof to be ...

Volume 191 Number 5964 . . . A Supplement to The Commercial and Financial Chronicle Thursday, June 30, 1960

# The Investment Association of New York

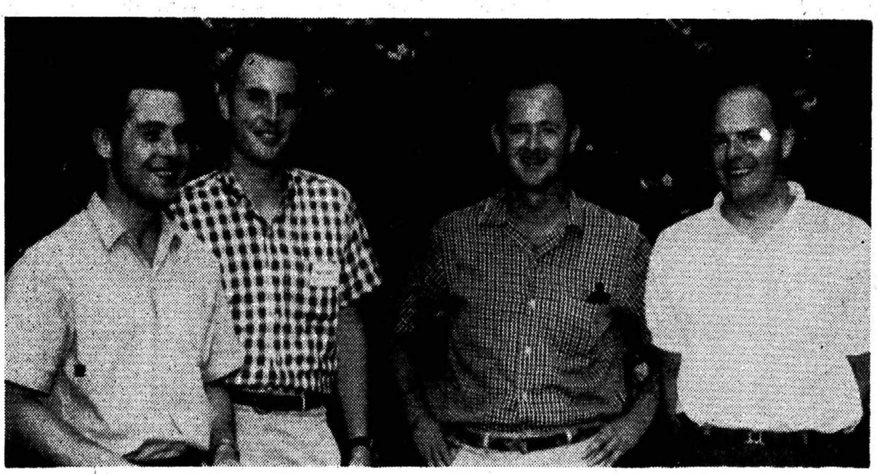
W. Mayo-Smith, *Blair & Co., Incorporated* (1959 President of Association); Edwin L. Beck, *Commercial & Financial Chronicle;* Jim Burns, III, *Blyth & Co., Inc.* (1960 President of Association)

Ralph D. DeNunzio, *Kidder, Peabody & Co.;* John E. Friday, Jr., *Morgan Stanley & Co.*

Barry Merrill, *Merrill Turben & Co.,* Cleve.; John L. Montgomery, Jr., *Smith, Barney & Co.;* Sidney Scott, Jr., *Smith, Barney & Co.* (Philadelphia)

L. Mayo Brodie, *Blyth & Co., Inc.;* Maitland T. Ijams, *W. C. Langley & Co.*

Harold Aken, *Kuhn, Loeb & Co.;* John Toolan, *Hornblower & Weeks;* Ted Marache, *Hirsch & Co.*



Peter P. Wiley, *Merrill Lynch, Pierce, Fenner & Smith, Incorporated;* Richard E. Boesel, Jr., *Kuhn, Loeb & Co.;* Scott Crabtree, *Equitable Securities Corporation;* J. Wright Rumbough, *Hoppin Bros. & Co.*

Lewis J. Kaufman, *Goldman, Sachs & Co.;* William G. Gallagher, *Vance, Sanders & Co.;* Jack Sheperd, *Goldman, Sachs & Co.*

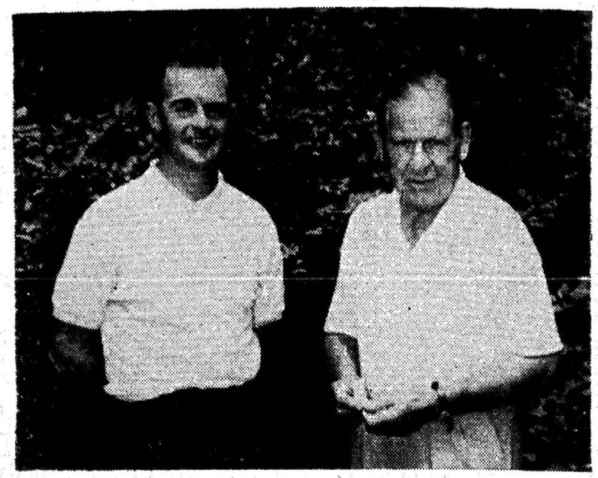
Arthur Treman, Jr., *Dillon, Read & Co., Inc.;* Charles Symington, *G. H. Walker & Co.;* Henry Clifford, *White, Weld & Co.*

Vincent C. Banker, *R. W. Pressprich & Co.;* Brownlee Currey, Jr., *Equitable Securities Corporation;* D. B. Tansill, *Eastman Dillon, Union Securities & Co.*

# Annual Summer Outing

Garet Penhale, *Grace National Bank;* Dick Broome, *Reynolds & Co.;* Chuck Zimmerman, *Goldman, Sachs & Co.*

Bob Dewar, *Eastman Dillon, Union Securities & Co.;* Otis Bradley, *Spencer Trask & Co.;* Mack Harris, *First Southwest Company* (Dallas)



James F. Burns, III, *Blyth & Co., Inc.;* Joe Kirkwood, *Trick Shot Golf Artist*

Duer McLanahan, *Glore, Forgan & Co.;* Eugene L. Oakes, *Allen & Company;* Dick Karrenbrock, *Blyth & Co., Inc.;* Thomas W. Folger, *Kidder, Peabody & Co.*

Arthur C. Burns, *Dominick & Dominick;* John L. Kelsey, *Eastman Dillon, Union Securities & Co.;* William H. Black, *Morgan Stanley & Co.*

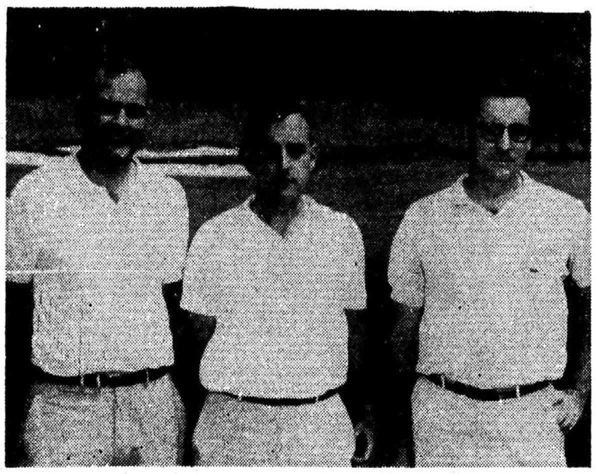
John C. Straton, Jr., *James H. Oliphant & Co.;* Robert J. Chittick, *De Haven & Townsend, Crouter & Bodine;* Herbert W. Marache, Jr., *Granbery, Marache & Co.;* Archie F. MacAllaster, *W. C. Pitfield & Co., Inc.*

Rennie Springborn, *Bear, Stearns & Co.;* Paul Weissman, *Bear, Stearns & Co.;* Bill Dumke, *Bear, Stearns & Co.;* Dick Dowling, *J. R. Williston & Beane*

Paul Voigt, *W. H. Morton & Co.;* Walter O'Brian, *F. S. Smithers & Co.;* John Hughes, *Lee Higginson Corporation*

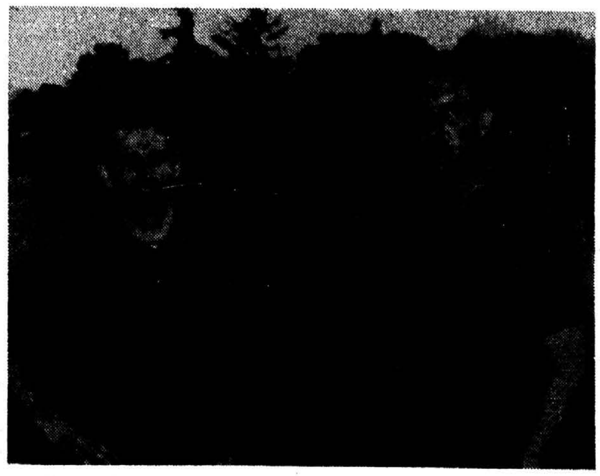
Paul A. Callahan, *Halle & Stieglitz;* Gene McDonald, *Peter P. McDermott & Co.;* Martin Horner, *Glore, Forgan & Co.*

# June 17, 1960

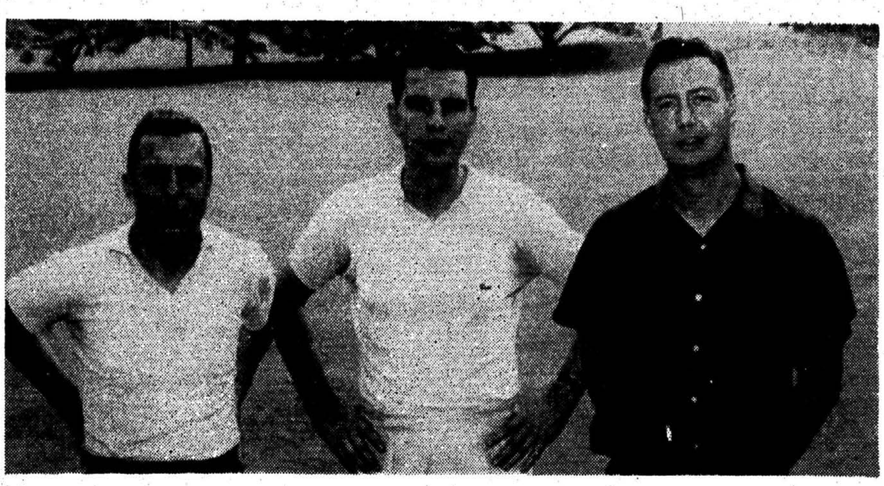


C. H. Maspero, *R. D. White & Co.;* B. H. Young, *Kuhn, Loeb & Co.;* Dave McMillan, *Spencer Trask & Co.*

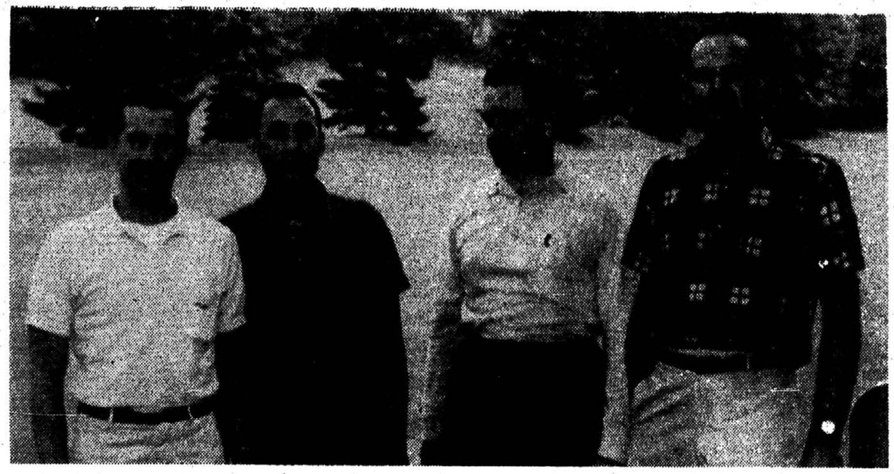
Walter Scott, *Glore, Forgan & Co.;* Joe Callahan, *Blyth & Co., Inc.*



George B. Fargis, *Eastman Dillon, Union Securities & Co.;* Andrew M. Blum, *Van Alstyne, Noel & Co.*

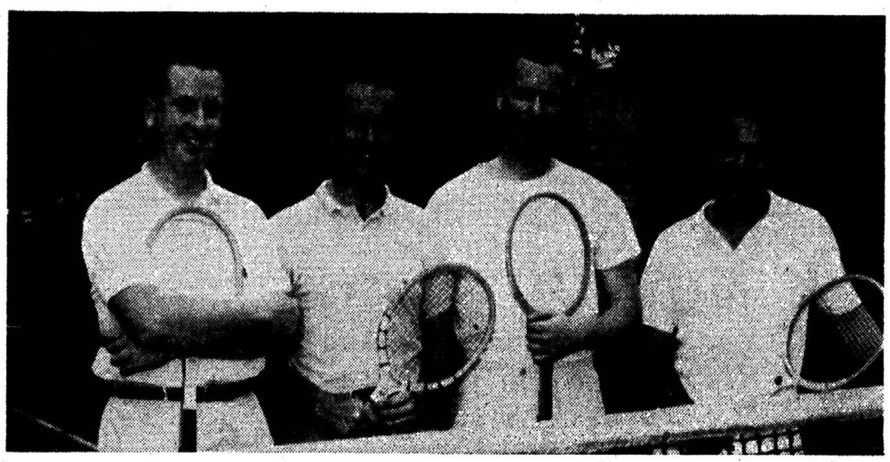


Walter B. Schubert, *Carlisle & Jacquelin;* William Gregory III, *Gregory & Sons;* William Shanks, *The Bond Buyer*



George Sabo, Jr., *Dick & Merle-Smith;* Tom Lewis, *Clark, Dodge & Co.;* John Hughes, *Carlisle & Jacquelin;* Glenn Hartranft, *Clark, Dodge & Co.*

James M. Fox, Jr., *W. E. Burnet & Co.;* N. Hadley Heindel, Jr., *Merrill Lynch, Pierce, Fenner & Smith, Incorporated;* James C. Morrison, Jr., *Shearson, Hammill & Co.;* Harry D. Nelson, Jr., *Merrill Lynch, Pierce, Fenner & Smith, Incorporated*



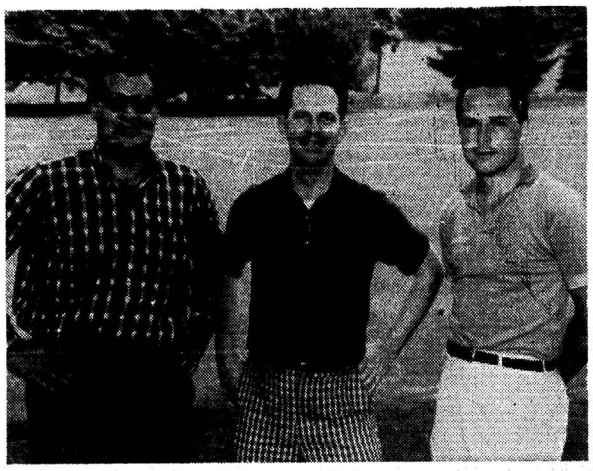
Robert Trane, *Merrill Lynch, Pierce, Fenner & Smith, Incorporated;* Dean Woodman, *Merrill Lynch, Pierce, Fenner & Smith, Incorporated;* Bruce McBratney, *Wood, Struthers & Co.;* Tom Chrystie, *Merrill Lynch, Pierce, Fenner & Smith, Incorporated*

J. G. Ward, *Salomon Bros. & Hutzler;* T. H. Irwin, *L. A. Mathey & Co.;* Donald Newman, *Allen & Company;* Chuck Youngblood, *Auchincloss, Parker & Redpath*

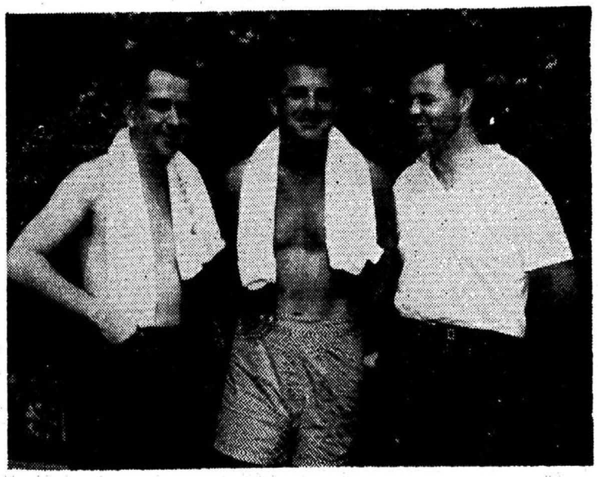
Allan Bogardus, *Watling, Lerchen & Co.;* Donal McDonnell, *McDonnell & Co. Incorporated;* Joseph A. Lee, *Reynolds & Co.*

# At Sleepy Hollow Country Club

John G. Peterkin, *Gregory & Sons;* A. Parker Hall, Jr., *Shearson, Hammill & Co.;* Alden L. West, *Sutro Bros. & Co.*



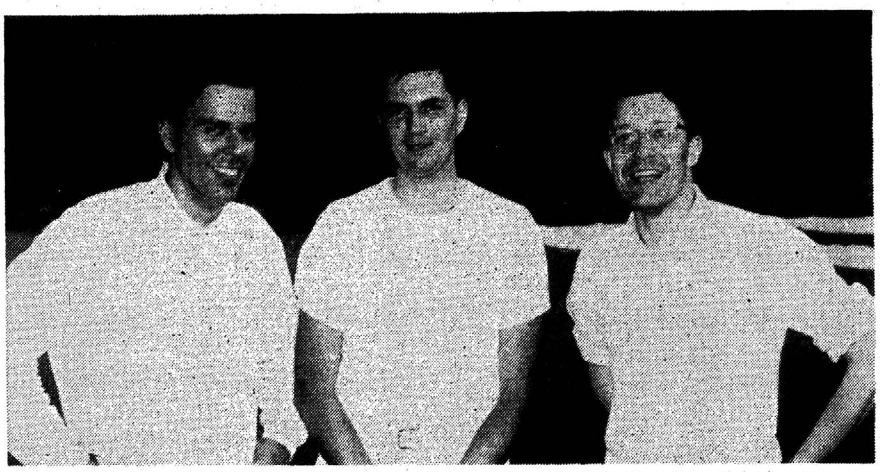
Peter A. Hager, *Goldman, Sachs & Co.;* George A. Bentley III, *First Boston Corporation;* Howard Finney, III, *Eastman Dillon, Union Securities & Co.*



John Richardson, *Bache & Co.;* Charles Rendigs, *Bache & Co.;* K. Philip Dresdner, *J. R. Williston & Beane*

Peter Ehrlich, *Dominick & Dominick;* Peter Stachelberg, *Hallgarten & Co.;* Dick O'Rourke, *F. S. Smithers & Co.;* Bill Reynolds, *Merrill Lynch, Pierce, Fenner & Smith Incorporated*

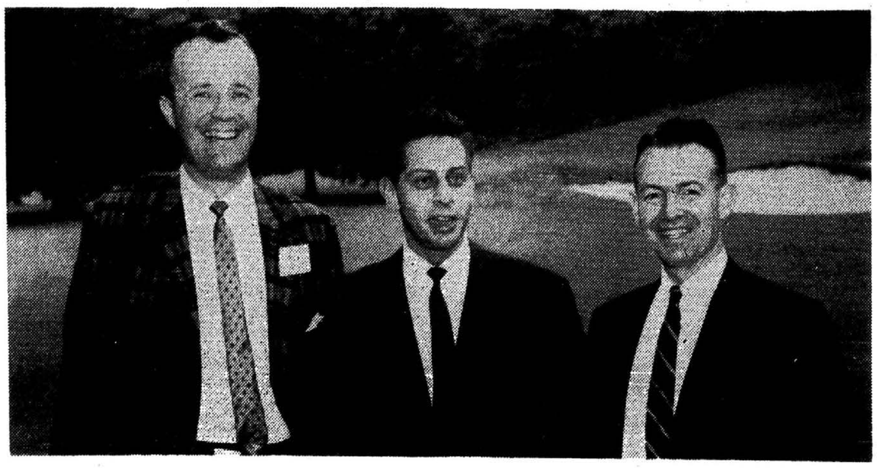
R. B. Gibson, *Blyth & Co., Inc.;* J. W. Weeks, *Blyth & Co., Inc.;* Eugene F. Kelley, *Shelby Cullom Davis & Co.*



Mark C. Feer, *First Boston Corporation;* W. W. Martin, *Courts & Co.;* Bill Engstrom, *Lazard Freres & Co.*

Charles M. Cushing, *W. E. Burnet & Co.;* James M. Brown III, *Carlisle & Jacquelin;* John Mason III, *Dominick & Dominick*

Logan Burke, *W. E. Hutton & Co.;* Tom Ritchie, *Wood, Struthers & Co.;* Jerry Fallon, *Emanuel, Deetjen & Co.*



J. Fred Weintz, Jr., *Goldman, Sachs & Co.;* Henry O. Valensi, *Lazard Freres & Co.;* Austen B. Colgate, *Wood, Struthers & Co.*

| | | | | |
|---|---|---|---|---|
| [illegible] | 1,200,000‡ | 4 | 1982 | 100 |
| 2,800,000* | 1,200,000‡ | 4 | 1983 | 100 |
| 2,800,000* | 1,200,000‡ | 4 | 1984 | 100 |
| 2,800,000* | 1,200,000‡ | 4 | 1985 | 100 |
| 2,900,000* | 1,200,000‡ | 4 | 1986 | 100 |

*$50,000,000 Veterans' Bonds maturing 1982-86, incl., subject to call at par, plus accrued interest, on and after February 1, 1981, as described herein.

‡$25,000,000 State School Building Aid Bonds maturing 1982-86, incl., subject to call at par, plus accrued interest, on and after September 1, 1981, as described herein.

§1968 maturity includes 5% Veterans' Bonds and 4½% School Bonds.

¶1969 maturity includes 5% Veterans' Bonds offered at a price to yield 3.45% and 3½% School Bonds offered at a price to yield 3.40%.

and at the same time as other state revenue is collected, such sum in addition to the ordinary revenue of the State as shall be required to pay principal and interest on the bonds as the same become due. The bonds were authorized by the electorate on November 4, 1958, for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part by the districts receiving aid.

**Tax Gain, Amortization of Premium**

*These bonds will be initially issued by the State of California at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.*

**Legal Opinion**

*These bonds are offered when, as and if issued and received by the underwriters listed below, as well as other underwriters not shown whose names will be furnished on request, and subject to approval of legality by The Honorable Stanley Mosk, Attorney General of the State of California, and by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.*

Bank of America N. T. & S. A. — Bankers Trust Company — The Chase Manhattan Bank — The First National City Bank of New York — The First National Bank of Chicago — Halsey, Stuart & Co. Inc. — Blyth & Co., Inc. — The First Boston Corporation

Harriman Ripley & Co. Incorporated — Harris Trust and Savings Bank — Smith, Barney & Co. — Wells Fargo Bank American Trust Company — Security First National Bank — California Bank Los Angeles — Drexel & Co. — Glore, Forgan & Co. — Chemical Bank New York Trust Company

C. J. Devine & Co. — Continental Illinois National Bank and Trust Company of Chicago — The Northern Trust Company — Crocker-Anglo National Bank — R. H. Moulton & Company — Goldman, Sachs & Co. — Kidder, Peabody & Co. — Eastman Dillon, Union Securities & Co.

Bear, Stearns & Co. — Merrill Lynch, Pierce, Fenner & Smith Incorporated — Dean Witter & Co. — White, Weld & Co. — Blair & Co. Incorporated — Weeden & Co. Incorporated — The First National Bank of Boston — The First National Bank of Oregon — The Philadelphia National Bank

Seattle-First National Bank — Equitable Securities Corporation — Stone & Webster Securities Corporation — Phelps, Fenn & Co. — Salomon Bros. & Hutzler — R. W. Pressprich & Co. — Paine, Webber, Jackson & Curtis

Mercantile Trust Company — Shields & Company — Reynolds & Co. — J. Barth & Co. — Ladenburg, Thalmann & Co. — John Nuveen & Co. (Incorporated) — William R. Staats & Co. — Hornblower & Weeks — Wertheim & Co.

Hayden, Stone & Co. — A. C. Allyn and Company Incorporated — First Western Bank and Trust Company San Francisco, Calif. — American Securities Corporation — James A. Andrews & Co. Incorporated — Bache & Co. — Bacon, Whipple & Co. — A. G. Becker & Co. Incorporated

Branch Banking & Trust Company — Braun, Bosworth & Co. Incorporated — Alex. Brown & Sons — Clark, Dodge & Co. — Dick & Merle-Smith — Dominick & Dominick — Fidelity Union Trust Company Newark, N. J. — First of Michigan Corporation — Gregory & Sons

Hallgarten & Co. — Hemphill, Noyes & Co. — E. F. Hutton & Company — W. E. Hutton & Co. — Laidlaw & Co. — Lee Higginson Corporation — Carl M. Loeb, Rhoades & Co. — W. H. Morton & Co. Incorporated — F. S. Moseley & Co.

National State Bank of Newark — Roosevelt & Cross Incorporated — L. F. Rothschild & Co. — Shearson, Hammill & Co. — Stone & Youngberg — Stroud & Company Incorporated — Taylor and Company — B. J. Van Ingen & Co. Inc.

Adams, McEntee & Co., Inc. — Barr Brothers & Co. — J. C. Bradford & Co. — Coffin & Burr Incorporated — F. W. Craigie & Co. — Francis I. duPont & Co. — Estabrook & Co. — First Southwest Company — Fitzpatrick, Sullivan & Co. — Ira Haupt & Co.

Kean, Taylor & Co. — The Marine Trust Company of Western New York — The National City Bank of Cleveland — Wm. E. Pollock & Co., Inc. — Trust Company of Georgia — Tucker, Anthony & R. L. Day — Wachovia Bank and Trust Company — G. H. Walker & Co.

Wood, Struthers & Co. — Anderson & Strudwick — Bacon, Stevenson & Co. — Baker, Watts & Co. — Baxter & Company — City National Bank & Trust Company Kansas City, Mo. — Commerce Trust Company Kansas City, Mo. — Dempsey-Tegeler & Co.

R. S. Dickson & Company Incorporated — A. G. Edwards & Sons — Eldredge & Co. Incorporated — Geo. B. Gibbons & Company Incorporated — Hirsch & Co. — The Illinois Company Incorporated — A. M. Kidder & Co., Inc. — Lawson, Levy, Williams & Stern — Irving Lundborg & Co.

Mason-Hagan, Inc. — Mercantile-Safe Deposit and Trust Company — Rand & Co. — Schwabacher & Co. — F. S. Smithers & Co. — Stern Brothers & Co. — Spencer Trask & Co. — Chas. E. Weigold & Co. Incorporated — J. C. Wheat & Co. — Robert W. Baird & Co. Incorporated

William Blair & Company — Bramhall, Falion & Co., Inc. — I. L. Brooks & Co. Incorporated — Fahnestock & Co. — The First Cleveland Corporation — First National Bank in Dallas — Goodbody & Co. — Hannahs, Ballin & Lee — J. A. Hogle & Co.

Industrial National Bank of Providence — Kalman & Company, Inc. — Kenower, MacArthur & Co. — King, Quirk & Co. Incorporated — The National Bank of Commerce of Seattle — Newhard, Cook & Co. — New York Hanseatic Corporation — The Ohio Company

Rauscher, Pierce & Co., Inc. — Republic National Bank of Dallas — The Robinson-Humphrey Company, Inc. — Shuman, Agnew & Co. — Tripp & Co., Inc. — Van Alstyne, Noel & Co. — R. D. White & Company — J. R. Williston & Beane

Robert Winthrop & Co. — Barret, Fitch, North & Co. Incorporated — Blunt Ellis & Simmons — The Boatmen's National Bank of St. Louis — Brush, Slocumb & Co., Inc. — C. F. Childs and Company Incorporated — Julien Collins & Company — Davis, Skaggs & Co. — Elworthy & Co.

Fahey, Clark & Co. — Field, Richards & Co. — The First National Bank of Birmingham — The First National Bank of Memphis — The Fort Worth National Bank — J. B. Hanauer & Co. — Chester Harris & Co. — Hayden, Miller & Co. — Lyons & Shafto Incorporated

McDonald & Company — Mercantile National Bank at Dallas — Wm. J. Mericka & Co., Inc. — Model, Roland & Stone — Mullaney, Wells & Company — Park, Ryan, Inc. — Reinholdt & Gardner — Seasongood & Mayer — Stern, Lauer & Co.

J. S. Strauss & Co. — Third National Bank Nashville, Tenn. — Wells & Christensen Incorporated — The White-Phillips Company, Inc. — Wood, Gundy & Co., Inc. — Zahner and Company — Auchincloss, Parker & Redpath — Boettcher and Company — Courts & Co.

Curtiss, House & Company — J. M. Dain & Co., Inc. — Dallas Union Securities Co., Inc. — Dittmar & Company, Inc. — Dreyfus & Co. — Ellis & Company — Ernst & Company — First National Bank of Minneapolis — The First National Bank of Saint Paul

Frantz Hutchinson & Co. — Freeman & Company — Ginther & Company — Granbery, Marache & Co. — Green, Ellis & Anderson — Hill Richards & Co. A Corporation — Laird, Bissell & Meeds — John C. Legg & Company — A. E. Masten & Company

McCormick & Co. — Merrill, Turben & Co., Inc. — The Milwaukee Company — Moore, Leonard & Lynch — Newburger, Loeb & Co. — Northwestern National Bank of Minneapolis — Putnam & Co. — Raffensperger, Hughes & Co. Incorporated — Rippel & Co.

Russ & Company Incorporated — Schmidt, Roberts & Parke — Herbert J. Sims & Co., Inc. — Sterne, Agee & Leach — Stockyards National Bank — Suplee, Yeatman, Mosley Co. Incorporated — M. B. Vick & Company — Winslow, Cohu & Stetson Incorporated

June 29, 1960

***A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.***

## "Strictly for The Birds" Dept.

Representative H. R. Gross of Iowa is somewhat vexed about a $50,000 grant to Cornell University to study bird sounds. He feels there's a need for a companion study—of the "anguished sounds of taxpayers."

Noting that the grant for the study came from the National Science Foundation shortly after the House had voted the Foundation $160 million for the fiscal year, Representative Gross snapped:

"Is it too much to hope the day will come when some foundation, richly endowed by Congress, will make a study and record for posterity the anguished sounds of taxpayers when they read how their money is being frittered away."

One such anguished cry comes from an organization representing the taxpayers of New York State, the Citizens Public Expenditure Survey. The Survey echoes Mr. Gross's lament and concludes that far too much of our tax money is spent on projects "strictly for the birds."

## H. L. Wright & Co. Opens in N. Y. City

H. L. Wright & Co., Incorporated, has formally opened at 99 Wall Street, New York City.

The firm's operations will be directed toward the development of a substantial wholesale bond business with insurance companies and other institutions owned and operated by Negroes and will also engage in the retailing of select issues and the underwriting of securities. In its underwriting activities, the company plans to devote the major portion of its efforts in spearheading private American investments in underdeveloped countries, particularly the newly independent African nations. The staff of the firm is interracial.

Harry L. Wright, President of the company, has been engaged in investment activities for the past six years, and was formerly manager of the institutional investment department of a large Wall Street firm. In addition he has managed a branch office of a New York Stock Exchange member firm.

In the past he was fiscal officer with the U. S. Department of Agriculture and the Navy Department, research analyst with the U. S. Department of Justice and the New York State Banking Department, race relations officer with the Southern Regional Council under the sponsorship of the Julius Rosenwald Fund, and Comptroller of the United Negro College Fund.

## March Financial Formed

WASHINGTON, D. C.—Marsh Financial Planning Associates, Inc. has been formed with offices at 1832 M Street, N. W. to engage in a securities business. Officers are John D. Marsh, President; Robert E. Guest, Vice-President; Jesse R. Ingram, Secretary; and David L. Mead and William G. Russell, Assistant Treasurers. All have been associated with Rivier, Marsh and Company, Incorporated.



# BANK AND INSURANCE STOCKS

*BY LEO I. BURRINGTON*

### This Week — Bank Stocks

*MARINE MIDLAND CORPORATION*

Acquisition of additional banks by Marine Midland Corp. will again be possible when the change in New York State's banking law takes effect on July 1, 1960. Management plans to reopen talks with several banks in the State which in the past have indicated interest in joining the system. The new act lifts the freeze on bank holding company growth, in effect since early 1957, and puts bank holding companies under State regulation.

While formation of new bank holding companies will be allowed, such formations by the big New York City banks presently is not expected due to such factors as the higher income taxes for holding companies (54%) and the existing opportunities for expansion in nearby populous territories. The new act allows New York City banks to expand into nearby Westchester and Nassau Counties.

Although Marine Midland management has no immediate plans to expand into Nassau and Westchester Counties, other steps have been announced. Recently the bank disclosed an offer to exchange (5-for-1) its shares for the acquisition of the First National Bank of Poughkeepsie, which has two branch offices and deposits of some $46 million. Plans to merge the Auburn Trust Company into the Marine Midland Trust Co. of Central New York, Syracuse, two existing units in the holding company family of banks, have been announced. Marine Midland has offered to exchange parent company stock for shares of its subsidiary banks acquired by minority interests in these banks during the four-year "freeze" period; the offer will expire July 22, unless extended. Purchases in the four-year period were confined to seven relatively small banks with total assets of less than $50 million, which subsequently became branches of the existing Midland banks.

Marine Midland is in the unique position of having the only State-wide holding company network, a distinct advantage over the other nine holding companies presently operating in New York State. Holding company banking has such advantages as the retention of identity of local banks, the ability to attract capital, benefits of effective cost control, retention of key personnel, unification of direction and generally a more practical method for attaining the advantages of branch banking.

MARINE MIDLAND CORP. AND SUBSIDIARY BANKS

| | —Dec. 31, 1959— Total Deposits* | Total Loans* | Percent Loans | Gain† Earns. | % Shares Owned by Parent |
|---|---|---|---|---|---|
| Marine of West'n N. Y., Buffalo | $703.1 | $392.5 | 16.1% | 16.2% | 98.8% |
| Marine Midland Trust, N. Y. C. | 603.9 | 334.3 | 10.3 | 18.9 | 99.6 |
| Genesee Valley, Rochester | 199.5 | 134.0 | 11.1 | 11.1 | 99.3 |
| Marine of Southern N. Y., Elmira | 132.7 | 82.3 | 9.5 | 6.5 | 91.4 |
| Marine of Central N. Y., Syracuse | 131.7 | 82.9 | 7.7 | 11.0 | 93.9 |
| Auburn Trust Company | 20.5 | 11.7 | 8.3 | 8.6 | 97.7 |
| Marine of Mohawk Valley, Utica | 112.5 | 69.1 | 15.5 | 12.3 | 82.7 |
| Northern N. Y. Trust, Watertown | 75.6 | 50.8 | 20.2 | 10.4 | 96.5 |
| Chautauqua National of Troy | 59.0 | 36.0 | 10.6 | 11.0 | 97.2 |
| Manufacturers National of Troy | 53.5 | 34.3 | 13.0 | 23.3 | 97.5 |
| Marine of Rockland Cty., Nyack | 27.2 | 14.5 | 15.5 | 35.1 | 65.1 |
| MARINE MIDLAND CORP. | $2,101.1 | $1,242.5 | 12.7% | 17.8% | |

*In millions of dollars. †Over 1958.

Marine Midland's operations are confined to New York State but the bank serves a widely diversified territory relative to other Eastern commercial banks. The region's industrial growth is being enhanced by such developments as the St. Lawrence Seaway, the Niagara electric power expansion and the N. Y. State Thruway.

With 11 banks operating some 175 branches throughout the State, Marine Midland is next to the largest holding company nationally, second only to Firstamerica Corp. Since member banks of the holding company have been able to buy additional banks with their own shares or cash, two offices were acquired through mergers in 1959, one each by Northern New York Trust Company and Marine Midland Trust Co. of the Mohawk Valley.

Marine Midland's banks in New York City and Buffalo are sufficiently large to be directly active in international as well as national banking. The 11 banks' total deposits by the end of 1959 showed a gain of some 3% over 1958 figures. Time deposits account for approximately one-third of total deposits. The bank's Midland Courier Service for fast collection of checks in the New York State area is an important service.

The over-all loan portfolio in 1959 was distributed as follows: 48% commercial, industrial and agricultural loans, 31% individual loans, 8% broker loans, and 13% for all other loans. Mortgages account for approximately 22% of total loans. Individual loans through the Midland Time Plan departments are of relative importance. Early in 1959, several Marine Midland banks introduced a multi-purpose credit card plan—Midland Shopper Credit Service. Over 4,000 merchants are participating in the MSCS credit card service.

SELECTED PER SHARE STATISTICS

| Year— | Operating Earns. | Dividends | Average P/E | Book Value | % Earned on Book Value | Price Range |
|---|---|---|---|---|---|---|
| 1960 | $2.00* | $1.00 | --- | --- | --- | 30 - 24 |
| 1959 | 1.86 | 0.98 | 13.9 | 17.76 | 10.8% | 30 - 24 |
| 1958 | 1.70 | 0.98 | 12.4 | 16.93 | 10.2 | 25 - 18 |
| 1957 | 1.70 | 0.91 | 10.8 | 16.39 | 10.6 | 20 - 18 |
| 1956 | 1.58 | 0.86 | 11.4 | 15.78 | 10.1 | 20 - 17 |
| 1955 | 1.34 | 0.78 | 13.2 | 15.47 | 8.6 | 20 - 16 |
| 1949 | 0.97 | 0.42 | 7.8 | 14.27 | 6.4 | 9 - 7 |

*Estimated.

Approximately two-thirds of total operating income derives from interest income from loans. In 1959 the average rate of interest on loans was 6.15%, compared with 5.86% in 1958. In 1960, first quarter net operating earnings were equal to 47¢ a share, up from 45¢ the year before on fewer shares outstanding; the earnings estimate for the full year is at least $2.00 a share. At the recent price of 27, a 3.7% yield is obtained on the $1.00 dividend rate.

Of the present 12 million authorized shares, about 10 million currently are outstanding, held by well over 30,000 stockholders. A rights offering of the stock occurred in May, 1959 and a 2½% stock dividend was paid in February, 1960. The remaining convertible preferred shares outstanding at year-end 1959 were called early in 1960. Listed on the New York Stock Exchange, Marine Midland can be considered an investment quality issue in the bank holding company field.

## $75 Million California Bonds Marketed

A Bank of America NT & SA underwriting syndicate on June 28 merged with a Bankers Trust Company syndicate to purchase $75,000,000 State of California Veterans' and School Building Aid Bonds. The merged syndicate is managed by Bank of America, with Bankers Trust Company acting as joint manager. Major members of the underwriting group include The Chase Manhattan Bank and The First National City Bank of New York.

The syndicate bought $50,000,000 Veterans' Bonds, paying a premium of $6,409 for a combination of 5%, 3½%, 3¾% and 4% bonds. The dollar price was 100.013, and net interest cost to the State was 3.9534%. This compared with a net interest cost of 3.9524% on the $50,000,000 Veterans' Bonds sold in March, 1960.

The syndicate also purchased $25,000,000 State School Building Aid Bonds, paying a premium of $9,101 for a combination of 5%, 4½%, 3½%, 3¾% and 4% bonds. The dollar price was 100.036 and the net interest cost was 3.926%. This compared with a net interest cost of 3.8355% on $25,000,000 of State School Building Aid Bonds sold in April, 1960.

Both the Veterans' and the State School Building Aid Bonds are being reoffered to yield from 2.50%, to a dollar price of par on the 4% bonds, according to maturity 1962-1986. The Veterans' Bonds mature Feb. 1 of those years, and the State School Building Aid Bonds mature Sept. 1.

The Veterans Bonds just sold were the fourth offering from a $300 million authorization approved by voters in 1958. Proceeds of the sale will be used to finance the purchase of homes and farms by California veterans under a program in operation since 1921.

The School Building Aid Bonds are part of a $220 million authorization approved by voters in 1958. On April 1, 1960 there were $584,300,000 of the bonds outstanding. Proceeds of the bond sales are loaned to local school districts on the basis of needs.

Other major members of the syndicate which bought the $75,000,000 State of California Veterans' and School Building Aid Bonds were:

First National Bank of Chicago; Morgan Guaranty Trust Company of New York; Halsey, Stuart & Co., Inc.; Blyth & Co., Inc.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co., Inc.; Lehman Brothers; Harris Trust and Savings Bank; Drexel & Co.; C. J. Devine & Co.; Chemical Bank New York Trust Company.

Kuhn, Loeb & Co.; Goldman, Sachs & Co.; Continental Illinois Bank & Trust Co.; The Northern Trust Company; Glore, Forgan & Co.; Lazard, Freres & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Dean Witter & Co.; Bear, Stearns & Co.; White, Weld & Co.; R. H. Moulton & Company.

Security First National Bank; Wells Fargo Bank American Trust Company; California Bank, Los Angeles; The First National Bank of Boston; Eastman Dillon, Union Securities & Co.; The Philadelphia National Bank; Blair & Co., Incorporated; Weeden & Co., Incorporated; Equitable Securities Corporation; The First National Bank of Oregon; Stone & Webster Securities Corporation; Seattle First National Bank; Phelps, Fenn & Co.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.

Paine, Webber, Jackson & Curtis; Mercantile Trust Company; Shields & Company; Reynolds & Co.; Ladenburg, Thalmann & Co.; Crocker Anglo National Bank; J. Barth & Co.; John Nuveen & Co., Incorporated; William R. Staats & Co.; Hornblower & Weeks; Wertheim & Co.; Hayden, Stone & Co.; A. C. Allyn and Company, Incorporated; First Western Bank and Trust Company, San Francisco.

## Simmons, Rubin Sells McGowen

Simmons, Rubin & Co., Inc. announced on June 28 that their offering of 150,000 shares of McGowen Glass Fibers Corp. common stock at a price of $2 per share has been oversubscribed and the books closed. The shares were offered as a speculation.

Net proceeds from the sale of the common stock will be added to the general funds of the company and will be advanced to its two subsidiaries to be used for expansion and improvement of their facilities and operations, and for working capital.

McGowen Glass Fibers Corp., with its offices and plant in Elizabeth, N. J., carries on its business through two subsidiaries, McGowan Manufacturing Co., Inc., which operates a Boat Division, and Wyndmoor Knitting Mills, Inc., which operates a Textile Division. The company's Boat Division is engaged in designing, manufacturing and selling a line of fiberglass boats, with four basic models having the same hull design, and being called the "Bahama," "Fish & Ski," "Runabout," and "U-Drive" models. Boats manufactured by the Boat Division are sold principally in the areas of the Eastern seaboard. The company's Textile Division is engaged in manufacturing and selling an extensive line of children's and ladies' knitted headwear and accessories, such as stoles, scarves, hats, gloves and mittens. Men's knitted sweaters are also made by the latter division.

Upon completion of the current financing, outstanding capitalization of the company will consist of 340,910 shares of common stock.

## John Nuveen Co. Miami Office

MIAMI, Fla.—John Nuveen & Co., national investment banking firm with headquarters in Chicago and New York, has opened its newest regional office in the du Pont Building, according to Chester W. Laing, President. Mr. Laing said that Fred B. Clark has been appointed Florida Regional Manager for the company, the oldest and largest organization in the United States dealing in tax free Public (Municipal) Bonds, exclusively.

Mr. Clark, a veteran in the investment banking business in Miami, has been Manager of the eastern Florida municipal bond operations of Goodbody & Co. and previously was associated with B. J. Van Ingen & Co., Inc., also in Miami. Mr. Clark will continue to specialize in the underwriting, trading and distribution of Florida Public Bonds. The Miami operation of John Nuveen & Co. will be tied into the company's private wire system providing communication with its headquarters and other regional offices in principal cities from coast to coast.

## AS WE SEE IT *Continued from page 1*

hence. Perhaps its figures are as good as any (none are particularly convincing), and they hardly add much to the uneasiness of those who shudder to think of what Russia may make our boasted economy look like in the relatively near future should we fail to adopt more of the general ideology and techniques of the socialists. For what it is worth the CIA finds that by the end of this decade the total output of goods and services in Russia will almost reach the point that we attained in 1958!

Such an achievement represents a rate of growth somewhat greater in percentage terms than most of the projectors have come up with for our own economy in the same period of time, but it hardly presents a picture to produce sleeplessness on the part of the American citizen. The CIA apparently thinks that the output in Soviet Russia in 1970 may be some 80% higher than at present. There is at least one reputable organization which has computed a projection of our output which embodies a growth of 78% over the same period of time. There are several projections which suggest a 60% or greater rise during those years. Taking the conservative estimate of 3% per year compounded annually we find that our growth during the decade (assuming average conditions in the terminal year) would be about 40%, and to that figure we should have to add any amount dictated by exceptionally good business in the terminal year.

### Shots in the Dark

But as every one who has cut his eyeteeth knows, these "projections," whether applied to our economy or that of the Soviets, are hardly more than "shots in the dark." He who takes Russian statistics at face value (so far as they supply any in any great detail) is naive indeed. To employ such figures as the basis for projections a decade into the future—and then to convert the results into dollars is probably an interesting statistical (or guessing) exercise, but not very much more. Certainly the results must be taken with a handful of salt. Somewhat more can be said of our own figures, but no one out of his swaddling clothes supposes that even our current figures—which are quite possibly the best in the world—should be taken without a mental reservation allowing for very considerable inaccuracy in either direction. And any one who has ever tried seriously to project the past into the future on the basis of our figures is painfully aware that the risk of error at the 10-year point in the future is very, very considerable.

But when any attempt is made to guess what the product mix of the output either in this country or in Russia a decade hence will be, the difficulties become immensely greater—and the type of goods that we are producing or capable of producing at that time or that Russia is producing or capable of producing is fully as important as total output. The CIA seems to suppose that Russian output will, in substantially greater proportion, consist of goods which the rank and file may consume. *A priori*, one would feel inclined to agree with this belief. But even on this basis it is still a hazardous guess to point to any particular figure as representing a serious hazard to us. Most of the estimates, or projections, made of our own economy which undertake to go into this phase of the matter simply assume that 10 years hence—or at whatever point in time the projections reach—the proportions of the different broad categories will be about the same as they have been on the average in recent years, which is on the whole a more tenable assumption than a similar supposition would be with respect to Russia.

### Still More Important

But we need not labor the point. These, and many other considerations, must be borne in mind by any and all who undertake to make use of the current statistics and estimates of the comparative strength or growth of the Soviet and our own economy. There are, however, other aspects of this general matter which far surpass all this in importance. Mr. Nixon put his finger upon them the other day when he said: "Mr. Khrushchev has described the competition between our two systems as a horse race. In referring to the American economic system, he said recently, 'there was a horse but now it is old and worn out, limping along at half speed. On the other hand, our communist horse is young and strong, running much faster and certain to catch up and pass the Americans.' Is he right? The answer is no, provided we stay on our horse and don't make the mistake of trying to get on his."

That is precisely the error that most of those who have developed a sort of growth complex would make. They, whether they realize it or not, would like to mount the Soviet horse, or at least one that has been bred and trained in communist lands! All the New Dealers and the Fair Dealers are ardent supporters of this type of growth therapy. This or closely related types of thought and policy have all too often crept into the plans and programs of the Administration, and — with regret be it said—into the thinking of the Vice-President himself at various times in the past, or certainly seem to have done so. In his discussion the other day he set forth his own ideas in general terms which suggest that he now has come to understand how fallacious these notions are. Let us hope that he really has!

### Lemonde Trading Co.

BROOKLYN, N. Y. — Lemonde Trading Company has been formed with offices at 260 Lenox Road to conduct a securities business. Leonard Feldman is sole proprietor. He was formerly with Sutro Bros. & Co.

### Now Partnership

The First Republic Associates has been formed with offices at 375 Fifth Avenue, New York City, to continue the investment business of The First Republic Corporation. Partners are Ira Sands and Jerome Wishner.

# Monetary Expansion Will Not Solve Canada's Problems

*Continued from page 3*

which have other means of raising funds besides bank loans. Interest rate limitations have caused the banks to withdraw from the field of insured housing loans.

### Basis Exists for New Loans

As a result of these developments, the chartered banks now have a certain reserve ability to increase their business loans on a prudent selective basis as opportunity offers. Sound new enterprises are able to obtain banking accommodation, and existing businesses are able in appropriate cases to obtain an increase in their lines of credit, where such is necessary to enable them to expand the scale of their operations. This is particularly true in the field of small business. The banks' larger customers have alternative means of financing and need not rely entirely upon bank credit for working capital funds.

It would be an over-simplified view of economic processes to believe that an adequate supply of money and credit is the answer to all economic difficulties and problems. Correction of a shortage of total money or credit, if it develops or threatens to develop, is, of course, essential, but it does no more than contribute to a climate in which business enterprise may progress. It does not and cannot ensure that all the various spheres of action and decision in business and in government and in private affairs will function in such a way as to produce maximum growth, full employment and a balance in our international payments. In particular, the creation of additional money does not ensure that it will be spent, or spent in a way which increases economic activity and employment in Canada. In some circumstances, such as we have in Canada today, the result of additional overall spending may be mainly to increase imports or to maintain them at an already excessive rate, that is, to contribute to employment and activity in other countries rather than Canada, financed by either a drain on our exchange reserves or an increase in our foreign debt.

### Singles Out What Is Wrong

Last year Canada's payments for imports of goods and services from abroad, including interest and dividend payments on account of debts to foreigners and foreign investments in Canada, exceeded our receipts from exports of goods and services by $1,460 million. This deficit is in my opinion a symptom of excessive total spending and misdirected spending, particularly since it has gone on more or less at this order of magnitude for a number of years. There must be something wrong with the structure of the Canadian economy to permit a balance of payments deficit of such a size to persist for so long. We are spending too much, and we are not fully utilizing Canadian productive potential to produce the kind of goods that we are importing in such large quantities from abroad on credit. Undoubtedly there is not just one single cause for this situation, but one important cause, I believe, has been that in the aggregate, individuals and businesses and governments combined have attempted to accomplish too much expansion and growth too fast, without sufficient regard for whether the total volume of capital expenditures was appropriate in relation to our situation, or whether the capital expenditure, particularly that financed by foreign borrowing, was of a character which added to our national productive capacity in such manner and degree as to improve our ability to pay our way in the world.

Except insofar as it relies on foreign borrowings, a nation's capacity to finance capital expenditures, that is, to allocate real physical resources to production of fixed capital, both private and business and social, rather than to day-to-day consumption, must obviously be determined by its capacity and willingness to save out of income each year. Canadian saving in total is relatively high in comparison with other countries, and indeed appears to be a little higher than in the United States. Personal saving as a percentage of income after taxes is perhaps 1% lower than in the United States, and the government deficit—all governments together—larger than in the United States, that is, governments take a greater quantity of the available supply of new saving. On the other hand, business saving by both corporate and unincorporated enterprises and including funds set aside for depreciation and replacement of equipment, is substantially higher than in the United States.

### Blames Excessive Capital Spending

Certainly anything that can encourage increased saving in Canada, particularly on the part of individuals and families, would be helpful, both in the immediate situation and in the long run, and it would be beneficial to those concerned. Our problem, however, does not arise so much from a shortage in our total saving—although rising consumer debt and government deficits are a definite handicap in that regard—as from excessive capital spending, which over the past five years or more has amounted to 26% of our total national production, as compared with 18% in the United States.

When capital spending, not just in money but in real physical terms, exceeds saving, that is, when capital expenditure and consumption combined exceed total production, including whatever becomes temporarily available by using up stocks, the excess can only come from imports. An excess of imports over exports means of necessity either using up reserves of foreign exchange or new foreign borrowing, by which, in one way or other, foreigners provide the additional imports on credit. It is one of our problems that foreigners have been only too ready to provide to Canada more credit and more imports on credit than, as it now seems, we could use with real benefit to ourselves. The higher rate of capital spending in this country than in the United States which has been stimulated or facilitated, directly or indirectly, by foreign borrowing has not produced a commensurately higher rate of new production each year, nor has it eliminated unemployment.

### Problems of Trade Imbalance And a Growing Debt

The problems that face us today are very real and very large. There is in the first place the problem of the huge imbalance between our annual receipts from current transactions on international accounts and our annual payments on current international accounts. Associated with this is the very large increase in our foreign debt, including within that term both debt incurred as a result of foreign borrowing by Canadian entities, mainly provincial and municipal governments, and the liability represented by direct foreign investment in business enterprises in this country and foreign holdings of the securities of Canadian corporations.

At the end of 1959 the foreign investment in Canada was $24 billion, half in the form of direct investment in Canadian industry, many important sections of which are completely controlled or dominated by foreign parent companies, and half in the form of foreign holdings of securities issued by Canadian governments and corporations and other miscellaneous liabilities. Canada's net foreign liabilities, after allowing for our official exchange reserves, government loans to foreign countries after the War, and foreign investments held by Canadians, amounted to $15.4 billion, at which level they had doubled over the last four years and tripled over the last seven years. Dividend payments by foreign-owned branch plants in Canada and by Canadian corporations to non-resident shareholders have for several years greatly exceeded the amount of such payments by all Canadian corporations to Canadian shareholders, excluding duplication through inter-corporate payments in Canada.

### Denies Cut in Capital Inflow and Imports Would Increase Unemployment

We are sometimes told, by foreigners, that we must not contemplate reducing our reliance on new foreign investment each year, and correspondingly our excess of imports over exports, because it would lead to an increase in unemployment. This is absurd, and indeed it implies that only a further increase in the annual rate of increase in foreign debt—and imports—could enable the Canadian economy to achieve full employment.

It is simply not true that Canada has to continue to borrow abroad, and import vastly greater quantities than it exports, in order to maintain economic growth and full employment for a growing labor force.

How serious this problem is, and how it should be solved, is a matter for urgent consideration by all of us in Canada. There are some Canadians who feel that the magnitude of our foreign debt and the prospects of its future growth are alarming. Others are still unaware of the problem, or are willing to go on borrowing as long as foreign funds are available, even though to an increasing extent we are now having to borrow the foreign funds required to pay interest and dividends on past borrowings. We have gone along on such a course for some years without having to face up to all the adjustments which other countries in a similar position have had to make. For this reason, however, it seems to some Canadians that the impact on our economy of the ultimate adjustments when they come, as they must, will be all the greater and all the more difficult to cope with, and that steps should be taken now to make adjustments in a more gradual and orderly fashion. Others suggest that the future be left to take care of itself. Some indeed are quite defeatist.

### Predicts Present Course Means Economic Integration and Loss of Canadian Independence

To my mind, we could not leave this problem to solve itself without giving up the attempt to maintain an independent economy and an independent nation north of the American border. Rapidly growing foreign debt must lead ultimately to loss of any capacity to be masters in our own house. If we do not effectively change the trends of the past we shall drift into an irreversible form of integration with a very much larger and more powerful neighbor. I do not believe this is what Canadians want, for it means surrendering the very idea of Canadianism, the dream of Canada as a separate and self-supporting and self-managing nation, which gripped the imagination and stimulated the energies of the architects of the Canadian Confederation, John A. McDonald, Georges Etienne Cartier and so many Canadians of their time and since.

It is often remarked as paradoxical and extraordinary that the large deficit in our international balance of payments should be accompanied not by a weakening exchange rate but by a marked degree of strength in the Canadian exchange rate, leading at times last year to a value for the Canadian dollar at a premium of 5% over the United States dollar. It is not so often remarked that the large deficit in the Canadian balance of payments has persisted over a period of years when there have been inadequate employment opportunities to utilize the productive capacity of our growing population. These two paradoxes are of course to some extent connected, as all the aspects of our fundamental economic problem today are interconnected. The fact is that at times the amount of foreign borrowing done by Canadians has exceeded even the large volume of imports then requiring to be financed and has led to a strengthening of the Canadian exchange rate. This in turn has induced a higher rate of imports than would otherwise have occurred, pushed the rate of imports up another notch, over and over again, imports which compete with Canadian production for the domestic market and have an obvious effect on employment conditions in Canadian industries.

### Deplores Provincial and Municipal Dollar Borrowings

I have no doubt that the marginal factor, the straw that broke the camel's back, so to speak—and at times it has been a very large straw indeed—has been the unnecessary and ill-advised borrowing in foreign currencies on the part of some provincial governments and municipalities and their agencies, whose operations have no connection with foreign exchange or foreign trade on which to base the servicing of foreign currency obligations. What the ultimate cost of such borrowings may be no one can tell. Such borrowings are undertaken apparently because the rate of interest on borrowings of U. S. dollars in New York is lower than the rate of interest on borrowings of Canadian dollars in Canada, but the cost of acquiring the foreign currency with which to pay off these debts and to pay interest on them is not calculated and cannot be calculated, as past experience has indicated.

If the Canadian dollar ever starts down the slippery slope of currency depreciation, as has been urged already by some, and as can happen to any nation that looks for apparently easy short-run gains without regard to the future, no one can say what the ultimate price may be at which these foreign debts will have to be redeemed.

The state of our export and import trade and the degree of unemployment are affected by many factors which are more important than the exchange rate of the moment, but I should like to say a further word about the problem of the exchange rate in view of the amount of discussion which it has been receiving lately. The Minister of Finance has in several public speeches discussed in detail various possible actions by the government to bring the Canadian dollar into parity with the United States dollar—or, for that matter, into any other desired relationship—and has outlined the disadvantages as well as the advantages inherent in the various lines of attack which various people have suggested.

### Doubts Monetary Expansion Will Do the Trick

I should like to mention only that suggestion which directly concerns the central bank, namely, that there should be a large degree of monetary expansion in Canada with a view to bringing about a reduction in interest rates in Canada and making more money available for lending at lower rates of interest, so that Canadian borrowers would not feel under any inducement to borrow in New York. This proposal has many drawbacks, including the obvious dangers of inflation, associated with it.

But in addition to all other handicaps, it suffers in my opinion from the disability that it simply would not work. It would tend not only to create inflation, which would cause a large rise in the money expenditures and borrowing requirements of governments and other public and private bodies, but also fear of inflation on the part of investors and savers, such as we had some experience of in 1958 and the first half of 1959. Under such circumstances lenders would not willingly make loans available at lower rates of interest, but would put their savings to other uses unless offered increasingly higher rates of interest. The conditions making for foreign borrowing, that is, excessive domestic expenditures and borrowing and higher interest rates than those abroad, would not be removed but would more likely be intensified.

Monetary inflation would not increase the volume of real savings within the country, of real goods and services available for use by governments, business, houseowners, farmers and others concerned. If anything, it would cause a reduction in real savings and a waste of real resources. It would tend to increase imports more than it would encourage greater domestic production in competition with imports, and the rise in prices and costs would certainly be a handicap to exports. No nation has ever solved balance of payments deficits by inflation, and those nations which from time to time have got into balance of payment difficulties through over-spending have found that a return to sound monetary practices and sound fiscal practices is essential.

Our position today is such that general measures designed to increase total spending or total purchasing power indiscriminately would not be helpful. If I felt that monetary expansion would make a significant contribution to an increase in employment I would certainly be in favor of it, but not in circumstances where the result would instead be inflation, more difficulties with our balance of payments, and ultimate unemployment on a larger scale than ever. Similarly, under present conditions general measures involving larger government deficits would not contribute significantly to an increase in employment in Canada, but be more likely to increase imports, that is, to increase employment in other countries rather than in Canada. This is not to say that any particular kind of government expenditure is good or bad in itself, but simply that financing government expenditures in general by further deficits would do more harm than good, in the same way as general monetary inflation.

The same reasoning would apply also in connection with proposals to increase consumer purchasing power by a general increase in everybody's money income or by a substantial increase in those money incomes which take the form of wages and salaries. Whether a wage increase in any particular industry at any particular time is good or bad for those directly concerned is a matter for them to consider. But there is no foundation for the argument that a general increase in money incomes can increase total employment in Canada today.

**Realities of Solving Economic Difficulties**

May I emphasize once again that sound financial polices are no drag on economic growth, and particularly are not inimical to full employment. Inflationary measures would aggravate rather than cure the causes of unemployment. There is no easy way by which real economic difficulties can be overcome without effort and cost, at any rate a cost in the shortrun. The cost of unemployment and of measures to promote increased employment are real, and must be borne by someone. There are non-inflationary methods to deal with this, if the people of Canada are prepared to share the cost. Such methods must all turn on the same basic principle. In one way or another, those of us who are employed must contribute out of our resources to help share the cost of unemployment and to help create conditions in which greater employment opportunities will be available within Canada.

The question of maintaining a viable economic structure in different regions of Canada as well as in different industries within Canada is also one which calls above all for a sharing of burdens and opportunities. The cost that must be shared, the price that must be paid in the short run, in order that we may all be better off in the long run, and in order that we may all remain Canadians in the long run, is not in my opinion a very high price, but obviously it is more likely to be voluntarily accepted and undertaken if we all know and study and face up to the facts, and reach a broad measure of agreement on what we wnat to achieve and what methods are best calculated to bring about the desired achievement.

We can have economic growth without inflation, full employment without inflation, a rising standard of living without inflation, increased social services and various forms of government services without inflation, and a balance in our international accounts without inflation — and without unemployment. All this is within our own power to achieve, but measures of an inflationary character are least likely of all to bring about such desired social objectives and ought to be all the more suspect because they are represented as being an easy way out.

A few weeks ago the Secretary of the Treasury of the United States forecast a growth of 50% in the Gross National Product of that country over the next ten years. That is approximately the degree of growth in real terms, not money values, that we had in Canada in the last ten years, accompanied by a very large increase in our foreign debt. There is no reason that I can see why we could not have a similar degree of growth in this country in the next ten years without any further large increase in our foreign debt, but it will not come about automatically and it will certainly not come about if present trends continue without change.

**Developing Domestic Industry To Cut Imports**

Last year the major element in our total international current deficit of $1,460 million was a deficit in respect of what are called invisible imports and exports, that is, current payments other than for goods exported and imported, amounting to $1,075 million. This has shown a persistent upward trend for some years, and some degree of increase is inevitable for many years ahead, partly because of the foreign debt we have already incurred. By 1970, the non-merchandise deficit may well amount to more than $2 billion a year. If we are ever to stand on our own feet, we can only meet the burden of these payments by keeping our expenditures on imports below the level of our receipts from exports by an equivalent amount. I can see no possibility of our exports increasing to a sufficient degree to achieve balance in our international accounts without a change in our propensity to import. We need to develop our domestic industry in such a way as to reduce our propensity to import, so that even though our merchandise imports may rise somewhat over the years, they will come within and stay within the earning potential of our exports after allowing for that volume of export proceeds which must be used to pay for interest and dividends on our foreign debt, tourist travel abroad and various business and other costs abroad.

From study and discussion of these matters will come many suggestions as to the course we should follow. Many heads are better than one, and controversy sharpens the imagination and the will to action. I am not offering a detailed prescription myself, but it is natural for people to expect something more than purely negative warnings against the insidious dangers of monetary inflation, excessive total spending and reliance on foreign borrowing. In general terms, it must be clear that in addition to whatever expansion of employment-increasing export industries may reasonably be expected, a large expansion of domestic secondary industry in various parts of the country is essential if we are to re-establish economic equilibrium between Canada and the rest of the world, and also in order to provide for equilibrium in employment opportunities inside Canada itself. And Canada can only be strong and meaningful in terms of national identity if each of its main economic regions is likewise enabled to develop and maintain a healthy economic structure as the varying circumstances of time and place may require.

Although we have our difficulties and problems, let us not forget that we are capable of providing Canadians in all parts of Canada with a way of life which even in economic terms need be second only to that of the richest and most powerful nation in the world, and in Canadian eyes and taking account of non-material values as well, second to none. We do not have to choose between poverty - stricken independence and some form of economic colonialism, either for Canada as a whole or for any of the regions of Canada.

If we put Canadianism in the forefront of our economic and social thinking, and recognize each other as fellow Canadians, if we co-operate and share, we can be both independent and wealthy, even as the world measures wealth. If we are sufficiently determined to pay our own way and make our own place in the world, all Canadians in every part of Canada can achiever productive employment, with an ever-widening range of modern industrial and scientific occupations available to them, and can maintain a standard of living and way of life which in the sum of all its aspects will be capable of satisfying the highest aspirations of the human spirit.

Last October I attended the annual meetings of the World Bank and International Monetary Fund, two institutions wihch are dedicated to the promotion of sound economic growth, monetary stability, and the expansion of international trade. I heard the President of the World Bank congratulate a European country for having overcome its postwar inflationary pressures and balance of payments problems which—because of the destruction and dislocation arising from the war—were much worse and much more difficult than anything we in Canada have had to deal with.

He attributed their success not to the possession of rich natural resources, of which indeed they have none, but to qualities of personal character and community morale, hard work, self-discipline and financial statesmanship.

With these qualities, and assisted in the early days of postwar rehabilitation by some foreign loans—including loans from Canada, it is strange to recall that for a time after the war we were a lender rather than a borrower—with these, they set their house in order, overcame great hardships and handicaps, and succeeded in living within their means, and paying off gradually their postwar foreign debt. The people of the Netherlands did this, and a number of other European nations pursued much the same course, because they knew it was in their interest as an independent, industrious and self-respecting nation.

Who will say it is beyond the power of Canadians to do the same?

*An address by Governor Coyne before the Ontario Chamber of Commerce, Hamilton, Canada.

# SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

## The Man Who Knows Doesn't Talk Too Much or Sound Too Wise

Some years ago Herbert Hoover made the remark that fishing taught him humility and patience. Those who have been in the stock market for any length of time, either as investors or salesmen, can say the same about it. One thing you learn sooner or later and that is there is more to learn. One of my customers who has been buying securities successfully for the past thirty-five years said the other day, "In another thirty-five years I may know something about this business."

**What Customers Want From a Salesman**

If there is anything that experienced investors don't want from a salesman is an attitude on his part that he has most of the answers and can call the shots. Confidence is a good thing but there is a difference between knowing values, understanding trends, and being able to furnish facts and figures—and being an overbearing know-it-all. I've seen some salesmen who have a bit of luck, call the turn a couple of times on some speculative stock, and you would think to hear them that anyone who didn't follow their advice was a dumb bunny indeed. Oftentimes they have only followed someone else's tips or hunches and have taken credit for the good luck that ensued.

Experienced investors fight shy of braggarts or know-it-alls. They have seen too many 90-day wizards in their time to be impressed by tall stories of market plays, successful coups, and large accounts that have given discretionary orders that run into six and seven figures. The investor who knows something about investing wants a conscientious broker who can give him good service and who measures up on the following points:

**Alertness:** Knows what is going on in both the listed and the Over-the-Counter Market; also the new issues that are coming. Watches for changes in individual stocks and reports promptly on orders and executions.

**Honesty:** Never overstates, never guesses unless he labels it so. Trys to sell securities that fit the needs of the investor. Places customer's interest first. Tells the truth at all times.

**Personal Interest:** Watches for news items that may be helpful to client. Reports rumors and gossip.

**Keeps Confidence:** Never repeats private information about any client's account to anyone. Guards all transactions from others, including other salesmen in the office.

**Offers Suggestions:** Has sufficient knowledge of values, timing, and knows his customer's needs so that he can make suitable suggestions for investment as opportunities arise.

**Suggests Sales:** If an investment is not working out well, he goes to the customer and talks it over. If it looks like a mistake has been made, he owns up to it and trys to correct it.

**Doesn't Press for Business:** High pressure tactics have no place in the investment business. No investment is so good that you can't find another just as good if you keep looking.

If a salesman lives up to this code, and he talks with enough people, he will never need to worry about clients. Quite frankly the best salesmen are usually men who have been able to do a satisfactory job of advising their customers on the proper securities to own. Nothing will build your business faster than some properly timed investments that are profitable for your clients. You don't have to brag, oversell, or promise the moon. Just start making money for people and see how your business grows.

A good many firms today are well aware of the importance of PROFIT in keeping customers and building their business. A capable, well staffed research department that can supply the sales force with merchandise that performs well is the best investment any securities firm can make. When people invest, they do so to MAKE MONEY. It's as simple as that!

## H. S. Birkby Opens

NUTLEY, N. J.—Harold S. Birkby is conducting a securities business from offices at 386 Franklin Ave., under the firm name of Birkby & Co.

# The Consumer Credit Growth Potential in the 60's

*Continued from page 7*

spending power over the entire outstanding consumer credit has expanded eight times from $18.6 billion in 1940 to $154.0 billion now:

| | 1940 (billion) | 1960, 1st Quar. (billion) |
|---|---|---|
| Disposable Personal Income | $76.1 | $345.4 |
| Basic Living Cost to Equal 1940 Per Capita | 49.2 | 140.2 |
| Surplus or "Discretionary Spending Power" | $26.9 | $205.2 |
| Consumer Credit Outstanding | 8.3 | 51.2 |
| Excess Discretionary Spending Power Over Consumer Credit | $18.6 | *$154.0 |

*Over 8 times as much.

This changed relationship should be taken into account. Since the ability to handle consumer credit increases faster than the disposable income, it seems logical that consumer credit outstanding should reach levels considerably higher than the prewar relationship to disposable income. The fact that the ratio now is 15% of disposable income is not alarming. Even if consumer credit reached 21% of disposable income by 1970, it still should not be alarming in view of the probable increase in **discretionary** spending power.

**Discretionary Spending Power Based On 1950 Standard of Living Shows Same Pattern of Growth**

There might be some questions about the use of our standard of living in the last prewar year of 1940 as a base for determining "discretionary spending power." It is characteristic of our American economy that many of the "luxuries" of one period become "necessities" as concepts of living advance. Even our 1940 standards for food, clothing, and shelter were far above bare subsistance. Now it becomes almost impossible to define "necessities." Our economy today is not one of basic "needs," but is one of "wants." Wants can be created, and these created wants or expanded markets can be satisified when increased productivity provides the purchasing power.

1940 was selected as the base year for standard of living and discretionary spending power because it was the last full year before we entered World War II, and was just before we discovered our real productive ability—The Miracle of Production. Any changes made by consumers, since 1940, in upgrading their basic living concepts—their per capita physical or qualitative purchases of food, clothing, and shelter—are considered as part of the exercise of their discretion in use of the new discretionary spending power.

However, if postwar 1950, instead of prewar 1940, were to be taken as the base year for the consumers' concept of a standard of living, the increase in discretionary spending power in the last nine years would be even more impressive—showing a 90% increase in nine years 1950 to mid-1959 compared with a 79% increase in this period when 1940 is used as a base.

**Rapid Decline Of Total Public and Private Debt In Relation to Production**

A factor that has led to fear of inflation and which has contributed to the attempts to slow down plant expansion or the needed expansion of construction of roads, schools, and other public works and services, has been the rapid expansion of debt — both public and private.

But few seem to recognize that **the ratio of debt to production has declined dramatically since prewar. This indicates that if we are to make use of our productive ability and have the 52% higher standard of living such ability will** justify ten years from now, we must reconcile ourselves to a very **much higher level of total debt.**

In 1930, the outstanding net total of **public and private** debt in the United States represented more than double a full year's national production—actually 210% of the year's total production. By early 1960 total debt, although over four times as great in dollars, had dropped to 166% of a year's production. Production, measured in dollars, had grown more than fivefold.

Even more spectacular has been the drop in the relation of total **private debt** to production. Net private debt of individuals, business and corporations represented 176% of a year's production in 1930. It was 128% in 1940. By early 1960 the relationship had dropped to 106% of a year's production.

At a production level of $750 billion in 1970 private debt could grow to $960 billion or 81% over the early 1960 total of $529 billion without exceeding even the 1940 relationship to production! And a total public and private debt of nearly one-and-one-half **trillion** dollars would not be a greater relative burden than we actually carried in 1940 (or 189% of a year's production).

This is a factor of unrecognized strength in our economy—but it emphasizes the importance of holding our production level high through increasing our standard of living rapidly enough to consume and enjoy what we are capable of producing.

**Corporate Debt Has Declined In Relation to National Production**

Net corporate long-term debt has dropped about half its prewar relationship to national production. In 1930 corporate long-term debt represented 56% of a year's production and in 1940 it was 44%. By early 1960 this relationship was cut nearly in half with long-term corporate debt representing only 25% of a year's production.

The ratio of corporate profits, after taxes, to corporate long-term debt increased from 15% in 1940 to 20% in 1960. And the net working capital as a per cent of long-term debt increased from 62% in 1940 to 103% in 1960. In total dollars, net working capital of corporations is nearly five times as great as in 1940.

With a production level of $750 billion possible in 1970, corporate long-term debt could expand to over 2½ times the present levels — to about $330 billion versus $126 billion — without exceeding even the 1940 relationship to production!

These facts on the decline in debt in relation to production, and on the position of corporate earnings and net working capital, indicate the strength of our financial position. They emphasize that our chief concern should not be with the size of our outstanding debt, but rather with the means **of expanding consumer purchases and our level of living fast enough** to utilize our productive ability and to keep fully employed our growing labor force.

Over the next five to ten years there will be massive needs for new capital investment in improved productive facilities if we are to increase productivity and reach the production and consumption levels of which we are capable. This may mean readjusting our concepts of debt limits and a major broadening of corporate stock ownership.

We will need that sort of expansion in production and consumption if we are to keep inflation in check through encouraging increases in productivity per capita at the minimum rate of at least 2% per year.

**$227 Billion Added to Financial Equity of Individuals In Five Years**

Another startling indication of the financial strength and latent purchasing power of consumers is the $227 billion addition to the net financial equity of individuals in the last five years.

At the start of 1955 total financial assets of individuals in the United States totaled $660 billion. After deducting liabilities (mortgage debt, consumer debt, and securities loans) the individuals' net equity was **$561 billion.** At the start of 1960 total financial assets were $956 billion with a net equity of **$788 billion.**

The increase in net financial strength of individuals in the five years was $227 billion or 40%! This increase in net equity does not include the substantial growth of equity in homes, farms, farm machinery, automobiles, and other physical assets of individuals. Farm proprietors' equities alone increased $37 billion in the five years 1955 to 1960.

**Mass Millions are Climbing The Income Ladder**

The rapidity with which mass millions of Americans are climbing the income ladder through increased productivity is illustrated in data which shows the breakdown of the consumer spending units by income after taxes in 1950 as contrasted with 1956 and the estimated distribution of consumer spending units in 1960. The number with disposable incomes of $7,500 has increased from 2.1 million in 1950 to an estimated 6.6 million in 1960, and it is estimated that the group from $5,000 to $7,500 increased fourfold — 4.3 million to 16.2 million—and the net total above $4,000 is estimated to be about 36 million in 1960 compared with about 12 million in 1950 and 26 million in 1956.

As these families move up from one income class to the next, they could represent substantially increased markets for goods, services, and investments if only they were to take on the habits and desires of the income group into which they move. This is true even though taxes and the cost of living have increased.

**30 Million Additional Car Demand Potential**

Even though we had over 56 million passenger cars registered in 1958 Federal Reserve Board studies showed that the automobile market was far from saturated. **30 million additional cars** would be needed to meet fully the latent potential demand.

Of the 57 million families (consumer spending units) in 1958 about 17 million had no car. An additional 13 million families who owned a single car **needed a second car** because their single car was driven to work every working day leaving other licensed car drivers in the family stranded without automotive facilities. That totals a demand potential of 30 million additional cars based on latent need. This offers a huge pool of opportunity for expansion of production and sales.

Analysis of automobile use by single-car owners indicates that there are 19 million who drive to work regularly, but not all of these leave another qualified driver at home. Taking the conservative figure of homes with more than one driver, however, this means that, in at least 13 million homes of regularly employed workers, the housewife is left at home immobilized when the husband takes the car to work. Yet she can drive a car and usually has daily need for a car.

Study of this prime two-car potential market shows that 10 million or 77% of these 13 million who urgently **need** a second car are in the upper half of incomes—that is, over $4,000 per year — where the discretionary income and ability to purchase is high.

Assuming a minimum of 4.5 million annual replacement need, plus 900,000 or 5% of the 17 million non-owners becoming owners in any year, plus 500,000 car owners added through new family formations, and assuming the opportunity to convert, annually, at least 10% of the 13 million who really need a second car, we have a total annual potential of over seven million cars.

4.5 million replacement
0.9 million additional from non-owners
0.5 million additional from new family formations
1.3 million additional from new two-car families

7.2 million annual potential

To cash in on this expanded potential will require aggressive advertising and selling — because present habits and desires in relation to car ownership need to be changed. There is a "Habit Lag" in car ownership and particularly in recogniiion of the need for the second car.

**Change In Education Level Points To New Living Standards and New Markets**

By July 1959 the number of adults (over 20) with a full high school education was over five times as great as in 1930 and 110% greater even than in 1940. This adult population, containing nearly 49 million high school graduates, contrasts with a population of 23 million graduates in 1940 or a population of about 4½ million graduates shortly after World War I, in 1920.

The rapid change in educational composition of our population will continue. In 1960 the total number of high school graduates in our total population at 51.6 million represents an increase of 35% over the 38.3 million in 1950. This is expected to grow another 36% by 1970 to 70.3 million. Total college graduates increased from 5.9 million in 1950 to 8.1 million in 1960 and by 1970 they should total 10.8 million — or nearly double the number in 1950.

These changes in education levels and in communication through expansion of reading and of viewing TV and of listening to radio can be an important influence on the market through the acceptance or the desire for a better standard of living. Consumers will be quicker to recognize and reach for improvements in products, in packaging and in convenience.

In the 11-year period 1947-1958 consumer expenditures for household electricity, gas, and telephone increased over twice as fast as the total standard of living purchases. In contrast with a 77% increase in total consumer purchases of goods and services, the consumer expenditures for electricity increased 196%, for gas 206%, and for telephone 175%. So did expenditures for owner-occupied housing, user-operated transportation, travel, health, private education, and TV, radio, records and musical instruments increase rapidly. All this is a further manifestation of the trend to home and family life in America.

Leisure time available for home and travel and recreation activities has more than doubled in the last 13 years. Total weeks of vacation of workers jumped from 34.4 million weeks in 1946 to 77.7 million weeks in 1959. It is estimated that over 85% of vacations now are with pay. With the increase in leisure time the total visitors to areas administered by the National Park Service tripled, from 21.8 million in 1946 to 62.6 million in 1959.

**Population and New Family Formations Will Add to Business Opportunities**

Along with a rapidly rising standard of living we have the added stimulus of a bulge in population growth and a likelihood of large increments in family formations in the next few years.

Our population has more than doubled since 1900, reaching over 181 million by mid-year 1960, and the number of households has tripled to over 52 million.

Population continues to grow at the rate of over 2.9 million per year, or 240,000 per month. That is the equivalent of adding a Providence, R. I., or an Omaha, Neb. to our market each month.

The birth rate has continued at a level far above earlier predictions by population experts. Births of 4.3 million in 1957 were the largest on record and were 2.1% above 1956. In 1958 births held within 1% of the 1957 record and in 1959 births increased again to nearly a 4.4 million birth level. The "baby boom," since 1940, has been of such proportions that it will have a pronounced effect on new family formations from 1960 on.

**Significant Shift In Age Groups Coming**

As of July 1960 there will be 86% more children under five years of age in our population than in 1940, and 79% more in the five to nine age group.

This huge increase in the number of children soon will cause public outcry against inadequate school facilities and shortage of teachers, as well as juvenile delinquency. It will affect housing requirements, food consumption, and many phases of family living. During the next five years, by 1965 and beyond, there will be a huge movement of children into the adolescent age groups where food consumption is high and where interest in many products starts.

The past 20-year period from 1940 to 1960 was characterized by the rapid increase in population of the two extremes of age groups —the very young under 10, and those over 60. There was an actual decrease in the number of young adults in the prime family formation age group of 20-29.

The next decade will be different. It will be characterized by a rapid increase in the family formation age group 20 to 29, and adolescents 10 to 19, and a decline in the middle executive group 30 to 39.

| Age Group | Past 20 Yrs. 1940-1960 % Change | Next 10 Yrs. 1960-1970 % Change |
|---|---|---|
| Under 10 | +83% | +28% |
| 10-19 | +27 | +35 |
| 20-29 | — 2 | +39 |
| 30-39 | +23 | — 1 |
| 40-59 | +36 | +12 |
| 60 and over | +69 | +23 |

**Rapid Increase In Young Adults Will Expand Need for Consumer Credit**

The number of young adults 21 to 25 reached a low plateau in 1956, '57, and '58 of approximately 10.7 million. There had been as many as 11.7 million in this group in 1947. Starting with 1959 this group began to increase. By 1965 the increase will be 22% over 1959 —by 1970 the increase will reach

56% and by 1980 the number is estimated at double present levels.

This shift in age composition of our population will have an important influence on market opportunities and need for consumer credit. The rapid increase in those reaching the family formation stage, in particular, will emphasize the usefulness of consumer credit since they will put added pressure on housing, transportation, household equipment and furnishings, and all things having to do with family life.

The rapid increase also in the number of elders—over 60—indicates expanded market opportunities among a group with greater leisure time, greater cultural interests and many special health needs.

Consumer purchasing power in 1960 is at an all-time high. The total personal income level of $397.4 billion in April 1960 was $18.4 billion or 5% higher than in 1959, in spite of the slow down. Disposable personal income after taxes reach $345.4 billion in the first quarter of 1960, or $18.0 billion above the level of the first quarter of 1959. At this level our total **real** purchasing power after correction for price changes, was higher by $44.0 billion, or 15%, above 1955. Even on a per capita basis **real** purchasing power was 6% above 1955 which has been thought of as a boom year in sales opportunities. Average weekly earnings in manufacturing of $92.29 in January 1960 reached an all-time high and were 21% above 1955.

If consumer demand is artificially curtailed in 1960-61 there could be a further renewal of inflationary pressures. Our economy is so fundamentally sound, however, that any slowdown in consumer demand should be temporary and should not interfere with the opportunity for rapid total growth over the next ten years. With our present favorable $35 billion backlog of consumer need and potential consumer demand, increased selling effort could pay off in profits as well as in a strengthening of our whole economy through more adequate utilization of our productive ability.

So **expansion of consumption** to match our increased productive ability is the major task facing our economy today. Increasing total consumer demand by 10% in 1961 could be a powerful force in checking inflation through making possible increased productivity and lower costs per unit.

And looking forward to a potential production of $750 billion by 1970, the consumer credit potential and need could reach **$107 billion** or over **double** the present $51 billion level.

That total of $107 billion of consumer credit would still not be out of line with the probable discretionary spending power of consumers in 1970—yet the doubling of consumer credit outstanding within the decade to 1970 could be a powerful influence in the needed expansion of our standard of living to utilize our production ability, to keep our labor force employed, and to provide the revenues for a strong national defense.

*From an address by Mr. Johnson before the 46th Annual International Consumer Credit Conference of the National Retail Credit Association, Chicago, Ill., June 6, 1960.

## J. F. Douglas Opens

EAST MEADOW, N. Y.—John F. Douglas is engaging in a securities business from offices at 1445 Stephan Marc Lane.

## New Lile & Co. Office

LaCANADA, Calif.—Lile & Co., Inc. has opened a branch office at 927 Foothill Boulevard under the direction of B. J. Lile.

# Petroleum Worldwide Supply And the Demand Outlook

*Continued from page 15*

gard to other sources of energy. Again, the existence of tankers in tie-up is the price we must pay for progress.

Finally, current excess refining capacity in the U. S. is due to the fact that our industry generally over-estimated its requirements. Abroad, spare capacity has been brought about by the insistence of many consuming nations that refineries be built within their national boundaries. These new plants have duplicated facilities already existing elsewhere in the historical exporting areas. This refinery spare capacity may be worked off, however, as demand catches up.

Actually, there is a hidden blessing in this spare capacity situation. The intense competition has caused most companies to markedly improve their efficiency. I am confident that we in the oil industry will all come out of this situation with "tighter ships."

### Weighs U.S.S.R. Oil Entry

No appraisal of the prospects of the oil industry would be complete without a consideration of the impact of Soviet oil exports on Free World markets. Soviet Bloc oil exports to the Free World last year averaged 300,000 barrels daily. Since virtually all of this export volume has been developed in the short space of about six years, it has received a great deal of publicity, and fears have been expressed that a flood of cheap Soviet oil may be about to engulf the Free World oil industry.

Now I do not want to minimize the competitive problems posed by the existence of Soviet supplies on world markets, but it is essential that we keep them in perspective. In the first place, the 300,000 barrels daily that the Soviets exported last year came to less than 2% of Free World demand. Thus, Soviet Bloc supplies are still very far from attaining the proportions of a "flood." Secondly, we must remember that both the Eastern European satellites and China have ambitious economic development plans and that they, too, are looking to oil to satisfy the bulk of their incremental energy requirements. Moreover, these countries are oil deficient as a group and will be looking to the Soviet Union to satisfy their ever growing import requirements. Thus, even if Soviet oil production targets are attained, it is possible that the rapid growth in internal Soviet Bloc requirements will limit the size of any future exportable surpluses.

Lastly, there is every indication that the bulk of Soviet oil exports to date have been commercially, rather than politically, motivated. The Soviets are using their oil as a relatively efficient means of obtaining imports of commodities which they vitally need for their internal development. In an effort to obtain outlet for their oil they have had to offer price discounts, but these are generally no greater than any new entrant would have to offer in today's highly competitive market.

In short, Soviet competition causes problems wherever it appears but, at the moment, it is just one additional element in a highly competitive situation and one which may become relatively less important as time goes on.

### Summary

Now I would like to conclude with a brief summary. Petroleum can look forward to the coming decade as one of dynamic growth. Over this entire period the Free World demand for gas could increase at an average rate of about 2 billion cubic feet per day each year and Free World demand for oil could increase at an average rate of 800,000 barrels daily.

Petroleum, because of its convenience, cleanliness, and cost, continues to be preferred for many energy needs. There are ample supplies. In fact, right now oversupply is a problem in this competitive industry. The industry is aggressive and modern and the present readjustment that it is going through should strengthen it for future competition with other sources of energy. All in all, the 1960's will unquestionably be years of prosperous growth for the petroleum industry.

*A paper by Mr. Coleman which, in his absence, was read by George T. Piercy before the National Industrial Conference Board, New York City.

# Vickers-Crow Stock Offered

Sakier & Co., Inc., of New York City, on May 27, 1960 publicly offered 150,000 shares of common stock (par one cent) of Vickers-Crow Mines Inc. (a Delaware corporation) at $2 per share.

The company was incorporated under Delaware law on Sept. 1, 1959, under the name Gama Mines, Inc., to explore for and produce minerals. Its principal office is located at 321½ Grant Avenue, Eveleth, St. Louis County, Minn. It assumed its present name on Oct. 8, 1959.

# American Molded Fiberglass Co. Stock Offered

Michael Fieldman and First City Securities, Inc. are presently offering 300,000 shares of American Molded Fiberglass Co. (par 10¢) at $1 per share.

American Molded Fiberglass Co. was incorporated in the State of New Jersey on Feb. 5, 1957, primarily for the purpose of engaging in the manufacture and sale of fiberglass swimming pools, canoes and small trailer bodies.

The corporation will have outstanding 750,000 shares of common stock, giving effect to the successful completion of the present offering. This total does not include options totaling 90,300 shares. If all of the options are exercised in full, there will be a total of 840,300 shares outstanding.

Of the net proceeds, $25,000 will be used for new showroom facilities; $25,000 for advertising; $25,000 for promotion; $30,000 for purchase of new molds, dies and equipment; $25,000 for inventory purchases; $10,000 for development of other items; and $60,000 for general corporate purposes.

## To Be J. J. Conklin

On July 1st the firm name of F. J. Connelly & Company, 44 Wall St., New York City, members of the New York Stock Exchange, will be changed to J. J. Conklin & Company. Frank J. Connelly, Jr., general partner in the firm, will become a limited partner on the same date.

## First Fargo Opens

FARGO, N. Dak. — First Fargo Corporation has been formed with offices in the Black Building to conduct a securities business. Officers are Frank W. Pearson, President and Treasurer; Edwin S. Larson, Vice-President; and Philip B. Vogel, Secretary.

# PUBLIC UTILITY SECURITIES

*BY OWEN ELY*

## El Paso Electric Company

The company supplies electricity to El Paso (which contributes about two-thirds of revenues) and 40 other communities in Texas and New Mexico; the service area extends about 100 miles along the Rio Grande River Valley. The service territory has a population of about 382,000 of which 325,000 is in metropolitan El Paso. Operations in Texas account for 80% of revenues and those in New Mexico for 20%. Major industries are irrigation farming and cotton raising, copper smelting and refining, raising of livestock and oil refining. El Paso is the trading and transportation center for a large surrounding area. The company's revenues last year were about 39% residential, 28% commercial, 12% industrial, 15% sales to public authorities and 6% miscellaneous. It has no gas or miscellaneous services of any significant amount.

The company produced 98% of its power requirements last year, its two steam plants having an effective capability of 263,000 kw compared with the peak load of 213,000 kw. The new 80,000 kw Newman Power Plant is expected to be placed in operation shortly. Subject to hydro conditions, additional power is available from the Government's Rio Grande development; and the company is also a participant in a regional power pool.

The company has enjoyed the rapid growth typical of Texas utilities, with revenues increasing 173% during 1950-59 and share earnings 94%. The price of the common stock has increased from 8 in 1950 (after adjusting for splits) to about 40 bid in the recent over-the-counter market. The continued population growth in the area is reflected in the increase in the number of customers. As of Dec. 31, 1959, the company served 93,307 customers, an increase of 7,392 over 1958. This increase establishes a new record for customers added to the company lines in one year.

The military establishments served by the company continue to increase in size and demand for electric power. The installation early in 1959 of a 69,000 volt line to serve a new missile firing range increases to six the nearby permanent military installations now being served by the company. LasCruces, New Mexico, adjacent to the White Sands Missile Range, continues to grow; its present population is estimated at 29,500.

The copper industry, which includes the local plant of Phelps Dodge Refining Corporation, an electrolytic refinery, experienced a substantial increase in business during the first part of 1959; a disagreement with labor resulted in its closing in August, 1959, adversely affecting 1959 earnings. Reopening of the refinery on Feb. 10, 1960 is expected to improve 1960 earnings.

Following is the company's record over the past decade:

| Year | Revenues (Mill.) | Share Earnings* | Approx. Range | % Earned on Net Property |
|---|---|---|---|---|
| 1960 | ---- | ---- | 40 - 34 | -- |
| 1959 | $17.3 | $1.69 | 37 - 30 | 6.9% |
| 1958 | 15.6 | 1.57 | 35 - 22 | 7.7 |
| 1957 | 13.8 | 1.40 | 25 - 20 | 7.0 |
| 1956 | 12.4 | 1.36 | 23 - 19 | 7.5 |
| 1955 | 11.0 | 1.22 | 22 - 18 | 7.7 |
| 1954 | 9.9 | 1.22 | 18 - 13 | 7.8 |
| 1953 | 9.0 | 1.06 | 14 - 11 | 7.6 |
| 1952 | 8.1 | 0.98 | 12 - 11 | 8.2 |
| 1951 | 7.2 | 0.91 | 11 - 8 | 7.7 |
| 1950 | 6.3 | 0.87 | 10 - 8 | 7.9 |

*Adjusted for 2-for-1 splits in 1951 and 1957.

The company normalizes tax savings resulting from accelerated depreciation. The credit for interest charged to construction last year amounted to $321,000, or about 16¢ a share, compared with 12¢ in the previous year; with the current completion of the large new generating plant it appears likely that the credit will be smaller this year.

Earnings for the 12 months ended April 30, 1960 were $1.81, up 13% over the previous 12 months. However, a stock dividend of 1 share for 15 was paid June 2, resulting in a dilution of nearly 7%, and based on the new number of shares earnings would be reduced to about $1.70. For the calendar year 1960 earnings are estimated at about $1.75. Judging from the excess generating capacity which the company will now enjoy as a result of the new steam plant, it appears likely that share earnings can continue to increase at a substantial growth rate over the next three or four years.

During the past four years the company's average compounded gain in share earnings was 9%. The stock pays $1.16 to yield 2.9%. The price-earnings ratio is about 24 times the latest earnings (as adjusted for the stock dividend) which compares with recent P-E ratios for larger Texas growth utilities of about 30 for Central & South West, 29 for Texas Utilities, 28 for Houston Lighting and 26 for Southwestern Public Service. The Florida utilities sell at multiples of 30-35 or more.

## Renshaw, McKeown

DETROIT, Mich.—Renshaw, McKeown & Young, Inc. is engaging in a securities business from offices in the Buhl Building. Robert F. McKeown is a principal of the firm.

## Form Ernst Wells Inc.

Ernst Wells Inc. has been formed to engage in a securities business. Offices will be located at 15 William Street, New York City.

## Accredited Investors

SYRACUSE, N. Y. — Accredited Investors Services, Inc. has been formed with offices at 1960-753 James Street to engage in a securities business.

## Murray Woodbrow Opens

YONKERS, N. Y.—Murray Woodbrow is engaging in a securities business from offices at 30 South Broadway.

# Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Treasury is expected to announce today (June 30) the way in which it will raise the first new money of the fiscal year which commences on July 1. The guesses are that the new money will be obtained through a package deal with one segment being short, the other an intermediate-term maturity. There is practically no opinion in the financial area that a long-term bond will be part of the new money operation.

The milling back and forth in the bill market is considered to be a temporary happening since most money market experts believe that the demand for the most liquid Government issues will continue to be sizable for quite some time yet. The higher British bank rate was expected and, for the present, should not have any important effect on our money market.

**Treasury to Seek About $3.5 Billion**

The new cash which the Government will have to obtain at the very beginning of another fiscal period has been overhanging the money market for quite a spell. And it has had much more than a passing influence on what investors have done with their funds. The fact that the Treasury is in the market very frequently, either for refunding or new money purposes, does not give the market very much time to digest the securities which have been used for the meeting of maturities or the raising of needed cash. Evidently there will not be very much of a change in this pattern of operation unless there is a decrease in interest rates or the long-term interest rate limit of 4¼% is changed or eliminated entirely.

The new money which the Treasury will raise is estimated to be between $3,000,000,000 and $3,500,000,000. It is evident from the talk which is being heard that the financial district expects this to be obtained in part through a short-term issue, probably a tax anticipation obligation. The other issue or issues which are being talked about should fall in the intermediate-term range, with guesses that they will be between two and four years in length. However, in spite of the fact that the Treasury does not appear to have too much latitude in this impending venture, there is always that desire to spring a surprise whenever it is possible to do so.

**Treasury Bills in Demand**

The demand for near-term obligations, although shaded somewhat in the past week or so, still is on the large side and is not likely to contract much more in spite of the beliefs that the supply of such debt will be increased. Corporations and to a much lesser degree other investors such as banks, insurance companies, mutual funds and charitable organizations continue to make purchases of Treasury bills. There is evidently a growing need for short-term obligations and, as long as rates are high enough to attract those with funds that must be kept liquid, there will be a good demand for Treasury bills. Until there is a real concerted move to rebuild inventories, or a rekindling of the flames of inflation, the short-term market should be good.

The intermediate-term obligations have been under a good sized shadow because this is the area in which the Government must do the bulk of its money raising and refunding of securities as they come due. This seems to mean that purchases of the middle-term obligations should be done entirely for maturity purposes.

As for the long-term issues, that is Government bonds, there apparently is attraction here mainly to those investors who must have a sizable amount of their funds in Federal obligations. Again, the return available in corporates and tax-free bonds is larger than the yield one gets in long Governments.



# STATE OF TRADE AND INDUSTRY

*Continued from page 4*

December. Long-term borrowing costs to business firms are also lower but not to so marked a degree. Prices of corporate equity issues have been volatile so far in 1959, but in general, costs of equity financing remain close to the postwar lows.

Already noted in a previous release is OBE's finding that the U. S. balance of international payments has improved so far this year. Our adverse foreign payments balance has been reduced but not eliminated. In the first quarter, this balance was close to a $3 billion annual rate, compared with a $3.8 billion deficit reported for 1959. Further improvement was recorded in the trade figures for April which show an extension of the rise in exports, the major factor in the recent balance of payments shift.

**Working Capital of United States Corporations Up $1.9 Billion**

The net working capital of U. S. corporations, excluding banks and insurance companies, amounted to $130.7 billion on March 31, 1960, a gain of $1.9 billion since the end of 1959, according to estimates made public by the Securities and Exchange Commission. This rise in net working capital reflects an increase of $2.0 billion in total current assets while total current liabilities remained little changed from the level of the prior quarter. Manufacturing firms accounted for about half of the increase with a rise of $900 million.

Combined holdings of cash and U. S. Government secuirties declined $3.6 billion during the first quarter to a level of $57.1 billion at the end of the first quarter. Manufacturing firms accounted for $2.4 billion of this decrease. The ratio of these two items to current liabilities, a rough measure of corporate liquidity, was 41% at the end of March compared with 44% at the end of 1959. The decline in liquidity in part reflects the sharp increase in inventories coupled with liquidations of trade payables and the seasonal influence of tax payments.

Corporate inventories rose to a record $87.2 billion at the end of March, a gain of $3.6 billion for the quarter. Gains of $2.2 billion and $1.4 billion in the manufacturing and trade groups, respectively, accounted for the advance. Trade notes and accounts receivable, and miscellaneous current assets, each advanced by about $1.0 billion over the quarter.

**Bank Clearings Rise 18.1% For Week Ended June 25**

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, June 25, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 18.1% above those of the corresponding week last year. Our preliminary totals stand at $29,513,187,044 against $24,998,984,424 for the same week in 1959. Our comparative summary for the leading money centers for week ended June 25 follows (000 omitted):

| | 1960 | 1959 | % |
|---|---|---|---|
| New York | $15,778,282 | $12,542,487 | +25.8 |
| Chicago | 1,247,235 | 1,202,210 | + 3.7 |
| Philadelphia | 1,167,000 | 1,149,000 | + 1.6 |
| Boston | 1,011,014 | 815,311 | +24.0 |

**Signs Lacking of Major Upturn In Steel Order**

Positive signs of a major steel pickup in August are hard to find, *The Iron Age* reports.

The national metalworking weekly says that the big steel users, other than automotive, are not talking about a major reversal in their buying policies.

And unless these traditionally important steel consumers come in with big orders, the late summer upturn is not going to come close to boom size, the magazine says.

*The Iron Age* lists these signs that point the way to an upturn in late summer:

Automotive companies are beginning to place orders that indicate a buildup of auto production to a high point in October.

Inventory cutbacks have to end eventually.

The summer vacations and other seasonal factors have dropped steel ordering to an abnormal low. The end of vacations will automatically mean a brisker rate of steel orders.

Working against these factors is the lethargy of big steel consumers. Their failure to support the market is the principal reason for the present low state of steel operations.

Unfortunately, the magazine comments, there is little reason to expect a significant change in their ordering. Here's why:

Steel warehouses are loaded with inventory and sales are not good.

The railroads are not scheduling any big car building programs. In fact, freight car orders are low and backlogs fast dwindling.

The appliance industry has high stocks of steel and very high inventories of finished products in dealer and distributor hands.

The oil country goods market is feeble and no recovery is in sight. Shipments of tubular products have been running only about 8 to 10% of the steel total. Traditionally, they run about 12%.

Construction has not picked up as expected and there is little reason to expect any reversal in building.

Against the pessimistic outlook, the magazine points out that the positive factors of automotive orders, inventory buildup and end of seasonal declines should come at almost the same time. If this happens, the steel market can make a fast recovery. In addition, if retail buying holds up or increases, steel operations can come back relatively strong.

The magazine notes that automotive orders in the past week were encouraging. The flat-rolled market has held up well and the outlook for continued high rate of production of flat-rolled products is good.

**Steel Mills to Extend July 4 Holiday Weekend Shutdowns**

Look for longer than usual shutdowns of steel mills in the wake of the July 4 holiday, *Steel*, the metalworking weekly, said.

Since orders for steel are still trailing shipments, producers will not be in any hurry to resume melting operations — even on a limited scale. They will give demand a chance to catch up with supply.

Normally, the holiday would be a long weekend—starting at midnight on Friday, July 1, and ending at midnight on Monday, July 4. Steelmakers would tap open hearths on Sunday but would not charge them again until early Tuesday. Four of 21 turns would be lost, or about 20% of the week's output.

Because demand is poor and mill inventories of finished steel are high this year, the shutdowns will be extended.

Some steelmakers will keep furnaces idle through July 10; others will not resume production until midmonth. Mills down for vacations or repairs will stay down.

But some mills that normally shut down for two weeks in July are not going to do it this year. They are going to continue working—not because of an upturn in demand for their products but because they fear that a shutdown wold cost them sales. Staying open may generate enough extra business to offset higher costs. More important, it may prevent losing valued customers.

*Steel* predicted that next week the ingot rate will hit bottom for the year: 50% or even lower. It expects July operations to average about 55% of capacity (vs. 61% in June, 70% in May, 80% in April, and 91% in March). July production will be about 6.7 million ingot tons.

While July will probably be the worst month of the year for production and shipments, the order entry may be as large as June's. Automakers are expected to book sizable tonnage toward the end of the month for September delivery.

This week, the ingot rate will drop again. Steelmakers operated their furnaces last week at 61% of capacity, down 1.3 points. Output was about 1,739,000 ingot tons.

The scrap market is getting support from exports. Third quarter Japanese requirements will exceed 750,000 tons, while England plans to import 100,000 tons. Domestic demand prospects are still unpromising. *Steel's* scrap price composite on No. 1 heavy melting grade remained at $31.33 a gross ton for the third week.

A big growth in instruments and related products over the next two dacades is predicted in the second of six metalworking studies prepared for *Steel* by Eddy-Rucker-Nickels Co., management consulting firm. Value added by manufacture will be almost five times greater in 1980 than it was this year. Employment will more than double, reaching 716,000. Productivity will climb 62%. Instrument and related equipment prices may double.

**This Week's Steel Output Based On 54.8% of Capacity**

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *97.1% of steel capacity for the week, beginning June 27 equivalent to 1,560,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *108.3% and 1,739,000 tons in the week beginning June 20.

Actual output for last week beginning June 20, 1960 was equal to 61.1% 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 54.8%.

A month ago the operating rate (based on 1947-49 weekly production) was *107.4% and production 1,726,000 tons. A year ago the actual weekly production was placed at 2,215,000 tons, or *137.9%.

*Index of production is based on average weekly prodction for 1947-49.

**Metalworking Industry Optimistic On Second Half of 1960**

A solid vote of confidence in second half business has been cast by the men who manage metalworking.

*Steel* magazine asked 6,100 general managers of metalworking plants how they think their plants will fare in 1960's second half. They believe:

*Sales* (in dollars) will climb 3.8% above those of the first half. Sales for all of 1960 will rise 5.1% above the 1959 level—giving metalworking a record $152 billion year.

*Profits* will improve but not in proportion to sales.

*Prices* will hold almost steady on the average—although most managers see widespread price warfare continuing.

*Costs* will rise as labor wins new gains, marketing budgets are boosted, research and development efforts get more dollars.

*Manufacturing capacity* will be boosted 4.7% with much of the increase coming as a byproduct of modernization programs.

*Employment* will edge up—with the biggest gains coming in small plants.

Comments from managers indicate that U. S. metalworking is facing the toughest competition in its history in the fight for world markets, *Steel* said.

Name a metalworking product and there's a foreign firm producing—or planning to produce—it. Our competitors abroad have the labor force, the raw materials, most of the equipment, and the capital to compete—and they get those resources at far below our cost, the metalworking weekly said.

**Electric Output 3.4% Above 1959 Week**

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 25, was estimated at 14,213,000,000 kwh., according to the Edison Electric Institute. Output was 160,000,000 kwh. above that of the previous week's total of 14,053,000,000 kwh. and showed a gain of 464,000,000 kwh., or 3.4% above that of the comparable 1959 week.

**1960 Car Production Already Close to Output for 1959 Model Year**

In keeping with plans to build 600,000 cars in June for only the third time in history, U. S. auto makers increased their production

1.8% in week ended June 25, *Ward's Automotive Reports* said. Production of 140,154 automobiles compared with 137,641 last week when the industry's 76,000,000th post World War II car was built. In the same week last year 127,217 cars were assembled.

Gains and declines by car line were slight during the week, *Ward's* said, as the industry operated in a pattern of short and overtime work weeks.

While 10 industry assembly plants worked four days or less and others five days, Falcon and Rambler planned six-day operations. Scheduling gave the Ford compact car a record 12,643 completions. Previous peak of 11,893 was set April 11-16.

The statistical agency said General Motors Corp. accounted for 42.6% of the week's U. S. car output, Ford Motor Co. 29.7% and Chrysler Corp. 17.6%. American Motors and Studebaker-Packard added 8.3% and 1.8%, respectively.

*Ward's* said the week's car output brought the cumulative 1960 model year production to 5,238,237, only 6% short of equaling the entire 1959 model run total of 5,568,000, a mark that will be passed by mid-July.

The reporting service added that in the Detroit area alone 1960 model car output—1,035,590 units as of June 1—already has passed the 974,000 assemblies posted in the entire 1959 model run. It attributed the gain importantly to the new compact cars.

Some 25.2% of Detroit area auto assembly has gone to the compact models which in Michigan as a whole have accounted for 17.6% of a 1,481,659 volume, boosting the state's share of entire U. S. auto output to a three-year high of 31.3% so far this year vs. 28.3% in the entire 1959 model year.

*Ward's* said truck output held steady, totaling 25,818 units vs. 25,720 last week. Two Chevrolet plants were idled for inventory adjustment and White Motor in Cleveland and Divco in Detroit were down for vacation and inventory realignment, respectively.

**Freight Car Loadings 10.3% Below For June 18 Week**

Loading of revenue freight for the week ended June 18, 1960, totaled 649,830 cars, the Association of American Railroads announced. This was a decrease of 74,448 cars or 10.3% below the corresponding week in 1959 but an increase of 21,820 cars or 3.5% above the corresponding week in 1958.

Loadings in the week of June 18 were 1,367 cars or two-tenths of 1% above the preceding week.

There were 11,239 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended June 11, 1960 (which were included in that week's over-all total). This was an increase of 2,570 cars or 29.6% above the corresponding week of 1959 and 5,500 cars or 95.8% above the 1958 week. Cumulative loadings for the first 23 weeks of 1960 totaled 242,407 for an increase of 65,785 cars or 37.2% above the corresponding period of 1959, and 133,513 cars or 122.6% above the corresponding period in 1958. There were 53 class I U. S. Railroad systems originating this type traffic in the current week compared with 49 one year ago and 40 in the corresponding week of 1958.

**Inter-City Truck Tonnage 5.8% Below 1959 Week**

Intercity truck tonnage in the week ended June 18, was 5.8% below the volume in the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was 1.5% 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.

**Lumber Shipments 0.7% Above Production During Week Ended June 10**

Lumber shipments of 453 mills reporting to the National Lumber Trade Barometer were 0.7% above production during the week ended June 18, 1960. In the same week, new orders of these mills were 4.7% below production. Unfilled orders or reporting mills amounted to 29% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 16 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 4.3% below production; new orders were 6.8% below production.

Compared with the previous week ended June 11, 1960, production of reporting mills was 3.2% above; shipments were 6.1% above; orders were 3.3% above. Compared with the corresponding week in 1959, production of reporting mills was 3.9% below; shipments were 5.8% below; and new orders were 1.9% above.

**Decline in Business Failures in Week Ended June 23**

Commercial and industrial failures fell to 296 in the week ended June 23 from the high of 353 in the preceding week, reported Dun & Bradstreet, Inc. Although casualties remained considerably above the 256 in the comparable week a year ago, they were below the 335 in 1958 and down 5% from the prewar level of 310 in the similar week of 1939.

Failures involving liabilities of $5,000 or more declined to 256 from 309 in the previous week but exceeded the 223 of this size last year. There was a dip in small casualties, those with liabilities under $5,000, to 40 from 44 a week earlier although they remained above their toll of 33 a year ago. Forty-one of the failing businesses had liabilities in excess of $100,000 as against 45 in the preceding week.

**Wholesale Commodity Price Index Hits Lowest Level in Five Years**

Reflecting lower prices on grains, flour, lard, steers, lambs, and steel scrap, the general commodity price level hit the lowest level in over five years last week. On June 23, the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 270.99 (1930-32=100), the lowest level since June 6, 1955 when it was 270.81. On June 27, the index stood at 271.10, compared with 271.84 a week earlier, and 276.86 on the corresponding date a year ago.

Despite heavy rains and damaging weather in some growing areas, wheat harvesting picked up and trading was limited; this held prices appreciably below the preceding week. Both domestic and export buying of wheat lagged. Lagging flour sales and slow export buying resulted in a slight dip in rye prices.

Corn receipts were light and transactions were slow, holding corn prices somewhat below a week earlier. There was a marked dip in volume in oats and prices were fractionally lower. Reflecting slow oil and meal markets, soybeans prices moved down moderately from the preceding period.

Except for some scattered orders, flour trading remained dull and prices were down slightly. Export transactions in flour were also sluggish. Sales of rice to both domestic and export buyers were steady, and prices remained unchanged.

Although volume in sugar picked up moderately at the end of the week, prices finished unchanged from a week earlier. Following a moderate rise in trading, coffee prices edged up fractionally. Although cocoa volume showed little change from the prior period, prices were moderately higher.

Although the salable receipts of cattle moved up slightly in some markets, steer prices dipped moderately from the prior week as trading continued to lag. Hog prices showed little change during the week despite limited volume and lower supplies. A moderate decline in lamb prices occurred as transactions were sluggish.

Cotton prices held within a narrow trading range and showed little change from a week earlier on the New York Cotton Exchange. Exports for the week ended last Tuesday were estimated at 82,000 bales, compared with 97,000 a week earlier and 47,000 in the corresponding week last year. For the season through June 21, exports came to about 6,306,000 bales, as against 2,539,000 during the same period last year.

**Wholesale Food Price Index Up Fractionally From Prior Week**

After three consecutive declines, the wholesale food price index, compiled by Dun & Bradstreet, Inc., edged up fractionally from a week earlier, but it remained moderately below that of a year ago. On June 21 it stood at $5.91, up 0.3% from the prior week's $5.89, but 3.3% below the $6.11 of the corresponding date last year.

Commodities quoted higher in wholesale cost this week were beef, lard, sugar, cocoa, raisins, prunes, and hogs. Lower in price were flour, wheat, corn, rye, oats, barley, hams, bellies, coffee, cottonseed oil, and potatoes.

The index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

**Retail Trade Up Slightly From Year Ago**

The effects of bad weather in some areas were offset by extensive Father's Day sales promotions this week holding over-all retail trade close to the prior period, and the total dollar volume was up slightly from the similar 1959 week. The principal year-to-year gains occurred in women's apparel, outdoor furniture, linens, garden implements, and new passenger cars. Purchases of major appliances, floor coverings, and draperies were down somewhat from a year ago.

The total dollar volume of retail trade in the week ended June 22 was unchanged to 4% 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: South Atlantic +3 to +7; New England, West South Central, and Mountain +1 to +5; Middle Atlantic and East South Central 0 to +4; East North Central and West North Central—1 to +3; Pacific Coast —2 to +2.

**Nationwide Department Store Sales Up 3% June 18 Week**

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended June 18, 1960, show an increase of 3% above the like period last year. In the preceding week, for June 11, an increase of 2% was reported. For the four weeks ended June 18 a 1% increase was registered over the same period in 1959 while the Jan. 1 to June 18 period showed a 2% increase.

According to the Federal Reserve System department store sales in New York City for the week ended June 18 a 7% increase was reported over the like period last year. In the preceding week ended June 11 sales were 5% over the like period last year. For the four weeks ending June 18 a 3% increase was reported over the 1959 period, and from Jan. 1 to June 18 showed a 5% increase over 1959.

# Maxfield Brown With White, Weld

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Maxfield E. Brown has become associated with White, Weld & Co., 523 West Sixth Street. Mr. Brown, who has

Maxfield E. Brown

been in the investment business in Los Angeles for many years, was formerly with Hemphill, Noyes & Co. and prior thereto was manager of the trading department of the Los Angeles office of Shields & Company.

# First Philadelphia To Offer Kenrich Stock, Debens.

First Philadelphia Corp., of New York City, sometime in July plans the offering of $175,000 of Kenrich Petrochemicals, Inc. 7% 10-year convertible subordinated debentures due April 1, 1970 and 55,000 shares of class A common stock (par 20 cents). The debentures will be offered at 100% and the stock at $3.50 per share.

The company was incorporated under the laws of Delaware on July 1, 1959; as of that date it acquired, in exchange for 450,000 shares of its common stock, all of the issued and outstanding shares of capital stock and convertible notes, and related debt of Kenrich Corp., a predecessor corporation organized in 1947. The company was organized primarily to manufacture aromatic petroleum resins developed and patented in the name of Socony Mobil Oil Co., Inc., by one of the company's founders, an irrevocable license with respect thereto having been granted to the company.

## F. A. Zuniga Opens

Felix A. Zuniga is conducting a securities business from offices at 75 East Fifty-fifth Street, New York City.

## J. C. McGregor Opens

HICKSVILLE, N. Y.—John C. McGregor is conducting a securities business from offices at 29 Glow Lane.

## Mineo Investment Secs.

Ralph Mineo is engaging in a securities business from offices at 99 Wall Street, New York City, under the firm name of Ralph Mineo Investment Securities.

## Form Pariser Corp.

LONG BEACH, N. Y. — Michael Pariser Corp. is engaging in a securities business from offices at 129 West Olive Street.

## Radice Securities

FT. LAUDERDALE, Fla.—Radice Securities Corp. is engaging in a securities business from offices at 60 East Coral Center.

# Bevis Shell Secs. Offered

G. H. Walker & Co., Beil & Hough, Inc., and associates are offering today (June 30) 200,000 units of securities of Bevis Shell Homes, Inc. at $15.50 per unit. Each unit consists of five shares of common stock, one $8 par 9% subordinated sinking fund debenture and one 1962 warrant and one 1964 warrant.

The major portion of the net proceeds from the sale of the units will be used by the company's subsidiary to increase its holdings of mortgages placed on the "shell" homes sold by the company. The balance of the proceeds will be added to working capital and used for general corporate purposes.

Bevis Shell Homes, Inc., Tampa, Fla., is engaged principally in the construction of "shell" homes, which are residences constructed of wood or in some cases concrete block. The homes are completely finished on the outside with doors, windows, screens, trim and outside painting, but without gutters, drain spouts, flashing material, chimneys, or flue systems. Only in isolated cases does the company finish and complete any of the homes it constructs. Operations of the company are carried on in the States of Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina and Tennessee.

The 1962 warrants and the 1964 warrants expire Dec. 31, 1962 and Dec. 31, 1964, respectively, and entitle the holders to purchase as a unit, at any time prior to their expiration dates, one share of common stock and one $8 par 9% subordinated sinking fund debenture, at a unit price of $9.50 plus accrued interest on the debenture. The debentures will be redeemable at the company's option at redemption prices ranging from 110% to par, and for the sinking fund at the then current redemption price, plus accrued interest in each case.

For the year 1959, the company and its subsidiary had consolidated sales of $2,795,000. Upon completion of the current financing, outstanding capitalization of the company will consist of $2,346,000 of indebtedness and 1,420,000 shares of common stock.

Other members of the offering group are: McCarley & Company, Inc.; Goodbody & Co.; McDaniel Lewis & Co.; Courts & Co.; Hanrahan & Co., Inc., and A. M. Kidder & Co., Inc.

# Stock of Elect. Firm Offered

United Planning Corp., The James Company and Mutual Fund Sales Co., are offering today (June 30) 83,000 shares of Transistor Specialties, Inc. common stock (par 10 cents) at $3 per share.

The company is engaged in the design and manufacture of electronic devices such as transistor checkers, various transistorized regulated power supplies, and transistorized digital counters in the range of 100 KC, 1 MC and 10 MC.

The address of the company is Terminal Drive, Plainview, L. I., N. Y.

The net proceeds will be used for general corporate purposes.

## Clarence Pope Opens

MINOT, N. Dak.—Clarence Pope is engaging in a securities business from offices in the Braasch Bldg.

## Serina & Vadala

BROOKLYN, N. Y. — Victor C. Serina and Mario Vadala are engaging in a securities business from offices at 1226 Liberty Ave.

# 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.**
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. **Offering**—Imminent.

**Agricultural Research Development, Inc.**
May 23 (letter of notification) 120,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For construction of buildings, purchase of equipment and for working capital. **Address**—Wiggins, Colo. **Underwriter**—Ladet & Co., Inc., Denver, Colo.

**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.

**• Alderson Research Laboratories, Inc. (8/15-19)**
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.

**Allegheny Pepsi Cola Bottling Co.**
June 9, 1960, filed 200,000 shares of common stock and $500,000 of first mortgage bonds, due 1963 through 1972. **Price** — $5 per common share, and bonds at 100% of principal amount. **Proceeds**—To purchase the outstanding shares of the Cloverdale Spring Co., and the balance for the general funds. **Office**—Guildford Ave., Baltimore, Md. **Underwriter**—Weil & Co. of Washington, D. C.

**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.

**• Ameco Electronic Corp. (7/25-29)**
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. (7/25-29)**
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.

**• American Can Co. (7/15)**
June 16, 1960, filed 12,000 shares of 7% cumulative preferred stock (par 25), and 264,000 shares of common stock ($12.50 par). **Price**—To be supplied by amendment. **Proceeds**—To the estate of Paul Moore, selling stockholder. **Office**—100 Park Ave., New York City. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc.; Clark, Dodge & Co.; Glore, Forgan & Co.; Dean Witter & Co.

**• American Can Co. (7/13)**
June 16, 1960, filed $40,000,000 of 30-year debentures. **Price**—Offering price and interest rate to be supplied by amendment. **Proceeds**—For the reduction of short-term loans and the balance for the general funds. **Office**—100 Park Ave., New York City. **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co.

**American Electronics, Inc. (7/18-22)**
June 13, 1960, filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including construction and debt reduction. **Office** — 1725 West Sixth St., Los Angeles, Calif. **Underwriter**—Shields & Co., New York City.

**American Frontier Life Insurance Co.**
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share. **Offering**—Imminent.

**American League Professional Football Team of Boston, Inc. (7/11-15)**
June 3 filed 120,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For

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## NEW ISSUE CALENDAR

**July 5 (Tuesday)**

Associated Testing Laboratories, Inc.____Common
(Drexel & Co.) 75,000 shares
Automatic Cafeterias for Industry, Inc.__Common
(Richard Gray Co.) $126,600
Bruce National Enterprises, Inc.____Common
(George, O'Neill & Co., Inc.) $2,010,000
Cellomatic Battery Corp.____Units
(Willis E. Burnside & Co., Inc.) $300,000
Chemical Packaging Co., Inc.____Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500
Control Data Corp.____Common
(Dean Witter & Co.) 125,000 shares
Dynamic Films, Inc.____Common
(Morris Cohon & Co.) $300,000
E. S. C. Electronics Corp.____Common
(Laird, Bissell & Meeds) $300,000
Edgerton, Germeshausen & Grier, Inc.____Common
(Kidder, Peabody & Co.) 120,000 shares
Edwards Engineering Corp.____Common
(Sandkuhl & Company, Inc.) $297,500
Farrington Manufacturing Co.____Debentures
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000
Futterman Corp.____Class A
(Van Alstyne, Noel & Co.) 660,000 shares
General Sales Corp.____Common
(B. Fennekohl & Co., Inc.) 90,000 shares
Hampshire Gardens Associates____Units
(B. C. Morton & Co., Inc.) $376,000
Hotel Corp. of America____Debentures
(Bache & Co. and Bear, Stearns & Co.) $1,500,000
Midwest Technical Development Corp.____Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co. and Piper, Jaffray & Hopwood) 561,500 shares
Namm-Loeser's Inc.____Common
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares
National Packaging Corp.____Common
(First Securities Corp.) $360,000
Navigation Computer Corp.____Common
(Drexel & Co. and Townsend, Crouter & Bodine) 50,709 shares
Nebraska Consolidated Mills Co.____Common
(Offering to stockholders—no underwriting) $1,119,510
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
Republic Ambassador Associates____Units
(Lee Higginson Corp.) $10,000,000
Rosauer's Super Markets, Inc.____Preferred
(Foster & Marshall) $294,000
Sea-Highways, Inc.____Common
(John R. Maher Associates) $300,000
Triumph Storecrafters Corp.____Common
(Hardy & Hardy and First Southeastern Co.) 145,000 shares
Waltham Precision Instrument Co., Inc.____Common
(Offering to stockholders—underwritten by Schweickart & Co.) 700,000 shares
Wells Industries Corp.____Common
(Thomas Jay Winston & Co., Inc.) 300,000 shares
Win-Chek Industries, Inc.____Class A
(Michael G. Kletz & Co.) $450,000

**July 6 (Wednesday)**

Garrett Corp.____Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 100,000 shares
Illinois Bell Telephone Co.____Bonds
(11:00 a. m. EDT) $50,000,000
Liberty Records, Inc.____Common
(Crowell, Weedon & Co.) $1,200,000
Papercraft Corp.____Common
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) 130,063 shares
Sierra Electric Corp.____Common
(Marron, Sloss & Co., Inc.) $900,000
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
Safticraft Corp.____Common
(George, O'Neill & Co., Inc.) $825,000
United Research Inc.____Common
(Smith, Barney & Co.) $300,000

**July 11 (Monday)**

American League Professional Football Team of Boston, Inc.____Common
(Estabrook & Co.; F. S. Moseley & Co.; Tucker, Anthony & R. L. Day and White, Weld & Co.) 120,000 shares
American Rubber & Plastics Corp.____Common
(Hornblower & Weeks) 200,000 shares
American Sterilizer Co.____Common
(Glore, Forgan & Co. and Fulton, Reid & Co., Inc.) 150,000 shs.
Arnoux Corp.____Common
(Shearson, Hammill & Co.) 133,000 shares
Aviation Employees Corp.____Common
(Sterling, Grace & Co.) $5,000,000
Brook Labs. Co., Inc.____Common
(Sandkuhl & Company, Inc. and J. J. Magaril Co.) $297,000
C. F. C. Funding Inc.____Common
(Darius, Inc.) $150,000
Chemtree Corp.____Common
(Havener Securities Corp.) $262,750
Commercial Credit Co.____Notes
(First Boston Corp. and Kidder, Peabody & Co.) $50,000,000
Commonwealth Development & Construction Company____Common
(Vickers, Christy & Co., Inc.; First City Securities, Inc.) $300,000
Conetta Manufacturing Co., Inc.____Common
(Pearson, Murphy & Co., Inc.) $500,000
Consolidated Research & Mfg. Corp.____Units
(Bertner Bros.) $325,000
Drugs Associates, Inc.____Units
(Fidelity Securities & Investment Co., Inc.) $110,000
Drug Fair-Community Drug Co., Inc.____Common
(Auchincloss, Parker & Redpath) 150,000 shares
Drug Fair-Community Drug Co., Inc.____Units
(Auchincloss, Parker & Redpath) $500,000
Federal Steel Corp.____Common
(Westheimer & Co.) $295,000
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
Laclede Gas Co.____Bonds
(Bids 11:00 a. m. EDT) $10,000,000
Liberian Iron Ore Ltd.____Units
(White, Weld & Co., Inc.) 30,000 units
Metropolitan Development Corp.____Capital
(William R. Staats & Co.; Eache & Co. and Shearson, Hammill & Co.) 1,000,000 shares
Pauley Petroleum Inc.____Debentures
(William R. Staats & Co.) $10,000,000
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
Reeves Broadcasting & Development Corp.____Com.
(Laird & Co. Corp.) $2,336,960
Sav-A-Stop, Inc.____Common
(Pistell, Crow Inc.) $450,000
Swimming Pool Development Co., Inc.____Common
(Marron, Sloss & Co., Inc.) $1,250,000
Texas Capital Corp.____Common
(Dempsey-Tegeler & Co.) 350,000 shares
United States Boat Corp.____Common
(Richard Bruce & Co., Inc.) $700,000

**July 12 (Tuesday)**

Central Illinois Electric & Gas Co.____Bonds
(11:30 a.m.) $10,000,000
Skyline Homes, Inc.____Common
(Rodman & Renshaw) 115,000 shares

**July 13 (Wednesday)**

American Can Co.____Debentures
(Morgan Stanley & Co. and Clark, Dodge & Co.) $40,000,000
Dalto Corp.____Common
(No underwriting) 134,739 shares
Equitable Leasing Corp.____Common
(Courts & Co.) $100,000
Kenrich Petrochemicals, Inc.____Common
(First Philadelphia Corp.) $192,500
Kenrich Petrochemicals, Inc.____Debentures
(First Philadelphia Corp.) $175,000
Northern Illinois Gas Co.____Bonds
(Bids 10:00 a. m. CDST) $30,000,000

**July 14 (Thursday)**

Varian Associates____Capital
(Offering to stockholders—underwritten by Dean Witter & Co.) 216,645 shares

**July 15 (Friday)**

American Can Co.____Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.; Clark, Dodge & Co.; Glore, Forgan & Co. and Dean Witter & Co.) 264,000 shs.
American Can Co.____Preferred
(Merrill Lynch, Pierce, Fenner & Smith, Inc.; Clark, Dodge & Co.; Glore, Forgan & Co. and Dean Witter & Co.) 12,000 shares
Basic, Inc.____Common
(The First Boston Corp.) 123,808 shares
Cold Lake Pipe Line Co., Ltd.____Common
(Michael Fieldman) 200,000 shares
Compressed Concrete Construction Corp.____Common
(Capital Accumulation Corp.) $300,000
Pacotronics, Inc.____Common
(Myron A. Lomasney & Co.) $600,000
Willer Color Television System, Inc.____Common
(Equity Securities Co.) $242,670

**July 18 (Monday)**

American Electronics, Inc.____Common
(Shields & Co.) 300,000 shares
Astrotherm Corp.____Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $616,000
Avnet Electronics Corp.____Common
(Hemphill, Noyes & Co.) 150,000 shares
Avnet Electronics Corp.____Conv. Debentures
(Hemphill, Noyes & Co.) $2,000,000

Cubic Corp. ---------------------------------Capital
(Hayden, Stone & Co.) 50,000 shares
Custom Craft Marine Co., Inc.-------------Common
(R. A. Holman & Co., Inc.) $255,000
Dechert Dynamics Corp.-----------------Common
(Plymouth Securities Corp.) $300,000
Espey Mfg. & Electronics Corp.------------Common
(Sutro Bros. & Co.) 80,000 shares
Federated Electronics, Inc.----------------Common
(J. B. Coburn Associates, Inc.) $300,000
Lamtex Industries, Inc.--------------------Common
(Finkle, Seskis & Wohlstetter) $500,000
National Patent Development Corp.--------Common
(Globus, Inc. and Ross, Lyon & Co.) $150,000
Pyramid Electric Co.----------------------Common
(No underwriting) $291,443.75
Wheeler Fibre Glass Boat Corp.------------Common
(Morris Cohon & Co.) $400,000

**July 19 (Tuesday)**

New Jersey Power & Light Co.--------------Bonds
(11:00 a.m. EDT) $5,000,000

**July 20 (Wednesday)**

Atlantic Coast Line RR.---------Equip. Trust Ctfs.
(Bids to be invited) $4,815,000

**July 21 (Thursday)**

Southern Pacific Co.------------Equip. Trust Ctfs.
(Bids to be invited) $6,000,000

**July 25 (Monday)**

Ameco Electronic Corp.---------------------Common
(Palombi Securities Co.) $300,000
American Bowla Bowla Corp.-------------------Units
(Hill, Thompson & Co., Inc.) $312,500
American Research & Development Corp.-----Com.
(Lehman Brothers) 350,000 shares
Buzzards Bay Gas Co.----------------------Common
(Coffin & Burr, Inc.) 27,000 shares
Campbell Machine, Inc.--------------------Common
(J. A. Hogle & Co.) 102,500 shares
Chicago Musical Instrument Co.------------Common
(Smith, Barney & Co.) 260,000 shares
Colorado Real Estate & Development, Inc.----Com.
(Adams & Peck) $750,000
Deluxe Aluminum Products, Inc.------------Common
(R. A. Holman & Co., Inc.) $350,000
Deluxe Aluminum Products, Inc.---------Debentures
(R. A. Holman & Co., Inc.) $330,000
Evans Rule Co.----------------------------Common
(McDonnell & Co., Inc.) 145,000 shares
Florida Capital Corp.----------------------Common
(A. C. Allyn & Co., Inc.) 500,000 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-Tex Development, Inc.----------------Common
(Myron A. Lomasney & Co.) $1,250,000
Inter-County Telephone & Telegraph Co.----Com.
(Dean Witter & Co.) 125,000 shares
Itemco, Inc.------------------------------Common
(Morris Cohon & Co. and Schrijver & Co.) $500,000

Stelma, Inc.-------------------------------Common
(Amos Treat & Co., Inc.) 175,000 shares
Telephone & Electronics Corp.--------------Common
(Equity Securities Co.) $264,900
Variable Annuity Life Insurance Co. of America --------------------------------Common
(John C. Legg & Co.) 1,000,000 shares

**July 26 (Tuesday)**

Consumers Power Co.------------------Debentures
(11:00 a.m. EDT) $38,101,600
El Paso Natural Gas Co.-------------------Common
(Offering to stockholders—White, Weld & Co. Inc.) 1,140,000 shares
Fitchburg Paper Co.-----------------------Common
(White, Weld & Co.) 325,000 shares
Southern Counties Gas Co.------------------Bonds
(Bids to be invited) $22,000,000

**July 27 (Wednesday)**

Seaboard Air Line RR.-----------Equip. Trust Ctfs.
(Bids to be invited) $3,030,000

**July 28 (Thursday)**

Black Hills Power & Light Co.--------------Common
(Offering to stockholders—underwritten by Dillon, Read & Co., Inc.) 32,842 shares

**August 1 (Monday)**

Electri-Cord Manufacturing Co., Inc.-------Common
(E. M. North Co., Inc.) 299,700
Kings Electronics Co., Inc.-------------------Units
(Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co.) $800,000
Lestoil Products, Inc.------------------------Units
(Paine, Webber, Jackson & Curtis and Alex. Brown & Sons) $4,125,000
National Capital Corp.---------------------Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,200,000
Pearson Corp.-----------------------------Common
(R. A. Holman & Co., Inc.) 50,000 shares
Roto American Corp.-----------------------Common
(Morris Cohon & Co.) 75,000 shares
United Aero Products Corp.----------------Common
(L. C. Wegard & Co.; Street & Co., Inc.; Woodcock, Moyer, Fricke & French; First Broad Street Corp. Russell & Sax and V. S. Wickett & Co., Inc.) $300,000

**August 2 (Tuesday)**

Southwestern Bell Telephone Co.--------Debentures
(11 a.m. EDT) $100,000,000

**August 8 (Monday)**

Narragansett Capital Corp.-----------------Common
(G. H. Walker & Co.) $11,000,000
Norwalk Co., Inc.--------------------------Common
(Myron A. Lomasney & Co.) 100,000 shares

**August 15 (Monday)**

Alderson Research Laboratories, Inc.-----Common
(Morris Cohon & Co.) $300,000
Gold Medal Packing Corp.---------Conv. Preferred
(Ernst Wells, Inc.) $400,000

**August 17 (Wednesday)**

Harcourt, Brace & Co., Inc.---------------Common
(White, Weld & Co.) 493,425 shares

**August 22 (Monday)**

Chematomics, Inc. -------------------------Common
(Pleasant Securities Co.) $564,900

**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

**August 29 (Monday)**

Lee Filter Corp.----------------------------Capital
(Myron A. Lomasney & Co.) $962,500

**September 1 (Thursday)**

Rochester Telephone Co.---------------------Bonds
(Bids to be received) $12,000,000

**September 13 (Tuesday)**

Virginia Electric & Power Co.----------------Bonds
(Bids to be invited) $25,000,000

**September 14 (Wednesday)**

Utah Power & Light Co.----------------Debentures
(Bids to be invited) $17,000,000
Utah Power & Light Co.---------------------Common
(Bids to be invited) $10,000,000

**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

**September 28 (Wednesday)**

New York Telephone Co.----------------------Bonds
(Bids to be received) $60,000,000
New York Telephone Co.--------------------Common
(Bids to be received) $120,000,000

**October 4 (Tuesday)**

Alberta Gas Trunk Line Co.------------------Bonds
(No underwriting) $65,000,000

**October 6 (Thursday)**

Columbia Gas System, Inc.---------------Debentures
(Bids to be invited) $30,000,000

**October 18 (Tuesday)**

Louisville Gas & Electric Co.-----------------Bonds
(Bids to be invited) $16,000,000

**October 19 (Wednesday)**

Union Electric Co.---------------------------Bonds
(Bids 11 a.m. EDT) $50,000,000

**October 20 (Thursday)**

Florida Power Corp.--------------------------Bonds
(Bids to be invited) $25,000,000

**November 3 (Thursday)**

Georgia Power Co.----------------------------Bonds
(Bids to be invited) $12,000,000

**December 6 (Tuesday)**

Northern States Power Co. (Minn.)----------Bonds
(Bids to be invited) $35,000,000

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improvement of the Boston University Field, and the balance to pay organization expenses and for working capital. **Office** — 522 Commonwealth Avenue, Boston, Mass. **Underwriters**—Estabrook & Co. and F. S. Moseley & Co. both of Boston, Mass.; and Tucker, Anthony & R. L. Day and White, Weld & Co. both of New York City.

**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.**
March 30 filed registration of 127,500 shares of capital stock (par $10) being offered for subscription by stockholders of record on April 28, 1960 with rights to expire on July 11 at 3:30 p.m. (EDST). 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 Research & Development Corp. (7/25-8/12)**
June 28, 1960, filed 350,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available for investment in accordance with its investment policies, as the management may approve, (a) in new projects and (b) in company in which the issuer has already invested funds. **Office**—200 Berkeley St., Boston, Mass. **Business**—Registered investment company. **Underwriter**—Lehman Brothers, New York.

● **American Rubber & Plastics Corp. (7/11-15)**
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 Stereophonic Corp.**
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. **Offering**—Imminent.

● **American Sterilizer Co. (7/11-15)**
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.

● **Arco Electronics, Inc.**
May 10 filed 140,000 shares of class A common stock. **Price** — To be supplied by amendment. **Proceeds** — $350,000 for general corporate purposes and the balance for working capital. **Office**—New York City. **Underwriter** — Michael G. Kletz & Co., Inc., New York City. **Offering**—Expected sometime in July.

● **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 is offering the preferred shares at $52 per share, and common shares at $15 per share, 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 10 shares held. Common stockholders will be entitled to purchase the additional common shares at the rate of one new share for each 10 shares held. The record date for both groups is June 23 with rights to expire on or about Sept. 16. The debentures are convertible into common at $16.67 a share to July 1, 1965 and at $25 a share to July 1, 1970. **Proceeds**—To repay the equivalent portion of bank loans. **Office**—1900 West Slauson Ave., Los Angeles, Calif.

● **Arkansas Valley Industries, Inc. (7/25-29)**
June 9, 1960, filed $600,0000 of 6% convertible subordinated sinking fund debentures and 30,000 shares of common stock, $3 par. $200,000 of the debentures will be issued to Arkansas Valley Feed Mills, Inc.; the remainder of the registration will be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — To retire current bank loans and increase working capital. **Office**—Dardanelle, Ark. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo.

● **Arnoux Corp. (7/11)**
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.

**Associated Testing Laboratories, Inc. (7/5-8)**
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,

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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., Globus, Inc., and Harold C. Shore & Co., all of New York City.

**★ Atlantic Bowling Corp.**
June 27, 1960, filed 250,000 shares of common stock (no par. **Price**—To be supplied by amendment. **Proceeds**—To furnish and equip additional bowling centers, including the repayment of any temporary indebtedness so incurred, and for working capital. Any balance will be used for general corporate purposes, which may include equipment of additional bowling centers, or the purchase of such centers from others, and the reduction of indebtedness. **Office**—100 Medway Street, Providence, R. I. **Underwriters**—Sutro Bros. & Co., New York and McDowell, Dimond & Co., Providence, R. I.

**● Automatic Cafeterias for Industry, Inc. (7/5-8)**
May 31 (letter of notification) 42,200 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Dover, County of Kent, Del. **Underwriter** — Richard Gray Co., New York, N. Y.

**Aviation Employees Corporation (7/11-15)**
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. **Underwriter**—Sterling, Grace & Co., New York City.

**● Avnet Electronics Corp. (7/18-22)**
June 15, 1960, filed $2,000,000 of convertible debentures, due 1975, to be offered for public sale by the issuing company and 150,000 outstanding shares of common stock to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—Of the debentures: to repay short-term bank loans, to maintain inventory, and for working capital. **Office**—70 State St., Westbury, Long Island, N. Y. **Underwriter**—Hemphill, Noyes & Co., New York City.

**● Bahamas 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. **Note**—The company states that this offering is to be made to a limited number of investors.

**★ Bal-Tex Oil Co., Inc.**
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

**Basic, Inc. (7/15)**
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.**
May 19, 1960, filed $6,657,900 of 4¾% convertible subordinated debentures due 1980, being offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 13 common shares held with rights to expire on July 13, at 3:30 p.m. EDT. **Price**—100% of principal amount. **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.

**★ Benson-Lehner Corp.**
June 27, 1960, filed 75,000 shares of common stock, of which 67,500 shares are to be offered for public sale by the company and 7,500 shares, being outstanding stock, by the present stockholders thereof. **Price** — To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term bank loans the proceeds of which were used for working capital, $100,000 will be advanced to subsidiaries as working capital, and the balance will be added to the company's working capital. **Office**—1860 Franklin St., Santa Monica, Calif. **Business**—Engaged in the development, manufacture and sale of data processing equipment, research and service in the field of information retrieval, and the development, manufacture and sale of scientific cameras. **Underwriter** — Bear, Stearns & Co., New York.

**★ Black Hills Power & Light Co. (7/28-8/11)**
June 28, 1960, filed 32,842 shares of common stock, to be offered initially for subscription of holders of outstanding common stock on the basis of one new share for each 12 shares held. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, and funds on hand, will cover the remaining cost of the company's fiscal 1960 construction program, including the repayment of interim bank loans obtained for such purpose. **Office**—621 Sixth St., Rapid City, S. Dak. **Underwriter**—Dillon, Read & Co. Inc., New York.

**★ Bristol Dynamics, Inc.**
June 28, 1960, filed 124,000 shares of common stock, of which 69,000 shares are to be offered for public sale for the account of the issuing company and 55,000 shares, being outstanding stock, by the present holders thereof. **Price**—$6 per share. **Proceeds**—$100,000 for expansion and further modernization of the company's plants and equipment; $100,000 for research and development of new products; and the balance (about $123,000) for working capital and other corporate purposes. **Office**—219 Alabama Ave., Brooklyn, N. Y. **Business**—Designing, engineering, manufacturing, producing, and selling electrical and mechanical assemblies, electronic and missile hardware components and special tools and fabrications. **Underwriter**—William David & Co., Inc., New York.

**● Brook Labs. Co., Inc. (7/11-15)**
May 31 (letter of notification) 108,000 shares of common stock (par 10 cents) of which 28,000 shares are being sold for selling stockholders. **Price** — $2.75 per share. **Proceeds**—For general corporate purposes. **Office**—650 Lincoln Place, Brooklyn 16, N. Y. **Underwriters**—Sandkuhl & Company, Inc., New York City and Newark, N. J. and J. J. Magaril Co., 37 Wall St., New York, N. Y.

**● Bruce National Enterprises, Inc. (7/5-6)**
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George, O'Neill & Co., Inc., New York.

**● Buzzards Bay Gas Co., Hyannis, Mass. (7/25-29)**
June 7 filed 27,000 outstanding shares of common stock, to be offered for sale by American Business Associates. **Price** — To be supplied by amendment. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

**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, Texas and Straus, Blosser & McDowell, Chicago, Ill. **Note**—This offering has temporarily been postponed.

**C. F. C. Funding Inc. (7/11-15)**
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.**
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. **Offering**—Imminent.

**★ California Life Insurance Co.**
June 14, 1960 (letter of notification) 8,766 shares of class A stock (par $5) and 4,168 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of .147 shares purchased for each share of class A held and the same amount of common stockholders. **Price**—For class A stock, $28.55 per share; for common stock, $5.71 per share. **Office**—4334 MacArthur Blvd., Oakland, Calif. **Underwriter**—None.

**Campbell Machine, Inc. (7/25-29)**
June 20, 1960, filed 102,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Foot of Eighth Street, San Diego, Calif. **Business**—The company conducts a shipyard business which consists of repair and maintenance of U. S. Navy and commercial vessels. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

**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.

**Castleton's, Inc.**
June 13 (letter of notification) 160,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—1350 Foothill Road, Boulevard, Salt Lake City, Utah. **Underwriters**—Potter Investment Co. and Whitney & Co., Salt Lake City, Utah.

**Cavitron Corp.**
June 17, 1960, filed 40,000 shares of common stock. **Price** $15 per share. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

**● Cellomatic Battery Corp. (7/5-8)**
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.

**★ Cenco Instruments Corp.**
June 23, 1960, filed $5,000,000 of convertible subordinated debentures due Aug. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—1700 W. Irving Park Rd., Chicago 13, Ill. **Underwriter** — Lehman Brothers, New York. **Offering**—Expected mid-to-late July.

**● 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 up to 11:30 a.m..

**★ Chematomics, Inc. (8/22-26)**
June 24, 1960, filed 188,300 shares of common stock (par 10 cents), of which 175,000 are to be offered for public sale by the company and 13,300 shares, being outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd Street, New York, N. Y. **Business**—Intends to manufacture and market high heat resistant ion exchange resins. **Underwriter**—Pleasant Securities Co., Newark, N. J.

**● Chemical Packaging Co., Inc. (7/5-8)**
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.

**● Chemtree Corp. (7/11-15)**
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.

**Chicago Musical Instrument Co. (7/25-29)**
June 15, 1960, filed 260,000 shares of common stock (par $1), of which 40,000 are to be offered for public sale by the company and 220,000 are outstanding and are to be offered for the account of present holders. **Price**—To be supplied by amendment. **Proceeds**—From the public offering, will be used for normal expansion and possible acquisitions. **Office**—7373 North Cicero Ave., Chicago, Ill. **Underwriter**—Smith, Barney & Co. of Chicago, Ill. and New York City.

**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.

**★ City Gas Co. of Florida**
June 27, 1960, filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** —Together with other funds, will be used for repayment of $2,800,000 of bank loans which are expected to exist in such amount at the time of closing the stock financing, $500,000 to complete the company's conversion and construction program, and the balance for general corporate purposes. **Office**—955 East 25th St., Hialeah, Fla. **Business** — The company and its subsidiaries distribute gas through underground distribution systems in the Miami area which are in the process of conversion from liquified petroleum gas to natural gas systems. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected in August.

**● Cold Lake Pipe Line Co., Ltd. (7/15)**
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 Real Estate & Development, Inc. (7/25-29)**
June 23, 1960, filed 150,000 shares of common stock (par $2). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 704 Midland Savings Building, Denver, Colo. **Business**—Intends to engage in the acquisition of unimproved acreage, the development of that acreage into prepared sites for single-family homes, multiple dwellings and commercial improvements, and the sale of those sites to builders and others. **Underwriter**—Adams & Peck, New York.

**Columbia Technical Corp.**
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. **Offering**—Imminent.

**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.

**● Commercial Credit Co. (7/11-15)**
June 9, 1960, filed $50,000,000 of senior notes, due July 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—300 St. Paul Place, Baltimore, Md. **Underwriters**—First Boston Corp. and Kidder, Peabody & Co. (managing the books), both of New York City.

**Commonwealth Development & Construction Co. (7/11-15)**
May 24 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—11th & Main Sts., Pennsburg, Pa. **Underwriters**—Vickers, Christy & Co., Inc., 15 William St., New York, N. Y. and First City Securities, Inc., New York, N. Y.

**● Compressed Concrete Construction Corp. (7/15)**
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.

**★ Computer Equipment Corp.**
June 17, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—For working capital, market analysis, and research. **Office**—1931 Pontius Avenue, Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

**Conetta Manufacturing Co., Inc. (7/11-15)**
June 3 filed 125,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes including the reduction of indebtedness, the purchase of machinery and equipment, and for working capital. **Office**—73 Sunnyside Ave., Stamford, Conn. **Underwriter** — Pearson, Murphy & Co., Inc., New York City.

**● 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 due Oct. 1, 1991 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 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.

**● Consumers Power Co. (7/26)**
June 15, 1960, filed $38,101,600 of convertible debentures, due 1975, to be offered for subscription by holders of record as of 3:30 p.m. EDT, July 26, at the rate of $100 of debentures for each 25 shares of stock then held with no oversubscription privilege, and rights to expire on Aug. 12, at 4:30 p.m. EDT. **Price** — 100% of principal amount. **Proceeds**—For the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. and Harriman Ripley & Co. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly). **Bids**—Expected to be received on July 26 at 11:00 a.m. (New York Time). **Information Meeting**—Scheduled for July 22 at 11:00 a.m. at the Bankers Trust Co., 16 Wall St., New York City, 12th floor.

**★ Consumers Water Co.**
June 21, 1960 (letter of notification) 3,500 shares of common stock (par $1). **Price**—$28.25 per share. **Proceeds**—To go to a selling stockholder. **Office**—95 Exchange St., Portland, Me. **Underwriter**—H. M. Payson & Co., Portland, Me.

**★ Continental Boat Corp.**
June 15, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase raw materials, advertising and for working capital. **Office** — 1815 N. E. 144th St., North Miami, Fla. **Underwriter**—J. E. Coburn Associates, Inc., New York, N. Y.

**Control Data Corp. (7/5-8)**
June 2 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay $1,500,000 of bank loans and the balance to be used for working capital and general corporate purposes. **Office**—501 Park Avenue, Minneapolis, Minn. **Underwriter**—Dean Witter & Co. of Minneapolis, Minn. and New York City.

**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.

**★ Coyle's Voting Machine Co.**
June 17, 1960 (letter of notification) 21,629 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—To build an inventory of machines and for working capital. **Office**—42 E. Gay St., Columbus, Ohio. **Underwriter**—None.

**Cubic Corp. (7/18-22)**
June 8, 1960, filed 50,000 shares of capital stock, of which 25,000 shares are being offered for the account of the company, and 25,000 shares for the account of selling stockholders. **Price**—At-the-market at time of offering. **Proceeds**—For additional working capital. **Office**—5575 Kearney Villa Road, San Diego 11, Calif. **Underwriter**—Hayden, Stone & Co., New York City.

**Custom Craft Marine Co., Inc. (7/18-22)**
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. (7/13)**
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.

**● Dechert Dynamics Corp. (7/18-22)**
May 31, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses of offering, to pay instalment contracts, for electronics research and sales promotion, and other general purposes. **Office**—713 W. Main St., Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

**Deluxe Aluminum Products, Inc. (7/25-29)**
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.

**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.

**● Drug Associates, Inc. (7/11-15)**
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.

**Drug Fair-Community Drug Co., Inc. (7/11-15)**
June 10, 1960, filed $500,000 of subordinated sinking fund debentures, due Sept. 15, 1975, with attached warrants for the purchase of 25,000 shares of common stock A, $1 par, and 150,000 additional shares of said stock. These debentures and warrants will be offered in units consisting of a $500 debenture and a warrant for the purchase of 25 shares of stock. **Price**—$500 per unit, with the price of the stock to be supplied by amendment. **Proceeds**—Of the stock issue, the proceeds from the sale of 50,000 shares will go to selling stockholders. The proceeds from the remainder of the registration will be added to the issuer's working capital and, together with other funds, will be used to repay indebtedness and to open 15 new stores in 1960-61. **Office**—1200 South Eads St., Arlington, Va. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

**★ Dunbar Development Corp.**
June 22, 1960 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price** — $4 per share. **Proceeds**—For general corporate purposes. **Office**—237 Sylvester St., Westbury, L. I., N. Y. **Business**—Purchase of land and building of homes. **Underwriters**—Netherlands Securities Co., Inc., and J. A. Winston & Co., Inc., New York, N. Y.

**Durox of Minnesota, Inc.**
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn.

**★ Dwyer-Baker Electronics Corp.**
June 20, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To pay current maturity of mortgage and notes and for working capital. **Office**—7400 N. W. 13th Ave., Miami, Fla. **Underwriters** — Frank B. Bateman, Ltd., Palm Beach, Fla., and Hardy & Co., New York, N. Y.

**★ Dynamic Center Engineering Co., Inc.**
June 20, 1960 (letter of notification) 37,450 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To promote the sale of new products, for the purchase of additional equipment and working capital. **Address**—Norcross, Ga. **Underwriter**—Gaston-Buffington-Waller Inc., Atlanta, Ga.

**● Dynamic Films, Inc. (7/5-8)**
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.

**E. S. C. Electronics Corp. (7/5-8)**
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.

**★ Eastview Racquet Club, Inc.**
June 22, 1960 (letter of notification) 4,900 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporae purposes. **Office**—210 Main Street, Hackensack, N. J. **Underwriter**—None.

**● Edgerton, Germeshausen & Grier, Inc. (7/5-8)**
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. (7/5-8)**
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.

**Electri-Cord Manufacturing Co., Inc. (8/1)**
June 15 (letter of notification) 99,900 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2554 E. 18th Street, Brooklyn, N. Y. **Underwriter**—E. M. North Co., Inc., New York, N. Y.

**★ Electromagnetic Industries, Inc.**
June 22, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—Greeley Ave., Sayville, L. I., N. Y. **Business**—Manufactures and sells transformers, magnetic components and electric instrumentation and control devices. **Underwriter**—Flomenhaft, Seidler & Co., Inc., New York, N. Y.

**★ Electronic Developments, Inc. of Florida**
June 21, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To establish a new office, for salaries, research and development and working capital. **Office**—424 W. Davis Blvd., Tampa, Fla. **Underwriter**—Carr-Rigdon Co., Inc., 4700 Nolensville Rd., Nashville, Tenn.

**Electronic Specialty Co.**
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriters**—Reynolds & Co., Inc., of New York, and Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Expected in early August.

**El Paso Natural Gas Co. (7/26)**
June 21, 1960, filed 1,136,669 shares of common stock. Company proposes to offer the shares for subscription by common stockholders of record July 26, 1960, at the rate of one new share for each 15 shares then held, with rights to expire on or about Aug. 11, at 5:00 p.m. (EDT). **Price**—To be supplied by amendment. **Proceeds**—To be used in part to repay not less than $10,000,000 of current bank loans and the balance will be used largely for investment in the notes and common stock of subsidiary companies, principally El Paso Natural Gas Products Co. **Underwriter**—White, Weld & Co., Inc. (managing), New York City.

**● Equitable Leasing Corp. (7/13)**
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. (7/18-22)**
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.

**● Evans Rule Co. (7/25-29)**
June 17, 1960, filed 145,000 shares of common stock (par $1), of which 40,000 shares will be sold for the account of the company and 105,000 shares for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Business**—The company manufactures and sells precision steel measuring tapes and wood folding rules. **Proceeds**—To be used by the company to purchase two leased plants in Elizabeth, N. J. The balance of the proceeds will be added to working capital and will be

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available for general corporate purposes. **Office**—Elizabeth, N. J. **Underwriter** — McDonnell & Co. Inc., New York City.

**★ Evergreen Gas & Oil Co.**
June 20, 1960 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price** — 12½ cents per share. **Proceeds**—For expenses for oil and gas development. **Office**—E. 12707 Valleyway, Opportunity, Wash. **Underwriters**—Standard Securities Corp. and Pennaluna & Co., Spokane, Wash. and Herrin Co., Seattle, Wash.

**Fairmount Finance Co.**
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. **Offering**—Imminent.

**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.

**Farms, Inc.**
June 13 (letter of notification) $298,000 of 10-year 5¾% debentures, to be offered in denominations of $1,000, $500 and $250 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—818 17th Street, Denver 2, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

**● Farrington Manufacturing Co. (7/5-8)**
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.

**● Federal Steel Corp. (7/11-15)**
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. (7/18-22)**
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.

**★ Fiber Glass Industries, Inc.**
June 22, 1960 (letter of notification) 40,000 shares of class A common stock (par one cent). **Price**—25 cents per share. **Proceeds** — For general corporate purposes. **Office**—Homestead Place, Amsterdam, N. Y. **Business**—Distributes fibrous glass products nationally. **Underwriter**—None.

**★ Fischbach & Moore, Inc.**
June 28, 1960, filed 300,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriter**—Allen & Co., New York City.

**★ Fitchburg Paper Co., Fitchburg, Mass. (7/26-27)**
June 28, 1960, filed 325,000 shares of class A common stock, of which 217,000 shares are to be offered for public sale for the account of the issuing company and 108,000 shares being outstanding stock by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used to purchase and retire the outstanding preferred stock of the company at a cost not in excess of $114,000; to pay in full the outstanding 5¾% notes held by New England Mutual, the unpaid principal amount of which at June 1, 1960 was $787,500; $1,400,000 for construction of a new and larger plant for the Decotone Products Division; $450,000 for completion of a new office building; and the balance for additional working capital. **Underwriter**—White, Weld & Co., New York.

**● Florida Capital Corp. (7/25-29)**
June 9, 1960, filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To finance the issuer's investments in small business concerns, which will be engaged in land development or electronics. **Office** — 1201 Harvey Bldg., West Palm Beach, Fla. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

**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.

**Ford Electronics Corp.**
May 25 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase tooling, a 20% interest in Arizona Biochemical Corp. and for working capital. **Office**—c/o John N. Valianos, 4465 Petit Avenue, Encino, Calif. **Underwriter**—Thomas Jay Winston & Co., Inc., Beverly Hills, Calif. **Note**—The underwriter states that the amount of this offering is to be increased.

**● Foto-Video Electronics Corp.**
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 has withdrawn as underwriter. New underwriter is Fund Planning, Inc., New York City. **Offering**—Sometime in July.

**● 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, has withdrawn as underwriter. New underwriter is Van Alstyne, Noel & Co.

**● Garrett Corp. (7/6)**
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.

**General Sales Corp. (7/5-8)**
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York.

**★ General Testing Laboratories, Inc.**
June 22, 1960 (letter of notification) 100,000 shares of class A stock (par five cents). **Price**—50 cents per share. **Proceeds**—For general corporate purposes. **Office**—40-50 Commercial Avenue, Moonachie, N. J. **Business**—Environmental testing and research. **Underwriter**—None.

**Glass Magic Boats, Inc. (7/11-15)**
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. (7/25-29)**
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. **Note**—The company name has been changed to Transnation Realty Corp.

**Gold Medal Packing Corp. (8/15)**
June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). **Price**—At par. **Proceeds**—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. **Office**—614 Broad Street, Utica, N. Y. **Business**—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialties. It also sells certain dairy products. **Underwriter**—Ernst Wells, Inc., 15 William Street, 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.

**Guardian Central Trust, Inc.**
June 3 filed 484,862 shares of common stock, of which 200,000 shares are to be publicly offered, and the remaining shares are reserved for the acquisition of the stock of Guardian Discount Co. **Price**—$6 per share. **Proceeds**—From the public offering, to be invested in Guardian Discount Co. **Office**—1415 Union Avenue, Memphis, Tenn. **Underwriter**—James N. Reddoch & Co., Memphis, Tenn.

**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-Tex Development, Inc. (7/25-29)**
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.

**● Hampshire Gardens Associates (7/5-8)**
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.

**★ Harcourt, Brace & Co., Inc. (8/17)**
June 28, 1960, filed 493,425 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company is engaged in the publication and sale of junior high school, high school and college textbooks, workbooks, related materials, as well as general trade books. **Office**—750 Third Avenue, New York. **Underwriter**—White, Weld & Co., New York.

**★ Hawaiian Pacific Industries, Inc.**
June 29, 1960, filed $1,350,000 of 6½% convertible subordinated debentures, due September, 1970, and 100,000 shares of common stock. **Price**—Debentures, at 100% of principal amount; common stock, to be supplied by amendment. **Proceeds** — For construction expenses, new equipment, reduction of indebtedness, and the acquisition of properties. **Office** — Honolulu, Hawaii. **Underwriters**—Bosworth, Sullivan & Co. and Lowell, Murphy & Co., both of Denver, Colo.

**★ Hazel Bishop Inc.**
June 28, 1960, filed 1,157,200 shares of common stock to be offered for the account of selling stockholders. **Price**—To be offered from time-to-time on the ASE at prices current at time of sale. **Proceeds**—To selling stockholders. **Office**—New York City, N. Y. **Underwriter**—None.

**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.

**★ Honey Dew Food Stores, Inc.**
June 24, 1960 (letter of notification) $300,000 of 7½% convertible subordinated debentures due July 1, 1970. **Price** — At 100%. These debentures are convertible through June 30, 1965 into capital stock at $2.50 per share to and including June 30, 1962, at $3.33⅓ per share from

July 1, 1962 to June 30, 1964 inclusive and at $4 per share from July 1, 1964 to June 30, 1965 inclusive. **Proceeds** — For general corporate purposes. **Office** — 811 Grange Rd., Teaneck, N. J. **Underwriter** — Vickers, Christy & Co., Inc., 15 William St., New York 5, N. Y.

**● Hotel Corp. of America (7/5-8)**
May 17 filed $1,500,000 of convertible collateral trust debentures, due July 1, 1972, secured by the common stock of the company that operates the Hotel Mayflower in Washington, D. C. and of Fred Fear & Co. **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.

**★ Hupp Corp.**
June 9 (letter of notification) 32,000 shares of common stock (par $1) to be offered at $9.375 per share to stockholders of Gibco, Inc., in exchange for its common stock. If 12,116 or less shares of Gibco common are offered by stockholders before July 18, 1960, they will receive 2.6412 shares of Hupp common for each share of Gibco, and if more than 12,116 shares are offered, stockholders will receive the number of shares obtained by dividing the number offered into 32,000 shares. **Office**—1135 Ivanhoe Road, Cleveland, Ohio.

**★ Hydrocraft, Inc.**
June 20, 1960 (letter of notification) 180,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, increase plant capacity by adding additional molds and jigs, research and development and for working capital. **Office**—804 Lake St., Huntington Beach, Calif. **Underwriter**—Wedbush & Co., Los Angeles, Calif..

**Hydrometals, Inc.**
June 16, 1960 filed $2,500,000 of convertible debentures due 1972. The company proposes to offer the debentures for subscription by stockholders. **Price**—To be supplied by amendment. **Proceeds**—Approximately $490,000 will be used to retire loans made to furnish working capital and to finance the company's Hydro-T-Metal program, and $300,000 will be used to retire a loan made to finance the acquisition of a license to practice an electrothermal process for the production of metals from oxides and ores. The balance of such proceeds will be added to the general funds of the company. **Office** — 405 Lexington Ave., New York City. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

**★ Hyster Co.**
June 27, 1960, filed 130,000 shares of its common stock (par 50 cents). Of the total, 50,000 shares are being offered for the company's account and 80,000 shares by certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business** — The manufacturing and marketing of materials handling equipment. **Underwriter** — Blyth & Co., Inc., New York. **Offering**—Expected in August.

**● I C Inc.**
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo. **Offering**—Imminent.

**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. (7/6)**
June 9, 1960, filed $50,000,000 of first mortgage bonds, series G, due 1997. **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) at room 2315, 195 Broadway, New York City.

**● Inter-County Telephone & Telegraph Co. (7/25-29)**
June 16, 1960 filed 125,000 shares of common stock (par $4.16⅔). **Price** — To be supplied by amendment. **Proceeds**—$1,500,000 will be used to liquidate outstanding short-term bank loans and approximately $600,000 will be applied to reduction of accounts payable in connection with the company's continuing construction program. The remainder will be used to pay a portion of the 1960 construction expenditures estimated at $3,000,000. **Office**—1517 Jackson St., Fort Myers, Fla. **Underwriter**—Dean Witter & Co., New York.

**★ International Telephone & Telegraph Corp., Sud America**
June 21, 1960, filed $10,000,000 of debentures due July, 1977. **Price**—100% of principal amount. **Proceeds**—For subsidiaries and general funds. **Office**—67 Broad Street, New York City. **Underwriter**—Bear, Stearns & Co., New York.

**Investors Funding Corp. of New York**
June 17, 1960 filed $400,000 of 10% subordinated debentures (half due December 1964 and half due December 1965); $1,000,000 of 10% subordinated debentures (with common stock purchase warrants), due serially 1966-1970; and warrants for the purchase of 30,000 common shares, exercisable initially at $10 per share. **Price**—The debentures (including those with warrants) are to be offered for sale at 100% of principal amount. **Proceeds**—To be used primarily for the purchase or improvement of additional parcels of real estate, and some may be used to discharge debentures maturing in August, 1960. **Office**—511 Fifth Ave., New York. **Business**—The company's primary business is that of purchasing, developing, financing, investing in and selling real estate. **Underwriter**—None.

**● Itemco, Inc. (7/25-29)**
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. (7/13)**
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. 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.

**Laclede Gas Co. (7/11)**
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. **Bids**—Expected to be received on July 11 up to 11:00 a.m. EDT. **Information Meeting**—Scheduled for July 7 at 10:30 a.m. EDT at the Bankers Trust 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.

**★ Lee Electronics Inc.**
June 14, 1960 (letter of notification) 135,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To expand operations. **Office**—3628 Rhawn St., Philadelphia, Pa. **Underwriter** — Atlantic Equities Co., Washington, D. C.

**● Lee Filter Corp. (8/29)**
June 17, 1960, filed 110,000 shares of capital stock (par $1). **Price**—$8.75 per share. **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.

**● Lamtex Industries, Inc. (7/18-22)**
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

**Lestoil Products, Inc. (8/1-5)**
June 17, 1960 filed 275,000 shares of class A stock and 275,000 shares of common stock (par $1), to be offered for public sale in units, each consisting of one class A and one common share. **Price**—$15 per unit. **Proceeds**—To discharge certain indebtedness, and the balance will be added to working capital and be available for general corporate purposes. **Office**—Holyoke, Mass. **Business**—Company's principal products are Lestoil and Lestare. **Underwriters** — Paine, Webber, Jackson & Curtis, New York and Boston, and Alex. Brown & Sons, Baltimore, Md. and New York.

**● Liberian Iron Ore Ltd. (7/11-15)**
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. **Price**—For units, to be supplied by amendment, and not to be in excess of par. **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. (7/6)**
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.

**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 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.**
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. **Offering**—Expected sometime in August.

**Maule Industries, Inc.**
June 15, 1960, filed 254,322 shares of common stock, to offered to holders of the outstanding common at the rate of one new share for each three shares held. **Price**—$7 per share. **Proceeds** — For plant and modernization expenses. **Office**—Miami, Fla. **Underwriter**—None.

**★ Mercantile Discount Corp., Chicago, Ill.**
June 29, 1960, filed 128,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the capital fund to allow for the expansion of business and to increase borrowing capacity. Part of the proceeds may be used temporarily to reduce bank borrowings. **Underwriters**—Rodman & Renshaw and H. M. Byllesby and Co. Inc., both of Chicago, Ill.

**Metropolitan Development Corp. (7/11-15)**
June 8 filed 1,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To complete payments on the company's property, for repayment of loans, and the balance to be added to the general funds for construction purposes and acquisitions. **Office**—Los Angeles, Calif. **Underwriters**—William R. Staats & Co., of Los Angeles, Calif., and Bache & Co. and Shearson, Hammill & Co., both of New York City.

**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. (7/5-8)**
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 Indemnity Co.**
March 25 (letter of notification) 15,832 shares of common stock (par $5) being 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 with rights to expire on July 22. **Price** — $17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

**● Miles Laboratories, Inc.**
May 18, 1960 filed $8,255,000 of 4¾% convertible subordinated debentures due 1980. The company is offering to the holders of its outstanding common stock of record 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 at a conversion price of $75 per share until maturity, unless previously redeemed, will be entitled to an annual sinking fund commencing July 1, 1966, sufficient to retire ap-

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proximately 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. **Office** — St. Louis, Mo. **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.**
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. **Offering**—Imminent.

**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.

**Narragansett Capital Corp. (8/8-12)**
June 21, 1960, filed 1,000,000 shares of common stock (par $1). **Price**—$11 per share. **Proceeds**—For investment. Office—10 Dorrance Street, Providence, R. I. **Business**—This non-diversified closed-end management investment company intends to provide equity capital and to make long-term loans as contemplated by the Small Business Investment Act of 1958 to a diversified group of small business concerns. **Underwriter**—G. H. Walker & Co., New York.

**National Capital Corp. (8/1-5)**
June 9, 1960, filed 240,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For reduction of indebtedness, working capital, and general corporate purposes. **Office** — 350 Lincoln Road, Miami Beach, Fla. **Underwriters**—J. A. Winston & Co., Inc., and Netherlands Securities Co., Inc., both of New York City.

**National Fountain Fair Corp.**
May 27 (letter of notification) 75,000 shares of common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Office** — 3000 Hempstead Turnpike, Levittown, L. I., N. Y. **Underwriter**—General Investing Corp., New York, N. Y.

**National Lawnservice Corp.**
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y. **Offering**—Expected sometime in July.

**National Packaging Corp. (7/5-8)**
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 Patent Development Corp. (7/18-22)**
June 8, 1960, filed 150,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—Net of this sale in combination with cash on hand will be used to finance the client and sales solicitation program, and the balance for general corporate purposes. **Office**—68 William St., New York City. **Underwriters** — Globus, Inc. and Ross, Lyon & Co., both of New York City.

**National Pool Equipment Co.**
June 20, 1960, filed $1,000,000 of 6% convertible subordinated notes due 1974 and 66,666 shares of common stock into which the notes are convertible, to be offered for public sale by the 15 holders thereof. The said notes, initially issued on June 10, 1959, are convertible at the option of the holder into common stock at their principal amount at a conversion price of $15 per share. In addition, the company is registering 21,000 shares of common stock subject to warrants at $1 per warrant on June 10, 1959 in connection with the issuance of the notes and exercisable at $15 per share. **Price**—To be supplied by amendment. **Proceeds**—In the amount of $315,000 received upon exercise of the 21,000 warrants will be used for general corporate purposes. **Office**—Lee Highway, Florence, Ala. **Business**—The company is engaged in the business of designing, manufacturing and selling component parts of swimming pools for public and private use and in manufacturing and selling swimming pool equipment, accessories, chemicals and supplies. **Underwriter**—None.

**● Navigation Computer Corp. (7/5-8)**
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 DeHaven & Townsend, Crouter & Bodine, both of Philadelphia, Pa.

**● Nebraska Consolidated Mills Co. (7/5-8)**
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.

**★ Needham Packing Co.**
June 28, 1960, filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Toward the payment of a $2,000,000 bank loan. **Office** — Sioux City, Iowa. **Underwriter** — Cruttenden, Podesta & Co., Chicago.

**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 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. **Information Meeting** — Scheduled for July 15 at 67 Broad Street, between 10:00 a.m. and 12 noon.

**North American Merchandising Co.**
May 26 (letter of notification) $300,000 of 7% convertible sinking fund debentures due July 1, 1965. **Price**—At face amount. **Proceeds**—To repay short-term loans and for working capital. **Office**—118 Cole Street, Dallas, Texas. **Underwriter**—Parker, Ford & Co., Inc., Dallas, Texas.

**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 10:00 a.m. CDST. **Information Meeting** — Scheduled for July 6 up to 11:00 a.m. EDT, at Bankers Trust Co., 16 Wall St., New York City, 12th floor, room 12A.

**● Norwalk Co., Inc. (8/8)**
June 6 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness, purchase machinery and equipment, and add to working capital. **Office**—North Water Street, So. Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York 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. (7/5-8)**
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.

**● Olin's Rent-A-Car System, Inc.**
June 10, 1960 (letter of notification) 200,000 shares of class A stock (par five cents). **Price** — $1.50 per share. **Proceeds**—To pay for closing, rentals, leasing rental cars, and for working capital. **Office**—2830 N. E. 2nd Ave., Miami, Fla. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y. **Note**—The underwriter states that this letter has been withdrawn by the company.

**● Oxford Manufacturing Co., Inc. (7/5-8)**
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.

**● Pacotronics, Inc. (7/15)**
June 2 filed 150,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and research and development expenses. **Office** — 70-31 84th Street, Glendale, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York City.

**Papercraft Corp. (7/6)**
June 2 filed 130,063 shares of common stock (par $1), to be offered initially to stockholders of the corporation at the rate of one additional share for each eight shares presently held. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred in connection with the recent acquisition of LePage's Division of Johnson & Johnson. Any balance will be added to the company's general funds. **Office**—Pittsburgh, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

**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.

**Patton Engineering Corp.**
June 3, 1960 (letter of notification) 19,000 shares of class B common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Address** — Bert Lane, North Hampton, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

**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. (8/1-5)**
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York.

**Philippine Oil Development Co., Inc.**
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None.

**Plastics & Fibers, Inc.**
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y.

**● Polycast Corp. (7/11-15)**
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, Inc.**
June 20, 1960 filed 205,000 shares of common stock. **Price**—$2 per share. **Proceeds**—$143,668 will be used to retire three short-term notes, and the balance of approximately $256,832 will be used to provide additional working capital. **Office** — Roosevelt Field Industrial Park, Garden City, L. I., N. Y. **Business** — Company develops and markets a variety of electrical and electronic products incorpoarting ultrasonic principles. **Underwriter**—None.

**● Progress Electronics Corp.**
May 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To develop and produce proprietary items in the electronics field. **Office**—1240 First Security Building, Salt Lake City, Utah. **Underwriter**—Binder & Co., Inc., 541 South Spring Street, Los Angeles, Calif. **Offering**—Imminent.

**Provident Fund for Income, Inc.**
Dec. 23 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For in-

vestment. Office—3 Penn Center Plaza, Philadelphia, Pa. Underwriter—Provident Management Corp., same address. Offering—Imminent.

★ **Puerto Rico Telephone Co.**
June 23, 1960, filed 100,000 shares of common stock, to be offered for subscription of holders of its outstanding common stock on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be added to the general funds of the company, which will be used in furtherance of a five year expansion and improvement program initiated in 1959, and to repay indebtedness to banks and ITT incurred for the purchase of materials and equipment used or to be used for said program. **Office**—261 Tanca St., San Juan, Puerto Rico. **Underwriter**—None.

**Putnam (J. L.) Co., Inc.**
June 16, 1960 (letter of notification) 50,000 shares of class B common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Address**—Biddeford, Maine. **Underwriters** — J. L. Brady & Co., Worcester, Mass. and David G. Means, Bangor, Maine.

● **Pyramid Electric Co. (7/18-22)**
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. **Office**—52 Broadway, New York.

● **Reeves Broadcasting & Development Corp. (7/11-15)**
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.

**Reilly-Wolff Associates, Inc.**
June 14, 1960 (letter of notification) 43,000 shares of class A stock (par one cent). **Price**—$5 per share. **Business**—The company is an integrated furniture manufacturer, specializing in outdoor and office types of furniture. **Proceeds**—For general corporate purposes. **Office**—120 E. 32nd St., New York, N. Y. **Underwriter**—Arden Perin & Co., Inc., New York, N. Y. **Offering**—Expected sometime in August.

**Republic Ambassador Associates (7/5-8)**
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.

**Republic Graphics Inc.**
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. **Offering**—Imminent.

**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 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.

● **Rosauer's Super Markets, Inc. (7/5-8)**
June 1 (letter of notification) 28,000 shares of 6% cumulative convertible preferred stock (par $10). **Price**—$10.50 per share. **Proceeds**—To purchase fixtures, equipment and inventory for two proposed new super markets. **Office**—Spokane, Wash. **Underwriter**—Foster & Marshall, Seattle, Wash.

● **Roto American Corp. (8/1-5)**
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.

**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. **Offering**—Imminent.

● **Safticraft Corp., Patterson, La. (7/8-11)**
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.**
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.

★ **Seaboard Finance Co.**
June 23, 1960, filed $40,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available to pay current indebtedness and to carry additional receivables. **Office**—818 W. 7th St., Los Angeles 17, Calif. **Underwriters**—Lehman Bros. and Blyth & Co., Inc., both of New York.

● **Sea-Highways, Inc. (7/5-8)**
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.

★ **Seneca Manufacturing Corp., Inc.**
June 23, 1960 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To repay unsecured notes, for inventory, purchase of additional machinery and to increase capital surplus. **Office**—751 W. 8th South, Salt Lake City, Utah. **Underwriter**—Continental Securities Corp., Suite 627 Continental Bank Bldg., Salt Lake City, Utah.

● **Service Instrument Corp.**
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. **Offering**—Imminent.

● **Sierra Electric Corp. (7/6-7)**
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.

**Skyline Homes, Inc. (7/12)**
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.

**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.; Globus, Inc.; Russell & Saxe, Inc., V. S. Wickett & Co., Inc., and Street & Co., Inc., all of New York.

★ **Softol, Inc.**
June 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 992 Springfield Ave., Irvington, N. J. **Business**—The company manufactures cosmetics and toiletry items. **Underwriter**—Harwyn Securities, Inc., 1457 Broadway, New York 36, N. Y.

**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 Counties Gas Co. of California (7/26)**
June 23, 1960, filed $23,000,000 of first mortgage bonds. **Proceeds**—To be used to repay in full the company's short-term indebtedness to its parent, Pacific Lighting Corp., which is expected to approximate $14,000,000 as of Aug. 1, 1960. Said indebtedness represents advances made to the company to provide temporary funds for construction and expansion. The balance of the net proceeds will be used to finance in part the cost incurred, or to be incurred, in connection with such program and to reimburse money actually expended from income or from other money in the treasury of the company for similar purposes in 1960 or any prior year. **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 to be received on July 26. **Information Meeting**—Scheduled for July 22 at 10:00 a.m.. EDST at the Bankers Trust Co., 16 Wall St., New York City.

**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.

★ **Sprayfoil Corp.**
June 22, 1960, filed 250,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Approximately $250,000 will be used in the development, engineering and design of new products, approximately $150,000 will be used in the manufacture of the products of the company and for the purchase of necessary tools and equipment, and approximately $93,443 will be added to the company's working capital. **Business**—The company engages in the development, engineering and exploitation of products and uses applying the principles incorporated in patents covering the so-called "Coanda airfoil technique" of atomizing liquids. **Office**—2635 Louisiana Ave., South, Minneapolis, Minn. **Underwriter**—None.

★ **Steck Co.**
June 24, 1960, filed 60,000 shares of common stock, of which 30,000 shares are to be offered for public sale by the issuing company and 30,000 shares are now outstanding and are to be offered by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To supply funds for working capital. **Office**—205 West 9th St., Austin, Tex. **Business**—The company is engaged in the printing and publishing business and in the sale of office supplies and equipment. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Tex.

● **Stelma, Inc. (7/25-29)**
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.

★ **Sunbury Milk Products Co.**
June 20, 1960 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$15 per share. **Proceeds**—To liquidate short-term bank loans and for working capital. **Office**—178 Lenker Ave., Sunbury, Pa. **Underwriter**—Hecker & Co., Philadelphia, Pa.

**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. (7/11)**
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.

**System Meat Co.**
June 2 filed 150,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For payment of employees' salaries, first mortgage installment, accrued officers' salaries, and the balance for working capital. **Office** — Newcastle, Wyo. **Underwriter**—Purvis & Co., Denver, Colo. **Offering**—Expected sometime in July.

**Talley Industries, Inc.**
June 14, 1960, filed 150,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including the reduction of indebtedness, research and development expenses, and the acquisition of machinery and equipment. **Office**—Cheshire, Conn. **Underwriter**—Adams & Peck, New York City.

★ **Techno Fund, Inc.**
June 24, 1960, filed 400,000 shares of common stock. **Price**—$12.50 per share. **Proceeds**—For investment. **Office**—50 West Gay St., Columbus, Ohio. **Business**—A closed-end, non-diversified management investment company. **Underwriters**—The Ohio Company, Columbus, Ohio and Merrill, Turben & Co., Inc., Cleveland, Ohio.

**Telephone & Electronics Corp. (7/25-29)**
June 14, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Pro-**

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ceeds—For general corporate purposes. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

**★ Terminal Electronics, Inc.**
June 24, 1960, filed 166,668 shares of capital stock (par 25 cents), of which 83,334 shares are to be offered for public sale for the account of the issuing company and the balance for the account of William Filler, President. **Price**—$6 per share. **Proceeds**—$190,000 is to be used to pay the remaining balance of its obligation incurred in connection with the purchase of Terminal stock from the Estate of Frank Miller; $100,000 to repay a bank loan; and the balance for general corporate purposes, including the obtaining and equipping of an additional retail outlet. **Business**—Wholesale and retail distribution of retail electronics parts and components. **Office**—236-246 17th Street, New York. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., both of New York.

**● Texas Capital Corp. (7/11-15)**
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.

**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.

**Thurow Electronics, Inc.**
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. **Offering**—Imminent.

**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.

**★ Townsend Investment Co., Inc.**
June 20, 1960 (letter of notification) $300,000 of 6% first mortgage bonds and 3,000 shares of common stock (par $5) to be offered in units consisting of one $1,000 bond and 10 shares of common stock. **Price**—$1,000 per unit. **Proceeds**—To pay off a present mortgage and for working capital. **Address** — P. O. Box 68, Townsend, Tenn. **Underwriter**—Davidson & Co., Inc., Knoxville, Tenn.

**● Trans Tech Systems, Inc.**
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. **Note**—The underwriter states that this statement was withdrawn on June 27; refiling is expected later in the year.

**Tri-Point Plastics, Inc.**
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriter**—Martinelli, Hindley & Co., Inc., New York, N. Y. **Offering** — Imminent.

**● Triumph Storecrafters Corp. (7/5-8)**
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 Aero Products Corp. (8/1)**
June 15, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The manufacture of precision metal products for use in the aircraft, missile and electronics industries. **Proceeds**—For an additional plant, machinery and equipment, the repayment of loans, and the balance for working capital. **Office**—Burlington, N. J. **Underwriters**—L. C. Wegard & Co. of Levittown, N. J.; Street & Co., Inc. of New York City; Woodcock, Moyer, Fricke & French of Philadelphia, Pa.; First Broad Street Corp., Russell & Saxe and V. S. Wickett & Co., Inc. all of New York City.

**★ United Research Inc. (7/8)**
June 17, 1960 (letter of notification) 30,000 shares of common stock (par $2). **Price**—$10 per share. **Proceeds**—To retire bank loans and for general corporate purposes. **Office** — 808 Memorial Drive, Cambridge, Mass. **Underwriter**—Smith, Barney & Co., New York, N. Y.

**United Sheet Metal Co., Inc.**
June 16, 1960 filed 170,000 shares of common stock (no par), of which 85,000 shares are for public offering and 85,000 are outstanding and are to be offered for the account of present holders. **Price** — To be supplied by amendment. **Proceeds**—Of the public sale, for working capital and general corporate purposes. **Office** — 883 North Cassady Ave., Columbus, Ohio. **Underwriter**—R. W. Pressprich & Co., New York City. **Offering**—Expected sometime in August.

**● United States Boat Corp. (7/11-15)**
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 (no par), being offered for subscription by common stockholders of record June 10, at the rate of one new share for each four shares or fraction thereof with rights to expire on July 11 at 3:30 p.m. (EDT). **Price** — $13.50 per share. **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.

**Variable Annuity Life Insurance Co. of America (7/25-29)**
June 16, 1960 filed 1,000,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—Primarily to develop and expand the company's business. **Office**—1832 M St., N. W., Washington, D. C. **Underwriter** — John C. Legg & Co., Baltimore and New York.

**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.

**★ Varo Mfg. Co.**
June 17, 1960, (letter of notification) 35,000 shares of capital stock (par $5). **Office**—$6.90 per share. **Proceeds**—For working capital. **Office**—c/o Robert L. Jordan, President, 647 W. Ridgewood Drive, Garland, Texas. **Underwriter**—None.

**Video Corp.**
June 8, 1960 (letter of notification) 60,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—To pay notes, for expansion, and equipment, and the balance for working capital. **Address**—San Diego, Calif. **Underwriter**—Norman C. Roberts Co., San Diego, Calif.

**● Waltham Precision Instrument Co., Inc. (7/5-8)**
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. **Proceds**—$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.

**★ Warner Electric Brake & Clutch Co.**
June 29, 1960, filed 154,916 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—South Beloit, Ill. **Business** — Company produces electrically - actuated brakes and clutches used in a wide variety of industrial equipment, electric wheel brakes for mobile homes and trailers, and electric compressor and fan clutches used in automotive air conditioning and cooling systems. **Underwriters**—Blunt Ellis & Simmons and Bacon, Whipple & Co., both of Chicago, Ill.

**★ Waterman Products Co., Inc.**
June 24, 1960, filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be used primarily to accelerate the development of the company's proprietary items for the purpose of expanding its commercial business. **Business**—Electronics field. **Office**—2445 Emerald St., Philadelphia, Pa. **Underwriter**—Stroud & Co., Philadelphia and New York.

**Wells Industries Corp. (7/5-8)**
Jan. 29, 1960 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office** — 6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter** — Thomas Jay Winston & Co., Inc., 9235 Wilshire Boulevard, Beverly Hills, Calif. and A. T. Brod & Co., New York City.

**Wenwood Organizations Inc.**
June 17, 1960 filed $550,000 of 7½% subordinated sinking fund debentures due July, 1970 (with common stock purchase warrants). **Price**—100% of principal amount. **Proceeds**—$100,000 will be used for payment of a bank loan incurred to help finance the disposal plant and an estimated additional $50,000 to complete the plant; $109,000 to retire 10% debentures issued in payment of certain obligations of the company for services rendered; $25,000 for a sales program in connection with the Florida homes; and the balance for working capital to finance the continued development of the residential community in Sarasota and the construction of homes in West Palm Beach, and the development of a shopping center in Selden, L. I. **Office**—526 North Washington Blvd., Sarasota, Fla. **Underwriter**—Michael G. Kletz & Co., Inc., New York.

**● West Ohio Gas Co.**
May 19 filed 43,048 shares of common stock being offered 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 22, at 2:00 p.m. EDT. **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 Street, Lima, Ohio. **Underwriter**—None.

**★ Western Kentucky Gas Co.**
June 22, 1960, filed 55,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder (Henry L. Hillman of Pittsburgh, Pa.). **Business**—Operating public utility. **Address**—608 Frederica St., Owensboro, Ky. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. and New York.

**● Western Publishing Co., Inc.**
June 17, 1960 filed 362,114 shares of common stock (par $1,) of which 150,000 shares are to be offered for the issuer, and the remaining 212,114 shares are outstanding and will be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For the general funds for general corporate purposes, including plant improvement and additional equipment. **Office**—1220 Mound Ave., Racine, Wis. **Underwriter**—Goldman, Sachs & Co. of New York City. **Note**—This company was formerly called the Western Printing and Lithographing Co. **Offering**—Expected in late July.

**Westmore, Inc.**
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. (7/18-22)**
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.

**● Whitmoyer Laboratories, Inc.**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

**● Willer Color Television System, Inc. (7/15)**
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.

**● Win-Chek Industries, Inc. (7/5-8)**
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).

**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.

**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. (7/20)**
Bids will be received on July 20 by the Road for the purchase from it of $4,815,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**Brooklyn Union Gas Co.**
May 10 it was announced that the company 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.

**Columbia Gas System, Inc. (10/6)**
June 13, 1960, it was reported that the company plans to sell $30,000,000 of debentures. **Proceeds** — For construction. **Office**—120 E. 41st St., New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; Shields & Co.; R. W. Pressprich & Co. and Carl M. Loeb, Rhoades & Co., all of New York City. **Bids**—Expected to be received on Oct. 6.

**Columbus & Southern Ohio Electric Co.**
June 13, 1960, it was reported that this utility plans the sale of about 200,000 shares of common stock to raise approximately $8-$9,000,000, with the timing set for the last quarter of this year, sometime after the November elections. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio.

**Consolidated Edison Co.**
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stockholders may get rights to subscribe to convertible debentures or common stock in the Fall. This type of financing would be contingent upon the ability of the company to get its presently outstanding 4% debentures converted into common stock. Con Edison this year will spend about $225,000,000 on new construction compared with $222,000,000 in 1959 and $189,000,000 in 1958. For the five years through 1964, Mr. Forbes estimated that the utility would spend $1.2 billion for plant expansion. To finance the five-year program he said the company will have to issue some $800 million of securities of one kind or another.

**Consumers Power Co.**
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, perhaps in October. **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.

**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. (10/20)**
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility. **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). **Information Meeting**—Scheduled for Oct. 17 at 11:00 a.m. at Morgan Guaranty Trust Co. **Bids**—Expected to be received on Oct. 20.

**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.

**Hawaiian Electric Co., Ltd.**
June 22, 1960, it was reported that this company is planning to issue some type of additional securities, perhaps during the third quarter of this year. It may possibly take the form of a $5,000,000 preferred stock offering, and a $4,500,000 issue of common stock to be issued on a rights basis. **Office**—900 Richards St., Honolulu, Hawaii.

**Hayes Aircraft Corp.**
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

**Houston Lighting & Power Co.**
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

**Idaho Power Co.**
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990 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.

**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., at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

**International Mining Corp.**
It was announced June 1, 1960 in the 1959 Annual Report of International Mining Corp. that the corporation intends to issue $10,830,000 of 7% secured serial notes in connection with its merger with Canton Co. of Baltimore, which will be the name of the surviving corporation. It is expected that the notes will be issued shortly at par, and will mature at the rates of $1,000,000 annually for one to three years, $500,000 annually for four to nine years, and $4,830,000 the 10th year after the merger. **Office**—535 Fifth Avenue, New York City. **Underwriter**—None.

**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.

**★ Iowa-Illinois Gas & Electric Co.**
June 23, 1960, it was announced that the company's sale of $15,000,000 of first mortgage bonds in April of this year will carry it through the better part of 1960. The company plans some bank borrowing before the end of the year and expects to be in market again sometime in 1961, probably also for senior debt securities.

**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 Lighting Co.**
June 13, 1960, it was reported that the company is discussing the sale of approximately $20-$30,000,000 of debt financing, probably to occur sometime this Fall. **Proceeds**—For construction. **Office** — 250 Old Country Road, Mineola, New York. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Smith, Barney & Co. and First Boston Corp., all of New York City.

**Long Island Trust Co.**
May 26 the directors of this bank voted to recommend the issuance of 61,413 new shares of capital stock (par $5). Having been approved by the stockholders at a special meeting held at 8 p.m. on June 14, 1960, the new shares are being offered to stockholders on June 14, 1960, on the basis of one new share of stock for each eight shares then held, with rights to expire at 3:30 p. m. EDT on July 1. **Price**—$23 per share. **Proceeds**—To increase capital and surplus. **Office**—82 Seventh Ave., Garden City, L. I., N. Y. **Underwriters**—A. M. Kidder & Co., Inc. of New York City and Brown, Lisle & Marshall of Providence, R. I.

**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.

**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, 1960, it was announced that the company expects to register its first public offering sometime soon. The offering will consist of 75,000 common shares. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office** — 198 Broadway, New York City. **Underwriter** — R. F. Dowd & Co., Inc., 38 Broadway, New York City.

**Nedick's Stores, Inc.**
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

**★ New York Telephone Co. (9/28)**
June 22, 1960, the board of directors of this company authorized the issuance of an additional series of mortgage bonds in the amount of $60,000,000 and common stock in the amount of $120,000,000, subject to the approval of the New York Public Service Commission. **Proceeds**—To retire short-term bank borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Wednesday, Sept. 28; and the stock will be sold to the American Telephone & Telegraph Co. on or about Oct. 1.

**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.

**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 $30,000,000 of first mortgage bonds and $20,000,000 of preferred stock 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.

**Philadelphia Aquarium Co.**
June 15, 1960, it was reported that the company plans to sell about $2,000,000 of debentures and common stock to finance an aquarium in Fairmont Park, Philadelphia, which would be city-owned and company-operated under a lease. **Underwriter**—Stroud & Co., Inc. of Philadelphia, Pa. and New York.

**★ Pik-Quik Inc.**
June 29, 1960, it was reported that the company is contemplating the filing of 550,000 shares of common stock sometime in July. **Proceeds**—For acquisitions in Florida. **Office**—Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., New York.

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*Continued from page 43*

**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., in Newark, N. J. **Information Meeting**—Scheduled for Sept. 15 at 11:00 a.m. at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

**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.

★ **Rochester Telephone Co. (9/1)**
June 24, 1960, this public utility petitioned the New York State Public Service Commission for permission to issue and sell $12,000,000 of series "E" first mortgage bonds, which will mature in 33 years, on Sept. 1, 1993. **Proceeds**—The proceeds of this sale would be used to repay bank loans for construction and extension of facilities in service by the date of the proposed sale. **Underwriter**—To be determined by competitive bidding. **Bids**—Expected to be received on Sept. 1, 1960.

**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).

**Scantlin Electronics Co.**
June 13, 1960, it was reported that the filing of about $2,000,000 of common stock is being discussed, with no time indication as yet. **Office**—Los Angeles, Calif. **Underwriter**—Carl M. Loeb, Rhoades & Co. and Paine, Webber, Jackson & Curtis (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.

★ **Seaboard Air Line RR. (7/27)**
Bids will be received on July 27 by the company for the purchase from it of $3,030,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**Southern California Edison Co. (8/23)**
June 16, 1960, it was announced that the company directors had approved a plan to issue $60,000,000 of first and refunding mortgage bonds. **Proceeds**—To retire outstanding short-term borrowings and to finance the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp. and Dean Witter & Co. (jointly). **Bids**—Expected to be received on Aug. 23.

**Southern Natural Gas Co.**
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

**Southern Nevada Power Co.**
June 15, 1960, it was reported that in order to meet $8,300,000 of property expenditures scheduled for 1960, the company has arranged a $6,000,000 revolving bank credit. It will borrow about $5,100,000 under this agreement by October, at which time it expects to sell about $5,500,000 of bonds and $3,000,000 of an undetermined type of stock, with preferred being considered, possibly with rights to purchase common shares at specified prices. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.

★ **Southern Pacific Co. (7/21)**
Bids will be received on July 21 by the company for the purchase from it of $6,000,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

**Southwestern Bell Telephone Co. (8/2)**
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. 2 up to 11:00 a.m. EDT.

**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. (10/19)**
March 16, 1960, it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of approximately $50,000,000 of 30-year first mortgage bonds. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp. and White, Weld & Co. (jointly); Lehman Brothers, Blyth & Co. (handling the books), Eastman Dillon, Union Securities & Co. and Bear, Stearns & Co. (jointly). **Bids**—Expected to be received on Oct. 19 up to 11 a.m. EDT. **Information Meeting**—Oct. 17 at 3:00 p.m. at the Bankers Trust Co.

**Utah Power & Light Co. (9/14)**
June 1 it was reported that $17 million of debt securities and $10 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. **Bids**—Expected to be received on Sept. 14. **Information Meeting**—Scheduled for Sept. 12 at 2 Rector St., New York City.

**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. **Information Meeting**—Scheduled for Sept. 8 at 11:00 a.m. N. Y. time, at The Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

**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.

## Puerto Rican Bond Sale Completed

**The Commonwealth of Puerto Rico completed the sale of $17,000,000 bonds, June 15, to a banking group headed by the Chase Manhattan Bank, Morgan Guaranty Trust Co. and Ira Haupt & Co., Inc. at an interest cost basis of 3.89437%. Shown, left to right: Francis Bowen, Executive Vice-President of the Government Development Bank for Puerto Rico; Frank Smeal, Vice-President of the Morgan Guaranty Trust Co.; Wm. G. Carrington, Jr., Partner of Ira Haupt & Co., Inc.; John De Milhau, Vice-President of the Chase Manhattan Bank; Jose R. Noguera, Secretary of the Treasury of Puerto Rico and Bernabe Martir, Director of the Bureau of the Treasury.**

## With Milburn, Cochran

(Special to THE FINANCIAL CHRONICLE)

WICHITA, Kans.—Dennis Cowell has become associated with Milburn, Cochran & Company, Inc., 110 East First Street, members of the Midwest Stock Exchange. He was formerly with Ranson & Company, Inc. and Zahner and Company.

## Form Hallmark Investment

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Hallmark Investment Company is conducting a securities business from offices at 7425 East Fourteenth Street. Officers are Karl Magidson, President and Treasurer, and Milton J. Surkin, Vice-President and Secy.

## Graham Elliott & Son

LOS ANGELES, Calif.—Graham Elliott & Son has been formed with offices at 756 South Broadway, to engage in a securities business. Officers are Edward Graham Elliott, President; Jerrold P. Elliott, Vice-President; and A. B. Elliott, Secretary-Treasurer.

## T. O. Davis Opens

CASPER, Wyo.—Thomas O. Davis, Jr. is conducting his own investment business from offices at 3229 Monte Vista Drive under the firm name of T. O. Davis & Company.

## Stuart P. Kastner Assoc. Formed on Pacific Coast

LOS ANGELES, Calif.—Stuart P. Kastner & Associates, Inc. has been formed with offices at 1037 Westwood Boulevard to engage in a securities business. Officers are Stuart P. Kastner, President; M. B. Gardner, Vice-President; and Norman H. Kastner, Treasurer. Stuart P. Kastner was formerly with Hayden, Stone & Co.

## R & S Investing Opens

BROOKLYN, N. Y.—R & S Investing Co. has been formed with offices at 3416 Avenue S to engage in a securities business. Partners are Stanley Ringel, Seymour Ringel, and Lester Segarnick. All were formerly with Continental Planning Company.

# Indications of Current Business Activity

**The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:**

| | | Latest Week | Previous Week | Month Ago | Year Ago |
|---|---|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | | | |
| Indicated Steel operations (per cent capacity) | July 2 | §54.8 | *61.0 | 60.6 | 78.2 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | July 2 | §1,560,000 | *1,739,000 | 1,726,000 | 2,215,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | June 17 | 6,839,560 | 6,771,560 | 6,864,010 | 7,016,825 |
| Crude runs to stills—daily average (bbls.) | June 17 | ¶8,034,000 | 7,836,000 | 7,935,000 | 8,000,000 |
| Gasoline output (bbls.) | June 17 | 29,482,000 | 28,939,000 | 27,262,000 | 28,584,000 |
| Kerosene output (bbls.) | June 17 | 2,659,000 | 2,605,000 | 2,218,000 | 1,864,000 |
| Distillate fuel oil output (bbls.) | June 17 | 12,531,000 | 12,443,000 | 12,097,000 | 12,731,000 |
| Residual fuel oil output (bbls.) | June 17 | 6,077,000 | 5,749,000 | 6,188,000 | 6,310,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | June 17 | 204,372,000 | 207,935,000 | 214,128,000 | 200,624,000 |
| Kerosene (bbls.) at | June 17 | 26,883,000 | 25,788,000 | 22,922,000 | 26,600,000 |
| Distillate fuel oil (bbls.) at | June 17 | 103,045,000 | 101,123,000 | 87,972,000 | 111,930,000 |
| Residual fuel oil (bbls.) at | June 17 | 39,879,000 | 40,394,000 | 38,875,000 | 54,439,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | June 18 | 649,830 | 648,463 | 636,808 | 724,278 |
| Revenue freight received from connections (no. of cars) | June 18 | 532,606 | 523,235 | 541,238 | 590,283 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | June 23 | $485,100,000 | $583,200,000 | $389,100,000 | $491,900,000 |
| Private construction | June 23 | 223,800,000 | 370,900,000 | 173,200,000 | 250,700,000 |
| Public construction | June 23 | 261,300,000 | 212,300,000 | 215,900,000 | 241,200,000 |
| State and municipal | June 23 | 161,300,000 | 180,400,000 | 175,900,000 | 201,800,000 |
| Federal | June 23 | 100,000,000 | 31,900,000 | 40,000,000 | 39,400,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | June 18 | 8,895,000 | *8,600,000 | 8,425,000 | 9,359,000 |
| Pennsylvania anthracite (tons) | June 18 | 375,000 | 355,000 | 290,000 | 423,000 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE=100** | June 18 | 148 | 144 | 138 | 143 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | June 25 | 14,213,000 | 14,053,000 | 13,572,000 | 13,749,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | June 23 | 296 | 353 | 299 | 256 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | June 21 | 6.196c | 6.196c | 6.196c | 6.196c |
| Pig iron (per gross ton) | June 21 | $66.41 | $66.41 | $66.41 | $66.41 |
| Scrap steel (per gross ton) | June 21 | $31.00 | $31.50 | $32.50 | $38.17 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | June 22 | 32.600c | 32.600c | 32.600c | 31.050c |
| Export refinery at | June 22 | 31.225c | 30.250c | 30.450c | 27.600c |
| Lead (New York) at | June 22 | 12.000c | 12.000c | 12.000c | 12.000c |
| Lead (St. Louis) at | June 22 | 11.800c | 11.800c | 11.800c | 11.800c |
| ‡Zinc (delivered) at | June 22 | 13.500c | 13.500c | 13.500c | 11.500c |
| Zinc (East St. Louis) at | June 22 | 13.000c | 13.000c | 13.000c | 11.000c |
| Aluminum (primary pig. 99.5%) at | June 22 | 26.000c | 26.000c | 26.000c | 24.700c |
| Straits tin (New York) at | June 22 | 101.875c | 101.375c | 99.625c | 103.875c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | June 28 | 86.36 | 86.40 | 84.90 | 83.46 |
| Average corporate | June 28 | 85.07 | 85.20 | 84.68 | 85.98 |
| Aaa | June 28 | 89.51 | 89.64 | 89.09 | 89.23 |
| Aa | June 28 | 87.59 | 87.59 | 87.18 | 87.59 |
| A | June 28 | 84.81 | 84.94 | 84.17 | 85.98 |
| Baa | June 28 | 78.90 | 79.01 | 78.90 | 81.66 |
| Railroad Group | June 28 | 83.03 | 83.03 | 82.52 | 85.20 |
| Public Utilities Group | June 28 | 85.46 | 84.46 | 85.07 | 85.07 |
| Industrials Group | June 28 | 86.91 | 86.91 | 86.65 | 87.99 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | June 28 | 3.92 | 3.91 | 4.07 | 4.14 |
| Average corporate | June 28 | 4.78 | 4.77 | 4.81 | 4.71 |
| Aaa | June 28 | 4.44 | 4.44 | 4.48 | 4.47 |
| Aa | June 28 | 4.59 | 4.59 | 4.62 | 4.59 |
| A | June 28 | 4.80 | 4.79 | 4.85 | 4.71 |
| Baa | June 21 | 5.28 | 5.27 | 5.28 | 5.05 |
| Railroad Group | June 28 | 4.94 | 4.94 | 4.98 | 4.77 |
| Public Utilities Group | June 28 | 4.75 | 4.75 | 4.78 | 4.78 |
| Industrials Group | June 28 | 4.64 | 4.64 | 4.66 | 4.56 |
| **MOODY'S COMMODITY INDEX** | June 28 | 378.2 | 376.8 | 378.2 | 385.5 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | June 18 | 278,086 | 328,895 | 296,404 | 295,404 |
| Production (tons) | June 18 | 317,358 | 327,206 | 325,053 | 327,830 |
| Percentage of activity | June 18 | 93 | 96 | 95 | 98 |
| Unfilled orders (tons) at end of period | June 18 | 443,523 | 482,631 | 441,637 | 495,750 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100** | June 24 | 110.17 | 110.23 | 110.29 | 110.53 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | June 3 | 2,440,670 | 2,480,310 | 2,209,910 | 2,213,060 |
| Short sales | June 3 | 512,130 | 490,050 | 445,740 | 377,580 |
| Other sales | June 3 | 1,875,310 | 2,023,480 | 1,795,100 | 1,898,780 |
| Total sales | June 3 | 2,387,440 | 2,513,530 | 2,240,840 | 2,276,360 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | June 3 | 423,850 | 431,930 | 279,320 | 389,850 |
| Short sales | June 3 | 73,600 | 53,600 | 65,600 | 42,200 |
| Other sales | June 3 | 334,110 | 364,150 | 255,840 | 458,220 |
| Total sales | June 3 | 407,710 | 417,750 | 321,440 | 500,420 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | June 3 | 787,240 | 823,821 | 673,030 | 654,933 |
| Short sales | June 3 | 84,700 | 135,210 | 120,830 | 107,180 |
| Other sales | June 3 | 543,674 | 752,697 | 575,955 | 843,416 |
| Total sales | June 3 | 628,374 | 887,907 | 696,785 | 950,596 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | June 3 | 3,651,760 | 3,736,061 | 3,162,260 | 3,257,843 |
| Short sales | June 3 | 670,430 | 678,860 | 632,170 | 526,960 |
| Other sales | June 3 | 2,753,094 | 3,140,327 | 2,636,895 | 3,200,416 |
| Total sales | June 3 | 3,423,524 | 3,819,187 | 3,259,065 | 3,727,376 |
| **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 | June 3 | 1,752,716 | 1,812,704 | 1,744,393 | 1,842,689 |
| Dollar value | June 3 | $87,892,034 | $92,972,593 | $83,966,710 | $106,482,884 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—Customers' total sales | June 3 | 1,652,876 | 1,712,895 | 1,454,606 | 1,540,429 |
| Customers' short sales | June 3 | 8,038 | 10,090 | 17,543 | 12,170 |
| Customers' other sales | June 3 | 1,644,838 | 1,702,805 | 1,437,063 | 1,528,259 |
| Dollar value | June 3 | $79,959,726 | $83,897,433 | $68,802,358 | $83,459,923 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | June 3 | 459,670 | 514,540 | 368,700 | 400,520 |
| Short sales | June 3 | ------ | ------ | ------ | ------ |
| Other sales | June 3 | 459,670 | 514,540 | 368,700 | 400,520 |
| Round-lot purchases by dealers— Number of shares | June 3 | 534,960 | 607,840 | 646,040 | 670,280 |
| **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 | June 3 | 748,930 | 826,340 | 806,430 | 636,980 |
| Other sales | June 3 | 14,513,250 | 15,672,170 | 13,693,380 | 15,144,600 |
| Total sales | June 3 | 15,262,180 | 16,498,510 | 14,499,810 | 15,781,580 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | June 21 | 119.5 | 119.6 | 119.7 | 119.6 |
| Farm products | June 21 | 88.5 | *89.2 | 89.9 | 90.7 |
| Processed foods | June 21 | 107.7 | *107.6 | 107.1 | 108.0 |
| Meats | June 21 | 96.8 | 97.1 | 96.8 | 103.9 |
| All commodities other than farm and foods | June 21 | 128.3 | 128.3 | 128.4 | 127.9 |

*Revised figure. ¶Includes 1,080,000 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 |
|---|---|---|---|
| **BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of May (000's omitted)** | $232,953,000 | $226,007,000 | $216,003,000 |
| **BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of May 31:** | | | |
| Imports | $351,759,000 | $373,382,000 | $285,603,000 |
| Exports | 473,795,000 | 460,595,000 | 350,432,000 |
| Domestic shipments | 13,094,000 | 11,559,000 | 14,818,000 |
| Domestic warehouse credits | 51,451,000 | 97,293,000 | 28,599,000 |
| Dollar exchange | 86,950,000 | 127,893,000 | 102,892,000 |
| Based on goods stored and shipped between foreign countries | 286,415,000 | 265,506,000 | 255,904,000 |
| Total | $1,263,464,000 | $1,336,228,000 | $1,038,248,000 |
| **BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of May** | 15,530 | 15,446 | 16,721 |
| **CONSUMER PRICE INDEX—1947-1949=100—Month of April:** | | | |
| All items | 126.2 | 125.7 | 123.9 |
| Food | 119.5 | 117.7 | 117.6 |
| Food at home | 116.7 | 114.7 | 115.3 |
| Cereal and bakery products | 135.8 | 135.5 | 134.1 |
| Meats, poultry and fish | 109.3 | 107.2 | 111.5 |
| Dairy products | 115.3 | 116.4 | 112.9 |
| Fruits and vegetables | 129.9 | 125.0 | 123.6 |
| Other food at home | 106.1 | 103.4 | 104.7 |
| Food away from home (Jan. 1953=100) | 118.5 | 118.0 | 114.8 |
| Housing | 131.4 | 131.3 | 128.7 |
| Rent | 141.4 | 141.2 | 139.3 |
| Gas and electricity | 124.4 | 124.1 | 118.2 |
| Solid fuels and fuel oil | 136.3 | 137.2 | 138.7 |
| Housefurnishings | 104.7 | 104.7 | 103.8 |
| Household operation | 137.0 | 136.9 | 133.8 |
| Apparel | 106.9 | 108.8 | 107.0 |
| Men's and boys' | 109.5 | 108.9 | 108.0 |
| Women's and girls' | 99.6 | 99.6 | 98.9 |
| Footwear | 139.8 | 139.7 | 132.4 |
| Other apparel | 92.9 | 93.0 | 91.9 |
| Transportation | 146.1 | 146.5 | 145.3 |
| Private | 134.4 | 134.9 | 134.4 |
| Public | 199.4 | 199.4 | 192.6 |
| Medical care | 155.5 | 155.0 | 149.6 |
| Personal care | 132.9 | 132.7 | 130.0 |
| Reading and recreation | 121.1 | 120.9 | 117.7 |
| Other goods and services | 131.9 | 131.7 | 128.2 |
| **COTTON SPINNING (DEPT. OF COMMERCE):** | | | |
| Spinning spindles in place on May 30 | 19,964,000 | 19,957,000 | 20,356,000 |
| Spinning spindles active on May 30 | 17,589,000 | 17,599,000 | 17,591,000 |
| Active spindle hours (000's omitted) May 30 | 8,964,000 | 8,989,000 | 8,781,000 |
| Active spindle hrs. for spindles in place May | 448.2 | 449.5 | 439.1 |
| **DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of May:** | | | |
| Sales (average monthly), unadjusted | 125 | 139 | 124 |
| Sales (average daily), unadjusted | 127 | 137 | 126 |
| Sales (average daily), seasonally adjusted | 131 | 144 | 130 |
| **FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of May:** | | | |
| Weekly earnings— | | | |
| All manufacturing | $90.74 | $89.83 | $90.32 |
| Durable goods | 98.09 | *97.36 | 98.64 |
| Nondurable goods | 81.35 | *79.52 | 79.40 |
| Hours— | | | |
| All manufacturing | 39.8 | 39.4 | 40.5 |
| Durable goods | 40.2 | *39.9 | 41.1 |
| Nondurable goods | 39.3 | *38.6 | 39.7 |
| Hourly earnings— | | | |
| All manufacturing | $2.28 | $2.28 | $2.23 |
| Durable goods | 2.44 | 2.44 | 2.40 |
| Nondurable goods | 2.07 | 2.06 | 2.00 |
| **INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of May:** | | | |
| Seasonally adjusted | 110 | 109 | 109 |
| Unadjusted | 109 | 110 | 109 |
| **PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of May (in billions):** | | | |
| Total personal income | $399.4 | *$397.8 | $381.3 |
| Wage and salary receipts, total | 272.1 | *271.5 | 259.8 |
| Commodity producing industries | 113.3 | *112.7 | 109.8 |
| Manufacturing only | 89.6 | *88.6 | 86.7 |
| Distributing industries | 70.9 | *70.9 | 67.5 |
| Service industries | 39.7 | *39.5 | 37.1 |
| Government | 48.2 | 48.3 | 45.4 |
| Other labor income | 10.5 | 10.5 | 9.9 |
| Business and professional | 35.8 | 35.6 | 34.5 |
| Farm | 11.6 | *11.1 | 12.0 |
| Rental income of persons | 12.2 | 12.2 | 12.0 |
| Dividends | 13.7 | 13.6 | 13.0 |
| Personal interest income | 25.2 | 24.9 | 22.0 |
| Transfer payments | 28.0 | 28.2 | 26.4 |
| Less employees' contribution for social insurance | 9.8 | 9.8 | 8.3 |
| Total nonagricultural income | 383.5 | *382.4 | 365.3 |
| **REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of April (000's omitted):** | | | |
| Savings and loan associations | $983,220 | $983,016 | $1,148,193 |
| Insurance companies | 107,683 | 119,371 | 114,793 |
| Banks and trust companies | 382,066 | 376,567 | 553,028 |
| Mutual savings banks | 106,033 | 104,387 | 124,498 |
| Individuals | 335,439 | 354,843 | 333,073 |
| Miscellaneous lending institutions | 452,014 | 467,377 | 502,096 |
| Total | $2,366,455 | $2,405,561 | $2,775,681 |
| **SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of March:** | | | |
| Net railway operating income | $61,150,611 | $42,245,675 | $78,975,304 |
| Other income | 23,534,826 | 22,252,971 | 19,437,331 |
| Total income | $84,685,437 | $64,498,646 | $98,412,635 |
| Miscellaneous deductions from income | 5,282,166 | 4,850,779 | 4,634,435 |
| Income available for fixed charges | $79,403,271 | $59,647,867 | $93,778,200 |
| Total fixed charges | 31,090,191 | 30,986,754 | 31,542,308 |
| Income after fixed charges | $48,313,080 | $28,661,113 | $62,235,892 |
| Other deductions | 4,106,298 | 4,042,446 | 4,271,268 |
| Net income | $44,206,782 | $24,618,667 | $57,964,624 |
| Depreciation (way & structure & equipment) | 52,037,909 | 51,950,256 | 50,273,507 |
| Federal income taxes | 31,348,797 | 17,039,318 | 34,303,989 |
| Dividend appropriations: | | | |
| On common stock | 23,818,173 | 29,863,529 | 45,664,700 |
| On preferred stock | 1,033,131 | 7,818,639 | 824,005 |
| Ratio of income to fixed charges | 2.55 | 1.92 | 2.97 |

# The Problems of Inflation And Productivity in U. S. A.

*Continued from page 13*

public surveillance of labor negotiations in terms of this policy, and for the possibility of public arbitration without, however, introducing compulsory arbitration.

Second, there must be an initial wage-price treaty covering a limited time period in certain of the key industries. Perhaps, in the first instance, automobiles and steel would suffice to set the new pattern in motion. The initial deal should be the mutual assurance that if labor would accept the continuation of existing money-wage contracts, the industries concerned would undertake to pass along in lower prices the productivity increases achieved within the time period of the contract and within the limits required to provide reasonable profits and adequate ploughback capital for expansion and the introduction of new technology. The government, in encouraging such an initial treaty designed to set a new pattern for the economy, would make clear the full six-point framework here outlined, for such a treaty is unlikely to be accepted unless confidence is felt about all six points.

Third, the Department of Justice would be instructed to survey the economy, in its responsibility under the Sherman Act, with particular attention to price competition. Its job would be to assure that monopolistic arrangements do not prevent the passing along of price decreases initiated by the initial treaty.

Fourth, the government would take such steps as may be necessary, via fiscal and monetary policy, to bring the level of unemployment back to a tolerable minimum; that is, to a situation approximating the frictional minimum of, say two million unemployed.

Fifth, against the background of these moves, the government would undertake to introduce new farm legislation designed to afford equity to the farm population on a basis other than the present price supports. There are various ways in which this might be done. I would lean to a system of direct subsidy to those whom we judge deserve it, combined with arrangements which would provide transitional support for farmers to either improve their productivity to a point where subsidy is no longer required or to find alternative economic employment. It is at least possible that the farming community would be prepared to accept some such revision in the present legislation if it were not confronted with the paradox of inflation in the industrial sector of the economy accompanied by falling farm prices and incomes.

Sixth, the government would initiate a series of moves—in cooperation with industry and labor—designed to encourage an increase in productivity over a wide front. The specific measures I would tentatively suggest to increase productivity I shall shortly outline, in the second half of my talk. But it is clear that the possibility of making some such program viable hinges in part on an acceleration of productivity increase, passed along in part through price decreases.

### The New Environment

Now stand back from these six measures and observe what they aim to achieve. They aim to produce a new environment which would not only provide the nation with a more wholesome internal economic setting—which would reconcile full employment and rapid growth with price stability—but which would also have quite specific advantages for both business and labor.

For business this environment would remove the pressure for excessive money wage increases which arises from the assumption of labor leaders that costs of living will steadily rise; it would provide a setting—of diminished unemployment and of an even-handed national productivity policy in which pressure could be legitimately exerted to diminish labor featherbedding; it would provide a national framework of price and wage policy which would ease the problem of foreign competition.

For labor, the fact that the market process was yielding a part at least of the increase in real wages, via lower prices, would ease the burden on labor leaders which arises when formal wage negotiation is the only effective avenue for achieving a rise in real wages; it would provide a method for controlling inflation by means other than maintaining a chronic margin of unemployment; and, by relating the real wage level to the average increase in labor productivity, it would provide a legitimate incentive for labor to play an active part in the reduction of featherbedding—an incentive unequal in its incidence, but nevertheless real. But it cannot be said too often that this incentive will not work unless labor is confident that the employment level will be kept high—higher than it has been in recent years.

As I have suggested, the over-all objective should be flexibly defined. There is no need to hold rigidly over a period of time to a standard of fixed money wages and falling prices. The six-point program might yield something like that result; but it might be that the necessary negotiating flexibility would, in fact, result in something closer to a stable price level with slowly rising money wages. What this six-point program is designed to do is to alter sharply the wage-price pattern in the industries which have set the pace and to lift from the economy the heavy burden of built-in inflation which arises from wage contracts where money wages are permitted systematically to rise far beyond the national increase in productivity and the result is corrected by inflation.

### Productivity: An Historical Perspective

Now let us consider the problem of productivity; for an accelerated increase in productivity, passed along substantially through the price system, is key to the success of this approach to our problem.

Here I should like to bring to bear some insights derived from work as an economic historian.

As one examines the story of economic growth in the past, it is possible to identify for each economy, over each substantial period of time, the sectors whose disproportionately rapid growth made it possible for the economy as a whole to continue to grow. These leading sectors have, historically, been connected with new forms of technology in the relatively early stage of their introduction: modern cotton textiles, the railroads, steel, electricity, chemicals, the automobile, electronics, and so on. The power of these sectors in affecting the over-all rate of growth derived from the fact that they directly and indirectly stimulated productivity in other sectors: they set up new direct demands such as the railway demand for coal, iron, and engineering products; and they also opened up, through what we call external economy effects, wholly new avenues of economic development.

### Leading Sectors in Effective Demand

Now economic history also tells us that each cyclical expansion was dominated by a group of leading sectors, whose rapid increase provided the effective demand which brought the economy to full employment. But the leading sectors in a boom were not necessarily also leading growth sectors. For example, some booms have been based mainly on a rapid expansion in housing rather than on the rapid diffusion of new branches of technology. Housing, unfortunately, has not been subjected to a major technological revolution with strong secondary effects on productivity. An expansion in housing will certainly increase effective demand and employment; but it will not, in itself, bring about a strong stimulus to productivity.

This distinction between the effect of leading sectors on productivity and their consequences for effective demand becomes of peculiar importance to the United States at the present stage of our history. We are emerging from the process of diffusing to our people a new level and pattern of consumption based on the automobile, electric-powered gadgets, etc. While that process of diffusion proceeded, we collected powerful and general productivity benefits in a wide range of industries directly and indirectly connected with the new pattern of consumption: sheet steel, the machine tool industry, petrochemicals, plastics, electronics, and so on. As we look around the world, we can see that Western Europe and Japan, as well as Russia and Eastern Europe, are now enjoying or may shortly enjoy the productivity effects which stem from pressing consumption on into the new high ranges which the United States first explored.

### The Changing Pattern of American Consumption

As nearly as we can make out, Americans, as they have become richer, have tended to allocate their increase in income to larger families and increased outlays on services, rather than to manufactured products. The expansion in population and the increased demand for services will help to maintain full employment in the United States. Despite the pace of automation there is no shortage of over-all effective demand in prospect unless the Government creates it by a dour and persistent deflationary policy. On the other hand, a lateral expansion of our facilities to accommodate a larger population and increased outlays on education, urban reconstruction, travel, health, and so forth are not likely to induce new technological revolutions with powerful and widespread secondary effects on the nation's productivity level. There are, surely, great increases in productivity in the service industries to be had, but they are unlikely to come about without a purposeful national effort.

### The Cause of More Effective Foreign Competition

In short, we cannot look to the leading sectors in the next wave of business expansion—the leading sectors in effective demand—also to yield automatically the rapid increases in productivity associated with leading growth sectors. Here, as I say, the American position differs radically from that of Western Europe, Japan and the Soviet Union, where high income elasticity of demand is still associated more largely with manufacturing sectors, where productivity gains are still easily to be had. Some such distinction in historical phase is now mainly responsible for the embarrassment of the American balance of payments: our competitors can now increasingly match our productivity in fields where we uniquely excelled in the period, say, 1920 to 1950.

### Will Modern Technology Automatically Solve the Problem?

In facing this situation we are not, however, without resource. We all know that we live in a world where science and technology are expanding at an unprecedented rate; and that research and development in industry is expanding at something like 10% per annum. Can we not count on these developments to outweigh the consequences of our high income elasticity of demand for babies and services?

I believe there is some reason for caution here. In both scale and apparent effectiveness, industrial research and development has been historically concentrated in a relatively few sectors, linked in their very origins to modern science — electricity, chemicals, and aeronautics. These sectors—as well as atomic energy and electronics—will certainly yield general productivity benefits to the economy, over the next decade; but the concentration in both scale and quality of research and development in a relatively few fields, may not yield us the national result we would like to see. We should beware, particularly in research and development, of global statistics: the general lesson of research and development is that results are proportionate to quality rather than scale. Moreover, a great deal of contemporary research and development is directed to fields of military interest from which the civilian economy benefits only in indirect and uncertain ways.

### The Objectives of a National Productivity Program

In my view it is necessary, therefore, to place the issue of productivity high on the national agenda. It might be useful, for example, for task forces of private and public authorities jointly and systematically to examine the productivity potentials — including improved methods of industrial organization — in various major sectors of the American economy with three objectives in mind.

First, to see what can be done to maintain our productivity advantage in certain sectors directly related to our export markets. A part of the job is increased attention to productivity.

Second, to see whether it might not be in the common interest to allocate increased research and development talent of the first order to those older and less glamorous fields where deceleration or decline has long since set in, but where very substantial proportions of the nation's resources are still consumed; for example, housing construction, railroads, steel, automobiles, and to the service industries. The objective would be to correct the tendency for the new, rapidly expanding fields to absorb a disproportionate percentage of first-class talent.

Third, we might systematically examine the extent to which entrepreneurship in the various sectors is or is not effectively bringing to bear the potentials which already exist for increased productivity; and we might then consider what incentive might be created to bring average levels of productivity closer to best-proved standards.

In these enterprises, the President's Science Advisory Committee and the Department of Commerce might play important roles of leadership.

Let me state bluntly what lies behind these proposals: in my view featherbedding is not confined to labor. Many American industries and firms do a bad or mediocre job of introducing new technology — and other productivity-increasing measures — into the production process; and I would emphasize that the answer lies not merely in new technology, but (for example, in housing) also in improved methods of organization.

### The Limited But Crucial Role of Government

Does this mean that the government must radically increase its power to intervene in the production process?

I think not. The government's role in the drive for higher productivity should be confined, I believe, to these four measures.

First, the President should dramatize to the nation the productivity problem; its importance in providing a noninflationary basis for the economy; its importance in dealing with balance of payments pressure; and its importance in providing us with a growth rate which would permit us to enjoy higher living standards while also providing for the community's protection and for adequate public services.

Second, the government might help organize—and if necessary help finance—certain expensive research and development efforts, designed to break major technological bottlenecks in our civilian economy. I have in mind here particularly the fields of housing construction and intrametropolitan area transport, where we must seek a cheaper way of getting in and out of the suburbs. A limited extension of the methods now used in military research and development might be wholesome; for private industry can not handle research and development costs above a certain level. We should be clear, for example, that our civilian jet aircraft would not exist—at least at the present time—if the government had not met a high proportion of their research and development cost.

Third, the Department of Commerce should collect and publish more detailed productivity data on specific industries than are now available; and organize sessions with industry and labor to examine these data and their implications for the national interest.

Fourth, the government might envisage certain alterations in tax schedules designed to encourage increased research and development in industry and the introduction of new productivity measures.

It may seem odd to commend productivity teams to a nation which still leads the world in productivity and which, for so long, has been able to count on high productivity as an almost automatic byproduct of its evolution. But we must bear in mind that high productivity is not enough; it is the pace of increase that will help determine how easy or difficult it will be to meet our domestic and international challenges. And we should also bear in mind that the stage of growth which the United States has attained has altered the old tight connection between areas of high income elasticity of demand and high technological momentum. History appears to have decreed that, in order to remain a front runner, we shall have to continue to pioneer—in this case to pioneer in engineering productivity increases along a broad front. And in facing this challenge we should not complain; for a front runner's status is never automatically sustained. It must be constantly renewed.

### Can Democracy Do the Job?

Now a final word.

I am aware that any such proposals—for dealing consciously and purposefully with our domestic economy — immediately raise a serious question: will the effort to come to grips with the problems of inflation and productivity result in political damage to our society which would outweigh the possible economic gain? Will we be encumbering ourselves and reducing our essential freedoms? These are questions I have asked myself.

My conclusion is the following. First, so far as inflation is concerned, I am not proposing new interferences in an otherwise free, competitive, capitalist situation. Price and wage policy are now determined by anything but normal market mechanisms; and the net effect of what I propose would widen, and narrow, the role of the free market process in our economy.

Second, so far as the government's role in the inflation problem is concerned, again what I propose is not governmental intervention in a process where the government is now inactive. The government—and public opinion—have been key factors in the settlement of most of the great labor disputes which have set the wage-pattern of the economy in recent years. What I am proposing is that government intervention be made—when it is necessary—in the light of a clear, even-handed national policy, understood by the public, backed by Congressional action.

Third, with respect to productivity, I do, indeed, believe the government has a new, limited, but essential role of leadership to play; but I see no reason why that role—and particularly assistance in expensive civil research and development and the encouragement of research and development through tax policy—should do anything but strengthen the private sector of the economy.

And in general I would say this: modern American democracy is based on a mixture of private market activity; corporate responsibility (both industry and labor); self-discipline in the public interest; and government leadership. We are a complicated and interesting continental community, which works in ways we have not — and perhaps cannot — set down precisely in textbooks. It is clearly the common interest to solve the inflation problem by some means other than damping the rate of growth. It is clearly the common interest that we pioneer in the application of modern science and technology over a wider front than in the past.

If we set our hearts and our minds on those objectives there is no reason in the world why our mature and resilient society cannot achieve the result we want and need, while strengthening the democratic and capitalist system to which we are all attached.

Our system is strong — not fragile; but it must endlessly prove itself by solving new problems. The problems of inflation and of increasing productivity over a wide front are such new problems; and a solution to them is urgent. They will not go away by making believe they are not there; if unresolved, they will continue to weaken our performance at home and abroad.

It is time we looked them firmly in the eye and, in a spirit of confidence, mutual trust, and imagination, fashioned answers in the spirit of our democratic capitalist institutions.

*An address by Dr. Rostow at the Harvard Business School, Harvard University, June 11, 1960.

## Rejoins First California

(Special to The Financial Chronicle)

OAKLAND, Calif. — Malcolm A. Rogers has rejoined First California Company, Incorporated, 1330 Broadway. Mr. Rogers has recently been with Birr & Co., Inc. and Walston & Co.

# Shreve & Coyle Are Named by Hayden, Stone

Wickliffe Shreve has been made senior partner and Alfred J. Coyle managing partner of Hayden, Stone & Co., 25 Broad Street,

Wickliffe Shreve Alfred J. Coyle

members of the New York Stock Exchange, according to an announcement by the partners of the 68-year-old investment banking and brokerage firm.

Mr. Shreve has been a general partner in Hayden, Stone & Co. since 1946. Prior to that time he had been with Lehman Brothers for more than 10 years, serving as syndicate manager during his last six years with the firm. He is a past Governor of the Association of Stock Exchange Firms and of the Investment Bankers Association of America.

Mr. Coyle joined Hayden, Stone & Co., as a general partner in 1954. From 1952 until 1954, he was an independent member of the New York Stock Exchange. He was with Hemphill, Noyes & Co., from 1947 through 1952, prior to which he served in the armed forces.

# Rummel Named by Royal McBee

Fred C. Rummel has been named chairman of the executive committee of Royal McBee Corporation, Allan A. Ryan, Chairman of the Board, has announced. He will also continue in his position as chairman of the finance committee, Mr. Ryan said. Mr. Rummel is Chairman of the Board, of M. M. Freeman & Co., Philadelphia, Pa., investment bankers. Mr. Rummel was named a director of The McBee Company in 1946 and has been a director of the merged corporation since its organization in 1954.

Fred C. Rummel

## Sunshine Securities

REGO PARK, N. Y. — Sunshine Securities Inc. has been formed with offices at 98-25 Sixty-fourth Road. Lillian Grossbard is President; Roberta Kaplan, Vice-President; and Fannie Sloane, Secretary-Treasurer.

## J. B. Bonds Opens

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—John B. Bonds, Jr. has opened offices at 9418 Wilshire Boulevard to engage in a securities business.

## W. R. Jones Opens

(Special to The Financial Chronicle)

BAKERSFIELD, Calif. — William R. Jones is engaging in a securities business from offices at 814 Chester Avenue.

# Amer.-Int. Alum. Stock Offered

Public offering of 400,000 shares of American-International Aluminum Corporation common stock at a price of $5 per share is being made today (June 30) by Hardy & Co. and Filor, Bullard & Smyth and associates.

Net proceeds from the sale of the common shares will be used by the company in connection with the establishment of a new plant in San Jose, Calif., and for expansion and improvement of its operations. The balance of the proceeds will be added to the company's working capital and used for general corporate purposes.

American-International Aluminum Corporation is primarily a producer of aluminum extrusions (or extruded shapes) which are produced in specified lengths and sizes. The company at present has in operation in its two Miami, Fla. plants five extrusion presses, together with substantial other essential equipment, giving the company a capacity to produce about 4,000,000 pounds of extrusions per month. It is the company's intention to consolidate all of its Miami operations at Plant 1 in which its executive offices are also located, and subsequently leases its Plant 2.

At the proposed San Jose, Cal. plant, the company will produce its own billet aluminum, which it purchases at present from a supplier. Substantially all of the company's sales in the fiscal year ended Feb. 27, 1960 consisted of aluminum extrusions, which are used by fabricators of various items used in building construction.

For the fiscal year ended Feb. 27, 1960, the company had net sales of $10,771,966 and net income of $326,384. Upon completion of the current financing, outstanding capitalization of the company will consist of 1,130,000 shares of common stock, and 5,000 shares of 6% cumulative convertible preferred stock.

## Oppenheimer Branch

LIDO BEACH, N. Y. — Oppenheimer & Co. has opened a branch office in the Hotel Lido under the management of Samuel T. Cohn.



# Lubetkin, Regan In New Quarters

The New York Stock Exchange firm of Lubetkin, Regan & Kennedy has moved from 30 Pine Street to new and larger quarters at 44 Wall St., New York City, Lloyd E. Lubetkin, senior partner, has announced.

Lloyd E. Lubetkin

The company, also an associate member of the American Stock Exchange, now occupies a suite of offices on the eleventh floor of 44 Wall, according to Charles F. Noyes, Inc., which negotiated the five-year lease. It is Lubetkin, Regan & Kennedy's first relocation in 10 years.

The 31-year old investment banking and brokerage firm operates a branch office in Kingston, N. Y.

The company was founded in 1929 by Mr. Lubetkin. Its floor partner is John Regan. The company's other active partner is Mrs. Margaret E. Kennedy, well known as holder of most of the "firsts" for women in the investment field and nationally recognized as "Wall Street Traveling Ambassadress to Main Street."

## Van Arkel Opens

Jan C. Van Arkel is engaging in a securities business from offices at 251 West 20th Street, N. Y. C.

## Widenor Opens

GLEN HEAD, N. Y.—Malcolm D. Widenor is conducting a securities business from offices at 19 Greeley Square.

## Joins Draper, Sears

(Special to The Financial Chronicle)

FALL RIVER, Mass.—Richard H. Fitton has become connected with Draper, Sears & Co., 104 Purchase Street. He was formerly with Davis & Davis and Goodbody & Co.



# Franklin Corp. Stock Offered

An underwriting group headed by Blair & Co. Inc., is today (June 30) offering 1,000,000 shares of the common stock of the Franklin Corp. at $10 per share. The shares are being offered as a speculation.

Net proceeds from the offering will be used by the company to provide long-term capital, technical assistance and advisory and counselling services to companies defined as small business concerns under the Small Business Investment Act. The corporation intends to specialize its investments in companies which in its judgment are engaged in businesses and industries of growth and further development.

The Franklin Corporation, incorporated in New York on July 28, 1959, is a registered closed-end and non-diversified management investment company under the Investment Act of 1940 and is a Federal licensee under the Small Business Investment Act of 1958. Main office of The Franklin Corporation will be located at 3 West 57th St., N. Y. C.

Officers of the corporation are: Arthur T. Roth, Chairman of the Board; Herman E. Goodman, President; Paul E. Prosswimmer, Vice-President, and George H. Becht, Treasurer.

The capital stock of the corporation consists of one class, common stock, having a par value of $1. All shares have equal voting rights and will participate equally in the payment of dividends. Authorized capitalization consists of 2,000,000 shares of the $1 par value common stock, and upon completion of the current financing there will be outstanding 1,071,000 shares of the stock.

## With W. E. Hutton Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Ralph P. Herron has become affiliated with W. E. Hutton & Co., First National Bank Building. He was formerly with Bache & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.

# WASHINGTON AND YOU

*BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL*

WASHINGTON, D. C.—The political atmosphere is thick in Washington. Presidential politics is currently overshadowing our sagging world prestige.

Although politics is the paramount subject here at the present, our foreign policy looms as a major subject in both big party conventions, plus the Presidential campaigns in the autumn.

It is no rarity for Washington observers, and that includes professional politicians and people in the journalistic field, to make wrong political predictions. For instance, they crawled out on a limb in 1948 when a great majority thought Governor Thomas E. Dewey would vanquish President Harry S. Truman. They had the limb sawed off with them that year.

Now, with support from straight talking Chairman Paul Butler of the Democratic National Committee, they are crawling out on the limb again in advance of the big political show which will get kicked off with committee hearings in July right after July 4.

**Butler's Forecasts**

Seemingly more and more of the "observers" are flatly predicting that the big Presidential sweepstakes race is going to be run between Vice-President Richard M. Nixon of California and Senator John F. Kennedy of Massachusetts.

It does not take much courage to predict that Mr. Nixon will be nominated on the first ballot out in Chicago, but it does take some courage to say that Senator Kennedy might wrap up the nomination on the first or second ballot, but some are making such prognostications.

Chairman Butler of the Democrats, who has anything but endeared himself to various Democrats in high party councils, thinks Mr. Kennedy is not only going to win the nomination, but he is going to whip the daylights out of the Republicans.

**Certainly, it is well and proper for him to forecast a smashing triumph for his party, but supporters of Senator Lyndon B. Johnson and Senator Stuart Symington, both hopeful of the nomination, think that Butler should keep tightlipped.**

Mr. Butler, who has had five and one-half turbulent years in office, flatly says that Senator Kennedy cannot be stopped, if he gets at least two-thirds of the Michigan delegation, and a substantial majority of the New York and New Jersey delegates. It seems inevitable he will get the overwhelming delegate support of these three states.

Despite the brilliant picture that appears over the political horizon for Senator Kennedy, there are rumors in Washington that there will be a "trade" in the convention whereby Senator Johnson would get the Presidential nomination, and Senator Kennedy the Vice-Presidential nominee.

**Of course, these unfounded rumors, in due time, if they keep cropping up, will be vehemently denied by both the Texan and the New Englander.**

Should by chance Senator Johnson get the nomination and get elected he would be the first nominee from a Confederate state to get the nomination since the Civil War and the first Texan ever to be elected.

**Labor Backing Kennedy**

The powerful labor unions are going to have a major role in the Los Angeles convention and they are lining up behind Senator Kennedy The liberal forces generally are rallying behind Senator Kennedy

The cold hard facts are, just about anyway one looks at it: Senator Kennedy seems fairly certain to be on the Democratic ticket. He is youthful and he is a millionaire. Senator Johnson is wealthy, too.

**There are all kinds of speculation about the Republican Vice Presidential picture. A lot will depend on whom the Democrats nominate for their ticket. As of now Ambassador Henry Cabot Lodge, to the United Nations, who lost his Senate Seat to Senator Kennedy, looms as a Vice Presidential candidate for the Republicans, along with several others.**

Incidentally there have been 36 Vice Presidents in the United States. The youngest man ever elected to this office was John Cabell Breckinridge, 36, when he was elected in 1856 from Kentucky. The oldest man ever elected was another Kentuckian, Alben W. Barkley, one of the great political story tellers of modern history. He was 71 when he was named to run with Mr. Truman in 1948.

**Nixon's Right-Hand-Man**

A middle-of-the-roader named Herbert G. Klein, who is special assistant to Vice President Nixon, says the Californian now expects to carry the Mid-West heavily in the November 8 election. Mr. Klein said the Vice President has gotten tremendous receptions out in the Mid-West.

Incidentally, because Mr. Klein is going to figure more and more in the news, certainly between now and the election, there have been more and more inquiries about Mr. Klein's identity. Should Mr. Nixon be elected, he might very well become a substantial figure in the administration.

**Mr. Klein is on a leave of absence from his job as editor of the San Diego, Calif., Union. He has been a personal friend of Mr. Nixon since 1946 when Nixon ran for the House of Representatives.**

**A graduate of the University of Southern California in 1940, he has served capably the Copley chain of newspapers in California and Illinois on various assignments. He is a commander in the United States Naval reserve. He has a wife and two daughters, and is an elder in the La Jolla Presbyterian church.**

Should the big sweepstakes race develop between Nixon and Kennedy, Washington politicos forecast one of the most interesting campaigns in many a year between these two young, vigorous campaigners.

**Youthful Past Presidents**

The Vice-President is 47. Three of the 34 Presidents that have served our country have been younger on taking office than Mr. Nixon, who would be 48. They were Theodore Roosevelt, 42; Ulysses S. Grant, 46, and Grover Cleveland, 47.

Senator Kennedy, now 42, would be 43 before he would be inaugurated. His father, Joseph P. Kennedy, one of the wealthiest men in New England, held the post of Ambassador to Britain, under President Franklin Roosevelt, but he broke with Mr. Roosevelt when the latter decided to run for a third term, and was also opposed to the Roosevelt Administration's foreign policy.

**The Religious Issue**

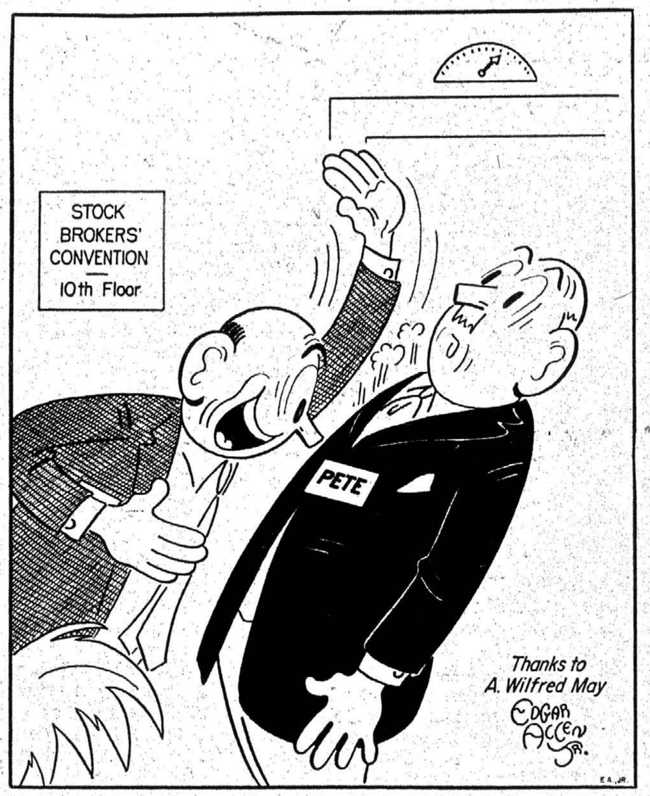
Mr. Nixon is a Quaker, while Mr. Kennedy is a Catholic. If Mr. Kennedy gets the Democratic nomination, Catholicism is expected to figure in the election. There has never been a Catholic bloc vote in this country. However, some astute politicians in Washington say Chairman Butler of the Democratic Committee might be correct when he said that a Catholic bloc might develop in favor of the Republicans should Mr. Kennedy be turned down by the Democrats.

**In his "farewell address" in Washington at the National Press Club, Mr. Butler, himself a Catholic and a lawyer from South Bend, Ind., in private life, said there was no truth to a report that a private survey showed that most of the delegates to Los Angeles were members of the Catholic faith. However, as "a Catholic American" he expressed the belief that more Catholics would be attending the Democratic convention as delegates, than would be attending the Republican convention in Chicago as delegates.**

An interesting political period is just ahead for our country, regardless of whom the nominees are for both parties.

As of now, a race between two hard-hitting young men, Nixon and Kennedy, is a strong possibility. Mr. Nixon, a Navy man in World War II, has had rough sailing politically. Mr. Kennedy, who commanded a torpedo patrol boat in the Solomons, has had fairly smooth political sailing and very likely is in a position to name the Democratic Presidential nominee, if he fails to get the nomination.

*[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.]*




**"Well if it isn't my old friend—er—PETE!"**

# COMING EVENTS

*IN INVESTMENT FIELD*

**July 10-Aug. 5, 1960 (Evanston, Ill.)**
Fundamentals of Investment Banking—4 week resident summer course at Northwestern University sponsored by Investment Bankers Association.

**Aug. 12, 1960 (Detroit, Mich.)**
Basis Club annual summer outing at the St. Clair Inn and Country Club, St. Clair, Mich.

**Sept. 9-11, 1960 (Portland, Oreg.)**
Pacific Northwest Group of Investment Bankers Association annual meeting at the Sheraton-Portland.

**Sept. 11-14, 1960 (Sun Valley, Idaho)**
National Security Traders Association Annual Convention.

**Sept. 12-13, 1960**
Association of Stock Exchange Firms meeting of the Board of Governors at the Statler-Hilton Hotel, Hartford, Conn.

**Sept. 12-13, 1960 (Denver, Colo.)**
Rocky Mountain Group of Investment Bankers Association meeting.

**Sept. 15-16, 1960 (Cincinnati, Ohio)**
Municipal Bond Dealers Group of Cincinnati annual outing—cocktails and dinner Sept. 15 at Queen City Club; field day Sept. 16 at Kenwood Country Club.

**Sept. 21-23, 1960 (Santa Barbara, Calif.)**
Board of Governors of Investment Bankers Association fall meeting.

**Sept. 30, 1960 (Philadelphia, Pa.)**
The Bond Club of Philadelphia 35th Annual Field Day at the Philmont Country Club, Philmont, Pa.

**Oct. 10-13, 1960 (Pasadena, Calif.)**
National Association of Bank Women 38th annual convention at the Huntington-Sheraton Hotel.